

Corporate Credit Rating

New Update

Sector: Textile

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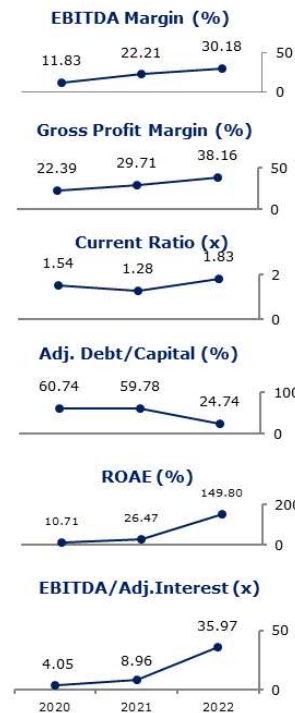
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	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 August 18, 2022



Yünsa Yünlü Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated **Yünsa Yünlü Sanayi ve Ticaret A.Ş.** in the investment level category and affirmed the Long-Term National Issuer Credit Rating as '**AA+ (tr)**' and the Short-Term National Issuer Credit Rating as '**J1+ (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as '**BB/Negative**'.

Yünsa Yünlü Sanayi ve Ticaret A.Ş. (referred to as 'the Company' or 'Yünsa') was established in 1973 in Türkiye and operates as one of the leading high-quality worsted wool fabric manufacturers in Europe. Yünsa started producing men's worsted fabrics in 1973 and later added women's fabric to its portfolio in 1998. While a large part of Yünsa's product portfolio consists of 100% wool fabrics; cashmere, silk, viscose, etc. blended woolen fabric production is also included in the product range. Yünsa, which produces and uses its own yarn, has a fabric weaving capacity of 11 million meters, along with an annual production of 4,500 tons of worsted yarn. Exporting to more than fifty countries, Yünsa, with its largest market in Germany, is also a supplier of large international fashion brands. The Company has design offices in Italy and Türkiye; sales offices in UK, Germany, and Italy; and agencies in Italy, France, Japan, Korea, USA, and China.

The Company went public and quoted to Borsa İstanbul Stock Exchange (BIST) in 1990. As of reporting date, Sürmegöz Tekstil Yatırım A.Ş. owns 57.88% of the common stock, the remaining shares publicly traded on the Borsa İstanbul stock exchange. The average number of personnel of the Company is 1,027 in 2023 (2022: 999).

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

Strengths

- Consistent increase in EBITDA generation performance and profitability margins
- Foreign currency denominated revenue providing a natural hedging mechanism for FX risk to a certain extent
- Maintaining cash surplus position in 3Q2023 indicating favorable level of leverage
- Satisfactory level of collection performance through credit risk management practices
- Cost and time efficiency provided by integrated production facility
- International client base and diversified product portfolio together with strong sales and marketing channels

Constraints

- Import dependency on raw materials and possible risks related to supply chain and logistics
- 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 Ratings has been affirmed at '**AA+ (tr)**'. The Company's upward trend in revenue and EBITDA generation performance, profitability indicators, satisfactory level of financial leverage and liquidity ratios have been evaluated as important indicators for the stability of the ratings and outlooks for Long and Short-Term National Issuer Credit Ratings determined as '**Stable**'. The Company's sales performance, return on investments, profit margins, and liquidity level 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.