

Corporate Credit Rating

New Update

Sector: Textile Industry

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

* Assigned by JCR on Aug 18, 2022.

ATLAS DENİM TEKSTİL SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Atlas Denim Tekstil Sanayi ve Ticaret A.Ş." in the high investment level category and revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A- (tr)' and the Short-Term National Issuer Credit Rating was assigned as '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/Negative', as parallel to international ratings and outlooks of Republic of Türkiye.

Atlas Denim Tekstil Sanayi ve Ticaret A.Ş. (referred to as 'the Company' or 'Atlas Denim') was established in Adana in 2016. The Company's production facility located in the Adana Organized Industrial Zone is built on 164,124 square meters of land of which contains a closed area of 84,124 square meters. Fabric factory is one of the biggest denim fabric plants of Türkiye. The Company's product range includes all kind of apparels that are made of mostly denim fabrics. The Company generated TRY 1,050.76 million of sales revenue in FY2021, indicating 95.99% YoY growth. The Company ranked 473rd in Türkiye's Top 500 Industrial Enterprises in FYE2021 (FYE2020:529th).

Atlas Denim is owned and managed by Yıldız & Türkmen Family members and maintains its operations by an average staff force of 1,600 employees as of FYE2021.

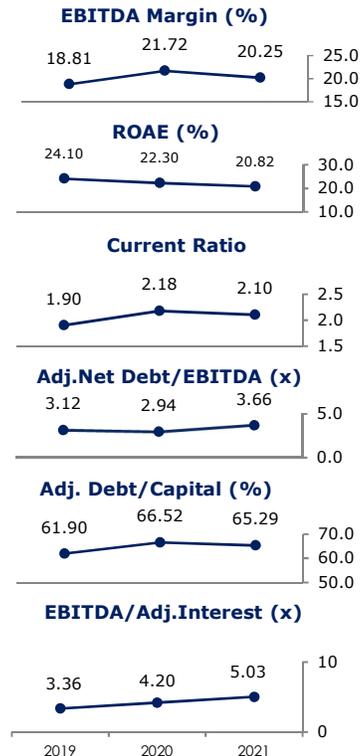
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Notable surge in sales volume and asset growth in FYE2021,
- Robust EBITDA generation capacity and profitable operations during the analyzed periods despite decreasing profitability margins,
- Asset quality strengthened by low impaired receivables ratio,
- Consecutive net working capital surplus together with long term funding structure easing liquidity management.

Constraints

- Tight competition in the export market of textile sector,
- Improvement needs in the level of compliance with corporate governance practices,
- Existing uncertainties stemming from geopolitical tensions and recession concerns in Europe.



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'A (tr)' to 'A- (tr)'. The Company's asset quality, growth performance, market position, sectoral developments and risk management implications 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 financial structure, attainability of the Company's budgeted projections, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.