

Corporate Credit Rating

New Update

Sector: Transportation Support Services

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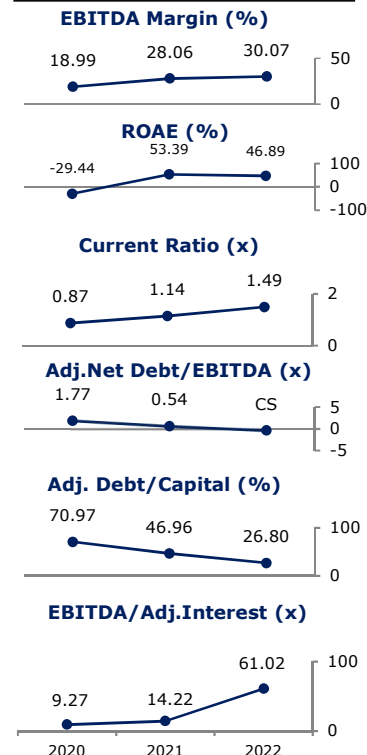
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International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

* Assigned by JCR on Aug 18, 2022



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 affirmed the Long-Term National Issuer Credit Rating as 'AA (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been affirmed 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 main shareholder is Çelebi Havaçılık Holding A.Ş. (hereinafter referred to as "the Holding" or "CHH") with 89.91% as of FYE2022. In addition, CHS's shares have been listed in Borsa İstanbul (BIST) since 1996 with the ticker symbol of "CLEBI". As of FYE2022, 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, Rize-Artvin 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

- Notable revenue growth driven by increasing business volume in 2022,
- Solid EBITDA generation capacity coupled with improved profitability margins,
- Maintaining robust financial position supported by cash surplus against financial debts in 2022,
- Positive cash flow metrics and increasing NWC easing liquidity management,
- Diversified customer base and income stream thanks to geographical prevalence contributing risk mitigation,
- Competitive advantage of Turkish tourism industry supports aviation sector,
- High level of compliance with corporate governance practices.

Constraints

- Remarkably low level paid in capital and sizeable part of equity stemming from foreign currency translation differences,
- High dividend pay-out ratio,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty,
- Operating in a highly sensitive industry vulnerable to geopolitical, environmental and other challenges.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed as 'AA (tr)'. The Group's increasing EBITDA generation capacity, foreign exchange-weighted income structure, rising equity level, long track record, experienced and qualified organizational structure, as well as, 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, profitability indicators, sustainability of demands, market position and economic conditions in Türkiye will be closely monitored 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.