

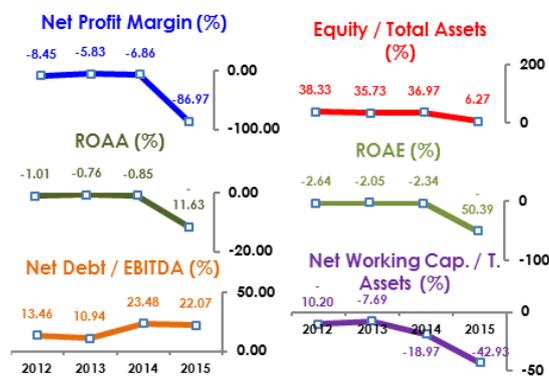
## Corporate Credit Rating

## Ship Owning and Ship Management Marine Transportation

<b>BAYRAKTAR SHIPPING GROUP</b>		Long Term	Short Term	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	BB (Trk)	B (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		3	-	
Stand Alone		BC	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

\*Assigned by JCR Eurasia Rating, JCR-ER on October 7, 2016  
Analyst:

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### Strengths

- Implementing strict measures to effectively manage the fleet and maintain revenue and cash flow streams
- Rooted relationship with leading charterers, customers and suppliers
- Overperforming the benchmark indices regarding TCE generation and G&A expenses of the fleet in related segments
- Operating environment surrounded by strict rules and regulations of the sector
- Operational risk coverage provided by insurance contracts
- Competitive edge in the region provided by Turkish Flagged vessels and their versatile use in meeting customer demands
- Senior management with wide experience in the maritime business and well managed operating desk

### Constraints

- Ongoing decline in the revenues due to plummeted freight rates under the Group's current capacity
- Stretched bottom-line results due to exposure to impairment losses and recognition of receivables from shareholders as expenses
- High level of financial leverage increasing the stress on the Group's solvency figures
- Distressed asset quality due to supply-demand imbalance in the shipping sector and persistent overcapacity
- Considerably high level of negative net working capital which urges the need for a settlement with the principle financier
- Contraction in the volume of global trade along with the sluggish signs of global economic recovery and slower growth
- Room for improvement regarding the corporate governance best practices

Bayraktar Denizcilik Ticaret A.Ş. & the Group Companies					
Financial Data	H12016**	2015*	2014*	2013*	2012*
Total Assets (000 USD)	189,288	190,072	288,332	290,895	301,652
Total Assets (000 TRY)	567,940	552,653	668,614	619,722	536,216
Equity (000 USD)	10,483	11,925	106,609	103,949	115,624
Net Profit (000 USD)	-2,617	-26,168	-2,503	-2,051	-3,119
Sales (000 USD)	16,189	30,089	36,459	35,198	36,926
Net Profit Margin (%)	-16.16	-86.97	-6.86	-5.83	-8.45
ROAA (%)	-1.37	-11.63	-0.85	-0.76	-1.01
ROAE (%)	-23.23	-50.39	-2.34	-2.05	-2.64
Equity / Total Assets (%)	5.53	6.27	36.97	35.73	38.33
Net Working Capital / T. Assets (%)	-43.33	-42.93	-7.69	-18.97	-7.69
Debt Ratio (%)	94.46	93.73	63.03	64.27	61.67
Net Financial Debt / EBITDA	n.a.	22.07	23.48	10.94	13.46
Asset Growth Rate (USD %)	n.a.	-17.34	-0.88	-3.56	0.74

\*End of year, \*Unaudited Results

### Overview

Bayraktar Shipping Group is one of the leading ship owning and management companies of Turkey, providing dry bulk, container and general cargo delivery services internationally through its 13-vessel fleet as of our report date. The Group is incorporated through 12 companies which are owned by the Bayraktar Family.

The Group's fleet is comprised of 13 ships; 2 Bulk Ships under the Malta Flag and 7 MPP Container and 4 General Cargo vessels under the Turkish flag. Due to their capacity, the 2 Bulk Ships operate in worldwide transport. 11 short-sea vessels trade in the Black Sea and the Mediterranean Sea. The Group also provides ship repair & maintenance services and chartering through Med Cargo, a separate family-owned chartering broker.

Headquarters of the Group is based in Istanbul. The Group's qualified operations and chartering desk personnel effectively manage the fleet through an established network with ports and other charters. 36 full-time staff were employed at the headquarters while seafaring staff employed by the Group were around 250 as of our report date.

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