

Corporate Credit Rating

☐ New ☒ Update

Sector: Manufacture Denim Fabrics

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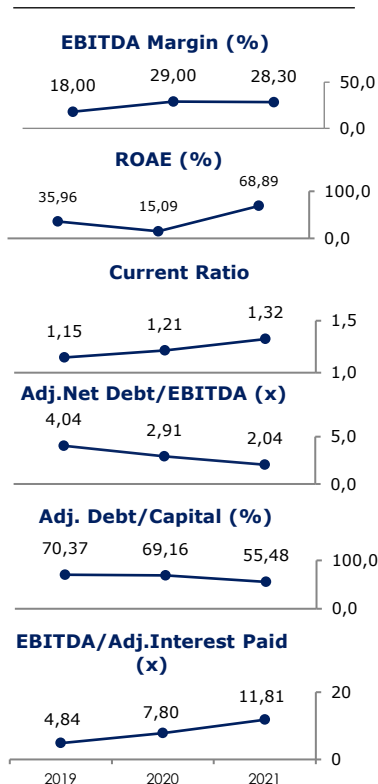
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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
Sovereign*	International LC ICR Outlooks	Stable	Stable
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş

JCR Eurasia Rating, has revised the "Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş." (referred to as "the Company" or "Bossa") in the investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'A (tr)' and determined the Short-Term National Issuer Credit Rating as 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BB/Stable' in parallel to international ratings and outlooks of Republic of Turkey.

Bossa Ticaret ve Sanayi İşletmeleri A.Ş. was established by Sabancı Family in 1951 to manufacture fabric products in Adana. Sabancı Holding's shares in Bossa were transferred to Akkardan A.Ş. in 2008. Mr. İsmail Uçurum and Mr. Yusuf Uçurum, main shareholders of Oğuz Tekstil A.Ş. with its over 40 years of experience, operates in fabric and yarn, became the controlling shareholder of Bossa once purchasing the Akkardan A.Ş. in 2017. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1995. Currently, 8.02% of shares are publicly traded on the BIST with the ticker symbol "BOSSA".

The Company operates as one of the leading integrated textile companies in the fields of fabric manufacturing and global sales. The Company produces mainly denim fabric in a total area of 262,935 m², including 125,000 m² in covered plant area. Bossa had a total annual production capacity of 50mn meters fabrics in its manufacturing facilities. Bossa maintains its operations by an average staff force of 1,351 employees as of FYE2021. (FYE2020: 1,357). The Company holds a well-known brand, positioned as a symbol of high quality and fashionable products in textile industry. Bossa is in the list of Turkey's "Top 500 Industrial Enterprises" prepared by the Istanbul Chamber of Industry and It is also included in the "Top 1000 Exporters" list prepared by the Turkish Exporters Assembly.

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

Strengths	Constraints
<ul style="list-style-type: none"> Satisfactory level of EBITDA generation capacity and strong profitability performance in 2021, Foreign currency dominated sales revenue providing a natural hedge to a large extent, Improvement in cash flow metrics over the reporting period, Strengthened equity structure underpinned by internal equity generation, Steady improvement in adjusted net debt/EBITDA multiple, Strong inter/national client base sustaining sales revenue with diversified product portfolio Environmentally conscious production approach and having prestigious certificates enhancing quality standards, 	<ul style="list-style-type: none"> High and increase in level of non-performing receivables in total receivables, Long cash conversion cycle, Short-term weighted financial liabilities, High dependency on imports of raw materials and determining role of cotton prices in revenue, Severe competition environment in textile sector, The geopolitical risks stemming from the Russia-Ukraine tension and increasing uncertainty

Considering the aforementioned factors, Company's Long-Term National Issuer Credit Rating affirmed as 'A (tr)'. The Company's outlook for Long-Term and Short-Term National Issuer Credit ratings have been determined as 'Stable' with the respect to improvements in profitability ratios, debt service, strong equity structure, Bossa's long business track record, internal equity generation capacity and cash flow metrics during 1Q2022. Sales and profitability performance, developments in indebtedness structure, additional diversification in export markets, local and global macroeconomic indicators are the major issues which will be monitored by JCR Eurasia Rating in the upcoming period.