

Corporate Credit Rating

New Update

Sector: Plastic and Rubber Products Industry
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| RATINGS | | Long Term | Short Term |
|--------------------------------------|-------------------------------|---------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | BBB-(tr) | J3 (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB- | - |
| | International FC ICR Outlooks | Negative | - |
| | International LC ICR | BB- | - |
| ISRs (Issue Specific Rating 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 Aug 18, 2022

RAINBOW POLİKARBONAT SANAYİ TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Rainbow Polikarbonat Sanayi Ticaret Anonim Şirketi" in the investment-level category and assigned the Long-Term National Issuer Credit Rating as 'BBB- (tr)' and the Short-Term National Issuer Credit Rating as 'J3 (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'.

Rainbow Polikarbonat Sanayi Ticaret Anonim Şirketi (hereinafter referred to as "Rainbow Polikarbonat" or "the Group") was established in Kayseri on June 9, 1995, under the title of Sümer Yatak Sanayi and Ticaret LTD. The Group made changes to its title and field of activity on various dates, and took its current form with the change made on November 26, 2020. The Group offered 40% of its shares to the public in December 2021. As of October, 2023, the free float rate is 53.30%.

The main activity of the Group is to manufacture, purchase and sell all kinds of polycarbonate, polymer, plastic and similar products. The Group exports 55% of the products it produces and sells 45% to the domestic market.

As of 2022, 87 people are employed in the Group, which has a paid-in capital of TRY 30mn.

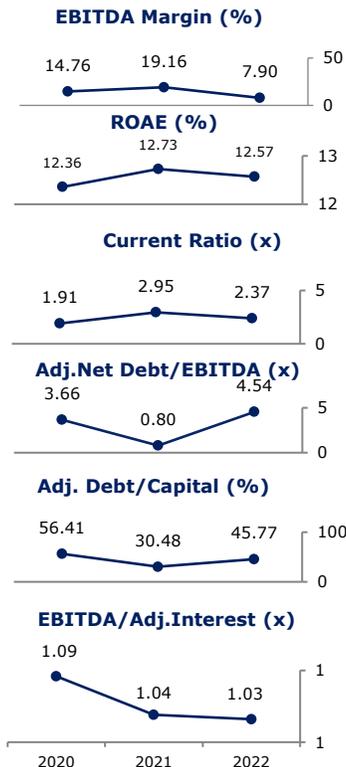
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Low level of operating ratio promoting efficiency over the analysed period,
- Decent equity composition fed by retained earnings and internal fundraising capacity,
- Decreasing doubtful trade receivables ratio supporting asset quality,
- Compliance with Corporate Governance Practices, as a publicly traded company.

Constraints

- Relatively constrained core profitability margins in FY2022, mainly driven by high-cost inventories, despite improvement in 2Q2023,
- Deterioration in net debt to EBITDA multiplier in FY2022 due to the high increase in indebtedness,
- Long cash conversion cycle coupled with weak CFO and FOCF increasing external funding need for operational cycle,
- Insufficient coverage metrics over the analyzed periods,
- Fluctuations in external factors, such as; raw material prices and political tensions, may affect revenue and profitability figures,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.



Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been assigned as 'BBB- (tr)'. The Group's increasing sales growth and EBITDA generation capacity, improvement in net debt to EBITDA multiplier, rapid cash conversion cycle, low counterparty credit risk, limited business risk, proven track record, as well as, competitive market structure 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 Group's profit and equity indicators, market position, sustainability of domestic and international demands and economic conditions in Türkiye 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 also be monitored.