

Corporate Credit Rating

New Update

Sector: Packaging and Glass Industry

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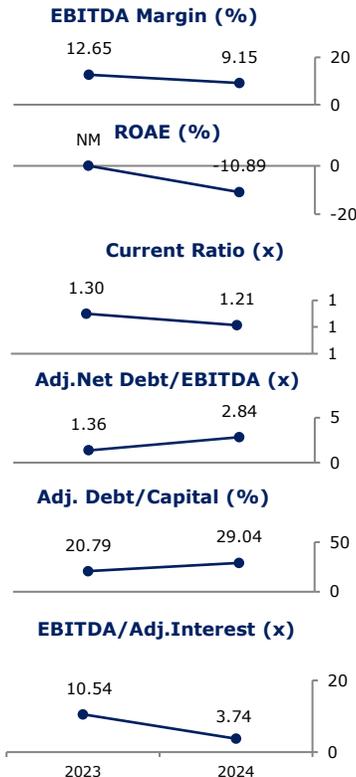
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A- (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	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



Duran Doğan Basım ve Ambalaj Sanayi Anonim Şirketi

JCR Eurasia Rating, has evaluated the consolidated structure of "Duran Doğan Basım ve Ambalaj Sanayi Anonim Şirketi" in investment-grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A- (tr)' and the Short-Term National Issuer Credit Rating at 'J2 (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.

Duran Doğan Basım ve Ambalaj Sanayi Anonim Şirketi (hereinafter referred to as 'Duran Doğan' or 'the Company' or 'the Group') was established in 2005 as a result of the merger of Duran Ofset and Doğan Matbaacılık, one of the oldest and most experienced companies in the cardboard packaging sector in Türkiye. The establishment of the Company, which operates in the printed cardboard packaging business, dates back to 1975 before the merger. The Company operates in four factories with a total closed area of 40,000m² and has a total annual production capacity of 125mn m².

The Company's head office is located in Arnavutköy, Istanbul and as of the reporting date, the Company has five subsidiaries operating in similar sectors in the Netherlands, the United Kingdom and Türkiye. The Company shares has been trading on the Borsa Istanbul since 1991, with the ticker symbol "DURDO". The Company had an average workforce of 395 employees as of FYE2024 (FYE2023: 353).

As of the report date, the Company's paid-in capital is TRY 500mn, and the shareholders of the Company are LGR International Societe Anonyme (30%), Dikran Mihran Acemyan (9.28%), İbrahim Okan Duran (7.95%), Oktay Duran (8.04%), and Dikran Acemyan (7.29%), while the remaining shares were publicly traded.

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

Strengths

- Satisfactory equity level despite non-cash contribution of revaluation gains in equity
- Sufficient cash flow metrics facilitating liquidity management during analyzed periods
- FX-oriented revenue stream via export sales providing natural hedging opportunity to a certain extent
- Negligible amount of doubtful receivables supporting asset quality
- Compliance with the corporate governance practices as a publicly listed company
- Long-lasting presence in the sector and successful track-record

Constraints

- Long cash conversion cycle increasing short-term weighted borrowing needs along with deterioration in leverage metrics as of FYE2024 and 1Q2025 period due to contraction of EBITDA margin
- High level of financing expenses pressuring bottom line and coverage metrics in FY2024 and 1Q2025 interim results
- High level of customer concentration increasing the Company's level of dependence
- 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 Long-Term National Issuer Credit Rating has been affirmed at 'A- (tr)'. The Company's solid equity structure, long cash conversion cycle, financial leverage and coverage metrics, experience in the sector, global soft-landing actions along with ongoing uncertainties with potential to adversely affect global trade 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 sales and profitability performance, asset quality structure, sound liquidity metrics and growth strategy will be monitored by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.