

Corporate Credit Rating

New Update

Sector: Wholesale of Small Home Appliances

Publishing Date: 20.01.2026

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB (tr)	J3 (tr)
	National ICR Outlooks	Negative	Negative
	International FC ICR	B+	-
	International FC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	International LC ICR	B+	-
	International LC ICR Outlooks	Negative	-
Sovereign*	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

EBITDA Margin (%)

10.78 9.90

Equity / Tot. Assets (%)

21.25 8.70

Current Ratio (x)

1.11 0.97

Adj.Net Debt/EBITDA (x)

1.75 3.03

Adj. Debt/Capital (%)

66.55 86.44

EBITDA/Adj.Interest (x)

1.92 0.73

2023 2024

ARZUM ELEKTRİKLİ EV ALETLERİ SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated 'Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret A.Ş.' in the speculative grade category and revised the Long-Term National Issuer Credit Rating from 'BBB (tr)' to 'BB (tr)' and the Short-Term National Issuer Credit Rating from 'J2 (tr)' to 'J3 (tr)' with 'Negative' outlooks. On the other hand, the Long Term International Foreign, Local Currency Issuer Credit Ratings, and outlooks have been assigned as 'B+ / Negative' according to JCR-ER's national-global mapping methodology.

Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret A.Ş. (hereinafter referred to as 'the Company', 'the Group' or 'Arzum') was established on July 27, 1977 with company title of 'Güney İthalat ve Pazarlama A.Ş.' in İstanbul by Kolbaşı family, and received its current company title in 2008. The Group's main operating field is designing, marketing and wholesaling of small home appliances. While the Group has not any production operations, products are manufactured by mostly domestic and partially abroad suppliers. Today the Group continues its wholesale activities through multi sales channels such as technology markets, hypermarkets, discount markets, local dealers, and e-commerce channels. The Group's 51% of shares are controlled by Kolbaşı family, and the rest (49%) are publicly traded with a ticker symbol 'ARZUM' on Borsa İstanbul (BIST) since 2020. The Company's headquarter is located in Eyüpsultan/İstanbul and maintains 129 personnel as of 3Q2025 (FYE2024: 166 personnel).

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

Strengths

- Diversified product portfolio and multiple sales channels
- Insured and collateralized trade receivables enhancing collection ability
- Compliance with corporate governance practices as a publicly listed company
- Long track record in the small home appliances market, high share of its R&D products, and robust brand awareness

Constraints

- Continuing high financial leverage metrics in 3Q2025, overdue bank debts as of the rating report period due to recourse to financial restructuring process
- Declining trend in EBITDA as well as operating profit margin over the reviewed periods due to exposure to high OpEx as the nature of business model, despite steady gross profitability
- Contraction in revenue along with quantity-based sales in 3Q2025
- Long cash conversion cycle leading significant amount of short-term financial debt utilization through loans and capital market instruments for working capital requirements, together with extension in net working capital deficit as of 3Q2025
- Significant level of financing expenses pressuring bottom-line profitability, which leading drastic erosion in equity level over the reviewed periods
- 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 revised from 'BBB (tr)' to 'BB (tr)'. The Company's continuing high financial leverage while declining revenue as well as profitability metrics in 3Q2025, exposure to significant level of financing expenses and eroding equity, uncertainty regarding ongoing financial restructuring process while having overdue bank debts 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 'Negative'. The Company's revenue trend, results of financial restructuring process as well as potential paid-in capital increase, efficiency metrics regarding operating ratio and cash conversion cycle, core profitability metrics, exposure level to financing expenses, progression of equity level, delays in bank debts, and liquidity structure 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.