



# Turkish Corporate Outlook 2026

Macro improvements should support credit quality

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**S&P Global**  
Ratings

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*This report does not constitute a rating action*

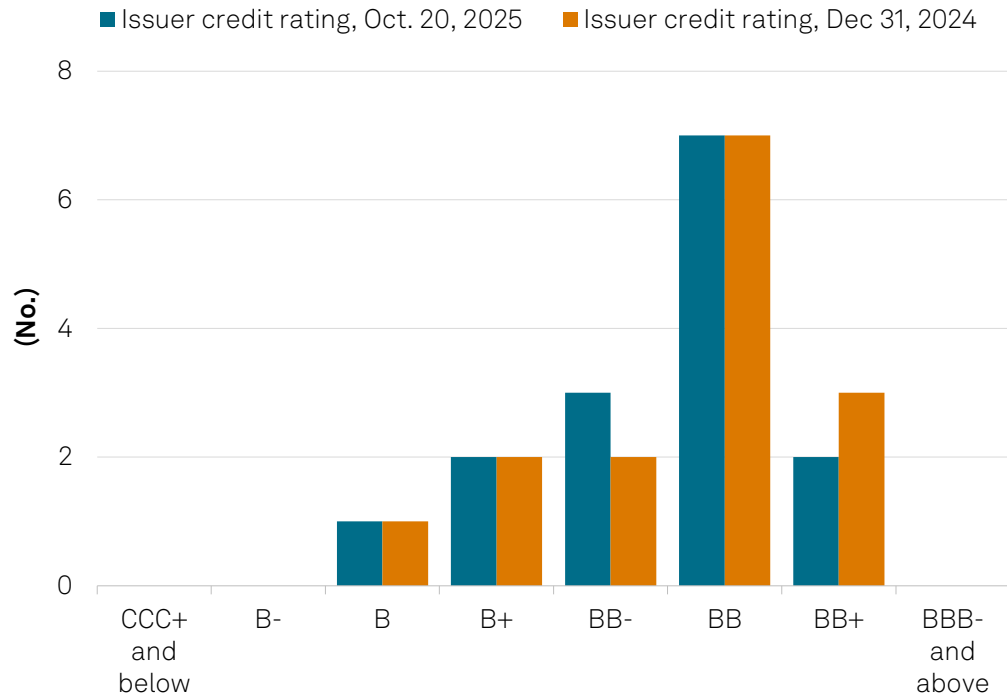
# Key Takeaways

- Turkish corporates saw their credit quality weaken in 2025, leading to negative rating actions on four higher-rated companies.
- Reasons for the downgrades include a mix of ongoing economic challenges, alongside some company-specific factors.
- There is limited further downward rating pressure going into 2026, with only one negative outlook among rated issuers in Turkiye.
- High interest rates continue to be the most significant credit factor for Turkish companies, while the median leverage ratio (debt to EBITDA) remains healthy, at 2.6x. However, we forecast improving trends in interest coverage and free cash flow, based on a projected reduction in the headline policy rate.
- Weak demand and rising costs are more material risks for rated Turkish corporates than global trade factors, which are primarily affecting export industries such as steel and textile. The significant real appreciation of Turkish lira versus the U.S. dollar could hinder exporters position, but we think this could prove temporary.
- Liquidity profiles for most rated Turkish issuers are solid, with no material overall refinancing needs until 2028. That's when we see the next peak of over \$2 billion Eurobonds outstanding due, although we view this peak as manageable.

