JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd."

Corporate Credit Rating

☒New ☐Update

Sector: Technical Textile
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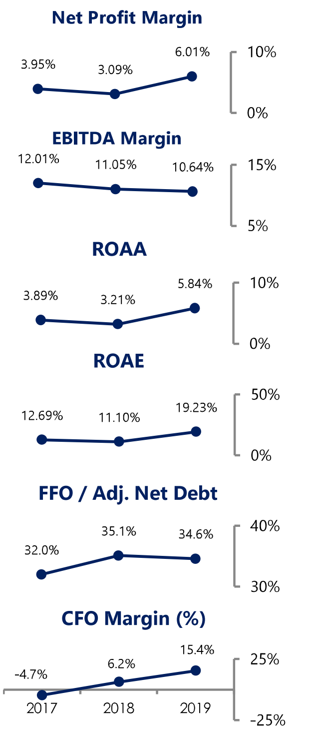
RATINGS

			Long Term	Short Term
International	Foreign Currency		BB+	B
	Local Currency		BB+	B
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
	Issue Rating		-	-
National	Local Rating		A+ (Trk)	A-1 (Trk)
	Outlook		Stable	Stable
	Issue Rating		-	-
Sponsor Support			2	-
Stand-Alone			AB	-
Sovereign*	Foreign Currency		BB+	-
	Local Currency		BB+	-
	Outlook	FC	Negative	-
		LC	Negative	-

*Assigned by JCR on April 10, 2020



İşbir Sentetik Dokuma Sanayi A.Ş.

JCR Eurasia Rating, has evaluated **İşbir Sentetik Dokuma Sanayi A.Ş.** in investment-level category on the national scale and assigned the ratings on the Long Term National Scale at **'A+ (Trk)'** with **'Stable'** outlook, and Long Term International Scale as **'BB+'**.

İşbir Sentetik Dokuma Sanayi A.Ş. (referred to as 'the Company' or 'İşbir Sentetik') has been established in 1968 and operates in the field of industrial packaging and technical textiles. The products include primarily big bags (FIBC-Flexible Intermediate Bulk Container), carpet weaving fabric, carpet covering fabric, ground covers and shading nets, agricultural monofilament woven fabrics and other packaging and technical textile products. The Company's operation facilities are up to 160,000 m² and has 48,000 ton/year production capacity. İşbir Sentetik's exports are nearly 70% of total production and reach over 55 countries. The Company follows continuous inventions of better manufacturing techniques to improve production processes and assure high quality FIBCs. The Company have HACCP, ISO 9001:2000 and ISO 22000 certification and 100% back-traceability of products and ingredients.

Technical textiles are defined as textile materials and products used primarily for their technical performance and functional properties rather than their aesthetic or decorative characteristics. Technical textiles represent about 31% of the total textile production globally. The global technical textile market size was estimated at USD 176.6bn in 2019, growing at a compound annual growth rate (CAGR) of 4.5% from 2020 to 2027. Rising awareness regarding the benefits of technical textile is projected to propel its demand across various end-use industries including agriculture, construction, aerospace, medical, and packaging.

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

Strengths	Constraints
• Regular capital expenditures to maintain production capacity and position in the competition • Visible improvement in free cash flow in the last years • Upturn in net working capital in 2019 • Increasing demand for FIBC (BigBag) products in global scale • Geographic diversity and high share of exports among total sales • Long-lasting presence in the sector and successful track-record	• Despite the fact that exports and domestic sales in hard currency provide natural hedging, short FX position pressures bottom line profit via FX losses in the short run • High level of pledged and mortgaged tangible assets for borrowings that decreases the elasticity of assets • Stable but relatively weak debt service coverage ratio • The uncertainties ahead for following periods that may cause severe deepening contraction on global and local economy, decreasing the visibility of future revenues.

Considering the aforementioned points, the Company's the Long Term National Rating has been assigned as **'A+ (Trk)'**. The Company's operational sustainability, growth path and profitability level have been evaluated as important indicators for the stability of the ratings and the outlooks for long and short term national ratings are determined as **'Stable'**. Sustainability of the Company's profitability performance, indebtedness level and cash generation capacity together with the trends in the industry are to be monitored by JCR Eurasia Rating. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

Main shareholder of İşbir Sentetik is İşbir Holding A.Ş. whose majority of shares are owned by real-person investors and 15% of share are publicly traded on Borsa İstanbul with the ticker of ISBIR. The Holding has investments in foam, mattress and agriculture. İşbir Holding's companies continue their activities having a total of 350,000 m² of production facilities. Regarding the continuous investments and being one of the flagship operations of the Holding, İşbir Holding is considered to have the willingness and experience to ensure long-term liquidity and equity within their financial capability when required and to provide efficient operational support to İşbir Sentetik. In this regard, the Company's Sponsor Support Grade has been assigned as **(2)** in JCR Eurasia Rating's notation system.

Considering the Company's equity level, ongoing operations, liquidity reachability and internal resource generation capacity, we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the Stand-Alone grade of the Company has been assigned as **(AB)** in the JCR Eurasia Rating notation system.