

Corporate Credit Rating

☐ New ☒ Update

Sector: Manufacture Denim Fabrics

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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 Local Currency	BB (Negative) BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş.

JCR Eurasia Rating has evaluated "**Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş.**" in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as '**A (tr)**' and 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 assigned as '**BB/Negative**' in parallel to international ratings and outlooks of Republic of Türkiye.

Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş. (hereinafter referred to as "**Bossa**" or "**the Company**") 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. İsrail 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, 7.94% 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 50 million meters fabrics in its manufacturing facilities. Bossa maintains its operations by an average staff force of 1,477 employees as of FYE2022. (FYE2021: 1,351). 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 Türkiye'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

- Maintained growth in sales revenue supported by foreign currency and price increases,
- Reducing the vulnerability to FX risk by decreasing foreign currency weighted financial liabilities,
- Adequate level of liquidity metrics under the reviewed periods,
- Ongoing foreign market expansion powered by well-known brand name and market influence,
- Environmentally conscious production approach and having prestigious certificates enhancing quality standards,
- Successful track-record and long-lasting presence in the sector,
- As a publicly traded company, high level of compliance with Corporate Governance Practices.

Constraints

- Pressure in EBITDA and profitability margins in FY2022 mainly due to increase in cost of the sales,
- Negative impact on leverage ratios due to the increase in loans used to finance ongoing investments in FY2022,
- Non-cash contribution of revaluation gains to equity,
- High dependency on imports of raw materials and determining role of cotton prices in revenue,
- Intensive competition in the global textile sector,
- Tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as '**A (tr)**'. The Company's sales performance, currency risk management, liquidity metrics, high brand reputation and environmentally friendly production approach 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 profit and equity indicators, indebtedness structure, sustainability of domestic and international demand and economic conditions in Türkiye will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.

