

## Corporate Credit Rating

New  Update

**Sector:** Textile Industry

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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	-
	International LC ICR Outlooks	Negative	-
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

## Sun Tekstil Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the 'Sun Tekstil Sanayi ve Ticaret A.Ş.' in the investment-level category and assigned the Long-Term National Issuer Credit Rating as '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 outlook of Republic of Türkiye.

Sun Tekstil Sanayi ve Ticaret A.Ş. (referred to as 'Sun Tekstil' or 'the Company' or 'the Group') was established in 1987 in İzmir, and operates in the production of women's textile products from knitted fabric. The Company designs and manufactures for its globally well-known customers which includes Zara, Tesco, Bershka, Next, Marks&Spencer, Kiabi, Pull&Bear, Massimo Dutti, Bestsellers.

The Company has two production facilities in Manisa and İzmir, and the production in the facilities corresponds to 10% of the total production. The Company outsources the rest of the production to contract manufacturers. In addition to its production facilities, the Company has 4 design offices in Türkiye, Spain and England. The Company's almost all sales consist of export revenues, and the almost all of exports are made to Spain and England. Sun Tekstil ranked 312<sup>th</sup> in the 'Türkiye's Top 500 Industrial Enterprises 2021' list of İstanbul Chamber of Industry (2020: 272<sup>th</sup>).

The shareholders of the Company are Elvan Ünlütürk (34.12%), Şefika Günseli Ünlütürk (28.58%), Mehmet Muammer Ünlütürk (5.53%), Azize Ceylan Ünlütürk Yeşilova (5.53%), Ayşe Ünlütürk (5.53%), and the rest of the shares (20.71%) have been traded on Borsa İstanbul Index (BIST) since May, 2022 under ticker-name of 'SUNTK'.

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

### Strengths

- Remarkable financial results of the Company in 2Q2022,
- Noteworthy increase in EBITDA generation capacity due to improvement in sales figures both in terms of value and volume in 2021,
- Satisfied leverage metrics via sizeable liquidity buffer and cash surplus in 1H2022,
- Ever-growing equity level mainly consisting of paid-in capital and internal means,
- Prudent working capital management limits the use of external financing,
- Hard currency income generation capacity through significant level of exports providing a natural hedge in a certain extent,
- Customer portfolio generally including globally well-known brands, supporting receivable quality,

### Constraints

- The concentration of the Company's sales majorly on a single textile group, poses a risk to the sustainability of operations,
- Intensive competition in the global textile sector,
- Geopolitical and macroeconomic risks increasing uncertainties globally,

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'AA (tr)'. Considering the improvement in sales performance, upward trend in EBITDA generation capacity, prudent liquidity management, noteworthy share of export revenues in total sales and globally well-known customer portfolio 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 assigned as 'Stable'. The Company's business relations of its customers, efficiency of ongoing/planned investments, FX position and the possible impacts of the Russia-Ukraine conflict on the global and Türkiye's economy and its effects on the Company's activities 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.

