

PRESS RELEASE

Istanbul – March 10, 2017

JCR Eurasia Rating,
in its periodic review, has affirmed the ratings of **'Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş.'**
as **'A- (Trk)'** on the Long Term National Local Scale
and determined the outlook on the national ratings as **'Stable'**.
The Long Term International Foreign and Local Currency Scale ratings
have been affirmed as **'BBB-/Stable'**.

JCR Eurasia Rating, in its periodic review, has evaluated **'Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş.'** in an investment-level category on the national and international scales and affirmed the ratings on the Long Term National Scale as **'A- (Trk)'** and determined the Short Term National Scale as **A-1 (Trk)** with **'Stable'** Outlooks. Additionally, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Ratings as **'BBB-'**. Other notes and details of the ratings are provided below:

Long Term International Foreign Currency	:	BBB- / (Stable Outlook)
Long Term International Local Currency	:	BBB- / (Stable Outlook)
Long Term National Local Rating	:	A- (Trk) / (Stable Outlook)
Long Term National Issue Rating	:	A- (Trk)
Short Term International Foreign Currency	:	A-3 / (Stable Outlook)
Short Term International Local Currency	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-1 (Trk) / (Stable Outlook)
Short Term National Issue Rating	:	A-1 (Trk)
Sponsor Support	:	3
Stand Alone	:	B

Established in Adana in 1951 by the Sabancı family, Bossa has been active in the textile sector for more than 65 years. The Company, which is one of the largest integrated textile companies in Turkey, has been acquired by Akkardan Sanayi ve Ticaret A.Ş. in 2008. It operates in cotton fabrics production, mainly denim, with its annual production capacity of 40 million meters, with modern equipment adapted to the latest technology and increasingly experienced personnel structure. Since 1995, Bossa has been operating in the Stock Exchange Istanbul and its activities have not been limited to the domestic market. The Company has become an important producer by exporting its products to 4 continents. Bossa, one of the worldwide brands of Turkey within the scope of R&D and Turquality, was chosen as Turkey's 72nd most valuable brand in the 'Brand Finance Top 100 Turkey' report published in 2016. The company has positioned itself differently over the years with its fashionable designs and environmental sustainability studies, rather than a stereotypical fabric producer.

Bossa's receivables from its main shareholder **Akkardan Sanayi ve Ticaret A.Ş.** continues to be negative on the asset size and equity level. Bossa's strategic focus is on 'profitability', as the collection of receivables is planned to be provided through dividend payments to Akkardan in the following years. The Company, which achieved a significant year-on-year profit figure in 2015, closed 2016 with net loss. It was seen that the damage occurred in the profitability was caused by revaluation based impairment losses and the rapid depreciation of the Turkish Lira in the last quarter. On the other hand, it has been understood that the cash flow of the company has been preserved strongly and the profit-oriented production concept continues.

Together with high tensions in Turkey and the Middle East, the macroeconomic contraction of Europe has constrained consumer demand on Bossa's overseas sales volume and profitability. In addition, exchange rate losses reflected in the Income Statement due to the open foreign exchange position, the negative effect of the receivables from main shareholder on the equity, and the net loss recorded in 2016 increases the riskiness of the Company and negatively pressures the ratings. On the other hand, it has been seen that majority of the sales and financial liabilities realized in Euro, which provides a natural hedging method against foreign exchange losses. In addition, successful use of capital market instruments through bond issuances, the management's focus on efficiency, controllable costs and world-wide sales potential are evaluated as positive indicators for the Company. In this scope, Bossa's Long Term National Note affirmed at **'A- (Trk) / Stable'**. Changes in the financial results due to foreign currency exchange differences, the level of equity, the fate of receivables from the main shareholder and the effects of sales process of old factory lands on the balance sheet and the macroeconomic indicators in national and international markets for the upcoming periods are the factors to be monitored by **JCR Eurasia Rating**. Following the failed coup attempt in 2016, restructuring of the state organs that emerged as a need and the prolonged OHAL applications as well as the risks and opportunities that the constitutional referendum to be held in April will have on the firm will continue to be monitored.

It is considered that the shareholders of **Akkardan Sanayi ve Ticaret A.Ş.**, have the willingness to ensure financial and operational support to **Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş.** if necessary, together with the fact that there is no exact data about the shareholders' total financial power. Therefore, **JCR Eurasia Rating** has confirmed the Company's Sponsor Support Grade as **(3)**, which indicates an adequate level.

On the other hand, taking into account the Company's ongoing sales volume, internal equity generation capacity, long term borrowing structure thanks to credit refinancing, and the reputation from national and international markets, we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the Stand-Alone grade of the Company has been affirmed as **(B)** in the JCR Eurasia Rating notation system.

For detailed information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst Mr. **Utku KARAGÜLLE**.

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Administrative Board