JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd."

uşak seramik

Corporate Credit & Issue Rating

☐New ☒Update

Sector: Ceramics Industry
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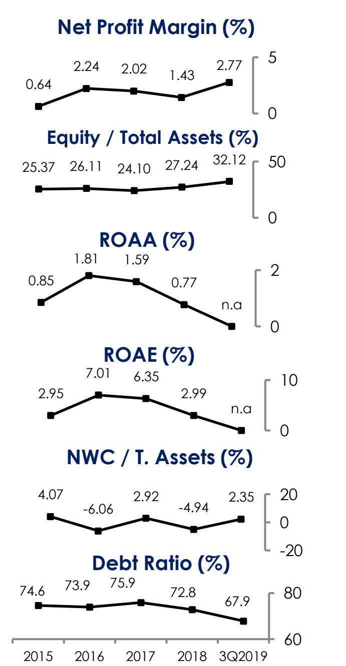
RATINGS

			Long	Short
International	Foreign Currency		B-	C
	Local Currency		B-	C
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
	Issue Rating		-	-
National	Local Rating		BBB- (Trk)	A-3 (Trk)
	Outlook		Stable	Stable
	Issue Rating		BBB- (Trk)	A-3 (Trk)
Sponsor Support			3	-
Stand-Alone			BC	-
Sovereign*	Foreign Currency		BBB-	-
	Local Currency		BBB-	-
	Outlook	FC	Negative	-
		LC	Negative	-

*Affirmed by JCR on December 6, 2019



UŞAK SERAMİK SANAYİ A.Ş.

Company Overview

Financial Data	3Q2019**	2018*	2017*	2016*	2015*
Total Assets (000 USD)	132,240	124,111	135,292	130,013	126,522
Total Assets (000 TRY)	748,357	652,936	510,307	457,542	367,875
Equity (000 TRY)	240,384	177,868	122,981	119,467	93,318
Net Profit (000 TRY)	7,127	4,502	5,519	4,995	1,194
Sales (000 TRY)	257,305	315,518	273,840	222,935	187,541
Net Profit Margin (%)	2.77	1.43	2.02	2.24	0.64
ROAA (%)	n.a	0.77	1.59	1.81	0.85
ROAE (%)	n.a	2.99	6.35	7.01	2.95
Equity / Total Assets (%)	32.12	27.24	24.10	26.11	25.37
Net Working Capital / T. Assets (%)	2.35	-4.94	2.92	-6.06	4.07
Debt Ratio (%)	67.88	72.76	75.90	73.89	74.63
Asset Growth Rate (%)	14.61	27.95	11.53	24.37	33.01

**End of year **End of period*

Uşak Seramik Sanayi A.Ş. (hereinafter referred to as **Uşak Seramik** or **the Company)** was founded in 1972 under the name Uşak Elektro Porselen A.Ş. to produce electro porcelain. In 1986, the Company's name changed to Uşak Seramik A.Ş and added the production of wall and floor tiles in 1991. The Company carries out production in the Banaz district of the Uşak Province in a 266,927 square meter facility.

The Company's shares have been publicly traded on the Borsa Istanbul (BIST) under the ticker symbol ''**USAK**'' since 1990 with a current free float of 77.01%. Tanser Seramik Sanayi ve Ticaret A.Ş., which is the Company's main partner, held 12.37% shares and Tanışlar Yapı Sanayi ve Ticaret A.Ş., a Tanışlar group company, held 5.05% shares and Zafer Berken held %5.57 of the Company as of 3Q2019.

The Company carries out its marketing activities through its distributors, chain stores and a wide dealer network in Turkey and exports to more than 30 countries.

As of 3Q2019, the labor force of the Company was 416 (3Q2018**:** 475).

Strengths

- Continues asset growth in last four year
- Increasing net profit as of 3Q2019
- Realized capital increase strengthened equity level
- Well diversified marketing strategy and effective retailing network through the country
- Diversified funding mix via bond issuances
- Strong market share and presence in the granite sector
- Long experience in ceramic sector that enables economies of scale and scope

Constraints

- Sizeable level of off- balance sheet commitments increasing risk level and pressure on assets
- Speedily growing amount of factoring line of credits in last two year
- Increase in Company's total liabilities
- Volatilities in foreign exchange rates and depreciation of the TRY reducing disposable household income and the debt service capacity of real sector that increases the risk level in the market
- Nationwide competition in the sector and sector's high dependency on outside energy sources

1. Rating Rationale

The ratings given by JCR Eurasia Rating to Uşak Seramik were determined with reference to the Company's independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, information and clarifications provided by the Company and non-financial figures.

