

Corporate Credit Rating

New Update

Sector: Polyester Manufacturing
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit 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	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022

Koza Polyester Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Koza Polyester Sanayi ve Ticaret A.Ş.** in investment-level category and upgraded the Long-Term National Issuer Credit Rating to '**A (tr)**' from '**A (tr)**' and the Short-Term National Issuer Credit Rating to '**J1 (tr)**' from '**J2 (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

Koza Polyester Sanayi ve Ticaret A.Ş. (hereinafter referred to as 'Koza Polyester' or 'the Company') was established in 2011 in Gaziantep. The Company's main field of activity is the production and sale of polyester fiber, polyester chips and plasticizer. Koza Polyester is Türkiye's second company producing polyester fiber from continuous polymerization and has one of the largest fiber production capacities in Europe. The Company, which started production as of the end of 2013, currently carries out its production activities in the factory located in Gaziantep, with an open area of 72,607 m² and a closed area of 52,746 m². The Company sells its products both in the domestic and international markets. In 2022, Koza Polyester was ranked as the 354th largest manufacturer of Türkiye with respect to sales revenues generated from production figures in the annual list of 500 Largest Industrial Enterprises of Türkiye (ISO500), compiled annually by the Istanbul Chamber of Industry (ISO). The Company employed a total workforce of 277 as of FYE2022 (FYE2021: 287). Koza Polyester's shares have been listed on the Borsa Istanbul (BIST) with the ticker symbol of 'KOPOL' since April 2023 with a current free-float rate of 20,53%.

The Company is managed by Akınal family. The family also owns Akınal Sentetik Tekstil Sanayi ve Ticaret A.Ş., which operates its business in field of manufacturing and trading of, non-woven fabric.

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

Strengths

- Steady EBITDA margin in 2022 and 9M2023
- Upward trend in liquidity indicators during the review period
- Satisfactory level of financial leverage metrics and interest coverage ratios in the analyzed terms
- Low level of operating ratio supporting efficiency of the Company
- Negligible level of doubtful receivables supporting asset quality
- Improvement on compliance with the corporate governance practices following public offering

Constraints

- Cash outflow from operations in 2022 stemming from net working capital requirement
- Receivables from related parties distorting balance sheet integrity but expected to collect in short-term
- Deterioration in cash conversion cycle in the review period but improved in 9M2023
- High level of import dependency in line with the industry
- 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 upgraded to '**A (tr)**'. The Company's steady EBITDA generation capacity and satisfactory leverage metrics along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 growth strategy, profitability indicators, financial leverage and asset quality 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.

