

Corporate Credit Rating

New Update

Sector: Paper and Forest Products

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

* Assigned by JCR on May 10, 2024

EUROPAP TEZOL KAĞIT SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Europap Tezol Kağıt Sanayi ve Ticaret A.Ş." in the investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'AA (tr)' and 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/Stable', as parallel to international ratings and outlooks of Republic of Türkiye.

Europap Tezol Kağıt Sanayi ve Ticaret A.Ş. ("Europap Tezol" or "the Company") was established in 1969 to operate in the field of the tobacco trade in İzmir under the name of Tezol Tütün İhracat Dahili Ticaret İthalat A.Ş., then started to operate in the tissue paper sector in 2000. The Company's current field of activity is to produce and sell tissue paper in the form of both parent reels and finished products such as towels, napkins, and toilet paper.

The Company conducts its domestic sales through 18 well-known private-label brands and also owns five main brands, namely Softy, Mare, Ecco, Ritmo, and Dolce. The majority of domestic sales are made to chain markets. As of FYE2024, the Company has four tissue production mills and 23 converting lines in İzmir and Mersin factories. The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BIST") since September 15, 2021. As of Q1-2025, 24.96% of the Company's shares are listed on Borsa İstanbul and the remaining shares are held by Tezol family members.

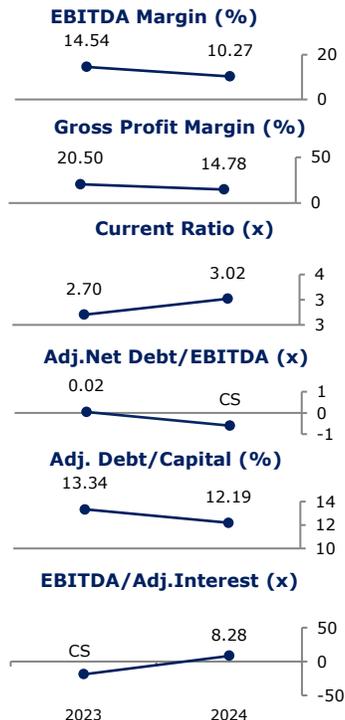
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Notable growth in ton-based sales volume in 2024 driven by completed investment,
- Sound financial leverage and interest coverage indicators supported by a cash surplus position in FY2024, alongside a decline in indebtedness in Q1-2025,
- Export-driven foreign currency revenues providing natural hedge against currency risk in a certain extent,
- Asset quality underpinned by diversified clientele and largely insured or collateralised receivables,
- Sustained positive cash flow metrics accompanied by increased net working capital,
- Solid equity base backed by retained earnings,
- Established industrial expertise, integrated production and giving importance to environmental sustainability,
- Sustaining corporate governance practices as a publicly listed Company.

Constraints

- Partial decline in operational profit margins in FY2024 mainly due to widening gap between inflation and exchange rates, and net loss in Q1-2025 primarily driven by monetary losses,
- Exposure to cellulose price volatility and import dependence in a competitive sector,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.



CS: Cash Surplus

The Company's consolidated audited financial statements include inflation adjustments. Adjustments have been made in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies" regarding the changes in the general purchasing power of the Turkish Lira as of 31 December 2024. Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. The Company's sectoral experience, strong financial position along with solid equity level, collateralized or insured receivable structure, hard-currency generation capacity as well as macroeconomic tightening policies, global economic and market conditions 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 Company's capital adequacy, financial structure, sales performance, asset quality, growth performance, profitability ratios and the trends of the existing risks in the markets and the business environment 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.