# Overview of corporate ratings in Türkiye

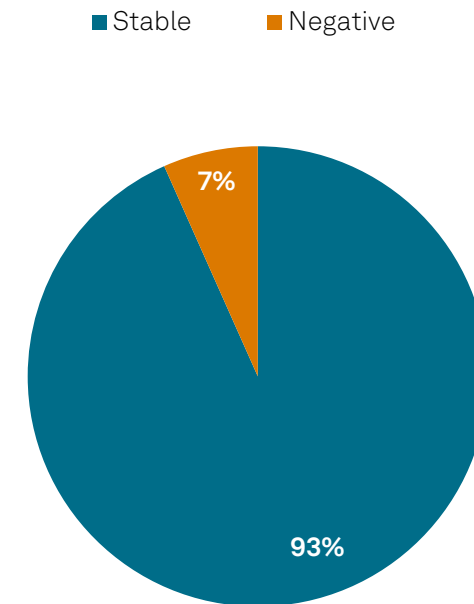
# Multiple negative rating actions over 2025, but most outlooks are now stable

## Distribution of corporate ratings in Turkiye



Source: S&P Global Ratings.

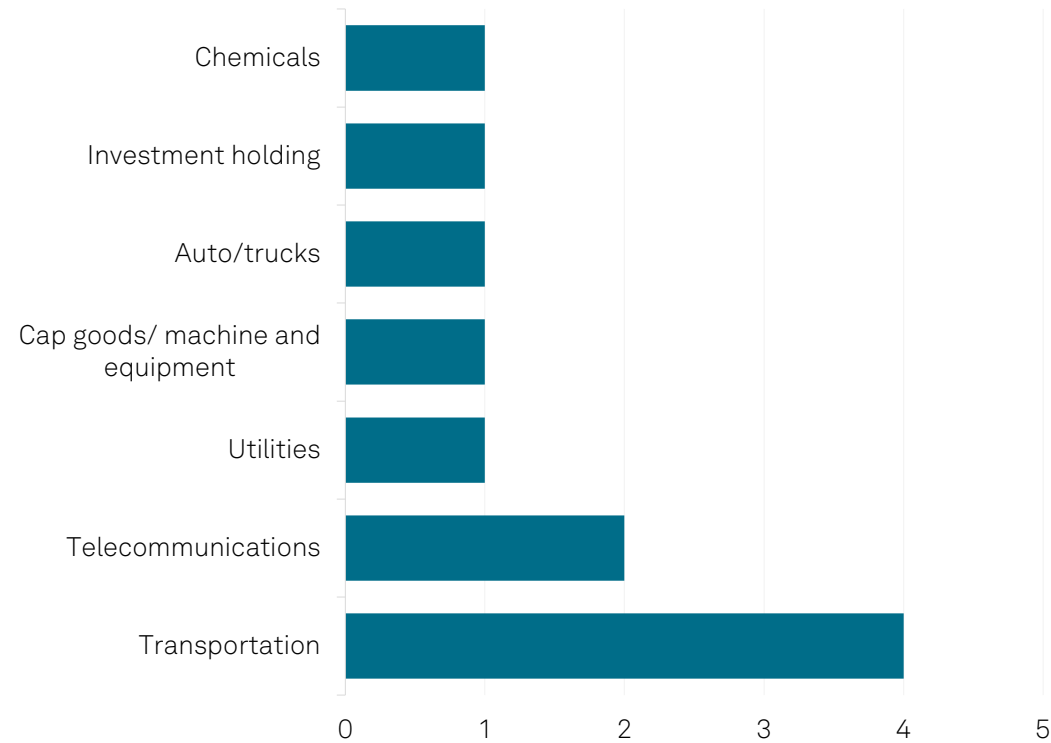
## Outlook distribution of Turkish corporate issuers



