

Corporate Credit Rating

New Update

Sector: Durable Consumer Goods

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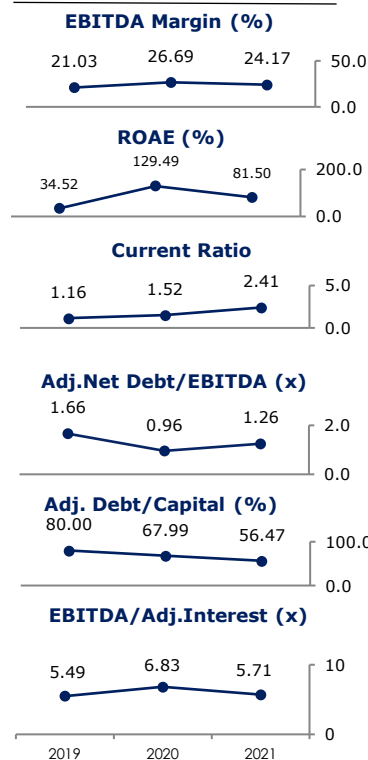
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RATINGS

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

* Assigned by JCR on August 18, 2022



KUMTEL DAYANIKLI TÜKETİM MALLARI PLASTİK SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the "Kumtel Dayanıklı Tüketim Malları Plastik Sanayi Ve Ticaret A.Ş." in investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'A+ (tr)' and assigned the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Kumtel Dayanıklı Tüketim Malları Plastik Sanayi Ve Ticaret A.Ş. (hereinafter "the Company", "the Group" or "Kumtel") was established in 1972 in Kayseri by Mustafa Köseoğlu. Kumtel's main activity is the production of electrical home appliances for cooking and heating such as electric heater, built-in products and oven. The Group conducts its manufacturing operations through plants located in Kayseri. The Group's products are sold in Turkey as well as more than 120 countries under the Kumtel and Luxell brands.

The main shareholder of the Company is Köseoğlu Family members. As of FYE2021, the Group employed 2,028 employees. (FYE2020: 2,290)

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

Strengths

- Increase in sales both in volume and value in 3Q2022 comparing the same period of previous year,
- Sustainable EBITDA margins for the periods examined, despite the slight decrease in FY2021,
- Positive net working capital and satisfactory level of current ratio,
- High share of export sales among total sales and upward trend in FX long position easing durability against possible foreign currency shocks,
- Favourable financial leverage multiplier, despite an increase as of FYE2021 mainly due to increase in lease liabilities,
- Sizeable liquidity buffer covering short-term financial liabilities as of FYE2021,
- Strong equity structure supported by retained earnings,
- High brand recognition provided by sector experience dating back to 1972 and the ability to provide niche product with quality to the low-income consumer segment.

Constraints

- The negative free operating cash flow stemming from CAPEX increases the need for external financing,
- Sectoral high import dependency of the production and severe competition environment in durable consumer goods sector,
- The possible negative impact of the waning of the purchasing power of households and impairment in consumer confidence on the small home appliances' demand,
- Improvement needs in the level of compliance with corporate governance practices,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points together the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'A+ (tr)'. Growth in sales both in volume and value, strong equity structure supported by internal generation capacity, strong liquidity indicators, level of indebtedness, long lasting presence in the sector 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 growth strategy, profitability indicators, level of indebtedness and asset quality 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.