

Corporate Credit & Issue Rating

New Update

Sector: Holding

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Analyst

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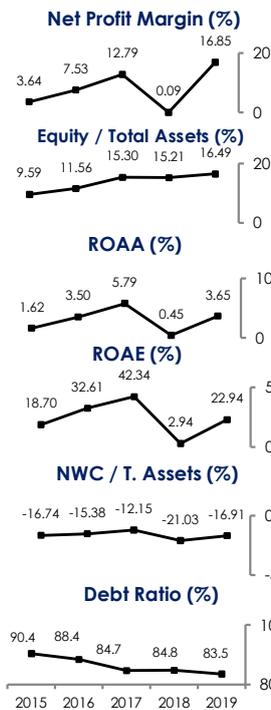
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RATINGS

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Neg.	Neg.
		LC	Neg.	Neg.
Issue Rating	BBB-	A-3		
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	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Neg.	-
LC		Neg.	-	

*Assigned by JCR on April 10, 2020



ÇALIK HOLDING A.Ş. and Its Subsidiaries

Company Overview

Financial Data	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	9,917,384	9,006,354	10,179,070	8,482,822	7,602,326
Total Assets (000 TRY)	58,911,236	47,381,528	38,394,433	29,852,748	22,104,524
Equity (000 TRY)	9,714,155	7,207,557	5,874,731	3,451,044	2,120,045
Net Profit (000 TRY)	1,717,517	10,608	1,667,349	665,025	263,788
Revenue (000 TRY)	10,192,510	11,657,560	13,035,460	8,826,731	7,246,569
Net Profit Margin (%)	16.85	0.09	12.79	7.53	3.64
ROAA (%)	3.65	0.45	5.79	3.50	1.62
ROAE (%)	22.94	2.94	42.34	32.61	18.70
Equity / Total Assets (%)	16.49	15.21	15.30	11.56	9.59
Net Working Capital/T. Assets (%)	-16.91	-21.03	-12.15	-15.38	-16.74
Debt Ratio (%)	83.51	84.79	84.70	88.44	90.41
Asset Growth Rate (%)	24.33	23.41	28.61	35.05	27.14

*Consolidated Audited End of year

Çalık Holding A.Ş. (hereinafter the Holding, the Group or the Company) was founded in 1997 with a statutory seat in İstanbul to ensure the management and coordination of the Ahmet Çalık's companies operating in the fields of energy, construction, textile, marketing, mining, telecom, banking & finance and digital under a single managerial structure. As of the report date, the utmost qualified shareholder, Mr. Ahmet ÇALIK, holds the control of 99.99% of the Company shares.

The Holding is one of the most prominent conglomerates in Turkey and nearby neighboring countries, particularly Turkmenistan and Albania, via its operations in 21 countries (including Turkey) in the Middle East, Central Asia, Europe, and North Africa. As of FYE2019, the Group had 133 subsidiaries, 16 affiliates and 11 joint ventures (FYE2018: 115 subsidiaries, 16 affiliates and 30 joint ventures). The Company employed a workforce of 18,134 as of December 31, 2019 (FYE2018: 19,321).

As of FYE2019, the sectors of energy, banking & finance and construction were the main revenue generating activity fields constituting 38.1%, 31.9%, and 11.2% (FYE2018: 44.0%, 23.2% and 16.3%) of the Holding's total revenue, respectively. **JCR Eurasia Rating** has reviewed "the consolidated financials of **Çalık Holding A.Ş. and its subsidiaries**" and upgraded the investment grade credit ratings by one notch from 'A(Trk)' to 'A+(Trk)' on the Long Term National Scale and affirmed the ratings as 'A-1 (Trk)' on the Short Term National Scale, along with a 'Stable' outlook for Long Term National Rating.

Strengths

- Ongoing remarkable asset growth and increasing equity level
- Noteworthy improvements in profitability indicators sustained in the 1H2020 despite the Covid-19 pandemic
- Improving liquidity indicators supported by extension of debt maturities
- Hard currency dominated revenue composition and principal activities' geographical and business diversification
- Low collection risk across the EPC segment conferred by receivables insurance and guarantees
- Presence in strategic industries along with established partnerships with credible foreign players
- Track record in privatizations & capability to easily access diversified funding sources

Constraints

- Slightly recovering debt ratio but still standing at high side
- Net working capital short-fall when financial sector assets are included
- Liabilities maintaining its short-term weighted dispersion
- Challenging global economic conditions exerted by the Covid-19 pandemic necessitating more prudent risk management and investment processes