

Corporate Credit Rating

New Update

Sector: Electronic and Optical Products Manufacturing

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R A T I N G S		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)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

REEDER TEKNOLOJİ SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Reeder Teknoloji Sanayi ve Ticaret A.Ş." in the investment-level category and revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A+ (tr)' and affirmed 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 affirmed as 'BB/Negative' according to JCR-ER's national-global mapping methodology.

Reeder Teknoloji Sanayi ve Ticaret A.Ş. (referred to as "the Company" or "the Group" or "Reeder Teknoloji") was established on 19.02.2010 in İstanbul. The headquarter of the Group transferred to Samsun in 2018. The Group started its activities by producing e-book readers, and currently produces smart mobile phones, which constitute circa 99 percent of total revenue, robot vacuum cleaner, thermometer, LCD, smart TV, massage gun, smart watch and tablet. The Company currently operates in 2 main locations: 19 Mayıs Campus; in line with the Company's strategy to increase its production capacity, the Company has rented 8 old tobacco hangars at Samsun University Ballica Campus with a total area of more than 18,000 m² and converted them into a technology production area. The Company carries out all production activities and after-sales services at the 19 Mayıs Campus. Incesu Campus is the operation center and is also used as a storage area. The Company also carries out its R&D activities at the Incesu Campus. As of the date of the report, Reeder Teknoloji has more than 200 sales stores across Türkiye. The Company employs 821 (FYE2022: 698) personnel as of September 2023.

Reeder Teknoloji's shares have been traded on Borsa İstanbul since September, 2023. The Saral family is the ultimate controlling shareholder. The Saral family owns 48.61% of the Company, and 22.63% is publicly traded.

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

Strengths

- Remarkable improvement in operational profitability margins in FY2022, by dint of production capacity increases, despite the rise in OpEx due to heightened level of marketing expenses,
- Maintaining strong leverage and coverage ratios backed by EBITDA and FFO generation with notable cash surplus position as of 3Q2023 thanks to the funds provided from the IPO,
- Robust level of equity base compared to asset size despite partially supported by one-off income,
- Low level of doubtful trade receivables due to working with corporate companies in wholesale activities, supporting asset quality,
- Strengthening of the broad customer structure via reaching individual consumers by means of fixed sale points,
- Planned new business lines may positively impact revenue,
- Compliance with the corporate governance practices as a publicly listed company.

Constraints

- Large CapEx to be incurred in the upcoming periods may put pressure on the leverage and already negative FOCF,
- Fierce competition in the national and international market due to multinational players in the industry,
- Dependency on imports in the supply of raw materials used in production,
- 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.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'A (tr)' to 'A+ (tr)'. Reeder Teknoloji's increasing sales revenue, profitability figures improvement in coverage and leverage ratios, diversified sales channels, and compliance with Corporate Governance Practices are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are affirmed at 'Stable'. The Company's presence in the sector via wholesale and retail channels considering the competition in the sector, planned supply of cryptocurrency in a sector that is not regulated by Turkish legal authority, management and decision mechanism structure, impact of ongoing investment's on FOCF and leverage, and OpEx level considering the high marketing needs on profitability, current demand-suppressing environment 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.

