

## PRESS RELEASE

### Istanbul – November 17, 2015

#### JCR Eurasia Rating

has affirmed the credit ratings of **Altınyağ Kombinaları A.Ş. and Its Consolidated Subsidiaries** as '**BBB- (Trk)**' on the Long Term National Scale and assigned a '**Stable**' outlook in the annual rating review period. On the other hand, the Long Term International Foreign and Local Currency Ratings and outlook have been affirmed as '**BBB-/Stable**'.

JCR Eurasia Rating evaluated "Altınyağ Kombinaları A.Ş." in an investment grade category on a national and international level, affirmed the Long Term National Ratings of '**BBB- (Trk)**' and revised the outlook associated with the mentioned ratings to '**Stable**'. On the other hand, the Long Term International Foreign and Local Currency ratings have been affirmed as '**BBB-**'. Other notes and details of the ratings are given in the table below.

Long Term International Foreign Currency	: BBB- / (Stable Outlook)
Long Term International Local Currency	: BBB- / (Stable Outlook)
Long Term National Local Rating	: BBB- (Trk) / (Stable Outlook)
Short Term International Foreign Currency	: A-3 / (Stable Outlook)
Short Term International Local Currency	: A-3 / (Stable Outlook)
Short Term National Local Rating	: A-3 (Trk) / (Stable Outlook)
Sponsor Support	: 3
Stand Alone	: BC

Altınyağ which is one of the oldest companies in the Aegean Region and Turkey in the field of vegetable oil production was acquired by Artı Yatırım Holding in FY2012. The Company which has a high free float rate principally operates in the field of raw oil production for technical and industrial purposes. Altınyağ maintained its stable growth trend throughout the completed fiscal year and acquired **Karsusan Karadeniz Su Ürünleri Sanayi A.Ş.** and its subsidiary **Etiler Gıda ve Ticari Yatırımlar A.Ş.** with the aim of diversifying its current fields of operating activity into the production of animal fats and fast food chains.

The intensity of competition, high level of operating expenses and dependence on imports with respect to raw material requirements in the Turkish oilseeds markets and ongoing volatility in the global markets and subsequent rises in exchange rates had a negative impact on the cost base and depresses profitability across the sector. In addition, the predominantly short-term and foreign currency weighted funding structure and high level of impaired receivables despite the ongoing legal and collection processes, exerts pressure on the net working capital level and asset quality. However, the robust equity level despite the downward trend observed in the last few years, the cash flows and increases in productivity and profitability anticipated to be generated from the nearly completed investments relating to modernization and capacity increases aiming to approximately double current oil seed crushing and refining capacity in order to meet the demand in line with the signed agreements, the rising levels of integration with the sector's leading players at the national and international scale, the progress recorded in the field of transparency and compliance with corporate governance practices and the strengthened structure of the senior management team have been the major factors underlying the affirmation of the current set of ratings. The contribution that is expected to be made by the nearly completed investments to the Company's operating volume and internal equity generation capacity, asset quality, the maturity and composition of the Company's funding profile and the supply side and cost risks that can be brought about in the vegetable oil industry by developments in the global markets are the principal factors that will be kept under watch by JCR Eurasia Rating in the upcoming period.

The **Çevik Family**, which commands control of the Company in the current shareholder structure, is considered to have the willingness and experience to ensure the supply of long term liquidity and equity within their financial capability when required and to provide efficient operational support to Altınyağ Kombinaları A.Ş. taking into consideration the Company's long operational track record, strengthened investment infrastructure and generated employment opportunities. However, taking into account the lack of central supervisory and regulatory authorities in the vegetable oil sector to deter the emergence of systemic risks, the Company's Sponsor Support grade has been affirmed as **(3)** on JCR Eurasia Rating's notation scale, denoting an adequate level.

On the other hand, regardless of the support provided by shareholders, JCR Eurasia Rating is of the opinion that the Company has reached the sufficient level of experience and infrastructure to manage its liabilities taking into account the current level of equity, the know-how and presence of a sound customer portfolio in the vegetable oil industry, the contribution that will be made to the maintenance and expansion of the current market share by completed investments and modernization works, the diversification of operating fields via the realized acquisitions, rising demand for raw vegetable oil and presence of a skilled management team, provided that it maintains its current customer base and macro-economic circumstances. In this regard, the Stand Alone grade of Altınyağ Kombinaları A.Ş. has been affirmed as **(BC)** on JCR Eurasia Rating's notation scale, indicating an adequate level.

For more information regarding the rating results, you may visit our internet site <http://www.jcrer.com.tr> or contact our analysts Mr. **Sevket GULEC** and Mr. **Diğer SEMERCİLER**.

**JCR EURASIA RATING**  
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