

Corporate Credit Rating

New Update

Sector: Plastics and Rubber Products Industry

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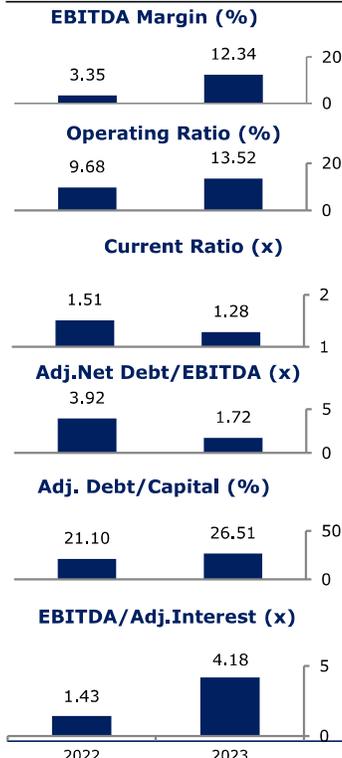
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
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



İŞIK PLASTİK SANAYİ VE DIŞ TİCARET PAZARLAMA A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Işık Plastik Sanayi ve Dış Ticaret Pazarlama A.Ş." in the investment-grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A- (tr)' and the Short-Term National Issuer Credit Rating at 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Işık Plastik Sanayi ve Dış Ticaret Pazarlama A.Ş. (hereinafter referred to as "Işık Plastik" or "the Group") was established in 1988 in Türkiye. The main field of Işık Plastik consists of trade, import and export of all kinds of plastic raw materials, including the manufacture of plastic finished materials. Işık Plastik produces, exports and imports disposable containers, food packaging, sheets for industrial purposes, compounds and masterbatches from plastic raw materials. Işık Plastik has two production factories with a total of 26.678m² of indoor space and an annual production capacity of 25,953 tons of plastic industrial sheets, 31,701 tons of thermoformed plastic tableware and kitchenware, 7,182 tons of plastic paint called masterbatch, and 306 tons of metallized coating sheets. In addition, Işık Plastik has three subsidiaries: Sirius Plastic LLC ("Sirius") in the USA since October 2016 and Işık France in France since June 2022, which are used for international sales. As of July 2023, the Group has acquired UG Plast Inc. ("UG Plast") in New Jersey, USA to carry out both production and sales operations. Additionally, Işık Plastik's shares have been traded on Borsa İstanbul (BIST) since 2021 under the ticker symbol "ISKPL" with the free float rate of 33.14% as of September 30, 2024.

The Group's majority shareholder is Erpet Turizm İnşaat Tah. San. Tic. A.Ş. (hereinafter referred to as "Erpet Turizm") with 64.4% share and 33.14% of the share traded on Borsa İstanbul (BIST) as of September 2024. As of September 30, 2024, Işık Plastik maintained its operations with a staff force of 299 employees. (FYE2023: 260).

Strengths

- Export-oriented sales, supported by a wide product range, reinforcing revenue streams and providing a natural hedge,
- Sufficient profitability albeit volatile structure in the analyzed years,
- Improvement in financial leverage and coverage metrics as a result of augmentation in EBITDA despite slight decline in 3Q2024,
- Adequate liquidity metrics contrary to short-term weighted debt structure,
- Compliance with corporate governance practices and quality standards as a publicly traded company.
- Extensive industry knowledge and the know-how for further investments.

Constraints

- Negative FOCF may lead to additional financing needs for CaPex,
- High OpEx and financing expenses mainly stemming from FX losses suppressing bottom line results,
- Sensitivity to volatility in raw material prices and fluctuations in exchange rates,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at 'A- (tr)'. Taking into account, the Group's adequate leverage and coverage indicators backed by augmentation in EBITDA generation capacity, high export share in sales and revenue stream with hard currency oriented sales, as well as pressure on the operational efficiency, external financing needs for CaPex and global economic slowdown signal 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.