

Corporate Credit Rating

☐ New ☒ Update

Sector: Consumer Durables
 Manufacturing

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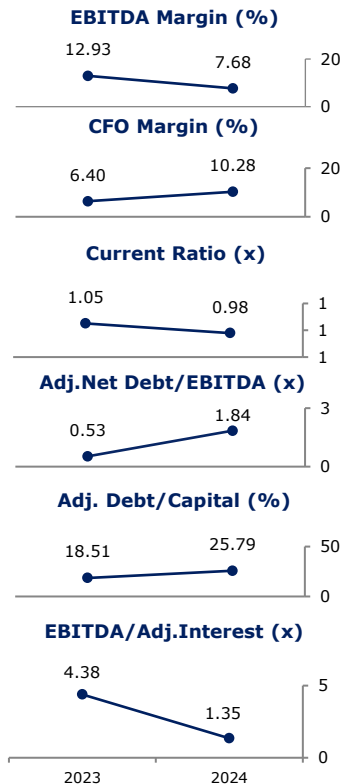
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA+ (tr)' to 'AA (tr)' and affirmed the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Issuer Credit Ratings were assigned as 'BB/Stable' in line with the sovereign ratings and outlooks of the Republic of Türkiye.

Vestel Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi ("Vestel Beyaz Eşya" or "the Company") was established in 1997. The Company's product range currently 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 6 production plants are located in Vestel City in the Manisa Organized Industrial Zone, with a total annual production capacity of 16.1mn units. The Company operated with a 71% capacity utilization rate in FY2024 and had a staff force of 9,628 people as of December 31, 2024. The Company has an export-oriented business model and exports to more than 160 countries. 68.14% of its gross revenue originated from export sales in FY2024 (FY2023: 70.26%). Europe has continued to be the primary export market, with a share of 68.98% in total export revenue and 47.00% 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 20th in sales from production in the 2023 survey (2022: 19th). When the ranking of the operating within the NACE27 code (manufacturing of electrical equipment) was considered, Vestel Beyaz Eşya took 2nd place (2022: 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 31.12.2024. 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

- Favorable net debt/EBITDA multipliers despite the increase at FYE2024,
- Satisfactory cash flow metrics along with a supportive cash conversion cycle,
- Noteworthy equity base with high contribution of capital adjustment differences,
- Hard-currency income generation capacity thanks to the export-driven revenue base,
- Vestel Group's omnichannel and R&D capabilities combined with multi-brand portfolio strategy supporting top-tier positions in pivotal markets,
- Economies of scale through centralized production in Vestel City,
- Adherence to corporate governance principles as a publicly traded company.

Constraints

- Decline in sales revenue and profitability in FY2024 due to challenging market conditions,
- Weak interest coverage in FY2024,
- Noteworthy level of other receivables due from the related party, distorting the integrity of the balance sheet structure,
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'AA+ (tr)' to 'AA (tr)'. The Company's leverage profile, cash flow metrics, cash conversion cycle, equity level, export revenues, multi-channel marketing abilities, R&D capabilities, market positions, and corporate governance compliance level along with retreatment in sales and profitability performance, weakening coverage profile, 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, profit margins, leverage and coverage profile, 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 the legal framework of the sector will be monitored.