

Corporate Credit Rating

New Update

Sector: Investment Holding

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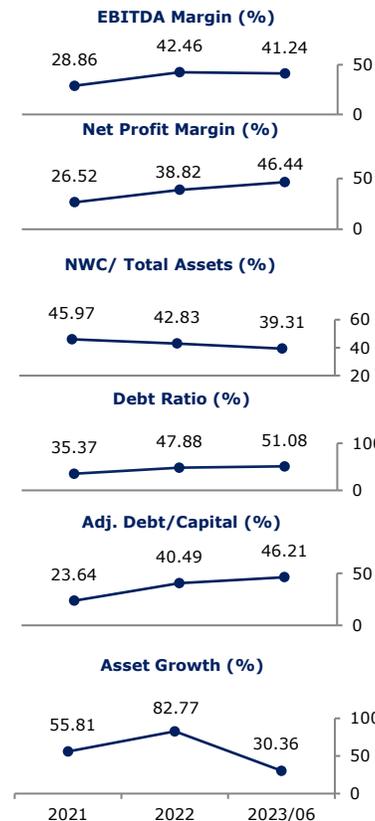
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
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



ÜNLÜ YATIRIM HOLDİNG A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Ünlü Yatırım Holding A.Ş." in the very high investment level category 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 were determined as 'BB/ Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

The operating history of Ünlü Yatırım Holding A.Ş. (hereinafter referred to as "the Company", "the Holding" or "Ünlü & Co") goes back to 1990s with the foundation of Dundas Ünlü & Co. Ltd. in 1996. As a legal entity; Ünlü Finansal Yatırımlar A.Ş. was established in FY2011 and changed its commercial title as 'Ünlü Yatırım Holding A.Ş.' in 2015. Since 2015, the operations of the Holding became diversified via several business segments and Ünlü & Co consolidated nine subsidiaries and two investments (via the equity method) -which operate in the fields of corporate finance, corporate sales and research, investment advisory and portfolio management, NPLs management, treasury and alternative investments- under its corporate body, as of the report date. As of 1H2023, total asset and equity size of the Holding were TRY 2,237.25mn and TRY 1,094.47mn, respectively (FYE2022: TRY 1,716.14mn and TRY 894.38mn, respectively).

Mr. Mahmut Levent Ünlü -who serves as the chairman and CEO as well- is the controlling shareholder with 64.71% shares in paid-in capital and 84.38% voting ratio. The Wellcome Trust is among the shareholders with 7.71% share and 3.41% voting ratio. The shares of Ünlü & Co have been publicly traded on Borsa İstanbul (BIST) "Star Market" since June 07, 2021 with 'UNLU' ticker and the actual outstanding share ratio was 26.43% on 16.08.2023. On the other hand, the shares corresponding to 27.58% of the paid-in capital had listed status and 1.15% was possessed by the employees of the Holding. (26.43% publicly held, 1.15% held by employees)

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

Strengths

- Remarkable improvement in revenue and profit generation capacity in FY2022, expected to continue in 2023 financials,
- Consistent recurring income stream through well-positioned Group companies,
- Satisfactory equity base supported by internal equity generation capacity though decreasing equity level relative to total asset size in FYE2022,
- Strong liquidity metrics underpinned by high-quality asset growth,
- Diversified funding structure through debt security issuances, providing financial flexibility,
- Reputable shareholder structure and deep-rooted relations with domestic and foreign individual and corporate clients,
- As an institution subject to Capital Market Law, improved transparency with regard to corporate governance compliance.

Constraints

- Vulnerability of EMs in terms of risk appetite regarding potential economic and geopolitical risks,
- Relatively higher susceptibility of NPL servicing to legislative regulations,
- Short-term borrowing profile in parallel with the sector,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Holding's the Long-Term National Issuer Credit Rating has been affirmed at 'AA+ (tr)'. The diversified business operations, deep-rooted operating history and proven track record, well-positioned subsidiaries in financial advisory sector with revenue and profit generation capacity alongside tough competition in the intermediary sector, activities' high susceptibility to legislative regulations and uncertainties stemming from geopolitical risks globally 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 Holding's indebtedness structure and solvency performance, revenue generation, profitability indicators, the geopolitical risks driven uncertainties, risk appetite towards emerging markets along with macroeconomic indicators at national and international markets will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.