

Corporate Credit Rating

New Update

Sector: Industrial Fabric & Composite Technologies

Publishing Date: 27.05.2025

Team Leader

Abdurrahim Torun
 +90 212 352 56 73

abdurrahim.torun@jcrer.com.tr

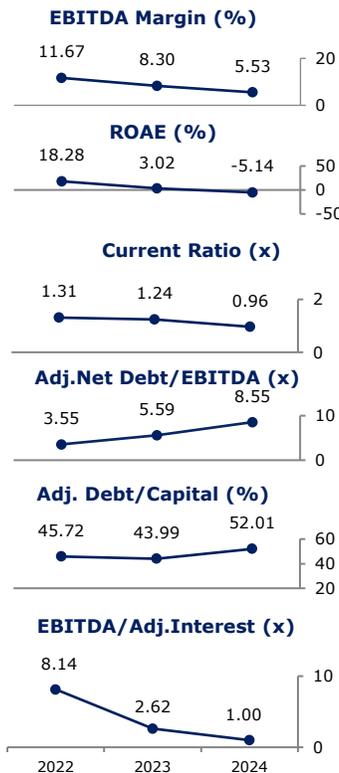
Assistant Analyst

Kerem Deniz
 +90 212 352 56 73

kerem.deniz@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (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	Stable	-
	International LC ISR	BB	-
	Foreign Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



Kordsa Teknik Tekstil Anonim Şirketi

JCR Eurasia Rating, has evaluated the "Kordsa Teknik Tekstil Anonim Şirketi" in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'AAA (tr)' to '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 assigned 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. A global player in the tire and construction reinforcement as well as composite technologies markets, Kordsa operates in 7 countries, namely, Türkiye, Brazil, Indonesia, Thailand, USA, Germany and Italy with 13 production facilities. Also, Kordsa has R&D centers and technical centers. Kordsa generated consolidated sales revenues of TRY 30.43bn in FY2024 (FY2023: TRY 23.50bn), by region 38% Europe, the Middle East and Africa (EMEA), 31% North America (NA), 21% Asia, and 10% South America (SA). The total number of employees within the Company is 4,613 in FYE2024 (FYE2023: 4,614). 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

- Revenue structure with balanced portfolio based on the regions along with efforts for segment and sector diversification reducing the concentration risk,
- Foreign currency-based revenue streams provide natural hedge mechanism to some extent,
- Satisfactory equity base during the reviewed periods despite notably low level of paid-in capital,
- Focusing on sustainability and innovation through R&D to drive product development across all business segments,
- Reputable partnership structure backed by Sabancı Group,
- High level of compliance with the corporate governance practices as a publicly traded company.

Constraints

- Elevated and high net debt to EBITDA multiple in 2024, driven by declining EBITDA and rising financial indebtedness,
- Slightly declined USD based revenue performance in FY2024 and 1Q2025 reflecting continued softness in core business segments,
- Profitability metrics weakened in FY2024 and 1Q2025 due to price-focused competition, cost inflation and non-recurring expenses,
- Weakened coverage metrics during the reviewed periods, due to elevated financing expenses which also caused net loss in FY2024 and 1Q2025,
- Negative net working capital and relatively long cash conversion cycle in FY2024 and 1Q2025,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned the Company's Long-Term National Issuer Credit Rating has been revised from 'AAA (tr)' to 'AA+ (tr)'. The Company's revenue structure with balanced portfolio based on the regions, foreign currency based revenue streams, satisfactory equity base, risk management implementations, successful track record, and long experience in the sector as well as global interest rate hiking cycle, elevated and high net debt to EBITDA multiple in 2024, slightly declined USD based revenue performance and weakened profitability metrics 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.