

Corporate Credit Rating

New Update

Sector: Textile

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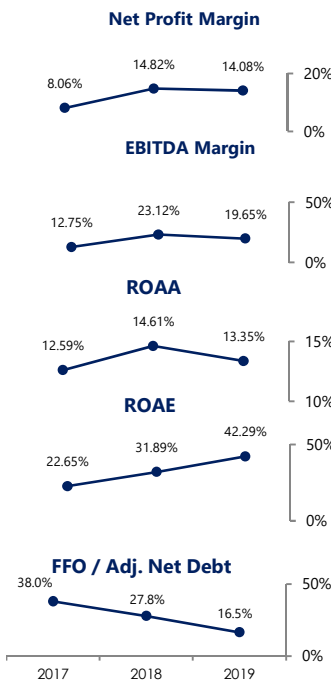
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RATINGS

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

*Assigned by JCR on April 10, 2020



Bayteks Teknik Tekstil Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has determined the Long Term National credit rating of Bayteks Teknik Tekstil Sanayi ve Ticaret A.Ş. in the investment-level category of **'A (Trk)'** on the long-term national scale and **'A-1 (Trk)'** on the short-term national scale with 'Stable' outlooks. International ratings of the Company are determined with respect to the global to local mapping methodology of JCR-ER and Term International Foreign and Local Currency Ratings and their Outlooks have been assigned at **'BB+/Negative'**

Bayteks Teknik Tekstil Sanayi ve Ticaret A.Ş. (referred to as 'the Company' or 'Bayteks') was founded in 1992 to produce technical textile products in Kilis. The company, which moved its headquarters to Gaziantep in 2018, carries out its production activities in its factory in Kilis.

Bayteks, which has been operating with Nonwoven production since 2003, has a production capacity of 2700 tons/month for (Spunbond, Meltblown, Meltblown, Spunbond) SMMS, 120 tons/month for Meltblown, 1000 tons/month for SMMS, 1700 tons/month for (Spunbond) SB. Since its foundation, the Company invested significantly in integrating recent and pioneering technologies into its production process, positioning Bayteks as a major player. All shares of the company belong to the Haskan Şirketler Grubu Yatırım A.Ş.

Haskan Şirketler Grubu, operates in nonwoven fabric, medical textile products, polyester yarn production and packaging sectors. Within the Group, there are leading companies in the textile sector such as Bayteks Teknik Tekstil, Baymed Inovatif Sağlık Ürünleri, Armada Polyester İplik Tekstil Boya, Folyopak Ambalaj and Bayteks POY İplik.

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

Strengths

- Significant boost of revenues and profitability due to massive demand in medical supplies sector
- Notable capital expenditures to increase revenue diversification & capacity both within the Company & the Group
- Operating with robust net working capital supporting the Company's liquidity position
- Strong and proven parent support of Haskan Group
- R&D investments and focus on sustainable textile products

Constraints

- Increasing financial debt, though most are used to finance long-term investments
- High competition in the export market of textile sector
- Macro uncertainties in global trade and domestic conditions stemming from rising interest rates

Considering the aforementioned points, the Company's the Long Term National Rating has been assigned at **'A(Trk)'**. Company's continuous increase in sales volume, positive net working capital, natural hedging opportunities and experience in textile sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long- and Short-Term National ratings are determined as **'Stable'**. The Company's financial structure, fluctuations in raw material prices on the company are 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.

It is considered that the Company's sole shareholder, Haskan Group has the propensity to offer financial support within their financial capability when liquidity needs arise in the short or long-term perspective. In this regard, the Company's Sponsor Support grade has been affirmed as **(2)** on JCR Eurasia Rating's notation scale.

Bayteks's 'stand-alone rating' has been determined with regard to the Company's organizational structure, level of capitalization, asset quality, risk management policies, corporate governance practices, market shares, growth rates, profitability ratios and the trends of the existing risks in the markets and the business environment. Within this context, the Stand Alone note of Bayteks has been determined as **(B)** in the JCR Eurasia Rating notation system.