

Corporate Credit Rating

New Update

Sector: Plastics and Rubber Products Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (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)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022.

TEKNİKA PLAST TEKNİK KALIP PLASTİK SAN. VE TİC. A.Ş.

JCR Eurasia Rating, has evaluated the "Teknika Plast Teknik Kalıp Plastik San. ve Tic. A.Ş." and revised the Long-Term National Issuer Credit Rating from 'A+' to 'A' 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 assigned as "BB/Negative", as parallel to international ratings and outlooks of the Republic of Türkiye.

Teknika Plast Teknik Kalıp Plastik Sanayi ve Ticaret A.Ş. ("Teknika Plast" or the "Company") was established in Manisa in 1993. The Company has been manufacturing industrial plastic parts since its establishment and started to produce packaging in 2001. In 2020, a factory in Eskişehir Organized Industrial Zone was leased, and the number of facilities in which the Company operates increased to three. In addition, as of the report date, the Company has an ongoing factory investment in Eskişehir and when this factory is completed, the current operations in Eskişehir will be relocated to this new facility.

As of FYE2022, the ultimate controlling shareholders are Yaralı Family.

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

Strengths

- Consistent revenue growth and sustainable EBITDA generation capacity in the examined years
- Continuation of solid cash flow metrics, though negative trend of FOCF in 2022 due to investment expenditures,
- Maintaining an acceptable Adjusted Net Debt / EBITDA ratio, despite slight increase in FY2022,
- Diversified revenue stream and a focus on reputable clients enhance asset quality, despite concentration risk,
- Expected increase in gross profit margin after completion of ongoing SPP investments,
- Long track record in the sector where the Company operates.

Constraints

- Downward trend in profitability metrics and elevated financial expenses exert pressure on bottom line in 2022,
- Decrease in equity/total assets ratio in 2022 due to increased financial borrowings,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, coupled with domestic restrictive financial conditions limit access to finance,
- Room for improvement regarding corporate governance compliance level.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised as 'A (tr)'. The Company's reasonable leverage metrics, constant revenue growth, high receivable quality, ongoing investments as well as geopolitical risks-driven uncertainties and declining bottom line 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 revenue generation performance, leverage profile, liquidity metrics, profitability margins 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.

