

## Corporate Credit Rating

New  Update

**Sector:** Polyester Manufacturing

**Publishing Date:** 29/07/2022

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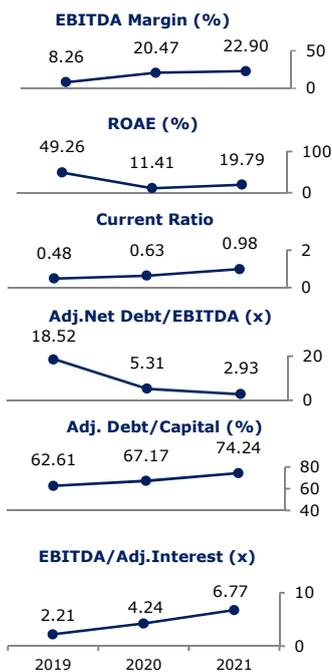
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RATINGS		Long Term	Short Term
<b>ICRs (Issuer Credit Rating Profile)</b>	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
<b>ISRs (Issue Specific Rating Profile)</b>	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
<b>Sovereign*</b>	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021



## SASA POLYESTER SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated the "SASA Polyester Sanayi A.Ş." in the high investment level category and revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A+ (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/Stable' in line with the international ratings and outlooks of Republic of Turkey.

SASA Polyester Sanayi A.Ş. ("SASA" or "the Company"), a subsidiary of Erdemoğlu Holding A.Ş. was established in 1966 in Adana. As one of leading industrial enterprises in the sector thanks to its current capacity and investments, the main operating field of Group is to produce and sell polyester staple fiber, filament yarn and polymer. Operating in the polyester polymer, SASA constitutes a significant part of global production with a polymerization capacity of 1,365,000 tons/year in 2021 based on both DMT and PTA Technologies in fiber and filament yarn sectors. SASA, the largest producer in Turkey, provides customized polyester solutions depending on customer needs both in the domestic and international arena. SASA's plan to achieve end-to-end vertical integration in polyester production will strengthen its leadership position by providing additional competitive advantages. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1996. Erdemoğlu Holding A.Ş. with its 50 years of experience, operates in different sectors such as machine-made carpets, special polymers and chemicals, home textiles and yarn, became the controlling shareholder of SASA once purchasing the shares of H.Ö. Sabancı Holding A.Ş. in 2015. 14.66% of shares are publicly traded on the BIST with the ticker symbol "SASA". SASA has a subsidiary as Sasa Polyester Dış Ticaret A.Ş. SASA and its consolidated subsidiary are hereinafter referred to as "the Group".

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

### Strengths

- As a global manufacturer in polyester sector sustaining operational expansion and strong revenue growth with varied product range serving to different sectors,
- Solid EBITDA generation capacity and significantly improved Net Debt to EBITDA ratio,
- Solid equity level mainly dominated by retained profits,
- The positive contribution of completed and ongoing sizable investments on efficiency and profitability which significantly providing cost advantage,
- Strong R&D center and new product-brand creation power,
- Capability to access to international financial sources,
- As a publicly traded company, high level of compliance with Corporate Governance Practices.

### Constraints

- Sector-wide issue of high import dependency of the main raw material used in production,
- Deterioration in FOCF leading external funding needs for operational cycle and ongoing investments,
- Operational risk exposing due to risk elements arising from abroad operations,
- Existing uncertainty due to Russia-Ukraine war affecting input prices, demand and investment plans in the world.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been revised as 'A+ (tr)'. The Group's established market position both in national and international platforms, production and export power, strong sales revenue, EBITDA and cash flow generation capacity 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'. Massive uncertainties in the global and domestic economic condition, progress on the ongoing investments and additional cash flows that will be generated by completed and ongoing investments and cash flows to meet debt payments 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.