

2 October 2015

Credit Rating

Rating
(National): Long Term

(TR) A (-)

Outlook:

Stable

Rating
(National): Short Term

(TR) A2

Outlook:

Stable

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ULUSOY UN SANAYİ ve TİCARET A.Ş.

Rating Summary

Ulusoy Un Sanayi ve Ticaret Anonim Şirketi ("Ulusoy Un") was established in 1989 to manufacture, trade, import and export of foodstuffs such as flour derived from grains and legumes, semolina, pasta and biscuits.

The company has two factories, one in Samsun with a wheat processing capacity of 500 tons/day and the second is located at Çorlu with a capacity of 400 tons/day for a total of 208,000 tons of annual production. Ulusoy Un also owns silo, warehouses and free zone storage facilities with a storage capacity of more than 100,000 tons.

Following our comparative analysis of the sector and examination of financial/operational risks carried on the balance sheet of the company, as well as its domestic market position, Ulusoy Un received a (National) rating of A (-).

Strengths and Risks

Strengths

- The company is institutionalized and has adequate management.
- Location of the company facilities creates a competitive advantage.
- Company has a high experience and recognition in the regional market

Risks

- Exchange rate volatility may adversely affect the company.
- Leverage use is at high levels

Outlook

The main factors that may affect the overall appearance of the company in the short-term period are as follows:

- Impact of exchange rate fluctuations and developments in domestic/international raw material markets on costs of raw material and foreign currency denominated loans.
- Increasing the company's share in total exports.
- Creation of a cost advantage with the market position and competitive advantage of the company.

Considering the above mentioned and all other factors, the company outlook is considered to be **Stable**.

Economic Outlook and Analysis of the Sector

Recovery in the global economy in 2014 remained below the forecast. The global economic recovery differed between countries in 2014 rather than an overall improvement. The US economy dissociated from other developed countries with minimal but increasing growth rates during the same period. The economic activity in the Euro Zone continues to exhibit a weak outlook, raising questions on the faith of the economic activity as a result of quantitative easing. Policies implemented since 2013 to combat disinflation in the Japanese economy which entered a recession in the third quarter of this year has not yet have the effect intended.

Growth performance of developing countries in 2014 remained in low levels compared to pre and post global crisis era. In particular, loss of growth momentum in China, the world's second largest economy, has been a factor that increased concerns about the global economy.

The US has terminated the asset purchase program. The US economy showed a poor performance in the first quarter of 2014 due to adverse weather conditions, but we have witnessed a significant rebound in the following period. In the framework of improvement in the economy, US Federal Reserve (FED) has gradually reduced the monthly asset purchase of US \$ 85 billion which has been going on for over two years and completely terminated in October 2014. Meanwhile the weak economic activity in the Euro Zone has made it necessary to take additional measures. In 2014 the European Central Bank (ECB) has brought the interest rate level to near zero to support the economy. The ECB has also decided to apply negative interest on deposits held by banks. In addition, the ECB began to supply liquidity to the market with long-term refinancing operations and asset purchase programs.

The most important item on the agenda of the global economy in 2015 is expected to be the normalization process in the Fed's monetary policy. The start of FED's interest rate raise in line with the economic recovery is expected to cause fluctuations on capital flows, particularly to emerging economies. Aftermath the global crisis this is an indication of continuation of the moderate growth also in 2015 in developing countries, including Turkey, which are the locomotive of the world economy. In addition, a recovery in the US economy is expected to show a positive reflection in the economies of countries developing by way of external trade. Continuation of current low level of oil prices also in the coming period is expected to support growth in the energy importer countries such as Turkey. However, oil-exporting countries, especially Russia, which is one of the major export markets of Turkey, will be negatively affected by this situation.

There are many factors that can affect the inflation outlook both positively and negatively in 2015. The gradual realization of the anticipated recovery in economic activity and aggregate demand are expected to support the disinflation process. Tight stance in the monetary policy and macro precautionary measures are positively affecting mainly energy and non-food (core) inflation indicators. Falling commodity prices, especially oil, supports the disinflation process. On the other hand, like witnessed in other developing countries, upward trend in exchange rates in Turkey are unexpectedly high due to high political risks and economic uncertainties. This increase in exchange rates should be expected to begin to feel the negative effects of inflation towards the middle of the year. An upward pressure on interest rates might likely occur if the cost inflation is not kept under control.

Domestic demand has slowed down considerably as a result of tight monetary policy implemented by the Central Bank of Turkey. In this context, the contribution of private consumption expenditure to growth has been decreasing

and Turkey has achieved a net export-oriented composition of growth. In line with the strong trend of net exports, the foreign trade deficit at the end of 2014 declined by 15.4% compared to the same period of the previous year and stood at 84.5 billion US dollars. In January-April 2015 period it was realized as 20.19 billion dollars. The share of Turkey's exports to EU countries rose in 2014, but the conflict in the Middle East has led to a decrease in the share of exports in this region. Current account deficit has narrowed considerably in 2014 due to weak domestic demand conditions and developments in the trade balance. The current account deficit in 2014 decreased by 18.8 billion US dollars compared to end 2013, backing to 45.8 billion US dollars level.

Despite ongoing problems in Turkey's export markets permanent low oil prices will eliminate any upward pressure on the current account deficit.

Wheat and Flour Industry

Due to a dry spring in 2014/2015 and the harsh frost in early April, Turkish wheat production decreased by 18.6% compared to the 2013/2014 season.

Turkish Wheat Production (Tons)	
2011/2012	21,800,000
2012/2013	20,100,000
2013/2014	22,100,000
2014/2015	18,000,000

Annual flour production of Turkey is 12 million tons, of which 2 million tons is exported and 10 million tons is used in domestic consumption. As of end 2014, Turkish flour exports increased by 22% in the last five years, reaching to 2.2 million tons.

Domestic market sales are directly proportional with the population. Population growth and changing consumption trends augment the internal market. The domestic market growth is minimal compared to the export tonnage with around 1% per annum basis.

Turkish Flour Exports(Tons)	
2010	1,800,000
2011	2,000,000
2012	2,000,000
2013	2,100,000
2014	2,200,000

Company Overview

Ulusoy Un Sanayi ve Ticaret Anonim Şirketi was established in 1989 to manufacture, trade, import and export of foodstuffs such as flour derived from grains and legumes, semolina, pasta and biscuits. The main activity of Ulusoy Un is production, trade and domestic and international sales of wheat flour, bran and other feed raw materials and domestic and foreign trade of various cereals, mainly wheat.

The company has two factories, one in Samsun with a wheat processing capacity of 500 tons/day and the second is located at Çorlu with a capacity of 400 tons/day for a total of 208,000 tons of annual production. Ulusoy Un also owns silo, warehouses and free zone storage facilities with a storage capacity of more than 100,000 tons.

Ulusoy Un realized 5% of total Turkish exports in 2014 and occupied the 513th place among 1,000 most exporting firms and ranked 5th in its sector in 2014 according to the study of Turkish Exporters' Assembly disclosed in 2015. As far as total production sales are concerned, Istanbul Chamber of Industry's 2015 data placed Ulusoy Un at 472nd place among the industrial organizations with the highest production and at 3rd place in its sector.

On March 28, 2013 the company purchased 17% shares of SABAŞ, Samsun Free Zone Operator.

The company established the company of Uludaş Tarım Ürünleri Lisanslı Depoculuk Anonim Şirketi (Agricultural Products Licensed Warehouse) on 27 February 2015.

