

## Corporate Credit Rating

New  Update

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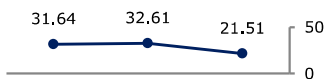
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative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

\* Assigned by JCR on Aug 18, 2022

### EBITDA Margin (%)



### ROAE (%)



### Current Ratio (x)



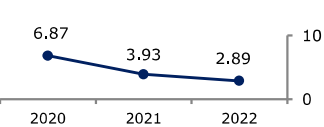
### Adj.Net Debt/EBITDA (x)



### Adj. Debt/Capital (%)



### EBITDA/Adj.Interest (x)



## ARZUM ELEKTRİKLİ EV ALETLERİ SAN. VE TİC. A.Ş.

JCR Eurasia Rating, has evaluated 'Arzum Elektrikli Ev Aletleri San. ve Tic. A.Ş.' in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'A+ (tr)' and the Short-Term National Issuer Credit Rating as 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

**Arzum Elektrikli Ev Aletleri San. ve Tic. A.Ş.** (hereinafter referred to as 'Arzum', 'the Company' or 'the Group') was established in 1977 under the name of Güney İthalat Anonim Şirketi by Kazım Kolbaşı, Kemal Kolbaşı and İbrahim Kolbaşı. Arzum Dış Ticaret A.Ş. and Felix Elektrikli Ev Aletleri A.Ş. were established for the purpose of selling the products of Arzum in 1993 and 2005 respectively. In 2007, Arzum acquired those two companies. After acquisition Arzum and its subsidiaries merged under one legal entity with the current name of the Group in 2008. In the same year, 49% of shares were sold to subsidiary of Ashmore Group, Turkish Household Appliances BV. In 2013, SDA International S.a.r.l acquired Turkish Household Appliances BV's shares. In 2020 47.51%, of shares belonged to SDA International was offered to the public. Today the Group operates in electrical home appliances trading through multichannel such as, technology markets, hypermarkets, discount markets, e-commerce, local markets, and wholesalers.

The ultimate shareholder of the Company is Kolbaşı Family, and 49% of shares have been publicly traded with a ticker-name of 'ARZUM' on Borsa İstanbul (BIST) since 2020. The Group's head office located in Eyüp/İstanbul and maintains 179 personnel within its structure as of 3Q2023 (FYE2022: 170 personnel).

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

### Strengths

- Increase in volume-based sales in 3Q2023 along with growth trend in sales revenue over the periods analyzed, supported by product diversity and multiple sales channels
- Improvement in core profitability indicators and EBITDA generation capacity in 3Q2023
- Asset quality supported by high collection ability of receivables via insurance and collateralization
- Sustainable level of net debt to EBITDA multiplier and ability to access alternative debt instruments
- High level of compliance with the corporate governance practices as a publicly listed company
- Deep-rooted operating history and solid experience in the sector with high brand awareness

### Constraints

- Liquidity pressured by short-term dominated debt burden arising from long cash conversion cycle
- Low paid-in capital along with suppressed equity growth due to pressured bottom line profitability stemming from increasing interest expenses
- High level of operational expenses as the nature of business model
- 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 Group's Long-Term National Issuer Credit Ratings has been affirmed as 'A+ (tr)'. The Group's increasing volume-based revenue and profitability margins in 3Q2023, diversified product portfolio, collateralized receivables, moderate leverage metrics and the ability to access alternative debt instruments, successful track record in the sector, and strong brand awareness have been evaluated as important indicators for the stability of the ratings and outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Group's liquidity profile, equity level, indebtedness, volume-based sales performance and market share, profitability margins, and operational efficiency metrics 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.