

Corporate Credit Rating

☐ New ☒ Update

Sector: Consumer Durables

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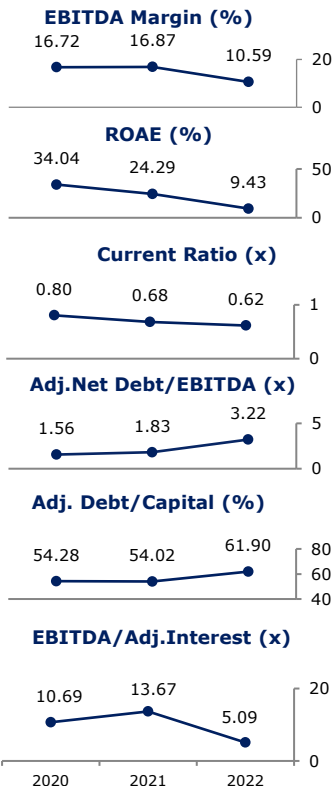
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific 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 Aug 18, 2022



VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi" in the investment level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A (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 Elektronik Sanayi ve Ticaret A.Ş. ("Vestel Elektronik", "the Group" or "the Company") was established as a legal entity in 1983 and with the acquisition made in 1994, the controlling interests of the Company have been possessed by Zorlu Family. The shares of Vestel Elektronik have been traded on Borsa İstanbul (BIST) since 1990 with 'VESTL' ticker and the Company currently takes place in the list of constituents of 'BIST Stars Index', 'BIST Corporate Governance Index' and 'BIST Sustainability Index'. Outstanding publicly traded share ratio of the Company was 43.92% as of 30.09.2023. The Group carries out its operations mainly in the fields of white goods and electronics segments and has also added the mining & metallurgy, defence industry and software segments through its investments/affiliates valued by equity method. Moreover, the Company is in the partnership with the leading domestic institutions for Türkiye's national automobile project. Vestel Elektronik is headquartered in İstanbul but conducts its manufacturing activities of consumer electronics and household appliances segments principally in Vestel City which is a single location in Manisa province of Türkiye with a total area of 1.3mn m². As of 30.09.2023, the Group had a staff force of 19,525 people. The Group has annual production capacities of 10mn units in TVs and 15.6mn units in major household appliances as of September 2023. Vestel Elektronik consistently takes place in "Türkiye's Top 500 Industrial Enterprises Survey" of İstanbul Chamber of Industry at least since 2006. The Company ranked 38th in the 2022 survey. Moreover, Vestel Elektronik took the 22nd place in 2022 in the "Fortune 500 Türkiye" study. The Group has an export-oriented growth strategy. In 9M2023, 62.54% of the Group's gross revenue originated from export sales. Thanks to its export power, the subsidiary company Vestel Ticaret A.Ş. ranked 7th in the list of 'Türkiye's Top 1000 Exporters 2022' while awarded as the industry export champion of the electric-electronics sector for 25 consecutive years. **Zorlu Holding A.Ş.** was the principal shareholder with 56.08% share in capital as of 30.09.2023.

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

Strengths

- Recovering gross profit and EBITDA margins in 9M2023 following a decline in FY2022,
- Moderate level of net debt/EBITDA multipliers despite an increase as of FYE2022,
- Sufficient cash flow metrics supported by CFO and FFO,
- Top-tier market position supported by broad sales and after-sales network further strengthened by omnichannel capabilities,
- Efficiency and cost advantages of manufacturing under one roof of Vestel City,
- Strong compliance with the corporate governance principles,
- Noteworthy focus on R&D and innovation as a value creation strategy within the scope of 'Smart Life 2030 Vision'.

Constraints

- NWC deficit throughout the analysis period as a result of short-term weighted maturity profile of rising borrowings,
- High and increasing level of other receivables from related parties,
- Notable non-cash contribution of revaluation gains in equity,
- Ongoing sectoral contraction in the main export market,
- Leading economic indicators signal global economic slowdown while quantitative actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. The Company's profit margins, leverage profile, cash flow metrics, market positions, multi-channel marketing abilities, asset quality, corporate governance practices, and R&D capabilities along with liquidity profile, equity structure, 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 indicators, liquidity and cash flow metrics, 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.