

PRESS RELEASE

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JCR Eurasia Rating
evaluated the consolidated structure of **Bilkent Holding A.Ş.**
in a high-level investment category and affirmed its Long Term National Ratings as **"A+ (Trk)"**, the Long Term International Foreign & Local Currency Ratings as **"BBB-"** and its outlooks as **"Stable"** in the periodic annual review.

JCR Eurasia Rating has evaluated "Bilkent Holding A.Ş."s consolidated structure in a high-level investment category and affirmed its Long-Term National Ratings as **"A+ (Trk)"** and outlook as **'Stable'** in the periodic annual review. The Long Term International Local and Foreign Currency Ratings have been affirmed as **"BBB-"**. All other notes and the details of the ratings are provided below:

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)
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)
Sponsor Support	: 4
Stand Alone	: AB

Bilkent Holding which has comprehensively enlarged its operations over nearly a half-century with a focus on effectiveness, productivity, leadership, societal benefit, profitability, permanence and growth in the fields in which it operates, is a group of companies established by the Dođramacı Family and owned by Bilkent University, one of Turkey's foremost higher education institutions, that exhibits a high level of global penetration dispersed across a large geography. The Group which was formed by the collection of Group companies under one roof in 1986 as a result of the re-structuring process is one of Turkey's largest corporations operating principally in Turkey and a total of 19 companies principally in the construction sector along with others including furniture-retail, printing/paper, real estate, services, airport management, private security, marine transportation and vehicle transport through numerous subsidiaries, direct and indirect affiliates and joint ventures with a shared management. The Holding differentiates itself clearly from other holdings with regard to its shareholder structure, legal status and possessed mission. As such, the resources obtained by the Holding and companies is transferred to **Bilkent University** every year in a systematic manner in order to provide bursaries for students, pointing out to a distinguished social responsibility mission.

Despite the rise in sales revenues in FY2015, the higher increases in costs, the loss incurred by the Group due to the high level of loss made by **Istanbul Deniz Otobüsleri İşletmesi A.Ş.**, which is among the investments valued by the equity method and the negative valuation differences of investment property, led to a noteworthy reduction in the Group's net profitability. However, due to the maintenance of production power and internal equity generation potential, the sharp fall in net profitability wasn't reflected on profit from principal activities to the same extent and remained more limited. The contraction in sales revenues was maintained throughout the 1H2016 whilst the improvement in costs reflected positively on profitability performance. It is anticipated that Earnings Before Interest, Depreciation, Tax (EBITDA) will maintain its sufficient level by FYE2016. The Group which focuses its strategy on profitability and productivity in the short and medium term maintains its interest in new investments in high-tech and value-adding fields in addition to the strategy of exiting investment fields with low levels of productivity as well as aiming to increase profitability through re-structuring and revision. The increasing emphasis placed on corporate risk management and risk management practices along with its skilled management team will help the Holding evolve towards a status that will strengthen effectiveness, productivity and organizational structure in its operating fields. The high level of equity and liquidity along with the low liability composition and the economic context dominated by low volumes of economic activity and high volatility provides an important advantage for the Group and opportunity for investment in new fields. In addition to the robust and solid financial position under current market circumstances, the legal dispute between Tepe İnsaat, the Holding's subsidiary, and Botaş relating to the construction of Baku-Tbilisi-Ceyhan pipeline which was taken to International Arbitration by Tepe İnsaat partially resulted in favour of Tepe İnsaat. The finalization of the verdict and the attainment of the collection stage are among the factors that will support the Group's liquidity and profitability in the upcoming period.

Despite the high level of impaired receivables due to an accumulated stock effect, full provisioning and the low level of new entry ensures that their negative impact on profitability and asset quality remained limited in the recent past. The reached level of asset size, high level of equity, liquid structure, business volume, asset-liability composition, internal equity generation level and its maintenance indicates a capability to withstand external risks based on the Group's own capabilities regardless of external support. In addition to the generated internal equity, the Group's ability to easily access national and international markets with favourable conditions to obtain external funding resources, high debt service capacity accompanied by very low leverage levels, the maintenance of cash equity injections, the improvements in the corporate risk management field and the decreasing effects of the dispersion of Group's operations across a wide geography and different sectors on its risk concentration, are the major factors underlying the affirmation of the Holding's Long Term National Rating as **"A+ (Trk)"**. The capabilities created by the Holding's business and activity diversity and the spread of its network on a national scale on the maintenance of its fund generation potential support the affirmation of all outlooks as **"Stable"**. Taking into consideration the Group's activities principally in Turkey along with Middle East, North Africa, Turkic Republics, Eastern Europe and Russia, business partnerships with leading national and international players in strategic sectors, income diversity and internal equity generation capacity owing to its operations in different sectors, high asset and low liability composition, high levels of market acceptance, capability to generate foreign currency revenues, new opportunities presented by its operating fields, capability to obtain long-term funding resources from national and international markets along with the risks and opportunities offered by the current economic conjuncture, the long-term international foreign and local currency ratings have been affirmed at the country-ceiling level of **BBB-**.

Bilkent University, the qualified shareholder of the Holding, provides significant contributions to the Group's growth through its national and international reputation and popularity, new business fields and different geographies and the willingness of the shareholders to support the Holding and their fiscal strength has been assigned as **(4)** whilst the grade in the Stand Alone category which refers to the ability of the Holding to self-manage the incurred risks regardless of shareholder support was assigned as **(AB)**. The **AB** grade in the Stand-Alone category indicates a "high" level in JCR Eurasia Rating's notation system and capability to fulfill its liabilities without external support whilst the **(4)** grade in the Sponsor Support category indicates a limited level of external support.

For more information regarding the rating results you may visit our internet site <http://www.jcra.com.tr> or contact our analyst **Mr. Şevket GÜLEÇ**.

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