

Corporate Credit Rating

New Update

Sector: Holding

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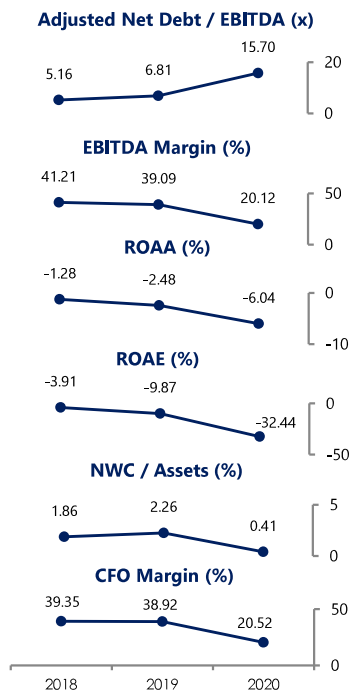
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RATINGS

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

*Assigned by JCR on May 31, 2021



Global Yatırım Holding A.Ş.

JCR Eurasia Rating, in the periodic annual review, has evaluated consolidated structure of “**Global Yatırım Holding A.Ş.**” and the “**Outstanding Bond Issues**” in an investment grade category on the national scale and has downgraded its Long Term Rating from ‘**BBB+ (Trk)**’ to ‘**BBB (Trk)**’ and Long Term International Rating from ‘**BB+**’ to ‘**BB**’ with ‘**Stable**’ outlooks.

‘**Global Yatırım Holding A.Ş.**’, (hereinafter referred to as ‘Global Investment Holdings’, ‘Global Investment’ or ‘the Holding’) commenced its operations in 1990 under the name of ‘Global Menkul Degerler A.Ş.’. The Holding has played a significant role in the development of Turkish capital markets by paving the way for many of the country’s leading businesses to meet international businesses for the first time. In 2004, Global Investment Holdings transformed into an investment portfolio company, drawing on its appetite for growing investments and its strong experience. With interests in a variety of business sectors and traditional non-bank financial service providers, Global Investment Holdings has evolved into a dynamic investment entity. The Holding’s operations include financial brokerage, asset management, co/tri-generation, clean and renewable energy generation, natural gas (CNG: Compressed Natural Gas / LNG: Liquefied Naturel Gas) distribution, feldspar mining, operating port infrastructure (cruise ship terminals and a commercial seaport), and real estate investment trusts.

The Holding stands as a roof to manage the issues of investment, financing, organization, and management of its affiliates and subsidiaries by participating in their capital and management. Global Investment Holdings’ shares have been traded on the Borsa Istanbul (BIST) since May 1995 (they were traded as ‘Global Menkul Degerler A.S.’ from May 1995 until October 1, 2004). Besides, The Holding completed its first IPO abroad, in London Stock Exchange in May 2017 with its affiliate named Global Ports Holding PLC.

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

Strengths

- Diversified portfolio compensates for potential volatility in economic conditions at a certain level
- Steady income from electricity sales within the scope of YEKDEM with high support level of sectoral authority encouraging the use of renewable energy sources
- Hard currency cash flow stream from port, energy and mining operations provides resilience to the Holding
- Prominent positions in sub-segments
- Improvement in cash conversion cycle
- Elastic investment strategy enables the Holding to continuously improve internal returns
- Compliance with corporate governance principles

Constraints

- Significant contraction in EBITDA generation of port management segment due to devastating impact of Covid-19 pandemic on cruise industry
- Persistent period net losses put pressure on equity growth
- Steady decline in profitability indicators during the review period
- High level of financial leverage despite the long term funding structure
- Deterioration in cash flow metrics seen in 2020 and continuing in the current year
- High volatility on currency rates increasing uncertainty and affecting financials of corporates as well as debt service capacity
- Pandemic on global and local economies overhang as a systematic risk

Considering the aforementioned points, Global Investment Holding’s Long Term National Rating has been downgraded by one notch from ‘**BBB+ (Trk)**’ to ‘**BBB (Trk)**’. The Holding’s cash generation ability from different sectors, prominent positions in sub-segments together with deterioration in business indicators arising from Covid-19 pandemic have been evaluated as important indicators for the stability of the ratings and the outlooks for Long- and Short-Term National ratings are determined as ‘**Stable**’. Sustainability of the Holding’s profitability performance, cash generation capacity, changes in market share, effects of the Covid-19 pandemic, volatilities in the exchange rates, equity level and financial leverage together with the trends in the industries are to be monitored by JCR Eurasia Rating. 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 major shareholders of the Holding are considered to have the willingness and experience to ensure long-term liquidity and equity when required and to provide efficient operational support to Global Investment Holdings. In this regard, the Holding’s Sponsor Support Grade has been assigned as **(2)** in JCR Eurasia Rating’s notation system. Taking into account the Holding’s ability to fulfil the liabilities with its own resources, ongoing operations, liquidity reachability and internal resource generation capacity, The Stand Alone grade has been determined as **(B)** in the JCR Eurasia Rating notation system.