Corporate Credit & Issue Rating

☐New ☒Update

Sector: Cement
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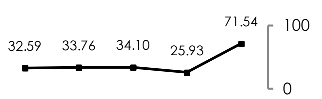
RATINGS

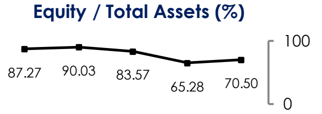
			Long	Short
International	Foreign Currency		BBB-	A-3
	Local Currency		BBB-	A-3
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
	Issue Rating		n. a	n. a
National	Local Rating		A+ (Trk)	A-1 (Trk)
	Outlook		Stable	Stable
	Issue Rating		A+ (Trk)	A-1 (Trk)
Sponsor Support			2	-
Stand-Alone			B	-
Sovereign*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

*Assigned by JCR on November 27, 2018

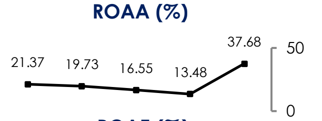
Net Profit Margin (%)



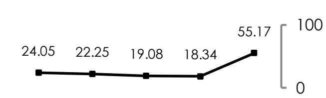
Equity / Total Assets (%)



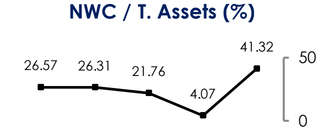
ROAA (%)



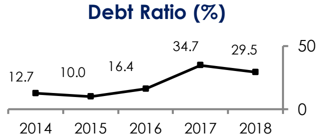
ROAE (%)



NWC / T. Assets (%)



Debt Ratio (%)



Adana Çimento Sanayii T.A.Ş.

Company Overview

Financial Data	2019/6**	2018*	2017*	2016*	2015*
Total Assets (000 USD)	240,620	303,736	309,389	269,787	308,372
Total Assets (000 TRY)	1,384,792	1,597,924	1,166,985	949,433	896,622
Equity (000 TRY)	895,968	1,126,492	761,858	793,461	807,222
Net Profit (000 TRY)	63,592	483,136 (a)	125,972	130,944	144,078
Sales (000 TRY)	295,533	675,374	485,778	383,989	426,741
Net Profit Margin (%)	21.52	71.54	25.93	34.10	33.76
ROAA (%)	n.a	37.68	13.48	16.55	19.73
ROAE (%)	n.a	55.17	18.34	19.08	22.25
Equity / Total Assets (%)	64.7	70.50	65.28	83.57	90.03
Net Working Capital / T. Assets (%)	28.54	41.32	4.07	21.76	26.31
Debt Ratio (%)	35.3	29.50	34.72	16.43	9.97
Asset Growth Rate (%)	n.a	36.93	22.91	5.89	2.76

* Audited financial statements ** Interim financial statements (a) Includes subsidiary sale income of TRY 346.70mn

Founded in 1954, Adana Çimento is a major cement producer in the Mediterranean region of Turkey. The Company's core business is to produce white cement, clinker and ready-mixed concrete chiefly to meet the demand of concreate manufacturers and construction projects. Adana Çimento Sanayii Türk A.Ş. (referred to as Adana Çimento or the Company) is one of the members of OYAK Çimento A.Ş.

As one of the only two white cement producers in Turkey, Adana Çimento has a wide product catalogue and service range. Operating at the value chain, the Company has several production facilities, from Adana to Mersin, Hatay and Kahramanmaraş to Cyprus. Total annual production capacity of Adana Çimento is 2 million tons grey clinker, 960,000 tons white clinker, 5.15 million tons grey cement and 350,000 tons white cement.

The Company is publicly listed on Borsa Istanbul (BIST) since 1991. According to Turkey's Top 500 Industrial Enterprises in 2018, Adana Çimento is listed 353rd. As of 2Q2019, Adana Çimento has a work force of approx. 340. Blue-collar employees, more than two-thirds of total workforce are covered by union agreement.

Strengths

- Heavily equity funded balance sheet
- Ability to diversify customer base via exports to mitigate adverse demand conditions
- OYAK Cement group member, providing synergies in management and cost structure
- Wide product catalogue including white cement, as one of the only two local producers
- Proven track record in the market with sound implementation of corporate governance procedures

Constraints

- Sizable and periodic dividend payments to parent, limiting the natural equity growth of the firm
- Pressurized outlook in the domestic construction sector with sharp decreases in housing sales and slowing investments
- Rising costs in tandem with higher electricity prices, a core operating expense
- Geopolitical risk factors in the nearby export regions,

1. Rating Rationale

This annual credit rating review report by JCR Eurasia Rating for the consolidated structure of Adana Çimento Sanayi T.A.Ş. uses the Company's consolidated financial statements independently audited and prepared in conformity with Turkish Financial Reporting Standards (TFRS. Additionally, on and off-balance sheet figures, macroeconomic outlook, projections, market position, risk management policies and parent support and export capabilities are evaluated.

As there are no additional legal and/or financial collateral guarantees provided separately for the repayment of the bond issued by Adana Çimento, the ratings assigned for the TRY denominated bond issuance are the same as the Company's Long and Short-Term National Local Ratings.

Companies, where the Group has significant influence yet it does not have control (ownership of 50% and below) are consolidated with the equity method. Due to the single line consolidation of the equity method holdings of the Group, the net liability position of these entities is considered. However, no independent credit opinion concerning these consolidated entities are formed.

The Company's asset quality, shareholding structure, risk management practices, market position, profitability figures, growth rates, and the expected sponsor support and the financial and non-financial positions of the main shareholders and related companies have been taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency grades as well as national grades.

Principal Rating Drivers;

Export supported revenue base, partly balancing the demand crunch in the domestic sector

Owing to its position, Adana Çimento is able to service the Mediterranean hinterland. Adana Çimento's access to key ports and trade routes, allowing shipment of cement to various different markets. The flexibility of accessing export markets is considered as a rating positive factor, particularly considering the price advantage due to depreciation of TRY.

As such, the Company managed to negate the direct result of economic downturn particularly in construction sector. domestic cement sales volume declined by 7.66% while exports increased 15.13%. As such, deteriorating domestic demand conditions are partly balanced with the depreciating TRY and export potential.

TRY (000)	2018	2017	2016
Domestic Sales	426,808	361,443	306,183
Export Sales	274,538	140,899	83,862
Discounts (-)	-25,972	-16,563	-6,056
Total Sales	675,374	485,778	383,989

Despite recent increases, low leverage with well-funded equity base

As a result of strong shareholder support and internal profitability, the Group operated with a low leverage with Adana Çimento's equity corresponding to 65% of its total assets. Additionally, with subsidiary sales in 2018 and 2019, Adana Çimento has a sizable liquidity buffer to service cash outflows.

The leverage increase is due to the addition of a new production line July 2018. As Adana does not expect additional sizable capital expenditures in the near term given the demand conditions, we expect the overall leverage to retract to lower levels with the caveat that the sales performance does not deteriorate notably with the pressurized domestic outlook.

Product catalogue advantage with position as one of the only two white cement producers in Turkey

One of the major competitive advantage of the Company is the production capacity to manufacture white clinker and cement in Turkey. This capacity allows the Company to export to various countries in addition to the domestic market, favourably effecting the business position.

As an auxiliary revenue stream, product range and use of manufacturing by by-products of metallurgical smelting process provides additional market to the Company's customer base.

OYAK Cement group member, providing synergies in management and cost structure

OYAK Cement Group has finalized two major partnerships in the recent periods, with selling a 40% stake to Taiwan Cement Company (TCC) and acquiring the Cape Verde and Portugal operations of global Cimpor. A such, in addition to its resilient stand-alone profile, Adana Çimento benefits from international exposure of OYAK Cement and ultimately OYAK Group.

As such, the Company is considered to have comprehensive practices of corporate governance principles considering its long presence in the stock market. Even though we do not anticipate external support from parent institution, OYAK is well positioned to support the Company if necessary.

Sizable and periodic dividend payments to parent, limiting the natural equity growth of the firm

According to its articles of association and dividend distribution policy, Adana Çimento is required to distribute entire amount of the distributable profits, after legal reserves are deducted.

As such, high dividend pay-out ratio reduces internally generated revenue contribution to the capital. On the other hand, given the Company's sizable liquidity position and subsequently paid-off financial debt, the Adana Çimento's operating profile supports the dividend payments.

Adverse market conditions with weak domestic demand and increasing production costs

Spearheaded by the sharply falling housing sales the cement demand has declined considerably. Pressurized economic conditions throughout the economy and weak demand, consumer confidence and slow credit growth resulted in an adverse domestic market outlook.

