

Corporate Credit Rating

New Update

Sector: Packaging and Glass Industry

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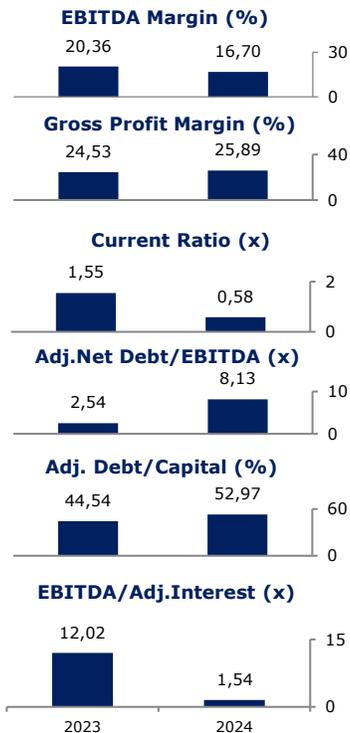
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Affirmed by JCR on September 1, 2025



BAREM AMBALAJ SANAYİ ve TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Barem Ambalaj Sanayi ve Ticaret Anonim Şirketi" in the investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating to 'A- (tr)' from 'A+ (tr)' and the Short-Term National Issuer Credit Rating to 'J2 (tr)' from 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as 'BB/Stable' in line with sovereign ratings and outlook of Republic of Türkiye.

Barem Ambalaj Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "Barem Ambalaj" or "the Group") was 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 Group is the production and sale of offset printed corrugated cardboard and cardboard boxes. The Group carries out its production activities in 3 different facilities with a total production capacity of 112mn kg, located in İzmir, Gaziantep and Karaman with 993 employees as of September 30, 2025. Also, the Group has a new facility investment in Konya with 300,000 tonnes/year production capacity on a 100,000m² area, to obtain raw materials from paper recycling. As of September 26, 2024, Barem Ambalaj established a new company in the UK named Barem Packaging Limited to increase its visibility in the European market and to assure that exports are planned and developed there. Thus, Barem Ambalaj switched from an unconsolidated to a consolidated structure. In 2024, Barem Ambalaj was ranked as the 335th in the annual list of the second 500 Largest Industrial Enterprises of Türkiye (2023: 369th). 20% of the Group's shares have been traded on Borsa İstanbul (BIST) with stock ticker 'BARMA' since August 10, 2022. The shareholding structure excluding the publicly traded portion is Recep Taşyanar with a share of 40% and Şenferiye Taşyanar with a share of 40% as of 3Q2025.

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

Strengths

- Satisfactory equity level despite the decline as of FYE2024, maintained in 3Q2025,
- Strong cash generation capacity supports CFO and FFO metrics to remain on a reasonable trajectory,
- Boosted asset and receivables quality through low collection risk stemming from reliable customer portfolio,
- Emphasizing sustainable and energy-efficient production practices at the new recycle facility with the expectation of business volume growth,
- Compliance with corporate governance practices and quality standards as a publicly traded company,
- Extensive experience in the sector and innovative investing strategies.

Constraints

- Decline in sales revenue and EBITDA generation capacity led to reduction in profitability indicators due to the rise in operating costs in FY2024, continued in 3Q2025,
- Suppressed financial risk profile by degraded leverage metrics stemming from rising financial debt,
- Notably constrained interest coverage due to the rise in interest expenses,
- Net working capital deficit as of FYE2024 resulting contraction in liquidity structure,
- Ongoing cash outflow from investment expenditures caused a negative deepening in FOCF metric,
- High dependence on imports and sensitivity to fluctuations in commodity prices in the sector,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been revised to 'A- (tr)' from 'A+ (tr)'. The Group's solid cash generation capacity, adequate equity level, innovative facility investment which expected to contribute a business volume growth, as well as suppressed profitability through operating costs, suboptimal liquidity metrics with working capital deficit, deteriorated leverage metrics and global economic slowdown have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Group's profitability performance, leverage metrics, efficiency indicators, equity structure and economic conditions in local and global environments are the priority issues to be 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 also be monitored.