

Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Construction & Real Estate Development
 Publishing Date: 17/08/2018

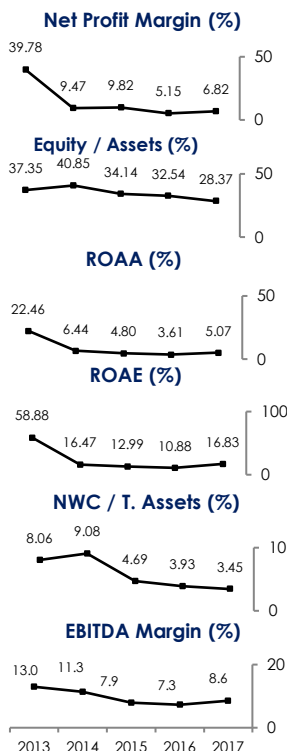
Analyst(s)

Özgür Fuad Engin, CFA
 +90 212 352 56 73
 ozgur.engin@jcrer.com.tr

RATINGS

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

*Assigned by JCR on August 14, 2018



Rönesans Holding A.Ş.

Company Overview

| Financial Data | 2017* | 2016* | 2015* | 2014* | 2013* |
|-------------------------------------|------------|------------|------------|------------|------------|
| Total Assets (000 USD) | 8,071,042 | 6,403,811 | 5,546,778 | 4,939,945 | 5,388,554 |
| Total Assets (000 TRY) | 30,443,160 | 22,536,291 | 16,127,813 | 11,455,238 | 11,500,790 |
| Equity (000 TRY) | 8,636,377 | 7,334,345 | 5,505,982 | 4,679,207 | 4,295,423 |
| Net Profit (000 TRY) | 1,048,320 | 527,319 | 540,220 | 619,497 | 1,782,397 |
| Sales (000 TRY) | 15,379,851 | 10,238,658 | 5,500,463 | 6,543,601 | 4,480,322 |
| Net Profit Margin (%) | 6.82 | 5.15 | 9.82 | 9.47 | 39.78 |
| ROAA (%) | 5.07 | 3.64 | 4.80 | 6.44 | 22.46 |
| ROAE (%) | 16.83 | 10.95 | 12.99 | 16.47 | 58.88 |
| Equity / Total Assets (%) | 28.37 | 32.54 | 34.14 | 40.85 | 37.35 |
| Net Working Capital / T. Assets (%) | 3.45 | 3.93 | 4.69 | 9.08 | 8.06 |
| Debt Ratio (%) | 71.63 | 67.46 | 65.86 | 59.15 | 62.65 |
| Asset Growth Rate (%) | 35.09 | 39.74 | 40.79 | -0.40 | 66.82 |

* Audited financial statements

Rönesans Holding, (hereinafter Rönesans, the Holding, or the Group) dates back to 1993 when it was founded in Russia by Mr. Erman Ilıcak. The Group extended the size and scope of its operations in the following years, currently covering more than 20 countries. The Group engages in numerous construction and contracting projects, supported with organic and inorganic growth and acquisition of capabilities in various contracting works comprising heavy industry, infrastructure, real estate development, healthcare facilities and energy. The Group is owned by Ilıcak Family and IFC, which acquired a 5.25% stake in 2016.

Rönesans has operations in 23 countries, as a result of a growth path including of both organic expansion and acquisitions, particularly in the European construction & contracting market. This expansion phase has diversified the Group's initially larger exposure in the CIS region. The contracting projects are geographically diversified and with subgroups active in different regions such as infrastructure in Europe, heavy industries in Russia, Turkmenistan and Turkey and healthcare in Turkey.

The Group has several international partnerships in the form of business ventures, equity and funding facilities. Maintaining a project backlog of approx. USD 9bn, the Group is a leading international contractor (ENR 2017: 38th).

Rönesans has a workforce of approx. 44 thousand employees.

Strengths

- Diversified backlog and stable revenue generation from construction and real estate development segments,
- Financial and operational partnerships with prominent investment institutions and global construction groups, lending synergies
- Increasing exposure to Europe, counterbalancing sovereign risk factors
- Prudent financial management
- Proven track record as an international contractor

Constraints

- Exposure to emerging markets, prone to economic and political volatilities
- Potential downward risks in the real estate arm due challenges faced by tenants stemming from significant depreciation of TRY and potential revenue losses,
- Operational risks and specific expertise requirements of heavy industry and infrastructure segments

1. Rating Rationale

The annual update to the credit rating of Rönesans Holding is based on qualitative and quantitative evaluations of its financial indicators, business position, partnerships with global contractors, international operations, management profile, track record, sector outlook and sovereign economic framework in the main markets.

The Group owns several consolidated entities with different functional currencies, translated to TRY as the reporting currency of the Holding. The Group generates considerable amount of revenues in hard currencies and prepares certain internal reports in USD and EUR for reporting purposes with key figures in project backlog and certain revenue estimations kept in these currencies. Throughout report, certain asset valuations and financial indicators are preserved in these currencies.

As there are no additional legal and/or financial collateral guarantees provided exclusively for the repayment of the bond issued by Rönesans, the rating assigned for the TRY denominated bond issuances has been assigned as 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.

Rönesans Group is based in Turkey, though the scope of operations covers several countries and economic regions, including Russia, Netherlands, CIS. In this regard, international credit rating of the Holding comprises evaluations regarding the sovereign ratings of the key markets. The sovereign credit ratings of core markets are as follow:

| Country | Rating | Assignment Date |
|-------------|---------------|-----------------|
| Russia | BB+/Negative | August 21, 2017 |
| Netherlands | AAA/Stable | July 10, 2017 |
| Turkey | BBB-/Negative | August 14, 2018 |

Considering the Group's presence in Russia, CIS region, Turkey and Europe and accounting for the break-down of backlog & revenue estimation along with hard-currency generation capacity from international companies based in

developed markets, the international credit rating of the Holding is assigned as **"BBB-/Negative"**, reflecting sovereign risks. The diversification Rönesans Holding's European market assets and revenues, the international rating of the Group stands to gain a higher ceiling, potentially surpassing the domestic country rating in the long term.

JCR Eurasia Rating affirmed Rönesans Holding's Long-Term National Rating as **"AA- (Trk)"** and Short-Term National Rating as **"A-1+ (Trk)"** with a **"Stable"** outlook on both ratings.

The rating report is based on the independently audited financial statements of the Group prepared in line with the Turkey Accounting Standards (TAS). However, financial statements and figures are adjusted so as to comply with JCR Eurasia Rating's corporate credit rating methodology, therefore possibly resulting in discrepancies between the reported figures and ratios and the TAS based financial statements.

The sector overviews are based on several studies by industry think-tanks, NGO's and governmental organizations and JCR ER projections. The information based on the projects is provided by the Group management.

Primary Rating drivers are:

Diversified pipeline with respect to project composition and operating region

Rönesans Holding's backlog of approximately USD 9bn comprises a large portfolio of projects comprising general construction, healthcare PPPs, heavy industries, & infrastructure. The Group's ability to diversify the pipeline across various sectors via notable expertise supports the asset quality.

The Group operates in 23 countries with the backlog by regions indicating heavier presence in Turkey, Russia, Netherlands and CIS region. In the recent years, the Group acquired several projects in new markets and increased the share of European operations.

As a highly ranked international contractor (2017: 38th) Rönesans Holding has a widening reach and technical capabilities, helping the Group access sophisticated projects across a wide region.

Cash buffer held in hard currencies and closely monitored capital structure

Rönesans Holding predominantly uses foreign currency denominated loans, primarily EUR and USD to finance its investments and operations. In order to balance the currency exposure on the liability side, the Group maintains a liquidity cushion accounting for approximately 11% of total assets, similarly held in EUR and USD. Given the sharp volatilities faced in the FX markets, the cash provides significant shielding from short-term movements.

In addition to the cash balance, Holding management maintains strict risk management policies with regards to FX, interest rate and other market & operational exposures.

International partnerships with prominent investment institutions & corporations

Rönesans Holding has established partnerships with several global corporations and investment agencies, providing the Group with financing, expertise and rigorous corporate governance & ESG policies. In this regard, equity investment of IFC (5.25% stake) in the Holding and equity partnerships in various real estate development projects & PPP contracts underpin financial viability of the projects.

We note both the financing aspect of such partnerships and the access to high-tier governance standards & stronger access to international markets provided by these partnerships as rating-positive factor.

Exposure to emerging markets, prone to economic and political risk factors

The Group has operations in several countries, with a greater exposure in emerging markets most notably Russia and Turkey. While Rönesans's projects in the aforementioned countries are commissioned by public entities and/or state-owned enterprises and therefore subject to higher credit guarantee conditions compared to the overall conditions in these markets, they are nevertheless constrained by the political and economic sovereign risk factors. The share of emerging markets in pipeline and by assets are notable; however, we also note the Group's increasing geographical diversification, particularly stronger presence in Europe as a counterbalance to be monitored.

Potentially higher gross operational risks due to growing size and scope of the activities and growing importance of risk management and cost control

Due to complexity of the projects undertaken by Rönesans Holding, particularly in heavy industry and infrastructure, both operationally and legally, gross non-financial risk from activities is notable. Additionally, different legal jurisdictions and regulations may result in distinct operating framework potentially increasing associated project costs. In this regard, we note quality assurance, retention of qualified staff and experts within the Group ensuring the effectiveness of independent advisors are key challenges.

The Group's health, safety and environmental policies are supported with the institutional partners and particularly IFC investment, increasing corporate governance framework.

Pressurized macroeconomic outlook in Turkey, potentially affecting real estate portfolio valuations

Macroeconomic outlook in Turkey is facing headwinds due to rapid depreciation of TRY, increasing interest rates, political developments in the international area and pressurized construction market, a major driver of the economy. These factors could potentially result in downward valuation adjustments in the real estate portfolio in Turkey, via occupancy rates and lease income stability. However, given the sufficient room in LTV metrics and experience of the Group in challenging business environments, the overall potential impact on the Group is expected to be manageable.

