

Corporate Credit Rating

Non- Financial Sector

[(Textile, Tractor & Casting Sectors)]

| EREĞLİ TEKSTİL | | Long Term | Short Term | |
|-----------------|------------------|-----------|------------|--------|
| International | Foreign Currency | BBB- | A-3 | |
| | Local Currency | BBB- | A-3 | |
| | Outlook | FC | Stable | Stable |
| | | LC | Stable | Stable |
| National | Local Rating | BBB (Trk) | A-3 (Trk) | |
| | Outlook | Stable | Stable | |
| Sponsor Support | | 2 | - | |
| Stand Alone | | BC | - | |
| Sovereign* | Foreign Currency | BBB- | - | |
| | Local Currency | BBB- | - | |
| | Outlook | FC | Stable | - |
| | | LC | Stable | - |

| EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. | | | | |
|--|----------|---------|---------|---------|
| Financial Data | 1H2014** | 2013* | 2012* | 2011* |
| Total Assets (000 USD) | 219,563 | 197,342 | 216,768 | 166,560 |
| Total Assets (000 TRY) | 466,880 | 420,418 | 385,327 | 314,614 |
| Equity (000 TRY) | 254,751 | 249,824 | 209,640 | 127,041 |
| Net Profit (000 TRY) | 8,503 | 51,270 | 28,234 | 52,843 |
| Sales (000 TRY) | 220,293 | 455,860 | 327,151 | 426,547 |
| Net Profit Margin (%) | n.a | 11.25 | 8.63 | 12.39 |
| ROAA (%) | n.a | 16.40 | 10.63 | 40.87 |
| ROAE (%) | n.a | 28.75 | 22.10 | 101.20 |
| Equity / Total Assets (%) | 54.56 | 59.42 | 54.41 | 40.38 |
| Net Working Capital / T. Assets (%) | 26.21 | 31.83 | 28.95 | -7.02 |
| Debt Ratio (%) | 45.44 | 40.58 | 45.59 | 59.62 |
| Asset Growth Rate (%) | n.a | 9.11 | 22.48 | n.a |

*End of year **Unaudited&End of Period

* Affirmed by Japan Credit Rating Agency, JCR on July 11, 2014

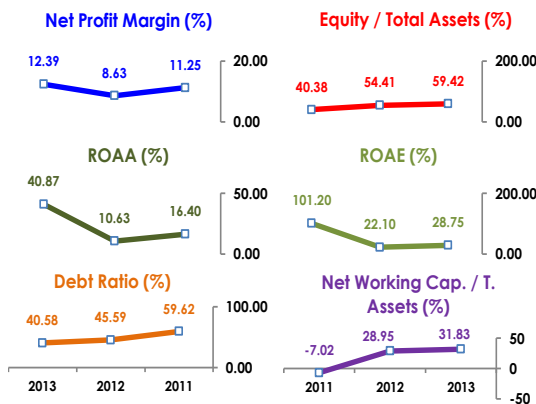
Analysts: Zeki Metin ÇOKTAN / +90 212 352 56 73
zekic@jcrer.com.tr
Merve BÖLÜKÇÜ / +90 212 352 56 74
merve.bolukcu@jcrer.com.tr

Company Overview

'Ereğli Tekstil Turizm Sanayi ve Ticaret A.Ş.' (herein referred to as 'Ereğli Tekstil' or 'the Company') was founded in 1937 by Sümerbank and purchased by Albayrak Group in 1997. Facilities including spinning, weaving, paint factory, printing, garment and sewing yarn factories that have been modernized after joining the Group. The main activities of Ereğli Tekstil are the production and sale of all kinds of fabrics, fabric dyeing services, manufacture and sale services of textile and garment products and supply of a wide range of products and services to local and international clients via its subsidiaries.

The Istanbul-based Albayrak Turizm Seyahat İnşaat Ticaret A.Ş. is the main shareholder of Ereğli Tekstil with a share of 45%. Control of the Company is also held by Albayrak Family members. Subsidiaries include Tümosan Motor ve Traktör Sanayi A.Ş. which produces agricultural machineries such as diesel engines and tractors and Tümosan Döküm A.Ş. which operates in the metal casting sector. Tümosan Motor went public in 2012.

Company facilities are located on a covered area of 46.500 m2 with a daily production capacity of 18k meter of fabric and 12k meter of yarn, producing 40% of the Turkish Armed Forces uniforms.



Strengths

- Sustainability of sales revenues and market position based on domestically dominated sales income through the Group's activities
- Tümosan Motor's largest share in the Group's consolidated structure thanks to its expanding sales points and logistic centres
- The positive outlook of the acquisition of the Altay Tankı Güç Geliştirme Project of Tümosan Motor, promising further growth in both sales and assets
- Equity generation supported by the steady profitability
- High level of NWC supporting the Company's short term financial health and efficiency
- The reversal of short term borrowing through long term bond issuances, relieving the liquidity management
- Commercial and operational intra-group synergy through group companies

Constraints

- Possible distribution of accumulated retained earnings may pressure resource reduction in consequence of the non-inclusion of an important portion of the capital resources
- On-going noteworthy level of off balance sheet commitments contingencies detrimentally affecting the Group's financial structure
- Low compliance level with corporate governance principles and weak transparency
- Poor tractor-stock management which negatively pressures financing expenses
- Unique customer concentration risk throughout the textile sector
- Increasing risk level through absence of a specific auditing mechanism
- Growing perception of pressure in the markets through risks arising from the current social unrest and political instability on economic influences

Publication Date: November 04, 2014

"Global Knowledge supported by Local Experience"

Copyright © 2011 by JCR Eurasia Rating. 19 Mayıs Mah., 19 Mayıs Cad., Nova Baran Plaza No:4 Kat: 12 Şişli-İSTANBUL Telephone: +90.212.352.56.73 Fax: +90 (212) 352.56.75
Reproduction is prohibited except by permission. All rights reserved. All of the information has been obtained from sources JCR ER believes are reliable. However, JCR-ER does not guaranty the truth, accuracy, adequacy of this information. A JCR ER Rating is an objective and independent opinion as to the creditworthiness of a security and issuer, not a recommendation to buy, hold, sell any security and to issue a loan. This rating report has been composed within the frameworks of SPK (Capital Markets Board of Turkey) regulations and internationally accepted rating principles and guidelines but is not covered by the NRSRO regulations. <http://www.jcrer.com.tr>