

Corporate Credit Rating

☑ New ☐ Update

Sector: Wholesale Trade

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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	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

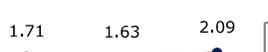
EBITDA Margin (%)



ROAE (%)



Current Ratio (x)



Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



AZTEK TEKNOLOJİ ÜRÜNLERİ TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Aztek Teknoloji Ürünleri Ticaret Anonim Şirketi" in the investment-level category and assigned 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 have been assigned as 'BB/Negative' in parallel to international ratings and outlooks of Republic of Türkiye.

Aztek Teknoloji Ürünleri Ticaret Anonim Şirketi (hereinafter referred to as "Aztek Teknoloji" or "the Group") was established in 1996 in Avcılar, İstanbul, as a retail sales entity operating under the dealership of Raksotek Music Market. In 2009, the Aztek Teknoloji underwent a change of legal kind, resulting in its current title. The primary business activities of the Group encompass the procurement, sale, import, and export of cables, adapters, bags, cases, and similar accessory product categories associated with audio and video merchandise. Additionally, the Group offers maintenance, repair, and service provisions pertaining to these products. Aztek Teknoloji maintains a warehouse located in Çayırova/Kocaeli, which serves as a central hub for regional and domestic sales and distribution operations.

Besides, Aztek Teknoloji is distributor of consumer electronics products from globally renowned technology companies, such as Apple, Harman, Beats, Hama, JBL, Marshall and Samsung. The Group holds authorized distribution rights for these brands. Furthermore, as of reporting date, Aztek Teknoloji maintains a network of direct sales stores, comprising four locations in İstanbul and one in İzmir. In addition to its operations in Türkiye, the Group maintains a subsidiary in Russia that engages in similar business activities.

The head office of the Group is located in Beşiktaş/İstanbul. Aztek Teknoloji's shares are listed in Borsa İstanbul (BIST) as of August 17, 2022 with the ticker 'AZTEK'. As of reporting date, 25.00% of Aztek Teknoloji's shares are publicly traded. The majority ownership of the remaining shares is held by the Ütebay Family, representing 74.57% of the shares. Additionally, Nuray Gökgen holds a 0.43% ownership stake. The average number of employees was 139 in FY2022 (FY2021: 138).

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

Strengths

- Consistent revenue growth during the reviewed periods and expected to maintain in 2023 financials,
- Improvement in EBITDA margin and recovered to pre-pandemic levels in FY2022,
- Low level of net debt to EBITDA multiplier and satisfactory leverage profile underpinned by cash buffer,
- Operating with net working capital surplus and comfortable level of current ratio facilitating liquidity management,
- Distributorship agreements with prominent brands in global and local markets,
- Low collection risk and high receivable quality supported by collaboration with well-known organized retailers,
- High level of compliance with corporate governance practices as a public company.

Constraints

- Suppressed CFO mainly due to funding inventories and trade receivables,
- Dependence on imports in the product range and supply conditions of leading manufacturers determining the market dynamics,
- Despite the improvement in FY2022, high level of cash conversion cycle,
- 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 Rating has been assigned as 'A (tr)'. Taking into account the Group's robust revenue growth, sound market position, sustained profitability metrics, strong distributorship agreements, as well as deterioration of CFO and FOCF, high competition in the industry together with volatility on the exchange rates, market expectations and risk factors for the upcoming period have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings have been determined as 'Stable'. The Group's profitability performance, indebtedness indicators, cash flow and liquidity metrics, leverage profile and economic conditions in Türkiye are the priority issues to be 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 also be monitored.