

**Credit & Issue Rating**

Updated

**IRON AND STEEL SECTOR**
**[Iron and Steel Goods, Coke and Coke by Products]**

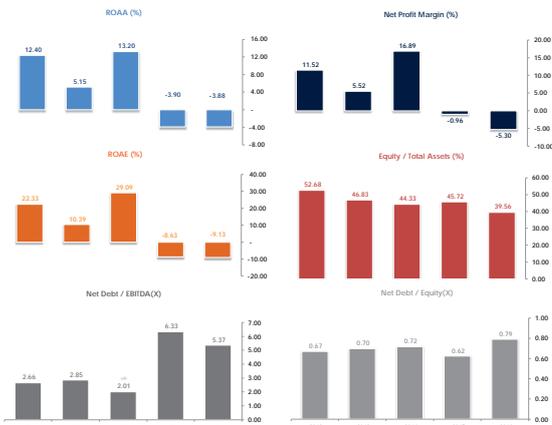
		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	n.a.	n.a.		
National	Local Rating	A (Trk)	A-1 (Trk)	
	Outlook	Positive	Stable	
	Issue Rating	A (Trk)	A-1 (Trk)	
Sponsor Support		2	-	
Stand Alone		AB	-	
Sovereign*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

Kardemir Karabük Demir Celik Sanayi ve Ticaret A.Ş.					
Financial Data	1Q2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	1,569,903	1,607,186	1,766,850	1,522,191	1,199,614
Total Assets (000 TRY)	5,711,839	5,656,010	5,137,293	3,529,808	2,555,658
Equity (000 TRY)	2,231,080	2,237,386	2,348,969	1,564,698	1,196,739
Net Profit (000 TRY)	-5,607	-123,877	-21,436	369,758	100,099
Sales (000 TRY)	866,897	2,336,737	2,230,892	2,188,972	1,812,225
Net Profit Margin (%)	-0.65	-5.30	-0.96	16.89	5.52
ROAA (%)	N.A.	-3.88	-3.9	13.2	5.11
ROAE (%)	N.A.	-9.13	-8.63	29.09	10.19
Net Debt/ EBITDA(X)	N.M.	5.37	6.33	2.01	2.85
Net Debt / Equity(X)	0.78	0.79	0.62	0.72	0.70
Equity / Total Assets (%)	39.06	39.56	45.72	44.33	46.83
Debt Ratio (%)	60.94	60.44	54.28	55.67	53.17
NWC / T. Assets (%)	-0.01	0.05	2.25	9.77	7.32
Asset Growth Rate (%)	0.99	10.10	45.54	38.12	17.71

\*\*The First Quarter of Year , \*End of Year

\*Affirmed by Japan Credit Rating Agency on October 7, 2016

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**Strengths**

- Well positioned to reap benefits both in Turkey and in the region via diversified products,
- Predictable and steady upward trend on sales revenues-not matched at the bottom line,
- Sound EBITDA performance profit shaped mainly by generation volumes through high value added products and cost control ,
- Recovery of Turkish economic activities and expected further acceleration due to strong construction sector demand,
- Strong earnings and cash flow with capabilities in place to deliver future growth,
- As an institution subject to Capital Market Law, improved transparency with regard to corporate governance compliance thanks to infrastructure and experienced management team.

**Constraints**

- Following a slowdown in the economic activity in 2016, insufficient domestic demand led to the discount for Turkish long steel prices,
- Highly vulnerable to steel prices and macro conditions fluctuating margins,
- Higher raw material prices and FX losses deteriorated the profitability at the bottom line,
- Despite new products contribution in sales breakdown, four products still generated revenues.

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**"Global Knowledge supported by Local Experience"**