

## Corporate Credit Rating

New  Update

Sector: Technical Textile  
 Publishing Date: 09/12/2021

### Chief Analyst

Fatih Lap  
 +90 212 352 56 73  
[fatih.lap@jcrer.com.tr](mailto:fatih.lap@jcrer.com.tr)

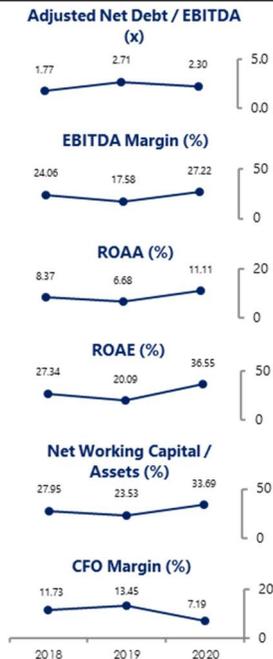
### Analyst

Gülşah Şengül  
 +90 212 352 56 73  
[gulsah.sengul@jcrer.com.tr](mailto:gulsah.sengul@jcrer.com.tr)

## RATINGS

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

\*Assigned by JCR on May 31, 2021



## İşbir Sentetik Dokuma Sanayi A.Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated **İşbir Sentetik Dokuma Sanayi A.Ş.** in high investment-level category on the national scale and upgraded the ratings one notch on the Long Term National Scale from 'A+ (Trk)' to 'AA- (Trk)' and Short-Term National Scale from 'A-1 (Trk)' to 'A-1+ (Trk)' with 'Stable' outlooks.

**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 140,000 m<sup>2</sup> and has 47,000 ton/year production capacity in Turkey and has 4,000 ton/year production capacity in India. 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 has ISO 9001, ISO 22000, ISO 27001, ISO 14001, BRC and HVAC certification and 100% back-traceability of products and ingredients.

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

### Strengths

- Upward trend in sales and profitability metrics
- Adequate and sustainable liquidity level over the years and improvement of current ratio
- Paid-in capital increase via initial public offering
- Increasing demand for FIBC (BigBag) products in global scale
- Geographic diversity and high share of exports among total sales
- Long experience in sector that enables economies of scale and scope
- Focusing on technological R&D investments for sustainable development

### Constraints

- Short FX position pressures bottom line profit via FX losses in the short run, although mitigated by sales in hard currency in a certain extent
- Imported raw materials used in production that increases the sensitivity to fluctuations in raw material prices
- Ongoing uncertainties arising from the global Covid-19 pandemic, pressuring the local and global economic outlook

Considering the aforementioned points, the Company's Long Term National Rating has been assigned as 'AA- (Trk)'. Company's operational sustainability, growth path and profitability level and long experience in the sector 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'. The Company's financial structure, sales and profitability performance, continuity of EBITDA generation capacity, adequacy of liquidity, possible effects of the Covid-19 outbreak on the company are closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be monitored as well.

The financial strength and expected support of the Company's shareholders lay the foundation for İşbir Sentetik's Sponsor Support assessment. The Company's main shareholder and the Group, İşbir Holding, was found in 1968 by large number of investors with small savings and reached today in different brands and production companies. The Group has investments in foam, mattress and agriculture. İşbir Holding's companies continue their activities having a total of 230,000 m<sup>2</sup> of production facilities. Regarding the continuous investments and being one of the flagship operations of the Group, 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 affirmed as (2) in JCR Eurasia Rating's notation.

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 (A) in the JCR Eurasia Rating notation system.