

Corporate Credit Rating

New Update

Sector: Packaging

Publishing Date: 30/11/2023

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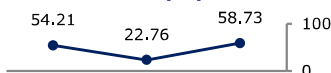
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	AA (tr)	J1+ (tr)
	International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

* Assigned by JCR on Aug 18, 2022

EBITDA Growth (%)



ROAE (%)



Current Ratio (x)



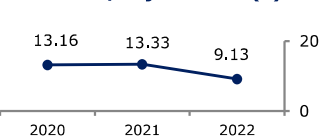
Net Profit Margin (%)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Sarten Ambalaj Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated "Sarten Ambalaj Sanayi ve Ticaret Anonim Şirketi" in the 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 affirmed at 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Sarten Ambalaj Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as 'Sarten' or 'the Company' or 'the Group') was established on March 13, 1972, in Çorlu/Tekirdağ. Sarten produces hard metal and plastic packaging, jar lids and easy-to-open lids for three main sectors: food, industry and cosmetics. Headquartered in İstanbul/Şişli, the Group currently operates 16 domestic production facilities across Türkiye, two overseas plants in Russia and Netherlands, and regional marketing and distribution offices across the region. The Group has a total production facility of 400k sqm with a closed area of 122k sqm. As of FYE2022, Sarten employed 3,747 personnel (FYE2021: 3,278). The partnership structure of Sarten, which was previously entirely owned by the Saribekir family, changed in 2015. Japan-based Mitsui & Co. Ltd. became a partner in the Company by purchasing 15% of Sarten's shares. Mitsui's current paid-in capital in the Company is TRY 15.79mn. Having left behind 50 years of commercial life, the Company exports to approximately 100 countries and benefits from the "Turquality" incentive program. Sarten ranked 77th in the list of Türkiye's 500 largest industrial enterprises published annually by the İstanbul Chamber of Industry in 2022. (2021: 84th).

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

Strengths

- Growth in sales revenues backed by export revenues, continued sales performance in 1H2023,
- Improvement in EBITDA generation and bottom-line profitability margin in 2022,
- Sustainable liquidity indicators during the review periods,
- A portion of trade receivables, which have a share in assets, are covered by receivables insurance and have high collection ability,
- Long-track experience in packaging production and income diversification thanks to production for different sectors
- High level of compliance with corporate governance principles.

Constraints

- Increasing financial obligations in 2023 are expected to deteriorate leverage indicators, particularly in short-run,
- Relatively low paid-in capital in asset financing,
- Expansion in FX short position as of 1H2023,
- Commodity price variations may put pressure on profitability indicators,
- 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 Company's Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. Sustainable revenue growth supported by export income, brand strength and sectoral know-how, rise in financial debts, along with ongoing uncertainties arising from geopolitical tensions as well as the global interest rate hiking cycle, 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 profitability performance, export revenues, sales performance by ton/units, changes in financial debts, cash level and cash generation capacity together with the trends in the industry 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 frame about the sector will be monitored as well.