

Corporate Credit Rating

New Update

Sector: Furniture Industry
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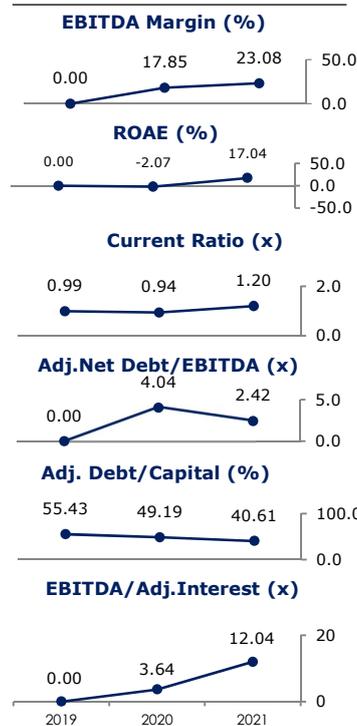
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency Local Currency	BB (Negative) BB (Negative)	-

* Assigned by JCR on August 18, 2022



İSKUR TEKSTİL ENERJİ TİCARET VE SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated "İskur Tekstil Enerji Ticaret ve Sanayi A.Ş." in the investment level category and revised the Long-Term National Issuer Credit Rating to 'BBB+ (tr)' from 'BBB- (tr)' and the Short-Term National Issuer Credit Rating at 'J2 (tr)' with 'Stable' outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as 'BB/Negative' in line with international ratings and outlooks of Republic of Türkiye.

İskur Tekstil Enerji Ticaret ve Sanayi A.Ş. (hereinafter referred to as ("İskur Tekstil or "The Group") was founded in 1990 as a family-owned company of Kahramanmaraş, with production of cotton, gin and cotton oil that makes the Group a fully integrated group of companies. İskur Tekstil and its consolidated subsidiaries are hereinafter referred to as "the Group". It exports its products and services to more than 30 countries on 4 different continents around the globe and has more than 3,500 employees. Besides yarn and fabric manufacturing, which is the main area of business, the Group operates in sectors such as automotive, energy, hotel management and insurance services. Together with its own companies and affiliates, it provides energy generation through HEPP, SEPP and WPP with a total size of 142 Mw. Moreover, The Group implements a 32 Mw of roof type SEPP, which will be used for self-consumption. Akedaş, which is also a subsidiary, provides electricity distribution services to the provinces of Kahramanmaraş and Adiyaman.

İskur Tekstil's main shareholder is Abdulkadir Kurtul with a share of 66.77%. The paid-in capital of The Group has increased to TRY 1bn as of 24.11.2022.

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

Strengths

- Notable increase in sales revenue and EBITDA generation capacity in FY2021,
- Rising asset size and revenues indicating a resilient business model,
- Substantial financial profile thanks to strengthened FFO and CFO,
- Value-added products underpinning sales and competition,
- Focusing technological R&D investments supporting financials through incentives,
- Long experience in textile sector dating back to 1990.

Constraints

- Short-term weighted financial debts inhibiting the Group's financial position,
- Rising financial expenses with increasing foreign currency pressuring profitability margins,
- Considerable cumulative impaired receivables create pressure on asset quality,
- Significant contribution of non-cash revaluation to asset size and equity,
- Imported raw materials causes sensitivity to prices,
- Severe competition in the export market of textile sector,
- Improvement needed in Corporate Governance Practices,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been revised as 'BBB+ (tr)'. Considering sustainable sales and revenue increase, EBITDA generation capacity and asset growth, low indebtedness level as well as uncertain global market and economic conditions; the Group's outlook for Long and Short-Term Issuer Credit Ratings has been determined as "Stable". The indebtedness indicators, profitability and sustainability of demand in the market, the macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored.