

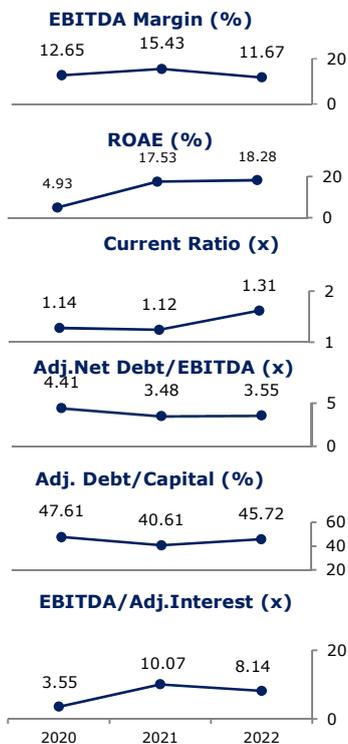
Corporate Credit Rating

□New ☒Update

Sector: Industrial Fabric & Composite Technologies
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB+	-
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
Sovereign*	Local Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



Kordsa Teknik Tekstil Anonim Şirketi

JCR Eurasia Rating, has evaluated the "Kordsa Teknik Tekstil Anonim Şirketi" in the investment-level category and upgraded the Long-Term National Issuer Credit Rating to 'AAA (tr)' from 'AA+ (tr)' and affirmed 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 'BBB+/Stable'.

Kordsa Teknik Tekstil Anonim Şirketi (referred to as "Kordsa" or "the Company") was established in 1973 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding") in İzmit/Türkiye. The Company mainly focuses on tire reinforcement, composite, and construction reinforcement technologies and provides input to many industries such as automotive, aviation, aerospace, maritime, rail systems, and construction of infrastructure and superstructure. Kordsa is a global player thru 13 factories in 6 countries and across 4 continents. The Company conducts its tire reinforcement manufacturing operations with 7 factories in Thailand (1), Indonesia (2), Brazil (1), the USA (2), and Türkiye (1); and has composite reinforcement manufacturing operations in the USA (4), Italy (1), and Türkiye (1). Also, Kordsa has R&D centers for both of these business lines. Kordsa generated consolidated sales revenues of TRY 18.44bn as of FY2022, circa 91,5% of which was from its overseas operations. The average number of employees within the Company is 5.092 in 2022. The Company's main shareholder is Sabancı Holding, with a rate of 71.11% as of reporting date. Kordsa shares have been traded on Borsa İstanbul Index (BIST) since 1986 with a free-float rate of 28.89% under ticker-name of "KORDS".

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

Strengths

- Diversified revenue structure with sustainable growth in tire, composite and construction reinforcement segments, along with revenue growth in FY2022,
- Strong cash generation capacity and mainly USD-denominated income and cost structure, which partially hedges the hard currency risk,
- Adequate equity level despite dividend payments,
- Focusing on developing sustainable technologies in every business line with R&D centres and Composite Technologies Centre of Excellence,
- Reputable partnership structure backed by Sabancı Group,
- High level of compliance with Corporate Governance Practices.

Constraints

- Slight contraction in profit margins in FY2022 and 1Q2023 with the effect of the increase in energy and labour costs, inflation, and fluctuations in exchange rates,
- As China's reopening and stable exchange rates generate significant headwinds to Türkiye's exporters, tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned the Company's Long-Term National Issuer Credit Rating has been upgraded to 'AAA (tr)'. The Company's strong revenue and EBITDA generation capacity, profitability indicators, leverage metrics, asset quality, risk management implementations, successful track record, and long experience in the sector, along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle, 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 profitability performance, asset quality and equity structure 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.