

**Corporate Credit Rating
(Update)**

**Wholesale Trade
[Leather Footwear, Apparel & Accessories]**

DERIMOD			Long Term	Short Term
International	Foreign currency		BBB-	A-3
	Local currency		BBB-	A-3
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating		-	-	
National	Local Rating		BBB	A-3 (Trk)
	Outlook		Stable	Stable
	Issue Rating		BBB	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 November 11, 2017

Derimod Konfeksiyon Ayakkabı Deri San. ve Tic. A.Ş.					
Financial Data	2017/9**	2016*	2015*	2014*	2013*
Total Assets (000 USD)	83,900	67,123	68,745	57,239	59,310
Total Assets (000 TRY)	298,020	236,221	199,884	132,731	126,585
Equity (000 TRY)	44,035	42,719	36,821	31,155	28,109
Net Profit (000 TRY)	-422	3,381	5,225	2,525	2,053
Sales (000 TRY)	161,067	209,157	204,399	155,787	172,387
Net Profit Margin (%)	-0.26	1.62	2.56	1.62	1.19
ROAA (%)	0.02	1.98	3.96	2.56	2.53
ROAE (%)	0.10	10.85	19.38	11.21	10.81
Equity / Total Assets (%)	14.78	18.08	18.42	23.47	22.21
Net Working Capital / T. Assets (%)	31.38	18.91	33.76	29.55	31.03
Debt Ratio (%)	85.22	81.92	81.58	76.53	77.79
Asset Growth Rate (%)	26.16	18.18	50.59	4.85	24.54

* End of year ** End of period

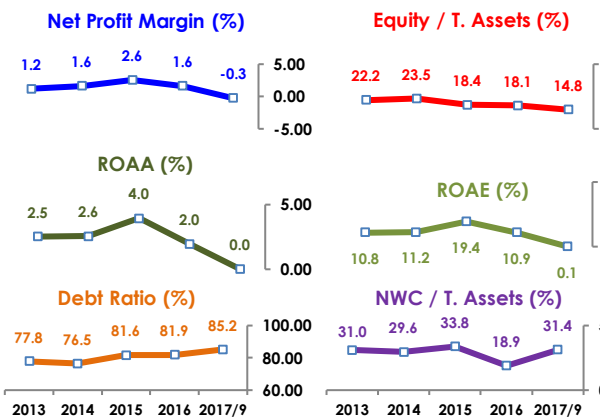
Overview

Analyst: Özgür Fuad ENGIN, CFA
+90 212 352 56 73 ozgur.engin@jcrer.com.tr

Derimod Konfeksiyon Ayakkabı Deri San. ve Tic. A.Ş. (Derimod, the Company) serves as the supplier of the "Derimod" group companies and brand. The Company provides its sister company, Derimod Deri Konfeksiyon Paz. San. ve Tic. A.Ş. (Derimod Pazarlama) with leather footwear, apparel, purses and accessories. Derimod Pazarlama in turns sells the merchandise via its retail branch network and online sales channels. Founded more than 40 years ago, Derimod is among the leading leather fashion companies in Turkey with an increasing presence in the nearby region.

Derimod Group maintains a prominent market position in Turkey and has established different business models to grow in Russia and Middle East. Within the scope of this expansion, Derimod Group has leased stores in Russian market and adopted a franchise system in Saudi Arabia and Iran.

The Group maintains a "fast-fashion" business model, renewing the inventory in rapid pace to satisfy the customer needs. Restrictive measures to protect domestic leather shoe producers as in additional customs duties and testing requirements induced the Group to supply merchandise from local producers.



Strengths

- Consistent revenue streams despite pressures on consumer confidence
- Absence of FX borrowing, limiting the impact of sharp currency fluctuations
- Reasonable EBTIDA margin and end-consumer sales performance of the Group
- Long-term oriented financial borrowing structure diversified with bond issuances
- Strong brand recognition name and market presence
- Status as a Turquality program beneficiary, granting financial and operational advantages with respect to international investments

Constraints

- Increasing leverage level pressurizing the financial standing
- Negative cash cycle gap due to shorter payable periods, sporadically alleviated with the dynamic fund management of the Group
- High-cost factoring borrowings, reducing the net profit margin
- Rising interest expenses as the external funding increases
- Strong competitive forces in the sector, pressurizing pricing policies, necessitating sizable marketing budgets within the Group
- Headwinds concerning the international expansion investments due to regional turmoil and political tension among Middle Eastern countries

1. Rating Rationale

This rating analysis strictly comprises the credit rating evaluation of Derimod Konfeksiyon, while other, unconsolidated related companies are taken into consideration so as to increase the quality and integrity of the analysis. Therefore, even though Derimod Pazarlama is not individually rated with this report, its financial effects on Derimod Konfeksiyon are evaluated, while no independent credit opinion is formed for the related entities.

Derimod Group comprises several companies, while the vast majority of the assets and business volume are concentrated on two companies; Derimod Konfeksiyon and Derimod Pazarlama. As flagship companies, the former manufactures/procures leather footwear & apparel and the latter company manages retail sales respectively.

JCR Eurasia Rating has affirmed Derimod Konfeksiyon's Long Term National credit rating as "BBB (Trk)" and short term rating as "A-3 (Trk)". The Company's Long Term International Local and Foreign Currency grades are affirmed at the country ceiling of "BBB-", in the light of the lack of short FX exposure, export sales, foreign subsidiaries and business development plant.

The rating is based on the independently audited financial statements of Derimod Konfeksiyon, prepared in compliance with the Turkish Financial Reporting Standards. Additionally, income statements and balance sheets of Derimod Pazarlama prepared in accordance with Turkish Tax Code are also analyzed.

In addition to Derimod Konfeksiyon's financial statements, business plan, projections, details about the operations and strategies are provided and/or clarified by the Group management.

The sector overview is based on several studies by industry think-tanks, International Trade Centre statistics, NGO's, governmental organizations.

Principal Rating drivers are:

Preservation of core sales metrics in a relatively fragile consumer sentiment environment and notable competitive pressures

Derimod Konfeksiyon's net sales, accounting for the 20% applied to Derimod Pazarlama mostly stood flat QoQ, staying at TRY 161.07mn as of 3Q2017. While the sales volume has followed a modest trend, final quarter of the year and the following first quarter of 2018 are expected to engender stronger revenues as the demand

for leatherwear increases. Throughout 2017, consumer confidence has been relatively volatile, exhibiting both sharp hikes and falls, affecting the retail sale prospects. Given several headwinds encountered in 2017, ability to maintain the sales levels have been deemed rating positive.

Restricted foreign currency position, limiting the impact of the highly volatile FX rates

Primary financial borrowing of Derimod Konfeksiyon are lines from various banks followed by factoring borrowings, both denominated in the local currency. Only certain imported products carry USD denominated prices, sole source of FX risk. For the last couple of years, the Company has been renegotiating the terms of trade with its suppliers to pay them in TRY, eliminating the USD denominated liabilities. In this regard, Derimod Group protects itself from the direct effects of the currency depreciation to a certain extent.

Strong brand recognition and widespread market presence

Derimod brand commands and enjoys a nation-wide brand recognition as a favored provider of leather products. The Group's history in excess of 40 years is distinguishing among local fashion retailers. Additionally, the Group's retail branch network, reaching 113 stores in Turkey and 7 in Russia are generally positioned at prime locations supporting the visibility and brand recognition.

