

Corporate Credit Rating

New Update

Sector: Textile

Publishing Date: 28.03.2025

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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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Yünsa Yünlü Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Yünsa Yünlü Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA+ (tr)' to 'AA (tr)' and affirmed 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/Stable', as parallel to international ratings and outlooks of Republic of Türkiye.

Yünsa Yünlü Sanayi ve Ticaret A.Ş. (hereinafter referred to as "the Company" or "Yünsa") was established in 1973 in Türkiye and operates as one of the leading worsted wool fabric manufacturers in Europe. Yünsa started producing men's worsted fabrics in 1973 and later added ladieswear 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 10 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's shares have been listed on Borsa İstanbul Stock Exchange (BIST) since 1990. As of the rating report date, Sürmegöz Tekstil Yatırım A.Ş. holds 57.88% of the shares, while the remaining shares are publicly traded. The average number of personnel of the Company is 865 in FY2024 (FY2023: 1,002).

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

Strengths

- Maintaining robust equity contribution along with manageable financial leverage and coverage metrics in FY2024,
- Continuing FX long position in the balance sheet and sustainable FX income generation capacity via steady export sales despite the contraction in FY2024,
- Diversified country and customer base as well as strengthened collection capability through receivables insurance,
- Commitment to sustainability efforts through eco-friendly manufacturing practices and environmentally conscious products,
- Compliance with corporate governance practices as publicly listed company.

Constraints

- Sharp contraction in sales revenues and profitability margins in FY2024,
- Deterioration in cash flow metrics along with relatively long cash conversion cycle in FY2024,
- Intense competition environment in the global textile sector and volatility in raw material prices may put pressure on profit margins,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engender considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'AA+ (tr)' to 'AA (tr)'. The Company's strong equity support, manageable financial profile, export driven sales structure, wide customer base and sustainability-oriented business model as well as contracted sales revenue and profitability margins, global economic slowdown and ongoing uncertainties arisen from geopolitical tensions 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 sales growth, profitability margins, asset quality, leverage and coverage profile, equity structure, liquidity and cash flow metrics 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.

