

**Corporate Credit Rating
(Update)**

**Wholesale Trade
[Leather Footwear, Apparel & Accessories]**

DERİMOD			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	A-3 (Trk)
	Outlook		Stable	Stable
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 August 28, 2015

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Derimod Konfeksiyon Ayakkabı Deri San. ve Tic. A.Ş.					
Financial Data	2015/6*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	53,338	57,239	59,321	57,070	35,789
Total Assets (000 TRY)	154,626	132,731	126,378	101,448	67,601
Equity (000 TRY)	34,042	31,155	27,902	25,137	15,142
Net Sales (000 TRY)	81,547	155,787	172,387	132,431	103,784
Net Profit (000 TRY)	2,887	2,525	2,053	1,625	1,861
Net Profit Margin (%)	3.54	1.62	1.19	1.23	1.79
ROAA (%)**	-	2.56	2.54	2.51	4.38
ROAE (%)**	-	11.24	10.89	10.53	18.99
Equity / Total Assets (%)	22.02	23.47	22.08	24.78	22.40
Net W. Cap. / T. Ast. (%)	42.69	29.55	31.08	14.26	20.07
Debt Ratio (%)	77.98	76.53	77.92	75.22	77.60
Asset Growth Rate (%)	16.50	5.03	24.57	50.07	21.72

* End of year

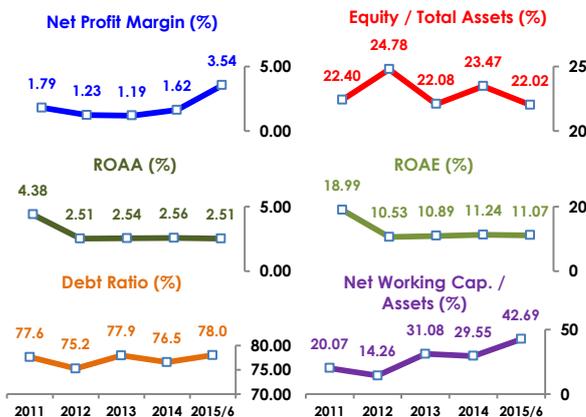
Overview

Derimod Konfeksiyon Ayakkabı Deri San. ve Tic. A.Ş. (Derimod, the Company) is a wholesale leather footwear and apparel trader and manufacturer which sells the vast majority of its merchandise to Derimod Deri Konfeksiyon Paz. San. ve Tic. A.Ş. (Derimod Pazarlama) which manages the retail operations such as marketing and distribution. The analysis is restricted to Derimod Konfeksiyon, even though Derimod Pazarlama's financial and operational performance are also evaluated. The Derimod Group, founded by Ümit Zaim as the pioneer leather fashion company of Turkey has a history dating back to 40 years and currently operates with more than 95 local and 8 international stores.

Derimod offers leather footwear, coats, accessories and purses, distributed through its retail branch network and online sales channels. Derimod is prominent fashion brand enjoying strong brand recognition and reputation. The Group emphasizes fast fashion mode of production and distribution so as to maintain a dynamic and competitive edge. The Company also widens its product offering with innovative products which have several features such as breathability and lightweight profile.

Derimod is the first Turkish leather fashion brand to open a retail store in a foreign market and it is poised to penetrate the Russian and Middle Eastern markets. The Group had 9 shops in Russia and franchise stores in Saudi Arabia, Iran and TRNC.

As of 2014, the Group employed 836 employees.



Strengths

- Ability to preserve the profit margins, factoring for the retail operations as well
- Established brand name supported with marketing campaigns
- Proven track record of 40 years in the leather footwear and apparel market as a pioneer in fashionable leather products
- Dynamic distribution channels composed of retail branch network and online sales facilities
- Growth potential for leather fashion products particularly in emerging markets in the hinterland
- Financial and operational advantages of the Turquality program, facilitating international investments through subsidies and consultancy

Constraints

- Sizable asset to equity ratio indicating the prevalent use of external resources
- Large interest expenses arising from financial loans and credit merchandise purchases
- Concentration of sales to Derimod Pazarlama
- Intensive competition in the fashion sector, manifesting itself in forms of aggressive pricing and call for unique designs
- Challenging investment environment volatilities in Russia and growing security concerns in the Middle East

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