

Corporate Credit Rating

New Update

Sector: Packaging & Glass Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB-	-
	International LC ICR Outlooks	Stable	-
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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

JCR Eurasia Rating, has evaluated the "Türkiye Şişe ve Cam Fabrikaları A.Ş." in the highest-level investment grade category and affirmed the Long-Term National Issuer Credit Rating at 'AAA (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 'BBB-/Stable'.

Türkiye Şişe ve Cam Fabrikaları A.Ş. (herein referred to as "Şişecam" or "the Company") was established 86 years ago by Türkiye İş Bankası A.Ş. in Turkey, being one of the largest Turkish private commercial banks, to meet Turkey's need for basic glass products. Şişecam has also transformed into a global player in all key areas of the glass industry, such as flat glass/architectural, glassware, glass packaging, automotive glasses and glass fiber as well as in soda and chromium compounds. The Company is currently one of the global leading glass, soda ash, chemical producers with production operations located in 14-countries on four continents, with 45 plants and nearly 22,000 employees. Şişecam sells its products to over 150 countries, of which constitute 62% of its total sales in 1H2022. In addition, Şişecam is the only global producer operating in all three key areas of the global glass industry: flat glass, glassware and glass packaging. It ranks among the world's second largest producers in glassware, and among the top five global producers in glass packaging and flat glass. Şişecam is also one of the world's largest producers of soda and a world leader in chromium chemicals.

The shares of the Company have been publicly traded on the Borsa Istanbul A.Ş. ("BIST"), formerly named as Istanbul Stock Exchange ("ISE"), since January 3, 1986, As of June 30, 2022, İş Bankası holds 51.06 % of the shares and retains the control of the Company, 6.04% by Efes Holding A.Ş., 0.05% by Anadolu Hayat Emeklilik A.Ş., 3.13% shares classified as repurchased shares and the remaining 39.66% listed on Borsa Istanbul.

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

Strengths

- Diverse portfolio of high value-added products with the back of strong demand supporting the steady growth in sales revenues,
- Maintaining the upward trend in profitability figures thanks to dynamic pricing practices,
- Possessing a sturdy market position in the inter/national area through with strategic asset acquisitions and capacity expansion,
- Satisfactory level of cash balance and sustainable diversification of funding sources,
- Low financial leverage with a large equity base comprised of retained earnings and strong debt coverage metrics,
- High level of emphasis on sustainability and efficient production in addition to comprehensive corporate governance principles,

Constraints

- Large scale and strategic investments with ongoing working capital needs resulting negative FOCF in 2021,
- Increasing raw material prices may limit the growth momentum,
- The deterioration in global macroeconomic conditions and geopolitical risks stemming from the Russia- Ukraine tension weakening the recovery and increasing uncertainty

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'AAA (tr)'. The competitive advantage gained through its predictable cash flow capacity supported by diversified income streams, production and export power, being the market leader in Turkey, and as well as a leading position with its operations portfolio as globally, the steady revenue and EBITDA growth trend, long position in foreign currency, positive cash position in contrast to short term financial liabilities, high coherence to corporate governance practices and shareholder structure which is the leader bank among private banks in terms of asset size as of June 30, 2022, as well as deterioration on local and global economic outlook due to inflationary pressures 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 cash flow and liquidity level, EBITDA margin and other profitability indicators, indebtedness level, financial structure, fluctuations of the exchange rates, and the progress of investments 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.