Turquality Program's financial and business management support, subsidizing exports and international business development

As of February 2014, the Group has been a beneficiary of the Turquality program which provides several subsidies such as covering of lease payments, consultancy expenses, operational costs for exports and international brand development efforts. Additionally, the program facilitates procurement and fostering of consultancy services, allowing the Company's international business development plan. In that sense, the program supports Derimod's ambitions to become a regional fashion brand with a solid reputation, which we deem rating-positive.

Increasing financial leverage net debt, even though partially alleviated with favorable turnover forecasts

Despite of a slightly reversed trend in the recent periods, Derimod's asset to equity ratio is on the track for increase as the net working capital grows. The mounting financial burden is relieved to a certain extent with the long-term weight of the funding mix, easing the liquidity management. We note the covenants such as dividend distribution on the long-term bank loan used in 2013. On

the other hand, the internal resources created by Derimod are thought to provide a sufficient debt service rate.

High cost factoring borrowings reducing the net profit margin and internally generated funds

In response increasing liquidity needs, Derimod Konfeksiyon resorted to factoring borrowings, despite of higher costs compared to loan facilities. The factoring borrowings accounted for 11.61% of total borrowings and 24.09% of short term debt. We note the use of factoring borrowings as a rating pressure factor and continue to monitor the funding mix of the Group.

Restrained consumer confidence and downward risks on consumer spending due to potential interest rate hikes and inflationary pressures

In the recent years leather exporters suffered from political tensions with Russia, resulting in loss of a major market. The situation has considerably improved, however currently the domestic market is hit by weaker consumer confidence. Sharp currency movements and significantly rising inflation rates are necessitating a stricter monetary policy actions. High interest rates and inflation may reduce consumption and erode disposable.

Furthermore, the failed coup attempt in Turkey and the following purges, restructuring and expropriation of several enterprises have generated a fairly negative investment environment.

2. Outlook

Considering the economic and political risk factors affecting the consumer sentiment and disposable income, Derimod Konfeksiyon's business volume is expected to follow a modest trend with limited upside potential. However, given the intra-group liquidity facilities and dynamism, and reasonable operating margin, we expect Derimod Konfeksiyon to maintain interest service, provided that access to existing credit facilities are maintained. The political and economic uncertainties and the growing security concerns and their impact on the Company's performance will be continuously monitored.

Favorable developments with respect macroeconomic indicators and prospective markets, improved profitability metrics and acceleration of the sales, stronger debt service capacity and reduced leverage might induce a positive rating action.

Deterioration of the fundamental debt service and interest coverage indicators, poor cash management, excessive risk appetite and imprudent credit policies,

narrower profit margins and exacerbation of the political tensions are possible factors for a negative rating action.

3. Sponsor Support and Stand-Alone Assessment

The Sponsor Support rating is an indication of the shareholders' financial capabilities and willingness to assist the Group if such a need arises. The Group's majority shareholder is the Zaim Family, operating in the sector for more than 40 years. Considering the long track record of the Group, the Family is considered to have the willingness to provide support to the Derimod if needed. In conclusion, we assigned a Sponsor Support Grade of "2", which denotes adequate level of external financing. Given the external financing requirement stemming from the net working capital funding and refinancing of the debts of Derimod Pazarlama to Derimod Konfeksiyon, additional capital increase might be necessary in the upcoming periods.

The Company's Stand-Alone grade reflects its financial strength to meet its commitments and obligations through internally generated funds and is measured through returns on assets and equity, indebtedness level, asset quality, growth performance, business position, related party transactions and liquidity profile. Noting the fact that Derimod Konfeksiyon's profitability and liquidity structure is essentially related with the collection periods from Derimod Pazarlama and sales prices to the aforementioned company, Derimod Konfeksiyon's Stand Alone rating is determined as 'B', signifying an adequate level.

4. Company Profile

a. History & Activities

Derimod Konfeksiyon Ayakkabı Deri San. ve Tic. A.Ş., Derimod, dates back to 1974. The Company is founded as a leather apparel manufacturing firm. The Company is founded by Umit Zaim, pioneering fashionable leather products in Turkey. The Company initially operated manufacturing facilities and marketed the products itself, maintaining the full production phase in-house. In the following periods, Derimod outsourced vast majority of the production to third-parties and instead focused on design, brand management and retailing aspects. The Company procures from domestic and foreign suppliers, with the balance depending on the terms of trade and tariffs.

In the recent periods, Derimod launched investments and foothold in Russia and Middle Eastern markets. The expansion encountered obstacles due to political tensions between the former and geopolitical risk in the latter. However, the situation has improved and the long-term

outlook is favorable, inducing the recuperation of the investments.

b. Organization & Employees

Derimod Group comprises two sister companies, Derimod Konfeksiyon, the focus of this rating analysis and Derimod Pazarlama, handling marketing and retailing activities.

The Group's management office is located in Zeytinburnu Istanbul and it has warehouses in Ikitelli Organized Industrial Zone. Derimod Konfeksiyon does not have retail distribution per se, as this part of the operation chain is handled by the sister Derimod Pazarlama.

As of 3Q2017, the Company's headcount is 75. Derimod Pazarlama employs sales & marketing and distribution staff. The Company's senior management is composed of divisional managers supervising sales, marketing, purchasing, product design, logistics, human resources, information technologies, finance, architecture and budget planning headed by the general manager.

c. Shareholders, Subsidiaries & Affiliates

Derimod is owned by the Zaim Family who own 65.60% of the company, while 34.40% of the shares are publicly traded on BIST stock exchange. The table below exhibits the detailed shareholding structure of Derimod Konfeksiyon. Derimod Pazarlama is owned by the Zaim Family as well.

Shareholders	3Q2017		FY2016	
	Paid Capital (000 TRY)	Share %	Paid Capital (000 TRY)	Share %
Ümit Zaim	2,510,824	46.50	2,510,824	46.50
Zerrin Zaim	882,431	16.34	882,431	16.34
Asuman Zaim	148,557	2.75	148,557	2.75
Cavidan Tepe	540	0.01	540	0.01
Others	1,857,648	34.40	1,857,648	34.40
	5,400,000	100	5,400,000	100

d. Corporate Governance

The Company is subject to the standard required by the Capital Markets Board of Turkey as a publicly listed company. The Board of Directors of the Company has defined policies and framework of the corporate governance structure.

In terms of transparency and public disclosure, the Company complies with the regulations. The financial statements, periodic activity reports and other material

information relevant for investors are disseminated via the Public Disclosure Platform on a timely basis. Articles of association and amendments thereof are disseminated via the same channels as well.

The Board of Directors of the Company comprises seven members, two of whom are independent. However, the majority ownership status of the Family typically implies their complete control over the management of the Company.

The Company's overall compliance level with Corporate Governance Principles is considered as moderate, accounting for the frequency, consistency and the scope of the publicly available information.

e. The Company & its Group Strategies

Derimod Konfeksiyon's long-term strategy comprises cost savings on the side of retail operations and capitalizing on the brand power and marketing know-how to increase its hold in the new target markets, namely Russia and Middle East.