Outlooks as of Oct. 20, 2025. Source: S&P Global Ratings

# We rate Turkish companies across multiple sectors

## Sector distribution of Turkish corporate issuers



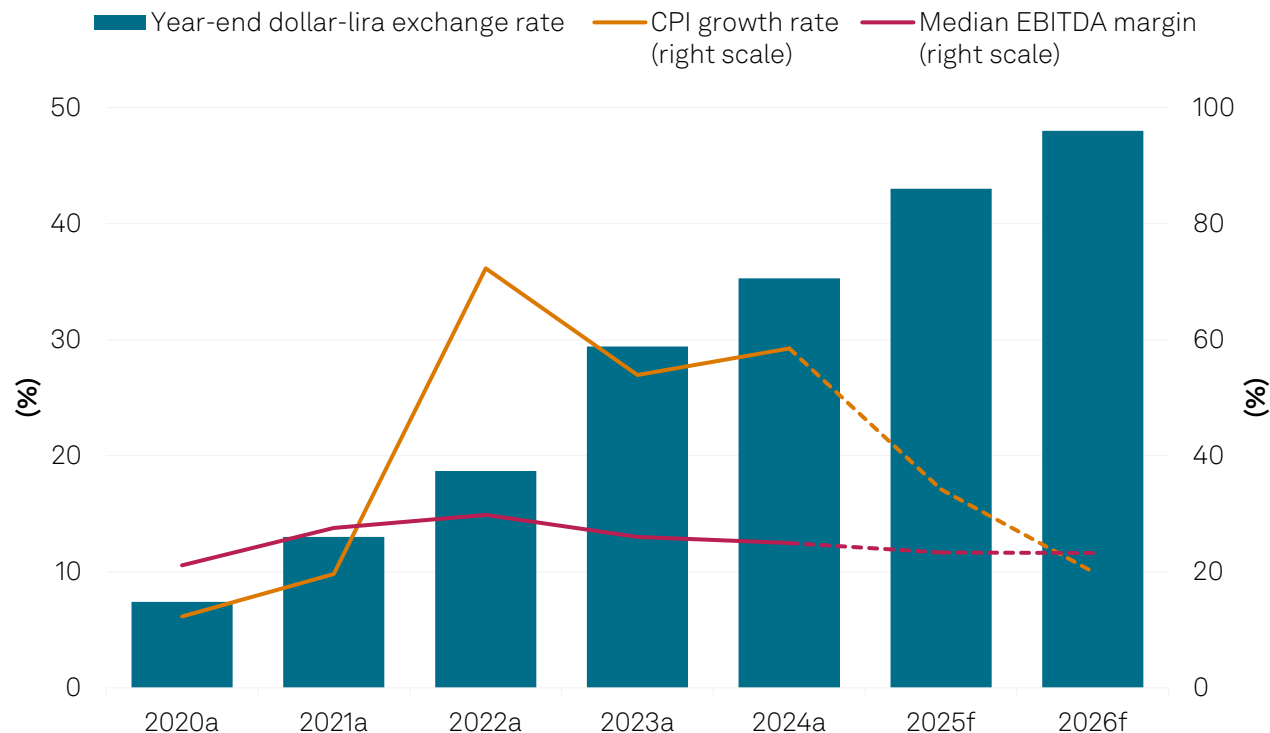
Note: Ratings as of Oct 20, 2025. \*We apply a criteria exception to rate Koc Holding one notch above our transfer and convertibility assessment due to its net cash position in U.S. dollars at international banks. §WE Soda is incorporated in the U.K. but its producing assets are in Turkiye. N/A—Not applicable. Source: S&P Global Ratings.

Entity	Sector	Long-term issuer credit rating/outlook	Stand-alone credit profile	Notches above the sovereign rating	Notches above the transfer and convertibility assessment
Anadolu Efes Biracilik ve Malt Sanayii AS	Consumer products	BB/Negative	bb	1	0
Arcelik A.S.	Consumer products	BB-/Stable	bb-	0	0
Aydem Renewables	Utilities	B/Stable	b	N/A	N/A
Coca-Cola Icecek AS	Consumer products	BB+/Stable	bb+	2	1
Ford Otomotiv Sanayi A.S.	Auto/trucks	BB-/Stable	bb-	0	0
Koc Holding A.S.*	Investment holding	BB+/Stable	bbb-	2	1
Mersin Uluslararası Liman İşletmeciliği A.S.	Transportation	BB/Stable	bbb-	1	0
Pegasus Hava Tasimacılığı A.S.	Transportation	B+/Stable	b+	N/A	N/A
Ronesans Holding A.S.	Capital goods	B+/Stable	b+	N/A	N/A
TAV Havalimanları Holding AS	Transportation	BB/Stable	bb-	1	0
Türk Hava Yolları A.O.	Transportation	BB/Stable	bb+	1	0
Türk Telekom	Telecommunications	BB/Stable	bbb-	1	0
Türkcell İletişim Hizmetleri A.S.	Telecommunications	BB/Stable	bbb	1	0
Ulker Bisküvi Sanayi A.S.	Consumer products	BB/Stable	bb	1	0
WE Soda Ltd.§	Chemicals	BB-/Stable	bb-	0	N/A