In addition, rising electricity prices, with sharp depreciation of TRY, and increasing fuel costs are pressurizing the margins. Since the market demand is already weak, passing through the rising costs is difficult, tightening the margins. Weaker credit profile of the customer also necessitates closer credit risk control and frequent revisions.

As noted previously, Adana Çimento is able to mitigate these headwinds with the export capacity.

Competitive market structure in both domestic market and abroad

Due to high transportation costs per unit transferred, cement is typically marketed to a nearby hinterland. As such regional supply-demand differences are an important driver of the prices and competitive forces in the industry.

Domestic market engenders competitive pressures which are partly negated with the direct port access of Adana Çimento. Additionally, white cement, due to its niche position and high value-added profile, can be transported to longer distances, negating the competition to a certain extent.

Accounting for the Company's low leverage, cash buffer, export capacity, product range, macroeconomic conditions, market structure and cost profile, JCR Eurasia Rating has affirmed Adana Çimento Sanayi T.A.Ş. and its consolidated structure's Long Term National Local Rating as **'A+ (Trk)'.** Long-Term International Foreign Currency and Local Currency Ratings of **'BBB-'** in JCR Eurasia Rating's notation system.

2. Outlook

Outlook on the national rating depends on various factors including market presence, sales projections, sector outlook, economic prospects in the domestic and international markets, foreign currency position, asset quality, term structure of financial liabilities, and the access channels to the financial markets. In this sense, JCR Eurasia Rating has affirmed Adana Çimento's **'Stable'** outlook. The outlook on the international rating is affirmed as **'Negative',** reflecting the international foreign and local currency rating outlooks Turkey's sovereign rating.

The factors listed below could indicate an outlook revision;

Positive:

- Recovery of the macroeconomic performance in the domestic market
- Stabilizing demand in core markets such as construction and infrastructure
- Improvement in the profit margin,
- Further diversification of revenue base

Negative:

- Increasing credit risk and reduced asset quality,
- limited access to financial market and indicators of narrowing loan channels,
- Slowing down of export sales,
- Narrower profit margins due higher cost structure,
- Loss of market share and/or deteriorating outlook in the key export markets

3. Sponsor Support & Stand-Alone Assessment

The willingness and financial strength of the Company's owners to provide assistance has been assessed with respect to the financial capabilities of the primary shareholders.

The shareholders are thought to be willing to deliver support to the Company should such a need arise. Considering, OYAK's diversified business profile along with its sound asset size under management and revenue streams and its high level of potential in providing financial and operational support to the Adana Çimento, a Sponsor Support Grade of **'2'** has been assigned.

The Group's Stand-Alone grade reflects its financial strength and ability to meet its commitments and obligations through internally generated funds and is measured through returns on assets and equity, indebtedness level, asset quality, growth performance, business profile and liquidity position. The Stand-Alone rating has been determined as **'B'** considering the Company's long and increasing presence in the cement industry, differentiated and diversified product base, customer and dealer networks, extending access to the foreign markets, sound expertise and its know-how in the sector.

4. Company Profile

a) History & Activities

Adana Çimento Sanayii Türk A.Ş. is an Ordu Yardımlaşma Kurumu (OYAK) Group company, specifically structured under Çimento A.Ş. (OYAK Cement). The cement arm of the conglomerate comprises 6 cement producers with 5 publicly listed companies. Founded in 1954, Adana Çimento is a prominent cement producer in the Mediterranean region of Turkey. The Company's core business is to produce white cement, clinker and ready-mixed concrete chiefly to meet the demand of concreate manufacturers and construction projects.

Adana Çimento is one of the only two white cement producers in Turkey with an annual production capacity of 2 million tons of grey clinker, 300,000 tons of white clinker, 5.15 million tons of grey cement, and 350,000 tons of white cement. The production facilities of the Company are located in Adana, Hatay, Kahramanmaraş and Cyprus.

Export channels support the diversification of revenue, typically focusing on the advantage of having favourable access to logistics hubs. The Company's loading operations for export activities are performed in big bag, sling bag and bulk forms through Group companies of Aslan Cement, Unye Cement, Erdemir and Isdemir.

Within OYAK Çimento are 5 publicly listed cement companies and vertically integrated concrete and paper bag companies. The Group has operations in the 7 geographical regions of Turkey. The Group is a market leader of the Turkish Cement Industry, OYAK Çimento is a leading community player with an efficient role in the national market.

As a member of Turkey's major holding enterprises, the OYAK Group, Adana Çimento increasingly invests in production facilities and R&D activities to improve environment friendly products, reduce dependency on fossil fuels and gain operational efficiency. Adana Çimento (ADANA) has been listed on the Borsa Istanbul (BIST) since 1991 and is ranked 353th among the Turkey's Top 500 Industrial Enterprises in 2018.

b) Organization & Employees

The Company has two main production facilities, based in Hatay and Kahramanmaraş. The head office of operations is located in Adana. Additionally, Adana Çimento has 2 branch offices in Iskenderun, Hatay focus on slag and slag cement production and sales.

As of 1Q2019, the Company has an average workforce of approx. 350. All blue-collar employees are covered by union agreement. The Company is a member of both the Cement Industry Employer's Trade Union (ÇEİS) and the Cement Worker's Trade Union (ÇİMSE-İŞ).

The Company maintains a functional division, with departments including finance, marketing, logistics, IT, technical affairs, production and maintenance departments are directly tied to General Manager who has over 25 years of experience in the sector. The quality control and R&D unit also reports directly to the General Manager and is given major importance.

c) Shareholders, Subsidiaries & Affiliates

As of 1Q2019, Adana Çimento's paid-up capital was TRY 336,182,000, same as YE2018. Oyak Çimento A.Ş., holds 57.77% of the Company's shares. While OYAK Group is still the majority shareholder of Oyak Çimento, the Group sold 40% of Oyak Çimento shares to Taiwan Cement Corporation (TCC), a major international cement producer.

Adana Çimento has been listed on the Borsa Istanbul (BIST) since 1991.

Shareholding Structure	30.06.2019	
	TRY	**%**
Oyak Çimento A.Ş.	194,204,325	57.8
Other	141,977,675	42.2
Total	**336,182,000**	**100**

Adana Çimento has 3 types of shares; A, B and C. A Group shares offer two votes for each share held, while B Group and C Group shares offer one vote for each share. The Company's Capital Structure based on its share classes is presented below.

Share Class	Amount (TRY)	%
Group A	88,178,885.21	26.2
Group B	82,667,704.92	24.6
Group C	165,335,409.87	49.2
Total	**336,182,000.00**	**100**

Adana Çimento's consolidated fully owned subsidiaries and partially owned affiliates as of 2Q2019 are given below.

Subsidiaries	Sector	Share (%)
Adana Çimento San. ve Tic. Ltd.	Cement, Clinker & Concrete Sales	100
Adana Çimento Free Port Ltd.		100
Affiliates	**Sector**	**Share (%)**
Oyak Beton San. ve Tic. A.Ş.	Concrete Production	28.04

The Armed Forces Pension Fund (Ordu Yardımlaşma Kurumu/OYAK) Group was established in 1961 to operate as the first and largest private pension fund. OYAK is an autonomous administrative and financial legal entity and is subject to the provisions of the private law no.205. Headquarters are located in Ankara. OYAK acts as a private pension fund but also supplies financial support to its members in case of necessity with its array of loan products. The number of OYAK members reached 362,968 in 2018.

OYAK Group is comprised of more than 90 establishments. As one of the Turkey's most prominent corporate group of companies, the OYAK Group is made up of business concerns operating in industry, finance, and services. Group subsidiaries in the industry branch are the leading corporations in their respective sectors, such as iron and steel, chemical, energy, cement, and automobile production. OYAK Group's further predominant field of activity is the services sector, in which the Group possesses a wide array of subsidiaries operating in branches such as construction, logistics, tourism, and security.

According to consolidated financial statements at the end of 2018, total sales of all group companies equalled 37 billion TRY and total assets stood at 73.9 billion TRY. Total taxes paid reached 7.2 billion TRY. In short, OYAK Group is a strategic part of the Turkish economy.

Consolidated Results (TRY Billion)	2018	2017
Total Assets	101.5	73.9
Revenue	47.1	37
Total Taxes Paid	11	7.2

Source: OYAK

d) Corporate Governance

As a publicly listed company, Adana Çimento has internalized comprehensive practices of corporate governance principles of the Capital Market Board of Turkey. Due to its long presence in the stock market and the parent Group's approach to transparency and the ring fence control environment of the cement sector, Adana Çimento is committed to corporate governance compliance. A report on the issue is published on its website.