As per the geographical expansion, Derimod has investments in Russia, Iran and Saudi Arabia as an initial step. The Group's plan consists of two channels; (a) opening stores under the ownership of separate entities which will be owned by Derimod Pazarlama and (b) building a franchise network. The Group's growing presence in the Russian market, 9 stores as of report date is determined as a foothold established to be able to capture the demand in the market as soon as it recovers. As for the Middle East region, the Group aims to start a franchise network in Iran, Saudi Arabia and potentiall in Balkan region. As a "Turquality®" program beneficiary, Derimod Group plans to open stores in the affluent cities of these aforementioned markets where consumer spending is on the rise and luxury brands are sought after.

As for the domestic market, the Company plans to divide the store groups and merchandise into two groups, one continuing to serve as a premium leather products provider while the group would aim to capture market share in the relative lower income and frequent shopper group. This would likely support the revenue growth and cash flows, and would lift the profitability to the extent that the higher revenues help reduce inventory acquisition costs via bulk purchases in cash.

5. Sector Overview & Operational Environment

The leather and leather products trade comprise of raw, semi-processed and processed leather and leather products mainly grouped as apparels, footwear and accessories. Typically a luxury and high-end product, leather appeals to relatively affluent individuals. Moreover, as leather products offer superior protection to harsh weather conditions, consumers living in cold climates have a strong demand for leather apparel and footwear.

Domestic leather clothing products show sensitivity to fashion factors, exclusivity, consumer wealth and spending habits. The leather coats, trunks and jackets are also responsive to the climate conditions.

The market is shared by several local brands and numerous foreign brands. The main distribution channels are the retail stores, located in high-end shopping districts, streets and shopping malls along with online sales hubs owned by third parties. However, most companies are incorporating online sales through their own websites.

➤ *Global Leather Market*

Global leather products trade in this analysis focuses on final consumer products in three segments, footwear, apparel and accessories.

The global leather products trade benefits from a growing affluent consumer base particularly in the emerging markets, despite of the relative slowdown of prominent emerging economies. Nevertheless, major headwinds in the global economy negatively affected global trade and consumption, reflected in the leather export figures as well.

Leather footwear has a commanding position in terms of total export value of total leather wearable and accessories market. Global leather handbags exports demonstrate a more stable pattern.

Global trade is dominated by China, accounting for approximately 38% of exports. Vietnam and France follow China's lead in global leather exports, latter relying on luxurious brands and high value-added.

Leather footwear accounts for considerable share of the leather product trade, mostly dominated by China, Italy, Vietnam and Indonesia. Asian economies account for approximately 70% of total leather footwear exports.

Increasing wages and middle class in China is pressurizing its competitive advantage and raising the manufacturing costs, shifting the production to peripheral countries such as Vietnam and Indonesia. The European exporters based in France and Italy continue to command a larger premium over Chinese counterparts. Studies point to the domination of the luxury brands based in France, Switzerland and Italy.

➤ *Turkish Leather Production & Exports*

Turkish leather producers have significant experience in shoe, purse, accessories and leather apparel production accumulated over the years. Being mostly craftsmen, artisans and family owned companies, these leather manufacturers are predominantly SMEs; however there are few yet effective large scale enterprises. The intensive competition and disruptive prices of low cost producers negatively affected small scale producers. Even though the manufacturers associations' efforts resulted in stronger tariff regulations over imported leather shoes, local producers need to focus on designer value and quality products.

Turkish leather sector faced several challenges in the past year, most of which are expected to spill over to the next few years. One of the fundamental problems affecting the sustainability of the production and cost structure is the lack of sufficient domestic raw leather production. Turkey ranks as the second largest raw small cattle leather importer in the world as approximately 70% of all raw leather used in production sourced from imports. Secondly, the plummeting energy prices, economic sanctions and political tensions with neighbors severely affected Turkey's top export destination Russia. The situation has recovered considerably, with two countries having more amicable relations in the recent periods. Lastly, the security concerns, prevailing insurgency in the Middle East and political uncertainties pressurize market confidence and aforementioned conflicts and tensions limit export opportunities.

On the flipside, Turkey leather sector managed to compensate the loss of potentials in key sectors with effective marketing and design of fashionable products. Furthermore, the currency crises in Russia forced a decline in the retail store lease prices, helping prospective companies to enter the market with lower costs.

The top destinations for the Turkish leather exporters are Russia, Italy, Germany, France, UK, Iraq and Saudi Arabia. As of October 2017, total leather and leather product exports reached USD 1,282. CIS region is also an important market, along with the rest of Middle East.

Total Leather Products Exports				
(000 USD)	2017/10	2016	2015	2014
Russia	154,858	105,579	233,509	407,602
Germany	102,087	112,208	106,008	126,975
Iraq	91,229	91,110	130,221	120,168
Italy	71,323	74,572	108,239	151,383
Bulgaria	56,221	51,449	20,606	22,240

Footwear is the primary product category for Turkish exports as it is the case for the global exports. Russia remains the top market despite of the domestic and international factors curbing its demand. Turkey's other major trade partners, EU and Middle East are observed in the list, indicating the potentials and dependencies to the aforementioned zones. The abolition of Western countries' economic sanctions to Iran might induce opportunities to Turkish companies.

(000 USD)	2017/10	2016	2015	2014
Footwear	661,031	708,043	671,538	715,646
Apparel	241,160	266,124	361,188	258,506
Accessories	154,131	176,788	198,759	243,122

The challenges faced by the sector are noted as scarcity of locally provided raw leather, shortage of trained blue-collar personnel and absence of long-term strategic marketing and brand building efforts. On the flipside, easy access to potential bearing Middle East and the CIS region and high-quality production are the sector's strong suits. The Turkish leather footwear and apparel sector is expected to maintain its upward growth trend in the following periods owing to expanding retail network in emerging markets.

Sources: International Trade Center – Trademap, The General Secretariat of Istanbul Textiles and Apparel Exporters' Association – Leather and Leather Products Sector Review Report, Ministry of Science, Industry and Technology of Republic of Turkey – Textile, Apparel and Leather Products Sector Review Report

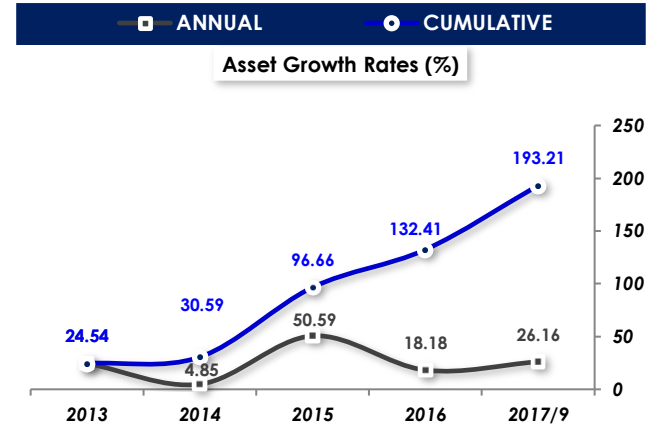
6. Financial Foundation

a. Financial Indicators & Performance

i. Indices Relating to Size

The Group as a whole is evaluated with respect to assessment of market power and size. The size and scale of operations allow the Company to access more favorable terms with the suppliers, creditors and property owners of the stores, from the perspective of Derimod Pazarlama.

