

Corporate Credit & Issue Rating
**Manufacturing & Industry
[Packaging Products Manufacturing]**

| | | Long Term | Short Term | |
|-----------------|------------------|------------|------------|--------|
| International | Foreign currency | BBB- | A-3 | |
| | Local currency | BBB- | A-3 | |
| | Outlook | FC | Stable | Stable |
| | | LC | Stable | Stable |
| Issue Rating | | n.a. | n.a. | |
| National | Local Rating | BBB+ (Trk) | A-2(Trk) | |
| | Outlook | FC | Stable | Stable |
| | | LC | Stable | Stable |
| Issue Rating | | BBB+ (Trk) | A-2(Trk) | |
| Sponsor Support | | 2 | - | |
| Stand Alone | | B | - | |
| Sovereign* | Foreign currency | BBB- | - | |
| | Local currency | BBB- | - | |
| | Outlook | FC | Stable | - |
| LC | | Stable | - | |

| SARTEN AMBALAJ SANAYİ VE TİCARET A.Ş. | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|
| Financial Data | 2016H1 | 2015* | 2014* | 2013* | 2012* | 2011* |
| Total Assets (000 USD) | 264,483 | 277,227 | 287,046 | 305,509 | 313,284 | 287,900 |
| Total Assets (000 TRY) | 764,778 | 806,064 | 665,630 | 652,048 | 558,459 | 543,815 |
| Equity (000 TRY) | 181,882 | 153,234 | 84,319 | 113,663 | 109,899 | 70,521 |
| Net Profit (000 TRY) | 31,458 | 17,108 | 12,259 | 8,201 | 39,318 | -16,210 |
| Sales (000 TRY) | 395,919 | 878,672 | 728,649 | 664,037 | 586,229 | 543,928 |
| Net Profit Margin (%) | 7.95 | 1.95 | 1.68 | 1.24 | 6.71 | -2.98 |
| ROAA (%) | n.a. | 2.77 | 1.69 | 2.60 | 7.18 | -3.80 |
| ROAE (%) | n.a. | 17.17 | 11.27 | 14.08 | 43.84 | -22.85 |
| Equity / Total Assets (%) | 23.78 | 19.01 | 12.67 | 17.43 | 19.68 | 12.97 |
| NWC / T. Assets (%) | 14.36 | 16.79 | 13.00 | 13.41 | 14.03 | -2.82 |
| Debt Ratio (%) | 76.22 | 80.99 | 87.33 | 82.57 | 80.32 | 87.03 |
| Asset Growth Rate (%) | -5.12 | 21.10 | 2.08 | 16.76 | 2.69 | 22.76 |

* End of year, NWC: Net Working Capital, 2016H1: June-end 2016

Overview

With origins dating back to the establishment of the tin factory in Çorlu, Tekirdag in 1972, **Sarten Ambalaj Sanayi ve Ticaret A.Ş.** (hereinafter "the Group", "the Company" or "Sarten") gradually expanded its operations and turned into one of the leading domestic manufacturers of metal, plastic packages, twisted caps and cans for use across a variety of sectors principally food along with cosmetics and other industries. There are currently 13 operational domestic production plants scattered across Turkey and 2 overseas factories in Russia and Bulgaria as well as regional marketing and distribution offices across the region. In line with its strategy to become an international player, the Company signed a partnership agreement with Mitsui & Co Europe Plc following the sale of a 15% stake completed in July 2015.

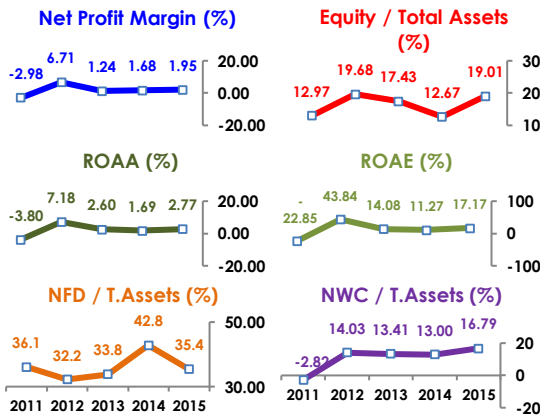
In order to maintain a competitive market position and keep up-to-date with the latest technologies, the Company formed a Research & Development department in 2005 based in the Silivri and Manisa plants and opened Sarten Academy in 2008 to equip its workforce with the most up-to-date education and training in its operating field.

In 2015, the Company was ranked 100th (FY2014: 118th) in the annual list of 500 Largest Industrial Enterprises of Turkey (ISO500) compiled by the Istanbul Chamber of Industry whilst becoming the 196th (FY2014: 226th) largest exporter Company in the annual list of Top 1000 Exporter Companies compiled by the Turkish Exporters Assembly. Headquartered in Istanbul, the major qualified shareholder of the non-listed Company is the Saribekir Family, which employed a total workforce of 2,545 as of September-end 2016. (FYE2015: 2,466)

*Assigned by Japan Credit Rating Agency, JCR on October 7, 2016

Analyst: Ozan SIVACI / +90 212 352 56 74

ozan.sivaci@jcrer.com.tr



* NFD: Net Financial Debts, NWC: Net Working Capital

Strengths

- More than four decades of experience in the packaging manufacturing sector with experienced management and skilled workers
- Leading market position in the domestic metal packaging sector along with notable regional presence
- Recent partnership with Mitsui & Co Europe Plc. and subsequent capital injection anticipated to support the future growth and the international expansion of Company operations
- Robust revenue growth in FY2015 coupled with notable improvement in profitability indicators enhancing the Company's debt servicing capacity
- Significant expansion potential of the Turkish packaging sector in the medium and long-term
- Notable share of food sector in total sales revenues reducing susceptibility to economic downturns along with dispersed customer concentration reducing the customer and sector specific concentration risks
- Attained level of compliance with Corporate Governance Practices

Constraints

- Notable foreign exchange short position in the balance sheet and resulting significant foreign exchange losses diminishing the profitability due to the depreciation of TL against USD and Euro
- Volatility in raw material costs and low pricing strategy of competitors somewhat repressing the Company's profit margins
- Large share of informal economy inherent across the sector
- Political uncertainties and conflicts in the Middle East region and pressurized economic and political outlook in Turkey increasing operational risks
- Ongoing market volatility anticipated to exert downward pressure on emerging markets in the upcoming period expected to be mitigated via the large share of sales to the food industry

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