

## Corporate Credit Rating

New  Update

Sector: IT Products

Distribution

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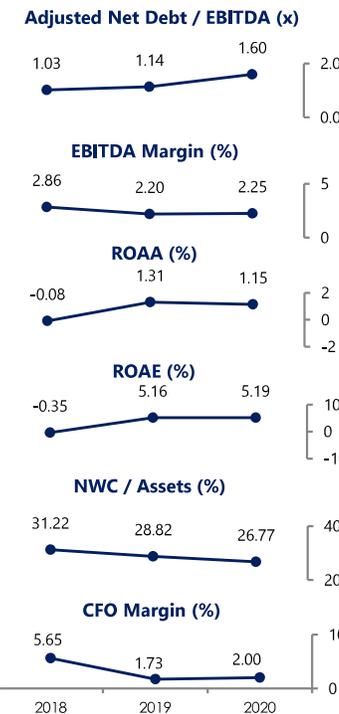
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### RATINGS

		Long Term	Short Term
National	Local Rating	<b>A (Trk)</b>	<b>A-1 (Trk)</b>
	Outlook	Stable	Stable
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable Stable
Sponsor Support	Stand-Alone	1	-
	Stand-Alone	AB	-
Sovereign*	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	- -

\*Assigned by JCR on May 31, 2021



## Armada Bilgisayar Sistemleri San. ve Tic. A.Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated consolidated structure of **Armada Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş.** in investment-level category on the national scales and assigned the ratings on the Long-Term National Scale at '**A (Trk)**' with '**Stable**' outlook, and Long-Term International Scale as '**BB**' with '**Stable**' outlook.

**Armada Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş.** (referred to as 'the Company' or 'Armada') engages in distribution of personnel computers, server, storage, virtualization, network communication, backup, business continuity, cloud computing technologies, unified communication, IP PBX, video conferencing, network security and infrastructure products, printers, portable data terminals, products and parts used by software and computer manufacturers during the production phase. The Company purchases the merchandise from domestic and international suppliers and through its distribution network sells them to the customers in domestic market. While the Company generated TRY 3,102 million of sales revenue in 2020, up by 52.6% YoY, almost all of the sales were realized in the corporate channel. The Company shares has been trading on the Borsa Istanbul since 2006, with the ticker symbol "ARMDA". The Company was founded in 1993 and is headquartered in Istanbul with a staff force of 175 as of June, 2021 (December, 2020: 165).

The major shareholder of Armada as of reporting date is Aptec Holdings Limited, located in Dubai with 90.03% share while remaining part of its shares were publicly traded. The main shareholder, Aptec Holdings Limited is an Ingram Micro company. Ingram Micro Inc. is one of the global wholesale technology distribution companies operating in 59 countries with approximately 35k associates and consolidated net sales exceeding USD 49 billion.

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

Strengths	Constraints
<ul style="list-style-type: none"> <li>Steady improvement in the cash conversion cycle</li> <li>Adequate level of net working capital</li> <li>Natural hedging and hedged FX position preventing bottom line from currency fluctuations</li> <li>High level of liquid asset structure provides resilience to the Company</li> <li>Opportunity and ease to access appropriate financial resources</li> <li>Mitigating concentration risk through diversified product range</li> <li>Strong demand stimulated by accelerated pace of digitalization</li> </ul>	<ul style="list-style-type: none"> <li>Competitive structure inherent in the sector suppresses profit margins</li> <li>Credit risk exposure arisen from high level of unsecured trade receivables</li> <li>Global chip shortage stands out as a potential risk ahead for the Company and industry</li> <li>Dependence on imports in the product range</li> <li>Albeit the industry is Covid-19 resilient, pandemic on global and local economies overhang as a systematic risk</li> </ul>

Considering the aforementioned points, the Company's the Long Term National Rating has been assigned as '**A (Trk)**'. The Company's steady profitability indicators, upward sales figure, wide product range, immunity against FX losses, high liquidity metrics, strong cash generation capacity along with ongoing uncertainties due to the Covid-19 pandemic and global chip shortage have been evaluated as important indicators for the stability of the ratings and the outlooks for long and short-term national ratings are determined as '**Stable**'. Sustainability of the Company's profitability performance, asset quality, liquidity structure, cash generation performance, term structure of liabilities, access to the external financial sources together with the trends in the industry are to be monitored by JCR Eurasia Rating. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

Ultimate shareholder of the Company, Ingram Micro which has USD 5.02bn equity, is considered to have the willingness and experience to ensure long-term liquidity and equity within its financial capability when required and to provide efficient operational support to Armada. In this regard, the Company's Sponsor Support Grade has been assigned as **(1)** in JCR Eurasia Rating's notation.

The Company's 'Stand-Alone Rating' has been constituted with respect to the Company's market shares, growth rates, asset quality, ongoing operations, liquidity reachability, internal resource generation capacity, equity structure, risk management practices and the development of existing risks in the markets and business environment. In this context, the Stand-Alone grade of the Company has been assigned at **(AB)** in the JCR Eurasia Rating notation system.