# PRESS RELEASE
## Istanbul – October 19, 2016

**JCR Eurasia Rating**,
in its periodic review of "**Uşak Seramik Sanayi A.Ş.**" and its **"Outstanding and Prospective Bond Issue"**,
has revised the Company's Long Term National Rating from **"BBB (Trk)"** to **''BBB- (Trk)''**and revised the outlook on the long term national rating from "**Positive**" to **"Stable"**. Long Term International Foreign and Local Currency Ratings have been affirmed as **"BBB- "**with a **"Stable"** outlook.

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| | | |
|---|---|---|
| **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) |
| **Long Term National Issue Rating** | : | **BBB- (Trk)** |
| **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) |
| **Short Term National Issue Rating** | : | **A-3 (Trk)** |
| **Sponsor Support** | : | **3** |
| **Stand Alone** | : | **BC** |

With an operational history of nearly 45 years and modern facilities occupying nearly 220,000 m$^2$ of space, **Uşak Seramik** produces wall tiles, floor tiles, borders, decors and porcelain. In 2004, Uşak Seramik joined the **Tanışlar Group**, which mainly operates in the building materials and construction sectors. The Tanışlar Group, which includes companies and brands such as **Uşak Seramik, SeramikPark, Albinno, Granitta Favoritta, User Fix, Emiliano, S Design, Tanışlar Nakliyat, Tanışlar Madencilik, Tanışlar İnşaat, Hit Enerji, Urganlı Kaplıcaları** and **Uşak Seramik Pazarlama A.Ş.**, mainly focuses on the production and marketing of ceramic and granite and occupies a significant position in its sector. Uşak Seramik itself continues to increase its brand recognition through its wide local dealer network and expanding exports to various countries.

Uşak Seramik carries out activities in more than 30 countries such as the United States, Germany, Italy and Canada, and has positively differentiated itself from the rest of the sector due to its high production capacity, experienced management team and effective marketing activities. The Company is part of the "Turquality" program supported by the Ministry of Economy which aims to create global brands from selective Turkish companies and expand Turkish branded product exports by improving the companies' production, marketing, sales and after sales procedures and injecting managerial know-how through expert advisory support. With the help of the Turquality program, the Company aims to increase its current export volume and brand awareness by concentrating on marketing activities in export markets in which the company is active.

A planned local currency bond issue aiming to ease the pressures on liquidity management, provide funding assortment and contribute positively to their financial structure is anticipated to create alternative financial resources. On the other hand, the volatility in exchange rates and the depreciation of the TRY against the main currencies along with the geopolitical risks in the Middle East and Turkey create negative impacts on the debt service capacity of real sector firms. Moreover, financial expenses exert downward pressure on the Company's equity level, subsequently leading to an acceleration in the debt ratio and exerting downward pressure on the Company's profitability level. Partial shares of the Company have been publicly traded since 1990. Taking into consideration the Company's decreasing net working capital since the end of 2012, increasing debt ratios and limited profitability ratios, the Company's Long Term National Rating has been revised from **"BBB (Trk)"** to **''BBB- (Trk)''**and outlook on the long term national rating from **"Positive"** to **"Stable"**.

The Company's profitability, equity level, asset quality, debt ratios, liquidity levels, and net working capital, along with market conditions and the pressures created by geopolitical risks on the investment environment will be tracked by JCR Eurasia Rating. In addition, risks and opportunities created by the restructuring of the state organs as needed and extended State of Emergency period after the failed coup attempt will continue to be monitored. A separate rating report has not been compiled as the resources obtained from the bond issue will be carried in the Company's balance sheet and was subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization, as such the notations outlined in the corporate credit rating report also reflect the issue rating.

It is considered that the shareholders of the **Tanışlar Grup** have the willingness to ensure financial and operational support to **'Uşak Seramik Sanayi A.Ş.'** if necessary. However, there is no exact data about the shareholders' level of financial strength. Therefore, **JCR Eurasia Rating** has affirmed the Company's Sponsor Support Note as **(3)**, which indicates an adequate level. 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, asset quality and capital structure, market diversity, reputation and 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 Note is affirmed 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 web site http://www.jcrer.com.tr or contact our head of group **Mr. Zeki Metin ÇOKTAN** and assistant analyst **Mr. Ersin KILIÇKAP.**

**JCR EURASIA RATING**
**Administrative Board**

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