As of 3Q2017, Derimod's total assets were TRY 298.20mn, marking a 26.16% increase YoY, while the revenue generation was relatively stagnant. The Group's domestic store expansion is expected to slow down, reducing the pace of asset growth for the future periods. Investments in the Russian and Middle Eastern markets might further accelerate the asset growth with growing inventory investments, albeit to a small extent.



As of date, Derimod operates 9 stores in Russia, in addition to one more planned for next periods, and has franchise stores in Iran and Saudi Arabia. Derimod also has a presence in the Turkish Republic of Northern Cyprus.

ii. Indices Relating to Profitability

Derimod Konfeksiyon applies a 20% discount to the sales to sister Derimod Pazarlama, which solely pays for marketing and distribution expenses of Derimod Group, a practice starting in 2014. Therefore, the net sales revenue trend breaks following the decision and the gross profit margin is narrowed, although the bottomline impact for Derimod is similar. As this discount-sale method is expected to be applied in the future consistently, we do not adjust the financials to reflect the policy decision.

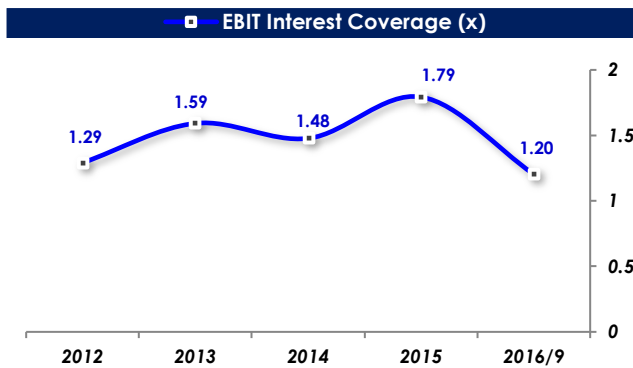
In order to evaluate the actual profitability of the Group and Derimod as a whole, financial statements of Derimod Konfeksiyon and Derimod Pazarlama.

Due to the market structure and the nature of the leather products, the Company's sales and operational expenses display seasonality, where the costs typically peak at third quarter and the sales reach highs in the year end and the first quarter. In the assignment of the credit rating, we have eliminated the seasonality, even though the original audit based financial figures are displayed throughout the report.

Leather product imports faced additional testing requirements of imported leather shoes resulted in an increase in COGS. However, Derimod reverted to

domestic suppliers so as to mitigate additional testing expenses and isolate the FX appreciation.

Due to TRY based borrowing, sharp currency fluctuations did not have a direct impact on the debt service. However, imports are mostly dollar based, engendering susceptibility.



The table below summarizes core financials retrieved from the Company's audited statements and adjusted by JCR-ER.

(000 TRY)	2017/9 (LTM)	2016	2015	2014
EBIT	15,570	12,064	13,659	10,776
EBITDA	16,127	12,870	14,495	11,605
Interest Expense	15,931	9,185	7,055	7,071
Interest Paid	10,958	12,313	5,964	5,964
Net Debt	120,275	60,626	53,656	41,069
EBIT Int. Coverage	1.47	1.05	2.43	1.95
Net Debt/EBITDA	7.46	4.71	3.70	3.54

Increasing financing expenses on the back reintroduced factoring borrowings have pressurized the margins and interest coverage.

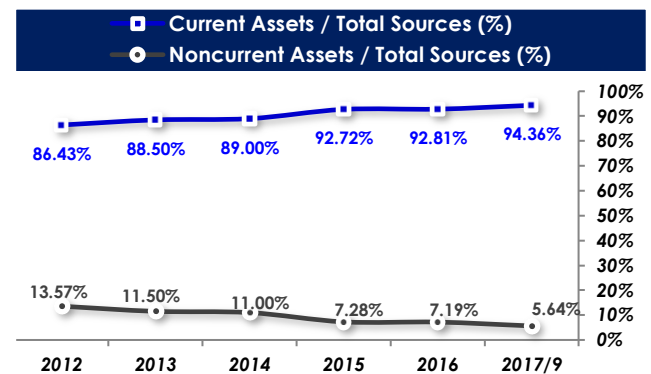
Sales performance by three main product groups for the past 4 years are displayed below, with JCR-ER projections for FYE2017, based on previous trends.

Period	Apparel	Shoes	Acces.
2014/12	196,623	1,430,646	237,709
2015/12	206,554	1,717,470	332,089
2016/12	183,189	1,921,198	360,391
2017/9	124,550	1,420,631	245,966
2017/12(e)	223,285	1,667,582	267,946

The Group's sales performance in the previous quarters exceeded management and external expectations, and the projections for the next periods have been positively updated in that regard. Total revenues, net of discounts, of the Group are expected to reach TRY 550mn as of 2017.

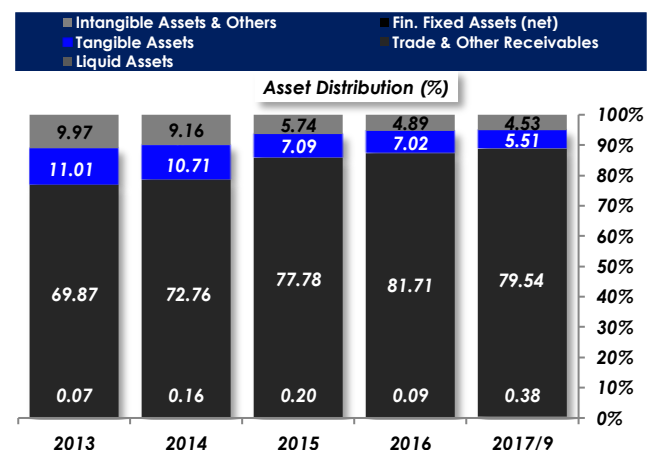
b. Asset Quality

Due to the fact that Derimod Konfeksiyon only sells to its sister company, the firm does not face considerable credit risk and asset quality. This is in turn due to the quality of the receivable portfolio is deemed strong, owing to cash and POS sales transacted at the stores. The majority of Company's assets are receivables from Derimod Pazarlama, comprising 79.54% of total assets.

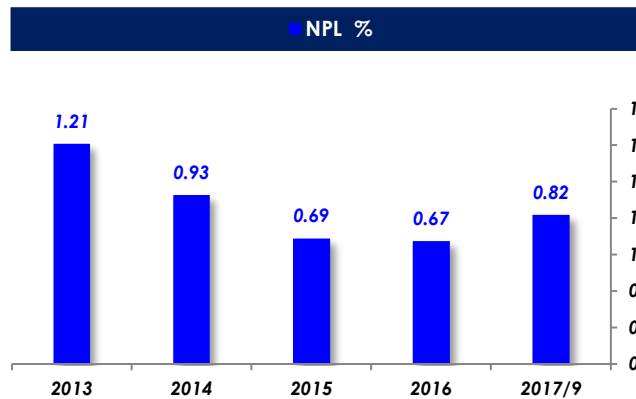


As a direct benefit of the business structure, the only impaired accounts are advances given to certain subcontractors. These balances amounted to TRY 1.96mn and were fully provisioned. Considering total turnover and asset size, the impaired receivable balance is deemed manageable.

Non-trade receivables from related parties were TRY 4.20mn, virtually of the balance being due from real person shareholders of the Company.