2. Outlook

The Group's both long-term and short-term national credit rating outlooks are "Stable", accounting for the backlog base, consistent cash flows and capital structure.

Potential Factors for a Rating Upgrade & Downgrade

Stronger business development performance, further reduction in the financing costs, and robust economic growth in the domestic and international markets, strong performance and growing revenue & asset share of European market operations are among factors which would drive the rating upwards. However, given the already high credit rating of the Holding, the upside movement in the outlook harbours relatively less room.

Higher leverage and financing costs, pressurized profit margin, reduced hit rate, slower financial recovery of Ballast Nedam, reduced occupancy rates and collections in the real estate development portfolio, deteriorating asset quality and liquidity profile, lower backlog to revenue conversion rate could pressurize the rating downwards. On the other hand, accounting for the track record of the Group and prudent financial management, we do not expect a movement in this direction.

3. Sponsor Support and Stand-Alone Assessment

The Group's majority shareholder is the Ilıcak Family, represented by Mr. Erman Ilıcak, the founder of the Group, and İpek Ilıcak. The other shareholder group is IFC maintaining a 5.25% stake in the Group since July 2016. Considering the successful track record of the Group, the Ilıcak Family is considered to have the willingness to provide support to the Group if needed. In this regard, we affirm our Sponsor Support Grade of "2", which denotes adequate level of external financing.

The Group's Stand-Alone rating, is affirmed as 'AB' considering its steady construction business growth and sustainable income streams engendered through all core segments, order backlog and high debt service and low net borrowing levels.

4. Company Profile

a. History & Activities

Mr. Erman Ilıcak founded the Company in 1993 with operations in Russia. The Group extended the size and scope of its operations in the following years, currently covering more than 20 countries. The Group engages in numerous construction and contracting projects, supported with organic and inorganic growth and acquisition of capabilities in various contracting works comprising heavy industry, infrastructure, real estate development, healthcare facilities and energy.

Contracting and Engineering

Rönesans Holding's contracting business comprises a portfolio of companies founded internally and several specialized companies added via acquisitions. As such, the Group is ranked 38th in Engineering News Record (ENR), (2016: 44), and is among the top 10 contractors in Europe as the only Turkish name. Construction and engineering

arm are active in various contracts comprising heavy industry, infrastructure, healthcare facilities and general construction.

The contracting projects are geographically diversified and with subgroups active in different regions such as infrastructure in Europe, heavy industries in Russia, Turkmenistan and Turkey and healthcare in Turkey.

Real Estate Development

| Real Estate Dev. Portfolio As of FYE2017 | Turkey | Russia | Total |
|---|--------|--------|-------|
| Income Generating | 11 | 10 | 21 |
| Under Development | 3 | 2 | 5 |
| In Land Bank | 10 | 2 | 12 |
| Key Figures | | | |
| GLA (000 sqm) | 521 | 253 | 774 |
| GAV (bn USD) | 3.2 | 1.3 | 4.5 |
| Stake Adjusted | | | |
| -GLA (000 sqm) | 355 | 253 | 584 |
| GAV (bn USD) | 2.4 | 1.2 | 3.6 |

In Turkey, the Group's development projects are followed under Rönesans Gayrimenkul Yatırım (RGY). The sovereign wealth fund of the Government of Singapore, GIC maintains a stake in RGY.

Rönesans Holding's real estate development arm in Russia is consolidated within Desna unit, focusing on sustainable income generating commercial property development and operations. Office units are concentrated in the central business districts. The portfolio further comprises shopping centres and mixed-use complexes.

Healthcare PPP

Rönesans Group is a major contractor with a notable presence in healthcare PPPs, a program prepared by the Ministry of Health of Turkey granting availability payments to the contractors for a period of 25 years upon successful completion of the healthcare campus projects.

The Group holds a portfolio of 6 PPP projects with a total capacity of approximately 9,500 beds, comprising the largest PPP portfolio in Turkey. The model's availability-based compensation scheme and non-recourse financing

options reduce the overall risk and increase the attractiveness of the project. Rönesans has partnered with Meridiam, a global investor and asset manager specializing in long term public infrastructure projects.

As of August 2018, Yozgat, Adana and Elazığ projects have been completed and is operational with a bed capacity of 3,063.

Energy

The energy segment has an operational portfolio of 165 MW capacity. The operational segment comprises exclusively hydroelectric power plants (HEPP) as of date. A total of six power plants are operated by the Group's energy arm.

b. Organization & Employees

As of 2Q2018, the Group operates in 23 countries with more than 44 thousand employees. Rönesans is active in construction, real estate development, healthcare PPPs and energy with individual units for each segment overseeing a group of companies, associates and JVs.

Management divisions organized with respect to core functions oversee the operations of Rönesans Holding while each consolidated entity manage their daily operations. The Board of Directors, consisting of 7 members, determines and reviews the strategy of the Group.

The Group's founder Mr. Erman Ilıcak is the president of the holding. The members of the Board of Directors, including an independent member, are listed below.

Board of Directors

| | |
|------------------------|--------------------|
| İpek ILICAK KAYAALP | Chairman |
| Ferit Seyfi YAĞMUROĞLU | Member |
| Özgür CANBAŞ | Member |
| Emre BAKİ | Member |
| Alparslan ERYİĞİT | Member |
| Mithat RENDE | Independent Member |
| Kaan ARSLAN | Member |

The Group has head offices in several major operational hubs, including St. Petersburg, Moscow, Nieuwegein and

Istanbul, in addition to Ankara. Rönesans's presence in Europe has increased considerably due to acquisitions completed in the previous years.

c. Shareholders, Subsidiaries & Affiliates

The detailed ownership structure of the Company as of full-year end is exhibited below. International Finance Corporation (IFC) acquired a 5.25% stake in the Group in 2016.

| Shareholders | 2Q2018 | | FY2017 | |
|------------------------|---------------------------|------------|---------------------------|------------|
| | Paid Capital (000 TRY) | % | Paid Capital (000 TRY) | % |
| Erman ILICAK | 1,045,000 | 90.01 | 1,045,000 | 90.01 |
| İpek ILICAK KAYAALP | 55,000 | 4.74 | 55,000 | 4.74 |
| IFC | 60,950 | 5.25 | 60,950 | 5.25 |
| Total | 1,160,950 | 100 | 1,160,950 | 100 |

The Group has several subsidiaries, associations and joint ventures with global and local companies.

d. Corporate Governance

As a privately held company, Rönesans Holding is not legally required comply with the comprehensive corporate governance compliance standards required by capital markets law of Turkey, even though the bond issuances necessitate basic transparency. However, the scope and depth of the corporate governance framework of Rönesans Holding is reasonable and benefits from the minority ownership of IFC and financial & operational collaborations with various international institutions.

The e-Company portal, created in compliance with the Central Registry Agency, publishes the general assembly minutes. The Group's audited financial statements and annual reports are published on the Public Disclosure Platform on an annual basis. In terms of dissemination of information and public disclosure, the Group's corporate webpage allows interested parties to access information related with completed and ongoing projects, the Board Members and social responsibility projects.

Several committees are formed in the senior management and Board level, including those required by law. As per progress plan with respect to corporate governance compliance, the Group seated an independent board member, overseeing Audit Committee. The internal audit

executive, and the internal audit team members report directly to the Board, in line with best practices.

e. The Group Strategy

Rönesans Holding is a global contracting and real estate development group with a diversified capability base and real estate portfolio. Looking forward, the Group aims to solidify its business position with resilient backlog management and prudent financial management. Given the increasing diversification and complexity of the projects undertaken Rönesans act selective in tender applications.

Rönesans Group grows its real estate development arm with global partnerships and PPP projects particularly in healthcare. Currently, the Group is the largest healthcare PPP developer in Turkey with 6 projects totalling a bed capacity over 9,500.

Ballast Nedam unit, based in Netherlands is a major construction company in the aforementioned country. The Group plans to leverage the market presence of Ballast Nedam to facilitate its growth in the region.

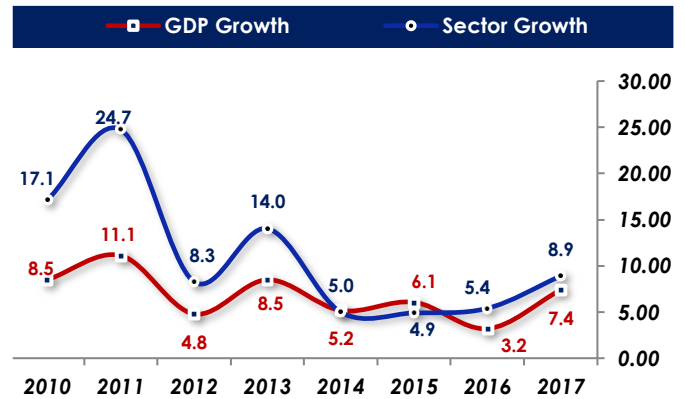
5. Sector Overview & Operational Environment

Construction & Contracting

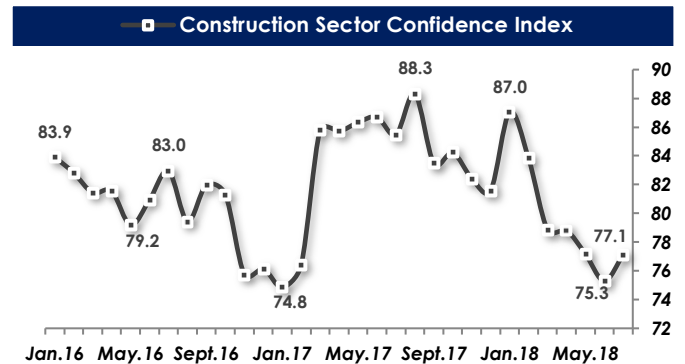
Global market relevant for Rönesans Holding in construction and contracting comprises heavy industry and infrastructure projects, among general buildings and commercial & residential real estate development. International contracting market's growth is supported with emerging market demand and infrastructure investments, while Turkey market is facing notable headwinds due to increasing interest rates, pressurized economic outlook and sharp currency depreciation. In this sense, the market is leaning toward infrastructure investments.

