

Corporate Credit Rating

New Update

Sector: Textile
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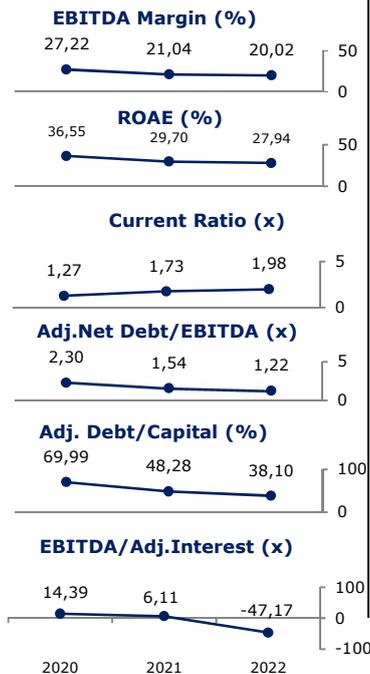
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



İşbir Sentetik Dokuma Sanayi Anonim Şirketi

JCR Eurasia Rating, has evaluated **İşbir Sentetik Dokuma Sanayi A.Ş.** in the very high investment level category and affirmed the Long-Term National Issuer Credit Rating at '**AA- (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**' as parallel to international ratings and outlooks of Republic of Türkiye.

İşbir Sentetik Dokuma Sanayi A.Ş. ('the Company' or 'İşbir Sentetik') was established in 1968 and operates in the field of industrial packaging and technical textiles. The products include primarily Big Bags (FIBC), carpet backing, PE fabric, PE film, compound, additive masterbatches and masks. The Company's integrated structure allows to utilize efficiency in production line from raw material to end product. The Company's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "**İSSEN**" since November, 2021.

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

Strengths

- Upward trend in sales revenue over the analyzed years supported by volume and average unit price increases which maintained in 9M2023 period
- Improvement in adjusted net debt to EBITDA ratio in 2022 with a sustainable performance during 2023
- Operating with net working capital surplus and improvement in current ratio over the analyzed years
- Geographically diversified customer structure and hard currency revenue stream provides natural hedging in a certain extent
- Prudent collection policy supporting the asset quality through Exim and Hermes insurance
- Successful and long track record in the sector and solid partnership structure
- High level emphasis on sustainability and compliance with Corporate Governance Practices

Constraints

- Contraction in EBITDA margin mainly due to volatile raw material prices during the review period
- Relatively long cash conversion cycle over the analyzed years leading to external funding needs
- High non-cash contribution of the revaluation gains in equity structure even though the equity base is underpinned via notable bottom-line results
- Leading economic indicators signal global economic slowdown as 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 affirmed at '**AA- (tr)**'. Upward trend in sales revenue, improvement in adjusted net debt to EBITDA ratio in 2022, net working capital surplus, improvement in current ratio, diversified customer structure, hard currency revenue stream, long track record in the sector, contraction in EBITDA margin, relatively long cash conversion cycle 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 sustainability of profitability performance, sales growth, liquidity position, debt structure 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.