The Board of Directors of Adana Çimento comprises 7 members out of which 3 are independent. 4 of the members represent the holders of A Group shares while B Group and C Group shares were represented by 1 and 2 members, respectively. The Company's article of association states that A Group shares offer two votes for each share held, while B Group and C Group shares offer one vote for each share. On the other hand, the holders of A Group shares receive 54% of the distributable profit, while B Group and C Group receive 36% and 10%, respectively.

Compulsory committees are formed under the Company, in line with corporate governance principles supervised by the CMB. In this regard, the Audit Committee, Early Recognition Committee and Corporate Governance Committee were established in order to improve monitoring duties of the Board. Quarterly and audited year-end financial results, annual reports, shareholding structure, general assembly minutes, dividend policy, articles of association, vision and mission, human resource policy and risk management policies are disseminated via the Company's corporate webpage and relevant updates and notifications are posted on Public Disclosure Platform.

e) The Company & Its Strategies

The umbrella institution, OYAK Çimento oversees the top-level strategic vision and targets of Group's cement arm. The strategy is prepared in cooperation with the in-Group synergies on mind.

Adana Çimento is one of two white cement producers in Turkey and possesses a diversified product range increasing the Company's competitiveness. Given the significant capitalization of the Company and support from the Group, Adana Çimento is able to afford investments in R&D activities and capital investments to improve cost management.

Cement production is energy intensive and transportation costs are significant, therefore producers typically serve a given hinterland. Adana Çimento has a solid presence in its operating region, with a track record of more than 60 years.

5. Sector Overview & Operational Environment

Despite recent softening, global economic growth is forecasted to remain at 2.9% in 2019 before accelerating gradually over the next two years as the growth rates of advanced economies decelerate and the recovery in major commodity-exporting emerging markets and developing economies level off, according to World Bank. Economic activity in advanced economies is expected to grow by 1.7% in 2019 before easing to 1.5% in the next year. Growth in emerging markets and developing economies overall is projected to strengthen to 4.0% in 2019, before reaching 4.6% in 2020, as the recovery in commodity exporter countries mature and commodity prices increase. In the meantime, global trade is expected to grow by 3.0% in 2019, which is below the average growth rate of 4.8% since 1990. However, World Trade Organization (WTO) estimates that there are signs that escalating trade tensions may already be affecting the business confidence and investment decisions, which could jeopardize the current outlook.

Global demand for cement is projected to grow by 1.5% in 2019, according to the World Cement Organisation (WCO). Economic risks and trade tensions weigh on the construction industry in many countries and pressure the growth in the cement industry. Forecasted growth for 2019 indicate an improvement from the 0.5% dip in cement sales volumes observed in 2018, and 1% increase in 2017. The improvement in growth forecast for the cement industry for 2019 arises primarily from the increase in demand in China, which consumes more than half of the cement production in the world. The cement sector in China is expected to grow by 0.5% in 2019 after two years of decline. Excluding China, WCO forecasts cement demand to increase by 2.8% in 2019, down from a 3.3% increase in 2018.

China realizes approximately 57% of the global cement production, followed by India (7%), USA (2%) and Turkey (2%). Top global cement producers for 2016-2018 period are presented in the below table;

Cement Production (Million Tonnes)

Country	2016	2017	2018
China	2,410	2,320	2,370
India	290	290	290
U.S.A.	85.9	86.6	88.5
Turkey	77	80.6	84
Vietnam	70	78.8	80
Total	**4,100**	**4,050**	**4,100**

Source: www.statista.com

In terms of production capacity, which is measured in million tons/year, CNBM/Sinoma (China) is the largest global cement producer with 521 mt/year capacity, followed by Lafarge Holcim of Switzerland with 356 mt/year, Anhui Conch (China) with 335 mt/year, Heidelberg Cement (Germany) with 187.8 mt/year, Cemex (Mexico) with 95.6 mt/year, and UltraTech Cement (India) with 93.5 mt/year.

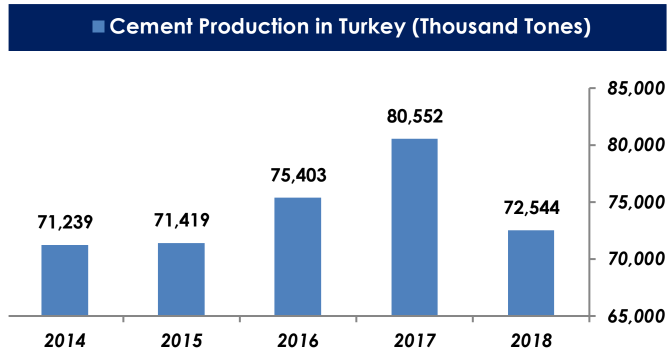
Global cement exports totaled USD 10.1 billion in 2018. The value of global cement exports fell by 20.4% since 2014 when cement shipments were valued at USD 12.7 billion. Year on year, cement exports increased by 1.2% from 2017 to 2018. From a continental perspective, most of the cement exports were realized by Asian countries in 2018 with shipments valued at USD 5 billion or 49.1% of global cement exports. Following Asia, European exporters realized 32.9% of global cement exports, while 8.8% of global cement shipments originated from North America. Smaller percentages came from Africa (7.1%), Latin America (1.8%) excluding Mexico but including the

Caribbean, and Oceania (0.2%) led by Fiji, New Zealand and Australia. Turkey was ranked 3rd globally with its cement exports in 2018 after Vietnam and Thailand.

Top Cement Exporters (2018)	Value (USD 000)	Global Share (%)
Vietnam	1,124,645	11.1
Thailand	633,775	6.3
Turkey	**614,447**	**6.1**
Germany	541,557	5.3
Canada	536,584	5.3
Total	**10,132,404**	**100**

Source: www.trademap.org

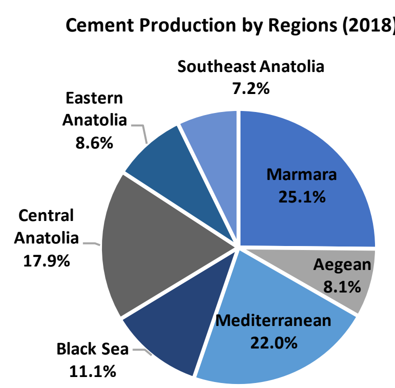
Turkey is one of the leading players in the global cement market in terms of both production and exports. Accordingly, Turkey ranks first in cement production in Europe and fourth in the world and the country has produced 72.5 million tons of cement in 2018, reflecting a 9.9% decline compared to the previous year. The progression of the Turkish cement industry's production figures is presented in the below graph. The cement production of 80.6 million tons in 2017, reflecting a 6.8% increase compared to the previous year, was largely driven by the construction sector growth in the period. On the other hand, the decline in cement production in 2018 was again mainly realized due to the weakness in the domestic market driven by the contraction in the construction sector. Negative developments in the Turkish macroeconomy throughout 2018 and a fierce depreciation of the Turkish Lira against major currencies in August 2018 further pressured the cement sector growth. In relation to this, although production costs increased due to rapid depreciation of the Turkish Lira, cement prices could not be increased at the same rate due to the intense competition in the sector, pressuring cement producer companies' profit margins. Consequently, the uninterrupted growth in the Turkish cement manufacturing since 2015 entered into a downward trend starting from August 2018. As the contraction in the domestic market is expected to continue in 2019, the growth in the foreign markets has become a more important target for cement producers. Seasonal fluctuations also play a significant role in manufacturing operations across the sector with a stronger performance in the spring-summer season due to rise in construction activity.



Source: Turkish Cement Manufacturers' Association (TCMA)

Turkey is a net energy importer and because of the increase in energy input prices the share of energy expenses in the sector's cost base has increased from 60% to approximately 75% in 2018. As such, the volatility in the energy markets directly affects the sector companies' bottom line results.

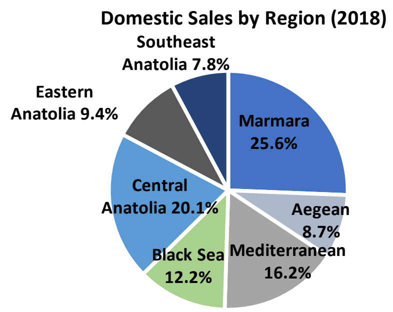
When the domestic cement market is examined on a regional basis, Marmara region is observed to capture the largest share from the domestic cement production with 25.1% share, followed by Mediterranean, and Central Anatolia regions. In 2018, production figures declined in all regions of Turkey compared to the previous year. Transportation costs, economies of scale factor, geographical constraints and the pricing strategy of companies lead the sector to compete on a regional scale. Considering the geographical territories of Turkey, the highest production volume realized in the Marmara region, reflect the region's large share in Turkey's GDP production and robust construction activities leading to high demand, followed by the Mediterranean region.