In Turkey's economic growth history, after year of 2009, construction sector was growing lot faster than Turkey's general economy and that continued until 2014. The sector growth lagged worse between 2014 and 2015 than general economy growth and stayed behind. Despite the fact that Turkey's economy struggled from regional uncertainties, political and domestic risks during 2016, by the help of the rise of government spending over various projects and provided advantageous interest rate (mortgage rates), the growth rate of construction sector remained positive and

above the Turkey's GDP growth rate. However, with the increase of mortgage rates to 18-20% per annum and potentially more, demand for housing is expected to stay low.



The confidence index in the construction sector has been volatile yet following falling trend since 2018, due to a combination of political shocks, rising interest rates and increasing inflation. However, it must be noted here that the loss of confidence in the sector was more likely to be due to dynamics outside the sector as the loss of confidence is also noticeable for the general consumer confidence index.

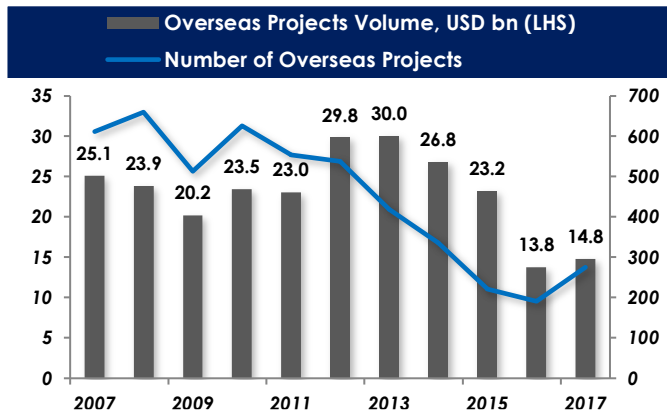


Despite notable headwinds experienced in the economy and monetary tightening executed by Fed and ECB and therefore contracting liquidity conditions in the global markets, government is poised to continue to pursue large-scale projects in order to stimulate growth.

The sector shares of governmental spending are public services (18.3%), education (18%), agriculture (12.2%), healthcare (8.2%), energy (7.5%), production (5.2%) as well as tourism and real estate sectors. Turkish government's projects were made by traditional methods which mainly relies on 'treasury financing'. The public projects' contracts are consisting of operations of projects with private

businesses in order to decrease the government's spending on capital cost of investment. Sizable infrastructure projects, coined "mega projects" such as the '1915 Çanakkale Bridge', 3rd İstanbul Airport, İzmir-Ankara highway, Akkuyu and Sinop nuclear power plants could provide support to the sector so long as financing is available, though deemed unlikely.

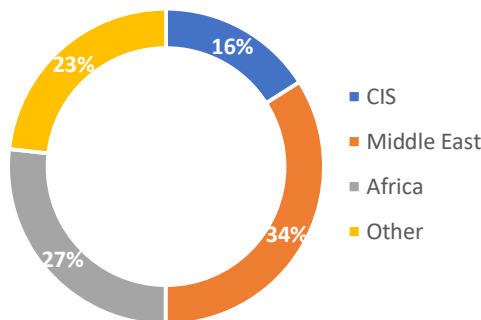
The Turkish construction sector also has a significant presence in neighbouring countries and the wider international market with regard to overseas contracting projects. The total volume and number of the contracts acquired by Turkish contractors have recovered in 2017, however the project volume has not reached the levels in 2013.



Source: Turkish Contractors Association,

The sector's general outlook for the rest of 2017 and 2018 is pressurized by the constrained prospects. Middle East continues to be a challenging region on the back of persisting insurgence and interstate conflicts among Gulf countries. Middle East and Africa are gaining more share among the contracts awarded to Turkish contractors.

Contracting Projects Abroad by Regions



Source: Turkish Contractors Association

Turkish international contractors are competitive, with Turkey being ranked 2nd after China according the Engineering News Record Magazine.

| Period | Project # | Total Value | Average Value |
|--------|-----------|-------------|---------------|
| 2010 | 629 | 23,514,260 | 37,384 |
| 2011 | 563 | 24,573,837 | 43,648 |
| 2012 | 545 | 30,007,537 | 55,060 |
| 2013 | 430 | 30,246,690 | 70,341 |
| 2014 | 343 | 27,096,259 | 78,998 |
| 2015 | 267 | 23,231,130 | 87,008 |
| 2016 | 191 | 13,874,309 | 72,640 |
| 2017 | 275 | 14,858,403 | 54,031 |

Construction sector in Turkey is still one of the main drivers of economy. Since construction sector's direct and indirect effects on Turkish economy are huge, government will more likely to continue to support this industry. However, increasing interest rates, currency shock, political risks and pressurized investor confidence are higher loan repayment risks and unstable political conditions in the region are considered as weakness for the sector, potentially affecting real estate valuation via reduced occupancy rates and lease income.

Dutch Housing and Construction Market Brief

The Dutch construction market is growing, with supply of housing staying limited and raising the housing prices particularly in major cities. The government acknowledges the need for additional housing supply, stating 700K new units will be necessary by 2025. Shortage of land bank is noted as the primary challenge to bolster supply. Having a solid pipeline of residential units to be developed over the next 5 years, Ballast Nedam, is well positioned to benefit from this growth potential in the Netherlands.

Sources: Turkish Contractors Association, the Association of Real Estate Investment Companies and TÜİK, BRSA,

6. Financial Foundation

a. Financial Indicators & Performance

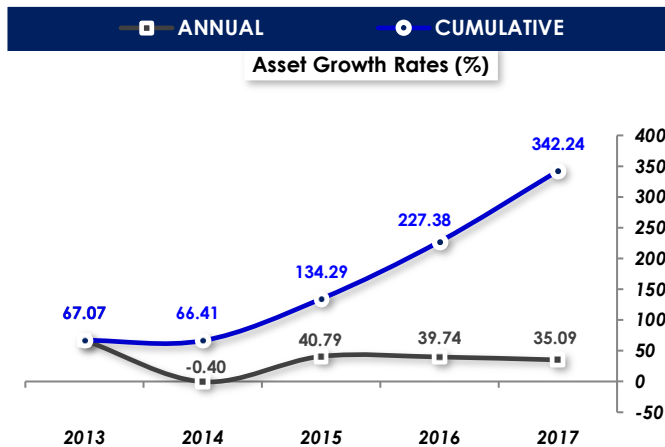
i. Indices Relating to Size

The financial figures referred to in the analysis are derived from TRY based audit report, resulting in translation adjustments increasing the reported figures due to

depreciation of local currency and hard-currency denominated contracts in Group's operating segments. In this regard, our analysis integrates internally prepared USD financials for further reference.

As per TRY based financials, Rönesans Holding's assets grew by 35.09% YoY (YE2016: 39.74%). While the Group's European operations are exhibiting a modest growth or even controlled reduction with selective tendering & cost reduction; Turkey, Russia and Kazakhstan segments are demonstrating major growth. The Group's consolidated revenues reached TRY 15.38mn, or USD 4.2bn (YE2016: USD 3.4bn).

Underpinning the asset growth are the healthcare PPP projects and progress in ongoing real estate development investments. Additionally, the Group continues to acquire land bank to develop projects in the future.



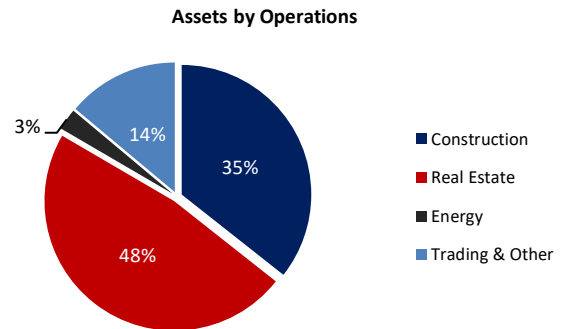
- Based on TRY figures, cumulative growth since 2012 year-end

Geographical distribution of Rönesans's operations are tilted towards Russia and Turkey, with the European operations gaining weight. Strong business origination underpinned by order book development indicates successful tenders in historically strong countries, with selective tendering process adopted in Europe and in Ballast Nedam in particular.

Ballast Nedam division, with EUR 481mn of assets as per YE2017 financials, is continuing to undergo restructuring with a focus on cost management and operational streamlining. We note the size of the Group's operations and service range along with the in-group synergies, as important rating drivers due to actual and potential cost advantages particularly in procurement.

As of YE2017, backlog of Rönesans Holding was TRY 31.74mn, as per the managerial figures. The orderbook comprises of general buildings (51.0%), healthcare PPPs (30.7%), heavy industry (15.7%) and infrastructure (2.6%).

