

# Corporate Credit Rating

# Non-Financial Sector

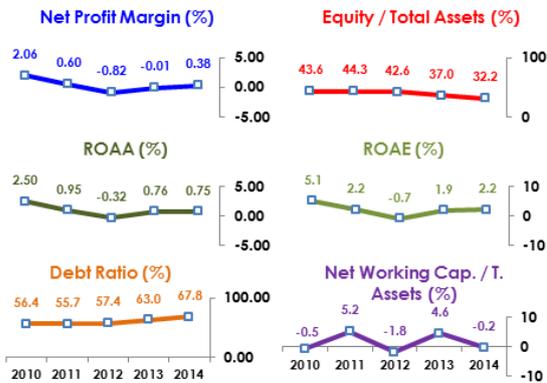
## Holding

ittifak HOLDING		Long Term	Short Term
International	Foreign Currency	BB+	B
	Local Currency	BB+	B
	Outlook	Stable	Stable
National	Local Rating	BBB-(Trk)	A-3 (Trk)
	Outlook	Stable	Stable
Sponsor Support		4	-
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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### Strengths

- Diversification of principal activities reduce overall risk concentration and provide growth opportunities in different sectors
- Completion of numerous construction and contracting works ranging from shopping malls, residences, office complexes, schools, mosques and social housing units
- Competitive edge and market perception in retail sector particularly in Anatolia with the "Adese" brand
- Innovative and broad product offering in flour, semolina and pasta positioned under one of the top producers of the market with "Selva" brand, exporting several countries
- Technical and organizational capacity in manufacturing and overseas distribution of bandsaw and milling machines with "Cutral" and "Milleral"
- The new strategic perspective of the senior management to focus on efficiency and high value added activities

İTTİFAK HOLDİNG A.Ş.					
Financial Data	2014*	2013*	2012*	2011*	2010*
Total Assets (000 USD)	525,148	470,242	481,532	443,765	499,142
Total Assets (000 TRY)	1,114,679	1,001,804	855,971	838,228	767,480
Equity (000 TRY)	358,872	370,889	364,390	371,485	334,402
Net Profit (000 TRY)	3,704	-145	-7,653	5,456	15,428
Sales (000 TRY)	973,538	993,360	937,710	914,935	748,387
Net Profit Margin (%)	0.38	-0.01	-0.82	0.60	2.06
ROAA (%)	0.75	0.76	-0.32	0.98	2.50
ROAE (%)	2.18	1.91	-0.75	2.02	5.12
Equity / Total Assets (%)	32.20	37.02	42.57	44.32	43.57
Net Working Capital / T. Assets (%)	-0.24	4.61	-1.79	5.25	-0.54
Leverage Ratio (%)	210.61	170.11	134.90	125.64	129.51
Asset Growth Rate (%)	11.27	17.04	2.12	17.26	12.93

\*End of year

### Company Overview

İttifak Holding A.Ş. (hereinafter named the Holding, the Group or the Company), is a Konya based conglomerate founded in 1993 as a group of companies that operate in the flour & semolina production and machinery manufacturing, although its roots date back to 1988. With the adoption of corporate holding status, its activities were expanded into livestock breeding and meat production. The Group's continued to diversify its business lines in the following periods and by the end of 1990's İttifak became one of the well-known conglomerates operating in retail, construction, machinery manufacturing, livestock production, food industry, fuel distribution, information technologies and automobile dealership.

İttifak Holding launched the first store of its retail chain "Adese" in 1991, which quickly become an important player in the retail market. The Holding went public in 2009, and is currently trading on BIST-100 index with "İTTFH" ticker. The Group has initiated the necessary actions to produce energy through renewable sources such as solar and wind power. Moreover, the Group's manufacturing business, spearheaded by flour, semolina and pasta producer Selva Gıda, and milling and bandsaw machinery manufacturer İmas Makina are represented by "Selva", "Milleral" and "Cutral" brands, respectively. The aforementioned companies also carry out exports, including but not limited to Asian and African markets. The Group is also active in construction and contracting sector and has completed several public contracts, commercial and residential units. İttifak Holding plans to accelerate its growth in the construction sector in the following periods.

At the end of 2014, İttifak Holding employed a staff of 3,909, on average, and had 18 subsidiaries, all of which were consolidated, in various fields.

### Constraints

- The contraction in sales volume in both nominal and real terms
- The lack of profit generation from principal activities and the reliance on positive revaluation differences of tangible assets and investment properties for profitability which do not contribute to the liquidity levels thus not alleviating the external funding needs
- High volatility and low levels of profitability indicators
- Upsurge in cost of sales in the last 4 years tapering gross profit margin
- The uncollected receivables derived from the sale of shares of the Group which were acquired through the Holding's IPO by its subsidiaries to a third party, although completed more than 1 year ago, increase the impaired receivables levels and pressurized the profitability
- Persistent political and economic stresses and insurgencies observed in the neighboring regions such as the Middle East, curtailing investment and business prospects and increasing the riskiness of operations realized in the region
- The need for a functional and separate risk management department along with comprehensive risk management implementations

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