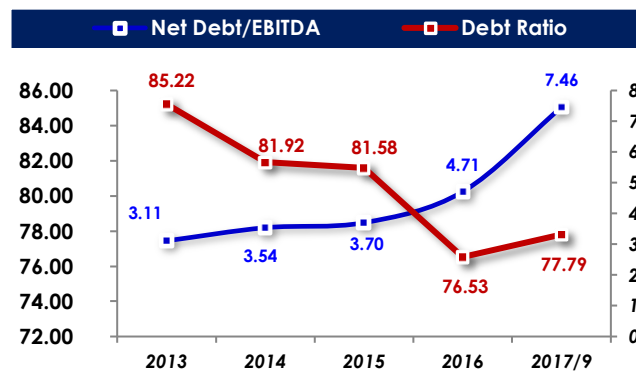
The Group's sales are concentrated on the fall-winter period, typically reflecting more favorable results in Q4 and Q1. On the other hand, inventory is usually build up in advance to maintain sufficient service levels.



c. Funding & Adequacy of Capital

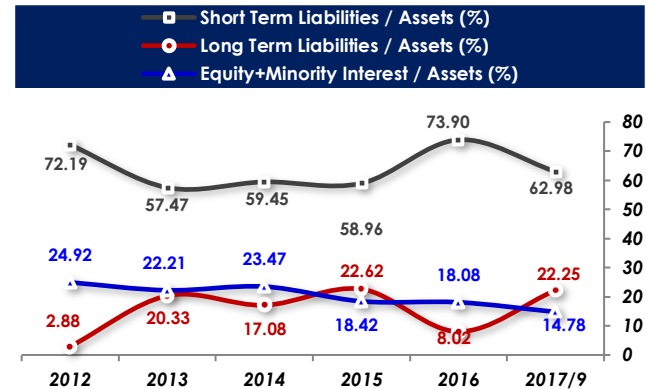
In anticipation of a strong 4th quarter and 1st quarter in 2018, as per the historical average, Derimod purchased inventories and sold merchandise to Derimod Pazarlama, financed by an increasing external resource mix.

In addition to additional borrowing and higher leverage, the funding mix is becoming costlier, with the inclusion of factoring borrowings. This engenders two concerns, the financial pressure due to more leverage and contracting profit margins on the back of growing financing expenses.



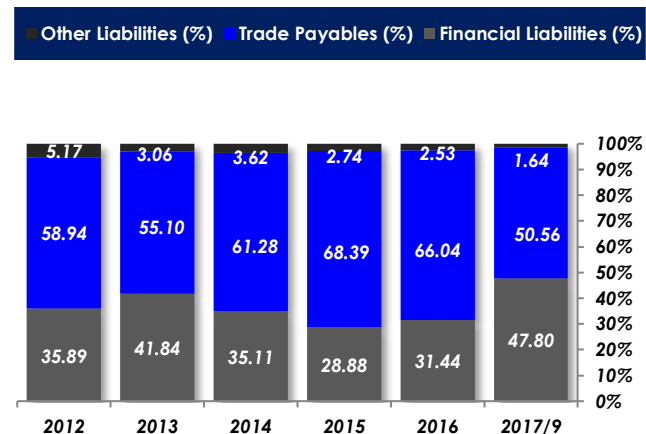
In an effort to diversify the funding mix and take advantage of the then favorable interest rates, the Group issued 2-year bond TRY 25mn nominal. The bond has been rolled over upon expiration, with the current issuance maturing on July 30, 2018. The ability to roll the issuance allows the Company to maintain a long-term funding, however in case the existing bond needs to be extinguished without raising additional funds, the Company might be forced to reduce the working capital. Additionally, given the increasing receivable collection

period and reduced trade payable period, due to market conditions, additional equity capital increase might be beneficial.



As of 3Q2017, 42.78% of the liabilities were trade payables, with an average payment period of 150-160 days. Derimod continues to procure most of its inventory from domestic leather apparel, shoe and accessories suppliers so as to minimize the currency exposure.

Terms of payments to the suppliers, domestic and foreign engender a negative funding gap with the payments to suppliers hovering around 180-200 days. However, the fact that the collection period could be actively adjusted by the "client" Derimod Pazarlama supports the cash generation cycle of the Group.



7. Risk Profile & Management

a. Risk Management Organization & its Function – General Information

Financial and operational risks encountered by the Group are identified and managed by the senior management, though a dedicated division is not established. The Group receives support from Audit Committee and internal control divisions.

The Board of Directors comprises 7 members, two of whom are independent. The independent members chair the aforementioned committees. As a publicly listed company, Derimod is subject to the regulations and legal framework defined in the Capital Markets Law.

b. Credit Risk

Due to related party sales comprising virtually total sales of Derimod Konfeksiyon, the Company faces practically null credit risk directly. In that regard, the sister company Derimod Pazarlama, carries the ultimate credit risk, necessitating analysis of the latter firm's financial records for a reasonable evaluation. Derimod Pazarlama does not have independently audited financial reports and therefore are analyzed as well.

The credit risk exposed by the sister company is quite limited as Derimod Pazarlama is in the retailing business serving individual customers who typically pay with cash or credit cards, reducing the collection risk considerably.

As per previous records and the business model, the Company realized virtually all of its sales to Derimod Pazarlama. The Group's Russian unit accounted for TRY 3.90mn of the receivables as of 3Q2017.

Past due receivables are reported as TRY 1.196mn, fully provisioned. Most of the impaired receivables were due from the subcontractors who were given advances.

c. Market Risk

Foreign currency risk exposure stems from purchases from foreign suppliers. The Company does not have any foreign currency borrowing. As of 3Q2017, the Company had a TRY equivalent of 2.04mn short position. Derimod managed to renegotiate the terms of purchase and pays local currency for most the merchandise, anticipating the sharp currency movements.

While the Company commenced reporting its trade receivables from its sister company in USD starting in 2016, and restating the currency structure 2015 figures, we do not account for these receivables as foreign currency assets. Ultimately, Derimod Pazarlama sells the merchandise in local currency and repays the wholesales & supplier Derimod Konfeksiyon.

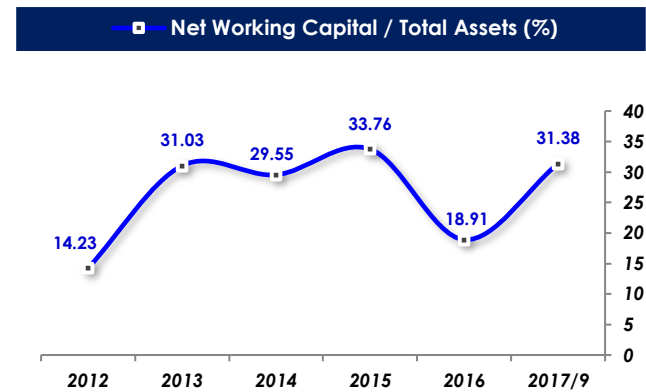
It is noted that Derimod Konfeksiyon faces indirect FX risk as sister company Derimod Pazarlama pays its store leases on FX pegged contracts and faces FX pegged expenses, increasing the overall market sensitivity of the Group.