Affiliates and subsidiaries of the company are as follows:

Company	Field of Activity	Stake Held (%)
Uludaş Tarım Ürünleri Lisanslı Depoculuk A.Ş.	Licensed Warehouse	100.00
Sasbaş Samsun Serbest Bölge Kurucu ve İşleticisi A.Ş.	Free Zone Operator	17.00

Annual development of the number of employees of the company is mentioned below:

Year	Samsun Factory				Çorlu Factory			Total
	Production	Admin	Driver	Marketing	Production	Admin	Driver	
2015	51	57	11	35	35	20	6	215
2014	52	49	11	32	17	31	7	199
2013	55	41	11	21	23	16	5	172
2012	47	49	12	7	31	16	6	168
2011	47	42	11	10	28	21	6	165
2010	39	36	9	10	35	16	6	151

The issued capital of the company is TL 84.5 million. 27.81% of the company's shares are traded at Borsa Istanbul (BIST) National Market as of November 20, 2014 and Ulusoy Un is a constituent of BIST FOOD, BEVERAGE – BIST IPO – BIST INDUSTRIALS – BIST ALL – BIST ALL-100 and BIST NATIONAL indices.

The company capital is divided into 3 share groups with TL 1 nominal value each; 9,750,000 shares of Group A, 6,500,000 shares of Group B and 68,250,000 shares of Group C. Group A and B shares are registered. Group C shares traded on BIST are bearer shares and the remaining are registered shares.

Group A shares have the privilege of nominating candidates to the board of directors and Group A and B shares have voting privileges at the general shareholders' meeting. If the board of directors consists of five members, at least two members; if the board of directors consists of six or seven members, at least three members; if there are eight or nine board members, at least four members; and in cases of ten or eleven board members, at least five members are selected among the Group A shareholder nominees. Group A shareholders participating to the ordinary or extraordinary general shareholders' meeting receive 15 (fifteen) voting rights for each share and likewise Group B shareholders get 10 (ten) and Group C shareholders are accorded 1 (one) vote for each share.

The company's capital structure as of the date of our report is as follows:

Shareholder	Share Group	Amount	Total Amount	Shares Held (%)	Total (TL)
Fahrettin ULUSOY	A	4,550,000	30,373,882	35.94	30,373,882.00
	B	1,950,000			
	C	23,873,882			
Nevin ULUSOY	A	650,000	7,780,756	9.21	7,780,756.00
	B	1,300,000			
	C	5,830,756			
Onur Erhan ULUSOY	A	650,000	10,023,684	11.86	10,023,684.00
	B	1,950,000			
	C	7,423,684			
Eren Günhan ULUSOY	A	3,900,000	12,699,375	15.04	12,699,375.00
	B	1,300,000			
	C	7,499,375			
Kamil ADEM	C	26,941	26,941	0.03	26,941.00
Mithat DENİZCİGİL	C	95,362	95,362	0.11	95,362.00
Free Float	C	23,500,000	23,500,000	27.81	23,500,000.00
Total			84,500,000	100.00	84,500,000.00

Balance Sheet and Income Statement of Ulusoy Un (TL)

ASSETS	31 DEC. 2014	31 DEC. 2013
CURRENT ASSETS	440,546,330	288,866,127
CASH AND CASH EQUIVALENTS	66,466,944	63,983,460
FINANCIAL INVESTMENTS	256,679	10,557
TRADE RECEIVABLES	177,055,422	103,894,335
FINANCE SECTOR RECEIVABLES	-	-
OTHER RECEIVABLES	878,777	3,429,237
DERIVATIVES	3,770,212	3,314,950
INVENTORIES	175,012,462	104,017,540
BIOLOGICAL ASSETS	-	-
PREPAID EXPENSES	14,140,472	8,651,196
CURRENT TAX RELATED ASSETS	374,740	-
OTHER CURRENT ASSETS	2,590,622	1,564,852
FIXED ASSETS HELD FOR SALE	-	-
FIXED ASSETS	53,336,233	51,116,025
FINANCIAL INVESTMENTS	15,000	15,000
TRADE RECEIVABLES	-	-
FINANCE SECTOR RECEIVABLES	-	-
OTHER RECEIVABLES	34,051	142,153
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	4,256,112	4,250,000
BIOLOGICAL ASSETS	-	-
INVESTMENT PROPERTY	-	-
TANGIBLE ASSETS	47,524,698	46,236,180
INTANGIBLE ASSETS	50,134	49,488
PREPAID EXPENSES	1,502	-
DEFERRED TAX ASSETS	1,454,736	423,204
OTHER FIXED ASSETS	-	-
TOTAL ASSETS	493,882,563	339,982,152

