

Corporate Credit Rating

New Update

Sector: Non-Food Retail
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Team Leader

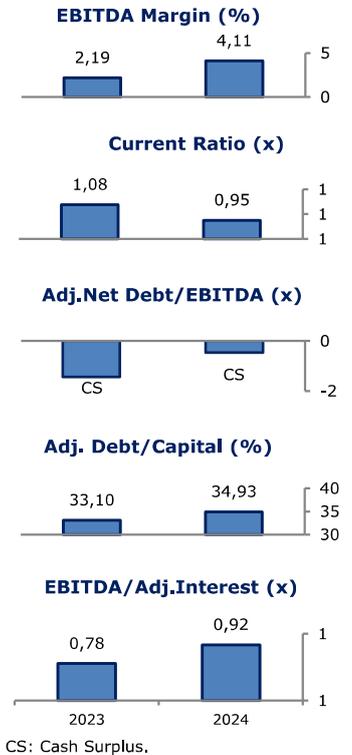
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| RATINGS | | Long Term | Short Term |
|-------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Profile) | National ICR | AAA (tr) | J1+ (tr) |
| | National ICR Outlooks | Stable | Stable |
| | 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



TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

JCR Eurasia Rating, has evaluated **Teknosa İç ve Dış Ticaret A.Ş.** in investment grade category with the highest credit quality and affirmed the Long-Term National Issuer Credit Rating at '**AAA (tr)**' and 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/Stable**' as parallel to international ratings and outlooks of Republic of Türkiye.

Teknosa İç ve Dış Ticaret A.Ş. (hereinafter referred as 'Teknosa' or 'the Company') founded in 2000 and engages in retail sales of consumer electronics through its stores and website and air conditioners and white goods through its dealers. Moreover, having launched the sector's first technology-focused marketplace, Teknosa offers all products and services in the technology ecosystem to its customers with a holistic experience and Teknosa assurance. As of March 2025, the Company operates in 172 stores with a retail sales area of 105k m² in Türkiye. The Company shares has been trading on the Borsa İstanbul with a ticker symbol of "TKNSA" since 2012 with a current free-float rate of 50.0%. The Company is headquartered in Istanbul with a staff force of 2,751 as of March 2025 (FYE2024: 2,989).

As of the reporting date, the major shareholder of Teknosa is Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding) with slightly more than 50% share while remaining part of its shares were publicly traded. The main shareholder, Sabancı Holding, is one of Türkiye's leading conglomerates with operations in the fields of banking, financial services, energy, industrials, building materials and retail through its subsidiaries and affiliates with high experience lasting around 58 years.

Teknosa underwent its inaugural assessment on the London Stock Exchange Group (LSEG) ESG index platform in 2023, a benchmark also utilized for the Borsa İstanbul Sustainability Index, as part of its commitment to evaluating sustainability performance against international standards.

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

Strengths

- Maintained revenue and increased EBITDA generation in FY2024, despite a decline in 1Q-2025,
- Sound leverage metrics in 1Q-2025 subsequent to cash surplus against financial debts as of FYE2023 and FYE2024,
- Credit card and cash sales, coupled with mostly collateralized receivables, bolsters the collection capability,
- Varied product range, omnichannel approach and marketplace segment enhance the Company's resilience,
- Established brand recognition and proven track record together with reputable partnership structure supported by Sabancı Group,
- Sustainability studies involving environmentally friendly practices,
- Compliance with the corporate governance principles as a publicly listed company.

Constraints

- Sizeable rediscount interest expenses hindering operating profit in analyzed years,
- Growing financing expenses primarily from credit card commissions and discounts, suppressed the bottom-line profit and coverage metric in examined years and resulted net loss in FY2024 and Q1-2025,
- Negative FFO and net working capital as of FYE2024, despite relatively stable CFO and FOCF,
- Import reliance of product portfolio due to nature of business,
- Measures on imports and consumption (tax, installment restrictions, etc.) taken by the regulatory authorities,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

The Company's audited financial statements include inflation adjustments. Adjustments have been made in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies" regarding the changes in the general purchasing power of the Turkish Lira as of 31 December 2024. Considering the aforementioned points together with synergy generated within Sabancı Group, the Company's Long-Term National Issuer Credit Rating has been affirmed at '**AAA (tr)**'. The Company's sales performance and EBITDA generation, sound leverage metrics, cash collection capability, brand recognition, proven track record and strong shareholder structure as well as sizeable rediscount expenses and financing expenses, cash flow and liquidity metrics and global financial conditions 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, financial leverage 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.