

Corporate Credit & Issue Rating
 (Update)

Textile
Fabrics

KORTEKS		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	BBB-	A-3		
National	Local Rating	A- (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A- (Trk)	A-1 (Trk)	
Sponsor Support		2	-	
Stand Alone		AB	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

Korteks Mensucat Sanayi ve Ticaret A.Ş.					
Financial Data	1H2017	2016	2015	2014	2013
Total Assets (000 USD)	1.471.147	1.389.253	1.362.748	1.409.241	1.141.695
Total Assets (000 TRY)	5.159.460	4.889.059	3.962.326	3.267.889	2.436.720
Equity (000 TRY)	762.336	1.134.402	1.101.381	1.146.546	878.824
Net Profit (000 TRY)	-428.172	211.086	73.209	205.808	67.628
Sales (000 TRY)	1.158.692	1.668.197	1.570.864	1.695.941	1.514.073
Net Profit Margin (%)	-0,37	12,65	4,66	12,14	4,47
ROAA (%)	-4,26	4,80	3,14	7,48	4,15
ROAE (%)	-22,57	18,99	10,11	21,08	9,84
Equity / Total Assets (%)	14,78	23,20	27,80	35,09	36,07
Net Working Capital / T. Assets (%)	-6,41	3,90	13,78	22,19	17,65
Debt Ratio (%)	85,22	76,80	72,20	64,91	63,93
Asset Growth Rate (%)	11,06	23,39	21,25	34,11	41,83

*Affirmed by Japan Credit Rating Agency, JCR on November 10, 2017

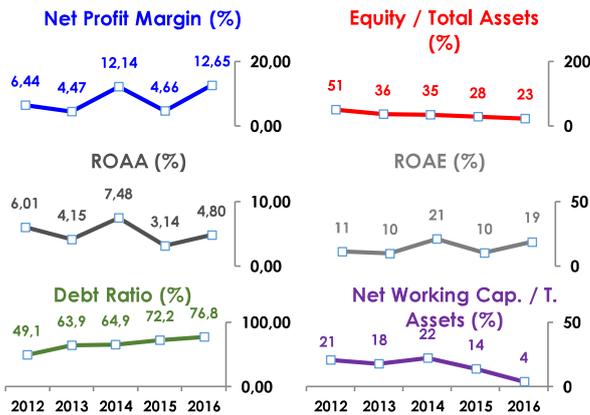
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Company Overview

Korteks Mensucat Sanayi ve Ticaret A.Ş. (hereafter Korteks, Korteks Mensucat or the Company), is a fully-owned subsidiary of **Zorlu Holding A.Ş.**, one of Turkey's leading conglomerates with trading activities dating back to the 1950s in the fields of textiles, consumer electronics, home appliances, information technology, energy, real estate, mining & metallurgy, tourism, finance, defense, air transportation and road-side facilities through 90 national and international group companies and nearly 25,000 employees.

The Company, founded in 1989, is a polyester yarn manufacturer operating in domestic and international markets. The Company's audit report had a consolidated structure covering all textile operations of the Zorlu Group ranging from polyester yarn production to home textile manufacturing as well as international sales and distribution of them. The Group's manufacturing facilities, among the largest integrated factories in Europe, are based in Bursa and Kırklareli. The Company's broad product range with more than 200 color options capable of meeting almost all requirements from the yarn sector, including products intended for use in different applications such as automotive textile, carpet yarns and technical textile.

The Company had a fully owned subsidiary, Zorluteks Tekstil, manufacturing and marketing curtains and home textile products. All Group products are branded under the 'Taç', 'Linens', 'Valeron', 'Kristal' and 'Pierre Cardin', each appealing to a different customer segment and are marketed to more than 60 countries through a wide domestic/international franchise network and sales offices/showrooms. The Group subject to this report employed 4,916 personnel as of June 30, 2017 (FYE2016: 4,741).


Strengths

- Solid asset growth throughout the consecutive periods and recovery in net profit for the last year
- Steady increase in EBITDA for the year-end results
- Strong ROAA and ROAE ratios
- Long market experience, wide product range and extensive sales/marketing network leading to broad customer base and high market efficiency
- A strong group, Zorlu Holding A.Ş., is behind the Company
- Quality, branding, R&D, technological investments and innovation enabling competitive advantage

Constraints

- Deterioration in Net Working Capital
- Increase in indebtedness indicators
- Losses from the investments accounted with equity method
- Need for improvement in compliance with Corporate Governance Principles
- Uncertainties arising from tensions & conflicts in the local political environment, together with worsening macroeconomic indicators