LIABILITIES	31 DEC. 2014	31 DEC. 2013
SHORT TERM LIABILITIES	319,988,236	244,262,605
SHORT-TERM DEBT	36,457,969	17,050,569
SHORT TERM PORTION OF LONG TERM DEBT	7,339,321	2,100,382
OTHER FINANCIAL LIABILITIES	-	-
TRADE PAYABLES	263,547,230	221,397,906
LIABILITIES WITHIN THE SCOPE OF BENEFITS PROVIDED TO EMPLOYEES	387,692	301,943
OTHER LIABILITIES	30,366	618
GOVERNMENT GRANTS	-	-
DEFERRED INCOME	-	-
PROFIT TAX LIABILITY	1,026,155	142,466
SHORT-TERM PROVISIONS	-	-
OTHER CURRENT LIABILITIES	11,199,503	3,268,721
SUBTOTAL	319,988,236	244,262,605
LIABILITIES ON ASSETS HELD FOR RESALE	-	-
LONG TERM LIABILITIES	11,005,694	8,327,037
LONG-TERM DEBT	3,173,288	1,713,933
OTHER FINANCIAL LIABILITIES	-	-
TRADE PAYABLES	-	-
OTHER LIABILITIES	-	2,120
DEFERRED INCOME	-	-
LONG-TERM PROVISIONS	607,917	543,165
CURRENT YEAR TAX LIABILITIES	-	-
DEFERRED TAX LIABILITY	7,224,489	6,067,819
OTHER LONG-TERM LIABILITIES	-	-
EQUITY	162,888,633	87,392,510
PAID-IN CAPITAL	84,500,000	50,000,000
SHARE PREMIUMS / DISCOUNTS	38,607,992	-
OTHER COMPREHENSIVE INCOME	21,716,201	21,877,446
OTHER RESERVES	-	4,999,928
RESTRICTED RESERVES	1,400,369	1,050,779
ACCUMULATED PROFITS	2,474,682	1,415,578
NET LOSS	14,189,389	8,048,779
TOTAL LIABILITIES	493,882,563	339,982,152

INCOME STATEMENT	31 DEC. 2014	31 DEC. 2013
REVENUE	921,577,365	682,163,343
COST OF SALES (-)	(862,192,903)	(633,783,566)
GROSS PROFIT FROM COMMERCIAL ACTIVITIES	59,384,462	48,379,777
GENERAL AND ADMINISTRATIVE EXPENSES (-)	(5,234,767)	(4,253,659)
MARKETING EXPENSES (-)	(20,335,403)	(17,759,151)
RESEARCH AND DEVELOPMENT EXPENSES (-)	-	-
OTHER OPERATING INCOME	4,809,953	5,374,244
OTHER OPERATING EXPENSES (-)	(3,773,614)	(2,916,287)
OPERATING PROFIT	34,850,631	28,824,924
INCOME FROM INVESTING ACTIVITIES	-	-
EXPENSES FROM INVESTING ACTIVITIES (-)	-	-
SHARE OF PROFIT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	323,509	-
FINANCE INCOME / EXPENSE BEFORE OPERATING PROFIT	35,174,140	28,824,924
FINANCIAL INCOME	86,195,073	49,744,700
FINANCING COSTS (-)	(103,822,184)	(67,937,188)
CONTINUING OPERATIONS BEFORE TAX PROFIT / LOSS	17,547,029	10,632,436
CONTINUING OPERATIONS TAX EXPENSE / INCOME	(3,357,640)	(2,583,657)
CONTINUING OPERATIONS NET PROFIT / LOSS	14,189,389	8,048,779
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-
NET LOSS	14,189,389	8,048,779

The company's assets increased by 45% compared to the previous year, reaching to TL 493,882,563. This increase is mainly due to the increase in trade receivables and inventory items. As of end 2014 the company's trade receivables increased by 70% and inventories by 68%. Despite a decline in receivables and inventory turnover rate, considering the growth in the company's turnover, it is possible to say that the increase in stock items and receivables are at a reasonable level.