# How Turkish issuers' credit metrics have changed

# We expect rated corporate issuers to maintain resilient profitability despite the country's economic challenges

Turkish corporate issuers are still facing high inflation and foreign exchange volatility

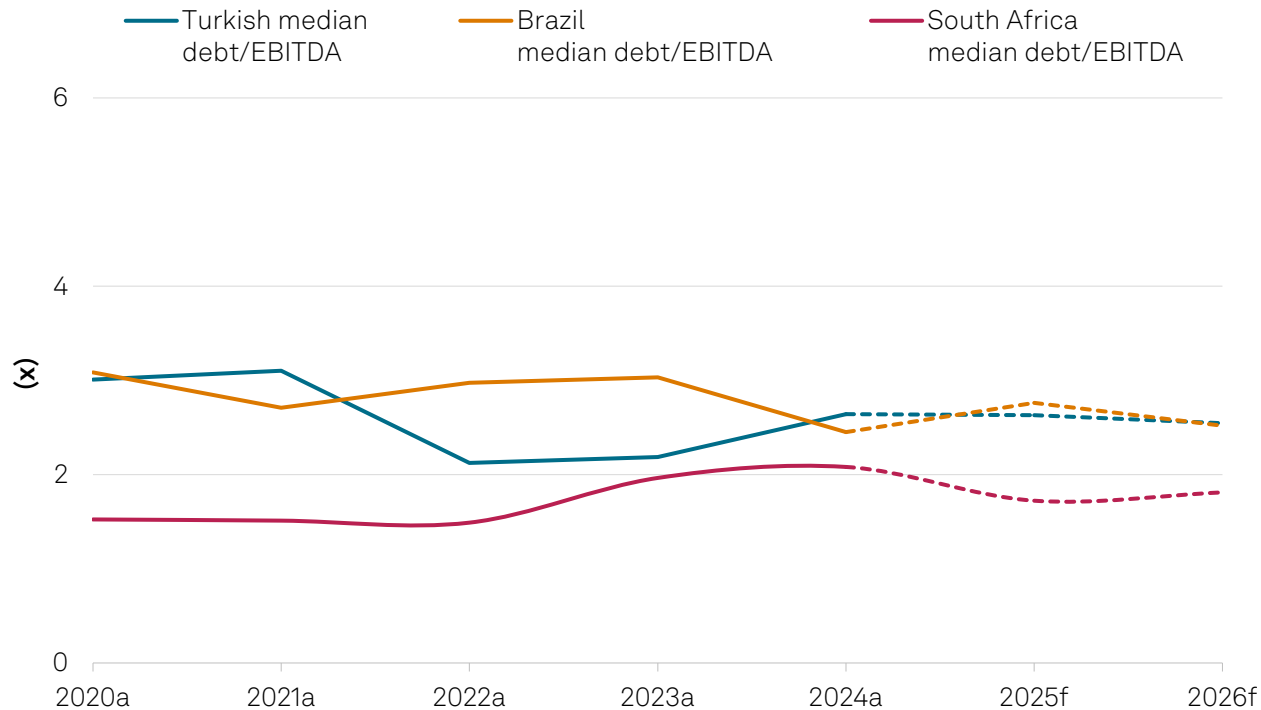


All figures adjusted by S&P Global Ratings. Excluding Koc Holding A.S. (Investment Holding Company criteria). CPI-- Consumer price index. a--Actual, f--Forecast. Source: S&P Global Ratings.

