

Corporate Credit & Issue Rating

**Construction
Mechanical, Electrical and Plumbing Contractor**

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating	n.a.	n.a.	
National	Local Rating	A (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A (Trk)	A-1 (Trk)	
Sponsor Support		2	-	
Stand Alone		AB	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

AE Arma-Elektropanç Elektr. San. Müh. Taah. ve Tic. A.Ş.					
Financial Data	2016*	2015*	2014*	2013*	2012*
Total Assets (000 USD)	218,425	165,889	133,987	153,874	127,491
Total Assets (000 TRY)	768,681	482,338	310,703	328,413	226,628
Equity (000 TRY)	134,555	100,834	96,358	35,669	33,696
Net Profit (000 TRY)	36,770	8,948	3,767	2,318	1,119
Sales (000 TRY)	797,107	459,695	386,935	330,524	260,861
Net Profit Margin (%)	4.61	1.95	0.97	0.70	0.43
ROAA (%)	6.31	2.61	0.56	4.51	5.97
ROAE (%)	33.56	10.49	2.69	36.07	40.15
Equity / Total Assets (%)	17.50	20.91	31.01	10.86	14.87
Net Working Capital/Assets (%)	17.85	35.35	40.21	45.86	40.90
Debt Ratio (%)	82.50	79.09	68.99	89.14	85.13
Asset Growth Rate (%)	59.37	55.24	-5.39	44.91	38.89

*End of year

Overview

AE Arma-Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş., established in Turkey, is one of the leading technical engineering contractors in the region. The Company provides electrical, electronic, and mechanical engineering solutions for large scale superstructure projects including multi-purpose office and housing complexes, educational and commercial buildings, hospitals, shopping centres, tourism and entertainment facilities, industrial facilities, and airports.

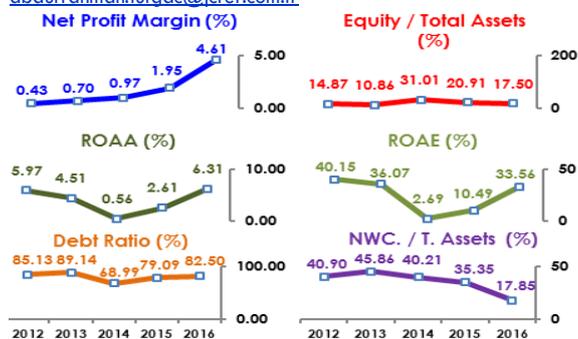
Business operations of the Company have extended to 9 countries on 3 continents through its six subsidiaries and four branch offices. The Company currently maintains projects in Turkey, Russia, Dubai, Abu Dhabi, United Kingdom, and Algeria with total area of 2.5 million m2 and contract value of around USD 700mn. The Company has completed over 7 million square metres of various projects up to the present.

The Company improved its ranking in 2016 to 222nd on the Engineering News Record magazine's Top 250 International Contractors list. AE Arma-Elektropanç is the only MEP contractor amongst the other Turkish contractors on the list. The Company directly employed a staff of 2,200, including 327 engineers, and 5,000 from 37 different nationalities including subcontractors as of FYE2016.

*Assigned by JCR Eurasia Rating, JCR-ER on August 28, 2015

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Strengths

- Remarkable growth in sales despite major challenges faced by Turkish overseas contractors and improved bottom-line figures
- Diversified funding bundle along with access to capital market instruments and sound vendor financing
- Proven track record, expanding business territory, and sound project backlog to achieve projected figures
- Moderate level of leverage and reasonable net debt to EBITDA
- Established organizational base and geographically diversified operations
- Quality and depth of management expertise
- Distinctive experience and know-how in the mechanical electrical and plumbing sector
- Cooperation with prominent contractors, vendors, and international financial institutions

Constraints

- Exposure to several currencies affecting financial figures through reporting currency translations
- Concentration risk due to increasing share of revenues from a single country despite presence in a wider geography
- Challenges in the region derived from plunging oil prices, escalation of tensions between Turkey and Russia and the region's fragile economic and political environment
- High dependency on qualified staff due to complex nature of projects and shortage in rapid growth periods

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"Global Knowledge supported by Local Experience"