Source: Turkish Cement Manufacturers' Association (TCMA)

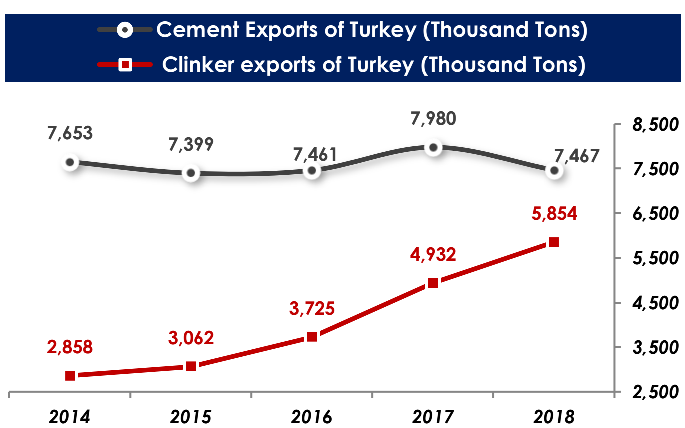
The distribution of domestic sales* with respect to the regions are presented in the below graph. As observed, most of the domestic sales were realized to the Marmara region in 2018, as in previous periods. Southeast Anatolia region took the smallest share from within the total domestic sales. Regional domestic sales figures were in line with the regional production figures.

(*) Takes into account the domestic sales of cement and ready-mixed concrete.



Source: Turkish Cement Manufacturers' Association (TCMA)

Turkey is a major international cement producer and exporter; providing cement to more than 90 countries (2018: 92 countries) across the world exporting circa 10% (2018: 10.3%) of its production. In 2018, 7.47 million tons of cement and 5.85 million tons of clinker were exported, indicating a 6.4% decrease in cement and 18.9% increase in clinker exports, respectively. Unsteady political and economic atmosphere in Middle East region led to a pressure in exporting markets growth in the recent past. Turkey's cement and clinker exports during the review period is presented in the below graph. Following a five year of consistent decline, Turkey's cement exports increased in 2016 and 2017, but decreased once again in 2018. On the other hand, Turkey's clinker exports consistently increased during the review period.



Source: Turkish Cement Manufacturers' Association (TCMA)

Turkey's top five cement export markets are provided in the table below.

2018 Exports (Thousand Tons)

Cement		Clinker	
U.S.A.	1,832	Ghana	1,657
Israel	1,230	Senegal	563
Syria	777	Ivory Coast	453
Haiti	385	Columbia	448
Ghana	355	Guinea	390
Other	2,888	Other	2,343
Total	**7,467**	**Total**	**5,854**

Source: Turkish Cement Manufacturers' Association (TCMA)

Turkish cement industry is organized under the Turkish Cement Manufacturers' Association (TCMA) representing 68 enterprises, comprising of 51 companies operating integrated cement facilities and 17 enterprises operating grinding plants. The sector in Turkey demonstrates a fragmented market structure. Through providing direct and indirect employment opportunities, the industry employs around 19.000 employees. While some large multinational players are active in the Turkish cement market, domestic companies comprise a significant market share in the sector.

The sector currently is able to meet national demand through the utilization of domestically supplied raw materials. Clinker production capacity increased by 7.5% in 2018 to 89.8mn tons while cement production capacity increased by 4.6% to 141.9mn tons compared to the previous year. In FY2018, the capacity utilization rates for cement and clinker plants were realized as 53.39% and 82.91%, respectively.

Region	Clinker		Cement	
	Capacity	CUR*	Capacity	CUR*
Marmara	20,069	93.95	29,118	67.28
Mediterranean	22,929	85.75	33,964	49.85
Central Anatolia	15,026	82.26	22,316	58.04
Black Sea	8,673	92.15	18,360	49.19
Southeast Anatolia	6,274	75.12	11,164	47.01
Aegean	9,445	65.92	13,778	42.79
East Anatolia	7,447	68.25	13,177	47.23
Total (000)	**89,862**	**82.91**	**141,877**	**53.39**

(*) Capacity Utilization Rate

Source: Turkish Cement Manufacturers' Association (TCMA)

Currently, there are 16 cement producers listed in Borsa Istanbul with revenues corresponding to around 90% of the sector. Sabancı and Oyak Group companies maintain sector leadership. On the other hand, 13 cement producer companies are ranked among the 500 Largest Industrial Enterprises list of 2018 compiled by the Istanbul Chamber of Industry on an annual basis.

The contraction experienced in the Turkish construction sector and the slowdown in infrastructure investments in 2019 continue to pressure the domestic demand in the cement sector. Increasing production costs that could not be reflected to the cement prices at the same rate continue to pressure the operating profitability of cement producers. This is expected to increase net working capital financing needs and diminish the operating and net profit generation capacities of the cement producers in 2019. Although the rate of energy generated from wastes in cement plants is around 30% in EU countries, this ratio is around 5% in Turkey. Cement producers that has energy generation facilities from waste, is forecasted to stand out in competition due to cost advantages that they have.

Sources: Turkish Cement Manufacturers' Association, the European Cement Association, Trademap, Turkish Statistical Institute

6. Financial Foundation

a) Financial Indicators & Performance

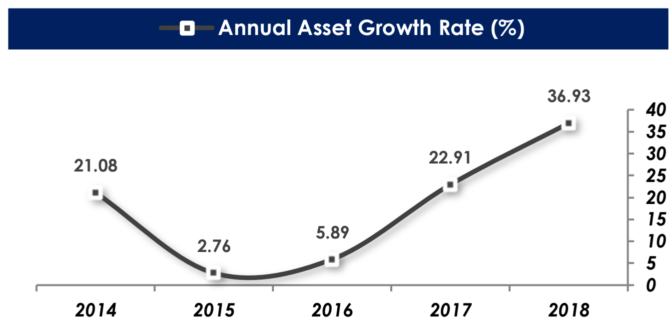
Global and domestic pressures in the economy, particularly in the construction sector has significantly stemmed the demand for cement products, as evidenced by the declining domestic demand and falling capacity utilization ratios, YE2018 53.39%.

Geographical supply dynamics and cost structure are primary drivers of the operating performance. Increasing electricity prices, along with more expensive FX could potentially pressurize the margins should the production is not diversified. In this sense, we note Adana Çimento's customer base of ready-mixed concreate manufacturers and construction & project companies. As an established dealer network in both domestic and export market and access to ports, Adana Çimento braces competition from Middle Eastern exporters. The political instability and security concerns are current downside risk for the export potential, though a resolution would provide a significant amelioration of the prospects.

- **Indices Relating to Size**

As a major cement/clinker producer, Adana Çimento has a total annual production capacity of 2 million tons of grey clinker, 960,000 tons of white clinker, 5.15 million tons of grey cement, and 350,000 tons of white cement. In line with the weaker demand in Turkey, capacity utilization rates (CUR) for clinker and cement were 73% and 46%, respectively. Given the current economic trends and potentials in the export markets, CUR is expected to float around 70% and 45% in 2019.

Complementing the market power of Adana Çimento is the positive synergies and externalities provided by the parent OYAK Cement Group. Additionally, owing to the 40% stake purchased by Taiwan Cement Company in OYAK Cement shares, the Group's global presence is strengthened.



- **Indices Relating to Profitability**

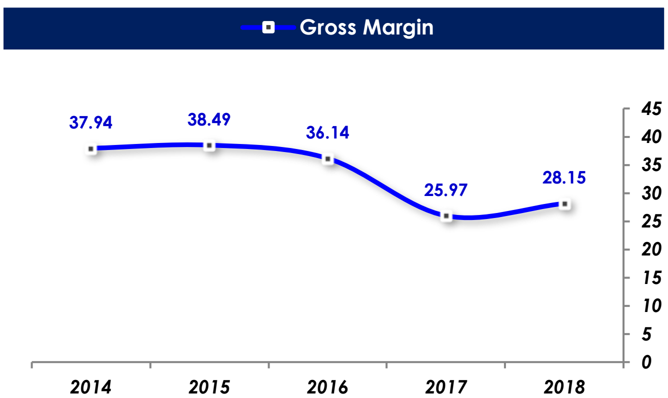
The competition in the Sector is though, in that sense the pricing power of the companies is limited. Therefore, product diversification and ability to tap export markets are the main edges Adana Çimento has with respect to pricing power.

