MOODY'S
INVESTORS SERVICE

Rating Action: Moody's takes action on nine Turkish corporates following sovereign downgrade

Global Credit Research - 09 Mar 2018

London, 09 March 2018 -- Moody's Investors Service, ("Moody's") has today taken rating actions on nine Turkish corporates. The rating actions were driven by Moody's recent decision to downgrade Turkey's government issuer rating to Ba2 stable from Ba1 negative.

Details of the Turkish sovereign rating action can be found here: Moody's downgrades Turkey's sovereign ratings to Ba2 from Ba1; outlook changed to stable from negative (https://www.moodys.com/research/--PR_379438).

A complete list of rating actions can be found at the end of this press release.

RATINGS RATIONALE

DOWNGRADES

Moody's downgraded to Ba1 from Baa3 the following ratings and changed the outlook to stable from negative on:

• Anadolu Efes Biracilik ve Malt Sanayii A.S. (Efes)

• Coca-Cola Icecek A.S. (CCI)

• Koc Holding A.S. (Koc Holding)

• Ordu Yardimlasma Kurumu (OYAK)

• Turkcell Iletisim Hizmetleri A.S. (Turkcell)

As a result of the downgrades, Moody's has withdrawn the issuer ratings and assigned corporate family ratings (CFR) to the above corporates, in line with the rating agency's policy for non-financial corporates with non-investment grade ratings. Please refer to the Moody's Investors Service's Policy for Withdrawal of Credit Ratings, available on its website, www.moodys.com.

In addition, for those corporates that have rated bonds (Efes, CCI, Koc Holding and Turkcell), Moody's has assigned probability of default ratings (PDR).

Moody's also downgraded the rating of Dogus Holding A.S. (Dogus) to Ba2 from Ba1. The outlook remains negative.

AFFIRMATIONS

Moody's has affirmed the Ba1 CFR and Ba1-PD PDR on Turkiye Sise ve Cam Fabrikalari A.S. (Sisecam) and Turkiye Petrol Rafinerileri A.S. (Tupras). The outlook on Sisecam's ratings remains stable while the outlook on Tupras' ratings has been changed to stable from positive.

Moody's has also affirmed the Ba2 CFR and Ba2-PD PDR on Erdemir. The agency has also upgraded the company's national scale corporate family rating to Aa1.tr from A1.tr. This follows the update of the National Scale Rating Map for Turkey as published on 7 March on Moodys.com (National Scale Rating Maps by Country; https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1115084) shortly after the announcement of the downgrade of the Turkey's government issuer rating. The outlook remains stable on Erdemir's ratings.

The ratings of Turk Hava Yollari Anonim Ortakligi (Turkish Airlines, Ba3 stable) are unaffected by today's downgrade of the Turkish sovereign ratings.

-- DOWNGRADE TO Ba1 OF EFES, CCI, KOC HOLDING, OYAK, AND TURKCELL; CHANGE OF OUTLOOK TO STABLE FROM NEGATIVE

These corporates' Ba1 corporate family ratings are one notch above Turkey's government bond rating of Ba2. While recognizing their investment grade financial profiles and market leadership positions, they also have a high dependence on their Turkish operations for revenue and cash flow generation. The corporates also have significant cash balances, which are in part deposited in the domestic banking system. As such, these ratings are constrained at one notch above the sovereign rating and their outlooks have changed to stable in line with the sovereign outlook of Turkey.

EFES

Efes' high dependence on its Turkish operations for revenue and cash flow generation, with Turkey representing 45% of the Beer group's EBITDA in 2017, constrains its Ba1 CFR at one notch above the sovereign rating of Turkey and one notch below our foreign currency bond ceiling of Baa3 for the country. While the company has international operations that contribute materially to cash flow generation, the sovereign ratings of these countries are too close to that of Turkey to warrant more than one notch of differentiation between Efes' rating and that of Turkey.

