



Fitch Changes 6 Turkish Corporate Issuers' Outlook to Stable

Fitch Ratings - Moscow - 08 November 2019:

Fitch Ratings has revised the Outlooks on six Turkish corporate issuers' Long-Term Foreign Currency Issuer Default Ratings (IDR) to Stable from Negative and affirmed all ratings. A full list of rating actions is below.

Key Rating Drivers

The rating actions follow the revision of the Outlook on Turkey's Long-Term Foreign Currency IDR to Stable from Negative. Owing to the issuers' strong exposure to the Turkish economy, their Foreign Currency IDRs are influenced by the Turkish Country Ceiling. The change in the Outlooks listed below reflects the likely correlation of future rating actions to further change of the sovereign rating, assuming that the Country Ceiling moves in line with the sovereign IDR.

The Outlook for Coca Cola Icecek's (CCI) Local Currency Long-Term IDR of 'BBB-' remains Negative as this continues to capture risks related to the weakened operating environment in some of CCI's overseas markets in addition to Turkey, which could pressure the group's operating performance in the near term.

On 1 November 2019 Fitch affirmed Turkey's Long-term Foreign Currency Issuer Default Rating (IDR) at 'BB-' and changed the Outlook to Stable from Negative (see 'Fitch Revises Turkey's Outlook to Stable; Affirms at 'BB-' at <https://www.fitchratings.com/site/pr/10100145>).

Fitch's assessment of the fundamental issuer-specific credit considerations remains unchanged.

For each issuer's Key Rating Drivers, Rating Sensitivities and Key Assumptions see the recent rating action commentaries (RACs), referenced below.

CCI: (see 'Fitch Affirms Coca-Cola Icecek's Long-Term Foreign-Currency IDR at 'BB'; Outlook Negative' dated 25 September 2019)

Emlak Konut Gayrimenkul Yatirim Ortakligi A.S. (see 'Fitch Affirms Turkish Residential Developer Emlak Konut at 'BB-'; Outlook Negative' dated 14 October 2019)

Ordu Yardimlasma Kurumu (OYAK) Holding (see 'Fitch Downgrades Oyak to 'BB'; Outlook Negative' dated 18 July 2019)

Ronesans Gayrimenkul Yatirim A.S. (RGY) (see 'Fitch Downgrades Ronesans Gayrimenkul Yatirim to 'BB-'; Outlook Negative' dated 18 July 2019)

Turkiye Sise ve Cam Fabrikalari A.S (Sisecam) (see 'Fitch Downgrades Sisecam's IDR, senior unsecured ratings to 'BB-'; Negative Outlook' dated 18 July 2019)

Turkiye Petrol Rafinerileri A.S. (Tupras) (see 'Fitch Downgrades Tupras to 'BB-'; Outlook Negative' dated 19 July 2019)

Derivation Summary

See the relevant RAC for each issuer referenced above.

Key Assumptions

See the relevant RAC for each issuer referenced above.

RATING SENSITIVITIES

CCI:

Developments That May, Individually or Collectively, Lead to Positive Rating Action

For the Local Currency IDR:

- Improvement of the macroeconomic and operating environment in Turkey and in CCI's other core markets, subject to satisfactory operating performance and funds from operations (FFO)-adjusted net leverage remaining below 3x (2018: 2.3x).

For the Foreign Currency IDR:

- An upgrade of the Country Ceiling for Turkey
- A change in the applicable Country Ceiling to Kazakhstan from Turkey

Developments That May, Individually or Collectively, Lead to Negative Rating Action

For the Local Currency IDR:

- Adverse impact of deteriorated operating and macro environment in Turkey or/and in other CCI's markets on the group's credit metrics not accompanied by adequate cash-preservation measures, such as dividend and capex reduction
- Increased volatility of free cash flow (FCF, after capex and dividends)
- FFO adjusted net leverage above 3.0x, along with FFO fixed-charge coverage being below 4x (2018: 4.1x)
- A weakening of CCI's strategic or operational ties with The Coca-Cola Company (TCCC)
- EBITDA margin falling below 14%

For the Foreign Currency IDR:

- A downgrade of Turkey's Local Currency IDR
- A downgrade of the Country Ceiling for Turkey, which would lead to a corresponding downgrade of CCI's Foreign Currency IDR;
- A reduction of the perceived likelihood of support by TCCC to CCI in case of transfer and convertibility risks leading to the removal of the one-notch uplift from Turkey's Country Ceiling that we currently apply to CCI's Foreign Currency IDR.

