

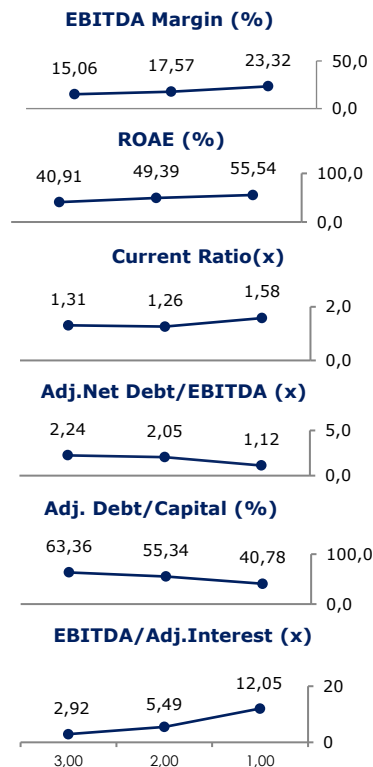
Corporate Credit Rating

New Update

Sector: Paper & Cardboard
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
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



BAREM AMBALAJ SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Barem Ambalaj Sanayi ve Ticaret A.Ş." in the investment = category and assigned the Long-Term National Issuer Credit Rating as 'A+ (tr)' and the Short-Term National Issuer Credit Rating as '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' in parallel to international ratings and outlooks of Türkiye.

Barem Ambalaj Sanayi ve Ticaret A.Ş. (referred to as 'Barem' or 'the Company') established in 1993 with the title of Barem Oluklu Mukavva Kutu Ambalaj Sanayi ve Tic. Ltd. Şti, headquartered in Tire/İzmir. The main activity of the Company is production and sale of offset printed corrugated cardboard and cardboard boxes.

The Company carries out its production activities in 3 different facilities with total production capacity of 112mn kg, located in Izmir, Gaziantep and Karaman with 820 employees. The Company, which customers spread across different sectors, primarily food, exports approximately 17% of its sales. In 2021, Barem was ranked as the 146th(2020:173rd) in the annual list of second 500 Largest Industrial Enterprises of Türkiye.

20% of the Company's shares have been traded on Borsa İstanbul (BIST) with stock ticker 'BARMA' since August 10, 2022. Shareholding structure excluding the publicly traded portion is Recep Taşyanar with a share of 40% and Şenferiye Taşyanar with a share of 40%.

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

Strengths

- Maintain sales volume on tonnage basis,
- Increase in profitability indicators in FY2021 via advantage of inventory planning,
- Expected revenue increase through ongoing investments and the growth potential in the Company's export volume,
- Low operating ratio thanks to production facilities located close to customers,
- Satisfactory leverage and coverage ratios despite the increase in financial liabilities,
- Production facilities and investments aimed at environmental sustainability,
- High level of compliance regarding corporate governance implementations.

Constraints

- Short-term maturity profile of financial debt structure despite its TRY weighted composition,
- Due to the negative free cash flow from operations, requirement of mainly external financing for planned investments,
- Possible fluctuations in commodity prices may pressure the profitability indicators,
- Increasing competition in the sector may affect the Company's sales revenue growth and profit margins,
- Global recession and geopolitical risk 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 assigned as 'A+ (tr)'. The Company's sustaining tonnage-based sales volume, remarkable increase in profit margins in FY2021, growth potential in operating volume and exports via ongoing investments, low operating ratio, reasonable leverage and coverage ratios, environmentally conscious production processes, high level of compliance regarding corporate governance implementations, short-term weighted debt structure, requirement of mainly external financing for planned investments, possibility of fluctuations in commodity prices pressure the profitability indicators, increasing competition in the sector and deterioration in local and global economic conditions have been evaluated as important indicators for the 'Stable' outlooks for the Short and Long-Term National Issuer Credit Ratings. The Company's revenue generation performance, leverage profile, liquidity metrics, profitability margins will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.