Efes' rating reflects (1) its leadership position in the Turkish market with a market share of 61% according to the company; (2) its improving position in Russia, its largest beer market by volume; (3) the tangible actions management has initiated to offset the negative pressure on the company's financial profile; (4) a strong liquidity profile, with the ability to continue to generate positive free cash flows despite an adverse operating environment and an average debt maturity profile of 4 years as of 31 December 2017; and (5) the substantial equity value from the company's 50.3% investment in Coca-Cola Icecek A.S. (CCI, Ba1 stable), which is valued at around TRY4.4 billion ($1.2 billion) as of 31 December 2017.

The Ba1 rating is constrained by (1) Efes' mid-sized operations with a high degree of geographical sales concentration in Russia (Ba1 positive) and Turkey; (2) exposure to foreign currencies through both its operations and balance sheet, although these are partially mitigated by foreign currency hedges on operational expenses; (3) challenging domestic operations because of low consumer confidence; and (4) stricter regulation in the company's main Turkish and Russian markets which result in structurally weaker markets.

CCI

CCI's Ba1 CFR reflects the company's (1) strong market positions, as leader in Turkey and across Central Asia (Azerbaijan (Ba2 stable), Kazakhstan (Baa3 stable), Turkmenistan , Kyrgyzstan (B2 stable)) and second in Iraq (Caa1 stable) and Pakistan (B3 stable); (2) improving financial profile, with its Moody's-adjusted retained cash flow (RCF)/net debt increasing to 47.3% in 2017 from 36.2% in 2016; and (3) strong liquidity profile, underpinned by strong cash balance, a long-term maturity profile and positive free cash flow (FCF) since 2016 (as adjusted by Moody's).

However, CCI's rating is constrained at one notch above the Ba2 sovereign rating of Turkey given its exposure to the Turkish economy. The rating also reflects CCI's exposure to foreign currencies through both its operations and balance sheet, and reduced pricing flexibility to accommodate rising input costs (primarily aluminum, resin and sugar) during times of increased competition or deteriorating consumer confidence.

KOC HOLDING and OYAK

Koc Holding and OYAK are two Turkish investment holding companies, both with credit linkages and high exposure to the domestic operating environment in Turkey. However, Koc Holding and OYAK have diversified investment portfolios with a number of mature, dividend generating investments as well as exposure to export revenues, which allows their Ba1 CFRs to be rated one notch above the Government of Turkey.

In addition, both these companies maintain strong financial flexibility and have for many years maintained net cash positions. As of year-end 2017, Koc Holding at the holding level had about $2.1 billion of cash and $1.5 billion of borrowings. Similarly, OYAK as of 31 December 2016 had about TRY 8.8 billion ($2.5 billion) of cash with TRY90 million of borrowings at the holding level but had TRY 5.8 billion ($1.6 billion) of net debt at an intermediate holding company which holds ATAER (iron & steel, chemical and automotive investments), OYAK Cimento (cement investments) and BIREN (energy investments).

TURKCELL

Turkcell's Ba1 corporate family rating (CFR) is rated one notch above Turkey's bond rating of Ba2. While the company has a strong financial profile and a market leadership position, it also has a high dependence on its Turkish operations for revenue and cash flow generation. Turkcell also has significant cash balances of TRY4.7 billion with the majority deposited in the domestic banking system. As such, the ratings are constrained at one notch above the sovereign rating and the outlook has changed in line with the sovereign rating of Turkey. While Turkcell has international operations that contribute to cash flow generation, the majority of these international operations are in countries rated below the sovereign bond rating of Turkey.

Turkcell's Ba1 CFR reflects its very strong financial and liquidity profiles and the track record that the company has built over the last few years in running the business with a conservative financial profile. It also reflects (1) Turkcell's leadership position in the Turkish mobile telephony market (2) the strong fundamentals of the mobile sector in Turkey, driven by its young population and low smartphone penetration relative to other European peers; (3) Turkcell's conservative financial policies, which the company continues to adhere to with a maximum net debt/EBITDA of 1.5x; and (4) Turkcell's ability to tap the debt capital markets and its strong relationships with international banks.

