

## The Tiffany's of Turkey's Gold Jewellery Market

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**T**ORONTO ([ResourceInvestor.com](http://ResourceInvestor.com)) -- Goldas (pronounced Goldash) was founded by the wealthy Turkish textile Yalinkaya family in 1993. They felt that there was an opportunity in the Turkish jewellery sector, and as it happens, they were dead right. The World Gold Council recently reported that "Turkey is now the world's third largest market for gold jewellery after India and the United States [neck & neck with China], its third largest manufacturing centre and its second biggest exporter. Jewellery demand was at a record in tonnage terms in 2003 and then beat that record in 2004" with robust double-digit gains.

One of the main beneficiaries of this expansion is Goldas, Turkey's leading jewellery producer, a member of the London Bullion Market Association, and the first publicly traded jewellery company in Turkey. The company listed on the Istanbul Stock Exchange [GOLDS] in 1999, and followed that up with its 2001 listing of ADRs, though not terribly liquid, on the US OTC Market [GDASY], Frankfurt and XETRA [GKUA], where shares currently change hands at €2.55.

Goldas has an output capacity of fourteen tonnes in its 4,500-sqm plant in Istanbul, and has assembled a portfolio of sixty thousand different pieces of jewellery, with five thousand new products introduced to its customers every year. The company has five eponymous stores in Istanbul, two in Ankara and two in Anatyla, but does a brisk business outside of the country as well. Foreign sales account for thirty percent of revenue, and the company has two stores in the Arab Emirates, one in Dusseldorf and four in Moscow. Goldas hopes to have one hundred stores in the next five years, and sees growth coming mainly from Russia, Turkey, and China.

On top of their retail outlets, Goldas exports to over forty countries across five continents and is aided in this by its presence on the ground with representative offices in the US, UK, Germany, U.A.E, Russia, Thailand, South Africa, and China.

All of this translated into over \$500 million in revenue in 2004, and forecasted sales growth in excess of 30% year over year in 2005 and 2006. The Yalinkaya family retains control of about 40% of the company through Goldart Holdings, which is the precious metals umbrella that they created to provide compelling synergies to their companies operating in the sector. The group is comprised of Goldas Jewellery, Goldas Marketing, Meydan, a precious metals trader and investment broker for producers and exporters, Pregold Mining, with exploration permits exceeding an area of 555 square kilometres in Turkey, Golodoro Refinery and Goldas Distribution.

For North American investors worrying about a transparent corporate structure, Goldas is independently audited bi-annually by RSM International, the world's sixth largest organization of accountants and business advisors with annual revenues of \$2 billion, and adheres to stringent policies of corporate governance. Goldas has some analyst following in Turkey but no consistent coverage. If company sales, and Turkish jewellery demand continue to grow apace, and if a better job can be done of promoting liquidity and investor awareness in Europe and North America, Goldas, an interesting story, could also be a profitable one for Westerners wanting to leverage gold and emerging markets at once. A rare combination.

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