

## Corporate Credit Rating

□ New ☑ Update

**Sector:** Wholesale of Small Home Appliances

**Publishing Date:** 20.01.2025

### Team Leader

Cemil ERKÜRK

+90 212 352 56 73

[cemil.erkurk@jcrer.com.tr](mailto:cemil.erkurk@jcrer.com.tr)

### Assistant Analyst

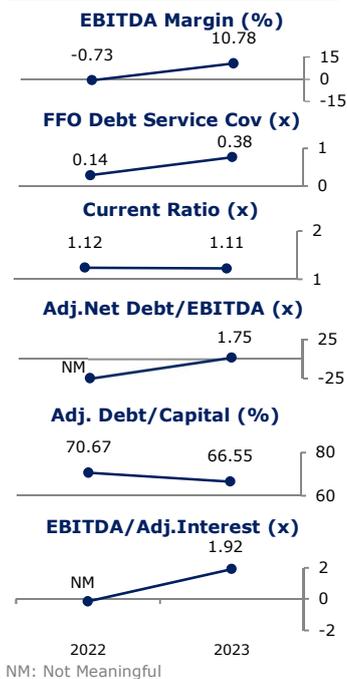
Yusuf OKCU

+90 212 352 56 73

[yusuf.okcu@jcrer.com.tr](mailto:yusuf.okcu@jcrer.com.tr)

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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency Local Currency	BB (Stable) BB (Stable)	-
Sovereign*	Foreign Currency Local Currency	BB (Stable) BB (Stable)	-

\* Assigned by JCR on May 10, 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 investment grade category with high credit quality 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 have been affirmed as 'BB' and outlooks assigned as 'Stable' according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of the Republic of Türkiye.

Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret A.Ş. (hereinafter referred to as 'the Company', 'the Group' or 'Arzum') was established on July 29, 1977 with company title of 'Güney İthalat ve Pazarlama A.Ş.' in İstanbul by Kolbaşı family, and received its current company title in 2008. On the other hand, establishment of Arzum brand dates back to 1966. The Group's main operating field is designing, marketing, and wholesaling of small home appliances that produced by domestic and/or abroad suppliers. With the acquisition of the Company's 49% of shares by two transactions in 2008 and 2009 by Turkish Household Appliances B.V. that was a subsidiary of Ashmore Group, the private equity fund become partner with Kolbaşı family. In 2013, SDA International which was a subsidiary of Mediterra Capital Partners acquired the Ashmore Group's shares and become new partner of Kolbaşı Family. On the other hand, the Group's initial public offering (IPO) was made in December, 2020. Today the Group continues its wholesale trade activities through multi sales channels such as technology markets, hypermarkets, discount markets, e-commerce, local markets, and wholesalers.

The Group's 51% of shares belong to Kolbaşı family, and rest of the shares (49%) are publicly traded with a ticker name of 'ARZUM' on Borsa İstanbul (BIST) since 2020. The Group's headquarter is located in Eyüpsultan/İstanbul and maintains 176 personnel within its structure as of 3Q2024 (FYE2023: 178 personnel).

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

### Strengths

- Continued revenue growth in FY2023 and 3Q2024, supported by volume-based sales thanks to wide product range and multiple sales channels
- Significant improvement in core profitability margins after inflation adjustments in FY2023 and continuing to be preserved in 3Q2024, despite net loss in the period
- Insured and collateralized trade receivables enhancing collection ability
- Compliance with corporate governance practices as a publicly listed company
- Long lasting presence in the small home appliances market, high share of its R&D products, and robust brand awareness

### Constraints

- Liquidity pressured by short-term dominated debt burden arising from working capital requirements due to long cash conversion cycle in some extent
- Escalated financial leverage in 3Q2024 via further utilization of capital market borrowing instruments
- Limited equity growth due to suppressed bottom line profitability stemmed from high financing expenses in FY2023
- High operating ratio over the reviewed periods as the nature of business model
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'A+ (tr)'. The Company's both revenue and EBITDA generation capacity supported with quantity-based sales over the reviewed periods, diversified product portfolio and multi sales channels, reasonable core profit margins, secured trade receivables, long lasting presence and robust brand awareness in small home appliances market, and ability to utilize capital market instruments 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 trend and profitability performance, sales quantities, indebtedness level and leverage profile, liquidity structure, interest coverage metrics, and FX position 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.