According to the Company's annual report, domestic cement sales volume declined by 7.66% while exports increased 15.13%. However, due to higher prices more active efforts to expand abroad, monetary value of the sales increased, 22.25% in domestic and 98.27% in exports. In response to deteriorating domestic demand conditions and partly supported with the depreciating TRY, Adana Çimento's export volume increased notably.

As of 2Q2019, the Company's net sales were TRY 295.53mn (2Q2018: TRY 337.60mn). In the absence of export revenues, domestic demand conditions would have weighed heavily on the revenue generation.

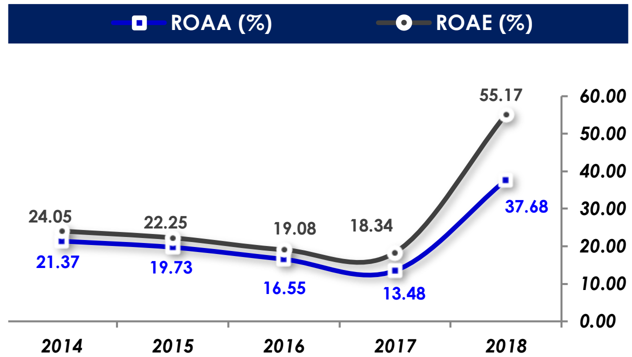
TRY (000)	2018	2017	2016
Domestic Sales	426,808	361,443	306,183
Export Sales	274,538	140,899	83,862
Discounts (-)	-25,972	-16,563	-6,056
Total Sales	675,374	485,778	383,989

Increasing cost structure of the Company's inputs, mainly due to higher energy prices continue to keep the gross margins around 27-28%. Core cost factors such as electricity and fuel are gaining more share in the cost structure due to higher prices. Accounting for the importance of FX rates on the cost profile, potential fluctuations might pressurize the margins and limit the revenue growth via income channel of the customers.

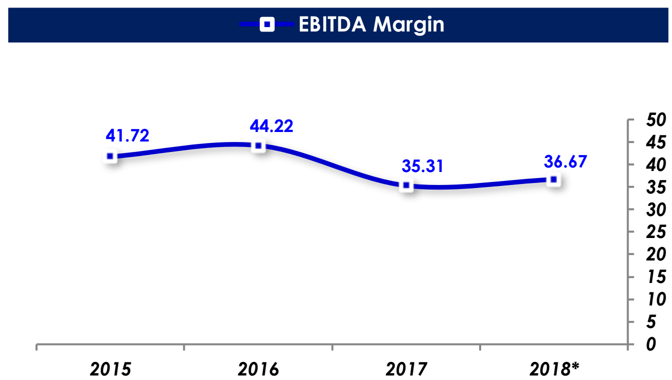


In 2018, the Company sold its 49% stake in OYKA Kağıt Amb. San. Tic. A.Ş., for 513.57mn, posting income of TRY 346.70mn, due to sale of OYAK Cement shares to TCC by ultimate parent OYAK. This one-off income constitutes 61.16% of EBIT for 2018. Dividends received amounted to TRY 6.24mn, from TRY 11.28mn in the previous year.

Due to the one-off income due to proceeds received from the subsidiary sale, asset and equity returns are markedly higher. Excluding the profit from sale of OYKA Kağıt, ROAA and ROAE are 12.60% and 18.45% comparable to last year though lower with respect to mid pre-2017 period.



Excluding the investment income of TRY 347mn, Adana Çimento's EBITDA margin stays at 35%. Looking forward, we note the ability to pass through cost and to diversify income streams via export revenues essential to recover margins to previous performance.



* Excluding OYKA Kağıt sale proceeds

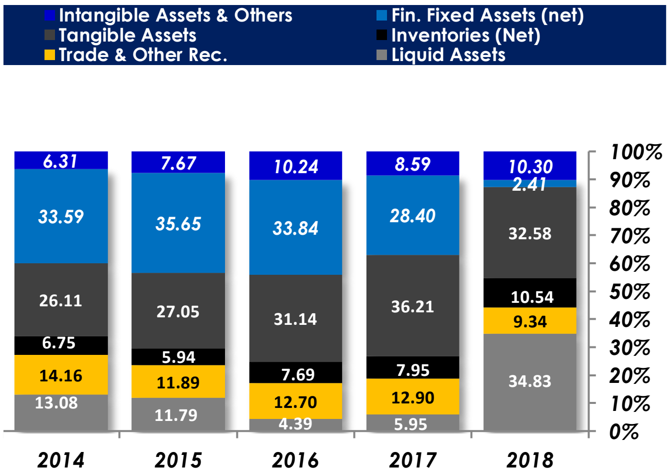
In additon to OYKA Kağıt sales, the Company sold Omsan Lojistik shares in March 2019, generating approx. TRY 35mn investment income. As such, the Company came into possession of a sizable cash pile, which is used to pay-off most of financial debt, effectively limiting the financing expenses for the upcoming periods.

As of 2Q2019, the Company reported net income of TRY 77.92mn (2Q2018: TRY 115.17mn), supported with the export revenues and proceeds from subsidary sale.

b) Asset Quality

The customer base of Adana Çimento is ready-mix concrete producers and ultimately construction/contracting companies. The domestic market for the said sector is negative, due to slowdown in the economy, falling confidence and high interest rates. In this sense, the gross credit risk is tilted to increase. Adana Çimento's action plan comprises increasing collateralization and closer follow-up receivable collections, in addition to tighter credit risk policies.

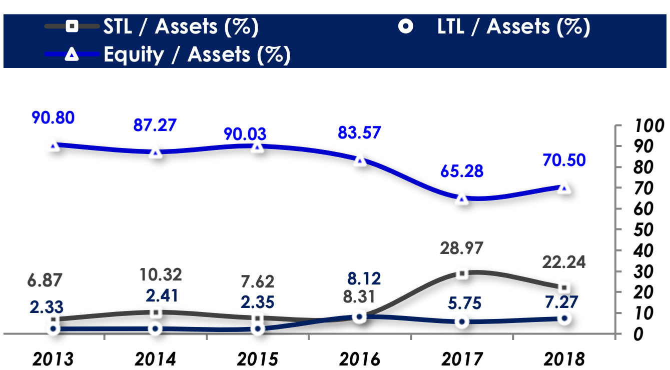
The production capacity has benefitted from white cement and clinker lines, which also reduced the average age of the PP&E. Capacity utilization fell to 75% and 45% for clinker and cement production, in response falling domestic demand.



Having completed a notable investment in white clinker and cement manufacturing line, no other major investments in PP&E are expected, expect for periodic renovations and maintenance.

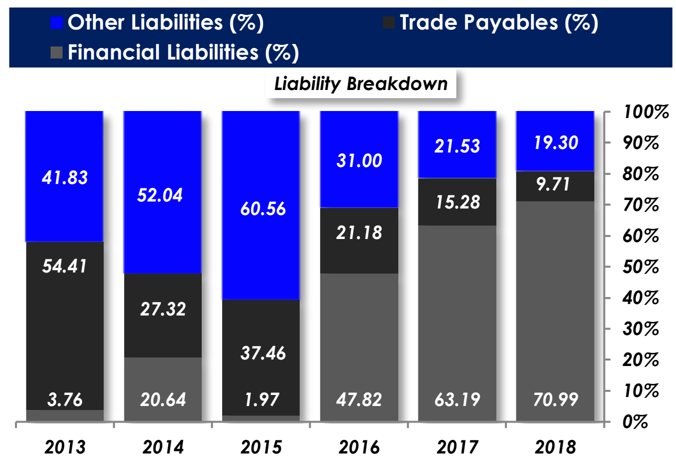
c) Funding & Adequacy of Capital

Adana Çimento's strong capitalization, despite dividend significant pay-out is the primary rating-positive driver. Additionally, comfortable availability of financing lines from various institution and access to capital markets for debt issuances. Owing to sizable proceeds received from subsidiary sales in 2018 and 2019, the Company achieved a sizable cash position, effectively paying off the financial debt as of report date.



In 2018, the Company management reported a plan to improve the net working capital, which has yielded positive results, seeing the days account receivable falling from approx. 100 days to 75 days which is major considering both the absolute value and the constrained outlook in the market where liquidity concerns force customers to postpone payments.

LCY funding is the primary funding source of the Company, with FX funding used to finance investment loans for export capacity. As of 2Q2019, TRY denominated debt accounted for 63.45% of total loans with the rest in EUR (YE2018: 68.30%). However, in the following months, the firm used the cash withheld to pay off EUR denominated debt.



