

Corporate Credit Rating

New Update

Sector: Holding

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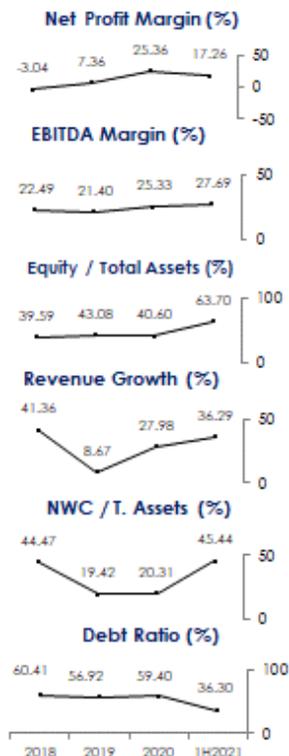
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RATINGS

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

*Assigned by JCR on May 31, 2021



Ünlü Yatırım Holding A.Ş. and its Subsidiaries

JCR Eurasia Rating evaluated “Ünlü Yatırım Holding A.Ş.” in an investment grade category and assigned the ratings on the Long and Short-Term National Scales as ‘**AA (Trk)**’ and ‘**A-1+ (Trk)**’, respectively along with the ‘**Stable**’ outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings of the Group are mapped as ‘**BB/Stable**’, according to JCR-ER’s national-global mapping methodology.

The operating history of **Ünlü Yatırım Holding A.Ş.** (hereinafter Ünlü & Co or the Holding) goes back to 1996 with the establishment of Dundas Ünlü & Co. Ltd. which started its operations in the field of mergers and acquisitions (M&A) in order to offer advisory services to international investors who are interested in investing in the Turkish market. As a legal entity; Ünlü Finansal Yatırımlar A.Ş. was established in 2011 and changed its commercial title as ‘Ünlü Yatırım Holding A.Ş.’ in 2015. Until then, the Holding enhanced its activity field with diversified financial services and has also formed strategic co-operations with globally well-known financial institutions by teaming up with Lehman Brothers in 2005 and forming partnership with Standard Bank Group London Holdings in 2007. Moreover, the Holding’s capital structure was strengthened via the partnership made with The Wellcome Trust which is one of the world’s largest trust funds. (The Wellcome Trust, became a 9.9% shareholder in 2016.) At the present; Ünlü & Co is one of the leading financial institutions in Turkey providing financial services and solutions to local and international qualified individual and institutional investors in the fields of corporate finance, corporate sales and research, investment advisory and portfolio management and NPL servicing via its subsidiaries. The shares of the Holding have been publicly traded in BIST since 07.06.2021 with 22.93% free float rate and its paid-in capital was TRY 175mn as of 30.06.2021. Mr. Mahmut Levent Ünlü is the controlling shareholder with 64.71% ratio in capital along with his duties serving as the chairman and the CEO of the Holding. According to the segmental reporting provided in the independent audit report of 1H2021, ‘corporate finance’, ‘corporate sales and research’, ‘investment advisory and portfolio management’, ‘NPL management’ and ‘other’ business lines had 17.1%, 11.4%, 21.0%, 43.1% and 7.4% shares in total revenue, respectively.

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

Strengths

- Well-positioned subsidiaries in investment and asset management services segments underpinning progressing profitability performance
- Sound liquidity profile providing a buffer against incidental losses
- Solid equity level supported by share premium and high asset quality
- Reputable shareholding structure along with established relations with domestic and foreign individual and corporate clients
- Broad experience and diversified business lines in financial services industry
- Efforts to increase the level of compliance with corporate governance principles with the IPO

Constraints

- Vulnerable nature of risk appetite and capital flows towards emerging markets depending upon potential economic and geopolitical risks
- NPL servicing business line’s relatively higher susceptibility to legislative regulations
- Intensity of competition throughout financial services industry
- Macro uncertainties’ pressure on both financial and non-financial sectors

Considering the aforementioned points, the Holding’s the Long-Term National Rating has been assigned as ‘**AA (Trk)**’. The operational performance supported by profitability indicators (particularly by EBITDA performance), strong presence in corporate finance and NPL servicing segments and improving operating efficiency evidenced by declining OpEx to total revenue ratio (1H2021: 75.51%, FYE2020: 77.80%, FYE2019: 81.67%) along with high susceptibility to legislative regulations and intense competition in Turkish capital markets have been evaluated as important indicators for ‘**Stable**’ outlook of long-term national rating of the Holding. The Holding’s both operational and bottom-line profitability indicators, liquidity structure, equity generation performance along with local and global macroeconomic indicators are the major issues which will be monitored by JCR Eurasia Rating in the upcoming period.

The sponsor support grade of Ünlü Yatırım Holding A.Ş. has been resolved in deference to financial strength, financial capacity and willingness of the principal shareholder. In this regard, the Sponsor Support grade of the Holding has been determined as (2) in JCR Eurasia Rating’s notation system, indicating a moderate external support possibility. On the other hand, due to its resilient business model including strong presence in diversified segments, progressing operational profitability indicators, favourable liquidity profile, capability to access local and global financing resources and experienced and competent top management, the Stand Alone Note of the Holding has been determined as ‘**A**’.