

Corporate Credit & Issue Rating  
(Update)

Construction

İNANLAR		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	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	-

İNANLAR İnşaat A.Ş.				
Financial Data	2015*	2014*	2013*	2012*
Total Assets (000 USD)	217,797	217,287	202,109	144,709
Total Assets (000 TRY)	633,266	503,867	431,361	257,235
Equity (000 TRY)	157,846	122,275	104,044	90,501
Net Profit (000 TRY)	25,913	15,722	2,034	-322
Sales (000 TRY)	559,033	481,315	134,216	53,992
Net Profit Margin (%)	4.64	3.27	1.52	-0.60
ROAA (%)	5.52	4.14	1.08	-0.76
ROAE (%)	22.42	17.10	3.82	-2.15
Equity / Total Assets (%)	24.93	24.27	24.12	35.18
Net Working Capital / T. Assets (%)	35.55	23.57	22.96	21.13
Debt Ratio (%)	75.07	75.73	75.88	64.82
Asset Growth Rate (%)	25.68	16.81	67.69	n.a

\*Assigned by Japan Credit Rating Agency, JCR on October 7, 2016  
Analyst: Bora PAKYÜREK/+90 212 352 56 74  
[bora.pakyurek@jcrer.com.tr](mailto:bora.pakyurek@jcrer.com.tr)

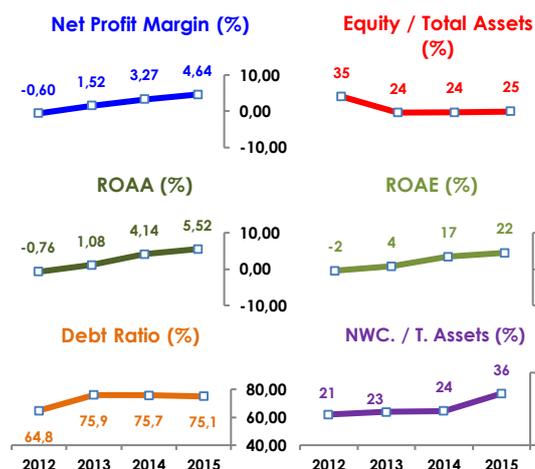
\*End of year

Overview

İNANLAR İnşaat A.Ş. (hereinafter referred to as "İNANLAR İnşaat" or "the Company"), a prominent Turkish construction and contraction company with roots dating back to 1965, was incorporated under the trade name İNANLAR İnşaat A.Ş. as of 28 July 1994. Under the prominent İNANLAR brand, the Company develops flats, residences, houses, offices and commercial building projects. To date, the Company has completed over 220 projects. In addition, the Company carries out the activities of selling new and second hand vehicles, after-sales servicing support and insurance servicing through its headquarters in Istanbul and five branches.

İNANLAR İnşaat's increasingly complex and challenging projects have earned the Company a prominent position in the market and attracted interest from international investors. In the context of real estate development, the Company has built many remarkable projects such as Terrace Fulya, Avlu 138, Terrace Lido, Terrace Bahçe, Terrace Feri, Aslı Bahçe, Terrace Tema, Terrace Mix and Terrace Doğa. The Terrace concept has contributed to the Turkish construction sector and become a brand denoting a luxury life and highlighting elegance, comfort and esthetic.

The Company is currently undertaking in desirable areas of Istanbul. Terrace Lotus project, located in a fast-growing location on the European side of Istanbul, Terrace Cadde 251, İhlamur Terrace, Aktan Terrace, Anatolian side's prestigious residence projects located in Kadıköy Cadde, and Terrace Koru, located in Çekmeköy are core projects expected to generate revenue in the upcoming years. The Company carries out its activities through its headquarters in Istanbul and five branches with a total labor force of 600 as of FYE2015. Company shares are fully owned by Serdar İnan.



Strengths

- Increase in core operating profitability in the completed financial year due to reductions in cost of sales
- Sales growth fueled by buoyant automotive sales despite a period of political and economic uncertainty emanating from the 2015 election cycle
- Reputable brand name with a proven track record through the "Terrace Projects", serving as a buffer against sales risk
- Consistent increases in assets and equity over the reviewed period
- Ability to fund large share of operations with customer advances, contributing to liquidity management despite being displayed as debt in accounting standards and accounting
- Adequate level of NWC along with access to funding channels supporting the Company's short term financial health and efficiency
- Increased visibility for future revenues arising from the Company's proven track record, expanding business territory, and sound project backlog
- Competent and qualified senior management team

Constraints

- Downward pressures exerted on profitability by the high level of financial expenses
- Augmented trade payables exerting downward pressure on liquidity management
- Competitive and fragmented market structure and severe price competition among national contractors in the key markets such as Istanbul, limiting the sector profit margin
- Need for a separate and efficient risk management unit and risk committee in the Board of Directors
- Lack of independent members in the Board of Directors
- Geopolitical and economic concerns along with the recent failed coup attempt harboring uncertainties and wielding pressure on business prospects
- Ongoing volatility in the markets and upward pressure on exchange rates

Publication Date: November 17, 2016

"Global Knowledge supported by Local Experience"

Copyright © 2007 by JCR Eurasia Rating. 19 Mayıs Mah., 19 Mayıs Cad., Nova Baran Plaza No:4 Kat: 12 Şişli-İSTANBUL Telephone: +90.212.352.56.73 Fax: +90 (212) 352.56.75  
Reproduction is prohibited except by permission. All rights reserved. All information has been obtained from sources JCR Eurasia Rating believes to be reliable. However, JCR Eurasia Rating does not guarantee the truth, accuracy and adequacy of this information. JCR Eurasia Rating ratings are objective and independent opinions as to the creditworthiness of a security and issuer and not to be considered a recommendation to buy, hold or sell any security or to issue a loan. This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations. <http://www.jcrer.com.tr>