Derimod's has float rate notes with a nominal of TRY 25mn. The size of the coupon payments constitutes approximately 40% of the interest payments, depending on the level of interest rates. The Group does not have an active hedge mechanism against the interest movements. While we believe the interest risk is a notable factor, Derimod's internal revenue generation capacity and existence of long term, fixed rate borrowing facilities alleviates the pressure to a large extent. However, we note the rising benchmark interest rate due to increasing public sector spending, raising the float rate reference level in the upcoming periods.

d. Liquidity Risk

As the Company serves as a supplier to the retailer sister company Derimod Pazarlama with the latter carrying out the final sales to end customers, the liquidity chain is integrated and it is managed in a consolidated fashion so as to accommodate and prioritize the needs of individual companies.

Derimod Konfeksiyon pays its suppliers on average between 150-180 days while collection from the sister company generally lasts around 210 days, indicating a gap between purchases and intra-group sales. The Group finances this liquidity gap with external resources.



e. Operational, Legal Regulatory & Other Risks

The Group facilitates software suit to manage operational risks stemming from human errors and clerical risks. Derimod invested into ERP systems to effectively manage and monitor operational and financial risks.

The Company follows the legal regulations and requirements closely and complies with the updated external policies. We have not identified penalties and fees associated with incompliance imposed by the regulatory authorities.

In addition to executive level controls, the Internal Audit Unit provides reasonable assurance to the Board of Directors that the workflows comply with the internally devised and externally mandated requirements. The findings and recommendations of the internal audit division of the Company are reported to the Board of Directors.

8. Budget

Projections for revenue and B&L estimates account for the shift in the Company's target segment breakdown, focusing on high-quality products at a more limited store count and increasing accessibility to fast-fashion, more affordable products to capture market share from relatively lower income groups. In that sense, the revenue growth accompanied with stronger cash flows would potentially alleviate the external financing need ultimately supporting the profitability, provided that the transformation phase is completed successfully. The projections up to 2019, based on information received from the management are provided in the tables below.

Projected Income Statement				
(TRY 000)	Actual		Projections	
	2016	2017	2018	2019
Net Sales	211,639	251,152	288,824	332,148
COGS	-	-	-	-
Gross Profit	190,918	229,102	263,467	302,987
Activities Expenses	-13,464	-16,157	-18,580	-21,367
Net P&L Principal Activities	7,257	5,893	6,777	7,793
Income & Profit From Other Act.	5,187	28,540	32,821	37,744
Exp. & Losses From Other Act. (-)	-379	-18,231	-20,966	-24,110
Financing Income	1,437	-	-	-
Financing Expenses (-)	-9,185	-14,022	-11,125	-12,094
Operating Profit & Loss	4,317	2,180	7,507	9,333
Taxes (-/+)	-936	-1,123	-1,292	-1,486
Net Profit For The Period	3,381	1,057	6,215	7,847

Projected Balance Sheet				
(TRY 000)	Actual		Projections	
	2016	2017	2018	2019
Current Assets	219,242	294,590	278,778	296,595
- Trade Receivables & Leasing	192,992	263,090	244,054	256,662
Fixed Assets	16,979	18,375	19,132	20,001
- Tangible Assets	16,588	17,905	18,591	19,380
Total Assets	236,221	312,965	297,910	316,596
Short Term Liabilities	174,565	206,845	187,871	198,352
- Financial Liabilities	47,421	51,905	34,691	32,194
- Trade Payables	125,810	153,380	151,387	164,095
Long Term Liabilities	18,937	57,858	55,536	54,867
- Financial Liabilities	13,410	53,592	50,631	49,226
Total Liabilities	193,502	264,702	243,408	253,219
Equity	42,719	48,263	54,502	63,377
Total Liabilities & Equity	236,221	312,965	297,910	316,596

Stimulus packages aimed at easing the headwinds encountered in 2017 did not have a major impact on the leather apparel and footwear business, which is hit by the sharp currency depreciation. Consequently, Derimod's sales are expected to recover year on year.

Cash Flow & Fund Flow Statements- Summary	Budget			
	2016	2017	2018	2019
Beg. Cash	399	204	245	282
Cash Generated	254,579	344,955	319,326	360,522
from Assets	3,509	9,120	17,749	-
from Liabilities	30,439	71,200	874	13,713
from Activities	218,114	260,148	300,679	345,781
from Equity	2,517	4,487	24	1,028
Cash Used in the Period	254,774	344,914	319,290	360,480
for Assets Acquisition	40,270	84,511	2,657	18,644
for Liabilities Repayments	-	-	22,168	3,902
Cash Paid for Activities	213,567	259,280	293,172	336,448
Cash Paid for Other	-	-	-	-
Tax for the Period	936	1,123	1,292	1,486
Net Cash Generated During the Period	- 195	41	37	42
Cash at the End of the Period	204	245	282	324
Valuation Diff. (+)	-	1,312	-	-
Valuation Diff. (-) Dep.	230	-	-	-
Net Fund Change	- 230	1,312	-	-
Net Cash & Fund Change	- 424	1,353	37	42

The Company's main liquidity on a sustaining basis is derived from receivables due from Derimod Pazarlama. Additionally, the Group started to consolidate the financing activities on Derimod Konfeksiyon, undertaking the borrowings of Derimod Pazarlama in effect. The bond issuance has helped extend the horizon, along with the funds provided from KGF funds with 1-year grace period and 4-year maturity.

The outstanding bond issuance of the Company will mature in July 30, 2018 and it is expected to be rolled over so as to preserve an alternative funding line. We expect Derimod to maintain its core debt service metrics in 2018 and 2019, provided that the constraining outlook on the macro conditions do not deteriorate further, in which case the Company might need to revise its business plans. However, we also note a potential requirement to raise additional funds via a capital increase, which would support the leverage level. Considering the operational performance and business volume of the Group, we expect Derimod to have flexibility in adapting the market conditions. On the other hand, the impact of the volatile foreign exchange rates and pressurized consumer confidence on the Company will be closely monitored by JCR-ER



