

Corporate Credit Rating

New Update

Sector: Furniture Industry

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Senior Analyst

Ezgi Çiçek YILMAZ

+90 212 352 56 73

ezgi.yilmaz@jcrer.com.tr

Analyst

Hayrettin ÇELİK

+90 212 352 56 73

hayrettin.celik@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	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	A+ (tr) Stable	J1+ Stable
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

KOLEKSİYON MOBİLYA SANAYİ A.Ş.

JCR Eurasia Rating has evaluated "Koleksiyon Mobilya Sanayi A.Ş." in the investment level category, assigned 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 determined as 'BB/Negative' in line with the international ratings and outlooks of Republic of Türkiye.

"Koleksiyon Mobilya Sanayi A.Ş." (hereinafter referred to as "Koleksiyon Mobilya" or "the Group" or "the Company") was established on August 18, 1998 in İstanbul, Türkiye. The Company's main activity is manufacturing, importing, selling and marketing of home and office furniture products. The Company has a production capacity of 400 thousand m² of wooden furniture and 54 thousand pieces of upholstered furniture in its factory in Tekirdağ, which has an open area of 90 thousand m² and a closed area of 42 thousand m².

Koleksiyon Mobilya's shares with a nominal value of TRY 107.85mn were offered to the public on February 24-25, 2022 at a price of TRY 1.45 and started to be traded on the Borsa İstanbul (BIST) with the ticker symbol "KLSYN" on March 4, 2022.

The Group has a total of 520 employees as of FYE2022 (FYE2021: 542).

As of 3Q2023, the Company's shareholders are M. Koray Malhan and Ayşe Malhan with 35.51% shares each, Faruk Malhan with 2.24% and Doruk Malhan with 1.74%. Remaining 25% of shares are publicly traded on the BIST.

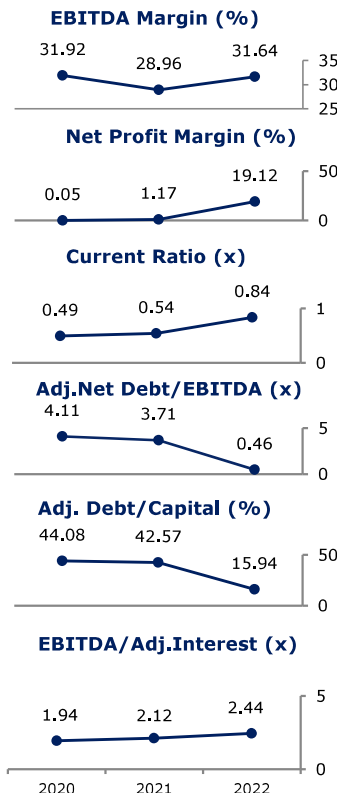
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Consistent revenue growth during the review periods and expected to continue in 2023 financials,
- Sustainable EBITDA generation capacity along with other profitability indicators in FY2022,
- Improvement in financial leverage metrics in FY2022 and expected to maintain in 2023 financials,
- Significant increase in cash flow metrics in FY2022,
- Strengthened equity level thanks to internal resource generation capacity and share premiums through initial public offering in FY2022,
- Long-lasting presence in the sector dating back to 1998,
- Enhanced practice of corporate governance principles thanks to public offering process.

Constraints

- Long cash conversion cycle and relatively high operating ratio pressuring efficiency,
- Exposure to short FX position despite partially mitigated through export revenues,
- 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 the Long-Term National Issuer Credit Rating has been assigned as 'A+ (tr)'. The Company's revenue growth, EBITDA generation capacity, improvement in leverage indicators and cash flow metrics as well as high operating ratio, short FX position and slowdown signal in the global economy 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 financial structure, sales and profitability performance, continuity of EBITDA generation capacity and debt structure will be closely monitored by JCR Eurasia Rating in the 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.