

Corporate Credit Rating

New Update

Sector: Chemicals

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Kimteks Poliüretan Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated "Kimteks Poliüretan Sanayi ve Ticaret A.Ş." in the investment level category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA- (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' whereas the Long-Term National Issuer Credit Rating Outlook of the Company revised from 'Stable' to 'Positive'. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Kimteks Kimya was established in 1983 to provide raw materials for various sectors such as artificial leather, sole, rubber, adhesive and paint, etc. and started to realize production, sales and distribution operations of polyurethane systems for footwear, automotive, furniture and insulation/construction sectors with its 'Polyurethane System House' in 1999. Kimteks Poliüretan San. ve Tic. A.Ş. (herein referred to as "Kimpur" or "the Company") was demerged from Kimteks Kimya in 2015, left its activities for distributorship for Kimteks Kimya and continues its operations since 2015 officially as Kimpur as focused on polyurethane. As wholly-domestic polyurethane system manufacturer of Türkiye, the Company maintains to produce customized solutions through technology and R&D investments.

Main production facility of Kimpur is located in Gebze/Kocaeli with production capacity of 129 thousand tons per year. Total capacity of the Company was reached to 185 thousand tons as of 9M2023 with additional capacity of 25 thousand tons from Latvia investment in 2021 and completion of first phase of production at the new manufacturing facility located in Düzce Gümüşova Organized Industrial Zone with 30 thousand tons. Moreover, with the completion of second phase of new factory investment in Düzce, total investment annual capacity of Kimpur will be 220 thousand tons. In this facility, Kimpur will also make investments to increase "EVA granule raw material" production for the shoe industry, with a "PET recycling facility" in parallel with "green product range" work. Kimpur has exports to over 50 countries.

The Company had 4 affiliates and employed a workforce of 288 people as of September 30, 2023 (FYE2022: 254). The Company went public and Kimpur shares have been quoted at Borsa İstanbul A.Ş. ("BIST") since 04-2022.

Strengths

- Strong revenue and EBITDA growth in FY2022 and 9M2023 in line with increasing sales volume
- Improvement in Net Debt to EBITDA multiplier in FY2022
- Export revenues providing natural hedge against mainly FX based purchases and geographical diversification of exports
- Competitive advantages through attained know-how, strong R&D capability and large capacity
- Revenue streams from client portfolio consisting of different sectors contributing the risk mitigation
- High level of compliance with the corporate governance principles

Constraints

- Import reliance on raw material supply and volatile input prices due to global supply & demand dynamics
- Short-term weighted financial debt structure and contraction of interest coverage metrics in FY2022
- Shrinkage in operational profit margins in FY2022 despite slight recovery in 9M2023 results
- Long cash conversion cycle causing external financing need
- 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 the Long-Term National Issuer Credit Rating has been affirmed at 'AA- (tr)'. The Company's successful track-record in the sector, increasing trend of revenues and EBITDA with increasing capacity and sales volume, recovery in operational profit margin in 9M2023, improving financial leverage metrics, moderate liquidity structure and capability to access funding resources have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term National Issuer Credit Rating is determined as 'Positive'. The Company's sales and profitability performance, cash flow generation capacity, trend of financial indebtedness, asset and equity growth, FX position, regulation's effect on the performance, asset quality will be closely monitored by JCR Eurasia Rating in the upcoming periods.

