

## Corporate Credit Rating

New  Update

Sector: Manufacture Denim Fabrics

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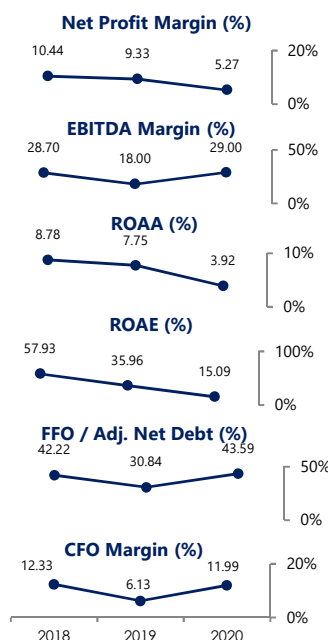
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## RATINGS

		Long Term	Short Term
		(A (Trk))	(A-1 (Trk))
National	Local Rating	A (Trk)	A-1 (Trk)
	Outlook	Positive	Stable
	Issue Rating	-	-
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable
	Sponsor Support	2	-
	Stand-Alone	AB	-
Sovereign	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	-

\*Assigned by JCR on May 31, 2021



## Bossa Ticaret ve Sanayi İşletmeleri A.Ş.

JCR Eurasia Rating, has evaluated **Bossa Ticaret ve Sanayi İşletmeleri A.Ş.** and assigned the ratings on the Long-Term National Scales as **'A (Trk)'** with the **'Positive'** outlook and Short-Term National Scales as **'A-1 (Trk)'** with the **'Stable'** outlook. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **'BB/Stable'** outlooks.

**Bossa Ticaret ve Sanayi İşletmeleri A.Ş.** (referred to as **'Bossa'** or **'the Company'**) was established by Sabancı Family in 1951 to manufacture fabric products in Adana. Sabancı Holding's shares in Bossa were transferred to Akkardan A.Ş. in 2008. Mr. İsrail Uçurum and Mr. Yusuf Uçurum, main shareholders of Oğuz Tekstil A.Ş. with its over 40 years of experience, operates in fabric and yarn, became the controlling shareholder of Bossa once purchasing the Akkardan A.Ş. in 2017. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1995. 8.13% of shares are publicly traded on the BIST with the ticker symbol "BOSSA".

The Company operates as one of the leading integrated textile companies in the fields of fabric manufacturing and global sales. The Company produces mainly denim fabric in a total area of 198,935 m<sup>2</sup>, including 120,000 m<sup>2</sup> in covered plant area. Bossa had a total annual production capacity 50mn meters fabrics in its manufacturing facilities. Bossa maintains its operations by an average staff force of 1,357 employees as of FYE2020. (FYE2019: 1,340). The Company holds a well-known brand, positioned as a symbol of high quality and fashionable products in textile industry. Bossa brand is ranked as 77<sup>th</sup> in Brand Finance Top 100 Turkish Brands 2020 report. Bossa ranks among the top 500 industrial companies in Turkey.

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

### Strengths

- Maintenance of revenue and EBITDA growth throughout FY2020 and 1H2021, as a reliable supplier for leading global brands,
- Foreign currency dominated sales revenue providing natural hedge to a great extent,
- Sustainable cash flow metrics,
- Consistent improvement in debt service over the reviewed periods,
- Long track record in the sector enabling economies of scale and scope,
- Strong brand reputation in domestic and foreign market through customer base.

### Constraints

- High dependency on imports of raw materials and fragility against price volatility,
- Intense competition in the sector forcing margins,
- Significant increase in impaired receivables in FY2020 and 1H2021,
- Uncertainties in global and domestic economies due to the Covid-19 pandemic.

Considering the aforementioned factors, Company's the Long-Term National Rating has been assigned at **'A (Trk)'**. The Company's outlook for Long-Term rating has been determined as **'Positive'** with the respect to improvements in profitability ratios, debt service and cash flow metrics during 1H2021. The Company's outlook for Short-Term National rating has been determined as **'Stable'** with respect to Bossa's long business track record, brand recognition, internal equity generation capacity, EBITDA generation capacity, sales performance, risk management practices and the development of existing risks in the market and business environment along with ongoing uncertainties due to the Covid-19 pandemic. Sales and profitability performance, developments in indebtedness structure, additional diversification in export markets, local and global macroeconomic indicators are the major issues which will be monitored by JCR Eurasia Rating in the upcoming period.

It is considered that the major controlling shareholders Mr. İsrail Uçurum and Mr. Yusuf Uçurum, main shareholders of Oğuz Tekstil A.Ş. which has TRY 260mn paid-in-capital, have the willingness and experience to the ensure long term liquidity and equity within his financial capability when liquidity needs arise in the short or long-term perspective. In this regard, the Company's Sponsor Support grade has been determined as **(2)** on JCR Eurasia Rating's notation scale. Bossa's 'Stand-Alone Rating' has been determined as **"AB"** with regard to the company's expertise, know-how and the long presence in the sector.