Corporate Credit Rating

Ship Owning and Ship Management
Marine Transportation
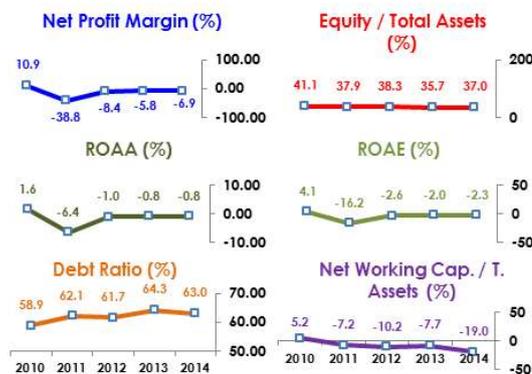
BAYRAKTAR SHIPPING GROUP

		Long Term	Short Term
International	**Foreign Currency**	BBB-	A-1
	Local Currency	BBB-	A-1
	Outlook FC	Stable	Stable
	Outlook LC	Stable	Stable
National	**Local Rating**	BBB-(Trk)	A-3 (Trk)
	Outlook	Stable	Stable
Sponsor Support		2	-
Stand Alone		B	-
Sovereign*	**Foreign Currency**	BBB-	-
	Local Currency	BBB-	-
	Outlook FC	Stable	-
	Outlook LC	Stable	-

*Assigned by JCR Eurasia Rating, JCR-ER on August 25, 2015

Analyst:
Abdurrahman **TUTGAÇ**/+90 212 352 56 73
abdurrahman.tutgac@jcrer.com.tr

Net Profit Margin (%), Equity / Total Assets (%), ROAA (%), ROAE (%), Debt Ratio (%), Net Working Cap. / T. Assets (%)

Bayraktar Denizcilik Ticaret A.Ş. & The Group Companies					
F i n a n c i a l D a t a	**H12015**	**2014***	**2013***	**2012***	**2011***
Total Assets (000 USD)	213,240	288,332	290,895	301,652	299,427
Total Assets (000 TRY)	572,549	668,614	619,722	536,216	565,588
Equity (000 USD)	33,249	106,609	103,949	115,624	113,462
Net Profit (000 USD)	-26,803	-2,503	-2,051	-3,119	-17,417
Sales (000 USD)	15,455	36,459	35,198	36,926	44,915
Net Profit Margin (%)	-173.42	-6.86	-5.83	-8.45	-38.78
ROAA (%)	n.a.	-0.85	-0.76	-1.01	-6.36
ROAE (%)	n.a.	-2.34	-2.05	-2.64	-16.16
Equity / Total Assets (%)	15.59	36.97	35.73	38.33	37.89
Net Working Capital / T. Assets (%)	-25.86	-18.97	-7.69	-10.20	-7.17
Debt Ratio (%)	-84.41	63.03	64.27	61.67	62.11
Asset Growth Rate (USD %)	-26.04	-0.88	-3.56	0.74	-1.97

*End of year

Overview

Bayraktar Shipping Group (henceforth the Group), a family owned business, is a long-established ship-owning and ship management enterprise comprised of 12 companies and a major player in the Turkish shipping sector. The Group delivers cargo of different segments including dry bulk, container and general cargo domestically and internationally through a 14 vessel fleet which has displayed a sound growth in both units and size since 2008.

The Group's fleet is comprised of 2 Bulk Ships under the Malta Flag and 7 MPP Container and 5 General Cargo vessels under the Turkish flag. Due to their 58,000 Deadweight Tonnage capacity, the 2 Bulk Ships, also called Supramax, operate globally while the 12 short-sea vessels trade in the Black Sea and the Mediterranean Sea.

Bayraktar Shipping Group has extensive knowledge in the sale & purchase of vessels, crew and technical management, supervision of new buildings, bunkering and insurance. The Group is headquartered in Istanbul and employs 24 full-time and over 200 seafaring staff.

Strengths

- Successful management of the fleet through improved capacity utilization and network coverage to maintain revenue streams
- Insurance coverage safeguarding operational risks
- On-going negotiations with principle financier to improve balance-sheet structure and cash steams through downsizing fleet
- Competitive edge in the region provided by Turkish Flagged vessels and their versatile use in meeting customer demands
- Strong relationship with major charterers and longstanding relationships with customers and suppliers
- Experienced senior management team
- Ring-fence control and monitoring environment surrounded by strict international and domestic supervisory authorities
- More favorable political conditions to focus on the sectors key issues following the end of electoral cycle
- Strategy to benefit shipping market upside potential

Constraints

- Eroded revenues due to plummeting freight rates in container and bulk shipping segments
- Negative bottom-line over the reviewed periods with further stretched financials in 1H2015
- High leverage ratios pressuring the Group's creditworthiness
- Enormous pressure on the market values of the vessels, distressing the Group's balance-sheet
- Persistent overcapacity in the container segment which led to mergers and alliances adding pressure on independent small operators
- Weakened growth prospects for the sector due to sluggish signs of global economic recovery and slower growth and economic transition in China, along with the geopolitical turmoil in the neighbourhood of Turkey
- Need for room in compliance to corporate governance principles

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"Global Knowledge supported by Local Experience"