DOGUS

The downgrade of Dogus to Ba2 reflects (1) its operational exposure to Turkey; (2) moderate financial profile, with estimated market value-based leverage (MVL) of about 29.7% (using equity book value for unlisted assets) and 9.8% (using management fair value estimates) as of Dec-2017; (3) an investment portfolio which is skewed towards growth businesses and therefore many investments are not regularly paying dividends resulting in a low interest cover ratio of 0.1x ((FFO + interest expense)/ interest expense); and (4) a limited degree of liquidity available through its listed stakes in Dogus Otomotiv (DOAS) and Dogus REIT that covers about 0.67x of holding level net debt.

The outlook remains negative given the weaker liquidity profile due to diminishing public stakes and reduced dividend inflows. Dogus sold its remaining 9.95% stake in Turkiye Garanti Bankasi A.S. (Garanti Bank, Ba2 stable senior unsecured rating) in February 2017 which has been used to diversify its investment portfolio. Dogus has been growing its international operations away from Turkey which is expected to compensate against its exposure in Turkey. However, the reduction of cash balances and loss of dividend income from Garanti Bank combined with limited visibility on future dividend income from its investments, has weakened Dogus' liquidity profile over the next 12 to 18 months.

SISECAM

The affirmation of Sisecam's Ba1 CFR reflects the company's leading market position in Turkey as well as the group's strong financial profile, with debt/EBITDA averaging about 3.1x over the past five years and a robust liquidity position. Sisecam has a balanced revenue and product mix derived from its flat glass, glassware, glass packaging and chemicals businesses.

The rating is constrained by its geographic concentration, with around 2/5 of revenues generated in Turkey, and an additional 1/5 exported from the country, and exposure to other markets limited to Eastern European countries and Russia (Ba1 positive).

TUPRAS

The affirmation of the Ba1 CFR reflects the healthy financial profile of the company but Tupras' credit linkages with Turkey constrains the rating given that all of the company's core assets are located in Turkey and a majority of its cash flows are generated domestically. The change in outlook is therefore a direct result of the downgrade in Turkey's government bond rating. Tupras' rating is positioned one notch higher than the government bond rating to reflect (1) its strong financial profile with Moody's adjusted debt/EBITDA of 2.2x and adjusted EBIT/interest expense of 6.3x as of 30 September 2017 (LTM); and (2) its sales exposure to refined products commodities which can be readily sold in the international markets if domestic demand for any reason declines.

ERDEMIR

The affirmation of Erdemir's CFR at Ba2 considers the company's continued robust operating and financial performance in 2017, leading to high margin and strong credit metrics for the rating. Adjusted gross debt/EBITDA improved to 0.8x in 2017 from 1.2x in 2016 mainly due to a large EBITDA improvement. The high EBITDA and moderate interests associated to very low absolute financial debt translate into robust operating cash flow generation. Positive FCF in 2017 and a large cash balance support the liquidity of the company, which we assess only as adequate due to high amount of short term debt and lack of committed long term facilities.

The rating also reflects Erdemir's leading market position in the Turkish flat steel market where the supply / demand balance is favourable to the company. High exposure to Turkey, where Erdemir produces all its steel and sells the majority of it, is a potentially credit constraining factor, after Moody's has downgraded the sovereign rating to Ba2 stable in March 2018. However, the solid financial profile of Erdemir provides a cushion for its rating, which we expect to remain well positioned even under a less favourable economic scenario in the country over the next 12 to 18 months.

The Ba2 CFR rating also reflects (1) the cyclicality of the company's underlying end markets with a large reliance on construction and the distribution chain; (2) competition from imports, particularly from CIS steelmakers; (3) majority of reported debt being short term, although this is mitigated by overall positive net cash position due to very large cash balance at the end of 2017; and (4) expected rising capital expenditures and high dividend pay-outs which could turn free cash flow into negative territory in 2018 and beyond if operational cash flows do not improve further.

