

Corporate Credit & Issue Rating

New Update

Sector: Telecommunication
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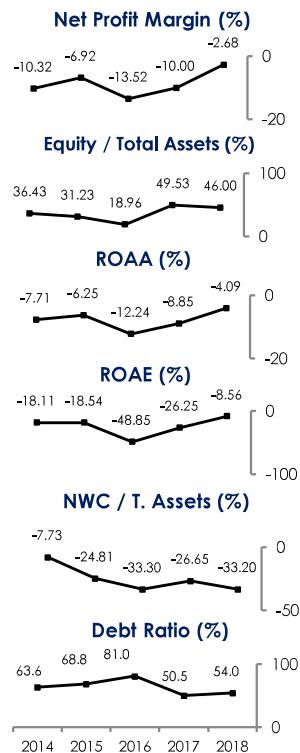
Senior Analyst

Utku Karagülle
 +90 212 352 56 73
 utku.karagulle@jcrer.com.tr

RATINGS

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

*Assigned by JCR on August 14, 2018



Turknet İletişim Hizmetleri A.Ş.

Company Overview

Financial Data	2018	2017	2016	2015	2014
Total Assets (000 USD)	32,534	45,073	51,849	61,874	70,131
Total Assets (000 TRY)	171,158	170,012	182,468	179,904	162,627
Equity (000 TRY)	78,738	84,207	34,595	56,192	59,241
Net Profit (000 TRY)	-4,859	-13,880	-21,330	-11,989	-13,377
Sales (000 TRY)	181,575	138,804	157,819	173,360	129,575
Net Profit Margin (%)	-2.68	-10.00	-13.52	-6.92	-10.32
ROAA (%)	-4.09	-8.85	-12.24	-6.25	-7.71
ROAE (%)	-8.56	-26.25	-48.85	-18.54	-18.11
Equity / Total Assets (%)	46.00	49.53	18.96	31.23	36.43
Net Working Capital / T. Assets (%)	-33.20	-26.65	-33.30	-24.81	-7.73
Debt Ratio (%)	54.00	50.47	81.04	68.77	63.57
Asset Growth Rate (%)	0.67	-6.83	1.43	10.62	10.93

'Turknet İletişim Hizmetleri A.Ş.', (hereinafter referred to as 'Turknet' or 'the Company') was established in 1996 and provides services in the fields of fixed broadband internet, voice, private virtual network, data center and hosting. The Company both uses its own high capacity network and infrastructure of other providers. Turknet defines itself as dynamic and agile brand in telecommunication sector and customer satisfaction is in the core of the Company's values. The motto of Turknet is free internet with no bandwidth limit and no fair usage quota and it is a differentiation of the brand within the fixed broadband market. The Company's fiber backbone infrastructure over 700 kilometers and it is placed in 20 different cities. In addition, Turknet has a network operation center located in Gayrettepe/Istanbul.

In 2018, the Company's paid in capital was increased from TRY 8mn to TRY 26.7mn and Gulf Credit Lending S.A.R.L. became major shareholder of Turknet. Thanks to the Company's efficiency focused strategy, operational costs (such as branches or POPs) are minimized to offer best pricing to its customers. The Company has a 1.9% market share as ISP as of 2018 year-end. As of April 30, 2019, the Company employed a workforce of 311 (September 30, 2018: 254).

Strengths

- Solid expansion in clientele base, especially in retail segment
- Escalated EBITDA and operational profitability compared to the previous years
- Strengthened equity level and lowered debt ratio
- Management team that has experience in telecommunication sector
- Nationwide known brand: Turknet
- Developments in terms of compliance with Corporate Governance Principles

Constraints

- Net loss recorded in 2018, despite a recovery compared to previous years
- Leap in short FX position
- Deterioration in macroeconomic indicators, and its impact on cost of funding in the market
- Potential changes in regulatory environment that may create uncertainty in business strategies