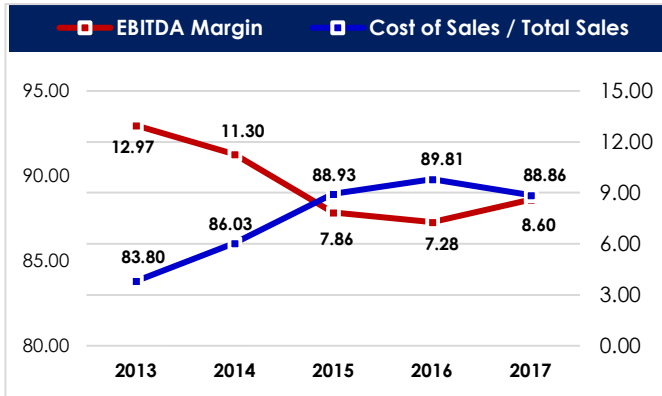
Consolidated project backlog of the Group was USD 10.1bn, comprised of general contracting (44.69%) healthcare PPPs (29.14%), heavy industry (15.73%) and infrastructure (10.44%).



ii. Indices Relating to Profitability

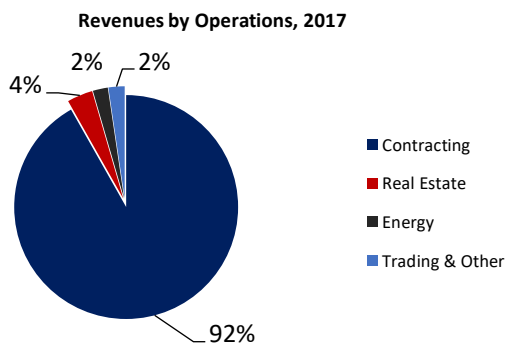
Rönesans Holding's revenues increased notably owing to resilient backlog to revenue conversion. Sizable healthcare PPP projects carried out in Turkey and resilient construction income in core regions. The Group's Ballast Nedam unit accounts for approximately 20% of the consolidated revenues with Europe segment generating 24%. CIS, consisting of Russia and Kazakhstan is the leading revenue hub (40%) followed by Turkey (26%) and

Rönesans Holding's net income for 2017 was TRY 1,048.32mn (YE2016: TRY 527.32mn) or USD 287.68mn. The Group's gross margin and EBITDA margin are stably increasing owing to stronger cost control and higher value added from projects. On the other hand, Ballast Nedam division's operational and financial restructuring is not yet completed, resulting in a net loss of EUR 44.44mn and operating loss of EUR21.5mn as of YE2017, resulting in a downward pressure on the consolidated EBIT margin. Should cost objectives of Ballast Nedam's restructuring are achieved in 2018, Rönesans Holding's EBITDA margin could improve.



Net operating income of the real estate development portfolio, comprising assets in Turkey and Russia are estimated as USD 71mn (EUR 63mn) and USD 57mn as of YE2017, respectively. The Group has 3 assets under development in Turkey and 2 in Russia, expected to be contributing to income generating and boosting NOI of the portfolios. Development segment will receive additional and sizable inflows with the completion of major healthcare PPPs. Major real estate development project awaiting completion are also expected to contribute to Group's development & investment arm.

Energy segment, operating a portfolio of 165 MW as of FYE2017. The size of the energy segment is limited compared to rest of operations and therefore the impact on bottom-line profitability is negligible.



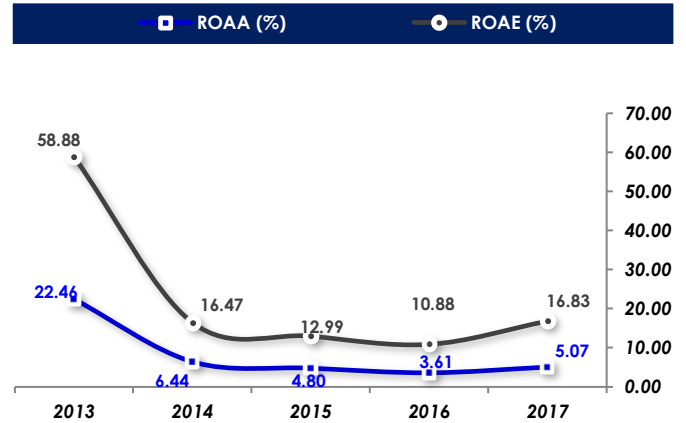
In 2017, 40.35% of revenues stemmed from business in the CIS region, followed by Turkey with 25.93% and Europe 23.57%. The asset and revenue distribution of the Holding underpins the international ratings with exposure to European countries supporting the rating whereas presence in lower-rated Russia and CIS countries serve as a limit.

In 2017, Rönesans reported TRY 256.42mn income from investments accounted with equity method (FYE2016: TRY 329.90mn), stemming from JVs and associates.

| (000 TRY) * | 2017 | 2016 | 2015 |
|----------------------|-----------|-----------|-----------|
| EBIT | 1,078,045 | 562,048 | 326,804 |
| D&A | 245,901 | 182,266 | 106,700 |
| EBITDA | 1,323,946 | 744,314 | 433,504 |
| Fin. Debt | 8,895,966 | 6,006,234 | 4,698,586 |
| Fin. Debt/EBITDA (x) | 6.72 | 8.07 | 10.84 |
| Net Debt/EBITDA (x) | 3.93 | 4.18 | 8.27 |
| Operating Leases | 100,160 | 30,180 | 32,973 |

Net financial expenses, calculated as financing expenses less FX gains on debt, realized and unrealized derivatives income and other financing income was TRY 731.79mn (YE2016: 57.26mn). Due to depreciation of TRY against USD and EUR, TRY based financials comprise sizable FX losses, accounting for 40-45% of total gross financing expenses. In this regard, the Holding's ability to generate hard-currency revenues from international contracts is critical to managing the FX exposure.

As of YE2017, Rönesans Holding's consolidated ROAE and ROAA, calculated as pre-tax income over average equity and assets respectively, were 16.83% and 5.07%.



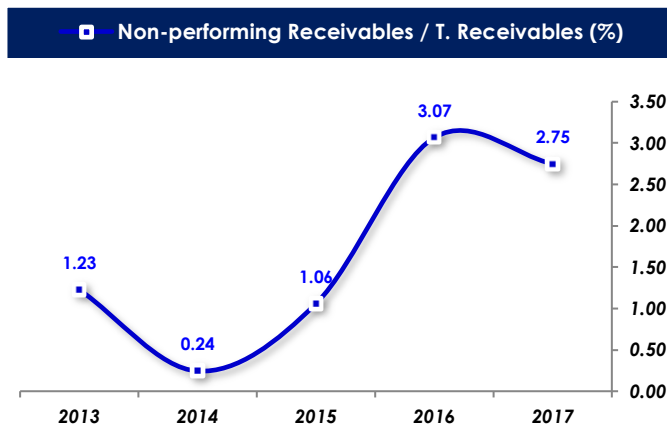
b. Asset Quality

The Holding's fundamental drivers of asset quality are the resilience of the investment portfolio valuation and credit risk stemming from customers. The former is prone to cyclical conditions and the macroeconomic outlook in the portfolio regions, affecting rent income and occupancy rates, key factors for NAV calculations. Trade receivables from customers due from ongoing and completed contracts are shaped by their credit profile, mainly public entities and state-owned enterprises.

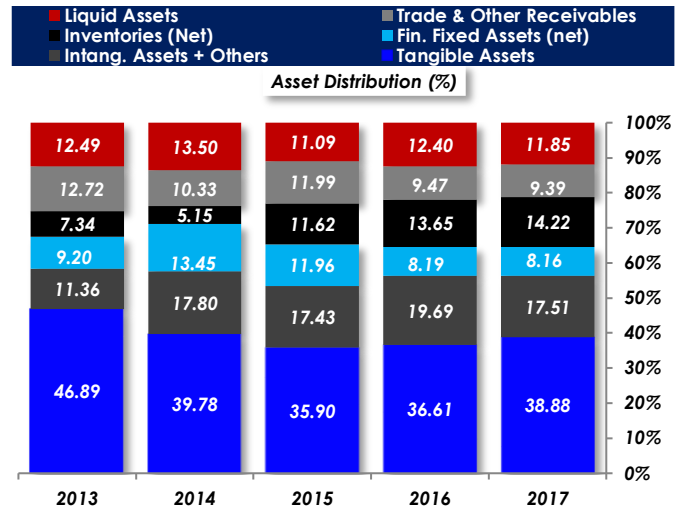
The valuation of the investment portfolio and ongoing projects are completed via independent real estate valuation companies, primarily based on discounted cash flows. The Group's real estate portfolio comprises shopping malls, offices and residences in Turkey and Russia. The Group experienced downward risks in the latter country, due to negative impacts of the sanction imposed on Russia. Rönesans Holding therefore is not impervious to political and macroeconomic shocks, however the Group has experience in managing the risks and the properties are positioned in favourable zones and possess resilient valuation qualities.

Due to vast majority of public entities and state-owned enterprises in the ongoing projects, the Group collects contract progress claims from reliable counterparties. Average collection period ranging from 45-50 days, asset quality of the of the claims is Rönesans is reasonable. While we note that macroeconomic challenges might pressurize the contract owner governments, given the size and strategic importance of the projects commissioned to the Group, we expect prioritized payments to Rönesans.

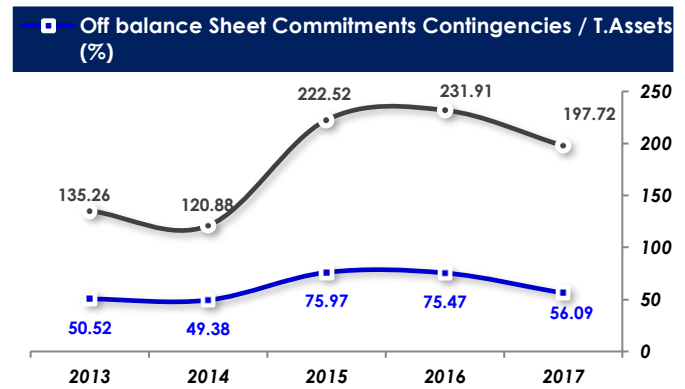
Rönesans receives various security facilities from customers to reduce net credit risk exposure, including various guarantees, pledges or other assurances.



