EULER HERMES
Our knowledge serving your success

Press Release

Turkey: a solid growth is expected in 2017

- GDP in Turkey to pick up at 5.2% in 2017, before slowing down to +3.5% in 2018
- Insolvencies in Turkey still on the rise (+4%)
- Significant export opportunities for Turkish companies

ISTANBUL, 16th November 2017: GDP in Turkey is foreseen to pick up to +5.2% in 2017, thanks to strong public spending and investment as well as rebounding exports. In 2018, Euler Hermes expects a slowdown to +3.5%.

Payments behaviours between firms are still showing a steady deterioration. In 2016, companies paid on average 15 days later than in 2007 and 16 days later than the global average (64 days in 2016). In the construction, high-tech, paper, pharma and machinery sectors, companies need more than three months to be paid. This negative trend is also reflected in corporate insolvencies, which are expected to rise by 4% in 2017 with 12.800 cases. A decrease of the insolvencies index is expected in 2018 (-4%) but figures are still 30% above the levels recorded ten years ago.

"*Industrial production continues to surge and supports a robust outlook. Nevertheless, no further acceleration is expected in the near term. Export growth will remain robust; while inflation will stay in double digits until the end of 2017 before easing slightly to an average 9% in 2018*", stated **Özlem Özüner, Chief Executive Officer of Euler Hermes Turkey**.

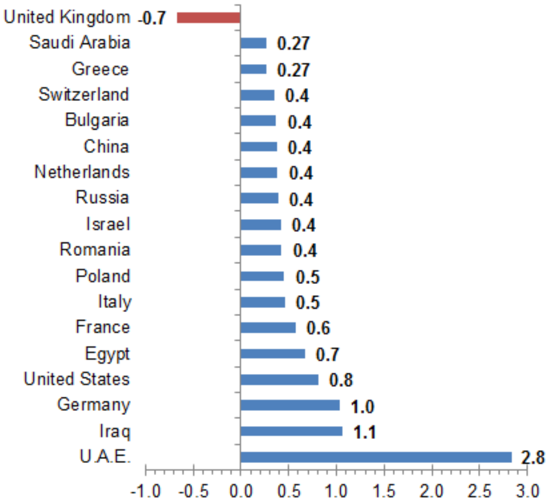
Exports will continue their recovery, creating additional transactions of +USD16bn in 2017 and 2018. Textile, Machinery, Chemicals, Automotive and Agrifood are the sectors with the highest potential. They will benefit from recoveries in the Middle East, North Africa and Europe.

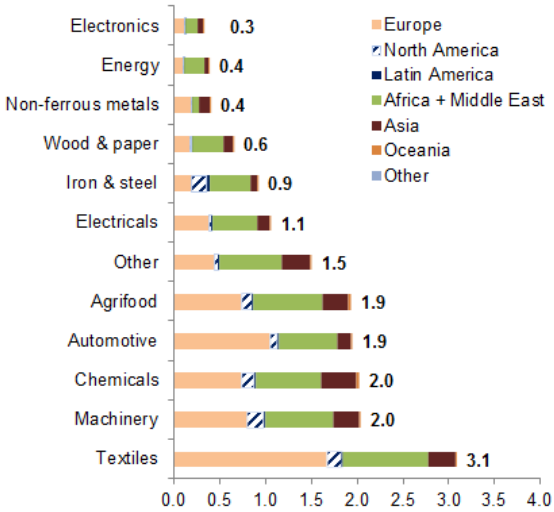
The current account deficit will remain Turkey's Achilles'heel: high current account deficits largely financed through new short-term external debt has been a looming risk for a long time. It is widening: from -3.8% of GDP in 2016 to almost -5% in 2017, and remaining above -4% in 2018.

"*For 2018 the economic outlook remains bright in light of reduced political uncertainty, rising employment and the upbeat investment outlook due to growing capacity utilization. Normalization of monetary policy is unlikely to derail the strong economic momentum*", said **Ludovic Subran, Global Head of Macroeconomic research at Allianz and Chief Economist at Euler Hermes**, during the fourth **Euler Hermes International Trade Observatory Summit** in Istanbul today.

EULER HERMES
Our knowledge serving your success

Infographics: Additional Export in 2018 by Countries and sectors





###

Media contacts:

Euler Hermes Turkey
Bedia Dernek: +902 122 907 610
bedia.dernek@eulerhermes.com

Artı PR Agency
Jüliet Demircioğlu: +902 123 470 330
eh@artipr.com.tr

Euler Hermes MMEA
Guglielmo Santella +39 335 849 67 75
guglielmo.santella@eulerhermes.com

Euler Hermes Group
Jean Baptiste Mounier +33 1 84 11 51 14
jean-baptiste.mounier@eulerhermes.com

Euler Hermes is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in over 50 countries with 5,800+ employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA- by Standard & Poor's and Aa3 by Moody's. The company posted a consolidated turnover of €2.6 billion in 2016 and insured global business transactions for €883 billion in exposure at the end of 2016. Further information: www.eulerhermes.com. LinkedIn or Twitter @eulerhermes.