- Most Turkish issuers have absorbed inflation, maintaining resilient profitability. Still, sectors like telecoms fare much better than consumer goods, in which companies used steep promotional and discount efforts to drive volume at the expense of profits.
- We expect only gradual recovery in domestic demand in 2026, even if the government achieves its inflation reduction targets.
- Costs for exporting companies, which were historically more isolated from local conditions, have increased materially, in some cases affecting their global competitiveness. Cost inflation has not been offset by a similar lira devaluation, as usually happens in emerging markets. Moreover, the stronger lira exacerbated the impact of high inflation. We think costs should normalize in 2026, however.

# We do not anticipate balance sheets will weaken further

## Evolution of Turkish corporate issuers' S&P Global Ratings-adjusted debt to EBITDA

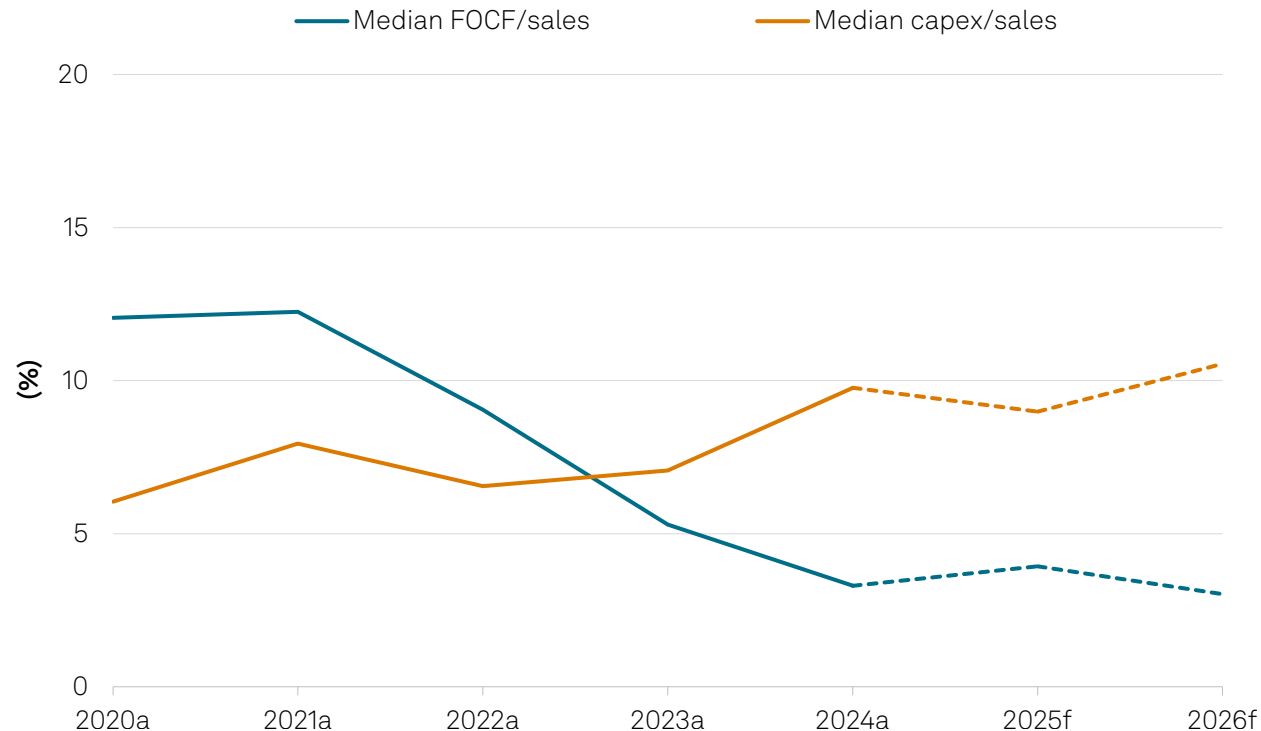


All figures adjusted by S&P Global Ratings. Excluding Koc Holding A.S. (Investment Holding Company criteria). a--Actual. f--Forecast. Source: S&P Global Ratings.

