

Corporate Credit Rating

New Update

Sector: Household Appliances
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Team Leader

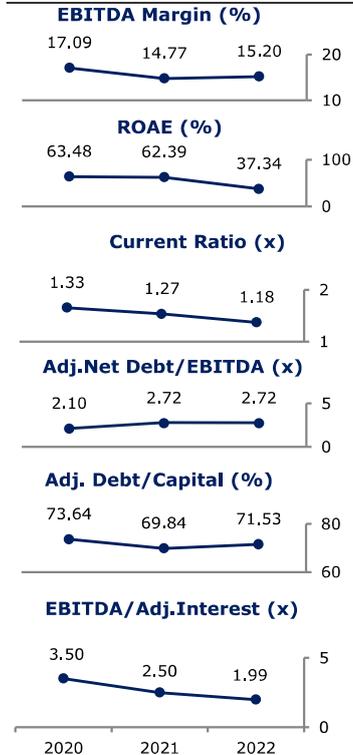
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



SENUR ELEKTRİK MOTORLARI SAN. VE TİC. A.Ş.

JCR Eurasia Rating, has evaluated "Senur Elektrik Motorları San. ve Tic. A.Ş." in investment grade category with high credit quality on the national scale and affirmed the Long-term National Credit Rating as 'A (tr)' and the Short-Term National 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' 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.

Senur Elektrik Motorları San. ve Tic. A.Ş. (Senur Elektrik or "the Company") was established in 1982 and is engaged in the production and sale of various electrical household appliances. The origin of the Company's activities dates back to 1962 and has adopted the mission of designing and producing functional, high quality, practical and innovative products for consumers. Senur Elektrik established its own brand "Arnica" in 2001 in order to better convey its experience and knowledge in production and design for the consumers and represents Türkiye in more than 30 countries and 5 continents. The Company's products are generally divided into sub-categories, such as food preparation, beverage preparation, cooking and frying, traditional and robot vacuum cleaners, household appliances, ironing, hair care, etc. Manufacturing of various electrical household appliances is carried out in 2 plants located in İstanbul and Mersin.

The shareholders are Mehmet Serhan Akin (45.5%), Senur Akin Biçer (44.5%) who are active in the Company management and the other shares belong to Fevzi Topaloğlu (6%), Vasfi Yazal (2%), Nurhan Özkan (1%), Hadi Özkan (0.5%), Nuray Kader (0.5%). As of FYE2023, the staff force of the Company was 650 on average (FYE2022: 631).

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

Strengths

- Sustainable net debt to EBITDA multiplier despite increasing financial debt in the periods under review
- Robust growth in sales revenue and solid increase in EBITDA generation capacity according to FY2023 corporate tax return
- Improvement in profitability ratios according to FY2023 corporate tax return
- Focus on innovation, R&D, and market trends in addition to continuous investment in new facilities that could provide a competitive edge in the future
- Natural hedge to a certain extent provided by moderate export sales
- Wide variety of product and long-lasting sector knowledge

Constraints

- Absence of independent audit report for FY2023 limiting comprehensive analysis
- Short-term weighted indebtedness due to extension of cash conversion cycle, also causing leveraged balance sheet structure
- Inadequacy of interest coverage
- Improvement needs in the level of compliance with corporate governance practices
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

As of the reporting date, since the Company's independent audit report for 2023 has not been finalized, the credit rating process is based on the audit report for 2022 and corporate tax returns for 2022 and 2023.

Considering the aforementioned points, the Company's the Long-Term National Credit Rating has been affirmed as 'A (tr)'. The Company's EBITDA generation performance, robust growth in sales, sustainability of customer portfolio have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Credit Ratings are determined as 'Stable'. The Company's continuity of revenue generation capacity, asset quality, profitability performance, adequacy of liquidity, indebtedness level, customer portfolio and market position are the main factors that 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.