

Corporate Credit & Issue Rating

New Update

Sector: Port Management
 Publishing Date: 14/10/2020

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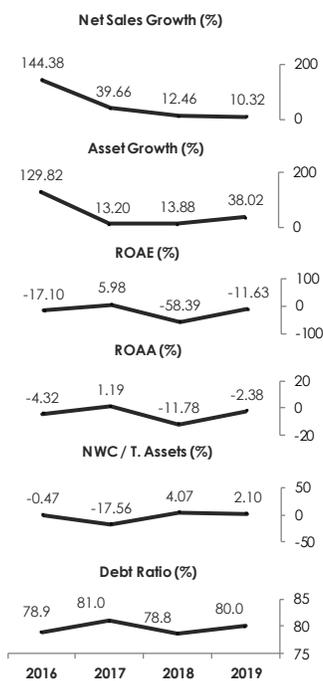
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RATINGS

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

*Assigned by JCR on April 10, 2020

RATIOS



Yilport Holding A.Ş.

JCR Eurasia Rating evaluated the consolidated structure of “Yilport Holding A.Ş.” and the “Cash Flows Relating to the Prospective Bond Issues” in a high-level investment-grade category and affirmed the ratings as “A- (Trk)” on the Long Term National Scale and as “A-1 (Trk)” on the Short-Term National Scale with ‘Stable’ outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been affirmed at ‘BBB-/ Negative’.

Yilport Holding A.Ş. (referred to as ‘the Company or ‘Yilport Holding’) is affiliated with the Yıldırım Group roots of which date back to 1963. Yilport Holding was established under its current title in 2011 with a view to combining the port and container terminal operations of the Yıldırım Group. The Company and its subsidiaries are currently active in 10 countries on 3 continents with 22 port terminals and had 3,150 employees at the end of 2019. Principal activities of the Group are container shipping and port management and logistics and liquid storage service.

Yilport Holding A.Ş., established under its current title, combined under its roof the port and container terminal operations of Yıldırım Holding A.Ş., is currently one of Turkey’s leading diversified conglomerates active across 9 industries namely; mining and metals, coal and coke, energy, fertilizer and chemical, port management, shipping-logistics, construction and real estate, financial investments and international trade. As of December 31, 2019, headquartered in Istanbul, the Group’s operations span 51 countries across 5 continents via 9,472 employees.

Strengths

- Strong presence and experience as a prominent industrial & multi-purpose terminal operator,
- FC dominated income stream and geographical diversification,
- Competitive advantages through strategic asset acquisitions & capacity expansion,
- Anticipated & stable port revenue streams through steady client base,
- Resilient cash flow generation easing liquidity management,
- Port management industry promising further room for growth,
- Strong parental support and its diversified sectoral distribution.

Constraints

- High level of debts reducing the headroom under the current financial position,
- EBITDA margins, despite its high level not yet having converged to desired level considering large acquisitions,
- Terminal revenue concentration lacking granularity despite ongoing geographic diversification & growing coverage,
- High level of volatility and recessionary pressures exerted by the ongoing Covid-19 pandemic in the global and domestic economy.

Considering the mentioned drivers, the Company’s the Long Term National Rating has been affirmed as “A- (Trk)”. Taking into account funding mix indicating the capacity to absorb incidental losses and its term structure partly mitigating financial risk metrics; ensured long-term predictability of port revenues; increasing resiliency of income channels through the structuring of operating fields of the group companies within the body of the Yıldırım Group with a view to benefitting from a synergistic structure to be strengthened against internal and external shocks; sustained market influence through strategic acquisitions; the Company has been affirmed with ‘Stable’ outlooks in the long and short term perspectives. Developments with regard to the proposed projections by the Company management including particularly improvement in the cash and EBITDA generating capacities cash conversion processes of newly acquired ports and economic impact of Covid -19 outbreak on the Company will be monitoring issues in the periods to come.

JCR Eurasia Rating has maintained its opinion that the Yıldırım Family, the ultimate and qualified shareholder of the Company and the Yıldırım Group, has the willingness to provide long term liquidity as well as effective operational support and synergy generation capabilities having accumulated within the Group should such a need arise considering its proven track record and investments and operations in diverse sectors structured in a way to support each other. Within this context, Yilport’s Sponsor Support note has been affirmed as (2), denoting an adequate level.

Taking into consideration the focus of activities well positioned in a growing and promising sector, growth rates, established borrowing mechanisms, competitive cost advantages supported by advanced technology & efficient logistics towards its value chain by offering integrated solutions for its clients, existence of experienced management team and know-how level, JCR Eurasia Rating maintains its opinion that the Company has reached a structure to manage the incurred risks regardless of the support from its shareholders provided that the current customer base and effectiveness in the market are preserved. In the light of such circumstances, the Stand Alone note of the Company has been affirmed as (B) on JCR Eurasia Rating’s notation system, denoting an adequate level.