

Corporate Credit Rating

Tourism & REIT

(Update)

[Hotels, Marinas, Real Estate]

MARTI Hotels & Marinas		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Stable	LC Stable
National	Local Rating	BBB-(Trk)	A-3(Trk)
	Outlook	Positive	Stable
Sponsor Support		2	-
Stand Alone		BC	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Stable	LC Stable

MARTI OTEL İŞLETMELERİ A.Ş.					
Financial Data	June,2014**	March,2014*	March,2013*	March,2012*	March,2011*
Total Assets (000 USD)	228,264	216,712	251,711	194,301	181,531
Total Assets (000 TRY)	484,514	467,166	455,270	344,476	278,887
Equity (000 TRY)	82,356	80,765	137,995	154,347	166,900
Net Profit (000 TRY)	1,592	-56,600	-17,104	-8,168	-1,460
Net Profit Margin (%)	5,36	-58,17	-20,81	-10,76	-2,61
Sales (000 TRY)	32,206	97,307	82,208	75,879	55,843
ROAA (%)	n.a	-14,12	-5,30	-3,07	-1,28
ROAE (%)	n.a	-59,52	-14,49	-5,96	-2,53
Equity / Total Assets (%)	17,00	17,29	30,31	44,81	59,85
Net Working Capital / T. Assets	-25,24	-17,27	-12,36	-9,50	-9,29
Debt Ratio (%)	83,00	82,71	69,69	55,19	40,15
Asset Growth Rate (%)	3,71	2,61	32,16	23,52	15,60

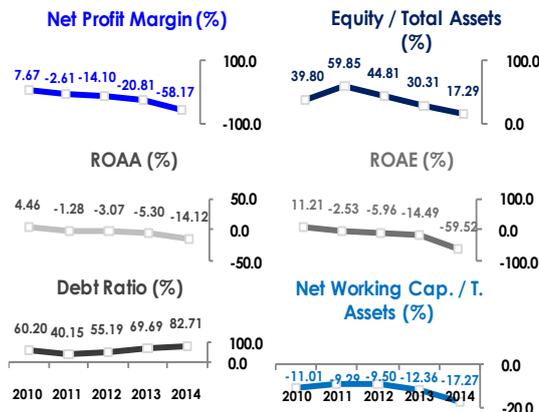
*End of the year **Non-Audited Figure

Company Overview

Martı Otel İşletmeleri A.Ş. (herein referred to as 'Martı Group', or 'the Company'), formerly Marmaris Martı Otel İşletmeleri A.Ş., was established in 1967 by the Narin Family. A prime international tourism group, the Company operates as Turkey's first resort hotel with over 45 years of experience in the Turkish tourism sector. The Company conducts business deals with tourism agencies, mainly from European countries.

While the Group's major source of revenue is obtained from the management of hotels, the Group is engaged in the field of real estate development as well. The Company employed a total workforce of 828 as of March 31, 2014. (March 31, 2013: 870).

The Group currently holds a total of 5 hotels and 1 Marina, all of which are located in the Turkish Republic under the brand name "MARTI". The major qualifying shareholders of the Company as of March, 2014 were Mr. Nurullah Emre NARİN (24.08%), Ms. Pakize Oya NARİN (13.51%) and Mr. Halit Narin (4.49%) with a current free float of (57.92%). The Company's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "MARTI" since 1998.



Strengths

- Long track record in the major fields of activity and strong brand reputation driving customer loyalty,
- Well diversified across the industry with hotels in the high end and mid – priced segments strengthening hotel and marina occupancy rates,
- Deceleration in the seasonality of cash flows via Martı Istanbul,
- Positive outlook for the tourism sector based on increased pace of domestic tourism spending, rising annual income and growing number of foreign visitors,
- Improved compliance level with corporate governance practices,
- Highly qualified and experienced management team.

Constraints

- Incurred loss over the period continuously eroding equity base and the pronounced need for fresh equity injection,
- Relatively high financial expenses and foreign currency risk deteriorating profitability ratios,
- Downward trend of net working capital ratio squeezing liquidity position,
- High level of off balance commitment and contingencies increasing risk level,
- Price competition aggravating market structure,
- Seasonal fluctuations which affect the operating income in the tourism sector,
- Reversal of flow of funds from emerging markets given the concerns over exit policy regarding the US Quantitative Easing programme,
- Escalating pressure in the markets through persistency risk of the social unrest and political turmoil in the region.