Corporate Credit Rating

☐New ☒Update

Sector: Plastic and Rubber Products Industry
Publishing Date: Oct 28, 2024

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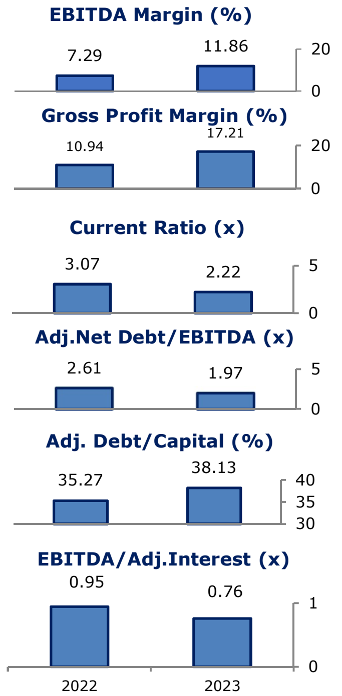
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB- (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB-	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*



RAİNBOW POLİKARBONAT SANAYİ TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of **"Rainbow Polikarbonat Sanayi Ticaret Anonim Şirketi"** in the investment category, affirmed the Long-Term National Issuer Credit Rating at **'BBB- (tr)'** and the Short-Term National Issuer Credit Rating at **'J3 (tr)'** with **'Stable'** outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as **'BB-/Stable'**.

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 June, 2024, the free float rate is 53.32%.

The main activity of the Group is to manufacture, purchase and sell all kinds of polycarbonate, polymer, plastic and similar products. The Group exports 75% of the products it produces and sells 25% to the domestic market.

As of June, 2024, 105 people are employed in the Group and the Group's paid-in capital is TRY 30mn.

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

Strengths	Constraints
• Low level of operating ratio supporting efficiency, • Decent equity composition fed by retained earnings and internal fundraising capacity, • Low level of doubtful receivables supporting asset quality, • Compliance with Corporate Governance Practices, as a publicly traded company.	• Subdued net profit margin in FY2023, mainly driven by financing expenses and TAS29 effect, despite improvement in 2Q2024, • Insufficient leverage and coverage metrics despite recovery in adjusted net debt to EBITDA multiplier in FY2023, • Long cash conversion cycle coupled with weak liquidity metrics increasing external funding need for operational cycle, • Fluctuations in external factors, such as; raw material prices and political tensions, may affect revenue and profitability figures, • 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 Long-Term National Issuer Credit Rating has been affirmed at **'BBB- (tr)'**. The Group's low level of operating ratio, decent equity composition, satisfactory current ratio, high receivable quality and compliance with Corporate Governance Practices, subdued net profit margin, insufficient leverage and coverage metrics, long cash conversion cycle coupled with weak liquidity metrics and fluctuations in external factors 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 core profitability margins 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.

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