

## Corporate Credit Rating

New Update

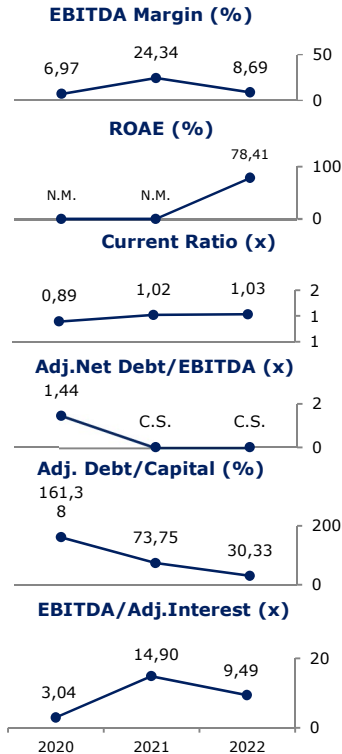
**Sector:** Furniture Industry  
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**Team Leader**  
 Özlem YAMANER  
 +90 212 352 56 73  
[ozlem.ozsoyyamaner@jcrer.com.tr](mailto:ozlem.ozsoyyamaner@jcrer.com.tr)

**Assistant Analyst**  
 Demet AKYOL SAYINER  
 +90 212 352 56 73  
[demet.akyolsayiner@jcrer.com.tr](mailto:demet.akyolsayiner@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
Sovereign*	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on August 18, 2022



## Ahşap Ürün Sanayi A.Ş.

JCR Eurasia Rating, has evaluated **Ahşap Ürün Sanayi A.Ş.** in the investment-level category on the national scales and assigned the Long-Term National Issuer Credit Rating as '**A (tr)**' and the Short-Term National Issuer Credit Rating as '**J1 (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

**Ahşap Ürün Sanayi A.Ş.** (hereinafter referred to as 'Ahşap Ürün' or 'the Company') was founded in İstanbul in 1983. The Company carries its activities in the field of manufacturing all kinds of furniture and decoration products. The Company mainly manufactures hotel furniture both in domestic and abroad market on a project basis. The Company continues all of its production activities in its Sancaktepe with a closed area of 16,000 m<sup>2</sup> as of reporting date.

As of the report date, the Company's paid-in capital is TRY 22mn, and the shareholders are Mehmet Ömer Cansever (50%), and Adil Kayhan Kalfazade (50%). The Company had a workforce of 437 as of FYE2022(FYE2021: 492).

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

### Strengths

- Consistent revenue growth during the reviewed periods which continued in 2023 financials
- Comfortable level of interest coverage ratios in the analyzed years
- Operating with net working capital surplus and moderate level of current ratio in both 2021 and 2022
- Notable increase in CFO and FOCF figures in 2022
- Advances received from customers supporting the liquidity management
- Export sales and hard currency dominated income stream provide natural hedging opportunity and resilience for the Company
- Growth prospect in sales revenue in the upcoming years after completion of the new factory investment with aim of capacity increase
- Long-lasting presence in the sector

### Constraints

- Volatile EBITDA margin due to project basis business model
- Low paid-in capital and equity base compared to growing asset size over the analyzed years
- Despite the solid financial standing with net cash position during the reviewed periods, additional bank loan utilization projections for investment purpose may deteriorate leverage metrics in upcoming period
- Improvement needs in the level of compliance with corporate governance practices
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as '**A (tr)**'. The Company's sales revenue growth, hard currency dominated income stream, sector experience, profitability, liquidity and leverage metrics along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 Company's revenue and profitability performance, cash generation ability and repayment capacity to the project finance loan, indebtedness level will be closely monitored by JCR Eurasia Rating in 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.