

Corporate Credit Rating

NON-FINANCIAL INDUSTRY

[Animal Health & Environmental Safety]

baVET		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Stable	Stable
National	Local Rating	BBB- (Trk)	A-3 (Trk)
	Outlook	Stable	Stable
Sponsor Support		2	-
Stand Alone		BC	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	LC Stable	-

BAVET İLAÇ SANAYİ VE TİCARET A.Ş.				
Financial Data	3Q2015**	2014*	2013*	2012*
Total Assets (000 USD)	25,107	20,496	18,516	14,392
Total Assets (000 TRY)	67,444	47,529	39,446	25,583
Equity (000 TRY)	11,003	11,755	14,680	20,252
Net Profit (000 TRY)	-1,501	-1,870	-5,572	200
Total Sales (000 TRY)	30,645	17,456	13,961	15,000
Net Debt / Equity	3.43	1.91	1.07	-0.15
ROAA (%)	-3.00	-5.00	-18.50	5.47
ROAE (%)	-15.18	-16.44	-33.94	6.91
Net Debt / EBITDA (x)	n.m.	17.63	-3.30	-4.45
Net Working Capital / T. Assets (%)	14.93	19.68	29.38	68.43
Debt Ratio (%)	83.68	75.27	62.78	20.84
Asset Growth Rate (%)	41.90	20.49	54.19	n.a

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

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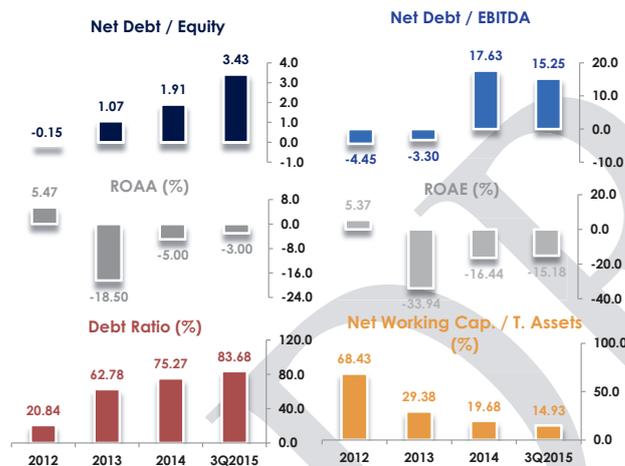
\*End of year, \*\* Third Quarter of Year

**Company Overview**

"Bavet İlaç Sanayi ve Ticaret A.Ş.", (hereinafter referred to as 'Bavet Group' or 'the Group'), established on June, 2000, works on sub-contracting basis, provides comprehensive range of animal health such as farm animals, poultry, equine, beekeeping, fish health, pet health and environmental safety such as insecticide, rodenticides, larvicide and consumer products to breeders and local governments through its 2 affiliates.

Bavet Group, operates turn-key pharmaceutical projects, which is registered and regulated by the Ministry Of Health of Turkey, provide more than 88 prescription medicines. Bavet Group is located in Istanbul, on an area of approximately 9,000m<sup>2</sup> with a staff force of 142-personnel together with its affiliates as of September 30, 2015.

The Company's main controlling shareholders are Nergiz Family and NBKC Partners with the shares of 50%.



**Strengths**

- Continuation of significant asset growth rates to sustain market share and ranking,
- End of the investment cycle supporting cash flow in 2016,
- Turnkey sub-contracting projects delivery capability through high-tech manufacturing plants,
- Regulatory authority and general legislation in the sector decreasing informality,
- Expectation of changing composition of debt structure with rising share of long-term liabilities via the ongoing and planned bond issues,
- Professional senior management team and specialized knowledge of the Turkish animal health sector,

**Constraints**

- Particularly due to high level of capital expenditures during the previous years, low level of internal equity generation capacity through inadequacy of net profitability indicators,
- Currency risk due to dependence on imported raw materials,
- The deterioration of cash flow generation stemming from long collection periods inherent across the sector,
- The extent of the meltdown cash position and equity level stemming from continuously required capacity expansion,
- Likely large movements in the foreign exchange and interest expenses due to high level of liabilities reducing the Company's headroom under the current financial position
- Geo-political events regarding spread of the conflict in Iraq and Syria; economic fundamentals deteriorating the market outlook.