

Corporate Credit Rating

☑New ☐Update

Sector: Plastic and Rubber Industry
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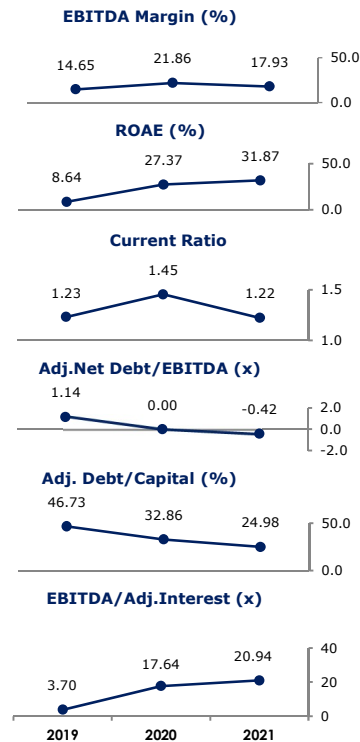
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RATINGS

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

* Assigned by JCR on May 31, 2021



Ege Profil Ticaret ve Sanayi A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Ege Profil Ticaret ve Sanayi A.Ş." in the investment level category and assigned the Long-Term National Issuer Credit Rating at "AA (tr)" with "Stable" outlook and the Short-Term National Issuer Credit Rating at "J1+ (tr)" with "Stable" outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as "BB/Stable" as parallel to international ratings and outlooks of Republic of Turkey.

Ege Profil Ticaret ve Sanayi A.Ş. (referred to as "the Company" or "Ege Profil") was established in 1981 by Mazhar Zorlu. In 1993, the Company offered its shares to public and started to be traded in Borsa İstanbul A.Ş. (BİAŞ). Then, Mazhar Zorlu sold its 47% of shares to Deceuninck Group in 2000, later remaining 30% in 2001. Currently, Deceuninck NV has 88.32% of shares and remaining 11.68% of the Company is traded on BİAŞ. Deceuninck NV is a Belgian designer and producer of PVC systems for windows and doors, interior, roofline & cladding and terraces. At the end of 2004, the Company acquired "Winsa" from Sabancı Holding. In 2017, the listed company Pimas which has the generic brand "Pimapen" was merged with Ege Profil.

Ege Profile operates in the PVC profile sector with three main brands, namely Egepen Deceuninck, Winsa and Pimapen and production/ and marketing channels of all brands have been operating separately. The Company manufactures Polyvinyl Chloride (PVC) profiles in various forms at its factories located in İzmir/Menemen and Kocaeli/Kartepe. Menemen factory has been operating on the area of 86,258m² closed, total 110,000m² with 100K tons production capacity. Kartepe factory has been operating on the area of 34,591m² closed, total 40,668m² with 41K tons production capacity. Also, the Company has a logistic center which is operated by an outsourced Logistic Company, at Kartepe within 21,515m² closed area. In addition to its activities in Turkey, the Company has a subsidiary, which is Deceuninck Profiles India Pvt Limited, established to distribute products to India.

As of end of FYE2021, the Company's number of employees is 1,020 (FYE2020: 1,022)

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

Strengths

- Considerable growth in sales revenues, as well as assets with the increase in sales volume,
- The prolongation of the upward trend in net cash position during the last two years with the satisfactory EBITDA generation capacity,
- Prudent working capital management which alleviating external funding,
- Strong cash flow metrics thanks to operational performance,
- Hedging the net foreign currency position through the use of derivatives,
- One of the leading companies in the field of domestic plastic building materials industry with a generic brand,
- Operating under the umbrella of global manufacturer Deceuninck NV.

Constraints

- Severe competition environment in the sector,
- Exposing the cyclicity of the construction sector as its key end-market,
- Strongly correlated PVC prices to crude oil and volatility in exchange rates may suppress the profitability,
- The Russia-Ukraine tension increasing commodity prices and weakening the risk appetite.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as "AA (tr)". Additionally, considerable growth in sales revenues, prudent working capital management, liquidity level, low level of indebtedness, as well as increasing raw material prices as important indicators for the stability of the ratings and the outlooks are determined for Long-Term and Short-Term National Issuer Credit Ratings as 'Stable'. The macroeconomic indicators and legal framework about the business will be monitored as well.