7. Risk Profiles & Management

a) Risk Management Organization & Its Function – General Information

As a member of OYAK Group, Adana Çimento is supported at the ultimate shareholder level with respect to corporate governance and risk management tools and policies.

Senior management of OYAK Group companies represent the Holding and the companies organized under OYAK structure. In this sense, the directors of the Company and OYAK Group board provides guidance and supervision to risk management activities.

As seasoned professionals, the directors and senior management of OYAK Group are evaluated as rating-positive drivers.

b) Credit Risk

Downturn in the construction and contracting sector directly increases the gross credit risk exposed by Adana Çimento, through customer channel. As a countermeasure, Adana Çimento reviews the limits more frequently and requires posting of collaterals.

As of YE2018, the Company's trade credit exposure from third parties were TRY 138.41mn. Most of the collaterals are letters of guarantees from various banks in Turkey. The total value of collaterals accounted to TRY 152.21mn.

Since construction companies conducting large scale projects in the region and ready-mixed concrete manufacturers constitute the majority of the Company's customer base, active monitoring is essential, given the current outlook.

As per newly implemented IFRS 9 provisions, total expected gross value of impaired receivables is TRY 28.36mn, leading to an expected credit loss of 242K, accounting for the collection performance and the collaterals and macroeconomic parameters of the model used by the company. Impaired receivables to total receivables accounted to 7.65 as of YE2018 (YE2017: 5.23%). As of 2Q2019, Adana Çimento had provisions for impaired receivables amounting to TRY 14.77mn.

c) Liquidity Risk

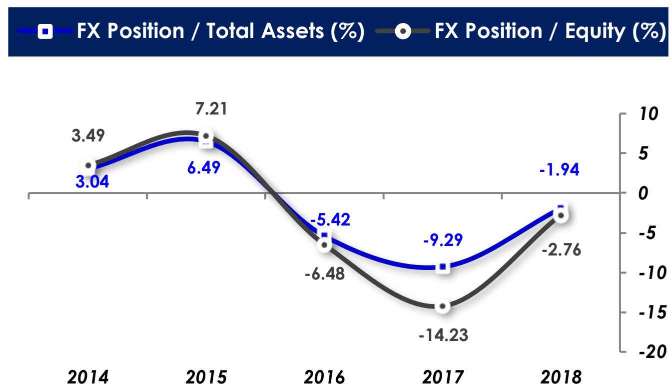
Due to established market structure and value chain dynamics, contingent cash outflows are limited, with the potential stress stemming from timing of cash inflows. Due to a subsidiary sale, Adana Çimento has considerable cash pile, amounting to TRY 424.29mn (YE2018: 556.55mn).

Credit sales of the Company typically have a term of 150 days, though trade payables have term of approximately 50 days, resulting in a financing need to bridge the gap. Given the pressurized outlook in the construction sector, Adana Çimento's primary customer base, the collection periods might increase despite of the Company's best efforts. This should comfortably be covered with the ample liquidity buffer of Adana Çimento.

d) Market Risk

Adana Çimento has a short foreign currency position stemming from EUR denominated borrowings to finance the export investments. As such, FX liabilities accounted to 36.55% of total borrowings as of 2Q2019. As Adana Çimento relies on market prices reflecting the trend of FX movements, FX exposure is not hedged with derivatives.

Euribor indexed loans and government bond indexed LCY corporate bonds have float rates. The float rate borrowings incur sensitivity and high share of float liabilities, more than 90% is notable. Particularly, the interest rate on the LCY corporate bond of TRY 75mn, pegged to 2-year treasury bond is the main source of interest rate risk. Given the volatility of the treasury bonds, the required debt service on the corporate bond is bound to fluctuate. However, given the operating margin and the liquidity profile of the firm, the impact on the interest rate payments would be ultimately low.



e) Operational Risk

Adana Çimento has several facilities operating the value chain of cement production, including ovens, clinker lines, stone breakers etc. In this sense, the cement arm of OYAK Group has an established operational risk management system.

Operational risks stemming from the manufacturing process of products, logistics and technology infrastructure are managed with internal control mechanisms, limits and insurance policies. An Integrated Management System was established which is recognized and licensed by the Council for Quality and Environment to improve product quality while considering environmental concerns. In line with this integrated approach, the Company has met the criteria for TS EN ISO 9001 Quality Management System, TS EN ISO 14001 Environment Management System, TS 18001 Occupational Health and Safety Management System and TS ISO 50001 Energy Management System.

8. Cash Flow Projections & Debt Issue

Cement arm of OYAK Group expects to counter the domestic demand shortages via increasing the export revenues to a certain extent.

The cement market in Turkey is expected to shrink notably due to weak demand in particularly construction sector. This should affect most domestic producers adversely, though companies with export capabilities are able to negate these conditions to a certain extent. In this regard, Adana Çimento's access to Europe, Africa, Middle East and the United States, among others, supports the revenue outlook.

Having sold off OYKA Kağıt and Omsan Lojistik, Adana Çimento acquired a sizable cash pile, which is used to pay off most of financial debt. As such, the Company is receiver of net financial income, effective negating the debt service requirement. Given no sizable capex for the near term, no external financing need is forecast.

As of date, the Company has a TRY 75mn nominal bond outstanding maturing on 07.09.2020. No separate rating report has been compiled for the bond issuances as the resources obtained from the bond issue will be carried in the Company's balance sheet and are subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating.

As of 2Q2019, Adana Çimento had net financing income, owing to sizable cash pile and the subsequent interest income. The management since then used the proceeds to pay off EUR denominated debt, reducing the financial liabilities substantially, leaving the existing bond issuance of TRY 75mn as the major external funding. In this sense, given the 2Q2019 revenues of TRY 295.53mn and operating cash flows of TRY 51.98mn, coupled with the liquidity cushion we find the Company to be in comfortable position to service current financing needs.

	YE2018	2Q2019	YE2019
Current Assets	**1,015,651**	**782,685**	**696,848**
Cash & Equi.	556,549	424,288	267,357
Trade Rec.	167,388	53,780	240,285
Inventories	167,701	158,258	130,142
Other current assets	124,013	146,359	59,064
Non-Current Assets	**582,272**	**602,107**	**610,601**
Investments in Equity Method	38,470	34,713	38,869
Tangible & Intang. Assets	517131	526366	545542.4655
Other Fixed	26,671	41,028	26,189
Total Assets	**1,597,923**	**1,384,792**	**1,307,449**
ST Liabilities	**355,340**	**387,413**	**225,685**
Fin. Liabilities	235,567	54,694	106,363
Trade Payables	72,460	67,046	75,463
Other	47,313	265,673	43,859
LT Liabilities	**116,091**	**101,411**	**20,726**
Fin. Liabilities	99,112	82,592	-
Other	16,979	18,819	20,726
Equity	**1,126,492**	**895,967**	**1,061,037**
Liabilities & Equity	**1,597,923**	**1,384,792**	**1,307,449**

Given the Company's dividend paying investment portfolio and access to export markets, Adana Çimento is positioned well to manage financial and operational challenges arising from cost structure and domestic macro outlook.

On the macro level, OYAK Cement Group's international partnerships with TCC and Cimpor, positions the Group as a global cement producer. The Company's strong stand-alone credit profile coupled with the operationally and financially resilient parent support are the major drivers of the credit rating.

While we note significant challenges in the domestic cement production sector, with weak demand and higher costs, Adana Çimento's idiosyncratic advantages such as equity financed balance sheet, cash position, white cement production lines and export capacity are expected to negate these shortcomings.

