

## Corporate Credit Rating

☑New ☐Update

**Sector:** Plastic and Rubber Industry

**Publishing Date:** 29.11.2024

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (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)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## KOMPEN PVC YAPI VE İNŞAAT MALZEMELERİ SAN. TİC. A.Ş.

JCR Eurasia Rating, has evaluated "Kompen PVC Yapı ve İnşaat Malzemeleri A.Ş." in the investment level category with high credit quality and assigned the Long-Term National Issuer Credit Rating as 'A (tr)' and the Short-Term National Issuer Credit Rating as '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.

Kompen PVC Yapı ve İnşaat Malzemeleri San. ve Tic. A.Ş. (Kompen or "the Company") was established in September, 1994 in Konya. The main business activity of the Company involves the manufacturing and sale of PVC door and window profiles, plastic joinery systems, and insulating glass units. The Company has regional offices and representatives in major cities and a nationwide network of approximately 200 dealers. Kompen exports nearly 50% of its production and delivers its products across regions from the Far East to the Americas. The Company has production capacity of 30,000 tons/year in its production facility with a closed area of 40 thousand m<sup>2</sup>.

The Company had a total of 325 employees as of FYE2023. (FYE2022: 328)

The controlling shareholders of the Company are Bera Holding A.Ş., Kombassan Giyim Gıda Tur. A.Ş., and MPG Makine Prodüksiyon A.Ş., holding ownership rates of 83.26%, 11.85%, and 4.29%, respectively.

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

### Strengths

- Operating with adequate leverage indicators and moderate debt level compared to asset size
- Improvement in cash generation from operations in FY2023
- Moderate level of equity supported by inflation adjusted capital and revaluation gains
- Export sales providing natural hedge mechanism against FX exposure to a certain extent
- Low collection risk thanks to a diversified customer portfolio
- Having a well-known brand and long-term experience in the sector
- Synergy created within Bera Holding group companies and integrated operational diversification across many sectors

### Constraints

- Declining sales volume and revenues in FY2023 due to a contraction in demand
- Operating with low profitability indicators in the analyzed periods
- Severe competition environment in the sector and volatility in raw material prices may put pressure on profitability
- High exposure to cyclicity of the construction industry
- 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 Company's the Long-Term National Issuer Credit Rating has been assigned as 'A (tr)'. The Company's leverage and coverage metrics, cash generation capacity, FX based revenues, and experience in the sector along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial 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 financial structure, sales and profitability performance, receivable collection capability, and debt structure 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.

