

Corporate Credit Rating

New Update

Sector: Chemical Industry

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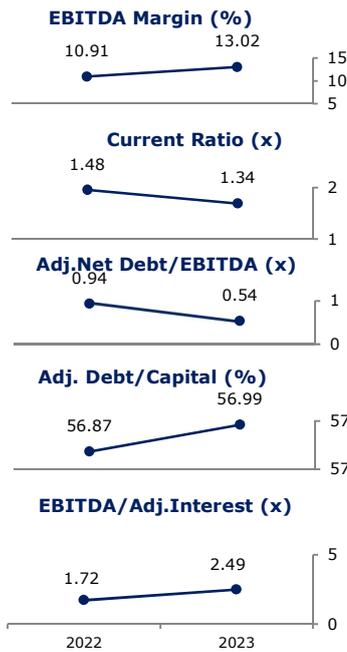
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating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

* Assigned by JCR on May 10, 2024



Kimteks Poliüretan Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated "Kimteks Poliüretan Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating as 'AA-(tr)' and the Short-Term National Issuer Credit Rating as 'J1+(tr)' whereas the Long-Term National Issuer Credit Rating Outlook of the Company revised from 'Positive' to 'Stable'. On the other hand, the Long Term International Foreign and Local Currency ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Kimteks Kimya was established in 1983 to provide raw materials for various sectors such as artificial leather, sole, rubber, adhesive and paint, etc. and started to realize production, sales and distribution operations of polyurethane systems for footwear, automotive, furniture and insulation/construction sectors with its 'Polyurethane System House' in 1999. Kimteks Poliüretan San. ve Tic. A.Ş. (hereinafter referred to as "Kimpur" or "the Company") was demerged from Kimteks Kimya in 2015, left its activities for distributorship for Kimteks Kimya and continues its operations since 2015 officially as Kimpur as focused on polyurethane. As wholly-domestic polyurethane system manufacturer of Türkiye, the Company maintains to produce customized solutions through technology and R&D investments.

Main production facility of Kimpur is located in Gebze, Kocaeli with production capacity of 141 thousand tons per year. Total capacity of the Company was reached to 196 thousand tons as of 9M2024 with additional capacity of 25 thousand tons from Latvia investment in 2021 and completion of manufacturing facility located in Düzce Gümüşova Organized Industrial Zone with 30 thousand tons in 2023. Moreover, within the scope of the cooperation with Ravago Petrokimya A.Ş., there is an additional 85 thousand tons production capacity investment in the Düzce facility, which is planned to start operating in the first quarter of 2025. Also, total investment annual capacity of Kimpur will be 281 thousand tons per year. Kimpur has exports to over 50 countries.

The Company had 7 affiliates and employed a workforce of 329 people as of September 30, 2024 (FYE2023: 306). The Company went public and Kimpur shares have been quoted at Borsa İstanbul A.Ş. ("BIST") since 04-2022.

Strengths

- Improvement in revenue and EBITDA performance in FY2023 on the back of increased sales volume,
- Maintained low level of net debt to EBITDA multiplier although a partial increase as per 9M2024 figures,
- Natural hedge opportunities thanks to foreign currency revenue structure,
- Low collection risk owing to client portfolio operating in varied sectors and geographical diversification of exports,
- Strong R&D capabilities, sector know-how, and enlarging capacity with ongoing investment,
- Compliance with the corporate governance practices.

Constraints

- Susceptibility to price changes in procured raw materials influenced by global supply and demand dynamics.
- Retreated profitability margins along with high financing expenses leading to net loss in 9M2024,
- Short-term weighted financial debt structure along with inadequate coverage of net interest paid amount with generated EBITDA in 9M2024,
- Negative cash flow metrics in FY2023, despite recovery in FFO and CFO in 9M2024,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA-(tr)'. The outlook for Long Term National Issuer Credit Rating has been revised from 'Positive' to 'Stable' considering mainly retreated profitability margins and net loss in 9M2024 along with low financial leverage level, and proven successful track-record in the sector, improvement trend of revenues and EBITDA with increasing sales volume, low collection risk, strong R&D and sector know-how as well as susceptibility to raw material price changes, inadequate coverage ratio in 9M2024, negative cash flow metrics in FY2023 and uncertainties arisen from geopolitical tensions and global tight financial conditions. The Company's indebtedness volume, sales growth, profitability, and liquidity indicators 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 be monitored as well.