

## Corporate Credit Rating

New  Update

**Sector:** Household Appliances

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

\* Assigned by JCR on August 18, 2022

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

JCR Eurasia Rating, has evaluated **Senur Elektrik Motorları San. ve Tic. A.Ş.** in 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 also assigned as '**BB/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

**Senur Elektrik Motorları San. ve Tic. A.Ş.** (Senur Elektrik or "the Group") was established in 1982 and is engaged in the production and sale of various electrical household appliances. The origin of the Group'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 has 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 Group's products are generally divided into sub-categories such as but not limited to food preparation, beverage preparation, cooking and frying, traditional and robot vacuum cleaner, household appliances, ironing, hair care and so on.

Senur Elektrik has two production facilities, one in Istanbul and the other being located in Mersin province of Türkiye. The production facility in Istanbul covers a closed area of 42,000 m<sup>2</sup> and has a production capacity of 2.10mn units. On the other hand, while the second production facility in Tarsus was built on a closed area of 6,550 m<sup>2</sup>, it reached a total production capacity of 1.28mn as of FYE2022 within a closed area of 21,100m<sup>2</sup>. Investment activities of Senur Elektrik continue in Istanbul and Mersin in which 4,400 m<sup>2</sup> warehouse for Istanbul location meanwhile 9,450 m<sup>2</sup> assembly factory and 4,000 m<sup>2</sup> warehouse are being built in Mersin with an EUR 1.5mn investment in total.

In addition, Senur Elektrik's registered address is positioned in Istanbul and the average number of personnel employed within the Group is 631 at FYE2022 (FYE2021: 673). On the other hand, paid in capital of the Group amount to TRY 190mn at FYE2022 (FYE2021: TRY 130mn) and Mehmet Serkan Akin and Senur Akin Biçer hold majority of the shares of the Group with their 45.50% and 44.50% shareholding rates, respectively. The remaining shares are held by Feviz Topaloğlu, Vasfi Yazal, Nurhan Özkan, Hadi Özkan and Nuray Kader with their 6%, 2%, 1%, 0.50% and 0.50% shares, orderly.

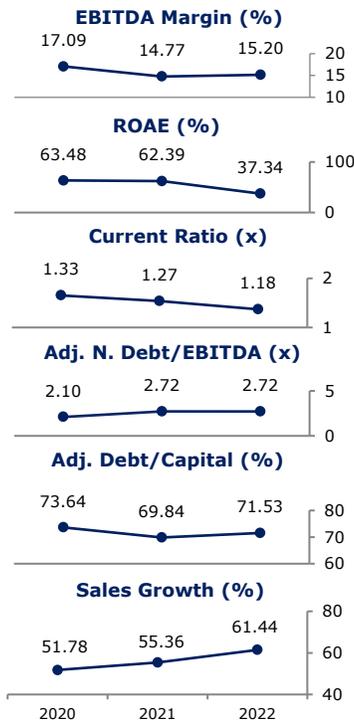
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Maintaining reasonable net debt to EBITDA multiplier despite short-term loans pressure on funding structure,
- Consistent bottom line results strengthening internal resource generation,
- Moderate export sales providing natural hedge,
- Emphasis on R&D, innovation and market trends along with ongoing new facility investment that may create competitive advantage in the upcoming periods,
- High product diversity and long-lasting sector knowledge.

### Constraints

- Contraction in sales volume along with lack of real growth in sales revenue according to general level of prices in FY2022,
- Enlarging gap between maturities of trade receivables and payables along with absence of free cash flow causing short-term borrowings and factoring receivables for continuity of operations,
- Deterioration in interest coverage indicators,
- Progress necessities regarding compliance to corporate governance practices,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.



Considering the aforementioned points, the Group's Long-Term National Issuer Credit Ratings has been affirmed as '**A (tr)**'. Reasonable net debt to EBITDA multiplier, consistent bottom line results, moderate export sales that provides natural hedge, ongoing R&D activities and new facility investment that may create competitive advantage in the upcoming periods 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 Group's decline in sales volume in FY2022, high cash conversion cycle that results with concentration of financial liabilities in short term, deterioration in interest coverage indicators, improvement needs regarding compliance to corporate governance practices and slowdown in global economic growth along with monetary tightening and domestic restrictive financial 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.