

Corporate Credit Rating

New Update

Sector: Packaging

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Chief Analyst

Fatih LAP

+90 212 352 56 73

fatih.lap@jcrer.com.tr

Team Leader

Çetincan TOPÇU

+90 212 352 56 73

cetincan.topcu@jcrer.com.tr

Analyst

Cemil ERKÜRK

+90 212 352 56 73

cemil.erkurk@jcrer.com.tr

R A T I N G S		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

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 assigned as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Sarten Ambalaj Sanayi ve Ticaret Anonim Şirketi (Sarten Ambalaj or "the Company / the Group") was established in 1972 in Tekirdağ / Çorlu. The Group produces products used at many moments of life, such as hard metal and plastic packaging, jar lids, and easy-opening lids for three main sectors: food, industry, and cosmetics. Headquartered in İstanbul/Şişli, the Group currently operates 15 domestic production plants across Turkey and two overseas plants in Russia and the Netherlands, along with regional marketing and distribution offices across the region. In the metal and plastic packaging industry, the Group is the market and technology leader and has a total production facility of 400k m² with a closed area of 122k m². As of 2021, Sarten Ambalaj employed 3,278 employees (2020: 2,934).

The Company is celebrating its 50th anniversary in 2022, exports to approximately 80 countries, and benefits from the "Turquality" incentive program. Saribekir family founded the Company and owned all of its shares until 2015 and sold its 15% share to Japan-based "Mitsui & Co. Ltd.". The Mitsui Group, which has a minority share in the Company, is a global investment and production group founded in 1947 with a total of 45k employees and operations in 128 representative offices in 63 countries, from mining to finance, from the automotive industry to energy.

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

Strengths

- Continuation of the upward trend in sales revenue and, satisfactory EBITDA generation capacity, sustained financial performance in 2022-3Q,
- Satisfactory net working capital despite the increase in short-term liabilities,
- The variety of products offered to different sectors provides the Company with durability and income diversity,
- Export-oriented development strategy supported by overseas production and sales centers,
- Long experience and proven track record in the packaging industry,
- High level of compliance with corporate governance principles.

Constraints

- Increase in financial liabilities, particularly in 2022,
- Increased FX short position mainly due to FX trade payables,
- Slightly deterioration in profitability ratios despite robust growth in sales revenues,
- Relatively low paid-in capital in asset financing,
- Commodity price variations may put pressure on profitability indicators,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. Consistent progress in sales revenue, satisfactory EBITDA generation capacity, long sector experience, currency risk exposure due to FX-denominated liabilities, 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, 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.