- We continue to expect healthy leverage metrics for Turkish corporates in 2026, in line with emerging market averages.
- We the increase in leverage from high inflation, weakened demand, high interest rates, and exchange rate fluctuations, materialized in 2024 and should not happen further, unlike in Brazil.
- Turk Telekom is the only company where we have recently revised our forecast such that leverage increases materially in 2026--due to concession payments and potential costs associated with the 5G spectrum auction--but this does not relate to any performance aspects.

# Higher interest expense and capex erode cash flow and deleveraging ability

## Evolution of Turkish corporate issuers' S&P Global Ratings-adjusted FOCF and capex to sales ratios



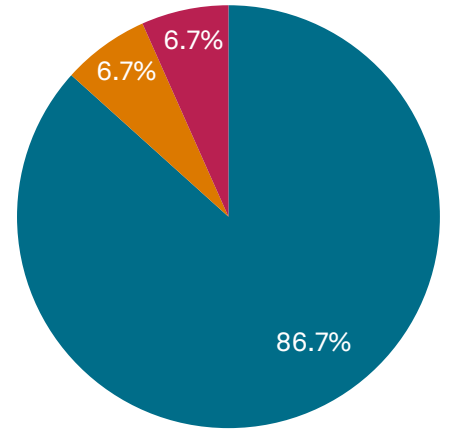
All figures adjusted by S&P Global Ratings. Excluding Koc Holding A.S. (Investment Holding Company criteria). FOCF--Free operating cash flow. Capex--Capital expenditure. a--Actual. f--Forecast. Source: S&P Global Ratings.

- We anticipate the median capex intensity to increase across sectors in 2026 as several rated issuers continue to invest in strategic growth projects despite economic challenges.
- Companies in telecoms, utilities, and infrastructure remain the most capital-intensive rated issuers, as the government is also supporting investments in these areas.
- While we do not forecast further weakening in operating performance, higher capex and interest charges will likely weigh on most Turkish companies' free cash flows in the next 12 months.

# Turkish corporates maintain adequate liquidity overall

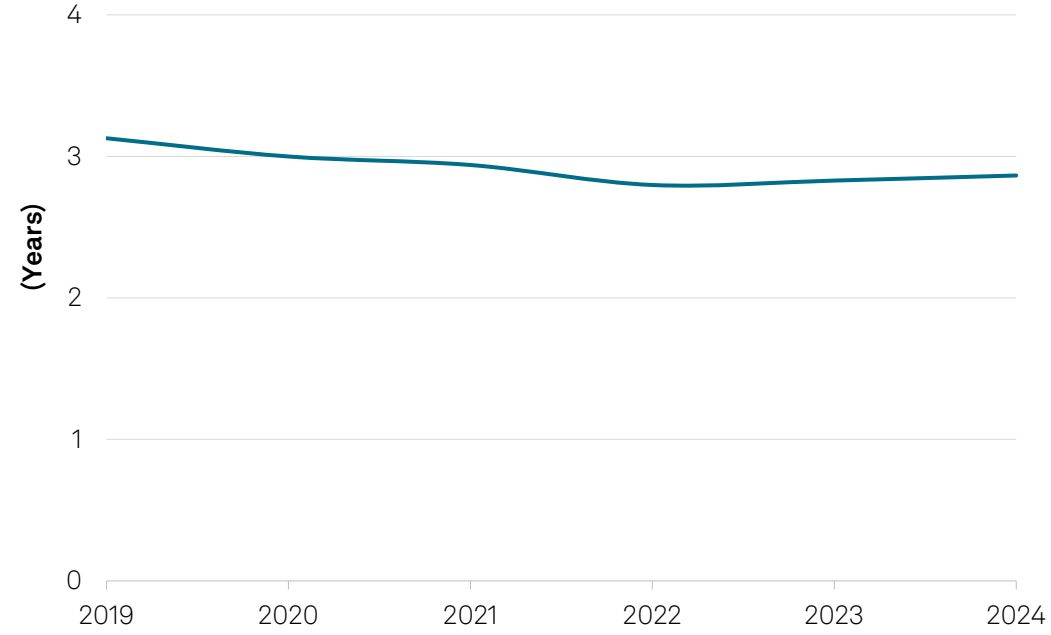
### Liquidity assessment distribution of Turkish corporate issuers

