

Corporate Credit Rating

NON-FOOD AND ELECTRONICS RETAIL SECTOR
[Retail, Textile, Department Stores]

 BOYNERGRUP		Long Term	Short Term	
		International	Foreign Currency	BBB-
International	Local Currency	BBB-	A-3	
	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	-

BOYNER PERAKENDE VE TEKSTİL YAT. A.Ş.					
Financial Data	1H2016**	2015*	2014*	2013*	2012*
Total Assets (000 USD)	1,427,734	1,404,264	1,753,420	1,828,719	598,158
Total Assets (000 TRY)	4,118,728	4,083,037	4,066,007	3,903,035	1,063,286
Equity (000 TRY)	374,103	616,533	133,830	361,500	-3,448
Net Profit (000 TRY)	-234,092	-381,613	-225,889	428,593	-62,826
Sales (000 TRY)	1,705,293	3,397,977	3,160,414	1,901,596	597,910
ROAA (%)	n.a.	-9.45	-5.55	17.46	-5.36
ROAE (%)	n.a.	-102.65	-89.24	242.22	-40.83
Equity / Total Assets (%)	9.08	15.10	3.29	9.26	-0.32
Net Debt / EBITDA(x)	n.m.	5.36	4.02	5.36	8.50
Net Debt / Equity(x)	5.22	2.80	9.02	2.78	-148.51
Net Working Capital /T. Assets (%)	-13.52	-11.33	-32.90	-14.11	-10.20
Debt Ratio (%)	90.92	84.90	96.71	90.74	100.32
Asset Growth Rate (%)	0.01	0.42	4.18	267.07	-15.00

*End of year, ** Half of year

Company Overview

"Boyner Perakende ve Tekstil Yatirimlari A.Ş.", (hereinafter referred to as 'Boyner Perakende or 'the Company'), is a Turkey-based Company, the leading listed non-food and non-electronics retail group in Turkey and is engaged in the operation retail store, textile and apparel products manufacturing, textile product sales and marketing, real estate development-management. Formerly known as Altinyildiz Mensucat ve Konfeksiyon Fabrikalari AS, the Company was founded in 1952 by the Boyner family.

The Boyner Perakende operates 373 store through its own clothing brands Beymen, Network, Altinyildiz, Que, Divarese, Fabrika, along with department stores Boyner and Beymen, has a sizeable net sales area of 358.7k sqm with its total 121 department stores/multi brand stores, 204 single category stores/speciality stores, 48 outlet stores, employing approximately 10,000 personnel with its 12 subsidiaries,4 affiliates as of June 30, 2016.

The major qualifying shareholders of the Company's shares are Boyner Holding A.Ş., Mayhoola for Investment OPC and IPO holding 54.80%, 30.68% and 14.52%, respectively as of June 30, 2016.

Strengths

- Improved ability to create beneficial and collaborative partnerships achieved through its long operating track record, market experience and widened network,
- Resilient and predictable cash flows and revenue streams with continuous revenues and EBITDA growth,
- Ongoing asset and business volume growth expected to continue,
- Ease of access to funding sources and use of sophisticated financing tools thanks to its proven track record,
- Enhanced bargaining strength with suppliers and expected optimization in inventory levels via the huge boost in its market share obtained through organic and inorganic growth opportunities,
- Gaining a competitive edge through rapid development of online sales channels,
- Improved compliance level with corporate governance practices.

Constraints

- Despite an improvement, short term weighted borrowing structure continuing net working capital shortfall giving rise to more demanding liquidity management distressing liquidity position,
- Net profitability indicators settling at an insufficient path squeezing the internal equity generation capacity,
- Growing perception of pressure in the markets through risks arising from the current social unrest, political instability on economic influences, global environment, and the economic impacts of unsuccessful coup attempt,
- Likely large movements in the foreign exchange and interest expenses reducing the Company's headroom under the current financial position due to high level of liabilities,
- Fragmented market aggravating fierce competition through price cutting among retailers and online stores at breakneck pace leading to margin pressure in view of price sensitivity of customers.

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