JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd." JCR

Corporate Credit & Issue Rating

☐New ☒Update

Sector: Port Management
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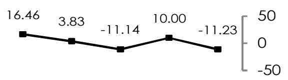
RATINGS

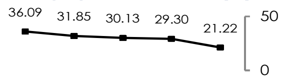
			Long Term	Short Term
International	Foreign		BB+	B
International	Local Currency		BB+	B
International	Outlook	FC	Stable	Stable
International	Outlook	LC	Stable	Stable
International	Issue Rating		BB+	B
National	Local Rating		**BBB (Trk)**	**A-3 (Trk)**
National	Outlook		**Stable**	**Stable**
National	Issue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

*Assigned by JCR on April 10, 2020

Net Profit Margin (%)

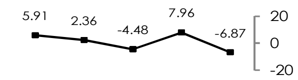


Equity / Total Assets (%)

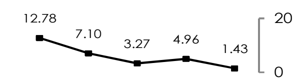


ROAA (%)

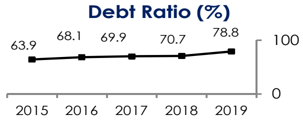
ROAE (%)



NWC / T. Assets (%)



Debt Ratio (%)



GLOBAL LİMAN İŞLETMELERİ A.Ş.

JCR Eurasia Rating, in the periodic annual review, has evaluated **"Global Liman İşletmeleri Anonim Şirketi"** and the **"Cash Flows Relating to the Ongoing Bond Issues"** in an investment grade category and revised downwards its Long and Short-Term National Ratings to **"BBB (Trk)"** and **"A-3 (Trk)"** from **"A (Trk)"** and **"A-1 (Trk)"** respectively and also affirmed **"Stable"** outlooks.

Global Liman İşletmeleri A.Ş. (hereafter referred to as "Global Liman" or "the Company") was established in 2004 as an affiliate of Global Yatırım Holding A.Ş. which operates in 6 main sectors (Port Management, Electricity Generation, Gas, Mining, Real Estate Investment Trust and Financial Services) through 74 subsidiaries and 6 associates. Global Liman İşletmeleri A.Ş. operates primarily in commercial port operations including containers, bulk cargo and general cargo operations as well as cruise line operations serving cruise line, ferries, yachts and mega yachts.

Global Ports Holding Plc (GPH), which owns Global Liman İşletmeleri A.Ş., was established in England and its' 37.86% shares were successfully offered to public in the first half of 2017 on the London Stock Exchange, one of the most important global financial centers.

Global Liman has presence in the Caribbean, Mediterranean and Asia-Pacific regions including extensive commercial port operations in Turkey and Montenegro. The Company has become one of the largest cruise port operators in the world with the management of 19 ports in 11 countries providing services for 7.3 million passengers. Owing to the services provided to cruise ships and passengers and high market share expanding its activities on a wide geography, the Company has gained flexibility against fluctuations stemming from geopolitical risks. Company headquarters are located in Istanbul with a staff force of over 628 as of FY2019. On the other hand, Global Liman made an agreement about the sale of Port Akdeniz with the Qatar-based commercial port operator QTerminals W.L.L. (QTerminals). The Company expects to collect the majority of the Global Port sales price after deducting the net debt and expenses on the closing day of the Port Akdeniz.

Strengths

- Inter/nationally strong business profile due to the support of well-established parent company,
- With the reduction of the epidemic impact and in the pre-epidemic period, improvement in EBITDA margin and revenue growth through the progress in business line and passenger capacity in the cruise segment,
- The funds expected from the Port Akdeniz sales agreement provided with QTerminals will contribute to the short-term liquidity balance,
- Diversified funding source through issuance of unsecured Eurobond in overseas financial markets,
- Focus on sustainability through "Environmental Management System",
- Natural hedging through matching service revenues denominated to a large extent in foreign currencies,
- High level of compliance with the Corporate Governance Principles.

Constraints

- Expected significant contraction in the 2020 EBITDA level and margin due to the serious impact of the Covid-19 outbreak,
- Notable pressure on profitability ratios stemming from the significant decrease in other income levels,
- High share of financial liabilities leading to deterioration in equity level,
- Short-term financial needs create pressure on the firm due to the pandemic effect,
- Limited contribution of internally generated funds to equity base,
- Projected contraction on global and local economy in 2020, triggered by coronavirus outbreak.

Considering the aforementioned points, the Company's the Long-Term National Rating has been revised downwards to **"BBB(Trk)"** from **"A(Trk)"**. Although Global Liman's position as one of the major players in the cruise ship sector as indicated by strong market influence particularly through strategic acquisitions of ports with long concession periods, natural hedging through service revenues denominated to a large extent in foreign currencies, competition and market efficiency in the international market; Covid-19 outbreak put a pressure on the income and operating profit and financial indicators in parallel with the volatility in global markets. The company's ability to fulfil its significant short-term debt service obligation will be shaped by the renewal of the existing liquidity facilities, as well as the funds obtained from the sales agreement with QTerminals, and the Eurobond of EUR 250mn, which is expected to be redeemed in November 2021. When all of these are considered, the outlooks for Long and Short-term National ratings are affirmed as **"Stable"**. The economic impact of Covid-19 outbreak on the Group, fluctuations of the exchange rates, debt maturity and its level, cash flow and liquidity level, EBITDA level and margin, developments regarding Port Akdeniz sales process and net profit indicators are the priority issues to be followed in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

The shareholders of the Company, has the willingness to provide long term liquidity as well as effective operational support considering its proven track record and investments and operations in diverse sectors. Within this context, Global Liman's Sponsor Support note has been assigned as **(2)**, denoting an adequate level.

Taking into account the Company's strong reputation in the sector, geographically widening operational structure, joint ventures with international companies, foreign-currency-denominated income generation capacity, access to long-term funding resources in international markets and experienced management team with a stable macro environment, JCR Eurasia Rating maintains its opinion that the Company has reached a structure to manage the incurred risks without any assistance from the shareholders provided that the current customer base and effectiveness in the market are preserved. Within this context, the Stand-Alone note of the Company has been assigned as **(B)** in the JCR Eurasia Rating notation system, indicating an adequate level.

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