■ Adequate   ■ Strong   ■ Less than adequate



Outlooks as of Oct 20, 2025. Source: S&P Global Ratings

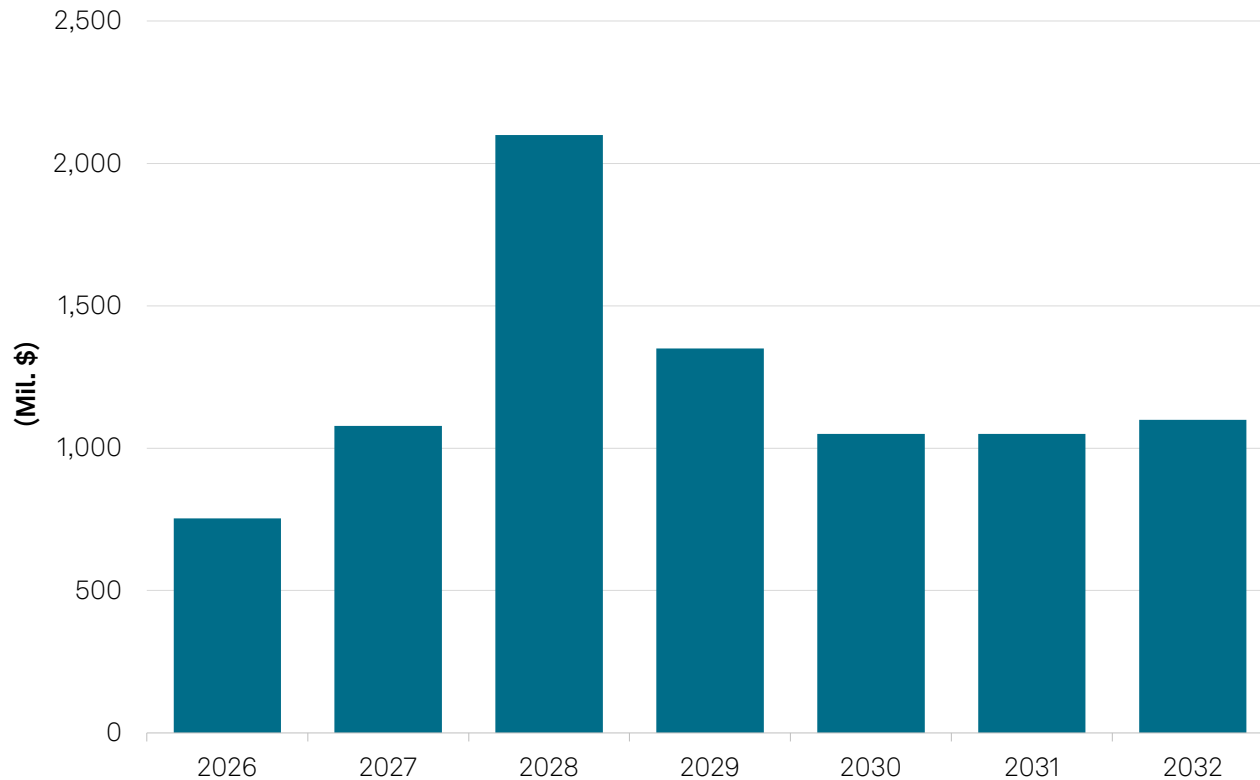
### Corporate issuers have a relatively short weighted-average debt maturity profile



All figures adjusted by S&P Global Ratings. Source: S&P Global Ratings.

