

## Corporate Credit Rating

New  Update

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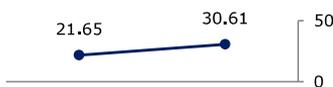
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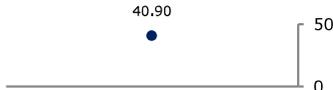
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Stable	-
	National ISR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

\* Assigned by JCR on May 10, 2024

### EBITDA Margin (%)



### ROAE (%)



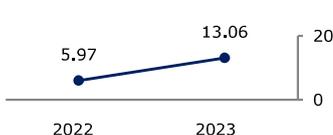
### Current Ratio (x)



### Adj.Net Debt/EBITDA (x)



### Adj. Debt/Capital (%)



## Ahşap Ürün Sanayi A.Ş.

JCR Eurasia Rating, has evaluated **Ahşap Ürün Sanayi A.Ş.** in the investment grade category with high credit quality on the national scales and affirmed 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**' 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 the reporting date.

The Company's shareholders are Mehmet Ömer Cansever (50%) and Adil Kayhan Kalfazade (50%). The Company had a workforce of 441 as of FYE2023 (FYE2022: 437).

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

### Strengths

- Consistent income generation capacity over the analyzed periods despite the volatile sales volume due to project-based sales model
- Maintaining reasonable interest coverage ratio during the 9M2024 period based on statutory results
- Positive net working capital and adequate level of current ratio despite a deterioration experienced as of FYE2023
- Export oriented sales providing a natural hedging opportunity to a certain extent
- Contract based business model provides visibility on revenue stream and high level of advances received from customers eases liquidity management as well as reducing collection risk
- Established track record in the industry dating back to 1983
- Growth prospect in sales revenue in the upcoming years after completion of the new factory investment with aim of capacity increase

### Constraints

- Deterioration in operating profitability margins and EBITDA generation in 9M2024 period due to inflation-driven cost increases according to Provisional Tax Return
- Upward trend in bank loan utilization for capital expenditures in FY2024 suppressing leverage indicators
- Negative cash flow from operations and free operating cash flow figures in FY2023
- Low paid-in capital compared to asset size
- Improvement needs in corporate governance practices
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at '**A (tr)**'. The Company's sales performance, hard currency denominated income stream, sector experience, profitability, liquidity, leverage and coverage metrics, global soft-landing actions along with ongoing uncertainties with potential to adversely affect global trade 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.