

Corporate Credit Rating

New Update

Sector: Shipyard

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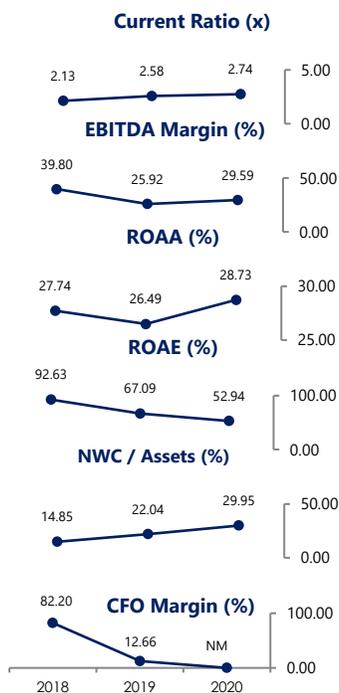
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RATINGS

		Long Term	Short Term
National	Local Rating	AA (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable Stable
Sponsor Support		2	-
Stand-Along		A	-
Sovereign	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	- -

*Assigned by JCR on May 31, 2021



Kuzey Star Shipyard Denizcilik San. ve Tic. A.Ş.

JCR Eurasia Rating has evaluated “**Kuzey Star Shipyard Denizcilik San. ve Tic. A.Ş.**” and assigned the ratings on the Long-Term National Scale as ‘**AA (Trk)**’ and the Short-Term National Scale as ‘**A-1+ (Trk)**’ with ‘**Stable**’ outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as ‘**BB**’ with ‘**Stable**’ outlooks.

Kuzey Star Shipyard Denizcilik San. ve Tic. A.Ş. (hereinafter “**The Company**” or “**Kuzey Star**”), was founded in Altınova, Yalova in 2013. The Company provides all kinds of construction, repair and maintenance services to the ship and maritime transport industry. The Company has two shipyards in Yalova and Tuzla-Istanbul. The Company has an annual steel processing capacity of 12,000 tons and a lifting capacity of up to 250 tons.

The Company, which has a capital of TRY 192mn, has 51% shareholder Tuncay İmral and 49% partner Tarık Hijazi.

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
<ul style="list-style-type: none"> Strong business model to maintain future income inflow, Notable net debt to EBITDA ratio, Widened revenue streams via new shipbuilding orders, Low collection risk and high quality of accounts receivables supported by collaterals, High equity level supported by internal equity generating, Complex tailor-made production supported by specialized knowledge of the shipyard sector, Advantages of the Company within the scope of legislation. 	<ul style="list-style-type: none"> Despite the robust EBITDA generation, having negative cash flow metrics, Highly sensitive and volatile relations between countries, Need for further improvement in the level of compliance with Corporate Governance Practices, Changes and uncertainties in global and domestic economies due to the Covid-19 pandemic.

Considering the aforementioned points, the Company’s the Long-Term National Rating has been assigned as ‘**AA (Trk)**’. Taking into account international brand identity via upward sales figures, the high value-added product portfolio, maintaining of asset quality and increase in profit margins and; the Company’s outlook for Long and Short-Term National ratings has been determined as “**Stable**”. The level of debt ratio, cash flows to meet debt payments, the attainability of the Company’s budgeted projections and sustainability of demand in the market are to be monitored in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and possible negative effects of Covid-19 pandemic about the sector will be continued to be monitored.

It is considered that the controlling shareholders, İmral Family has the willingness to ensure long-term liquidity and equity should such a need arise and the experience to provide efficient operational support to Kuzey Star In this regard, the Company’s Sponsor Support Grade has been determined as (2). This grade signifies an adequate external support to the Company.

The Stand-Along note is formed depending on the Company’s sustained increase in internal equity generation capacity, growth potential, operational efficiency and effective market position. It is assumed that Kuzey Star has enough experience and accumulation of infrastructure to manage risks incurred in the balance sheet without shareholder support, provided that they monitor their existing customers’ positions. In this respect, the Stand-alone rating of Kuzey Star has been assigned as (A) in JCR Eurasia Rating notation system.