

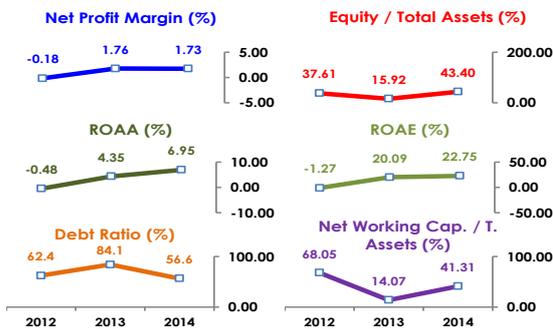
Corporate Credit Rating

Non-Financial Sector TRADE

ÇALIK COTTON		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	-

*Affirmed by Japan Credit Rating Agency, JCR on August 25, 2015

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Strengths

- Steady increase in the profitability performance as reflected by the increases in the indicators of ROAE and ROAA
- Noticeable augment in sales revenue in parallel with the expansion of operations through global sales offices
- Stable and sustainable cash flow generation potential due to successful trade activities
- Non-existence of overdue loans thanks to its sales policy depending on advance payments through successful risk management approach and implementations along with conscious asset and loan growth strategy
- Quick trade turnover positively contributing to the cash conversion cycle
- Successful hedging operations to avoid the risks derived from cotton price fluctuations
- Advantages of the partnership with Çalık Group through expanding operating channels and brand reputation

Constraints

- Restricted net profit margin due to the nature of the sector which was dominated by national and international companies creating price competition
- High level of financial liabilities in order to fund the growth trend in operational expansion
- The possibility of the short-term weighted funding structure to distress the NWC despite a considerable increase recorded in net working capital
- Dependency on cotton index directing the prices and nationwide competition in the sector
- Further need for improvement in compliance with Corporate Governance best practices
- Uncertainty in investors' appetite due to the uncertainty in political risks related with the upcoming election, fluctuating foreign currency rates and rise in interest rates

ÇALIK PAMUK DOĞAL VE SENTETİK ELYAF A.Ş.			
Financial Data	2014*	2013*	2012*
Total Assets (000 USD)	35,646	34,079	14,753
Total Assets (000 TRY)	82,660	72,602	26,224
Equity (000 TRY)	35,871	11,561	9,864
Net Profit (000 TRY)	4,315	1,700	-88
Sales (000 TRY)	248,982	96,511	49,328
Net Profit Margin (%)	1.73	1.76	-0.18
ROAA (%)	6.95	4.35	-0.48
ROAE (%)	22.75	20.09	-1.27
Equity / Total Assets (%)	43.40	15.92	37.61
Net Working Capital / T. Assets (%)	41.31	14.07	68.05
Debt Ratio (%)	56.60	84.08	62.39
Asset Growth Rate (%)	13.85	176.85	n.a

*End of year

Company Overview

Çalık Pamuk ve Doğal Sentetik Elyaf Tic. A.Ş. (herein referred to as 'Çalık Pamuk' or 'the Company'), was founded in Istanbul in 2011 and operates as one of Turkey's leading cotton trade companies. The Company has total annual sales of 90k tonnes of high quality cotton to national and international yarn producers, denim manufacturers and the representatives of cotton venders.

The denim manufacturer Gap Güneydoğu Tekstil San. Tic. A.Ş. (herein referred to as 'Gap Güneydoğu', rated by JCR Eurasia Rating on July 30, 2015 as **BBB(Trk)** on the Long Term National Scale with a Stable outlook) is the largest shareholder with a current shareholding of 55%, with the remaining shares held by Çalık members.

The Company primarily imports cotton from Turkmenistan, the USA and Greece and exports mainly to Bangladesh, Egypt and China through its domestically and internationally located offices. The Company had a total work force of 14 as of FYE2014 (FYE2013: 19).

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