

## Corporate Credit Rating

New  Update

**Sector:** Consumer Durables  
 Manufacturing

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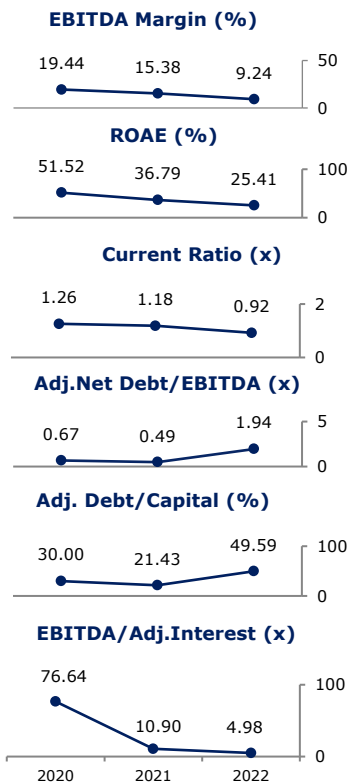
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC 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 Aug 18, 2022



## VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş." in the high investment grade 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. When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Issuer Credit Ratings are affirmed as 'BB'. Additionally, the outlooks on the International Long-Term Issuer Credit Rating perspectives of the Company have been assigned as 'Negative' in line with the sovereign rating outlook of the Republic of Türkiye.

**Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.** ("Vestel Beyaz Eşya" or "the Company") was established in 1997. At present, the product range of the Company comprises refrigerators, freezers, washing machines, tumble dryers, cooking appliances, dishwashers, dryers, split air-conditioners and water heaters. The Company is headquartered in İstanbul but its all 7 production plants are located in Vestel City in Manisa Organized Industrial Zone. As of FYE2022, the Company's total annual production capacity was 15.6mn units, operated with 81% capacity utilization rate and had a staff force of 10,607 people: 9,692 of them were blue collar employees while 915 them were white collar employees. Vestel Beyaz Eşya has an export-oriented business model and exports to more than 160 countries as proven by the fact that 73.65% of the Company's gross revenues originated from export sales at FYE2022. Europe has continued to be the main export market with a share of 69.36% in total exports and 51.08% in total gross sales at FYE2022. The Company is one of the largest 5 MDA (major domestic appliances) manufacturers in Europe and is among the top 3 players in domestic market. It consistently takes place in "Türkiye's Top 500 Industrial Enterprises Survey" of İstanbul Chamber of Industry. The Company ranked 18<sup>th</sup> in terms of sales from production in the 2021 survey (2020: 20<sup>th</sup>). When ranking of the companies which operates within NACE27 code (manufacturing of electrical equipment) considered, Vestel Beyaz Eşya took the 2<sup>nd</sup> place (2020: 3<sup>rd</sup>). Vestel Elektronik Sanayi ve Ticaret A.Ş. was the principal shareholder with 80.66% share in total paid-in capital while the rest of the shares were publicly traded on Borsa İstanbul as of FYE2022. As a member of Vestel Group companies, Vestel Beyaz Eşya is indirectly under the control of Zorlu Holding A.Ş. and Zorlu Family.

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

### Strengths

- Consistently improving revenue generation performance together with satisfactory gross profit margins,
- Satisfactory leverage profile and ease to access to diversified financial resources,
- Sufficient cash flow metrics supported by increasing FFO and CFO coupled with favorable level of cash conversion cycle,
- Successful track record as having top-tier positions in the domestic and European markets,
- Advantages of being a subsidiary of a well-known parent company,
- Efficiency and cost advantages of manufacturing under one roof of Vestel City,
- High compatibility with the corporate governance practices as a publicly traded company,
- Strong emphasis on R&D, innovation and sustainability within the scope of 'Smart Life 2030 Vision'.

### Constraints

- Short-term weighted maturity profile of rising borrowings leading to NWC deficit at FYE2022,
- Decline in EBITDA margin at FYE2022 with the effect of increase in operating expenses,
- High level of other receivables due from related parties distorting the integrity of the balance sheet structure,
- Ongoing significant share of revaluation gains in equity structure,
- Contraction in domestic and European markets emphasizing geographical diversification needs,
- Stable foreign currency rates, normalizing freight prices and rising manufacturing costs may generate headwinds to Türkiye's exporters.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'AA+ (tr)'. The Company's sales and export performance, leverage profile, efficiency and cash flow metrics, top-tier sectoral position, benefits from the parent company, corporate governance practices along with borrowing and equity structure, liquidity indicators, decreasing operating profit margins and deterioration in local and global macroeconomic conditions have been evaluated as important indicators for the 'Stable' outlooks for the Short and Long-Term National Issuer Credit Ratings. The Company's sales, leverage and liquidity metrics, solvency, profitability margins and raw material costs 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.