

Corporate Credit Rating

New Update

Sector: Polyester Manufacturing
Publishing Date: 31/01/2023

Manager

Fatih Lap
+90 212 352 56 73

fatih.lap@jcrer.com.tr

Team Leader

Çetincan Topçu
+90 212 352 56 73

cetincan.topcu@jcrer.com.tr

Assistant Analyst

Nil Güner
+90 212 352 56 73

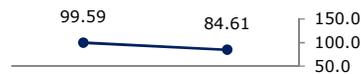
nil.guner@jcrer.com.tr

RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB- (tr)	J3 (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 Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022

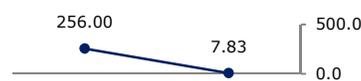
Equity / Tot. Assets (%)



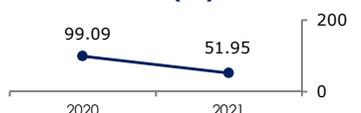
ST Liabilities / Tot. Resources (%)



Current Ratio (x)



Net Working Capital / Assets (%)



YÜREK POLİMER SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated **Yürek Polimer Sanayi ve Ticaret A.Ş.** in the investment level category on the national scale and assigned the ratings on the Long and Short-Term National Issuer Credit Rating as '**BBB- (tr)**' and '**J3 (tr)**', respectively along with the '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as '**BB-**' with '**Negative**' outlooks.

Yürek Polimer Sanayi ve Ticaret A.Ş. (referred to as "the Company" or "Yürek Polimer"), as a subsidiary of Telbis Tekstil San. ve Tic. Ltd. Şti., was established in Bursa, in 2020. The Company is going to operate in the manufacturing and trading of polyester chips, POY (partially oriented yarn), FDY (fully drawn yarn) and synthetic fiber in Bursa. The Company has been going through 2 stages in its investment; first stage which was started in 2020, will be completed in 2023 and the total production capacity will be 129,600 tonnes/year. The second stage is planned to start from 2024 where the total capacity will increase to 345,600 tonnes/year and completed in 2028. Currently, the 1st stage of the investment is still ongoing and it has been declared that the completion level of the construction is 70%.

Parent company of the group, Yürek Tekstil San. Tic. A.Ş. is a family-owned fabric manufacturer, which was incorporated in 1994. As a group, all companies are operating in textile sector including weaving, knitting, printing and dyeing operations in their own facilities.

The Company's main ultimate controlling shareholders are Yürek & Albayrak families. As of FYE2021, the number of employees of the Company is 14 (FYE2020: 3).

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

Strengths

- Strengthened equity structure via cash capital injections
- Being one of the first companies to enter the market may provide a competitive advantage
- Expectancy of cost advantage thanks to newly established investment in accordance with the advanced and latest technology
- High level of tax advantages obtained with investment-incentive certificate
- Natural hedging by FX oriented revenue stream in the upcoming period
- Long track record of the Group in textile sector and backed by experienced shareholders

Constraints

- Sector-based issue of high import-dependence on raw materials used in production
- Increase in investment costs due to the delay in the installation and commissioning of the investment
- Negative free cash flow metric due to investments
- Improvement needs in the level of compliance with corporate governance practices
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as '**BBB- (tr)**'. Shareholder's financial strength and long experience in sector, positive growth outlook for global polyester market in the upcoming period, sustainability of domestic and international demands, macroeconomic indicators at national and international markets along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle and the volatile nature of the petrochemical industry 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 financial structure, sales and profitability performance in the upcoming period, progress on the ongoing investments, cash flows to meet debt payments, liquidity level, developments in the global economy and also impact of global recession concerns and uncertainty due to geopolitical risks arising out of Ukraine war and sanctions on Russia are the main factors that 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 frame about the sector will be monitored as well.