The Group maintains a liquidity buffer of approx. 12% of assets, in hard currencies. In development segment, the Group purchased shares of major commercial properties from its partners, fully owning them.

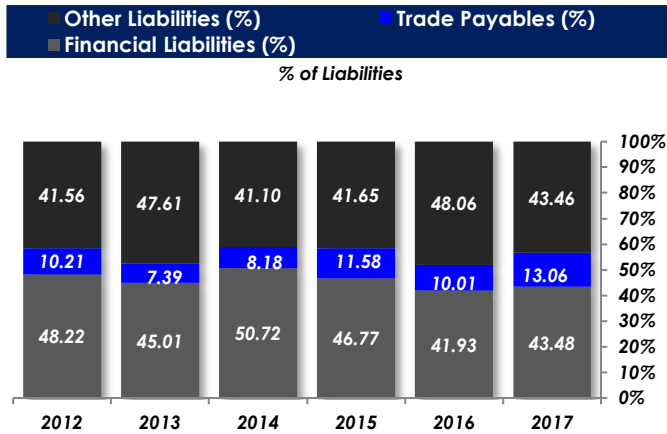


The consolidated value of total pledges, guarantees and mortgages given by the Group amounted to TRY 27,315mn. Majority of these commitments are letters of guarantee, pledges and assurances. Rönesans Holding's positive track record and project competition performance, evidenced by previous projects and absence of disputes with project owners indicates low pressure of pledge-to-cash conversion of the commitments.

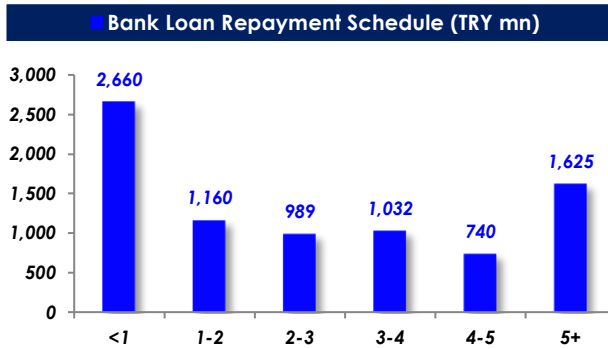


c. Funding & Adequacy of Capital

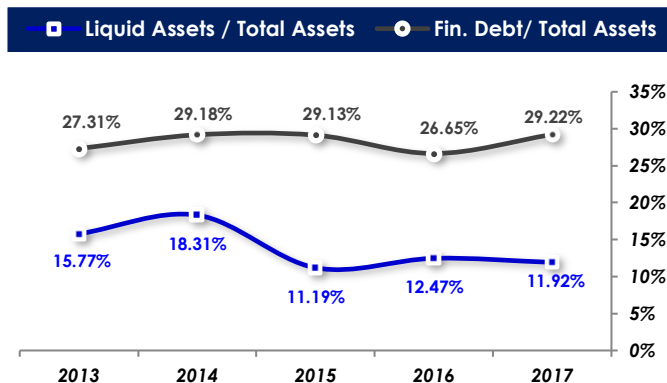
The Group has access to various sources of external funding, including local creditors in the operating regions, multilateral investment agencies and international lenders. Additionally, Rönesans provides funds from international investment groups as in the form of equity in major projects. Advances received from customers are another source of operating funding for the Group.



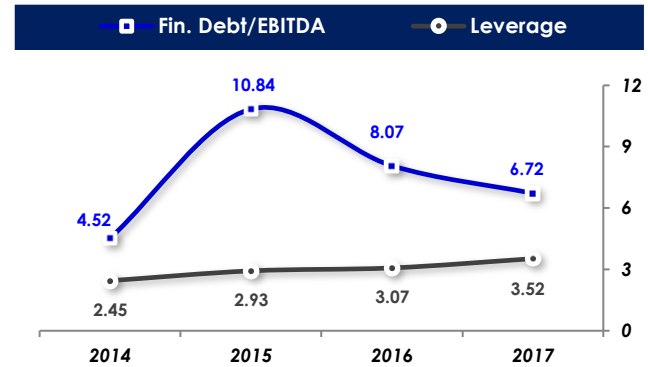
Rönensans Group's financial debt management plan entails paying off relatively higher-cost financing lines and rolling over certain lines. As such, out of the Group's existing financial debt of 29.22% of total assets as of YE2017 (FYE2016: 26.65%) Rönensans plans to pay off approx. USD 370-380mn in 2018. The repayments timeline of the loans, assuming no renewals is presented below.



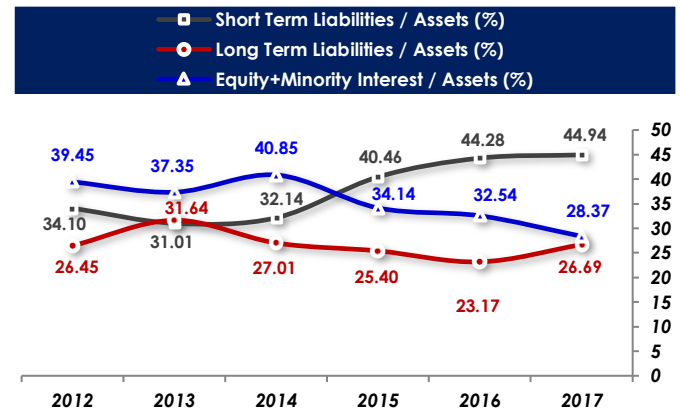
The Group's liquidity buffer held in hard-currencies provides hedge against currency movements and allows to dynamically manage financing facilities.



Given the timeline of major PPP projects in Turkey and other sizable real estate development projects in Russia to be completed in 2018 and 2019, Rönensans's overall leverage is expected to fall, with stronger cash flow engendered from the projects. The project pipeline of circa USD 10bn is projected to steadily fall to USD 6bn with strong backlog to revenue conversion and thorough tendering.



The Group issues local currency, float-rate debt instruments as a means of diversifying the funding stream. As of date, Rönensans Holding has 2 bonds outstanding, with a notional of TRY 570mn.



7. Risk Profile & Management

a. Risk Management Organization & its Function - General Information

Financial and operational risks are managed at the senior management level with predefined limits and procedures. Core entities organized under the roof of the Holding are managed by executive with direct exposure to the relevant markets, while non-executive supervisors from the Holding

are assigned to oversee strategic decisions and risk management policies of the consolidated entities.

b. Credit Risk

Ongoing construction and contracting portfolio of the Group in various countries with works assigned by different customers with varying backgrounds engenders credit risk, proportional to the project backlog of the Group reaching USD 9 billion. The Group has notable business in emerging countries, increasing the overall riskiness of the portfolio particularly due to legal operating environment. Rönesans's increasing European market exposure is counterbalancing the overall riskiness of the portfolio to a certain extent. On the other hand, prominent portion of the contracts are developed with separate and isolated legal entities and are covered with government guarantees, ensuring that the creditors will collect the debt repayments from the government in case of an issue related with the project. Therefore, if the Company experiences an issue with collecting the revenues from the customer as per contract, the creditors will apply to the guarantor government as the ultimate liability lies with them. Approximately 30% of the project backlog comprises healthcare PPPs in Turkey, ultimately guaranteed by the state.

Gross exposure is mitigated and reduced with sureties, collaterals & guarantees given by contract owners. As most of the contract owners of the Group are large scale corporates, government entities and/or government backed enterprises, gross exposure is contained.

The maximum credit exposure of the Group as of FYE2017 was TRY 2,846mn, excluding transactions with the related parties and the balance due with the banks.

a) Market Risk

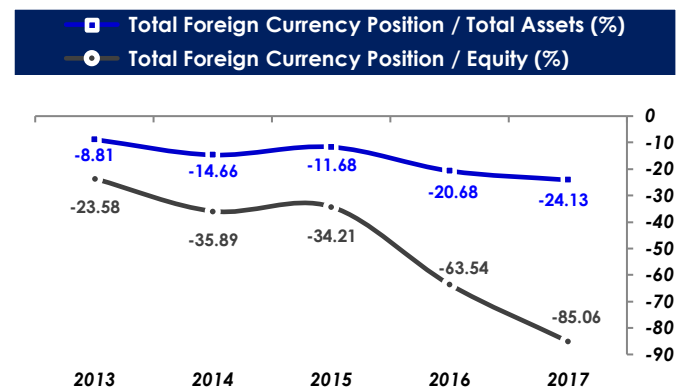
Rönesans Holding's debts are denominated in EUR, USD and TRY and Ruble, generating significant FX exposure. Additionally, use of float rate loans incur sensitivities to changes in Euribor and Libor. These liabilities are balanced with hard currency denominated contracts and receivables.

According to 2017 year-end financials, float rate bank loans drawn by the Group accounted for 42.36% of total bank loans (FYE2016: 45.13%). The key rates are 1, 3 and 6-month Libor and Euribor for bank loans. The Group uses interest rate swaps to cover interest rate risk, with a highly

significant increase in the notional, i.e. from TRY 578mn equivalent to TRY 2.526mn equivalent. Rising interest rate environment with US Fed accelerating monetary tightening and Eurozone signalling increasing rates might increase the float-based interest payments.

Hard-currency contracts which stabilize the currency fluctuations and usually serve as a natural hedge help reduce currency risk exposure stemming from operations in emerging markets such as Russia and Turkey. Additionally, in regions where the hedge instruments are unavailable, the Group attempts to add protective provisions to limit exchange rate risk to the contracts.