WHAT COULD CHANGE THE RATINGS UP/DOWN

EFES

The rating is constrained by the government of Turkey's Ba2 stable rating and upward pressure on the rating is unlikely because of Efes' credit linkages with Turkey. Positive pressure on the sovereign rating could lead to positive pressure on Efes' rating if current credit metrics are sustained. This includes EBITA margin for its core beer operations (i.e., excluding the impact from consolidating CCI's financials, which Moody's deconsolidates) above 20%, Debt/EBITDA below 2.5x and EBIT/interest expense above 4.0x.

The rating could be downgraded if Efes failed to maintain EBITA margin above 15%, debt/EBITDA below 4.0x or EBIT/interest expense above 3.0x. Negative rating pressure could also occur should the group's liquidity deteriorate substantially. Any assessment would also take into account the benefits of Efes' ownership stake in CCI as a counterbalancing factor.

CCI

The rating is constrained by the government of Turkey's Ba2 stable rating and upward pressure on the rating is unlikely because of CCI's credit linkages with Turkey. Positive pressure on the sovereign rating could lead to positive pressure on CCI's rating if current credit metrics are sustained. This includes EBITA margin above 10%, RCF/net debt above 30%, and debt/EBITDA below 3.5x.

The rating could be downgraded if CCI failed to maintain EBITA margin above 8%, RCF/net debt fell above 20%, or debt/EBITDA increased below 4.0x. A reassessment of the bottler support assumptions could also affect the rating and result in a downgrade.

KOC HOLDING

Given the credit linkages between the Koc Group's investments and the operating environment in Turkey, an upgrade of Koc Holding's rating is unlikely at this stage. The company's rating could be upgraded if Turkey's sovereign rating is upgraded in combination with the Koc Group's investments continuing to display a strong financial profile including market value-based leverage (MVL) remaining below 35%.

Koc Holding's rating could come under negative pressure if Moody's expects that MVL will exceed 40% on a forward-looking basis, for instance as a result of a structural decline in the value of investments during a period of increased leverage and a weaker liquidity position.

Negative pressure on Turkey's sovereign rating could place downward pressure on Koc Holding's ratings.

OYAK

Given OYAK's close links with the Turkish economy and dependency on the economic base from which the investments generate income, OYAK's rating is constrained by one notch above the government of Turkey's Ba2 rating. There could be positive pressure on OYAK's rating if Turkey's sovereign bond rating is upgraded.

A weakening of the Turkish economy could impact the ability of its holdings to pay dividends in line with previous years. This could have implications for OYAK's FFO interest coverage ratio and, were the ratio to be sustained below 2.5x, Moody's could downgrade the rating in the absence of a strong liquidity profile. OYAK's rating could also come under pressure should cash flow distributions to members increase significantly and therefore weaken OYAK's liquidity profile. Negative pressure on Turkey's sovereign rating could put downward pressure on OYAK's ratings.

TURKCELL

Given the current sovereign constraint, an upgrade of the rating at this stage is unlikely. Ratings could be upgraded if the ratings of the Turkish government were to be upgraded and Turkcell continues to demonstrate stable operating performance with a conservative financial and liquidity profile.

Turkcell's rating could come under negative pressure if the rating of the government of Turkey were to be downgraded, given the strong credit inter-linkages between Turkcell and the Turkish economy.

There could also be negative pressure on Turkcell's rating if it increased its investment and acquisition plans or shareholder returns such that: (1) RCF/debt ratio were to fall below 30%; (2) Debt/EBITDA were to move above 2.5x (taking into account the company's liquidity profile); (3) (EBITDA - capex)/interest expense ratio were to fall below 4.0x, on a persistent basis.

DOGUS

An upgrade is unlikely at this time given Dogus' operational concentration in Turkey, exposing the company to the heightened risks associated with the operating environment in Turkey. The ratings are also constrained by an investment portfolio that has yet to mature to a level where the holding company regularly receives a diversified dividend income stream through its investments and subsidiaries. In addition to having a stronger liquidity profile, Moody's expectation would be for MVL to be below 30% and FFO interest coverage above 3.0x on a sustained basis.

