

Corporate Credit Rating

New Update

Sector: Holding

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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	-	-
	International FC ICR Outlooks	-	-
	International LC ICR	-	-
	International LC ICR Outlooks	-	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign *	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022

Hacı Ömer Sabancı Holding A.Ş.

JCR Eurasia Rating has evaluated "Hacı Ömer Sabancı Holding A.Ş." in the highest investment-grade category, assigned the Long-Term National Issuer Credit Rating as 'AAA (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks.

Hacı Ömer Sabancı Holding A.Ş. (hereinafter "Sabancı Holding"; "the Company", "the Holding" or "the Group"), was established in 1967 and has rooted operational track record and diversified business activities in various fields such as banking, financial services, energy, industrials, building materials, retail and digital sectors to take advantage of globalization, international competition, and a global economic integration. Sabancı Group focuses on strengthening further its diversified business ecosystem by seizing the opportunities in new growth platforms while maintaining its strong position in core businesses. Sabancı Holding aims to double capital expenditures in the midterm to accelerate both organic and inorganic growth. The main investment areas to be focused on have been determined as climate technologies, advanced material technologies and digital technologies, which are described as the new economy in order to produce more foreign currency, reduce exposure to regulated industries and have a more sustainable ecosystem. Sabancı Group companies are operating in 14 countries and supplying their products to regions throughout the world. Sabancı Holding's multinational business partners include prominent global companies such as Ageas, Bridgestone, Carrefour, E. ON, Heidelberg Cement and Skoda.

Sabancı Holding is registered with the Capital Markets Board and its shares have been listed on the Borsa Istanbul under the ticker symbol 'SAHOL' since July 8, 1997. As of reporting date, the Sabancı Family jointly controls Sabancı Holding as a majority shareholder, while 49.6% of the Holding's shares are publicly traded. Sabancı Holding employs 64,869 people through 14 subsidiaries and 5 joint ventures under its umbrella as of September 30, 2022.

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

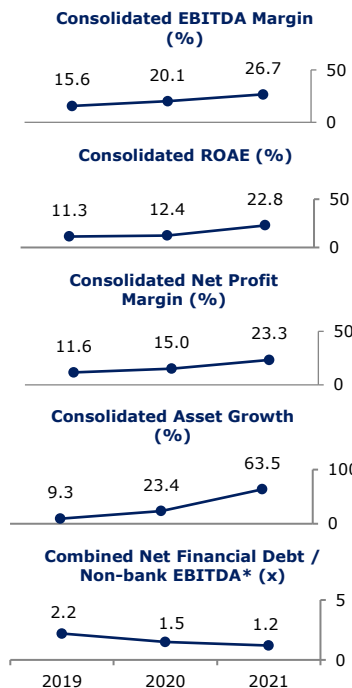
Strengths

- Upward trend in profitability indicators and sustainable EBITDA generation capacity,
- Decreasing net debt to EBITDA multiplier along with improvement in cash flow from operations,
- Sustainable dividend income stream through well-positioned Group companies,
- Segmental diversification coupled with presence in strategic industries with high barriers to entry,
- High level of compliance regarding corporate governance & sustainability implementations and well-established risk management organization,
- Advantages of owning subsidiaries with high market shares and partnerships with worldwide recognized powerful brands,
- Deep-rooted operating history and profound experience in banking and financial services industry.

Constraints

- Relatively low level of paid-in capital compared to asset size,
- Potential sectoral concentration risk due to having banking and financial services industry concentrated investment portfolio,
- Global recession and geopolitical risks stemming from Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, Sabancı Holding's Long-Term National Issuer Credit Rating has been assigned as 'AAA (tr)'. The Group's strong revenue and EBITDA generation capacity, profitability indicators, leverage metrics, asset quality, risk management implementations, successful track record and the competitive advantage obtained through its diversified investment portfolio have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Group's financial structure, attainability of the Group's budgeted projections, efficiency of investments, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Group's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.



*Non-bank; excludes Banking, net cash position of Financial Services, non-operational and non-recurring one-off items and IFRS16 impact in retail.