Corporate Credit Rating

☒New ☐Update

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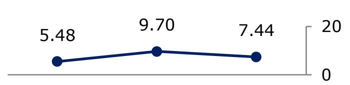
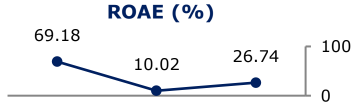
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A (tr)**	**J1 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific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

** Assigned by JCR on Aug 18, 2022*

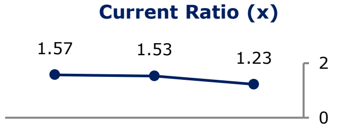
EBITDA Margin (%)



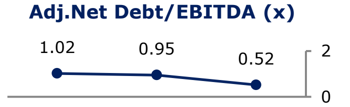
ROAE (%)



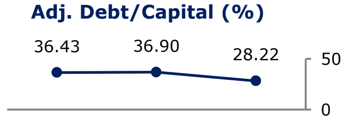
Current Ratio (x)



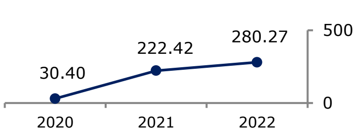
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



ISOPOL KİMYA A.Ş.

JCR Eurasia Rating has evaluated **"Isopol Kimya A.Ş."** in the investment level category, assigned 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 determined as **'BB/Negative'** in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Isopol Kimya A.Ş." (hereinafter referred to as **"Isopol Kimya"** or **"the Company"**) was established on November 19, 2013 in Mersin, Türkiye. The Company changed its status from a limited company to a joint stock company and its trade name changed to its current form on November 10, 2017.

Isopol Kimya manufactures sandwich panels and cold weather panels from polyurethane chemicals, soft feel hard surfaces for the automotive industry and shoe soles. The Company was established on a total area of 36.000 m², including 11.000 m² closed and 25.000 m² open area in Mersin.

As of FYE2022, the shareholders of the Company are Ercan Zan with 95% share and Hüseyin Tatlı with 5% share.

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

Strengths	**Constraints**
• Significant increase in sales revenue in FY2022 and expected to continue in 2023 financials, • Satisfactory net debt to EBITDA multiplier in the analyzed periods despite increasing debt level in 2023, • Export-oriented sales providing natural hedge mechanism to a certain extent despite exposure to short FX position according to corporate tax return, • Positive net working capital easing liquidity management over the years, • Decreasing trend in operating ratio supporting efficiency.	• Increasing production costs pressuring core profitability margins in FY2022 despite expected recovery in 2023 financials, • Decreasing level of paid-in capital compared to asset size in the analyzed periods, • High dependency on imported raw materials for production process, • Improvement needs in the level of compliance with corporate governance and risk management practices, • Leading economic indicators signal 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 assigned as **'A (tr)'**. The Company's increasing sales revenue, satisfactory net debt to EBITDA multiplier and decreasing trend in operating ratio as well as increasing productions cost pressuring core profitability margins and slowdown signal in the global economy 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, sales and profitability performance, liquidity and leverage indicators 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.