

Corporate Credit Rating

☐ New ☒ Update

Sector: Consumer Durables
Manufacturing

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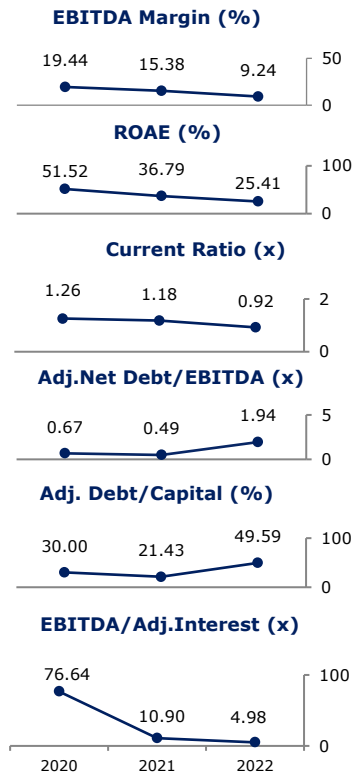
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
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



VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi" in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA+ (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 have been assigned as "BB/Negative" as parallel to international ratings and outlooks of Republic of Türkiye.

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. ("Vestel Beyaz Eşya" or "the Company") was established in 1997. At present, the Company's product range comprises refrigerators, freezers, washing machines, tumble dryers, cooking appliances, dishwashers, ovens, dryers, split air conditioners, and water heaters. The Company is headquartered in İstanbul while all 8 production plants are located in Vestel City in Manisa Organized Industrial Zone, with a total annual production capacity of 15.6mn units. It operated with a 77% capacity utilization rate in 9M2023, and had a staff force of 9,301 people. The Company has an export-oriented business model and exports to more than 160 countries. 68.81% of its gross revenue originated from export sales in 9M2023 (FY2022: 73.65%). Europe has continued to be the primary export market with a share of 69.21% in the total export revenue and 47.63% in total gross revenue. The Company is one of the largest 5 MDA (major domestic appliances) manufacturers in Europe and is among the top 3 players in the domestic market. It has consistently been in the "Türkiye's Top 500 Industrial Enterprises Survey" of the İstanbul Chamber of Industry, ranking 19th in sales from production in the 2022 survey (2021: 18th). When the ranking of the operating within the NACE27 code (manufacturing of electrical equipment) considered, Vestel Beyaz Eşya took the 2nd place (2021: 2nd). Vestel Elektronik Sanayi ve Ticaret A.Ş. has continued to be the principal shareholder with a 77.33% share in the total paid-in capital while the rest of the shares were publicly traded on Borsa İstanbul as of 30.09.2023. As a member of Vestel Group companies, Vestel Beyaz Eşya is indirectly controlled by Zorlu Holding A.Ş. and the Zorlu Family.

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

Strengths

- Maintained sales growth in unit sales and revenues,
- Enhanced and favorable profit margins in 9M2023,
- Long track record of low leverage profile despite an increase as of FYE2022, though a decline in 9M2023,
- Consistent CFO and FFO generation facilitating liquidity management,
- Top-tier positions in pivotal markets,
- Omnichannel capabilities and multi-brand portfolio strategy thanks to being a Vestel Group company,
- Economies of scale through centralized production in Vestel City,
- Strong compliance with the corporate governance principles,
- Noteworthy focus on R&D and innovation within the scope of 'Smart Life 2030 Vision'.

Constraints

- Ongoing sectoral contraction in the main export market,
- Concentration risk on the supplier side with mitigation efforts by ongoing proactive diversifying initiatives,
- High level of other receivables due from related parties distorting the integrity of the balance sheet structure,
- 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 affirmed at 'AA+ (tr)'. The Company's sales growth, profit margins, leverage profile, cash flow and liquidity metrics, market positions, multi-channel marketing abilities, cost advantages through economies of scale, corporate governance compliance level, R&D capabilities, and sustainability studies along with sectoral demand conditions in Europe, supplier concentration, non-trade receivables from related parties, and deterioration in local and global macroeconomic conditions have been evaluated as important indicators for the 'Stable' outlooks for the Long and Short-Term National Issuer Credit Ratings. The Company's sales and profitability performance, leverage and coverage profile, liquidity and cash flow metrics, efficiency indicators, and input costs will be closely monitored by JCR Eurasia Rating in the 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.