

Corporate Credit Rating

New Update

Sector: Coolers and Freezers
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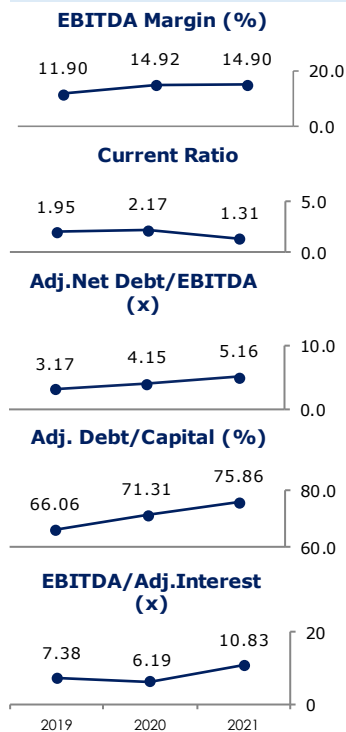
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Stable	Stable
	National ISR		
	International FC ISR		
Sovereign*	International LC ISR		
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Klimasan Klima San. ve Tic. A.Ş.

JCR Eurasia Rating, has evaluated the "Klimasan Klima San. ve Tic. A.Ş." in the high-investment level category and assigned the Long-Term National Issuer Credit Rating at 'A (tr)' and the Short-Term National Issuer Credit Rating at '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/Stable' according to JCR-ER's national-global mapping methodology.

Klimasan Klima San. Ve Tic. A.Ş. (hereinafter referred to as Klimasan Klima, or the Company) was established in 1969 to operate in the production and sales of industrial type coolers and freezers., but its foundation dates back to small business operated by 'Senocak' family" in İzmir in the 1915s. The main product range items of the Company are coolers of soft drinks, beer and beverages, and fridges for frozen foods and ice cream which has more than 110 models currently. The Company carries out its activities in Manisa Industrial Zone where built on a total production area of 66,412 m² with 1.617 staff force. The Company has a proven track record throughout its history in the sector of above 50 years with significant presence and know-how with strong regional and global brand recognition, namely "Klimasan", "Senocak", "Metalfrío", "Caravell", "Metalfrío Solutions" and "Derby". The Company exports more 90 than countries operating in Europe, Middle East, Africa, CIS and Asia.

The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1997 and **38,99%** of its shares are publicly traded on the BIST with the ticker symbol "KLMSN" as of today. "Metalfrío Solution Soğutma San. ve Tic. A.Ş." is a ultimate shareholder of the Company's with a 61,01% share. "Metalfrío S.A.", which is a Brazilian multinational corporation, has all shares of the "Metalfrío Solution Soğutma San. ve Tic. A.Ş."

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

Strengths

- Satisfactory and sustainable profitability margins with steady EBITDA generation capacity,
- Solid revenue growth in FYE2021 boosted by escalating export volume with geographical divergence and domestic sales together,
- Miscellaneous product ranges and top-tier customer base underpinning asset quality,
- Deep-rooted operating history and integrated structure with multinational parent companies,
- Competitive advantage of having own production facilities and focusing R&D investments providing sustainable development,
- High level of compliance with corporate governance practices

Constraints

- Short term weighted and FX-based borrowing profile pressuring net profit margin,
- Deterioration in adjusted net debt/EBITDA multiplier due to increasing debt level,
- Noteworthy contribution of non-cash re-valuation to the expansion of equity,
- Volatility of raw material and energy costs leading frequent price re-negotiations,
- Operational uncertainties, economical concerns and geopolitical risks for facility located in Russia stemming from the Russia-Ukraine tension.

Considering the aforementioned points, together with such additional support factors as long-lasting business track record, strong brand recognition, increasing market efficiency in abroad as well as domestic market, top-tier customer base, remarkable revenue growth, profitability indicators, and the general outlook of the sector, the Company's the Long-Term National Issuer Credit Rating has been assigned "A". The Company's borrowing figure, term structure, financial leverages ratios and geopolitical risks-driven uncertainties 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 debt ratio, equity trend and turnover growth 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.