

Corporate Credit Rating

New Update

Sector: Packaging & Glass Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB-	-
ISRs (Issue Specific 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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

JCR Eurasia Rating, has evaluated "Türkiye Şişe ve Cam Fabrikaları A.Ş." in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA+ (tr)' to 'AA (tr)' and affirmed 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 'BBB-/Stable'.

Türkiye Şişe ve Cam Fabrikaları A.Ş. (hereinafter referred to as "Şişecam" or "the Company" or "the Group") was established 89 years ago by Türkiye İş Bankası A.Ş. in Türkiye, being one of the largest Turkish private commercial banks, to meet Türkiye'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 more than 23,000 employees. Şişecam sells its products to over 150 countries, of which constitute 63% of its total sales in 1Q2025. In addition, Şişecam, the global leading manufacturer of basic chromium sulphate and the 4th largest soda ash and the largest glassware producer globally, the 4th largest in glass packaging and the 5th largest in flat glass manufacturer globally (*Global rankings are based on installed capacity*).

The shares of the Company have been publicly traded on the Borsa Istanbul A.Ş. ("BIST"), since January 3, 1986. As of report date, İş Bankası holds 52.58% of the shares and retains the control of the Company, 7.02% by Efes Holding A.Ş., 0.05% by Anadolu Hayat Emeklilik A.Ş., 2.31% shares classified as repurchased shares and the remaining 38.04% listed on Borsa Istanbul.

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

Strengths

- Solid equity base mainly fed by retained earnings,
- Positive net working capital supported by cash and cash equivalents buffering liquidity management in a certain extent,
- Existence of varied debt instruments in national and international markets with long-term weighted maturity structure,
- Limited collection risk supporting receivables quality via partially collateralized structure,
- Sector experience and brand awareness providing competitive advantages thanks to operating on a global scale,
- Emphasis on sustainability in terms of ESG criteria and compatibility with the corporate governance practices as a publicly traded company.

Constraints

- Decreased revenue in the analyzed periods in conjunction with rising CoGS causing narrowed profitability margins,
- Declined cash flow metrics along with negative FOCF in FY2024 due to increased CapEx requirements resulting from ongoing and planned investments,
- Considerable deterioration in leverage metrics due to declining EBITDA and high financial debt position,
- Weakening of interest coverage ability due to sizeable financing expenses,
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'AA+ (tr)' to 'AA (tr)'. Şişecam's being a player with a long track record on a global scale, solid equity structure supported by internal resources, access to international finance channels, deterioration in leverage and coverage metrics, weakening cash flow metrics due to CapEx, and narrowed profitability metrics are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are affirmed at 'Stable'. The Group's cash loan exposure, CapEx needs due to planned, and ongoing investments, sales performance, and impact of regional tensions on demand or international relations 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.

