

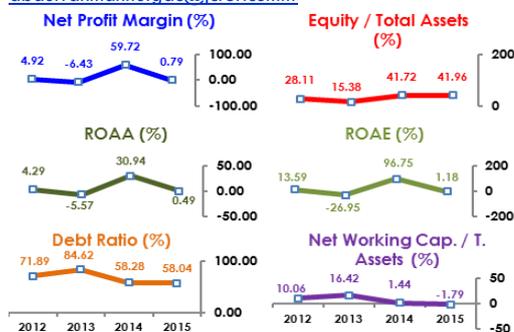
**Corporate Credit & Issue Rating**

**Textile  
Synthetic Yarn and Carpet Production**

		Long Term	Short Term	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating	n.a.	n.a.	
National	Local Rating	BBB-(Trk)	A-3 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB-(Trk)	A-3 (Trk)	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
LC		Stable	-	

\*Assigned by JCR Eurasia Rating, JCR-ER on August 28, 2015  
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Gürteks İplik Sanayi ve Ticaret A.Ş.				
Financial Data	2015*	2014*	2013*	2012*
Total Assets (000 USD)	346,131	427,428	272,410	232,698
Total Assets (000 TRY)	1,006,412	991,164	581,404	413,644
Equity (000 TRY)	422,337	413,559	89,408	116,285
Net Profit (000 TRY)	3,218	231,753	-23,140	13,974
Sales (000 TRY)	407,950	388,046	359,606	284,129
Net Profit Margin (%)	0.79	59.72	-6.43	4.92
ROAA (%)	0.49	30.94	-5.57	4.29
ROAE (%)	1.18	96.75	-26.95	13.59
Equity / Total Assets (%)	41.96	41.72	15.38	28.11
Net Working Capital / T. Assets (%)	-1.79	1.44	16.42	10.06
Debt Ratio (%)	58.04	58.28	84.62	71.89
Asset Growth Rate (%)	1.54	70.48	40.56	18.19

\*End of year

**Overview**

Gürteks İplik ve San. ve Tic. A.Ş. and its Subsidiaries (henceforth Gürteks or the Group) is a producer of synthetic yarns and carpets located in Gaziantep, one of the largest industrial bases of Turkey. Gürteks İplik was founded in 1997 by the Özkaya family, with wide experience in textile manufacturing. The Group's product range varies from synthetic yarns such as acrylic yarn for carpets and tricot, fancy yarns, polypropylene yarn, and polyester yarn to carpets, bath mats, and hall rugs. In addition, the Group's Flora Home Tekstil Sanayi ve Ticaret A.Ş. produces machine-made carpets under the renowned "Flora Hali" brand.

Mad Plastik San. ve Tic. A.Ş., established in Gaziantep in 2013, produces plastic bag, canvas, bag, stretch, woven canvas, plastic canvas, sack, pressed packing, and plastic on its 3,500 m<sup>2</sup> manufacturing plant. Fevzipaşa Enerji Elektrik Üretim Tarım Gübre Hayvancılık Sanayi ve Ticaret A.Ş. was established in 2013 in Gaziantep with the aim of building and managing electric power production plants and operating in agriculture, stock farming, and fertilizer industry.

Gürteks İplik was ranked 320<sup>th</sup> in the latest ISO 500 list among the top industrial enterprises of Turkey. The total workforce of the Group was around 1,600 as of FYE2015.

**Strengths**

- Established business network in separate geographic markets which help to offset the challenges of the domestic market
- Improved bottom line with a meagre but positive net profit
- Strict control over the administrative expenses
- Enhanced product ranges to diversify revenue stream
- High-end manufacture plant and high quality products underpinning competitive advantage
- Group know-how and undertaken research and development activities adding further value to its products
- Maintaining solid credit scores
- The Özkaya Family's financial stamina to cushion potential unforeseen stress when the need arises

**Constraints**

- Improved yet high and short-term weighted financial leverage incurring sizeable funding costs due to excessive reliance on bank loans
- Ample net short position in the balance sheet creating high exposure to currency movements and distressing the bottom-line
- Sector-wide increase in the maturity of sales adversely affecting cash-flow streams
- Fierce competition both in domestic and global market
- Downward movement in the unit price trends increasing stress on the revenue generation capacity
- Room for improvement in compliance with governance principles

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*"Global Knowledge supported by Local Experience"*