

Corporate Credit Rating

New Update

Sector: Durable Consumer Goods

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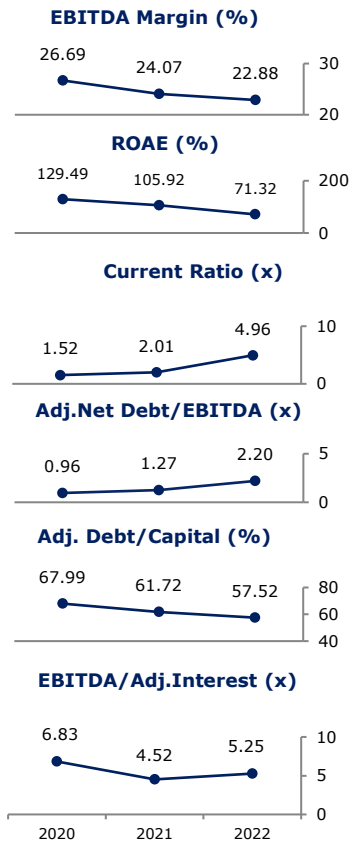
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RATINGS

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 SAN. VE TİC. A.Ş.

JCR Eurasia Rating, has evaluated the "Kumtel Dayanıklı Tüketim Malları Plastik Sanayi Ve Ticaret 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.

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 Company carries out its production activities in its facilities located in Kayseri Organized Industrial Zone and İncesu Organized Industrial Zone with a total closed area of 122,000 m². The Company's products are sold under the Kumtel and Luxell brands in domestic and overseas markets.

The main shareholder of the Company is Köseoğlu family members. In FY2022, the average number of employees of the Group is 2,829. (FY2021: 2,028)

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

Strengths

- Sustainable sales performance supported by product diversity and increase in sales of demounted products in the analyzed periods,
- Hard-currency income generation capacity thanks to the reasonable level of export sales,
- Cash surplus position in short-term contributed to the strengthening of the liquidity structure in FY2022 despite increase in short-term debt burden in FY2023 with the impact of increase in financial lease liabilities,
- Asset quality strengthened by low collection risk together with mostly insured trade receivables,
- High brand recognition provided by sector experience dating back to 1972 and the ability to provide niche products with quality to the low- and medium-income consumer segments.

Constraints

- Downward trend in profitability margins in the analyzed periods and 3Q2023 financial results indicate further decline, despite efforts to reduce costs through demounted product shipments,
- Deterioration in cash conversion cycle and negative measurement of CFO and FOCF in FY2022 creating external funding need for operational cycle,
- Sectoral high import dependency of the production and competition environment in durable consumer goods sector,
- Improvement needs in the level of compliance with corporate governance practices,
- 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 Rating has been affirmed as 'A+ (tr)'. On the other hand, the Company's positive net working capital, coverage profile, as well as many years of experience 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 profitability indicators, equity structure, level of cash metrics and indebtedness, development of the cash conversion cycle, industry specific developments and developments regarding the macro conditions 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.