

## Corporate Credit Rating

New  Update

**Sector:** Transportation Support Services

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BBB-	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## Çelebi Hava Servisi Anonim Şirketi

JCR Eurasia Rating has evaluated the consolidated structure of "Çelebi Hava Servisi A.Ş." in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been affirmed at 'BBB-/Stable' above the sovereign ratings of Republic of Türkiye.

**Çelebi Hava Servisi A.Ş.** (hereinafter referred to as "CHS" or "the Group") was established in 1958 as the first private ground handling company of Turkish air transportation. The main shareholder is Çelebi Havaçılık Holding A.Ş. (hereinafter referred to as "the Holding" or "CHH") which is jointly controlled by the Çelebioğlu Family and Zeus Aviation Services Investments B.V. with a share of 89.91% as of FYE2024. In addition, CHS has been publicly traded on Borsa Istanbul (BIST) under the ticker "CLEBI" since 1996, with 10.09% of its shares currently in free float.

The main activities of the Group are to provide ground handling services (representation, traffic, ramp, cargo, flight operation, aircraft maintenance and etc.), cargo, warehouse services and general aviation services to domestic and foreign airlines and private cargo companies. The Group operates at 32 airports across Türkiye, 9 in India, and one each in Hungary and Tanzania, while also offering cargo and warehousing services in Germany. CHS also strengthened its presence in the Asian market by acquiring a company operating in 26 airports in Indonesia in 2024.

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

### Strengths

- Upward trend in FX-based revenue, fueled by accelerating ground handling and cargo segments in FY2024,
- Strengthened EBITDA performance accompanied by resilient profitability margins amid moderate erosion in FY2024,
- Stable liquidity profile, underpinned by rising cash flows, accumulated reserves and strong net working capital position,
- Net cash position and interest income surplus reinforcing sound financial structure with strong leverage and coverage metrics,
- Geographically diversified income and customer structure reducing concentration risk across markets,
- Low doubtful receivables ratio supported by a sound customer base despite limited collateralization,
- Ongoing momentum in air traffic indicators alongside strong market share across operational regions,
- Benefiting from competitive advantage of the Turkish tourism industry,
- Compliance with corporate governance practices.

### Constraints

- High dividend pay-out ratio and notably low paid in capital despite maintaining moderate equity level,
- Structural currency mismatch between revenue streams and operating cost base,
- Operating in a highly sensitive industry vulnerable to geopolitical, environmental and other challenges,
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. The Group's steadily growing business volume, improving bottom line, declining FX-based financial debt, strong cash generation capacity, sound liquidity indicators, high asset quality, long-standing track record, and experienced organizational structure along with the positive outlook in the aviation sector have been evaluated as important indicators for the stability of the ratings, and the outlooks for Long and Short-Term National Issuer Credit Ratings have been determined as 'Stable'. The Group's profitability indicators, leverage and coverage metrics, sustainability of demands, market position and economic conditions in Türkiye as well as geopolitical risks-driven uncertainties will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector, will also be monitored.