The rating could be downgraded if MVL were to increase above 40% and FFO interest coverage were to remain below 2.0x. Weaker liquidity, particularly if holding level cash is less than upcoming debt maturities (assessed over a rolling 18 months forward-looking view) could also create negative rating pressure.

Negative pressure on Turkey's sovereign rating could also place downward pressure on Dogus' ratings.

SISECAM

The rating is constrained by the government of Turkey's Ba2 stable rating and upward pressure on the rating is unlikely because of Sisecam's credit linkages with Turkey. Positive pressure on the sovereign rating could lead to positive pressure on Sisecam's rating if current credit metrics are sustained. This includes EBITDA margin above 20% and free cash flow to debt above 10%. An upgrade would also require Sisecam to diversify and strengthen its geographical footprint so as to mitigate against event risks while maintaining debt/EBITDA below 2.5x.

Sisecam's ratings could come under negative rating pressure if the group faces a structural decline in profitability with EBITDA margin below 15% or if debt/EBITDA rises above 3.5x. Negative rating pressure could also occur should the group's liquidity deteriorate substantially, as an example, through a large acquisition.

TUPRAS

The rating is constrained by the government of Turkey's Ba2 stable rating and upward pressure on the rating is unlikely because of Tupras' credit linkages with Turkey. A positive pressure on the sovereign rating could lead to positive pressure on Tupras' rating if current credit metrics are sustained. This includes adjusted debt/EBITDA maintained below 2.5x and adjusted EBIT/interest cover above 5.0x.

The rating could be downgraded if the company fails to maintain adjusted gross debt/EBITDA below 4.0x and adjusted EBIT/interest cover above 3.5x. Negative rating pressure on the sovereign is likely to lead to negative pressure on Tupras' rating.

ERDEMIR

Positive rating pressure would be considered if the company maintains a Moody's adjusted debt/EBITDA well below 1.5x and generates positive free cash flow on a sustainable basis, while having a conservative liquidity management. Positive pressure on the sovereign rating could also lead to positive pressure on Erdemir's rating if strong credit metrics are sustained and liquidity remains more than adequate.

Although unlikely, the rating could be downgraded if Erdemir's adjusted debt/EBITDA rises above 2.5x on a sustainable basis, retained cash flow (RCF) was projected to be less than maintenance capex on a recurring basis and liquidity materially weakens. Negative pressure on the sovereign rating could also lead to negative pressure on Erdemir's rating.

LIST OF AFFECTED RATINGS

Issuer: Anadolu Efes Biracilik ve Malt Sanayii A.S.

..Downgrades:

....Senior Unsecured Regular Bond/Debenture, downgraded to Ba1 from Baa3

..Assignments:

....Long-term Corporate Family Rating, assigned Ba1

....Probability of Default Rating, assigned Ba1-PD

..Withdrawals:

....Long-term Issuer Rating, previously rated Baa3

..Outlook Action:

....Outlook changed to Stable from Negative

Issuer: Koc Holding A.S.

..Downgrades:

....Senior Unsecured Regular Bond/Debenture, downgraded to Ba1 from Baa3

..Assignments:

....Probability of Default Rating, assigned Ba1-PD

....Long-term Corporate Family Rating, assigned Ba1

..Withdrawals:

....Long-term Issuer Ratings, previously rated Baa3

..Outlook Action:

....Outlook changed to Stable from Negative

Issuer: Ordu Yardimlasma Kurumu (OYAK)

..Assignments:

....Long-term Corporate Family Rating, assigned Ba1

..Withdrawals:

....Long-term Issuer Ratings, previously rated Baa3

..Outlook Action:

....Outlook changed to Stable from Negative

Issuer: Turkiye Sise ve Cam Fabrikalari A.S.