ADANA ÇİMENTO SANAYİİ TÜRK A.Ş. BALANCE SHEET - ASSET (TRY 000)	(Year end) 2018 USD (Converted)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)	(Year end) 2017 TRY (Average)	(Year end) 2016 TRY (Original)	(Year end) 2016 TRY (Average)	(Year end) 2015 TRY (Original)	As % of 2018 Assets (Original)	As % of 2017 Assets (Original)	As % of 2016 Assets (Original)	2018 Growth Rate	2017 Growth Rate	2016 Growth Rate
I. CURRENT ASSETS	**193,057**	**1,015,651**	**700,580**	**385,509**	**335,482**	**285,455**	**294,829**	**304,204**	**63.56**	**33.03**	**30.07**	**163.46**	**35.05**	**-6.16**
A. Liquid Assets	**105,790**	**556,549**	313,012	**69,474**	**55,590**	**41,706**	**73,721**	**105,736**	**34.83**	**5.95**	**4.39**	**701.09**	**66.58**	**-60.56**
B. Marketable Securities	**4,370**	**22,989**	**27,230**	**31,470**	**24,413**	**17,357**	**14,188**	**11,020**	**1.44**	**2.7**	**1.83**	**-26.95**	**81.32**	**57.5**
1.Bond	4,370	22,989	27,230	31,470	24,413	17,357	14,188	11,020	1.44	2.7	1.83	-26.95	81.32	57.5
2.Share Certificates	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Prov. Marketable Securities (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Trade Receivables	**26,310**	**138,413**	**138,363**	**138,314**	**128,934**	**119,555**	**111,307**	**103,059**	**8.66**	**11.85**	**12.59**	**0.07**	**15.69**	**16.01**
1.Customers & Notes Receivables	1,836	9,659	15,035	20,411	24,787	29,162	22,521	15,879	0.6	1.75	3.07	-52.68	-30.01	83.66
2.Other Receivables	24,338	128,040	124,355	120,671	106,419	92,166	90,415	88,663	8.01	10.34	9.71	6.11	30.93	3.95
3.Doubtful Trade Receivables	2,342	12,321	10,189	8,057	6,241	4,425	3,980	3,535	0.77	0.69	0.47	52.93	82.08	25.19
4.Provision for Doubtful Trade Receivables (-)	-2,206	-11,607	-9,832	-8,057	-6,241	-4,425	-3,980	-3,535	-0.73	-0.69	-0.47	44.07	82.08	25.19
5.Rediscount on Notes Receivables (-)	0	0	-1,384	-2,768	-2,271	-1,774	-1,629	-1,483	n.a	-0.24	-0.19	-100	55.97	19.67
D. Due From Related Parties (net)	**5,748**	**30,241**	**28,710**	**27,180**	**28,699**	**30,217**	**28,384**	**26,552**	**1.89**	**2.33**	**3.18**	**11.26**	**-10.05**	**13.8**
E. Other Receivables	**2,054**	**10,808**	**11,513**	**12,217**	**6,631**	**1,045**	**2,285**	**3,525**	**0.68**	**1.05**	**0.11**	**-11.53**	**1,069.35**	**-70.36**
1.Other Receivables	2,054	10,808	11,513	12,217	6,631	1,045	2,285	3,525	0.68	1.05	0.11	-11.53	1,069.35	-70.36
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Rediscounts on Other Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Live Assets (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
G. Inventories (net)	**32,014**	**168,423**	**130,605**	**92,787**	**82,882**	**72,978**	**63,112**	**53,246**	**10.54**	**7.95**	**7.69**	**81.52**	**27.14**	**37.06**
H. Contract Progress Income (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
I. Deferred Tax	**1,609**	**8,463**	**9,387**	**10,311**	**6,075**	**1,840**	**1,120**	**400**	**0.53**	**0.88**	**0.19**	**-17.92**	**460.29**	**359.54**
J. Other Current Assets	**15,162**	**79,765**	**41,761**	**3,757**	**2,258**	**758**	**712**	**665**	**4.99**	**0.32**	**0.08**	**2,023.19**	**395.33**	**14.12**
1.Other Current Assets	15,162	79,765	41,761	3,757	2,258	758	712	665	4.99	0.32	0.08	2,023.19	395.33	14.12
2.Provision for Other Current Assets (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
II. NON-CURRENT ASSETS	**110,679**	**582,272**	**681,874**	**781,475**	**722,727**	**663,979**	**628,198**	**592,418**	**36.44**	**66.97**	**69.93**	**-25.49**	**17.7**	**12.08**
A. Trade Receivables	0	0	0	0	0	0	0	0	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1. Customers & Notes Receivables & Leasing	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Doubtful Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Doubtful Trade Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
5. Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
B. Due From Related Parties (net)	**2**	**12**	**10**	**8**	**8**	**8**	**104**	**201**	**0**	**0**	**0**	**39.47**	**7.19**	**-96.06**
C. Other Receivables	**51**	**266**	**1,181**	**2,096**	**12,439**	**22,783**	**13,729**	**4,674**	**0.02**	**0.18**	**2.4**	**-87.29**	**-90.8**	**387.39**
1. Other Receivables	51	266	1,181	2,096	12,439	22,783	13,729	4,674	0.02	0.18	2.4	-87.29	-90.8	387.39
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Rediscounts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Financial Fixed Assets (net)	**7,313**	**38,471**	**184,926**	**331,380**	**326,329**	**321,279**	**320,482**	**319,686**	**2.41**	**28.4**	**33.84**	**-88.39**	**3.14**	**0.5**
1. Long Term Securities (net)	0	0	47,223	94,446	101,769	109,093	107,366	105,638	n.a	8.09	11.49	-100	-13.43	3.27
2. Affiliates (net)	7,313	38,471	137,703	236,934	224,560	212,186	213,117	214,048	2.41	20.3	22.35	-83.76	11.66	-0.87
3. Subsidiaries (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Other Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Tangible Assets	**98,968**	**520,662**	**471,605**	**422,549**	**359,103**	**295,658**	**269,113**	**242,569**	**32.58**	**36.21**	**31.14**	**23.22**	**42.92**	**21.89**
F. Other Fixed Assets	**4,346**	**22,861**	**24,152**	**25,442**	**24,847**	**24,251**	**24,770**	**25,288**	**1.43**	**2.18**	**2.55**	**-10.14**	**4.91**	**-4.1**
TOTAL ASSETS	**303,736**	**1,597,924**	**1,382,454**	**1,166,985**	**1,058,209**	**949,433**	**923,028**	**896,622**	**100**	**100**	**100**	**36.93**	**22.91**	**5.89**

ADANA ÇİMENTO SANAYİİ TÜRK A.Ş. BALANCE SHEET- LIABILITIES+EQUITY TRY	(Year end) 2018 USD (Converted)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)	(Year end) 2017 TRY (Average)	(Year end) 2016 TRY (Original)	(Year end) 2016 TRY (Average)	(Year end) 2015 TRY (Original)	As % of 2018 Assets (Original)	As % of 2017 Assets (Original)	As % of 2016 Assets (Original)	2018 Growth Rate	2017 Growth Rate	2016 Growth Rate
I. SHORT TERM LIABILITIES	**67,544**	**355,340**	**346,679**	**338,018**	**208,441**	**78,864**	**73,591**	**68,319**	**22.24**	**28.97**	**8.31**	**5.12**	**328.61**	**15.44**
A. Financial Liabilities	44,777	235,567	223,211	210,854	114,896	18,937	10,351	1,764	14.74	18.07	1.99	11.72	1,013.43	973.69
B. Trade Payables	8,698	45,761	53,831	61,902	47,472	33,041	33,267	33,494	2.86	5.3	3.48	-26.08	87.35	-1.35
C. Due to Related Parties	5,075	26,699	25,642	24,584	16,525	8,467	8,255	8,042	1.67	2.11	0.89	8.61	190.35	5.28
D. Other Fin. Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	954	5,021	11,404	17,786	9,505	1,224	1,444	1,664	0.31	1.52	0.13	-71.77	1,353.03	-26.44
F. Contract Progress (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	4,856	25,545	15,427	5,310	4,969	4,627	5,116	5,605	1.6	0.46	0.49	381.03	14.76	-17.45
H. Provisions for Liabilities	1,152	6,059	4,988	3,917	3,800	3,683	3,791	3,899	0.38	0.34	0.39	54.67	6.35	-5.53
I Other Liabilities	2,032	10,688	12,176	13,664	11,274	8,884	11,368	13,851	0.67	1.17	0.94	-21.78	53.8	-35.86
II. LONG TERM LIABILITIES	**22,067**	**116,091**	**91,600**	**67,109**	**72,108**	**77,108**	**49,095**	**21,081**	**7.27**	**5.75**	**8.12**	**72.99**	**-12.97**	**265.77**
A. Financial Liabilities	18,839	99,112	72,134	45,155	50,402	55,649	27,824	0	6.2	3.87	5.86	119.49	-18.86	n.a
B. Trade Payables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	42	219	109	0	0	0	0	0	0.01	n.a	n.a	n.a	n.a	n.a
F. Contract Progress (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	2,398	4,797	4,869	4,941	5,034	5,127	n.a	0.41	0.52	-100	-2.93	-3.62
H. Provisions for Liabilities	3,186	16,760	16,959	17,157	16,838	16,518	16,236	15,954	1.05	1.47	1.74	-2.31	3.87	3.53
I. Other Liabilities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
TOTAL LIABILITIES	**89,610**	**471,431**	**438,279**	**405,127**	**280,549**	**155,972**	**122,686**	**89,400**	**29.5**	**34.72**	**16.43**	**16.37**	**159.74**	**74.47**
F- EQUITY	**214,125**	**1,126,492**	**944,175**	**761,858**	**777,660**	**793,461**	**800,342**	**807,222**	**70.5**	**65.28**	**83.57**	**47.86**	**-3.98**	**-1.7**
a) Prior year's equity	144,815	761,858	777,660	793,461	800,342	807,222	784,342	761,461	47.68	67.99	85.02	-3.98	-1.7	6.01
b) Equity (Added from Internal & External Resources in the Current Year)	-22,525	-118,502	-138,039	-157,575	-151,140	-144,705	-121,511	-98,316	-7.42	-13.5	-15.24	-24.8	8.89	47.18
c) Minority Interest	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
h) Profit & Loss	91,835	483,136	304,554	125,972	128,458	130,944	137,511	144,078	30.24	10.79	13.79	283.53	-3.8	-9.12
TOTAL LIABILITIES & EQUITY	**303,736**	**1,597,924**	**1,382,454**	**1,166,985**	**1,058,209**	**949,433**	**923,028**	**896,622**	**100**	**100**	**100**	**36.93**	**22.91**	**5.89**
USD Rates 1=TRY		**5.2609**		**3.7719**		**3.5192**		**2.9076**						

