

Corporate Credit Rating

New Update

Sector: Plastic and Rubber Industry

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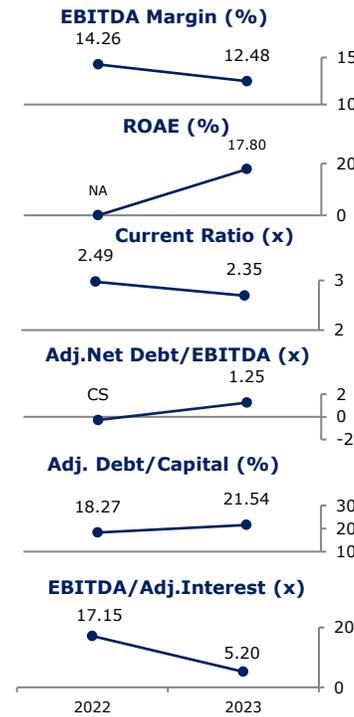
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on May 10, 2024



CS: Cash Surplus
NA: Non Applicable

EUROPEN ENDÜSTRİ İNŞAAT SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Europen Endüstri İnşaat Sanayi ve Ticaret A.Ş." in the high investment grade category with very high credit quality 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.

Europen Endüstri İnşaat Sanayi ve Ticaret A.Ş. (referred to as 'the Company' or 'Europen Endüstri') was established in 1993 to address the customers' needs with door and window profiles in parallel with the increasing technical requirements of building materials in Türkiye. The Company started production and sales under the "Europen" brand in 1998. The Company merged with Hatipoğlu Cam Sanayi ve Ticaret A.Ş., a group company in 2021. After the merger, the Company continues to produce and sell insulated double insulating glass, tempered furniture, oven and refrigerator glass in various thicknesses.

The Company carries out its current production in 6 production facilities (with total indoor area of 85,151 m², and 170,722 m² open area) in Eskişehir with a total of 40 product types in 3 main product groups: PVC Profile Product Group, Door and Window Joinery Product Group, Refrigerator, Furniture, Oven Glass Product Group. Additionally, the Company has an ongoing investment for the production of Solar Energy Panel Glass, which is expected to be operational in the last quarter of 2024, with a closed area of 67,000 m² on 238,000 m² land.

As of 1Q2024, the Company has 1,605 employees (FYE2023:1,582).

The Company's shareholders are İdris Nebi Hatipoğlu with 46.89% share, Tuğba Öztürk with 18.37% share, Merve Öztürk with 2.37 % share and Elif Nazlı Öztürk with 2.37% share, Listed with 30% share. As of 2022, Europen Endüstri's shares were listed on Istanbul Stock Exchange (BIST) under the ticker "EUREN". The Company's stock is traded on the BIST IPO / BIST 100 / BIST All Shares / BIST Stars / BIST Industrials / BIST Chem., Petrol, Plastic indices.

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

Strengths

- Solid equity level mainly fed by internal fund generation capacity and capital adjustment differences through IPO,
- Strong leverage and coverage metrics despite partial attrition in FY2023,
- Recovery in CFO and FOCF metrics in 1Q2024, despite high CapEx need during 2024,
- Low level of doubtful receivables thanks to collateralized structure of receivables,
- Satisfactory liquidity metrics supported by long-term weighted debt structure and reasonable cash equivalents,
- Expected enhancement in efficiency through completed and ongoing investments,
- Sectoral experience coupled with diversified product, market and customer base provides resilience to seasonality and demand-driven fluctuations,
- High level of compliance with the corporate governance practices as a publicly listed company.

Constraints

- Decline in revenue and EBITDA generation in FY2023, mainly due to temporary reasons, albeit partial recovery in 1Q2024,
- Dependency on imported raw materials for production,
- Leading economic indicators signal global economic slowdown while quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at "AA (tr)". Europen Endüstri's sustained growth in EBITDA and revenue generation capacity, continuity of the positive net working capital, low level of doubtful receivables, natural hedge mechanism, successful track-record in the sector, and high level of compliance with the corporate governance practices are 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 profitability indicators, indebtedness level, the progress and contribution of new investment, potential negative effects of rising raw material prices, and domestic restrictive financial conditions 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.