

Corporate Credit Rating

New Update

Sector: Transportation Support Services

Publishing Date: 28.04.2022

Senior Chief Analyst

Orkun İnan

+90 212 352 56 73

orkun.inan@jcrer.com.tr

Team Leader

Ömer Sucu

+90 212 352 56 73

omer.sucu@jcrer.com.tr

Assistant Analyst

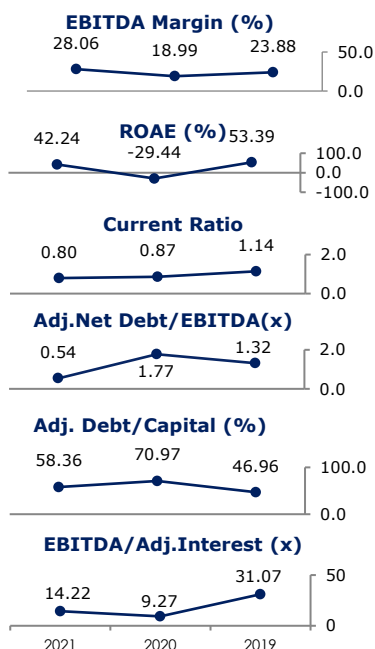
Muhammed Recep Durupinar

+90 212 352 56 73

recep.durupinar@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BBB-	J3
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Çelebi Hava Servisi A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Çelebi Hava Servisi A.Ş." in very high investment grade category and assigned the Long-Term National Issuer Credit Rating at "AA (tr)" and the Short-Term National Issuer Credit Rating at "J1+ (tr)" with "Stable" outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as "BBB-/Stable".

Çelebi Hava Servisi A.Ş. (hereinafter referred to as "CHS" or "the Group") was established in 1983 and its roots go back to 1958. CHS was established as the first private ground handling company of Turkish air transport. Its shareholder is Çelebi Havaçılık Holding A.Ş. (hereinafter referred to as "the Holding" or "CHH") with 89.91% FYE2021. In addition, CHS's shares are listed in Borsa İstanbul (BIST) since 1996 with the ticker "CLEBI". As of FYE2021, 10.09% of CHS's shares are publicly traded. The Group is controlled by its main shareholder CHH, while CHH is jointly controlled by the Çelebioğlu Family and Zeus Aviation Services Investments B.V.

The main activities of the Group are to provide ground handling services (representation, traffic, ramp, cargo, flight operation, aircraft maintenance and etc.), cargo, warehouse services and general aviation services to domestic and foreign airlines and private cargo companies. The Group operates in İstanbul, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale, Balıkesir Edremit, Iğdır, Kocaeli, Bingöl, Hakkari, Uşak and İstanbul Sabiha Gökçen airports. In addition, the Group provides ground handling, cargo, warehouse services and general aviation services in India, Germany, Hungary and Tanzania via its subsidiaries.

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

Strengths

- Predominantly liquid asset supporting qualified asset structure in 2021,
- Robust financial position via strengthened cash flow metrics generation easing liquidity structure,
- Maintaining relatively strong EBITDA generation even during the Covid-19 period,
- Low level financial net debt and indebtedness structure,
- Diversified income stream thanks to geographical prevalence contributing risk mitigation,
- Negligible levels of credit risks exposures and quality accounts receivables thanks to its sounded customer base,
- Partial recovery in aviation sector post pandemic period in 2021,
- High level of compliance with corporate governance practices.

Constraints

- Remarkable very low level paid in capital and sizeable of part equity stemming from foreign currency translation differences,
- Relatively high dividend pay-out ratio,
- Diversified currency revenues leading mismatch due to mainly EUR based debt structure,
- The geopolitical risks stemming from the Russia-Ukraine tension increasing commodity prices and weakening the risk appetite towards EMs.

Considering the aforementioned points together with such additional support factors as budget targets and growth strategies, the Group's the Long-Term National Issuer Credit Rating has been assigned as "AA (tr)". Taking into account EBITDA generation capacity, resilience of foreign exchange-weighted income structure against market fluctuations, being market leader, and experienced and qualified organizational structure, as well as, Covid-19 pandemic, Russia-Ukraine crisis and geopolitical risks-driven uncertainties; have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as "Stable". The Group's budget targets, debt ratio, profit margins are the priority issues to be followed by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.