36% of the company's assets consist of trade receivables (2013:31%). Almost all of TL 177,055,422 of total trade receivables originated from non-related party transactions. Company officials declared that open account system is applied to the customer portfolio of the domestic sales channel and this consists about 27% of the total customer risk.

The company mainly benefits from vendor credits along with short-term bank credits and leasing agreements time to time to finance raw material purchases and its operations. When total financial liabilities are examined; reported financial liability of TL 20,864,884 as of 31 December 2013 has increased to TL 46,970,578 as of 31 December 2014.

The company financed a significant portion of its asset growth by an increase in equity. TL 87,392,510 of total equity as of December 31, 2013 has increased to TL 162,888,633 as of end 2014. The company's paid-in capital was increased to TL 84,500,000 from TL 50,000,000. All of the shares with a nominal value of TL 23.5 million offered to public by major shareholders and by way of capital increase were sold. 27.81% of the company's shares are traded on Borsa Istanbul since November 20, 2014.

Revenues increased by 35% compared to Dec. 2013 period, and has reached to TL 921,577,365 (Real growth: 26%). TL 380,550,059 portion of the revenues are from overseas sales (2013: TL 270,961,061).

According to the data received from the company officials Ulusoy Un's share of trade in local flour market and global and local wheat markets has increased steadily. However, the company's share of exports which was around 7% four years ago declined to 5% as of the end of 2014. Company officials declared that the major impact was due to contraction in the market caused by protective umbrellas of the Asian countries. The company have diversified the export destinations by taking strategic decisions and increased the weight of the African continent. The number of countries has reached to 80 as the result of diversification.

Ratio Analysis

I-Liquidity Ratios	2014	2013
1- Current ratio	1.38	1.18
2- Acid Test	0.82	0.75
3- Cash Ratio	0.21	0.26
4- Inventory / Assets	0.40	0.36
5- Inventories / Total Assets	0.35	0.31
6- Stock Dependency Ratio	0.31	0.57
7- Net Working Capital / Total Assets	0.24	0.13

Given the company's liquidity performance it seems to show a higher overall performance compared to the previous year. Increase in short-term solvency ratio as well as the decrease in stock dependency ratio is considered positive by us. In addition, the company's net working capital and its share in total assets have increased significantly.

II-Financial Structure Ratios	2014	2013
1. Financial Leverage (Equity / Total Liabilities)	0.49	0.35
2. Short-Term Liabilities / Total Assets	0.65	0.72
3. Long-Term Liabilities / Total Assets	0.02	0.02
4- Long-Term Liabilities / Continuous Capital	0.06	0.09
5. Tangible Assets / Equity	0.29	0.53
6. Tangible Fixed Assets / Long-Term Liabilities	4.32	5.55
7-Tangible Assets / Total Assets	0.10	0.14
8-Fixed Assets / Total Debt	0.16	0.20
9-Fixed Assets / Equity	0.33	0.58
10-Fixed Assets / Continuous Capital	0.31	0.53
11 Short-Term Liabilities / Total Liabilities	0.97	0.97
12-Bank Loans / Total Assets	0.10	0.06
13-Short-Term Bank Loans / Total Short-Term Debt	0.11	0.07
14-Bank Loans / Liabilities	0.14	0.08
15-Current Assets / Total Assets	0.89	0.85

The company maintains a high leverage level compared to the industry average. However, with the effect of the capital increase carried out in 2014, equity / total liabilities ratio has shown an increase. Although the share of short-term liabilities in total liabilities is at the same level compared to the previous year, the share of short-term bank borrowings in total short-term liabilities and the share of bank loans in total liabilities have increased. The increase on share of current assets in total assets is an indication of a more liquid financial structure for the company compared to the previous year.

