

Corporate Credit Rating

Manufacturing
[Specialty Chassis & Vehicles]

		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		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

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

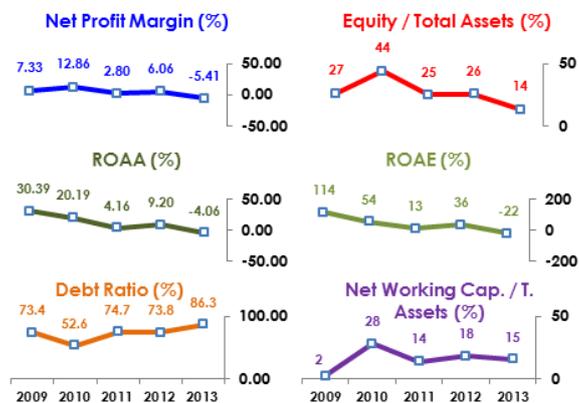
Senior Analyst: Şevket GÜLEÇ/ +90 212 352 56 73
sevketg@jcrer.com.tr

Assistant Analyst: Özgür Fuad ENĞİN
+90 212 352 56 73 ozgur.engin@jcrer.com.tr

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş.					
Financial Data	2014/09**	2013*	2012*	2011*	2010*
Total Assets (000 USD)	95,433	112,023	86,047	62,530	38,729
Total Assets (000 TRY)	217,711	238,654	152,958	118,112	59,550
Equity (000 TRY)	42,733	32,622	40,020	29,892	26,474
Net Profit (000 TRY)	6,757	-7,923	9,271	2,399	7,927
Sales (000 TRY)	126,105	146,424	153,115	85,704	61,659
Net Profit Margin (%)	5.36	-5.41	6.06	2.80	12.86
ROAA (%)	6.20	-4.06	9.20	4.16	20.19
ROAE (%)	31.60	-21.89	35.67	13.10	54.46
Equity / Total Assets (%)	19.63	13.67	26.16	25.31	44.46
Net Working Capital / T. Assets (%)	23.71	15.49	18.16	13.89	27.79
Debt Ratio (%)	80.37	86.33	73.84	74.69	52.64
Asset Growth Rate (%)	-8.78	56.03	29.50	104.28	37.53

* End of year ** As of September 30, 2014

Overview



Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. (hereinafter the Group, the Company or Katmerciler), founded in 1985, is a manufacturer of specialty vehicles such as firefighting, garbage, jetting, rescue and tipper trucks, based in Çiğli, İzmir. The leading producer of specialty equipment and machinery in Turkey, Katmerciler exports its wide range of products to more than 40 countries in the Middle East, Europe, Africa and Asia.

The Group exhibited a noteworthy growth in recent years and established its brand name in the region. In order to fortify its position in the firefighting vehicle market and transfer know-how, Katmerciler teamed up with Gimaex International, a global producer of firefighting vehicles, and founded Gimkat Araç Üstü Ekipman San. ve Tic. A.Ş. Emphasizing the importance of research and development, the Group diversified its product range and attained a flexible production model that can cater to the needs of its customer with tailor-made solutions. In March 2013, the Group received an accreditation from the Ministry of National Defense that will enable Katmerciler to participate in National Security tenders, including NATO contracts.

The Group's utmost shareholder is its founder Ismail Katmerci while the Katmerci Family owns the majority of shares. The Company went public in 2010 and currently 36.29% of shares are traded publicly.

As of 2013 the Group had a personnel count of 398 (FY2012: 354).

Strengths

- Continuous asset growth and satisfactory revenue streams
- Modest credit risk and impaired receivables owing to large client base mainly consisting of public institutions and major manufacturers
- Strong market position as the leading player in the specialty vehicle production sector
- Large share of exports in total sales, diversifying country risk and engendering FX reserves
- Three decades of experience and expertise
- Partnership with Gimaex International, a global manufacturer of firefighting machinery
- Opportunities to participate in national security tenders owing to the Facility Security Clearance Certificate received from the Ministry of Defense
- Tenders won in 2014 to manufacture riot control vehicles

Constraints

- Highly leveraged financial structure exerting pressure on profitability
- Short foreign currency position exposing the Company to volatilities in the FX markets, despite the natural hedge mechanism through exports
- Predominance of short-term financial liabilities among resources, pressurizing liquidity management
- Reliance on imported materials in certain aspects of the production process
- Existence of privileged shares with asymmetrical nomination rights reduce the compliance level with Corporate Governance best practices
- Political tensions in the important sought after markets such as Middle East region and aggravating economic sanctions imposed on Russia and the subsequent volatilities

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