

Corporate Credit Rating

New Update

Sector: Consumer Durables
 /Household Appliances

Publishing Date: 28/03/2022

Chief Analyst

Bora Pakyürek
 +90 212 352 56 73

bora.pakyurek@jcrer.com.tr

Team Leader-Senior Analyst

Başak Erçevik
 +90 212 352 56 73

basak.ercevik@jcrer.com.tr

R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (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 Rating 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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the "Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş." in the high investment-level category and upgraded the Long-Term National Issuer Credit Rating from 'AA (tr)' to 'AA+ (tr)' and affirmed 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' as parallel to international ratings and outlooks of Republic of Turkey.

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (Vestel Beyaz Eşya or "the Company") was established in 1997 and since 1999 it has been operating in the 'production of white goods and consumer durables' business line via its seven production plants as of the report date. The production facilities of Vestel Beyaz Eşya are located in Vestel City which is one of the largest industrial complexes of Europe with a total area of 1.3 million m² in a single location. Total production capacity of the Company was 13.6 million units per year as of FYE2021. With an export rate of 78.08% at FYE2021, Vestel Beyaz Eşya accounts for one third of Turkey's total white goods exports on its own and main export market is Western Europe. Furthermore, 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. As of 31.12.2021, Vestel Elektronik Sanayi ve Ticaret A.Ş. was the principal shareholder with 82.53% share in total paid-in capital which was TRY 1,600.00mn and the rest of the shares were publicly traded on Borsa İstanbul as of FYE2021. As a member of Vestel Group companies, Vestel Beyaz Eşya is indirectly under the control of Zorlu Holding A.Ş. and Zorlu Family. Vestel Beyaz Eşya employed a staff force of 9,416 people as of FYE2021. (FYE2020: 9,210)

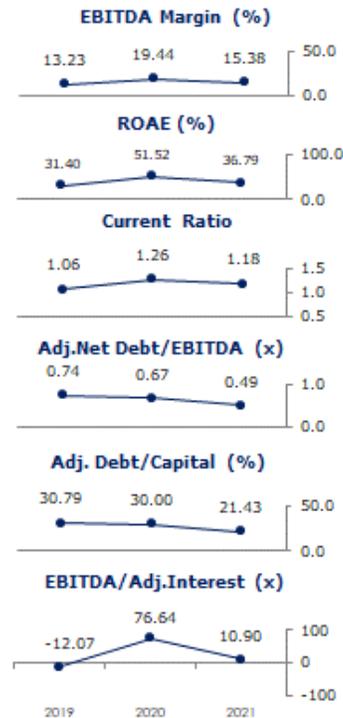
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Progressively improving sales revenues along with satisfactory EBITDA margins
- Robust indebtedness indicators despite short-term weighted maturity profile of financial liabilities
- Liquidity metrics at sufficient levels guarding against immediate cash outflows
- Reinforcement of equity structure with the significant capital increase at 4Q21 via bonus issues
- Top tier position both in the domestic and European market along with commitment to organic/inorganic growth targets
- Strong emphasis on R&D activities, innovation and ESG criteria
- High level of conformity with the Corporate Governance Principles due to the listed status

Constraints

- Improvement needs in geographical diversification in terms of export sales
- Revaluation gains' ongoing and considerable share in equity
- Off-balance sheet commitments and contingencies given on behalf of the parent and group companies
- Geopolitical risks stemming from the Russia-Ukraine tension increasing supply chain risks and commodity prices, weakening the risk appetite towards EMs coupled with potential pressure on profitability margins



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been upgraded as 'AA+ (tr)'. The reputable shareholder structure, current equity base of good quality, robust revenue generation capacity and favourable indebtedness profile along with 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 profitability indicators, revenue generation capacity, the tension between Russia-Ukraine and its potential reflection on operations 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.