..Affirmations:

....Long-term Corporate Family Rating, affirmed Ba1

....Probability of Default Rating, affirmed Ba1-PD

....Senior Unsecured Regular Bond/Debenture, affirmed Ba1

..Outlook Action:

....Outlook remains Stable

Issuer: Turkiye Petrol Rafinerileri A.S.

..Affirmations:

....Long-term Corporate Family Rating, affirmed Ba1

....Probability of Default Rating, affirmed Ba1-PD

....Senior Unsecured Regular Bond/Debenture, affirmed Ba1

..Outlook Action:

....Outlook changed to Stable from Positive

Issuer: Turkcell Iletisim Hizmetleri A.S.

..Downgrades:

....Senior Unsecured Regular Bond/Debenture, downgraded to Ba1 from Baa3

..Assignments:

....Long-term Corporate Family Rating, assigned Ba1

....Probability of Default Rating, assigned Ba1-PD

..Withdrawals:

....Long-term Issuer Rating, previously rated Baa3

..Outlook Action:

....Outlook changed to Stable from Negative

Issuer: Coca-Cola Icecek A.S.

..Downgrades:

....Senior Unsecured Regular Bond/Debenture, downgraded to Ba1 from Baa3

..Assignments:

....Long-term Corporate Family Rating, assigned Ba1

....Probability of Default Rating, assigned Ba1-PD

..Withdrawals:

....Long-term Issuer Ratings, previously rated Baa3

..Outlook Action:

....Outlook changed to Stable from Negative

Issuer: Dogus Holding A.S.

..Downgrade:

....Long-term Corporate Family Rating, downgraded to Ba2 from Ba1

....Probability of Default Rating, downgraded to Ba2-PD from Ba1-PD

..Outlook Action:

....Outlook remains Negative

Issuer: Erdemir

..Affirmations:

....Long-term Corporate Family Rating, affirmed Ba2

....Probability of Default Rating, affirmed Ba2-PD

..Upgrade:

....NSR long-term Corporate Family Rating, upgraded to Aa1.tr from A1.tr

..Outlook Action:

....Outlook remains Stable

PRINCIPAL METHODOLOGIES

The principal methodology used in rating Anadolu Efes Biracilik ve Malt Sanayii A.S. was Global Alcoholic Beverage Industry published in March 2017. The principal methodology used in rating Koc Holding A.S., Ordu Yardimlasma Kurumu (OYAK) and Dogus Holding A.S. was Investment Holding Companies and Conglomerates published in December 2015. The principal methodology used in rating Turkiye Sise ve Cam Fabrikalari A.S. was Global Manufacturing Companies published in June 2017. The principal methodology used in rating Turkiye Petrol Rafinerileri A.S. was Refining and Marketing Industry published in November 2016. The principal methodology used in rating Turkcell Iletisim Hizmetleri A.S. was Telecommunications Service Providers published in January 2017. The principal methodology used in rating Coca-Cola Icecek A.S. was Global Soft Beverage Industry published in January 2017. The principal methodology used in rating Erdemir was Steel Industry published in September 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

Moody's National Scale Credit Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks. NSRs differ from Moody's global scale credit ratings in that they are not globally comparable with the full universe of Moody's rated entities, but only with NSRs for other rated debt issues and issuers within the same country. NSRs are designated by a ".nn" country modifier signifying the relevant country, as in ".za" for South Africa. For further information on Moody's approach to national scale credit ratings, please refer to Moody's Credit rating Methodology published in May 2016 entitled "Mapping National Scale Ratings from Global Scale Ratings". While NSRs have no inherent absolute meaning in terms of default risk or expected loss, a historical probability of default consistent with a given NSR can be inferred from the GSR to which it maps back at that particular point in time. For information on the historical default rates associated with different global scale rating categories over different investment horizons, please see https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1113601 .

The Local Market analyst for Koc Holding A.S. and Turkcell Iletisim Hizmetleri A.S. is Dion Bate, +971 (423) 795-04.

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The Local Market analyst for Turkiye Petrol Rafinerileri A.S. Rehan Akbar, +971 (423) 795-65.

