

Corporate Credit Rating

New Update

Sector: Bedding & Furniture
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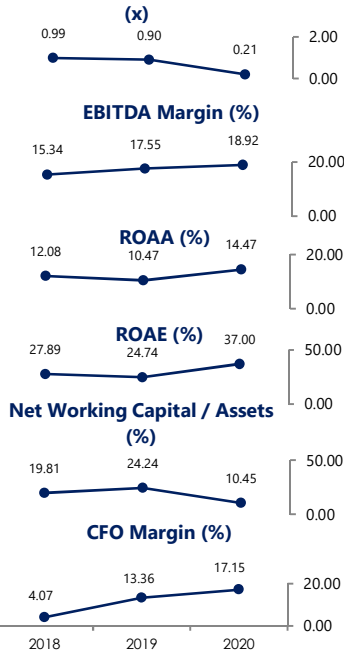
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RATINGS

		Long Term	Short Term
National	Local Rating	AA (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable Stable
Sovereign*	Sponsor Support	2	-
	Stand-Alone	A	-
	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	- -

*Assigned by JCR on May 31, 2021

Adjusted Net Debt / EBITDA



Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş. and Its Subsidiaries

JCR Eurasia Rating has evaluated the consolidated structure of “**Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş. and Its Subsidiaries**” in an investment category and assigned the ratings on the Long-Term National Scale as ‘**AA (Trk)**’ and the Short-Term National Scale as ‘**A-1+ (Trk)**’ with ‘**Stable**’ outlooks. On the other hand, the Long-Term International Foreign and Local Currency Ratings have been assigned as ‘**BB/Stable**’.

The foundation of Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş., (hereinafter referred to as “Yataş” or “the Group”), which has been involved in the wholesale and retail sale of the leading bedding and furniture brands for many years, was laid in 1976 as Süntaş A.Ş. that produced foam. In 1979, the Company started to produce foam mattresses besides foam by increasing facility investments; started production of spring mattresses in 1981. Yataş founded in 1987 and the production infrastructure expanded capable of producing home textile products, sofas and living rooms which improved its product range. In 2010, the Group focused on branding and merchandising activities with the restructuring process that resulted the launching of Enza Home.

In 2011, Yataş merged with İstanbul Pazarlama A.Ş. by acquisition, in line with the target of reducing operational expenses. As the end of 2017, investments covering foam and sofa areas was completed. In order to benefit from the incentive program Turquality, which is supported by Turkish Government, Enza Home and Yataş Bedding were splitted and independently included. In order to reach the goal of Turkish market leadership and appeal to a wider mass, Divaney was launched in 2018 by purchasing the royalty rights. The Company has subsidiaries in Germany, Russia and the USA and currently export its products to more than 35 countries. Yataş produces 94% of its products with 155,000 m² of enclosed space, 96,000 m² of open space, factories located in Kayseri and Ankara.

The paid in the capital of Yataş was TRY 149.8mn as of FYE2020. The main shareholders are the Öztaşkın Family with 29.37%, the Altop Family with 12.64% and 48.34% of the shares are traded in Borsa İstanbul (BIST) since 1996 with the ticker “YATAS”.

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

Strengths

- Notable increase in sales volume and operational performance,
- Sound profitability indicators underpinning internal equity generation,
- Solid cash flow metrics supporting further growth,
- Low leverage ratio along with strong EBITDA generation capacity,
- Strong brand identity of Yataş through large nationwide number of sales points,
- Maintaining high asset quality through currents,
- Successful track-record and long-lasting presence in the sector dating back to 1976,
- High level of corporate governance compliances.

Constraints

- Volatile input prices due to global supply & demand conditions and technical difficulties,
- Ongoing uncertainties arising from the global pandemic increasing uncertainty,
- Severe competition environment,
- Relatively high level of doubtful receivables which have been provisioned for all.

Considering the aforementioned points, the Group’s Long-Term National Rating has been assigned as ‘**AA (Trk)**’. Considering the sustainable sales and revenue increase, EBITDA generation capacity and asset growth, experienced and qualified organizational structure, low indebtedness level as well as uncertain global market and economic conditions; the Group’s outlook for Long and Short-Term National ratings has been determined as “**Stable**”. Financial risk indicators and market conditions regarding the sector are the priority issues to be monitored in the following period.

The Sponsor Support notes and risk assessments carried out reflect the financial and nonfinancial standings and expected support of the shareholders of the Group. The ultimate controlling shareholders of Yataş have the willingness and experience to ensure long term liquidity and equity depending on the adequacy of their financial strength when required and to provide efficient operational support to Yataş. In this scope, “**Sponsor Support**” category has been assigned as (2).

The Stand-Alone Note reflects the Company’s financial resilience and capacity to meet its commitments and obligations through internal means and resources without appealing to its shareholders. Considering Yataş’s internal resource generation capacity, ongoing operations, liquidity reachability, growth potential, sufficient profit margins, position and expertise in its sector and customer portfolio, we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the “**Stand-Alone**” grade of the Group has been assigned as (A) in the JCR Eurasia Rating notation system.