

Corporate Credit Rating
Construction

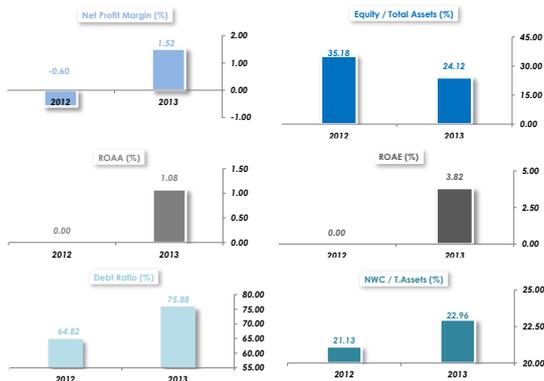
İNANLAR <i>İnşaat</i>		Long-Term	Short-Term
National	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	BBB-(Trk)	A-3 (Trk)
	Outlook	Stable	Stable
Sponsor Support		2	-
Stand Alone		B	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC LC	Stable Stable

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

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Strengths

- Significant sales and asset growth in 2013, supported by new luxury construction and automotive projects and positively contributing to market share and income stream,
- Ever-evolving brand value through "Teras Projects" improving brand reputation in construction sector thanks to considerable background,
- Adequate level of NWC supporting the Company's short term financial health and efficiency,
- Despite taking part in short term liabilities in principle, advances that do not require a cash outflow play a role in managing liquidity levels,
- Decrease of off balance sheet commitments and contingencies contributing to risk level,
- High amount of sales to foreigners eliminating potential mortgage related risks,
- Execution of architectural work within the company diminishing financial costs,
- Opportunities for growth and market expansion regarding housing demand provided by population growth, urbanization, young demographic and rises in per capita income,

Overview

İnanlar İnşaat A.Ş. (hereinafter referred to as "İnanlar İnşaat" or "the Company"), with roots dating back to 1965, was established in 1994 and operates in the field of construction, contracting and subcontracting. To date, the Company has completed over 220 projects, including residential projects ranging from housing to commercial buildings, facilities, shopping centers and hotels. The Company also operates in the purchasing and brokerage of a variety of real estate, land, buildings and automotive products.

In addition, İnanlar İnşaat A.Ş. carries out the activities of selling new and second hand vehicles, after-sales servicing support and insurance servicing through its headquarters in Istanbul and three branches with a total labor force of 438.

Thanks to efforts to achieve its vision of becoming a regional leader, the Company received 70 domestic and international awards, enhancing its brand awareness as a symbol of confidence and quality in Turkey.

Constraints

- Upward trend in the debt ratio triggering financial expenses and exerting downward pressure on profitability, despite ongoing capital injections,
- Augmented trade payables exerting downward pressure on liquidity management and inadequate funding sources,
- Highly competitive and fragmented market structure and severe price competition, limiting the sector profit margin,
- Lack of natural and structural mechanism against foreign exchange risk and short foreign currency position despite its low level, pressurizing profitability,
- Low compliance level with corporate governance principles and lack of elaborate risk management framework and committees,
- Political uncertainties and tensions in the bordering countries along with volatile currency and interest rates incurring potential limits on growth,

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