

**Corporate Credit Rating**
**Textile Industry**

KORTEKS		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
		Stable	Stable
National	Local Rating	A- (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
Sponsor Support		2	-
Stand Alone		AB	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	FC	Stable
		LC	Stable

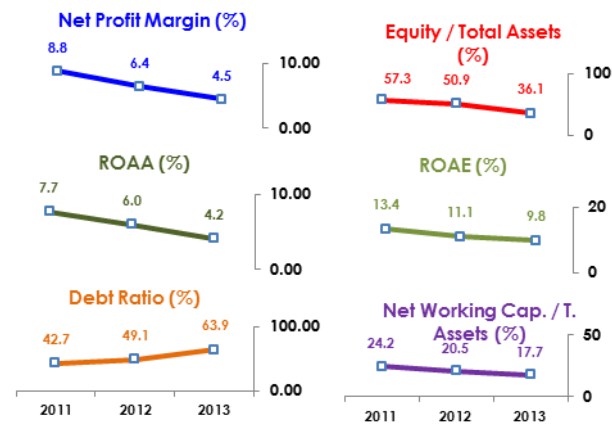
\*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

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\* ROAA and ROAE ratios in 2011 are based on single year figures only due to unavailability of data

**Strengths**

- Reasonable profitability level and satisfactory debt repayment capacity
- Adequate capitalization level over the reviewed period
- Fairly low impaired receivables ratios and solid asset quality
- Market leader with impressive manufacturing capacity which accounts for a great share of domestic polyester yarn production
- Modern and integrated factories, enabling efficient production providing quality assurance
- Consistent investments in R&D increase the Group's competitiveness and differentiates its wide product range
- Renowned brand and reputable majority shareholder who is among the prominent business groups of Turkey

**Constraints**

- Despite staying below discomforting levels, increasing debt level
- Continuously fully distributed internally generated revenues limit the contribution of profits to the capital base
- Intensive competition pressure arising from dominant global players based in China, Taiwan, India and Indonesia
- Sensitivity to raw material prices, dictated by strong foreign suppliers
- Room for improvement in compliance with corporate governance best practices

Korteks Mensucat Sanayi ve Ticaret A.Ş.			
Financial Data	2013*	2012*	2011*
Total Assets (000 USD)	1,143,785	966,519	948,144
Total Assets (000 TRY)	2,436,720	1,718,085	1,790,949
Equity (000 TRY)	878,824	875,037	1,026,872
Net Sales (000TRY)	1,516,901	1,286,740	1,528,442
Net Profit (000 TRY)	67,628	82,697	134,393
Net Profit Margin (%)	4.47	6.44	8.82
ROAA (%)**	4.15	6.01	7.68
ROAE (%)**	9.84	11.08	13.40
Equity / Total Assets (%)	36.07	50.93	57.34
Net W. Capital / T. Ast. (%)	17.65	20.54	24.24
Leverage Ratio (%)	63.93	49.07	42.66
Asset Growth Rate (%)	41.83	-4.07	n.a.

\* End of year \*\* Based on a single year in 2011 due to unavailability of data

**Overview**

Korteks Mensucat Sanayi ve Ticaret A.Ş. (Hereinafter Korteks Mensucat, the Group or the Company) is a prominent polyester yarn producer with a global reach. Founded in 1989 by the members of the Zorlu Family, the Group currently has a consolidated structure which covers all of the Zorlu Group's textile operations ranging from polyester yarn production to home textile, international sales and distribution. Korteks Mensucat's manufacturing facilities which are among the largest integrated factories in Europe are based in Bursa and Kırklareli, while the Group's wide sales and distribution organization is extended over 4 countries and the products are marketed to more than 60 countries. Korteks Mensucat designs, develops and produces a plethora of polyester yarns which serve the needs of several sectors including but not limited to the clothing, home textile, healthcare and automotive sectors. The Group's home textile line produces high-quality curtains, towels, bed sheets etc. under the widely known brands of "Taç" and "Linens" and the premium brand "Valeron".

The Group is an established institution which possesses the necessary infrastructure and know-how to efficiently produce a variety of high-quality yarns and home textiles. In this sense, the majority of the Group's exports were realized to demanding European markets. On the other hand, the fluctuations in the European demand due to recessions or slowing of economic activities is poised to have unfavorable effects on the Group's sales. Nevertheless, the Group managed to maintain a satisfactory level of sales and acceptable profitability over the reviewed period.

As of 2013, the Group employed approximately 3,900 employees.