Uşak Seramik's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history and role in the sector, profitability figures, revenues, debt structure, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into account in order to determine the long-term international local currency and foreign currency ratings as well as national ratings.

Taking into consideration that there will be no additional legal or financial collateral guarantees provided separately for the repayment of the bonds, the note assigned for the TRY denominated bond issuance is determined at the same level as Uşak Seramik's long and short term national local ratings.

Main rating considerations are as follows;

Consistently Growing Asset Size

Over the reviewed period, Uşak Seramik maintained its strong assets base growth performance, climbing to TRY 748.35 mn as of FYE3Q2019 from TRY 367.87 mn in FY2015. The Company performed a maintainable growth during the previous four years and this growth has the potential to be sustained for the following periods.

Paid – in Capital Increase

The Company increased its paid-in capital in January 09, 2019 TRY 100.00mn and this cash injections positively affected the Company's funding structure. The type of the capital increase is decided to be in cash-basis so that the aforementioned increase will directly contribute to the paid-in capital a positively affect the total equity level of the Company.

Diversified Funding Structure Through Bond Issuances

The Company issued a bond amounted TRY 30mn in November 14, 2019. The bond issuance presents the advantages of agility in financing, lowering the exposure of bank-dependency, reducing funding costs and relieving the burden of collaterals on bank loans. The bond issuance indicates a better management in liabilities side of the balance sheet.

Incentives Provided by The Government

According to the Law No. 5084 on Investments and Employment, the Company benefits from social insurance contributions, income tax withholding and energy support incentives due to the increase in employment. The energy support in accordance with the Law on Investment and Employment of 5084 has been extended for 5 years. In addition, supports under this incentive include;

• VAT Exemption

• Investment Place Allowance

• Tax Discount Rate

• Interest Support

• Insurance Premium Employer Support

Solid presence in the market with a long-lasting leadership role

Uşak Seramik started its operations in 1972 and now produces wall tiles, floor tiles and granite porcelain tiles in its 220,000 m^2 production facility in Uşak. Alongside with its long-lasting presence in the market, the Company has a leading role in the product group of granite porcelain tiles in Turkey and considerable shares in other product groups as well despite the tight competition in the sector.

Sector-Wide Issue of Low Dependency on Imports for Raw Materials

Turkey is rich in ceramic raw materials namely clay, quartz, feldspar and kaolin and has sufficient power to meet raw materials demand. Thus, most of the firms have installed their own raw material process plant. So, Uşak Seramik has convenient accession facilities for raw material sources, therefore benefiting from a low level of import duties for material used in production.

Increase in Company's Total Liabilities

As of the end of 3Q2019, the Company's total liabilities reached TRY 507.97mn with an increase of 10.50% compared to the previous year's same period.

Upgrading needs in Compliance Level with Corporate Governance Principles

The Company is publicly listed and is thus subject to the Corporate Governance Principles of the Capital Markets Board. Therefore, a high compliance level is required. A higher compliance level with corporate governance principles will contribute to asset quality and market perception. The absence of recent versions of documents such as the general assembly minutes, the lack of a separate risk management department, deficiencies in the foundation of mandatory committees, and the lack of English version of documents indicate room for improvement in the aforementioned fields.

Insistent Regional Tensions Hosting Uncertainties;

Conflicts and unrest in countries in the Middle East and near regions persist and are not expected to end in the near future. These circumstances have led to a contraction of Turkey's international trade volume from neighboring countries.

Taking all of these factors into consideration, JCR Eurasia Rating has determined the long-term national rating of Uşak Seramik as **'BBB- (Trk)'** and the short-term national rating as **'A-3 (Trk)'** according to the JCR Eurasia Rating's notation system. Since there are no prospective additional legal and/or financial collateral guarantees provided independently for the repayment of the bonds issued/to-be-issued by Uşak Seramik, the note assigned for the TRY denominated bond issuance has been determined as the same as the Company's long and short-term national local ratings.

