

## Corporate Credit & Issue Rating

New  Update

**Sector:** Iron and Steel

**Publishing Date:** 08/08/2019

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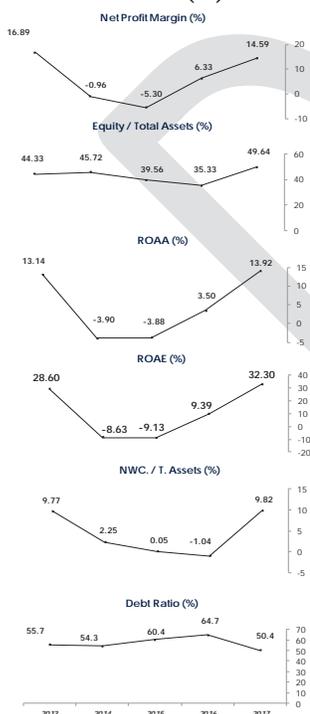
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## RATINGS

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

\* Affirmed by JCR on November 27, 2018

## RATIOS (%)



## Kardemir Karabük Demir Celik San ve Tic A.Ş. Company Overview

Financial Data	1Q2019	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	1,594,830	1,564,897	1,836,679	6,927,771	6,291,890	5,656,010
Total Assets (000 TRY)	8,915,102	8,232,767	6,927,771	6,291,890	5,656,010	5,396,651
Equity (000 TRY)	4,154,616	4,087,116	2,447,395	2,342,391	2,237,386	2,293,178
Net Profit (000 TRY)	67,581	814,259	251,504	-123,877	-21,436	369,758
Sales (000 TRY)	1,636,057	5,582,801	3,972,626	2,336,737	2,230,892	2,188,972
Net Profit Margin (%)	4.13	14.59	6.33	-5.30	-0.96	16.89
ROAA (%)	n.a.	13.92	9.39	-9.13	-8.63	29.09
ROAE (%)	n.a.	32.30	3.50	-3.88	-3.90	13.20
Equity / Total Assets (%)	46.60	49.64	35.33	39.56	45.72	44.33
Net Working Capital / T. Assets (%)	7.15	9.82	-1.04	0.05	2.25	9.77
Debt Ratio (%)	53.40	50.36	64.67	60.44	54.28	55.67
Asset Growth Rate (%)	8.29	18.84	22.49	10.10	45.54	38.12

\*End of Year, \*\* First Quarter of 2019

**“Kardemir Karabük Demir Celik Sanayi ve Ticaret A.Ş.”**, (hereinafter referred to as **‘Kardemir, the Group’**), leading and integrated long steel and iron producer, established in 1937 by Turkish Government as a first steel producer, had been controlled by the State until 1995. Following privatization, the Company’s all shares were distributed to the people domiciled in Karabük. Kardemir is a Turkey based company engaged in the production and sale of iron, steel and coke products and operates via 8 subsidiaries and affiliates. The Group’s products are divided into four groups of steel products, rolling mill products, coke products and other products with a current crude steel capacity of exceeding 2.3 mn. tonnes which are used in the construction, mining, transport, and industry sectors. Kardemir is the only integrated long steel producer in Turkey.

The Group had a staff force of 4,298 together with its affiliates as of March 31, 2018. Kardemir’s shareholder structure includes A Type shares 21.1%, B Type shares 10.5%, D Type shares 68.4% and 100% of the shares are traded on the BIST since 1998 under three different types, namely KRDMA, KRDMB and KRDMC classes of the shares.

### Strengths

- Maintenance of sound operating volume growth in the completed fiscal year despite challenging domestic market conditions,
- Notable increase in gross margin due to unit EBITDA generation and focus on higher margin products driving the rise in profitability indicators,
- High level of equity amount thanks to internal equity generation along with low of net debt to EBITDA,
- Strengthened overall cash balance and liquidity level,
- As an institution subject to Capital Market Law, improved transparency with regard to corporate governance compliance.

### Constraints

- Increasing cost stemming from raw material pressuring gross profit margin,
- Despite strengthening of value-added products, current product line still vulnerable,
- Weakened macro environment, trade tension and fall in China’s steel prices threatening the sector players.