

## Corporate Credit & Issue Rating

New  Update

**Sector:** Holding

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### RATINGS

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
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	Negative	-
		LC	Negative	-

\*Affirmed by JCR on November 27, 2018

## Boyner Perakende ve Tekstil Yatirimlari A.Ş. Company Overview

Financial Data	3Q2018**	2017*	2016*	2015*	2014*
Total Assets (000 USD)	794,575	1,210,661	1,273,004	1,400,979	1,752,059
Total Assets (000 TRY)	4,759,664	4,566,493	4,479,956	4,073,487	4,062,850
Equity (000 TRY)	-839,522	22,788	122,596	606,983	133,830
Net Profit (000 TRY)	-855,580	-293,715	-470,637	-381,613	-225,889
Sales (0000 TRY)	3,794,906	4,230,283	3,482,640	3,397,977	3,160,414
ROAA (%)	n.a.	-5.94	-10.78	-9.47	-5.55
ROAE (%)	n.a.	-367.04	-126.39	-103.97	-89.24
Equity/T. Assets (%)	n.m.	0.50	2.74	14.90	3.29
Net Working Capital / T. Assets (%)	-17.47	-5.04	-14.04	-11.36	-32.66
Debt Ratio (%)	117.64	99.50	97.26	85.10	96.71
Net Debt/ EBITDA(x)	n.m.	5.10	8.23	5.36	4.02
Net Debt/ Equity (x)	n.m.	86.68	15.40	2.80	9.02
Asset Growth Rate (Annual) (%) **	4.23	1.93	9.98	0.26	4.09

\* End of Year, \*\* Third Quarter of Year

“**Boyner Perakende ve Tekstil Yatirimlari A.Ş.**”, (hereinafter referred to as ‘**Boyner Perakende**’, or ‘**the Group**’), is a Turkey-based Company, the leading listed non-food and non-electronics retail group in Turkey and is engaged in the operation department and mono brand stores. Formerly known as Altinyildiz Mensucat ve Konfeksiyon Fabrikalari AS, the Company was founded in 1952 by the Boyner family.

The Boyner Perakende operates 385 stores through its own mono brands Beymen Club, Network, Altinyildiz, Que, Divarese, along with department stores Boyner and Beymen, has a sizeable net sales area of 375k sqm with its total 115 department stores/multi brand stores, 205 single category stores/speciality stores, 67 outlet/discount stores, employing approximately 10,000 personnel with its 9 subsidiaries, 2 affiliates as of September 30, 2018.

The major qualifying shareholders of the Company’s shares are Boyner Holding A.Ş., Mayhoola for Investments LLC and IPO holding 42.80%, 42.68% and 14.52%, respectively as of September 30, 2018.

### Strengths

- Proven track record in sound implementation of effective market and wide network enabling beneficial and collaborative partnerships,
- Increasing gross profit per sqm encouraging sign for future sales,
- Resilient and stable cash flows and revenue streams,
- Competitive advantage in relation to sectoral peers and good growth prospects,
- Sound EBITDA and robust net sales growth,
- Gaining a competitive via online sales channels,
- Continuation of strong parental support through the ultimate shareholders’ track record,
- High level of compliance regarding corporate governance implementations.

### Constraints

- External financing to fund growth exerted significant pressure on the Group’s profit generation,
- Increased leverage eroding financial flexibility,
- Level of net working capital pressuring liquidity management,
- In the face of the slowdown in domestic demand effecting negatively the sector outlook where the Group has operations,
- Growing perception of pressure in the markets through risks arising from the current social unrest and political instability on economic influences and global environment.

