

Corporate Credit Rating

New Update

Sector: Petrochemical Industry
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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	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

İŞIK PLASTİK 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-level category and assigned the Long-Term National Issuer Credit Rating as 'A-(tr)' and the Short-Term National Issuer Credit Rating as 'J2 (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' in parallel to international ratings and outlooks of Republic of Turkey.

Işık Plastik Sanayi ve Dış Ticaret Pazarlama A.Ş. (hereinafter referred to as "Işık Plastik" or "the Group") was established in 1988 in Türkiye. Main field of Işık Plastik consists of trade, import and export 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 total 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 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 'ISKPL' ticker. Işık Plastik's shares traded on Borsa Istanbul (BIST) were 33.14% as of September 30, 2023.

Işık Plastik's principal shareholder is Erpet Turizm İnşaat Tah. San. Tic. A.Ş. with 64.40% share in capital as of September 30, 2023.

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

Strengths

- Upward trend in sales revenue mainly supported by higher selling prices and FX dominated sales,
- Improvement in EBITDA generation capacity and EBITDA margin in FY2022 and 3Q2023,
- Export sales providing a natural hedge up to a certain point underpinned by diversified product range,
- Adequate debt repayment levels in leverage metrics though slight increase in 2023,
- Moderate level of interest coverage ratios,
- Reducing the collection risk to a certain extent with customer analysis based on industry experience and insurance,
- As a publicly traded Company, high level of compliance with corporate governance practices,
- Long lasting experience in the sector.

Constraints

- Volatile CFO and FOCF mainly due to investment expenditures,
- Short term weighted financial structure,
- Increase in operating expenses due to freight costs and TRY based costs arising from foreign operations,
- Substantial contribution to equity and assets from non-cash revaluation gains,
- Import dependence on merchandise supplies in the industry and fluctuations of the procured commodity prices,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been assigned as 'A- (tr)'. Taking into account long lasting experience, sufficient coverage ratios, diversified product lines with export sales, sales growth and compliance with corporate governance practices, 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 cash flow metrics, debt structures, equity structure and global recession and geopolitical risks-driven uncertainties 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 also be monitored.

