

## Corporate Credit & Issue Rating

New  Update

Sector: Yarn Manufacturing  
Publishing Date: 13/12/2018

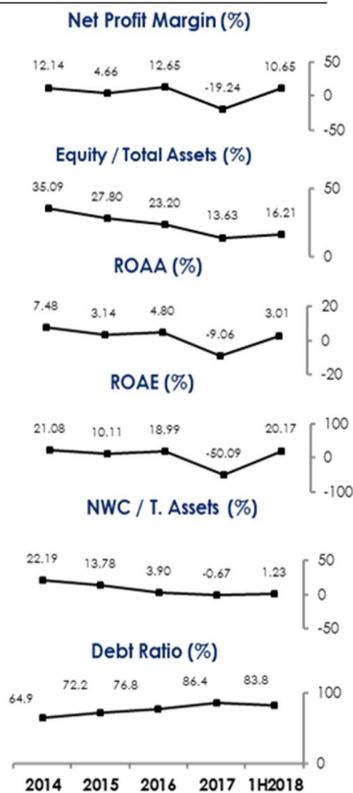
### Analyst

Fatih Sevimli  
+90 212 352 56 73  
fatih.sevimli@jcrer.com.tr

### RATINGS

		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Negative LC Negative	Negative Negative
	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	Stand-Alone	2	-
		AB	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Negative LC Negative	- -

\*Affiliated by JCR on November 27, 2018



## Korteks Mensucat Sanayi ve Ticaret A.Ş.

### Company Overview

Financial Data	1H2018	2017	2016	2015	2014
Total Assets (000 USD)	1,275,225	1,486,146	1,389,253	1,362,748	1,409,241
Total Assets (000 TRY)	5,815,920	5,605,595	4,889,059	3,962,326	3,267,889
Equity (000 TRY)	942,834	764,259	1,134,402	1,101,381	1,146,546
Net Profit (000 TRY)	163,701	-468,409	211,086	73,209	205,808
Sales (000 TRY)	1,537,409	2,435,005	1,668,197	1,570,864	1,695,941
Net Profit Margin (%)	10.65	-19.24	12.65	4.66	12.14
ROAA (%)	3.01	-9.06	4.80	3.14	7.48
ROAE (%)	20.17	-50.09	18.99	10.11	21.08
Equity / Total Assets (%)	16.21	13.63	23.20	27.80	35.09
Net Working Capital / T. Assets (%)	1.23	-0.67	3.90	13.78	22.19
Debt Ratio (%)	83.79	86.37	76.80	72.20	64.91
Asset Growth Rate (%)	3.75	14.66	23.39	21.25	34.11

The commencement of the operations of **Korteks Mensucat Sanayi ve Ticaret A.Ş.** ('Korteks Mensucat' or 'the Company') dates back to 1989 with a yarn production facility in Bursa under the brand name of "Taç Yarn". Through the installation of the new technologies to its production line and extensive capacity increases year by year, the Company has now become the biggest polyester yarn manufacturer and exporter in Europe. In its two major integrated production facilities in Bursa Organized Industrial Zone, Korteks Mensucat manufactures various sorts of polyester yarn to be used in ready-made garments, home textile, sportswear, automotive textile, carpets and medical textile. With an overarching sales network, Korteks Mensucat delivers 80% of its products for domestic use across Turkey, and the remaining 20% is exported to more than 60 countries all over the world. The Company fully owns Zorluteks Tekstil Sanayi ve Ticaret A.Ş. ('Zorluteks Tekstil') which exports 70% of all of its production mainly to the U.S. and the E.U., offering a wide range of home textile products under the brand names of 'Taç', 'Linens', 'Valeron', 'Casabel', 'Brielle' etc.; and Zorlu Dış Ticaret A.Ş. ('Zorlu Dış Ticaret') which specializes in the distribution of the Group's international sales. As of FYE2017, Korteks Mensucat reached to TRY 2,435mn in yearly sales and TRY 5,606mn in total assets in consolidated terms.

Korteks Mensucat is fully owned by Zorlu Holding A.Ş. ('Zorlu Holding', 'the Group'), which is one of the biggest conglomerates in Turkey with its 90 subsidiary companies and 25,000 employees, reaching to TRY 42,882mn in total assets and TRY 20,353mn in net sales as of FYE2017. The Group operates in various fields such as textile, durable consumer goods, energy production and distribution, mining and metallurgy, real estate and factoring.

### Strengths

- Reinforced market leader role both in Turkey and in Europe
- Acceleration in turnover growth in the last two years
- Positive performance in ROAE and other profitability indicators
- The natural hedge capability against the foreign exchange risk through pricing
- Strong shareholder structure

### Constraints

- Rising leverage in the last five years despite the decrease in the current year
- Weakening liquidity structure
- High share of the receivables from the shareholders and subsidiaries within the composition of the current assets
- Negative impact of the investment in Zorlu Yapı Yatırım A.Ş. on profitability
- Unfair competition in the sector regarding the taxation on the imported raw materials