Derimod Konfeksiyon Ayakkabı Deri San.Tic.A.Ş. BALANCE SHEET - ASSET TRY	(Year end) 2017/9 USD (Converted)	(Year end) 2017/9 TRY (Original)	2017/9 TRY (Average)	(Year end) 2016 TRY (Original)	2016 TRY (Average)	(Year end) 2015 TRY (Original)	2015 TRY (Average)	(Year end) 2014 TRY (Original)	As % of 2017/9 Assets (Original)	As % of 2016 Assets (Original)	As % of 2015 Assets (Original)	2017/9 Growth Rate	2016 Growth Rate	2015 Growth Rate
I. CURRENT ASSETS	79,166,595	281,207,661	250,224,600	219,241,539	202,288,350	185,335,161	151,733,811	118,132,461	94.36	92.81	92.72	28.26	18.29	56.89
A. Liquid Assets	320,563	1,138,672	671,545	204,417	301,689	398,961	303,949	208,936	0.38	0.09	0.20	457.03	-48.76	90.95
B. Marketable Securities	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	n.a
1. Bond	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Share Certificates	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Decrease in Value of Marketable Securities (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Trade Receivables	66,733,949	237,045,662	215,018,707	192,991,751	174,216,645	155,441,538	125,998,318	96,555,097	79.54	81.70	77.77	22.83	24.16	60.99
1. Customers & Notes Receivables	5,658,624	20,100,000	10,050,000	0	0	0	0	0	6.74	n.a	n.a	n.a	n.a	n.a
2. Other Receivables	61,075,325	216,945,662	204,968,707	192,991,751	174,216,645	155,441,538	125,998,318	96,555,097	72.80	81.70	77.77	12.41	24.16	60.99
3. Doubtful Trade Receivables	551,351	1,958,453	1,635,391	1,312,329	1,197,357	1,082,385	994,025	905,665	0.66	0.56	0.54	49.23	21.24	19.51
4. Provision for Doubtful Trade Receivables (-)	-551,351	-1,958,453	-1,635,391	-1,312,329	-1,197,357	-1,082,385	-994,025	-905,665	-0.66	-0.56	-0.54	49.23	21.24	19.51
5. Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Due From Related Parties (net)	1,185,354	4,210,497	4,211,905	4,213,313	4,205,993	4,198,672	4,190,388	4,182,103	1.41	1.78	2.10	-0.07	0.35	0.40
E. Other Receivables	0	0	10,055	20,110	20,110	20,110	20,311	20,511	n.a	0.01	0.01	-100.00	0.00	-1.96
1. Other Receivables	0	0	10,055	20,110	20,110	20,110	20,311	20,511	n.a	0.01	0.01	-100.00	0.00	-1.96
2. Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Rediscounts on Other Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Live Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Inventories (net)	8,415,521	29,892,772	22,379,936	14,867,100	16,621,765	18,376,430	13,979,159	9,581,887	10.03	6.29	9.19	101.07	-19.10	91.78
H. Contract Progress Income (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
I. Deferred Tax	1,536,501	5,457,805	4,861,870	4,265,935	4,672,958	5,079,981	5,047,671	5,015,361	1.83	1.81	2.54	27.94	-16.02	1.29
J. Other Current Assets	974,706	3,462,253	3,070,583	2,678,913	2,249,191	1,819,469	2,194,018	2,568,566	1.16	1.13	0.91	29.24	47.24	-29.16
1. Other Current Assets	974,706	3,462,253	3,070,583	2,678,913	2,249,191	1,819,469	2,194,018	2,568,566	1.16	1.13	0.91	29.24	47.24	-29.16
2. Provision for Other Current Assets (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
II. NON-CURRENT ASSETS	4,733,112	16,812,488	16,895,924	16,979,359	15,764,237	14,549,115	14,573,619	14,598,122	5.64	7.19	7.28	-0.98	16.70	-0.34
A. Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
1. Customers & Notes Receivables & Leasing	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Doubtful Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Doubtful Trade Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
5. Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
B. Due From Related Parties (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Other Receivables	81,270	288,678	289,562	290,446	290,594	290,741	290,286	289,830	0.10	0.12	0.15	-0.61	-0.10	0.31
1. Other Receivables	81,270	288,678	289,562	290,446	290,594	290,741	290,286	289,830	0.10	0.12	0.15	-0.61	-0.10	0.31
2. Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Rediscounts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Financial Fixed Assets (net)	19,840	70,474	70,474	70,474	70,474	70,474	70,474	70,474	0.02	0.03	0.04	0.00	0.00	0.00
1. Long Term Securities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Affiliates (net)	19,840	70,474	70,474	70,474	70,474	70,474	70,474	70,474	0.02	0.03	0.04	0.00	0.00	0.00
3. Subsidiaries (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Other Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Tangible Assets	4,625,838	16,431,440	16,509,537	16,587,633	15,377,797	14,167,960	14,190,158	14,212,355	5.51	7.02	7.09	-0.94	17.08	-0.31
F. Other Fixed Assets	6,164	21,896	26,351	30,806	25,373	19,940	22,702	25,463	0.01	0.01	0.01	-28.92	54.49	-21.69
TOTAL ASSETS	83,899,707	298,020,149	267,120,524	236,220,898	218,052,587	199,884,276	166,307,430	132,730,583	100.00	100.00	100.00	26.16	18.18	50.59



Derimod Konfeksiyon Ayakkabı Deri San.Tic.A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	As % of	As % of	As % of	(Year end)	(Year end)	(Year end)
	2017/9	2017/9	2017/9	2016	2016	2015	2015	2014	2017/9	2016	2015	2017/9	2016	2015
	USD (Converted)	TRY (Original)	TRY (Average)	TRY (Original)	TRY (Average)	TRY (Original)	TRY (Average)	TRY (Original)	Assets (Original)	Assets (Original)	Assets (Original)	Growth Rate	Growth Rate	Growth Rate
I. SHORT TERM LIABILITIES	52,837,439	187,683,866	181,124,543	174,565,220	146,211,751	117,858,281	98,382,966	78,907,650	62.98	73.90	58.96	7.52	48.11	49.36
A. Financial Liabilities	16,477,187	58,528,616	52,974,695	47,420,773	26,186,001	4,951,229	10,292,755	15,634,281	19.64	20.07	2.48	23.42	857.76	-68.33
B. Trade Payables	35,890,899	127,488,063	126,648,923	125,809,783	118,660,490	111,511,197	86,875,957	62,240,717	42.78	53.26	55.79	1.33	12.82	79.16
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	94,128	334,353	371,898	409,443	397,865	386,287	394,123	401,958	0.11	0.17	0.19	-18.34	5.99	-3.90
H. Provisions for Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
I Other Liabilities	375,224	1,332,834	1,129,028	925,221	967,395	1,009,568	820,131	630,694	0.45	0.39	0.51	44.06	-8.35	60.07
II. LONG TERM LIABILITIES	18,665,263	66,300,881	42,618,811	18,936,740	32,070,873	45,205,006	33,936,246	22,667,486	22.25	8.02	22.62	250.12	-58.11	99.43
A. Financial Liabilities	17,703,543	62,884,756	38,147,413	13,410,070	27,772,130	42,134,190	31,080,183	20,026,175	21.10	5.68	21.08	368.94	-68.17	110.40
B. Trade Payables	261,726	929,677	1,450,834	1,971,991	985,996	0	0	0	0.31	0.83	n.a	-52.86	n.a	n.a
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	336,891	1,196,670	1,841,037	2,485,404	2,284,493	2,083,581	1,980,130	1,876,679	0.40	1.05	1.04	-51.85	19.29	11.02
H. Provisions for Liabilities	363,103	1,289,778	1,179,527	1,069,275	1,028,255	987,235	875,934	764,632	0.43	0.45	0.49	20.62	8.31	29.11
I. Other Liabilities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
TOTAL LIABILITIES	71,502,702	253,984,747	223,743,354	193,501,960	178,282,624	163,063,287	132,319,212	101,575,136	85.22	81.92	81.58	31.26	18.67	60.53
F- EQUITY	12,397,005	44,035,402	43,377,170	42,718,938	39,769,964	36,820,989	33,988,218	31,155,447	14.78	18.08	18.42	3.08	16.02	18.18
a) Prior year's equity	12,026,389	42,718,938	39,769,964	36,820,989	33,988,218	31,155,447	29,632,242	28,109,037	14.33	15.59	15.59	16.02	18.18	10.84
b) Equity (Added from Internal & External Resources in the Current Year)	489,346	1,738,207	2,127,811	2,517,414	1,479,225	441,035	481,087	521,138	0.58	1.07	0.22	-30.95	470.80	-15.37
c) Minority Interest	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
h) Profit & Loss	-118,731	-421,743	1,479,396	3,380,535	4,302,521	5,224,507	3,874,890	2,525,272	-0.14	1.43	2.61	-112.48	-35.29	106.89
TOTAL LIABILITIES & EQUITY	83,899,707	298,020,149	267,120,524	236,220,898	218,052,587	199,884,276	166,307,430	132,730,583	100.00	100.00	100.00	26.16	18.18	50.59
USD Rates 1=TRY		3.5521		3.5192		2.9076		2.3189						

