

PRESS RELEASE
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JCR Eurasia Rating

has affirmed the investment grade credit rating of **'BBB (Trk)'** on the Long Term National Scale and **'BBB-'** on the Long Term International Local and Foreign Currency scales along with **'Stable'** outlooks to **"Uşak Seramik Sanayi ve Ticaret A.Ş."** and its **"Cash Flows on Prospective Bond Issue"**.

JCR Eurasia Rating has affirmed the Long Term National Credit Rating of **'BBB (Trk)'** and Short Term National Credit Rating of **'A-3 (Trk)'** with **'Stable'** outlooks on both ratings to **"Uşak Seramik Sanayi ve Ticaret A.Ş."** and its **"Cash Flows on Prospective Bond Issue"**. The Long Term International Foreign and Local Currency Grades are affirmed as **'BBB-'**. The details of the ratings are given below.

Long Term International Foreign Currency	: BBB- / (Stable Outlook)
Long Term International Local Currency	: BBB- / (Stable Outlook)
Long Term National Local Rating	: BBB (Trk) / (Stable Outlook)
Short Term International Foreign Currency	: A-3 / (Stable Outlook)
Short Term International Local Currency	: A-3 / (Stable Outlook)
Short Term National Local Rating	: A-3 (Trk) / (Stable Outlook)
Sponsor Support	: 3
Stand Alone	: BC

Uşak Seramik A.Ş., founded in 1972, has become a global brand in the production of wall tile, floor tile, border, decor and porcelain through expansion of its trade network and export facilities to over 40 countries. In 2004, Uşak Seramik A.Ş. joined the Tanışlar Group which is active in building materials and construction sector on an international scale through 8 companies and 13 brands. Today, the Tanışlar Group has become increasingly competitive in the local and international arena through its group companies of **Uşak Seramik, SeramikPark, Albinno, Granitta Favoritta** and **Marmara Uşak Seramik A.Ş.** Uşak Seramik has strengthened its position in the sector as a strong brand with a competitive and technological structure through technological investments and the export of its quality materials and modern designs to more than 40 countries. The Turkish ceramic industry began industrial production and commercialization in the 1950s and has currently achieved 4% of world production capacity and 12% of European production capacity. The ceramics industry, with a distinctively low imported production material costs, has a high level of exposure to changes in the sector's global conjecture with the future outlook being positive.

Uşak Seramik carries out activities in several countries such as the United States, Germany, Italy and Canada, and has positively differentiated it from the sector due to its high production capacity, experienced management team and effective marketing activities. In addition, the rising housing demand in parallel to urban development projects in the construction sector has created advantages for the ceramic industry. Uşak Seramik has a large market share thanks to incentives supporting transportation which provides easy access to reach raw materials. The Company continues to distinguish itself through consistently renewed R&D activities and benefits in branding support gained from the Turquality project.

The high cost of sales level and its increasing trend in comparison to sales, the high level of financial expenses resulting from the increased volatility in interest and exchange rates due to the rising political risk levels exerting downward pressure on the equity level which subsequently led to an acceleration in the debt ratio along with the transaction of exports in non-domestic currencies and the effects of associated foreign currency position exerted downward pressure on profitability. On the other hand, the relieving effects of inventories with a fast cash conversion cycle on liquidity despite the low levels of cash and its equivalents, the planned local currency bond issue aiming to provide alternative funding resources and ease the pressures on liquidity management and the widespread marketing network and distribution channels along with the completion of investments utilizing the latest technologies are anticipated to place downward pressure on the Company's liability risk levels, contributing positively to their financial structure.

The Company, the shares of which are partially publicly traded since 1990, is anticipated to generate additional profit and as such increase its value, due to the relief expected from the ease of the burden of financial expenses on profitability in FY2015 resulting from the completion of a large part of technological investments with the exception of renovations. Additionally, the positive synergies created by the controlling shareholder Tanser Seramik Sanayi ve Ticaret A.Ş., growth opportunities engendered through the support of the ownership structure, existence of an experienced management team and the opinion that the capacity to realize the projections are high were the primary factors in the assignment of the **'Stable'** long term and short term outlooks for the Company.

Despite the majority of shares being publicly listed, **Uşak Seramik Sanayi ve Ticaret A.Ş.'s** Sponsor Support Grade has been affirmed as **(3)** within **JCR Eurasia Rating's** scale considering the willingness and experience to provide operational support of the Company in terms of long term liquidity and capital based on their financial capacities of the controlling shareholder of **Tanser Seramik Sanayi ve Ticaret A.Ş.** and the real person shareholder **Durmuş Tanış** and the **Tanış Family**.

On the other hand, regardless of any external support it may receive, the Company is considered to have achieved the infrastructure necessary to meet its commitments due to its equity level, growth rates, increasing sales volume, internal equity generation capacity, the positive effect of decreased level of impaired receivables on asset quality the positive effect of decreased level of impaired receivables on asset quality, ownership structure, market diversification and reputation along with the current risks in the markets and operational environment, provided that the current customer base and market efficiency are maintained and the macroeconomic activities persevere. In this regard, the Stand Alone Rating is assigned as **(BC)**, which denotes a sufficient level within the JCR Eurasia Rating scale.

For more information related to the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analysts Mr. Zeki Metin **ÇOKTAN** and Ms. Merve **BÖLÜKÇÜ**.

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