CORPORATE PROFILES

EFES

Headquartered in Istanbul, Efes is Turkey's leading beer producer with 61% market share according to the company. Efes also sells beer in Russia (Ba1 positive), its largest market in terms of volume since its merger with SABMiller's operations there, Kazakhstan (Baa3 stable), Ukraine (Caa2 positive), Moldova (B3 stable) and Georgia (Ba2 stable). Efes owns 50.3% of the capital of CCI, Turkey's leading soft drink producer whose geographical reach includes other Middle Eastern and Central Asian countries.

Efes reported consolidated group sales of TRY12.9 billion ($3.2 billion) in fiscal year to 31 December 2017 (2017), including TRY4.5 billion ($1.1 billion) in beer sales.

CCI

Coca-Cola Icecek A.S. is the sixth-largest independent bottler in the Coca-Cola system as measured by sales volume. The company produces and distributes soft beverages in Turkey, Central Asia, Pakistan and the Middle East. The company is listed and headquartered in Turkey, and had a market capitalization of TRY9.5 billion ($2.5 billion) as of 8 March 2018. CCI generated sales of TRY8.5 billion ($2.3 billion) in 2017. The company is 50.3% owned by Anadolu Efes Biracilik ve Malt Sanayii A.S. (Efes, Ba1 stable) and 20.1% by Coca-Cola Company (The) (TCCC; Aa3 stable), through shares that provide both with special rights, such as nominating part of the board members, as well as certain share put rights in conjunction with changes of control or the termination of the bottler's agreement between CCI and TCCC.

KOC HOLDING

Founded in 1926, Koc Group is one of Turkey's most prominent business groups, with investments in various sectors including energy, automotive, consumer durables and finance. Koc Holding A.S. was established in 1963 to house and centrally manage the group's diverse investment portfolio. The Koc family members directly and indirectly own 64.3% of the holding company while another 26.5% is listed on Borsa Istanbul.

OYAK

Ordu Yardimlasma Kurumu (OYAK), based in Ankara/Turkey, is the private top-up pension fund for Turkish military personnel, and is governed by its own laws and run by professionals. As a mutual assistance organisation, its purpose is to provide permanent members with retirement, death and pension benefits, and to make personal loans. OYAK functions as an additional pillar to the state pension system. OYAK's investments cover a broad range of industries including iron and steel, cement and concrete, automotive and logistics, energy, financial services, and chemicals and pharmaceuticals. As of fiscal year-end 2016, OYAK reported total consolidated assets of TRY64.5 billion and revenue of TRY25.7 billion.

TURKCELL

Turkcell Iletisim Hizmetleri A.S. ("Turkcell"), headquartered in Istanbul, Turkey and established in 1993, started operations as a mobile telephony service provider in Turkey in 1994 and acquired a 25-year GSM license in 1998; a 20-year 3G license granted in April 2009; and a 4.5G license effective for 13 years until April 30, 2029. Today Turkcell is an integrated communication and technology service provider in Turkey. The company shares its domestic market with two other players and captures 41.3% of the total telephony market and around 44% of the mobile subscribers according to Information and Communication Technologies Authority (ICTA). Over the years Turkcell has expanded its operations into Ukraine, Belarus, Azerbaijan and Turkish Republic of Northern Cyprus.

In 2017, the company reported revenues of TRY17.6 billion, adjusted EBITDA of TRY7.6 billion, total reported debt of TRY12.5 billion and cash & cash equivalents of TRY4.7 billion. Major shareholders (directly and indirectly) are Telia Company AB (24.0%; Baa1 stable), Cukurova Group (13.8%) and Alfa Telecom Turkey Limited (13.2%) with the remainder being the free float.

DOGUS

Headquartered in Istanbul, Turkey, Dogus Holding A.S. is an investment holding company owned by the Sahenk family. It comprises more than 200 companies, which are active in seven sectors: automotive, construction, media, tourism & services, real estate, food & entertainment and energy. The company's main activities are tied to the Turkish economy, but the company is aiming to create regional leaders in their respective industries. As of end-June 2017 (LTM), Dogus Holding A.S. reported consolidated assets of TRY33.6 billion and revenue of TRY17.9 billion.

