Corporate Credit Rating

Non- Financial Sector

[(Textile, Tractor 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
	Issue Rating		-	-
National	Local Rating		BBB (Trk)	A-3 (Trk)
	Outlook		Stable	Stable
	Issue Rating		BBB (Trk)	A-3(Trk)
Sponsor Support			2	-
Stand Alone			BC	-
Sovereign*	Foreign Currency		BBB-	-
	Local Currency		BBB-	-
	Outlook	FC	Stable	-
		LC	Stable	-

* Assigned by Japan Credit Rating Agency, JCR on July 19, 2016

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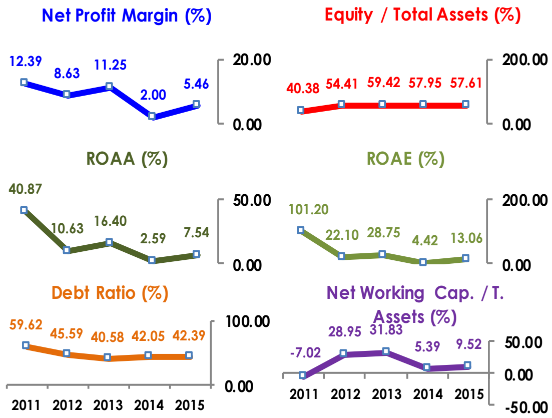

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş.

Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	170,633	188,089	196,982	216,768	166,560
Total Assets (000 TRY)	496,134	436,160	420,418	385,327	314,614
Equity (000 TRY)	285,811	252,759	249,824	209,640	127,041
Net Profit (000 TRY)	25,982	8,742	51,270	28,234	52,843
Sales (000 TRY)	476,156	436,355	455,860	327,151	426,547
Net Profit Margin (%)	5.46	2.00	11.25	8.63	12.39
ROAA (%)	7.54	2.59	16.40	10.63	40.87
ROAE (%)	13.06	4.42	28.75	22.10	101.20
Equity / Total Assets (%)	57.61	57.95	59.42	54.41	40.38
Net Working Capital / T. Assets (%)	9.52	5.39	31.83	28.95	-7.02
Debt Ratio (%)	42.39	42.05	40.58	45.59	59.62
Asset Growth Rate (%)	13.75	3.74	9.11	22.48	n.a

*End of year

Company Overview

Operating in the textile sector, **'Ereğli Tekstil Turizm Sanayi ve Ticaret A.Ş.'** (herein referred to as 'Ereğli Tekstil', 'the Company' or 'the Group') was founded in 1937 by Sümerbank and purchased by the Albayrak Group in 1997. The Group mainly operates in the production and sale of tractors and all kinds of fabrics, fabric dyeing services, manufacturing, and sales services of textile and garment products through its subsidiaries and affiliates.

Albayrak Turizm Seyahat İnşaat Ticaret A.Ş., controlled by members of the Albayrak Family, is the main shareholder of Ereğli Tekstil with a share of 45%.Following the recent takeover of 40% of Trabzon Liman Isletmeleri A.Ş., Eregli Tekstil has two direct subsidiaries, in addition to Tümosan Motor.

The Company is headquartered in İstanbul and operated in fully integrated high-tech plants with a staff force of 70 as of FYE2015 (FYE2013: 16). Ereğli Tekstil is a significant provider of clothing to the Turkish Armed Forces.

Strengths

- Remarkable drop in receivables from the main shareholder as a result of the takeover of a 40% stake of Trabzon Liman İşletmeciliği A.Ş. belonging to Albayrak Turizm
- The separation and authorization of the sales and marketing departments of Tümosan Motor leading better management
- After sales services; reduction of transport and cargo expenses via an expanding dealer structure providing customer satisfaction
- Reasonable funding mix and leverage thanks to efficient use of financial instruments through successful bond issuances contributing to the Company's cash reserves and alternative funding sources limiting concentration risk
- The low import dependency and liabilities in foreign currency eliminates the vulnerability against foreign exchange rate fluctuations in the Company balance sheet
- The main subsidiary's weighted share in the Group's consolidated structure in terms of the assets, sales, and generated profit and Group synergy created by regional and sector diversity facilitating natural hedging against a slump
- Significant sales and asset growth mainly derived from the tractor field, considerably amplifying profitability despite a period of political and economic uncertainty emanating from the 2015 election cycle
- Increase in main profitability ratios above the previous year's figures, positively contributing to internal equity generation capacity promising further growth
- Strong brand identity via Tümosan Motor through large nationwide number of dealers and sales points and group companies well positioned to benefit against rivalry through diversified business activities

Constraints

- Large level of on-going off balance sheet commitments and contingencies pressuring assets quality
- Low level of liquidity ratios over the reviewed period
- Decreasing market share of main subsidiary despite accelerated profit margin
- Fragile condition of the debt structure in terms of interest movements of the bond issuances
- High level of related parties' total receivables despite a significant drop in FYE2015, increasing vulnerability on asset quality
- Increased operating costs and pressured profitability from the commissions paid to distributors in the tractor field and expenses regarding ongoing projects
- Improvements needed in corporate governance principles
- Heavy focus on a single textile customer leading a business risk concentration
- Possible distribution of accumulated retained earnings may pressure resource reduction in consequence of the non-inclusion of an important portion of the capital resources
- Growing perception of pressure in the markets through risks arising from the current social unrest, political instability on economic influences and global environment and pressure in sales revenue due to seasonal fluctuations and pricing strategies

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