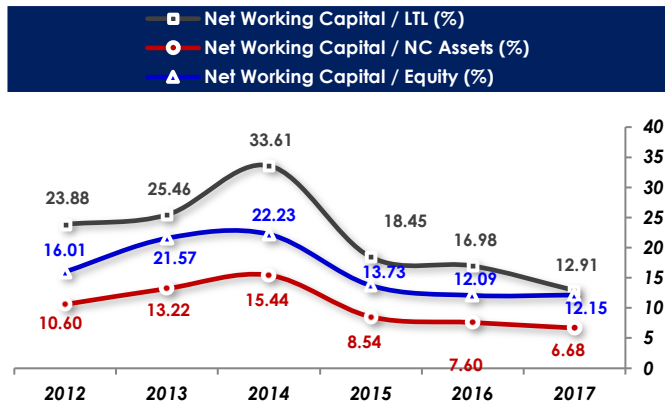
As of FYE2017, the Group had a short foreign currency position of TRY 7,346mn, corresponding to 24.13% of assets and 85.06% of the total equity. (FYE2016: TRY 4,872mn). Rönesans Holding's project backlog, an off-balance figure not included in monetary position balances the FX position to a certain extent, as majority of the projects are denominated in USD and EUR.



c. Liquidity Risk

Rönesans Holding monitors the cash flows of ongoing projects, payment schedules and additional funding requirements on a daily basis. In addition to maintaining a liquidity buffer of approx. USD 850-900mn, the Holding maintains lines from various creditors. Backlog to revenue conversion stands around 30%, supporting the liquidity profile.

Rönesans Holding facilitates capital markets instruments to issue LCY bonds as a means to diversify funding channels. While the nominal of the bonds issued by the Group is small compared to the rest of borrowing, alternative financing methods grant flexibility.



Holding's unadjusted CFO reached TRY 1,602mn as of YE2017 (YE2016: 960mn). Revenue generation remains solid from construction projects, examining the pipeline. The Group continues to expand cash into investments, mostly land bank acquisitions to be developed later. In 2017, the Holding purchased TRY 1.2billion worth of landbank in Turkey. Additionally, Rönesans management does not expect major investment cash outflows in next two years.

d. Operational, Legal Regulatory & Other Risks

The Holding establishes standards and controls at various levels of the organization. Risk mapping and Holding level supervision of risks are integral parts of internally developed risk management framework.

Rönesans Holding's international partnerships with leading contractors along with equity & debt investments of IFIs are considered as positive externalities supporting outlook of effectiveness and coverage of operational risk management policies.

Internal audit unit reports to the audit executive, who reports to the Audit Committee and the Board, ensuring independence and effectiveness.

According to the information regarding the legal proceedings obtained from the management, Rönesans Holding is involved in a number of cases predominantly composed of

8. Budget & Debt Issue

Throughout 2018 and 2019, Rönesans Group will have finished several major real estate development projects and backlog to revenue conversion of the construction is

expected to continue at a steady pace, increasing consolidated EBITDA notably. Barring potential exceptions, the Group does not expect sizable capital expenditures which would increase the leverage further.

Rönesans Holding uses bonds to diversify the funding mix and raise LCY funds. As there are no additional legal and/or financial collateral guarantees provided exclusively for the repayment of the bond issued by Rönesans Holding A.Ş., the rating assigned for the TRY dominated bond issuances has been assigned as the same as the Company's Long and Short-Term National Local Ratings.

The outstanding bond issuances of the Group are displayed below.

| Issue Date | Maturity | Nominal Amount (TRY 000) |
|------------|------------|--------------------------|
| 29.01.2016 | 24.01.2019 | 200,000 |
| 10.10.2017 | 08.10.2019 | 170,000 |
| 21.02.2018 | 19.02.2020 | 200,000 |

Primary factors to note in the medium term are the completion of healthcare PPPs in Turkey and contract progress on recently acquired sizable projects in Turkey, Netherlands, Russia. The restructuring of European operations is not expected to engender material expenses in 2018 and 2019, with Ballast Nedam expected to reach positive income in the latter period.

| (mn USD)* | 2018 | 2019 |
|-------------------------|-------|-------|
| Total Assets | 8,389 | 8,519 |
| Total Revenues | 5,487 | 7,872 |
| EBITDA | 607 | 895 |
| Fin. Debt/EBITDA | 4.30 | 2.87 |
| ROAA (%) | 5.42 | 9.96 |
| ROAE (%) | 18.25 | 28.93 |

* Calculations based on financials as per Rönesans Holding management

We note Rönesans' ability to transfer know-how and technical expertise developed in-house or obtained with acquisition across the Group and expect the contribution of synergies in construction and development operations.

The Group's customer base, predominantly composed of public entities and additional sureties & guarantee mechanisms embedded in the contracts to increase the financial viability of the projects support the stability of the projected cash flows.

| RÖNESANS HOLDİNG A.Ş. BALANCE SHEET - ASSET (000 TRY) | (Year end) 2017 USD (Converted) | (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) | (Year end) 2015 TRY (Average) | (Year end) 2014 TRY (Original) | As % of 2017 Assets (Original) | As % of 2016 Assets (Original) | As % of 2015 Assets (Original) | 2017 Growth Rate | 2016 Growth Rate | 2015 Growth Rate |
|---|--|---|--|---|--|---|--|---|---|---|---|------------------------|------------------------|------------------------|
| I. CURRENT ASSETS | 3,905,114 | 14,729,698 | 12,798,001 | 10,866,304 | 9,073,512 | 7,280,719 | 6,001,329 | 4,721,939 | 48.38 | 48.22 | 45.14 | 35.55 | 49.25 | 54.19 |
| A. Liquid Assets | 956,454 | 3,607,650 | 3,200,866 | 2,794,081 | 2,291,394 | 1,788,707 | 1,667,425 | 1,546,142 | 11.85 | 12.40 | 11.09 | 29.12 | 56.21 | 15.69 |
| B. Marketable Securities | 5,373 | 20,265 | 18,536 | 16,807 | 16,012 | 15,217 | 283,345 | 551,472 | 0.07 | 0.07 | 0.09 | 20.57 | 10.45 | -97.24 |
| 1. Bond | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| 2. Share Certificates | 0 | 0 | 0 | 0 | 0 | 0 | 6,919 | 13,837 | n.a | n.a | n.a | n.a | n.a | -100.00 |
| 3. Other | 5,373 | 20,265 | 18,536 | 16,807 | 16,012 | 15,217 | 276,426 | 537,635 | 0.07 | 0.07 | 0.09 | 20.57 | 10.45 | -97.17 |
| 4. Provision for Mrkt. Sec. (-) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| C. Trade Receivables | 651,395 | 2,456,995 | 2,164,554 | 1,872,113 | 1,829,139 | 1,786,164 | 1,477,045 | 1,167,925 | 8.07 | 8.31 | 11.08 | 31.24 | 4.81 | 52.93 |
| 1. Customers & Notes Receivables | 651,395 | 2,456,995 | 2,164,554 | 1,872,113 | 1,829,139 | 1,786,164 | 1,477,045 | 1,167,925 | 8.07 | 8.31 | 11.08 | 31.24 | 4.81 | 52.93 |
| 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 | 41,353 | 155,980 | 138,989 | 121,997 | 76,786 | 31,574 | 17,983 | 4,391 | 0.51 | 0.54 | 0.20 | 27.86 | 286.38 | 619.06 |
| 4. Provision for Doubtful Trade Receivables (-) | -41,353 | -155,980 | -138,989 | -121,997 | -76,786 | -31,574 | -17,983 | -4,391 | -0.51 | -0.54 | -0.20 | 27.86 | 286.38 | 619.06 |
| 5. Rediscout on Notes Receivables (-) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| D. Due From Related Parties | 118,974 | 448,759 | 434,630 | 420,500 | 384,159 | 347,817 | 216,795 | 85,773 | 1.47 | 1.87 | 2.16 | 6.72 | 20.90 | 305.51 |
| E. Other Receivables | 105,500 | 397,936 | 325,966 | 253,996 | 199,048 | 144,099 | 76,077 | 8,055 | 1.31 | 1.13 | 0.89 | 56.67 | 76.26 | 1,688.94 |
| 1. Other Receivables | 105,500 | 397,936 | 325,966 | 253,996 | 199,048 | 144,099 | 76,077 | 8,055 | 1.31 | 1.13 | 0.89 | 56.67 | 76.26 | 1,688.94 |
| 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. Rediscouts on Other Rec. (-) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| 4. Prv. for other Doubtful Rec. (-) | 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) | 1,147,347 | 4,327,679 | 3,701,516 | 3,075,352 | 2,474,854 | 1,874,356 | 1,232,071 | 589,785 | 14.22 | 13.65 | 11.62 | 40.72 | 64.08 | 217.80 |
| H. Contract Progress Income (net) | 689,966 | 2,602,482 | 2,151,191 | 1,699,899 | 1,356,682 | 1,013,464 | 774,471 | 535,477 | 8.55 | 7.54 | 6.28 | 53.10 | 67.73 | 89.26 |
| I. Deferred Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| J. Other Current Assets | 230,105 | 867,932 | 800,744 | 733,556 | 522,226 | 310,895 | 274,103 | 237,310 | 2.85 | 3.25 | 1.93 | 18.32 | 135.95 | 31.01 |
| 1. Other Current Assets | 230,105 | 867,932 | 800,744 | 733,556 | 522,226 | 310,895 | 274,103 | 237,310 | 2.85 | 3.25 | 1.93 | 18.32 | 135.95 | 31.01 |
| 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 | 4,165,928 | 15,713,462 | 13,691,725 | 11,669,987 | 10,258,541 | 8,847,094 | 7,790,197 | 6,733,299 | 51.62 | 51.78 | 54.86 | 34.65 | 31.91 | 31.39 |
| A. Trade Receivables | 1,059 | 3,995 | 5,954 | 7,913 | 5,966 | 4,018 | 5,567 | 7,116 | 0.01 | 0.04 | 0.02 | -49.51 | 96.94 | -43.54 |
| 1. Customers & Notes Receivables & Leasing | 1,059 | 3,995 | 5,954 | 7,913 | 5,966 | 4,018 | 5,567 | 7,116 | 0.01 | 0.04 | 0.02 | -49.51 | 96.94 | -43.54 |
| 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. Rediscout 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 | 58,261 | 219,754 | 165,600 | 111,445 | 104,572 | 97,699 | 115,770 | 133,841 | 0.72 | 0.49 | 0.61 | 97.19 | 14.07 | -27.00 |
| C. Other Receivables | 15,769 | 59,480 | 41,079 | 22,678 | 13,414 | 4,149 | 41,011 | 77,872 | 0.20 | 0.10 | 0.03 | 162.28 | 446.59 | -94.67 |
| 1. Other Receivables | 15,769 | 59,480 | 41,079 | 22,678 | 13,414 | 4,149 | 41,011 | 77,872 | 0.20 | 0.10 | 0.03 | 162.28 | 446.59 | -94.67 |
| 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. Rediscouts 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 | 658,600 | 2,484,174 | 2,164,655 | 1,845,135 | 1,887,342 | 1,929,549 | 1,735,145 | 1,540,740 | 8.16 | 8.19 | 11.96 | 34.63 | -4.37 | 25.24 |
| 1. Long Term Securities (net) | 0 | 0 | 0 | 0 | 99,994 | 199,988 | 173,499 | 147,010 | n.a | n.a | 1.24 | n.a | -100.00 | 36.04 |
| 2. Affiliates (net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| 3. Subsidiaries (net) | 565,904 | 2,134,533 | 1,951,647 | 1,768,760 | 1,718,671 | 1,668,582 | 1,520,337 | 1,372,092 | 7.01 | 7.85 | 10.35 | 20.68 | 6.00 | 21.61 |
| 4. Other Financial Fixed Assets | 92,696 | 349,641 | 213,008 | 76,375 | 68,677 | 60,979 | 41,309 | 21,638 | 1.15 | 0.34 | 0.38 | 357.80 | 25.25 | 181.81 |
| E. Tangible Assets | 3,137,648 | 11,834,894 | 10,042,671 | 8,250,448 | 7,020,036 | 5,789,624 | 5,173,212 | 4,556,799 | 38.88 | 36.61 | 35.90 | 43.45 | 42.50 | 27.05 |
| F. Other Fixed Assets | 294,590 | 1,111,165 | 1,271,767 | 1,432,368 | 1,227,212 | 1,022,055 | 719,493 | 416,931 | 3.65 | 6.36 | 6.34 | -22.42 | 40.15 | 145.14 |
| TOTAL ASSETS | 8,071,041 | 30,443,160 | 26,489,726 | 22,536,291 | 19,332,052 | 16,127,813 | 13,791,526 | 11,455,238 | 100.00 | 100.00 | 100.00 | 35.09 | 39.74 | 40.79 |

