

Corporate Credit Rating

New Update

Sector: Plastic and Rubber

Industry

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Manager

Çiğdem Küçükbakırcı

+90 212 352 56 73

cigdem.kucukbakirci@jcrer.com.tr

Team Leader

Hulusi Girgin

+90 212 352 56 73

hulusi.girgin@jcrer.com.tr

Assistant Analyst

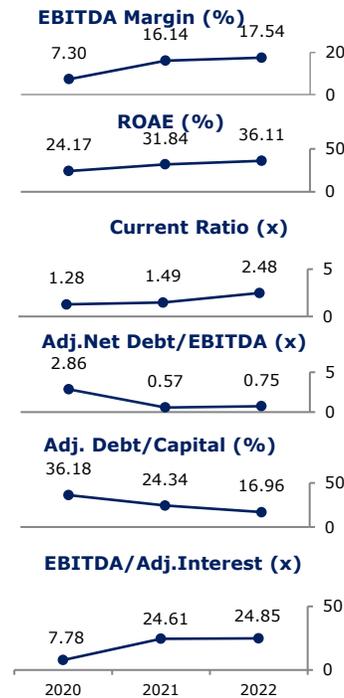
Kamil Eldek

+90 212 352 56 73

kamil.eldek@jcrer.com.tr

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

* Assigned by JCR on Aug 18, 2022



Europen Endüstri İnşaat Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Europen Endüstri İnşaat Sanayi ve Ticaret A.Ş." in the high 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/Negative'.

Europen Endüstri İnşaat Sanayi ve Ticaret A.Ş. (referred to as 'the Company' or 'Europen Endüstri' or 'the Group') 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 continues production activities in 6 different facilities in Eskişehir Organized Industrial Zone. Profile and Sheet Production Facility spreads on indoor area of 24,821 m², and 42,347 m² open area, Joinery Door and Window Production Facility spreads on indoor area of 41.425 m², and 59,184 m² open area, Refrigerator Glass Production Facility spreads on indoor area of 20,174 m², and 26,770 m² open area, Furniture Glass Production Facility spreads on indoor area of 10.045 m², and an 17,122 m² open area, Cooking Appliances Glasses Production Facility spreads on indoor area of 15,105 m², and 24,299 m² open area, Special Size Door and Window Production Facility spreads on indoor are of 25,000m². In its factory and facilities, the Company produces PVC door windows and all kinds of joinery and building elements systems made of PVC to make, install, manufacture, wholesale and retail trade of related devices and materials, and to produce and trade industrial glass. 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 with the same controlling shareholding structure and subject to joint control, on August 31, 2021. After the merger, the Company continues to produce and sell insulated double insulating glass, tempered furniture, oven and refrigerator glass in various thicknesses.

As of 1Q2023, the Company has 1,508 employees (FYE2022: 1,478).

In 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 100-30 / BIST Industrials / BIST Chem., Petrol, Plastic indices.

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

Strengths

- Sustained growth in revenue and EBITDA generation capacity despite slight decline in production volume in 2022,
- Maintaining the asset quality thanks to low level of doubtful receivables,
- Continuity of the positive net working capital level facilitating liquidity management,
- Natural hedge mechanism provided by export-oriented sales structure in a certain extent,
- Adequate equity level supported with retained earnings and paid-in capital despite the considerable share of revaluation gains in 2022 and 1Q2023,
- Long-lasting presence and successful track-record in the sector,
- High level of compliance with the corporate governance practices as a publicly listed company.

Constraints

- Deterioration in CFO and FOCF metrics in 2022 due to increasing working capital needs and ongoing investments in 2022,
- Contraction in profitability figures and planned capex loan utilization may suppress the financial leverage metrics in 2023,
- Import dependency of the raw material used in production,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

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 process 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.