SISECAM

Founded in 1935, Sisecam is a Turkish industrial manufacturer of glass products as well as soda ash and chromium-based chemicals. Sisecam has four business segments operating through its core subsidiaries, namely Trakya Cam Sanayii A.S. (flat glass), Pasabahce Cam Sanayii ve Tic A.S. (glassware), Anadolu Cam Sanayii A.S. (glass packaging) and Soda Sanayii A.S. (chemicals). Over the past decade, the group has been increasing its geographical footprint in Eastern Europe, Western Europe and CIS as part of its growth strategy. Sisecam is 65% owned by Turkiye Is Bankasi A.S. (Ba2 negative) and 8% owned by Efes Holding A.S., with the remaining 27% listed on Borsa Istanbul. Sisecam reported consolidated revenues of TRY11.3 billion and an operating profit of TRY1.9 billion at year-end 2017.

TUPRAS

Turkiye Petrol Rafinerileri A.S. is the sole refiner in Turkey, with a dominant position in the domestic petroleum product market. The refining business consists of one very high complexity refinery in Izmit, two medium complexity refineries located in Izmir and Kirikkale and one simple refinery in Batman, with a combined annual crude processing capacity of 28.1 million tonnes (611 mbbl/day). The company was established in 1983 when various state-owned refineries were combined under the Tupras name. As part of the privatisation process, 2.5% of its shares were publicly floated in 1991, which had increased to 49% by 2005. The company was fully privatised on 26 January 2006 when the remaining 51% stake was bought by EYAS, a special purpose vehicle owned by a consortium led by Koc Holding, one of the largest business groups in Turkey. Headquartered in Korfez/Turkey, Tupras generated sales of TRY53.9 billion and reported a net profit of TRY3.9 billion in 2017.

ERDEMIR

Eregli Demir ve Celik Fabrikalari T.A.S. (Erdemir) is the largest integrated steel manufacturer in Turkey with a steel production capacity of c. 9.6 million tons per year. Erdemir produces both flat (85% of steel produced in 2017) and long steel products. The company also produces iron ore and pellets, most of which are sold internally to group companies. Erdemir has a modest vertical integration, via its 90% stake in the largest Turkish iron ore mine with an annual capacity of 2.5 million tons of iron ore. However, the company still needs to import iron ore from third parties for approximately 75% of its iron ore needs and for 100% of its coking coal needs. The vast majority of Erdemir sales (81% in 2017) are domestic, the remainder being sold on the international markets, mostly in EMEA.

In 2017 the company produced nearly 9 million tonnes of steel and generated revenues of TRY18.6 billion (USD 5.1 billion). Erdemir's largest shareholder is Ordu Yardimlasma Kurumu (OYAK), the Turkish private pension fund primarily serving members of the Turkish Armed Forces, who holds 49.3% of Erdemir's shares through Ataer Holding.

Erdemir is quoted on the Istanbul stock exchange and its market capitalisation was approximately USD 9.4 billion) as of 07 March 2018. Free float is c. 47.6%.

REGULATORY DISCLOSURES

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The person who approved Anadolu Efes Biracilik ve Malt Sanayii A.S., Koc Holding A.S., Ordu Yardimlasma Kurumu (OYAK), Turkiye Sise ve Cam Fabrikalari A.S., Turkiye Petrol Rafinerileri A.S., Turkcell Iletisim Hizmetleri A.S., Coca-Cola Icecek A.S. and Dogus Holding A.S. credit ratings is David G. Staples, MD - Corporate Finance, Corporate Finance Group, JOURNALISTS: 44 20 7772 5456, Client Service: 44 20 7772 5454.

The person who approved Erdemir credit ratings is Anke N. Richter, Associate Managing Director, Corporate Finance Group, JOURNALISTS: 44 20 7772 5456, Client Service: 44 20 7772 5454.

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