ADANA ÇİMENTO SANAYİİ TÜRK A.Ş. INCOME STATEMENT (TRY 000)	2018	2017	2016
I. Principal Activity Revenues	**645,166**	**151,956**	**207,811**
A. Sales Revenues (Net)	**675,374**	**471,026**	**383,989**
1.Domestic Sales	426,808	349,124	306,183
2.Export Sales	274,538	138,465	83,862
3.Sales Deductions (-)	-25,972	-16,563	-6,056
B. Cost of Sales (-)	**-485,281**	**-348,712**	**-244,747**
C. Service Revenues (net)	**0**	**0**	**722**
D. Other Revenues from Principal Activities	**455,072**	**29,642**	**68,569**
1.Interest	5,145	18,358	24,043
2.Investment	449,927	11,284	44,526
3.Rent	0	0	0
4.Other	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**645,166**	**151,956**	**207,811**
Activities Expenses (-)	-84,795	-62,510	-50,137
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**560,371**	**89,446**	**157,675**
Income & Profit From Other Activities	2,267	59,112	2,902
Expenses & Losses from Other Activities (-)	-10,694	-7,573	-1,089
Financing Income	33,766	24,966	5,985
Financing Expenses (-)	-64,792	-23,323	-12,749
OPERATING PROFIT & LOSS	**520,917**	**142,627**	**152,723**
Net Monetary Position exc. And Other Profit & Loss (+/-)	0	0	0
PRETAX PROFIT & LOSS	**520,917**	**142,627**	**152,723**
Taxes (-/+)	-37,781	-16,655	-21,779
NET PROFIT FOR THE PERIOD	**483,136**	**125,972**	**130,944**
Total Income	**1,192,450**	**601,309**	**467,502**
Total Expense	**-671,533**	**-458,682**	**-314,778**
NET INCOMES OR EXPENSES FOR THE PERIOD	**520,917**	**142,627**	**152,723**

ADANA ÇİMENTO SANAYİİ TÜRK A.Ş. FINANCIAL RATIOS %	FYE 2018	FYE 2017	FYE 2016
I. PROFITABILITY			
ROAE - Pre-tax Profit / Equity (avg.)	55.17	18.34	19.08
ROAA - Pre-tax Profit / Total Assets (avg.)	37.68	13.48	16.55
Total Income / Equity (avg.)	126.30	77.32	58.41
Total Income / Total Asset (avg.)	86.26	56.82	50.65
Net Profit & Loss from Principal Activities / Total Assets (avg.)	40.53	8.45	17.08
Financial Expenses / Inventories Ratio (avg.)	49.61	28.14	20.20
Return on Avg. Long Term Sources	46.64	14.82	15.42
Gross Profit Margin = Principal Activities Income / Net Sales Income	95.53	32.26	54.22
Operating Margin = Net Profit & Loss from Principal Activities / Net Sales Income	82.97	18.99	41.14
Net Profit Margin = Net Profit / Net Sales Income	71.54	26.74	34.10
Cost of Sales / Net sales Income	71.85	74.03	63.74
Activities Expenses / Net Sales Income	12.56	13.27	13.06
Financing Expenses / Net Sales Income	9.59	4.95	3.32
(Pre-Tax Profit + Financing Expenses) / Net Sales Income	86.72	35.23	43.09
Interest Coverage Ratio 1 = Pre-Tax Profit + Financing Expenses / Financing Expenses	903.98	711.52	1,297.90
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	845.67	640.11	1,127.07
Financing Expenses / T. Asset (avg.)	4.69	2.20	1.38
Financial Liabilities / T. Assets	20.94	21.94	7.86
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	36.27	8.65	6.22
(Liquid Assets +Marketable Securities) / T. Liabilities	122.93	24.92	37.87
Net Working Capital / Total Assets	41.32	4.07	21.76
Liquid Assets / Equity	51.45	13.25	7.44
Current Ratio	285.83	114.05	361.96
Acid Test Ratio	212.94	81.87	267.13
Cash Ratio	163.09	29.86	74.89
Inventories / Current Asset	16.58	24.07	25.57
Inventories / Total Asset	10.54	7.95	7.69
Inventories Dependency Ratio	-133.12	255.50	27.13
Short Term Receivables / Total Current Assets	17.67	46.10	52.83
ST Receivables / Total Assets	11.23	15.23	15.88
III. CAPITAL and FUNDING			
Equity / Total Assets	70.50	65.28	83.57
Equity / Liabilities	238.95	188.05	508.72
Net Working Capital/Total Resources	41.32	4.07	21.76
Equity generation/prior year's equity	-15.55	-19.86	-17.93
Internal equity generation/prior year's equity	63.42	15.88	16.22
Tangible Assets/Total Asset	32.58	36.21	31.14
Financial Fixed Assets/ (Equity +Long Term Liabilities)	3.14	41.06	37.84
IV. EFFICIENCY			
Net Profit Margin Growth	167.48	-21.72	1.19
Net Sales Growth	43.38	22.90	-10.19
Equity Growth	47.86	-3.98	-1.70
Asset Growth	36.93	22.91	5.89
Inventories Turnover	371.56	420.73	387.80
Days Inventories Utilization	98.23	86.75	94.12
Receivables Turnover	484.52	359.00	339.37
Days' Accounts Receivable	75.33	101.67	107.55
Efficiency Period	173.57	188.43	201.67
Payables Turnover	901.49	734.57	735.70
Days' Payments in Accounts Payables	40.49	49.69	49.61
Cash Turnover Cycle	133.08	138.74	152.06
Current Assets Turnover	96.40	140.40	130.00
Net Working Capital Turnover	190.84	370.77	173.24
Tangible Assets Turnover	143.21	131.17	142.42
Fixed Asset Turnover	99.05	65.17	61.01
Equity Turnover	71.53	60.57	47.89
Asset Turnover	48.85	44.51	41.52
Export sales/Total sales	39.14	28.40	21.54
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	7.65	4.93	2.96
Non-Performing Asset / Total Assets	45.53	72.56	72.67
Financial Fixed Assets / Non-Current Assets	6.61	42.40	48.39
VI. SENSITIVITY OF FOREIGN CURRENCY			
Total Foreign Currencies Position/Asset	-1.94	-9.29	-5.42
Total Foreign Currencies Position/Equity	-2.76	-14.23	-6.48
VII. INDEBTEDNESS			
Debt Ratio	29.50	34.72	16.43
Short Term Liabilities/Total Asset	22.24	28.97	8.31
Long Term Liabilities/Total Asset	7.27	5.75	8.12
Long Term Liabilities/ (Equity+ Long term Liabilities)	9.34	8.10	8.86
Fixed Asset/Liabilities	123.51	192.90	425.70
Fixed Asset/ (Long Term Liabilities +Equity)	46.86	94.27	76.27
Short Term Liabilities/ T. Liabilities	75.37	83.44	50.56
Short Term Financial Liabilities/Short Term Liabilities	66.29	62.38	24.01
Tangible Assets/Long Term Liabilities	448.49	629.65	383.43
Financial Liabilities/Total Liabilities	70.99	63.19	47.82
Off Balance Liabilities/ (Assets +Off Balance Liabilities)	6.61	16.30	9.45
Off Balance Liabilities/ (Equity +Off Balance Liabilities)	9.13	22.98	11.11