

**Corporate Credit Rating
(Update)**

**Manufacturing
[Specialty Vehicles]**

		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-2 (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

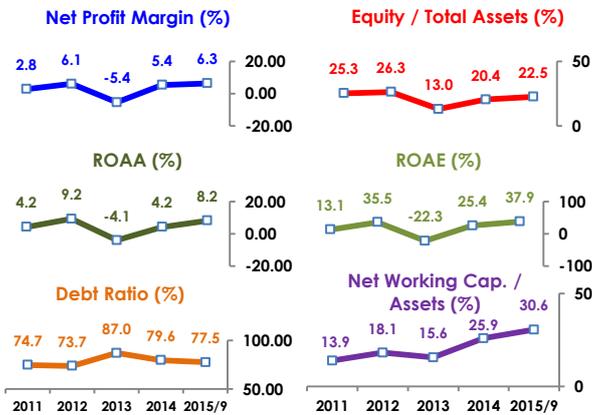
*Assigned by Japan Credit Rating Agency, JCR on August 28, 2015

Analyst: Özgür Fuad **ENGİN**
+90 212 352 56 73 ozgur.engin@jcrer.com.tr

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş.					
Financial Data	2015/09**	2014*	2013*	2012*	2011*
Total Assets (000 USD)	92,825	91,464	112,255	86,186	62,530
Total Assets (000 TRY)	255,725	212,095	239,148	153,204	118,112
Equity (000 TRY)	57,493	43,362	33,116	40,296	29,892
Net Profit (000 TRY)	9,174	-7,923	9,271	2,399	7,927
Sales (000 TRY)	169,794	146,424	153,115	85,704	61,659
Net Profit Margin (%)	5.40	-5.41	6.06	2.80	12.86
ROAA (%)	4.04	-3.52	6.36	2.72	11.54
ROAE (%)	18.73	-20.79	33.97	10.52	36.39
Equity / Total Assets (%)	22.48	20.44	13.85	26.30	25.31
Net Working Capital / T. Assets (%)	30.57	25.88	15.46	18.13	13.89
Debt Ratio (%)	77.52	79.56	86.15	73.70	74.69
Asset Growth Rate (%)	20.57	-11.31	56.10	29.71	98.34

* End of year ** As of September 30, 2015

Overview



Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. (hereinafter the Group, the Company or Katmerciler) is a producer of specialty vehicles such as firefighting, garbage, jetting, rescue and tipping trucks and riot control vehicles, based in Çiğli, İzmir. Founded in 1985, Katmerciler is a prominent producer of specialty equipment and machinery in Turkey with a wide exports network reaching up to 40 countries in the Middle East, Europe, Africa and Asia.

In addition to its core competence and traditional business segment of specialty vehicles, Katmerciler is investing into the defense sector products for the security forces. In this regard, the Company obtained an accreditation from the Ministry of National Defense which allows Katmerciler to participate in National Security tenders and serve the needs of the security forces. Katmerciler is building a factory in Ankara so as to increase the production capacity of defense industry products. The Group continues to explore international partnership and co-operation opportunities as reflected in the co-operation agreement signed with the U.S. based Oshkosh Corporation.

The Group is founded and managed by the Katmerci Family who owns the majority of the shares. The Company went public on 2010 and currently 36.29% of the shares are traded publicly on Borsa İstanbul.

As of 3Q2015, the Group employed a workforce of 357 (FY2014: 297).

Strengths

- Strong sales growth supported with a diversified product base and high value added projects
- Effective export network and export focused production and sales, curbing the country risk and hedging against FX exposure
- Creditworthiness of the customer portfolio as most of the purchasers of specialty vehicles are local & central government administrations and major truck corporations
- More than three decades of experience in the specialty vehicle manufacturing sector with experienced and skilled workers
- Influential and strong market position in the domestic market and growing presence in the EMEAA zone
- Ongoing investments in the defense industry supported and made accessible with the Facility Security Clearance Certificate

Constraints

- Notable leverage and subsequently large financing expenses constraining the profitability potential to a certain extent,
- Concentration of the external funds on the short term, necessitating careful liquidity planning
- Room for improvement in the corporate governance framework in particular with respect to the covenants concerning the election of the board members
- Import dependency of certain core components in various high value added products
- Political uncertainties in the Middle East and tensions with Russia coupled with security concerns in the region unearths operational risks and