

# Corporate Credit Rating

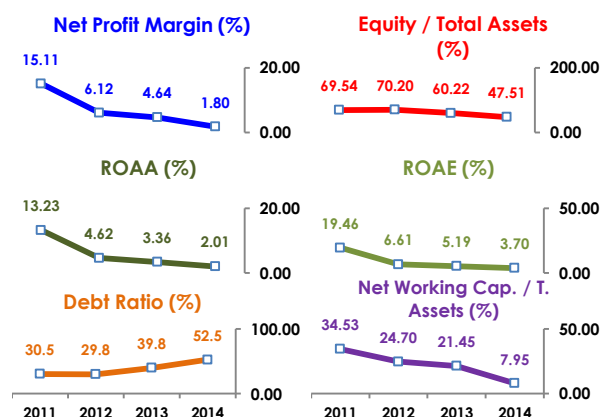
## Textile

[Formal & Smart Casual, Denim, Sports, Shirting]

<b>Bossa</b>		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC	Stable
		LC	Stable
National	Local Rating	A-(Trk)	A-1(Trk)
	Outlook	Stable	Stable
Sponsor Support		3	-
Stand Alone		B	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC	Stable
		LC	Stable

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

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### Strengths

- Established presence and Inter/national brand identity via continuously upward domestic and export sales figures and track record history
- Diversified product portfolio thanks to integrated production facilities
- One of only a few textile companies listed on the BIST, contributing to compliance with corporate governance principles
- Varied customer base enhanced with negligible level of non-performing loans
- Removal of off balance sheet commitments and contingencies of the main shareholder, relieving asset quality as of 1H2015
- Efficient use of financial instruments through successful bond issuances
- Existence of competent and visionary senior management through settled committees and risk management policies

Bossa Ticaret ve San. İşl. T.A.Ş.				
Financial Data	2014*	2013*	2012*	2011*
Total Assets (000 USD)	266,480	327,568	330,355	256,341
Total Assets (000 TRY)	617,940	697,851	587,239	484,203
Equity (000 TRY)	293,561	420,267	412,248	336,728
Net Profit (000 TRY)	7,042	17,257	22,193	51,204
Sales (000 TRY)	391,812	371,763	362,771	338,887
Net Profit Margin (%)	1.80	4.64	6.12	15.11
ROAA (%)	2.01	3.36	4.62	13.23
ROAE (%)	3.70	5.19	6.61	19.46
Equity / Total Assets (%)	47.51	60.22	70.20	69.54
Net Working Capital / T. Assets (%)	7.95	21.45	24.70	34.53
Debt Ratio (%)	52.49	39.78	29.80	30.46
Asset Growth Rate (%)	-11.45	18.84	21.28	12.33

\*End of year

### Company Overview

**Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş.** (herein referred to as "Bossa" or "the Company"), was founded in Adana in 1951 and operates as one of the leading integrated textile companies in the fields of manufacturing, sales, marketing and export of textile products. The Company had a total annual production capacity of 50mn meters produced in its 3 manufacturing facilities. Bossa produces high quality products through spinning, dyeing, weaving and finishing processes.

Following the transfer of the majority of shares from "Hacı Ömer Sabancı Holding A.Ş." to Akkardan Sanayi ve Ticaret A.Ş." (hereinafter 'Akkardan') in 2008, the inactive Akkardan became the largest shareholder with a current shareholding of 93.75%. Bossa has been publicly traded on the Borsa İstanbul (BIST) since 1995.

The Company primarily manufactures for the foreign market and exports to over 50 countries, principally Germany, Italy and the USA. The Company had a total work force of 2,078 as of FYE2014.

### Constraints

- Lowered equity mainly derived from the placement of receivables from related parties
- Pressure on liquidity as a result of cumulative related party transactions
- Steadily increased leverage level softened through a refinancing loan agreement with a bank leading to improvements in interest expenses
- Pressure on net profitability from activities expenses, financing costs and high interest rates and FX movements
- Steady short foreign currency position exposing the Company to a currency risk due to non-currency indepthness from financial institutions despite natural hedging
- Continuously descending net profit margin and equity level due to the reliance on external funding in order to finance the growth in operational volume and parallel increase in costs of sales
- Continuing political and economic stresses and regional tensions resulting in uncertainty and exerting pressure on business prospects
- Nationwide competition in the sector and high dependency on unstable raw material prices

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