

Corporate Credit Rating

New Update

Sector: Plastic and Rubber Industry

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Team Leader

Elif Kirlangıç Keçeli
+90 212 352 56 73
elif.keceli@jcrer.com.tr

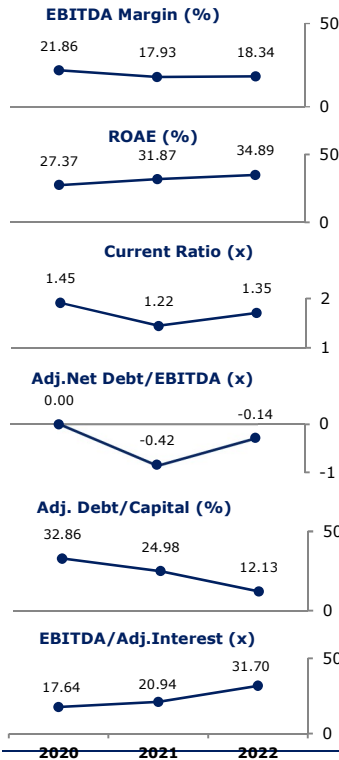
Senior Analyst

Hasan Murat Yılmaz
+90 212 352 56 73
murat.yilmaz@jcrer.com.tr

RATINGS

| R A T I N G S | | Long Term | Short Term |
|----------------------------------|-------------------------------|---------------|------------|
| ICRs (Issuer Credit Profile) | National ICR | AA+ (tr) | J1+ (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | - |
| | International FC ICR Outlooks | Negative | - |
| | International LC ICR | BB | - |
| ISRs (Issue Specific Profile) | International LC ICR Outlooks | Negative | - |
| | National ISR | - | - |
| | International FC ISR | - | - |
| Sovereign* | International LC ISR | - | - |
| | Foreign Currency | BB (Negative) | - |
| | Local Currency | BB (Negative) | - |

* Assigned by JCR on Aug 18, 2022



Ege Profil Ticaret ve Sanayi A.Ş.

JCR Eurasia Rating, has evaluated "Ege Profil Ticaret ve Sanayi A.Ş." in the high investment level category and revised the Long-Term National Issuer Credit Rating from 'AA (tr)' to 'AA+ (tr)' and affirmed 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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

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 87.91% of shares and remaining 12.09% 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, Deceuninck NV's another subsidiary which was also listed, Pimas having 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 Türkiye, the Company has a subsidiary, which is Deceuninck Profiles India Pvt Limited, established to distribute products to India.

The Winsa brand has nearly 232 producer dealers and 307 sale points; the Egepen brand has nearly 231 producer dealers and 786 sale points; and the Pimapen brand has nearly 302 producer dealers and 690 sale points. As of end of FYE2022, the Company's number of employees is 1,152 (FYE2021: 1,020)

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

Strengths

- Steady increase in sales and EBITDA in analyzed periods,
- Conservative financial risk profile with ongoing cash surplus status and strong cash flow coverage indicators,
- Adequate liquidity profile on the back of sufficient cash flow from operations and advanced based sales,
- Favorable equity level supported by ongoing revenue growth and preserved profitability,
- Strong brand identity through nationwide number of dealers and sales points as well as being a subsidiary of Deceuninck NV.

Constraints

- Sensitivity to fluctuations in raw material prices and exposure to intense competition,
- Exposing the cyclical nature of the construction sector as its key end-market,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from "AA (tr)" to "AA+ (tr)". The Company's long-lasting presence in the sector, increasing revenue and EBITDA generation, preserved profitability margins, cash surplus position, and acceptable leverage and coverage metrics as well as exposing the cyclical nature of the construction sector and import dependency due to the nature of the business, political tensions and other global downsides have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's liquidity profile, EBITDA generation capacity, sales volume, profitability metrics, and asset quality 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.