

Corporate Credit & Issue Rating  
(Update)

Energy

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

Çalık Enerji Sanayi ve Ticaret A.Ş.					
Financial Data	2017/6**	2016*	2015*	2014*	2013*
Total Assets (USD mn)	2,050	1,423	1,346	1,502	1,534
Total Assets (TRY mn)	7,188	5,006	3,915	3,483	3,273
Equity (TRY mn)	1,826	1,445	1,457	806	935
Net Profit (TRY mn)	766	739	575	502	55
Sales (TRY mn)	2,478	3,552	3,368	3,538	2,005
Net Profit Margin (%)	30.91	20.80	17.08	14.18	2.77
ROAA (%)	n.a	19.96	16.60	15.87	2.25
ROAE (%)	n.a	61.36	54.27	61.58	6.86
Equity / Total Assets (%)	25.40	28.87	37.21	23.14	28.58
Net Wor.Capital / T. Assets (%)	5.41	3.18	8.89	-8.49	-4.30
Debt Ratio (%)	74.60	71.13	62.79	76.86	71.42
Asset Growth Rate (%)	43.57	27.88	12.39	6.41	49.18

\*Assigned by Japan Credit Rating Agency, JCR on October 7, 2016

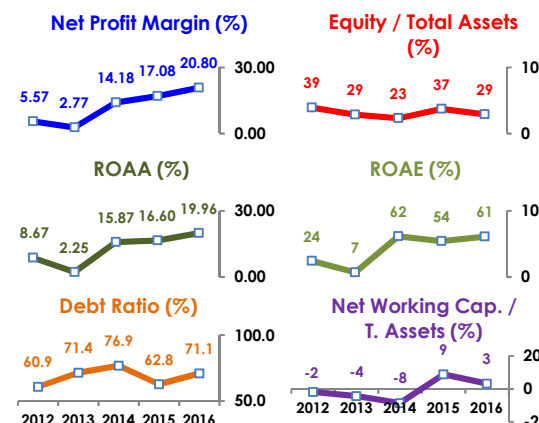
\*End of Year \*\*Interim audited figures

Analyst: Bora PAKYÜREK/+90 212 352 56 74  
bora.pakyurek@jcrer.com.tr

Overview

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi ("Çalık Enerji" or "the Company" or "the Group") was launched in 1998 in Turkey and continues operations under the main business lines of Engineering, Procurement and Construction (EPC), Independent Power Producer (IPP) and Utility. Çalık Enerji has provided turnkey delivery contractor services in the EPC business, mainly for power plant and infrastructure projects, since the early 2000s and has built a solid know-how. The Company completed 21 projects with a total contract value of approximately USD 3.9bn between 2002 and 2017, principally in Turkmenistan. As an independent power producer and private investor in the Turkish energy sector, Çalık Enerji has an installed capacity of 103MW in the IPP business. The Company holds licenses of an energy generation portfolio consisting of hydro power plants, wind power plants, and solar power plants. Utility business comprises Yeşilirmak Elektrik Dağıtım A.Ş. ("YEDAŞ"), Yeşilirmak Elektrik Perakende Satış A.Ş., Aras Elektrik Dağıtım A.Ş. ("ARAS"), Aras Elektrik Perakende Satış A.Ş., and Kosovo Energy Distribution and Supply Company ("KEDS") which serve a population of approximately 5.2mn in Turkey and 1.8mn in Kosovo.

The Company is managed and owned by Çalık Holding, the parent company of the Group, holding 95.42% of all Çalık Enerji's shares. The Japanese Mitsubishi Corporation purchased a 4.48% stake in Çalık Enerji in June 2015 to build a strategic alliance. The Company employed a staff force of 1,343 as of 31 December 2016 (31 December 2015:1.496).



Strengths

- Favorable EBITDA growth in the completed financial year due to reductions in cost of sales
- Consistently growing asset size throughout the reviewed period
- Extensive know-how and experience in the EPC business and strong relations with local authorities with its position as a first-mover
- High growth potential in the EPC business in target markets and established relationships and close ties with global brands, Original Equipment Manufacturers (OEMs) and EPCs
- Operations in electricity generation and distribution apart from EPC projects creating revenue diversification and steady income generation
- Increased visibility for future revenues arising from the Company's proven track record, expanding business territory, and sound project backlog
- Diversified funding opportunities through debt issuances contributing to borrowings term structure and relieving liquidity management
- Strategic and Equity Partnership with Mitsubishi Corporation
- Highly qualified administration team

Constraints

- Severe competition among EPC contractors in key markets such as the Middle East, downwardly pressuring profit margins
- Persistent political and economic stresses and insurgencies witnessed in neighboring regions in which the Group operates such as the Middle East and North Africa, restraining investment and business prospects and aggregating the riskiness of operations realized in the region
- Considerable commitments and contingencies on asset portfolio
- Need for a separate and efficient risk management unit and risk committee in the Board of Directors
- Lack of independent members in the Board of Directors
- Abundant state support to Chinese and Korean contractors hardens the global competition environment for other EPC contractors

Publication Date: October 3, 2017

"Global Knowledge supported by Local Experience"