# The Eurobond market remains open to most issuers, lowering refinancing risk

Turkish corporate issuers' rated Eurobond maturities

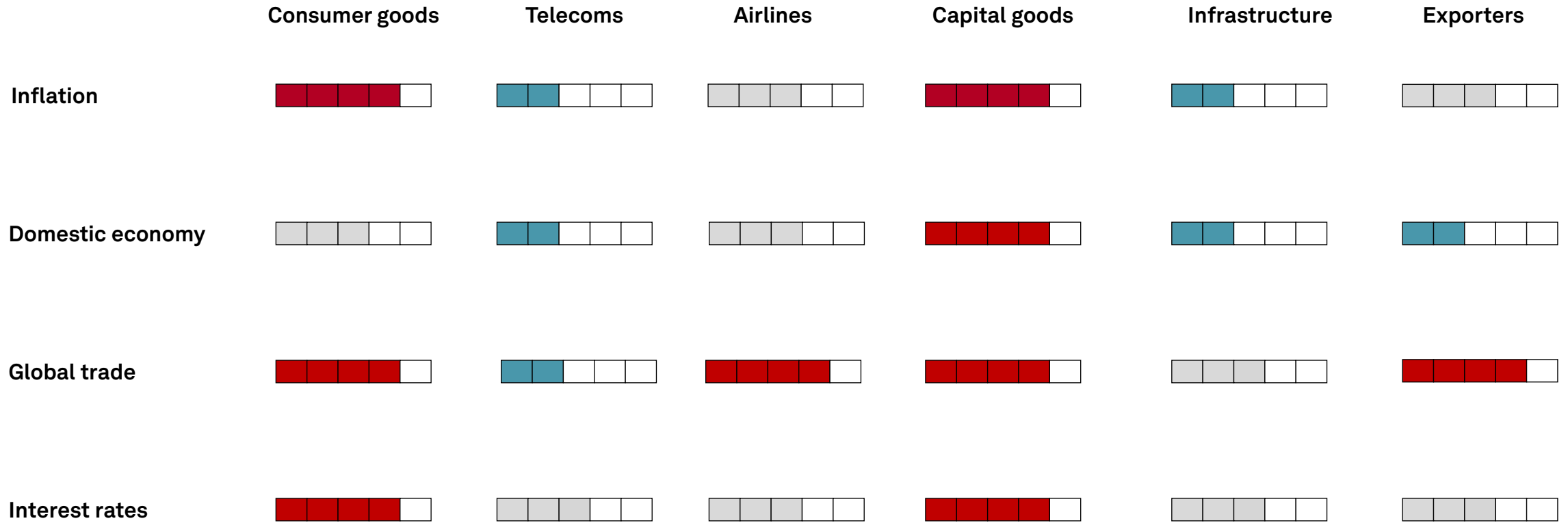


Source: S&P Global Ratings.

- We do not see material refinancing risk for most rated companies because maturities are well spread. The \$2 billion peak in 2028 should not pose a challenge in this respect.
- The Eurobond market remains fully open to these companies, and many corporates and banks have issued recently.

# Key trends and expectations, sector by sector

# 2026 Risk Factors By Sector



# 2026 Risk Factors By Sector

## Telecoms

- The sector is largely resilient to the economic cycle and inflation, given strong pass-through mechanisms.
- Capital investments are high due to 5G development.
- Interest rates could influence free cash flow and interest coverage metrics.

## Airlines

- The sector is mostly driven by global factors, with domestic developments having a lesser impact.
- Margins could erode should inflation remain high and the lira appreciate further

## Consumer goods

- Inflation and global trade conditions are key risk factors.
- Heightened discounts and efforts to stimulate demand across durables and nondurables sectors since early 2025.
- Interest rates could influence free cash flow and interest coverage metrics.

## Infrastructure

- There is lower sensitivity to risks from unfavorable developments in the local economy and inflation.
- Key investments in renewable energy projects from government policies remain a tailwind for utilities

## Capital goods

- High cyclical exposure exposes the sector to risks from domestic economy and global trade frictions.
- Persistent inflation could impair exporters' competitiveness.
- Interest rates could influence free cash flow and interest coverage metrics.

## Exporters

- Global trade is the key risk factor for exporters. Direct impacts from U.S. tariffs are limited.
- The lira's appreciation threatens the global cost position.
- For other export-oriented companies, indirect effects from global trade volatility are more pressing.

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