

Corporate Credit Rating

New Update

Sector: Non-Food Retail

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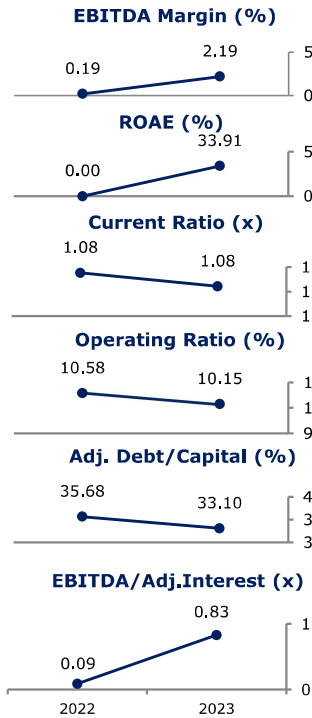
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)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

* Assigned by JCR on May 10, 2024



Teknosa İç ve Dış Ticaret 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 to as 'Teknosa' or 'the Company') was engages in retail sales of consumer electronics through its stores and website and air conditioners and white goods through its dealers. Moreover, the Company launched tech-focused marketplace project in early 2022. As of December, 2023, the Company operates in 181 stores with a retail sales area of 105,125 square meters in Türkiye. The Company generated TRY 47.32bn of sales revenue in FY2023, shares of retail and e-commerce in total recorded as 84.4% and 10.6% respectively, followed by dealer segment with 5.0% share. The Company shares has been trading on the Borsa Istanbul with a ticker symbol of "TKNSA" since 2012 with a current free-float rate of 50.0%. The Company was founded in 2000 and is headquartered in Istanbul with a staff force of 2,868 as of FYE2023 (FYE2022: 2,458).

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 55 years.

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

Strengths

- Steady revenue growth in FY2023 and 1Q2024 along with increasing transaction volume
- Satisfactory leverage metrics as of 1Q2024 following net cash position as of FYE2023 and FYE2022
- Sufficient cash flow metrics facilitating liquidity management
- Credit card & cash sales and high receivables collection ability stimulating the cash generation capacity
- Diversified product range and omnichannel business model as well as market place segment provides resilience for the Company
- Brand recognition in the sector coupled with successful track-record
- Backed by Sabancı Group, one of the most experienced brands in Türkiye
- High level of compliance with the corporate governance principles as a publicly listed company

Constraints

- Increasing financing expenses pressuring bottom line and coverage metrics in 1Q2024
- Rediscount interest expenses limiting operational profitability
- Import dependence of product range due to nature of business
- Measures on imports and consumption (tax, installment restrictions, etc.) taken by the regulatory authorities
- 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 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 revenue growth, satisfactory liquidity level, strong cash generation capacity coupled with low credit risk, strong shareholder structure and proven track record along with ongoing uncertainties arisen from geopolitical tensions as well as global tight 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.