

Corporate Credit Rating

New Update

Sector: Manufacture Denim Fabrics

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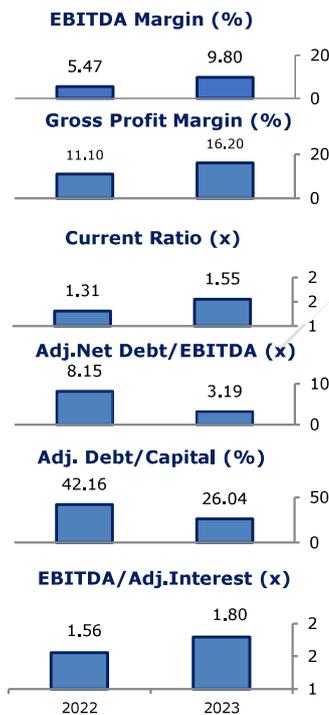
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating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

* Assigned by JCR on May 10, 2024



Bossa Ticaret ve Sanayi İşletmeleri Türk Anonim Şirketi

JCR Eurasia Rating has evaluated "Bossa Ticaret ve Sanayi İşletmeleri Türk Anonim Şirketi" investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as 'BB/Stable' in line with the sovereign 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 in 1951 by the Sabancı Family in Adana to produce fabric products. 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 listed on the Borsa İstanbul (BIST) since 1995.

The Company operates as one of the leading integrated textile companies in fabric production and global sales. Bossa mainly produces denim fabrics on a total area of 262,935 m², of which 125,000 m² is in covered plant area. Bossa has a total annual fabric production capacity of 50 million meters at its production facilities. The Company continues its operations with an average of 1,620 employees as of FYE2023. (FYE2022: 1,477). Bossa has a well-known brand positioned as a symbol of high quality and fashionable products in the textile industry. Bossa, which has the Turquality certificate since 2006, which not only represents Turkish textiles abroad but also contributes to the increase of the country's brand value, is included in the list of Türkiye's "500 Largest Industrial Enterprises" prepared by the Istanbul Chamber of Industry and in the list of "Top 1000 Exporter Companies" prepared by the Turkish Exporters Assembly.

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

Strengths

- Ongoing market share with a strong inter/national customer base attached with world-wide famous brands and improvement in profitability margins as of 1Q2024,
- Mitigating currency risk to certain extent through hard currency income streams,
- Reasonable equity level underpinned by capital adjustment differences, revaluation gains and retained earnings,
- Maintaining the operations with moderate liquidity metrics over the analyzed periods,
- Having prestigious certificates enhancing quality standards and environmentally friendly approaches,
- Established operating history dating back to the 1950s, enhancing Company's market reputation,
- As a publicly traded company, high level of compliance with Corporate Governance Practices.

Constraints

- Continuation of pressure of loans on net debt to EBITDA multiplier and EBITDA interest coverage ratio, despite a slight improvement in FY2023,
- Long cash conversion cycle and increase in operating ratio pressuring efficiency indicators,
- Fierce competition in the global textile industry and the possible negative effects of fluctuations in raw material prices on profit margins,
- Leading economic indicators signal global growth projections global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

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