Derimod Konfeksiyon Ayakkabı Deri San.Tic.A.Ş. INCOME STATEMENT TRY	2017/9	2016	2015
I. Principal Activity Revenues	21,483,229	20,720,828	20,798,585
A. Sales Revenues (Net)	161,067,388	209,156,709	204,399,435
1.Domestic Sales	161,067,388	275,723,111	250,965,956
2.Export Sales	0	11,658,255	12,562,853
3.Sales Deductions (-)	0	-78,224,657	-59,129,374
B. Cost Of Sales (-)	-147,462,476	-190,918,295	-187,025,522
C. Service Revenues (net)	0	136,225	74,171
D. Other Revenues From Principal Activities	7,878,317	2,346,189	3,350,501
1.Interest	7,878,317	2,346,189	3,350,501
2.Dividend	0	0	0
3.Rent	0	0	0
4.Other	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	21,483,229	20,720,828	20,798,585
Activities Expenses (-)	-9,799,585	-13,463,936	-8,043,777
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	11,683,644	7,256,892	12,754,808
Income & Profit From Other Activities	2,959,820	5,186,733	1,361,803
Expenses & Losses From Other Activities (-)	-788,233	-379,229	-73,414
Financing Income	0	1,437,001	0
Financing Expenses (-)	-13,812,837	-9,184,663	-7,457,748
OPERATING PROFIT & LOSS	42,394	4,316,734	6,585,449
Net Monetary Position exc. And Other Profit & Loss (+/-)	0	0	0
PRETAX PROFIT & LOSS	42,394	4,316,734	6,585,449
Taxes (-/+)	-464,137	-936,199	-1,360,942
NET PROFIT FOR THE PERIOD	-421,743	3,380,535	5,224,507

DERİMOD KONF. AYAKKABI DERİ SANAYİ VE TİC.A.Ş. FINANCIAL RATIOS %	FYE 2017/9	FYE 2016	FYE 2015
I. PROFITABILITY			
ROAE - Pre-tax Profit / Equity (avg.)	0.10	10.85	19.38
ROAA - Pre-tax Profit / Total Assets (avg.)	0.02	1.98	3.96
Total Income / Equity (avg.)	396.30	745.51	789.44
Total Income / Total Asset (avg.)	64.36	135.97	161.34
Net Profit & Loss From Principal Activities / Total Assets (avg.)	4.37	3.33	7.67
Financial Expenses / Inventories Ratio (avg.)	61.72	55.26	53.35
Return on Avg. Long Term Sources	-0.49	4.71	7.69
Relationship Between Sales and Profit			
Gross Profit Margin = Principal Activities Income / Net Sales Income	13.34	9.91	10.18
Operating Margin = Net Profit & Loss From Principal Activities / Net Sales Income	7.25	3.47	6.24
Net Profit Margin = Net Profit / Net Sales Income	-0.26	1.62	2.56
Cost of Sales / Net sales Income	91.55	91.28	91.50
Activities Expenses / Net Sales Income	6.08	6.44	3.94
Financing Expenses / Net Sales Income	8.58	4.39	3.65
(Pre-Tax Profit + Financing Expenses) / Net Sales Income	8.60	6.46	6.87
Relationship Between Financing Liabilities and Profit			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	100.31	147.00	188.30
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	96.95	136.81	170.05
Structure of Income and expenditure account			
Financing Expenses / T. Asset (avg.)	5.17	4.21	4.48
Financial Liabilities / T. Assets	40.74	25.75	23.56
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	0.38	0.09	0.20
(Liquid Assets + Marketable Securities) / T. Liabilities	0.45	0.11	0.24
Net Working Capital / Total Assets	31.38	18.91	33.76
Liquid Assets / Equity	2.59	0.48	1.08
Current Ratio	149.83	125.59	157.25
Acid Test Ratio	132.06	115.53	140.10
Cash Ratio	0.61	0.12	0.34
Inventories / Current Asset	10.63	6.78	9.92
Inventories / Total Asset	10.03	6.29	9.19
Short Term Receivables / Total Current Assets	85.79	89.96	86.15
Short Term Receivables / Total Assets	80.95	83.49	79.88
III. CAPITAL and FUNDING			
Equity / Total Assets	14.78	18.08	18.42
Equity / Liabilities	17.34	22.08	22.58
Net Working Capital/Total Resources	31.38	18.91	33.76
Equity generation/prior year's equity	4.07	6.84	1.42
Internal equity generation/prior year's equity	-0.99	9.18	16.77
Tangible Assets/Total Asset	5.51	7.02	7.09
Minority Interest/Equity	0.00	0.00	0.00
IV. EFFICIENCY			
Net Profit Margin Growth	-116.20	-36.77	57.68
Net Sales Growth	-22.99	2.33	31.20
Equity Growth	3.08	16.02	18.18
Asset Growth	26.16	18.18	50.59
Inventories Turnover	658.90	1,148.60	1,337.89
Days Inventories Utilization	55.39	31.78	27.28
Receivables Turnover	74.91	120.06	162.22
Days' Accounts Receivable	487.26	304.03	225.00
Efficiency Period	78.17	31.78	27.28
Payables Turnover	115.12	159.57	215.28
Days' Payments In Accounts Payables	317.07	228.74	169.55
Cash Turnover Cycle	-238.90	-196.96	-142.27
Current Assets Turnover	64.37	103.40	134.71
Net Working Capital Turnover	233.09	372.98	383.12
Fix Asset Turnover	953.29	1,326.78	1,402.53
Equity Turnover	371.32	525.92	601.38
Asset Turnover	60.30	95.92	122.90
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	0.82	0.67	0.69
Non-Performing Asset / Total Assets	15.57	13.35	16.32
Financial Fixed Assets / Non-Current Assets	0.42	0.42	0.48
VI. SENSITIVITY OF FOREIGN CURRENCY			
Total Foreign Currencies Position/Asset	0.68	1.14	1.64
Total Foreign Currencies Position/Equity	4.63	6.33	8.93
VII. INDEBTEDNESS			
Debt Ratio	85.22	81.92	81.58
Short Term Liabilities/Total Asset	62.98	73.90	58.96
Long Term Liabilities/Total Asset	22.25	8.02	22.62
Long Term Liabilities/(Equity+ Long term Liabilities)	60.09	30.71	55.11
Fixed Asset/Liabilities	6.62	8.77	8.92
Fixed Asset/(Long Term Liabilities +Equity)	15.24	27.54	17.74
Short Term Liabilities/ T. Liabilities	73.90	90.21	72.28
Short Term Financial Liabilities/Short Term Liabilities	31.18	27.17	4.20
Tangible Assets/Long Term Liabilities	24.78	87.59	31.34
Financial Liabilities/Total Liabilities	47.80	31.44	28.88
Off Balance Liabilities/(Assets +Off Balance Liabilities)	5.03	6.26	7.26
Off Balance Liabilities/(Equity +Off Balance Liabilities)	26.38	26.97	29.82