

Corporate Credit Rating

New Update

Sector: Chemicals Industry
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R A T I N G S		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	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)	-

*Revised by JCR on May 10, 2024

SASA POLYESTER SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "SASA Polyester Sanayi A.Ş." in the investment level category with high credit quality 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 determined as 'BB/Stable' 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 2023 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. 24.08% of the shares are publicly traded on the BIST with the ticker symbol "SASA". SASA has a subsidiary as Sasa Dış Ticaret A.Ş.

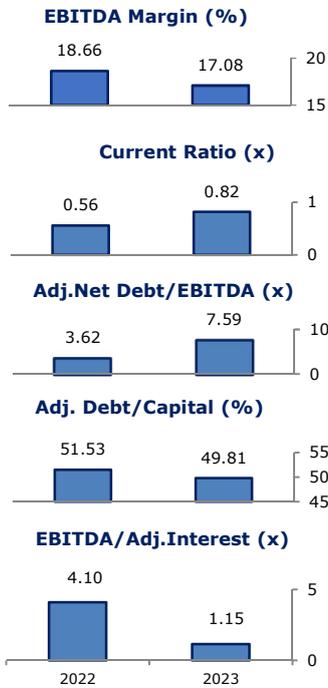
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Maintaining operational expansion with varied product range serving to different sectors as a global manufacturer in polyester sector,
- The positive contribution of completed and ongoing sizable investments on efficiency and profitability,
- Low level of operating ratio 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

- Ongoing negative FOCF and NWC leading external funding needs for operational cycle and progressing investments,
- Slight decrease in profitability despite the contribution of incentives as result of aggressive Chinese strategy in the sector,
- Deterioration in leverage and coverage indicators in FYE2023 though maintaining a long-term profile,
- 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 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.