RGY:

Developments That May, Individually or Collectively, Lead to Positive Rating Action

- RGY's ratings are currently constrained by Turkey's Country Ceiling of 'BB-'. Therefore positive rating action is currently limited by the Country Ceiling.
- Fitch does not expect to upgrade RGY's rating until economic conditions in Turkey have stabilised and the company has addressed the lack of an effective and sustainable means of hedging the Turkish lira relative to its euro-denominated debt.

Developments That May, Individually or Collectively, Lead to Negative Rating Action

- Downgrade of Turkey's Country Ceiling
- Weakening of Turkish economic conditions and/or a significant short-term depreciation in the Turkish lira
- Loan-to-value (Fitch defined, proportionally consolidated) greater than 60% (2018: 52%) over a sustained period and reduced headroom in secured debt financing covenants
- Net debt/EBITDA over 10x over a sustained period (2018: 11.1x)
- Failure to address 2021 refinancing risk at least 12 months ahead of relevant debt maturities

For the following issuers, see the relevant RAC referenced above.

Emlak Konut Gayrimenkul Yatirim Ortakligi A.S.

Ordu Yardimlasma Kurumu (Oyak):

Turkiye Sis ve Cam Fabrikalari A.S.

Turkiye Petrol Rafinerileri A.S. (Tupras)

Liquidity and Debt Structure















See the relevant RAC for each issuer referenced above.

Summary of Financial Adjustments

See the relevant RAC for each issuer referenced above.

RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
Emlak Konut Gayrimenkul Yatirim Ortakligi A.S.	LT IDR BB- ● Affirmed	BB- ●
	LC LT IDR BB- ● Affirmed	BB- ●
	Natl LT AA(tur) ● Affirmed	AA(tur) ●
Coca-Cola Icecek	LT IDR BB ●	BB ●

	Affirmed	
	LC LT IDR BBB-  Affirmed	BBB- 
senior unsecured	LT BB Affirmed	BB
Turkiye Sise ve Cam Fabrikalari AS	LT IDR BB-  Affirmed	BB- 
senior unsecured	LT BB- Affirmed	BB-
Ronesans Gayrimenkul Yatirim A.S.	LT IDR BB-  Affirmed	BB- 
senior unsecured	LT BB- Affirmed	BB-
Turkiye Petrol Rafinerileri A.S. (Tupras)	LT IDR BB-  Affirmed	BB- 
	LC LT IDR BB-  Affirmed	BB- 
	Natl LT AA+(tur)  Affirmed	AA+(tur) 
senior unsecured	LT BB- Affirmed	BB-
Ordu Yardimlasma Kurumu (Oyak)	LT IDR BB  Affirmed	BB 

Additional information is available on www.fitchratings.com

FITCH RATINGS ANALYSTS

Primary Rating Analyst
Tatiana Bobrovskaya, CFA
Director
+7 495 956 5569
Fitch Ratings CIS Ltd
Business Centre Light House, 6th Floor 26 Valovaya St.
Moscow 115054

Primary Rating Analyst
Bram Cartmell
Senior Director
+44 20 3530 1874
Fitch Ratings Ltd
30 North Colonnade, Canary Wharf
London E14 5GN

Primary Rating Analyst

Cigdem Cerit
Director
+34 93 467 8840
Fitch Ratings Espana. S.A.U.
Av. Diagonal 601
Barcelona 08028

Primary Rating Analyst
Shiv Kapoor, CFA
Senior Analyst
+44 20 3530 1509
Fitch Ratings Ltd
30 North Colonnade, Canary Wharf
London E14 5GN

Primary Rating Analyst
Jakub Zasada
Director
+48 22 338 6295
Fitch Polska SA
Krolewska 16, 00-103
Warsaw

Secondary Rating Analyst
Marialuisa Macchia
Associate Director
+39 02 879087 213

Secondary Rating Analyst
Samer Haydar
Associate Director
+971 4 424 1240

Secondary Rating Analyst
Jad Salem
Associate Director
+971 4 424 1245

Secondary Rating Analyst
Bram Cartmell
Senior Director
+44 20 3530 1874

Secondary Rating Analyst
Myriam Affri
Senior Director
+44 20 3530 1919

Committee Chairperson
Damien Chew, CFA
Senior Director
+44 20 3530 1424

MEDIA CONTACTS

Adrian Simpson
London
+44 20 3530 1010
adrian.simpson@thefitchgroup.com

Applicable Criteria

National Scale Ratings Criteria (pub. 18 Jul 2018)

Non-Financial Corporates Exceeding the Country Ceiling Criteria (pub. 17 Jan 2019)

Investment Holding Companies Rating Criteria (pub. 29 Jan 2019)

Corporate Rating Criteria (pub. 19 Feb 2019)

Parent and Subsidiary Rating Linkage (pub. 27 Sep 2019)

Corporates Notching and Recovery Ratings Criteria (pub. 14 Oct 2019)

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