

**Corporate Credit & Issue Rating  
(Update)**
**Retail Sector  
Ready-Made Garment**

DeFacto			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		Positive	Positive
	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	-

\*Affirmed by Japan Credit Rating Agency, JCR on October 7, 2016

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DeFacto Perakende Ticaret A.Ş.					
Financial Data	2017Q1	2016*	2015*	2014*	2013*
Total Assets (000 USD)	437,379	433,212	376,030	343,082	311,761
Total Assets (000 TRY)	1,591,446	1,524,561	1,093,346	795,573	665,392
Equity (000 TRY)	302,583	335,214	306,853	224,100	159,470
Net Profit (000 TRY)	-34,677	21,033	11,029	87,056	32,062
Sales (000 TRY)	496,315	2,019,526	1,632,181	1,172,460	868,982
Net Profit Margin (%)	-0.07	1.04	0.68	7.43	3.69
ROAA (%)	N/A	2.17	1.64	14.46	7.43
ROAE (%)	N/A	8.85	5.83	55.10	27.54
Equity / Total Assets (%)	19.01	21.99	28.07	28.17	23.97
Net Working Capital / T. Assets (%)	11.84	20.22	17.06	21.44	21.19
Debt Ratio (%)	80.99	78.01	71.93	71.83	76.03
Asset Growth Rate (%)	17.55	39.44	37.43	19.56	51.02

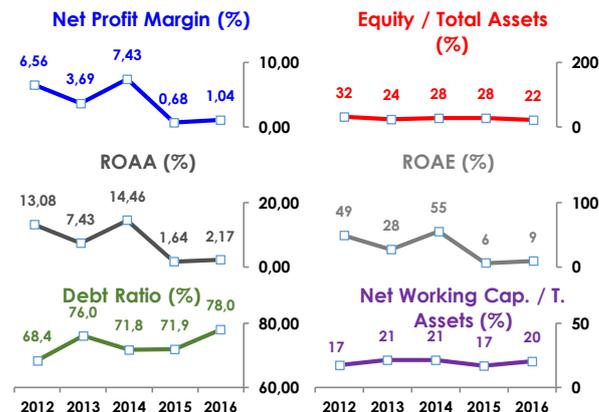
\*End of year

### Company Overview

DeFacto Perakende Ticaret Anonim Şirketi and its Subsidiaries (to be referred hereinafter as 'DeFacto', 'the Group' or 'the Company') was established in 2004 and opened its first store in 2004. The Group operates in the field of ready-made clothing sector, offering a broad range of clothes and accessories for men, women and kids from different age groups. DeFacto, as a Turkey-based company, has 15 subsidiaries, which are engaged in the operation of department stores, retailing apparel, clothing and technology.

Only in one decade, DeFacto has succeeded to build a well-known brand nationwide. With a strong differentiation and segmentation in branding, the Company achieved a remarkable positioning in the retail garment market. Together with the expansion in local market, DeFacto has its investments and retail stores abroad, such as Belarus, Russia, Kazakhstan, Morocco, Egypt and so on. Today, Defacto hosts over 1,000 customers per minute in its stores.

The Company operates in 323 retail stores in Turkey, 64 stores abroad, (14 different countries), an online store and wholesales department. Total staff force of the Company was 11,035 personnel as of December 31, 2016. The major qualifying shareholders of the Company's shares are Mr. Z. Cemal Özen, Mr. İhsan Ateş and DF Retail Holdco Coöperatif U.A. holding 66.50%, 13.69% and 8.67%, respectively as of December 31, 2015.



### Strengths

- Solid asset growth in the last years
- Noticeable increase in net profit and EBITDA in 2016
- Strong brand image promising fashionable products with favorable prices
- Enjoying high level of cash and cash equivalent balance, as a natural consequence of retail business
- Positive net working capital that indicates a strength on short term debt service capacity
- Well-experienced board of directors and top management team

### Constraints

- Slight increase in indebtedness indicators
- Improvement need regarding compliance level with Corporate Governance Principles
- Potential increase in hedging costs due to the loans denominated in foreign currencies, although the Company does not carry short FX position
- Uncertainties arising from tensions & conflicts in the local political environment, together with worsening macroeconomic indicators