

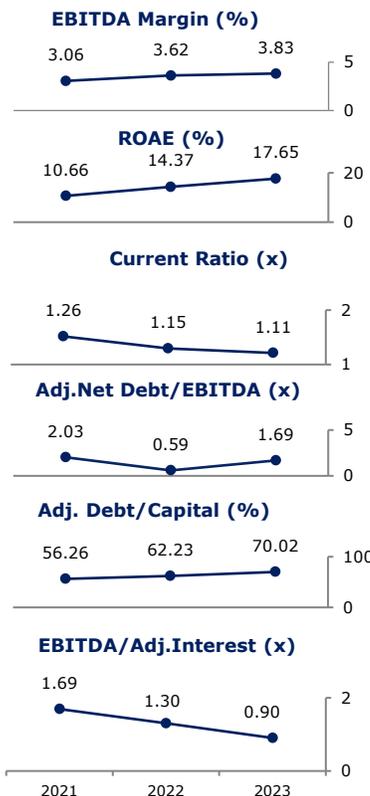
Corporate Credit Rating

New Update

Sector: Wholesale Trading
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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	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



Arena Bilgisayar Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated consolidated structure of "Arena Bilgisayar Sanayi ve Ticaret A.Ş." in the investment grade level category with very high credit quality on the national scale and affirmed its Long-Term National Issuer Credit Rating at 'AA- (tr)' and 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.

Arena Bilgisayar Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Arena" or "the Company") was incorporated in 1991 and engaged in the wholesale of personal computers, peripherals, consumer electronics and telecommunication devices. The Company's subsidiaries are as follows and will be referred to as "the Group"; Arena International FZE, PayNet Ödeme Hizmetleri A.Ş. (pending sale approval to Iyzico as of reporting date), Online Elektronik Ticaret Hizmetleri A.Ş., Arena Mobile İletişim Hizmetleri ve Tüketici Elektronik San.ve Tic. A.Ş., PayNet (Cyprus) Ödeme Hizmetleri Ltd, Arena Connect Ticaret (formerly Brightstar Türkiye) and Arena Connect İletişim (formerly MPX İletişim). The Company purchases the merchandise from domestic and international suppliers and through its distribution network sells them to the customers in the domestic market and the Turkish Republic of Northern Cyprus. The Company's headquarter is in İstanbul and has a branch in Ankara.

In November 2000, 15% of the Company's shares were offered to the public on the Borsa Istanbul with the ticker name "ARENA", public offerings continued afterwards and percentage of the shares offered to public as of reporting date is 50.6%. The major shareholder of Arena as of reporting date is Redington Turkey Holdings S.a.r.l. with 49.4% share while remaining part of its shares are publicly traded.

The main shareholder, Redington, is the India's, Middle East's and Africa's leading technology products distributor and end-to-end supply chain manager and generates around USD 7bn of annual sales revenue. Redington, India headquartered company, provides over 230 international brands in IT and mobility fields and operates in 30 emerging markets, with experience lasting more than 25 years.

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

Strengths

- Growth in sales revenue and slight improvement in profitability margins in FY2023 which is maintained in 1H2024 period
- Strong distributorship agreements with worldwide recognized powerful brands, well diversified product range and sturdy position in the market
- Manageable foreign currency exposure through natural hedging opportunity via FX based revenue stream and utilization of derivative instruments when necessary
- Utilization of insurance and collateral as well as diversified customer base decreasing the credit risk
- Expectation of significant cash inflow thanks to the sale of subsidiary named PayNet
- Compliance with corporate governance principles as a publicly listed company

Constraints

- Deterioration in the leverage and coverage ratios in FY2023 which continued according to 1H2024 results
- Persistent downward trend in equity's share among total assets
- Import dependence of the product range and highly competitive market conditions pressurize the profitability indicators in line with the industry
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AA- (tr)'. The Company's growth in sales revenues and improved profitability margins, FX based revenue stream, strong position in the market, high insurance coverage, possible cash inflow from subsidiary sale in 2024 along with deterioration in the leverage and coverage ratios and ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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, debt structure, liquidity position and asset quality 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.