| RÖNESANS HOLDİNG A.Ş. BALANCE SHEET- LIABILITIES+EQUITY (000) TRY | (Year end) 2017 USD (Converted) | (Year end) 2017 TRY (Original) | 2017 TRY (Average) | (Year end) 2016 TRY (Original) | 2016 TRY (Average) | (Year end) 2015 TRY (Original) | 2015 TRY (Average) | (Year end) 2014 TRY (Original) | As % of 2017 Assets (Original) | As % of 2016 Assets (Original) | As % of 2015 Assets (Original) | 2017 Growth Rate | 2016 Growth Rate | 2015 Growth Rate |
|--|--|---|--------------------------|---|--------------------------|---|--------------------------|---|---|---|---|------------------------|------------------------|------------------------|
| I. SHORT TERM LIABILITIES | 3,626,859 | 13,680,150 | 11,830,002 | 9,979,853 | 8,252,306 | 6,524,759 | 5,103,371 | 3,681,982 | 44.94 | 44.29 | 40.44 | 37.06 | 53.03 | 80.69 |
| A. Financial Liabilities | 740,495 | 2,793,073 | 2,415,068 | 2,037,062 | 1,789,826 | 1,542,590 | 1,242,062 | 941,533 | 9.17 | 9.04 | 9.56 | 37.11 | 32.05 | 63.84 |
| B. Trade Payables | 669,219 | 2,524,228 | 1,978,927 | 1,433,626 | 1,299,448 | 1,165,270 | 852,218 | 539,165 | 8.29 | 6.36 | 7.21 | 76.07 | 23.28 | 115.69 |
| C. Due to Related Parties | 228,020 | 860,068 | 545,076 | 230,084 | 348,888 | 467,691 | 286,586 | 105,481 | 2.83 | 1.02 | 2.90 | 273.81 | -50.80 | 343.39 |
| D. Other Financial Liabilities | 212 | 799 | 1,997 | 3,195 | 4,221 | 5,247 | 2,624 | 0 | 0.00 | 0.01 | 0.03 | -74.99 | -39.11 | n.a |
| E. Advances Received | 1,294,138 | 4,881,360 | 4,545,974 | 4,210,588 | 3,170,045 | 2,129,502 | 1,674,954 | 1,220,405 | 16.03 | 18.68 | 13.20 | 15.93 | 97.73 | 74.49 |
| F. Contract Progress Ongoing Construction Contracts (net) | 355,036 | 1,339,159 | 1,099,940 | 860,721 | 712,518 | 564,314 | 371,001 | 177,688 | 4.40 | 3.83 | 3.50 | 55.30 | 52.81 | 434.99 |
| G. Deferred Tax Liabilities | 8,910 | 33,609 | 44,495 | 55,380 | 48,272 | 41,164 | 45,135 | 49,105 | 0.11 | 0.25 | 0.26 | -39.31 | 34.54 | -16.17 |
| H. Provisions for Liabilities | 99,544 | 375,470 | 420,982 | 466,493 | 269,535 | 72,576 | 89,624 | 106,672 | 1.23 | 2.07 | 0.45 | -19.51 | 542.76 | -31.96 |
| I Other Liabilities | 231,285 | 872,384 | 777,544 | 682,704 | 609,555 | 536,405 | 539,169 | 541,933 | 2.87 | 3.03 | 3.33 | 27.78 | 27.27 | -1.02 |
| II. LONG TERM LIABILITIES | 2,154,520 | 8,126,633 | 6,674,363 | 5,222,093 | 4,659,583 | 4,097,072 | 3,595,561 | 3,094,049 | 26.69 | 23.17 | 25.40 | 55.62 | 27.46 | 32.42 |
| A. Financial Liabilities | 1,617,989 | 6,102,893 | 5,036,033 | 3,969,172 | 3,562,584 | 3,155,996 | 2,778,526 | 2,401,056 | 20.05 | 17.61 | 19.57 | 53.76 | 25.77 | 31.44 |
| B. Trade Payables | 39,370 | 148,500 | 74,301 | 102 | 51 | 0 | 0 | 0 | 0.49 | 0.00 | n.a | 145,488.24 | n.a | n.a |
| C. Due to Related Parties | 85,907 | 324,034 | 274,721 | 225,407 | 177,350 | 129,293 | 73,815 | 18,336 | 1.06 | 1.00 | 0.80 | 43.76 | 74.34 | 605.13 |
| D. Other Financial Liabilities | 1,883 | 7,101 | 10,795 | 14,489 | 9,603 | 4,716 | 4,938 | 5,160 | 0.02 | 0.06 | 0.03 | -50.99 | 207.23 | -8.60 |
| E. Advances Received | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| F. Contract Progress Ongoing Construction Contracts (net) | 0 | 0 | 0 | 0 | 0 | 0 | 1,349 | 2,698 | n.a | n.a | n.a | n.a | n.a | -100.00 |
| G. Deferred Tax Liabilities | 300,637 | 1,133,973 | 985,854 | 837,735 | 737,761 | 637,787 | 555,924 | 474,060 | 3.72 | 3.72 | 3.95 | 35.36 | 31.35 | 34.54 |
| H. Provisions for Liabilities | 12,960 | 48,885 | 47,624 | 46,363 | 41,492 | 36,620 | 25,531 | 14,441 | 0.16 | 0.21 | 0.23 | 5.44 | 26.61 | 153.58 |
| I. Other Liabilities (net) | 95,773 | 361,247 | 245,036 | 128,825 | 130,743 | 132,660 | 155,479 | 178,298 | 1.19 | 0.57 | 0.82 | 180.42 | -2.89 | -25.60 |
| TOTAL LIABILITIES | 5,781,379 | 21,806,783 | 18,504,365 | 15,201,946 | 12,911,889 | 10,621,831 | 8,698,931 | 6,776,031 | 71.63 | 67.46 | 65.85 | 43.43 | 43.17 | 58.41 |
| F- EQUITY | 2,289,662 | 8,636,377 | 7,985,361 | 7,334,345 | 6,420,164 | 5,505,982 | 5,092,595 | 4,679,207 | 28.37 | 32.54 | 34.14 | 17.75 | 33.21 | 17.67 |
| a) Prior year's equity | 1,642,520 | 6,195,420 | 5,357,611 | 4,519,801 | 4,386,932 | 4,254,063 | 4,203,261 | 4,152,458 | 20.35 | 20.06 | 26.38 | 37.07 | 6.25 | 2.45 |
| b) Equity (Added from Internal & External Resources in the Current Year) | 24,216 | 91,339 | 619,820 | 1,148,300 | 436,909 | -274,482 | -396,187 | -517,892 | 0.30 | 5.10 | -1.70 | -92.05 | -518.35 | -47.00 |
| c) Minority Interest | 344,998 | 1,301,298 | 1,220,112 | 1,138,925 | 1,062,553 | 986,181 | 705,663 | 425,144 | 4.27 | 5.05 | 6.11 | 14.26 | 15.49 | 131.96 |
| h) Profit & Loss | 277,929 | 1,048,320 | 787,820 | 527,319 | 533,770 | 540,220 | 579,859 | 619,497 | 3.44 | 2.34 | 3.35 | 98.80 | -2.39 | -12.80 |
| TOTAL LIABILITIES & EQUITY | 8,071,041 | 30,443,160 | 26,489,726 | 22,536,291 | 19,332,052 | 16,127,813 | 13,791,526 | 11,455,238 | 100.00 | 100.01 | 99.99 | 35.08 | 39.77 | 41.66 |
| USD Rates 1=TRY | | 3.7719 | | 3.5192 | | 2.9076 | | 2.3189 | | | | | | |