III-Profitability Ratios	2014	2013
1- Return on Equity-I (BTP / Equity)	0.108	0.122
2. Return on Equity-II (ATP / Equity)	0.087	0.092
3- After Tax Income / Total Assets	0.029	0.024
4- Operating Profit / (Total Assets-Tangible Assets)	0.078	0.098
5. Operating Profit / Net Sales	0.038	0.042
6. Gross Profitability	0.064	0.071
7- After Tax Profit / Net Sales	0.015	0.012
8. Operating Expenses / Net Sales	0.028	0.032
9. Financing Expenses / Net Sales	0.019	0.027
10. Profit Before Tax Interest / Interest	1.995	1.584

The company draws attention to the growing profit figures in recent years. Although a decrease in gross profit compared to the previous year, net profitability ratio have increased. Besides, the decrease in the share of operating and financing expenses in sales is deemed positive by us. The company has also increased its capability to pay interest.

IV-Operating Ratios and Turnover	2014	2013
1- Inventory Turnover	4.93	6.09
2- Receivables Turnover	5.21	6.57
3- Working Capital Turnover	2.09	2.36
4- Net Working Capital Turnover	7.64	15.29
5- Accounts Payable Turnover	3.27	2.86
6- Tangible Fixed Assets Turnover Ratio	19.39	14.75
7- Fixed Assets Turnover Ratio	17.28	13.35
8- Equity Turnover	5.66	7.81

In terms of turnover, the company's inventory turnover rate and the receivables turnover have decreased compared to the previous year, but the turnover ratio of accounts payable have increased. However, the effect of positive changes in liquidity ratios somewhat reduced the effect of the poor performance of the turnover ratios.

V-Growth & Volatility	2014
1- Real Growth	26%

In real terms the company increased its revenues by 29% compared to the previous year and showed a growth performance of 26% by 2014 (adjusted for inflation) .

Strengths

The company is institutionalized and has adequate management:

Company shares are traded on Borsa Istanbul National Market since 2014 and Ulusoy Un have established a corporate structure.

Location of the company facilities creates a competitive advantage:

The close proximity of the port of Samsun to Ulusoy Un production plants and warehouses create cost advantages compared to other firms.

Company has a high experience and recognition in the regional market:

Operating since 1991, Ulusoy Un is an experienced company in its field and a major performer in the national market.

Risks

Exchange rate volatility may adversely affect the company:

The risk on significant portion of the company's liabilities is comprised of amounts denominated in foreign currencies, mainly USD. The profitability performance of the company with relatively lower foreign currency denominated revenues is sensitive to exchange rate fluctuations. However, use of significant amount of hedging to minimize the exchange rate risk is deemed positive by us.

Leverage use is at high levels:

It is possible to say that the use of leverage of Ulusoy Un is higher than the industry average because of mainly foreign sourcing. However, an improvement in these ratios has also seen following the capital increase carried out in 2014.

Comparison of financial indicators of the company are based on listed "Food Industry" companies on BIST.

Corporate Governance

Ulusoy Un has provided substantial compliance with the Capital Markets Board's (CMB) Corporate Governance Principles and has implemented most of the necessary policies and measures. Even though a small number of improvements are needed, management and internal control mechanisms have been created effectively and are in operation. Majority of the corporate governance risks are identified and managed actively. The rights of shareholders and stakeholders are respected in a fair manner and public disclosure and transparency is at superior levels. Structure and operation of the board of directors is built on sound basis. Though it does not pose a great risk, certain improvements in one or more of these areas are required.

