

Corporate Credit Rating

Manufacturing & Engineering

		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	FC Stable	Stable
National	Local Rating	BBB- (Trk)	A-3 (Trk)
	Outlook	Positive	Positive
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

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CVS Makina İnşaat Sanayi ve Ticaret A.Ş.					
Financial Data	2014/07**	2013*	2012*	2011*	2010*
Total Assets (000 USD)	162,367	125,722	165,197	103,235	64,105
Total Assets (000 TRY)	346,378	267,839	293,653	195,000	98,568
Equity (000 TRY)	38,148	19,401	25,339	31,351	19,707
Net Sales (000TRY)	106,521	300,864	383,736	205,812	75,426
Net Profit (000 TRY)	3,239	-3,689	-4,747	7,898	-1,137
Net Profit Margin (%)	3.04	-1.23	-1.24	3.84	-1.51
ROAA (%)	n.a.	-1.55	-2.44	6.99	-3.31
ROAE (%)	n.a.	-19.43	-21.01	40.17	-16.53
Equity / Total Assets (%)	11.01	7.24	8.63	16.08	19.99
Net W. Capital / T. Ast. (%)	-6.67	-18.45	-14.16	-11.25	-18.46
Leverage Ratio (%)	88.99	92.76	91.37	83.92	80.01
Asset Growth Rate (%)	n.a.	-8.79	50.59	97.83	n.a.

* End of year

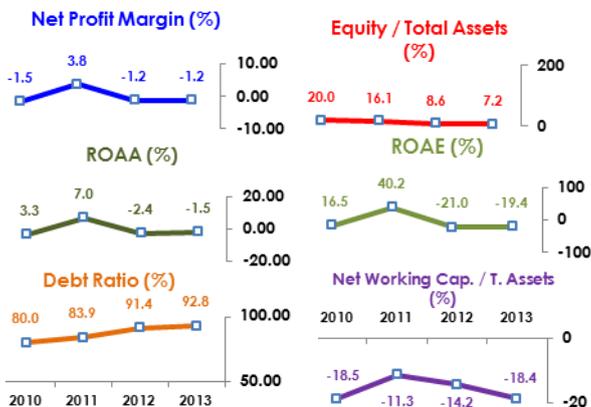
** Based on unaudited financial statements as of July 31, 2014

Overview

Founded in 1998, CVS Makina is currently a leading manufacturing and engineering firm providing the steelmaking industry with tailor-made solutions ranging from turn-key steel plants and rolling mills to various heavy-duty equipment including Electric Arc Furnaces, material handling, oxygen plants, continuous casting machines systems, degassing systems and fume treatment facilities. Thanks to extensive R&D efforts and large engineering teams committed to efficiency, CVS Makina is supplying the steel making sector with high quality and efficient systems. The Company's production facilities and headquarters are based in Gebze, Istanbul while it has representative offices in several other countries.

The Company rapidly expanded its operations from a local scope to a wide geographical area, including several emerging markets in Asia, the Middle East and North Africa, while also serving customers in developed regions such as North America and Europe. The strong business expansion of the Company is evidenced by its growing sales volume and rising number of international contracts from reputable actors of the steel industry. In this regard, the Company has been consecutively listed in the Istanbul Chamber of Industry's list of top 500 industry firms since 2011 and was recognized as one of the top machinery exporting firms of Turkey. The Company manages its operations in line with the international standards and complies with ISO 9001, ISO 14001, OHSAS 18001 and ISO 3834.

CVS Makina undertook tens of large scale projects in its 16 year history and is currently working on a plethora of large scale contracts amounting to more than EUR 370mn. CVS Group employed more than 700 people by the end of 2013 in order to successfully complete the commissioned projects and maintain its competitive edge driven from technological excellence.



Strengths

- Remarkable growth in business volume, despite a decline in 2013 due to billing period of contracts
- Strong regional presence in several developing markets including the ones which spearhead the world-wide steel demand
- Competitive edge stemming from technological advances and efficient designs, thanks to noteworthy R&D investments over the years and large numbers of engineers in the Company
- Prestigious business partners/customers that are among the world's top steel producers, granting the Company bright references
- Increasing global demand for steel and steel products, indicating continuation of steel plant investments
- CVS Makina's expertise in Electric Arc Furnaces gaining market share due to efficiency, capital requirements and better environmental effects
- Competent and committed management team with sound yet ambitious business goals

Constraints

- Exceptionally high debt levels and concentration of liabilities in the short term horizon
- The equity base of the Company is outpaced by the its rapid growth and the capitalization level is considered unsatisfactory for a manufacturing firm
- Volatile profitability levels stemming from considerable financing expenses
- The harmful effects of political instabilities in the Middle East and expected negative outcomes of sanctions applied to Russia by the developed countries on the business prospects and collection periods of the Company
- The impact of the instability in neighboring countries and decrease in risk appetite of investors
- Severe competition conditions in the market where few but major players aggressively strive to maintain their market share
- Room for improvement in compliance with corporate governance principles, despite progress and commitment

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"Global Knowledge supported by Local Experience"