RÖNESANS HOLDİNG A.Ş.
INCOME STATEMENT
2017 2016 2015
(000 TRY)

| | | | |
|--|--------------------|-------------------|-------------------|
| I. Principal Activity Revenues | 2,075,466 | 1,415,012 | 933,094 |
| A. Sales Revenues (Net) | 15,379,851 | 10,239,162 | 5,500,463 |
| 1.Domestic Sales | 15,379,851 | 10,239,162 | 5,500,463 |
| 2.Export Sales | 0 | 0 | 0 |
| 3.Sales Deductions (-) | 0 | 0 | 0 |
| B. Cost Of Sales (-) | -13,666,177 | -9,195,422 | -4,891,362 |
| C. Service Revenues (net) | 0 | 0 | 0 |
| D. Other Revenues From Principal Activities | 361,792 | 371,272 | 323,993 |
| 1.Interest | 0 | 0 | 0 |
| 2.Dividend | 0 | 0 | 0 |
| 3.Rent | 0 | 0 | 0 |
| 4.Other | 361,792 | 371,272 | 323,993 |
| GROSS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES | 2,075,466 | 1,415,012 | 933,094 |
| Activities Expenses (-) | -635,629 | -481,692 | -282,297 |
| NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES | 1,439,837 | 933,320 | 650,797 |
| Income & Profit From Other Activities | 1,450,624 | 982,642 | 1,113,881 |
| Expenses & Losses From Other Activities (-) | -814,523 | -1,159,961 | -140,361 |
| Financing Expenses (Net) (-) | -731,792 | -57,257 | -962,786 |
| OPERATING PROFIT & LOSS | 1,344,146 | 698,744 | 661,531 |
| Net Monetary Position exc. And Other Profit & Loss (+/-) | 0 | 0 | 0 |
| PRETAX PROFIT & LOSS | 1,344,146 | 698,744 | 661,531 |
| Taxes (-/+) | -295,826 | -171,425 | -121,311 |
| NET PROFIT FOR THE PERIOD | 1,048,320 | 527,319 | 540,220 |
| Total Income | 17,192,267 | 11,593,076 | 6,938,337 |
| Total Expense | -15,848,121 | 10,894,332 | -6,276,806 |
| NET INCOMES OR EXPENSES FOR THE PERIOD | 1,344,146 | 698,744 | 661,531 |

| RÖNESANS HOLDİNG A.Ş. FINANCIAL RATIOS % | FYE2017 | FYE2016 | FYE2015 |
|--|----------|----------|---------|
| I. PROFITABILITY | | | |
| ROAE - Pre-tax Profit / Equity (avg.) | 16.83 | 10.88 | 12.99 |
| ROAA - Pre-tax Profit / Total Assets (avg.) | 5.07 | 3.61 | 4.80 |
| Total Income / Equity (avg.) | 215.30 | 180.57 | 136.24 |
| Total Income / Total Asset (avg.) | 64.90 | 59.97 | 50.31 |
| Net Profit & Loss From Principal Activities / Total Assets (avg.) | 5.44 | 4.83 | 4.72 |
| Financial Expenses / Inventories Ratio (avg.) | 19.77 | 2.31 | 78.14 |
| Return on Avg. Long Term Sources | 7.15 | 4.76 | 6.22 |
| Relationship Between Sales and Profit | | | |
| Gross Profit Margin = Principal Activities Income / Net Sales Income | 13.49 | 13.82 | 16.96 |
| Operating Margin = Net Profit & Loss From Principal Activities / Net Sales Income | 9.36 | 9.12 | 11.83 |
| Net Profit Margin = Net Profit / Net Sales Income | 6.82 | 5.15 | 9.82 |
| Cost of Sales / Net sales Income | 88.86 | 89.81 | 88.93 |
| Activities Expenses / Net Sales Income | 4.13 | 4.70 | 5.13 |
| Financing Expenses / Net Sales Income | 4.76 | 0.56 | 17.50 |
| (Pre-Tax Profit + Financing Expenses) / Net Sales Income | 13.50 | 7.38 | 29.53 |
| Relationship Between Financing Liabilities and Profit | | | |
| Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses | 283.68 | 1,320.36 | 168.71 |
| Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses | 243.25 | 1,020.97 | 156.11 |
| Structure of Income and expenditure account | | | |
| Financing Expenses / T. Asset (avg.) | 2.76 | 0.30 | 7.00 |
| Financial Liabilities / T. Assets | 29.22 | 26.65 | 29.13 |
| II. LIQUIDITY | | | |
| (Liquid Assets + Marketable Securities) / T. Assets | 11.92 | 12.47 | 11.19 |
| (Liquid Assets + Marketable Securities) / T. Liabilities | 16.64 | 18.49 | 16.99 |
| Net Working Capital / Total Assets | 3.45 | 3.93 | 4.70 |
| Liquid Assets / Equity | 42.01 | 38.33 | 32.76 |
| Current Ratio | 107.67 | 108.87 | 111.63 |
| Acid Test Ratio | 66.78 | 68.16 | 75.91 |
| Cash Ratio | 26.52 | 28.16 | 27.66 |
| Inventories / Current Asset | 29.38 | 28.30 | 25.74 |
| Inventories / Total Asset | 14.22 | 13.65 | 11.62 |
| Inventories Dependency Ratio | 232.28 | 233.16 | 251.74 |
| Short Term Receivables / Total Current Assets | 22.43 | 23.44 | 31.29 |
| Short Term Receivables / Total Assets | 10.85 | 11.30 | 14.13 |
| III. CAPITAL and FUNDING | | | |
| Equity / Total Assets | 28.37 | 32.54 | 34.14 |
| Equity / Liabilities | 39.60 | 48.24 | 51.85 |
| Net Working Capital/Total Resources | 3.45 | 3.93 | 4.70 |
| Equity generation/prior year's equity | 1.47 | 25.41 | -6.45 |
| Internal equity generation/prior year's equity | 16.92 | 11.67 | 12.70 |
| Tangible Assets/Total Asset | 38.88 | 36.61 | 35.90 |
| Financial Fixed Assets/(Equity + Long Term Liabilities) | 16.85 | 16.32 | 22.28 |
| Minority Interest/Equity | 15.07 | 15.53 | 17.91 |
| IV. EFFICIENCY | | | |
| Net Profit Margin Growth | 32.35 | -47.56 | 3.74 |
| Net Sales Growth | 50.21 | 86.15 | -15.94 |
| Equity Growth | 17.75 | 33.21 | 17.67 |
| Asset Growth | 35.08 | 39.77 | 41.66 |
| Inventories Turnover | 369.20 | 371.55 | 397.00 |
| Days Inventories Utilization | 98.86 | 98.24 | 91.94 |
| Receivables Turnover | 708.58 | 557.96 | 371.00 |
| Days' Accounts Receivable | 51.51 | 65.42 | 98.38 |
| Efficiency Period | 150.37 | 163.65 | 190.32 |
| Payables Turnover | 665.59 | 708.25 | 574.75 |
| Days' Payments In Accounts Payables | 54.84 | 51.54 | 63.51 |
| Cash Turnover Cycle | 95.53 | 112.12 | 126.82 |
| Current Assets Turnover | 120.17 | 112.85 | 91.65 |
| Net Working Capital Turnover | 1,590.13 | 1,246.26 | 588.14 |
| Tangible Assets Turnover | 153.15 | 145.86 | 106.33 |
| Fixed Asset Turnover | 112.33 | 99.81 | 70.61 |
| Equity Turnover | 192.60 | 159.48 | 108.01 |
| Asset Turnover | 58.06 | 52.96 | 39.88 |
| V. ASSET QUALITY | | | |
| Non-Performing Receivables / Total Receivables | 5.07 | 5.35 | 1.60 |
| Financial Fixed Assets / Non-Current Assets | 15.81 | 15.81 | 21.81 |
| VI. SENSITIVITY OF FOREIGN CURRENCY | | | |
| Total Foreign Currencies Position/Assets | -24.13 | -20.68 | -11.68 |
| Total Foreign Currencies Position/Equity | -85.06 | -63.54 | -34.21 |
| VII. INDEBTEDNESS | | | |
| Debt Ratio | 71.63 | 67.46 | 65.85 |
| Short Term Liabilities/Total Asset | 44.94 | 44.29 | 40.45 |
| Long Term Liabilities/Total Asset | 26.69 | 23.17 | 25.41 |
| Long Term Liabilities/(Equity+ Long term Liabilities) | 48.48 | 41.59 | 42.66 |
| Fixed Asset/(Long Term Liabilities +Equity) | 93.74 | 92.94 | 92.13 |
| Short Term Liabilities/ T. Liabilities | 62.73 | 65.65 | 61.42 |
| Short Term Financial Liabilities/Short Term Liabilities | 20.42 | 20.41 | 23.65 |
| Tangible Assets/Long Term Liabilities | 145.63 | 157.99 | 141.31 |
| Financial Liabilities/Total Liabilities | 40.79 | 39.51 | 44.24 |
| Off Balance Liabilities/(Assets +Off Balance Liabilities) | 35.93 | 43.01 | 43.17 |
| Off Balance Liabilities/(Equity +Off Balance Liabilities) | 66.41 | 69.87 | 68.99 |