

Corporate Credit Rating
Annual Review

Non-Financial & Industry
[Milk and Dairy Products & Animal Feed Industry]

		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	BBB(Trk)	A-3(Trk)
	Outlook	Positive	Positive
Sponsor Support		3	-
Stand Alone		BC	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

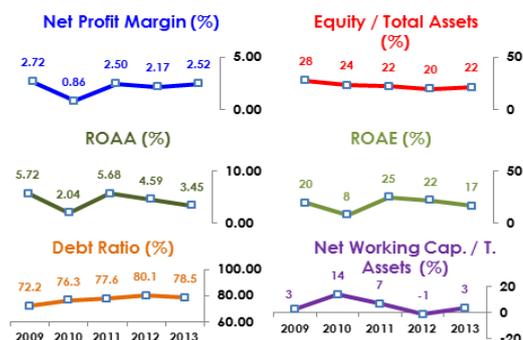
*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

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AYNES GIDA SANAYİ ve TİCARET A.Ş.						
Financial Data	09/2014**	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	159,351	157,044	155,438	106,959	97,518	80,530
Total Assets (000 TRY)	362,874	334,566	276,307	202,035	149,944	119,773
Equity (000 TRY)	59,188	71,963	54,859	45,241	35,553	33,244
Net Profit (000 TRY)	5,826	14,272	9,042	8,525	2,309	5,116
Sales (000 TRY)	446,638	567,226	415,794	341,217	269,043	188,155
Net Profit Margin (%)	1.30	2.52	2.17	2.50	0.86	2.72
ROAA (%)	N/A	3.45	4.59	5.68	2.04	5.72
ROAE (%)	N/A	16.62	21.93	24.73	7.99	19.67
Equity / Total Assets (%)	16.31	21.51	19.85	22.39	23.71	27.76
Net Working Capital / T. Assets (%)	30.88	3.49	-1.19	6.61	13.98	2.90
Debt Ratio (%)	83.69	78.49	80.15	77.61	76.29	72.24
Asset Growth Rate (%)	35.62	21.08	36.76	34.74	25.19	25.00

*End of year

**Unaudited Financial Statements

Overview

Established in the Acıpayam region of Denizli in 1997, **Aynes Gıda Sanayi ve Ticaret A.Ş.** (hereinafter referred to as the Company or Aynes Gıda) operates in the fields of milk, dairy products and animal feed production using the latest technologies. The Company underwent a merger with its parent company 'Ay-yem Tarım Gıda Sanayi ve Tic. Ltd. Şti.' in September, 2011 and turned into one of largest industrial enterprises based on revenues, having attained the 158th ranking in the annual list of 500 Leading Industrial Companies as of FYE2013. (FYE2012:194)

UHT Milk, yoghurt, cheese and animal feeds constituted the major product groups of the Company, contributing to more than 90% of sales revenues as of FYE2013. There were a total of 1,165 personnel (FYE2012:891) employed across Company operations as of November, 2014 with distribution and sales activity taking place through 17 distribution regions countrywide along with marketing offices in Georgia. Following the certification for exports into EU countries, the Company was shortlisted as one of the three companies in the sector to have the proficiency for exports to Russia.

Mr. Nevzat **SERİN** (37.07%) and Mr. Ayhan **BATUR** (37.07%) are the two major controlling individual shareholders of the Company, the shareholder structure of which contained 14 individuals as of FYE2013.

Strengths

- Stable expansion of operational volume over the last 5 years supported via high asset growth rates and sales revenues
- Low per capita consumption of packaged milk products in Turkey promising significant growth opportunities in the medium and long-term
- Sizeable market share and brand reputation in the dairy products industry
- High levels of investment into technology and consultancy services expected to improve operational productivity
- Preservation of high levels of asset quality via low levels of impaired receivables and foreign currency risk
- Export opportunities into the Russian market as one of the authorized companies further enhancing its market reputation

Constraints

- Relatively low share of equity due to the reliance on external funding in order to finance the growth in operational volume
- High cost of sales level exerting downward pressure on profitability from core fields of activity
- Maintenance of high share of short-term liabilities in the funding structure expected to improve in the near future due to successive bond issues in FY2014
- The significant share of informal economy in the domestic dairy market along with the absence of central supervision resulting in unfair competition
- Dependence on imports for raw materials across the feed production industry
- Need for further improvement in the level of compliance with Corporate Governance Practices despite recent progress in the past year

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