

Corporate Credit Rating

☐ New ☒ Update

Sector: Polyester Manufacturing

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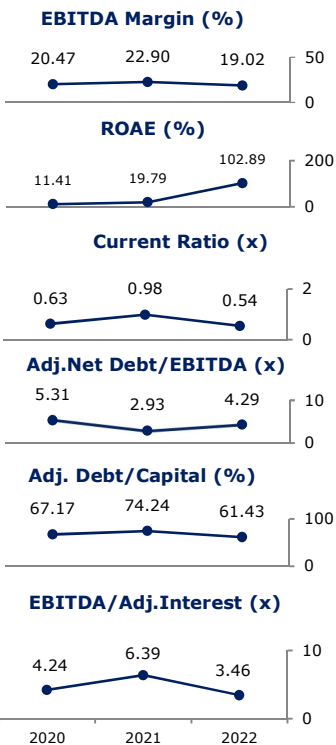
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific 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



SASA POLYESTER SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated "SASA Polyester Sanayi A.Ş." in the high investment level category and affirmed the Long-Term National Issuer Credit Rating at 'A+ (tr)' and the Short-Term National Issuer Credit Rating at '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 'BB/Negative' in line with the international ratings and outlooks of Republic of Türkiye.

SASA Polyester Sanayi A.Ş. ("SASA" or "the Group" or "the Company"), a subsidiary of Erdemoğlu Holding A.Ş. was established in 1966 in Adana. As one of leading industrial enterprises in the sector thanks to its current capacity and investments, the main operating field of Group is to produce and sell polyester staple fiber, filament yarn and polymer. Operating in the polyester polymer, SASA constitutes a significant part of global production with a polymerization capacity of 1,365,000 tons/year in 2021 based on both DMT and PTA technologies in fiber and filament yarn sectors. SASA, the largest producer in Türkiye, provides customized polyester solutions depending on customer needs both in the domestic and international arena. Erdemoğlu Holding A.Ş. with its 50 years of experience, operates in different sectors such as machine-made carpets, special polymers and chemicals, home textiles and yarn, became the controlling shareholder of SASA once purchasing the shares of H.Ö. Sabancı Holding A.Ş. in 2015. The Company has been quoted on the Borsa İstanbul Stock Exchange (BIST) since 1996. 16.79% of the shares are publicly traded on the BIST with the ticker symbol "SASA". SASA has a subsidiary as Sasa Polyester Dış Ticaret A.Ş. SASA and its consolidated subsidiary are hereinafter referred to as "the Group".

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

Strengths

- As a global manufacturer in polyester sector sustaining operational expansion and strong revenue and EBITDA growth with varied product range serving to different sectors,
- Robust increase in net profit supporting equity level in FYE2022 thanks to incentives,
- The positive contribution of completed and ongoing sizable investments on efficiency and profitability which significantly provides cost advantage,
- Low level of operating ratio and rapid cash cycle supporting efficiency,
- Strong R&D center and new product-brand creation power,
- Capability to access to international financial sources,
- As a publicly traded company, high level of compliance with Corporate Governance Practices,
- Reputable brand name of Erdemoğlu Holding and the synergy created within the group companies.

Constraints

- Deterioration in FOCF and NWC leading external funding needs for operational cycle and ongoing investments,
- Setback in leverage and coverage indicators in FYE2022,
- Sector-wide issue of high import dependency of the main raw material,
- Operational risk exposing due to risk elements arising from abroad operations,
- 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 the Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. The Group's established market position both in national and international platforms, production and export power, strong sales revenue, EBITDA and cash flow generation capacity 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'. Massive uncertainties in the global and domestic economic condition, progress on the ongoing investments and additional cash flows that will be generated by completed and ongoing investments and cash flows to meet debt payments 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.