



PRESS RELEASE
Istanbul – April 19, 2017

JCR Eurasia Rating

revised and upgraded the Long Term National credit ratings of

AE Arma-Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş.

and the **Cash Flows of its Issued Bonds** to '**A (Trk)**' on a "**Stable**" outlook. Long Term International Local and Foreign Currency ratings and outlooks are affirmed as "**BBB-/Stable**".

JCR Eurasia Rating has affirmed the Long Term National credit rating of **AE Arma-Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş.** and the **Cash Flows on Issued Bonds** to "**A (Trk)**" on a "**Stable**" outlook. The Long Term International Foreign and Local Currency rating and outlooks have been affirmed as "**BBB- /Stable**".

Long Term International Foreign Currency	:	BBB- / (Stable Outlook)
Long Term International Local Currency	:	BBB-/ (Stable Outlook)
Long Term National Local Rating	:	A (Trk) / (Stable Outlook)
Long Term National Issue Rating	:	A (Trk)
Short Term International Foreign Currency	:	A-3 / (Stable Outlook)
Short Term International Local Currency	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-1 (Trk) / (Stable Outlook)
Short Term National Issue Rating	:	A-1 (Trk)
Sponsor Support	:	2
Stand Alone	:	AB

AE Arma-Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş., established in Turkey in 2001, 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. AE Arma-Elektropanç has established strategic cooperation with several leading global MEP providers and partnerships with worldwide suppliers. The Company delivers distinctive MEP services in Turkey, Dubai, Abu Dhabi, Russia, Azerbaijan, the United Kingdom, and Algeria. AE Arma-Elektropanç has improved its ranking to 222th among the Top 250 International Contractors according to the results published by Engineering News Record magazine in 2016.

AE Arma-Elektropanç exhibited a considerable revenue growth in the recent financial period and improved bottom-line results which reflects its flexible and in depth operational management in a challenging environment. A diversified funding bundle was achieved through access to capital market instruments and efficient use of vendor finance in line with the growing project base. Oversight and management of project expenses despite rapid growth in the project base resulted in stable gross profit and operating margin figures. The management's focus on financial and operational risks were maintained and were reflected in the moderate level of leverage and reasonable net debt to EBITDA ratios and delivery of projects on time and within the budget. The Company's financial figures were exposed to several currencies affecting financial figures through reporting currency translations. Moreover, despite the Company's presence in a wider geography, growing share of revenues from a single country reflects increase in the concentration risks. Proven track record, expanding business territory, sound project backlog, and financially sound customer base increased the visibility of revenue and cash flow streams and provided a base for an upgrade in the National Long Term Rating. The Company's internal revenue generation capacity, the actualization performance budget targets, overall asset quality, the Company's covenants regarding bond issuance and overall liquidity indicators along with the regional economic and political climate will be closely watched.

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.

The real person shareholders of the Company are considered to have the willingness and strength to provide long term liquidity and capital depending on their financial strength and efficient operational support. In this regard, the Company's Sponsor Support Grade has been determined as **(2)** within the JCR Eurasia Rating scale. On the other hand, taking into consideration the Company's sound project base, its extensive know-how as a technical services contractor, strengthened and expanded business alliances along with the quality and depth of management expertise, JCR Eurasia Rating has reached the opinion that the Company has gained a sound level of organizational base to manage its obligations regardless of any assistance that may be provided by the shareholders. Within this context, the Company's Stand Alone grade has been determined as **(AB)** in JCR Eurasia Rating's notation scale.

For more information, you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst **Mr. Abdurrahman TUTGAÇ**.

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