Methodology

SAHA's credit rating methodology is composed of quantitative and qualitative sections to affect the final note with specific weights. Quantitative analysis components consist of SAHA Score, company's distance from the point of default, its performance compared to the sector, analysis of the financial risks, and the assessment of cash flow projections. Default point analysis measures the distance from the point of default and it is based on relevant sector firms' past financial performances, ratios derived from a distinctive default statistics, and statistically derived coefficients. This analysis is based on genuine statistical study of SAHA, covering companies in the food industry in Turkey. Comparative performance analysis of the sector determines the position of the company concerned in comparison with the sector firms' recent financial performances. Financial risk analysis covers the evaluation of the company's financial ratios on the basis of objective criteria. Liquidity, leverage, asset quality, profitability, volatility and concentration are treated as sub-headings in this analysis. Finally, scenario analysis tackles the company's future base and stress scenario projections subject to scrutiny in the context of the firm's financing tool and assesses the risks of fulfillment of obligations.

Qualitative analysis covers operational issues such as sector and company risks as well as administrative risks in the context of corporate governance practices. Sector analysis evaluates the nature and rate of growth of the sector, its competitive structure, structural analysis of customers and creditors, and sensitivity of the sector to risks at home and abroad. Company analysis discusses market share and efficiency, growth trend, cost structure, service quality, organizational stability, access to domestic and foreign funding sources, off-balance sheet liabilities, accounting practices, and parent / subsidiary company relationships.

Corporate governance plays an important role in our methodology. The importance of corporate governance and transparency outshines once again in the current global financial crisis we witness. Our methodology consist of four main sections; shareholders, public disclosure and transparency, stakeholders, and board of directors. The corporate governance methodology of SAHA can be accessed at www.saharating.com.

Rating Definitions

Our long term credit rating results start from AAA showing the highest quality and continue all the way to the lowest rating of D (default). Plus (+) and minus (-) signs are used to make a more detailed distinction between the categories of AA and CCC.

Companies and securities rated with long-term AAA, AA, A, BBB and short-term A1 +, A1, A2, A3 categories should be considered "investment worthy" by the market.

Short Term	Long Term	Rating Definitions
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	The highest credit quality. Ability to meet financial obligations is extremely high. If securities; carries a little more risk than the risk-free government bonds.
(TR) A1	(TR) A+ (TR) A	Credit quality is very high. Very high ability to fulfill financial obligations. Sudden changes at the company and economic and financial conditions may increase investment risk, but not at a significant level.
(TR) A2	(TR) A- (TR) BBB+	High ability to fulfill financial obligations, but may be affected by adverse economic conditions and changes.
(TR) A3	(TR) BBB (TR) BBB-	Sufficient financial ability to fulfill its obligations, but carries more risk in adverse economic conditions and changes. If securities; has adequate protection parameters, but issuer's capacity to fulfill its obligations may weaken due to adverse economic conditions and changes.

Companies and securities rated with long-term BB, B, CCC, and short-term B, C categories should be considered "speculative" by the market.

(TR) B	(TR) BB+ (TR) BB (TR) BB-	Carries minimum level of speculative features. Not in danger in the short term, but face to face with negative financial and economic conditions. If securities; under the investment level, but on-time payment exist, or under less danger than other speculative securities. However, if the issuer's capacity to fulfill its obligations weakens, serious uncertainties may appear.
(TR) C	(TR) B+ (TR) B (TR) B-	Currently has the capacity to fulfill financial obligations, but highly sensitive to adverse economic and financial conditions. If securities; there is a risk of on-time payment. Financial protection factors can show high fluctuations according to the status of the economy, the sector, and the issuer.
(TR) C	(TR) CCC+ (TR) CCC (TR) CCC-	Well below the category of investment. In danger, and economic, sectoral and financial conditions should have a positive development to fulfill its financial obligations. If securities; there are serious uncertainties about the timely payment of principal and interest.
(TR) D	(TR) D	Event of default. Company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

Disclaimer

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