In addition, as per quantitative assessment, JCR Eurasia Rating reviewed the new and updated effects of capital and trade controls, integration with world economies, rule of law, price control and stability factors and their effect on the transfer and monetary convertibility risk (T&R risks) on the macro level. These effects have been evaluated at the firm level and their statistical compliance and connections with the national and global ratings have been meteorologically reviewed and thus the International Foreign and Local Currency Ratings of **Uşak Seramik Sanayi A.Ş.** has been reassigned the long term international foreign and local currency rating as **''B-''** and short term international foreign and local currency rating as **''C''.**

2. Outlook

JCR Eurasia Rating has assigned a **'Stable'** outlook for Uşak Seramik regarding the national short and long-term perspectives. The outlook was determined with respect to the Company's increasing total sales, asset quality, long foreign exchange position, term structure of its financial liabilities, ability to access to the external financial sources and the general outlook of the ceramics sector in Turkey and the world. **'Negative'** outlooks have been assigned for the international foreign and local currency ratings for both long and short-term perspectives in line with the sovereign outlooks of Turkey.

JCR Eurasia Rating will continue to monitor the developments regarding the proposed projections and will evaluate whether the Company's growth strategy, profitability indicators, financial leverage, liquidity structure, market share and asset quality would follow the trends which are predicted. The yields of the ongoing capital increase process, general macroeconomic environment of Turkey and the growth trends in the domestic and international ceramics sector will be significant variables that would be taken into account to determine whether to maintain Uşak Seramik's stable outlook.

The reasons which might account for a possible negative rating action include rising leverage and deteriorating asset quality, limited access to the external financial sources and rising cost of borrowing, contraction in the net profit margins and other profitability indicators, deterioration in the macroeconomic environment and specifically in the outlook of the ceramics sector.

3. Sponsor Support and Stand-Alone Assessment

Sponsor Support notes and their risk estimations reflect the financial and non-financial state and expected support of the qualified shareholders of the Tanışlar Group. It is considered that the group has the willingness to supply liquidity and equity within their financial capability when financial needs arise in the short or long-term perspective and has the sufficient experience to provide operational support to the Company when required. On the other hand, regarding the high ratio of free float, the potential for additional capital support by small investors always bears uncertainties due to the dependency of their contributions on developments in the market. Within the consideration of these assessments, the Sponsor Support note of the Company has been determined as **"3"**, which denotes an adequate external support possibility.

The Stand Alone Note of the Company has been constituted primarily with respect to its internal resource generating capacity, asset composition & quality market presence, funding structure, equity level, risk management practices, senior management's skill and experience and the development of existing risks in the markets and business environment. Based on the above dynamics, the Company is expected to manage the incurred risks on its balance sheet without any assistance from its shareholders, on condition of the continuity of its current customer portfolio, profitability and effectiveness in the market and economic and political stability. In this context, the Stand-Alone Note of the Company has been affirmed as **"BC"** in JCR Eurasia Rating's notation system, which indicates a Company with a satisfactory level of capacity to meet its commitments.

4. Company Profile

a) History & Activities

The Company was established in 1972 to produce electroporcelain under the name 'Uşak Elektro Porselen Sanayi A.Ş.'. The Company changed its trade name to 'Uşak Seramik Sanayi A.Ş.' in 1986 and added wall and floor tiles into its product range in 1991. Currently exporting to more than 36 countries globally, Uşak Seramik is one of the leading ceramics producers in Turkey with a current production capacity of 18mn m².

b) Organization & Employees

Uşak Seramik's Board of Directors consists of five members with Mr. Durmuş Tanış serving as chairman. The organizational chart of the Company is formed according to the functionality of the units; Logistics, Human Resources & Administrative Affairs, Financial Affairs, Information Technologies, Factories Management, Export & Domestic Sales and Marketing & Branding.

Based on the Company's December 13, 2016 capacity report, 3.96mn m2 of ceramic wall tiles, 4.53mn m² of ceramic floor tiles and 1.49mn m2 of technical granite were produced on a total land area of 266.927 m².

As of September 30, 2019, the Company employed a staff force of 416 (As of 3Q2018: 475). The Company also provided indirect employment opportunities to 404 individuals through its subcontractor Nida Inşaat Müşavirlik Nakliye Maden Ithalat Ihracat Sanayi ve Tic. Ltd. Şti. as of September 30, 2019 (September 30, 2018: 277).

c) Shareholders, Subsidiaries & Affiliates

'Tanser Seramik Sanayi ve Ticaret A.Ş.' is the utmost legal entity shareholder of '**Uşak Seramik A.Ş.'**, holding 12.37% of shares. **Tanışlar Yapı Sanayi ve Ticaret A.Ş.** and **Zafer Beken** held 5.05% and 5.57% of the shares, respectively. The rest of the shares are publicly traded.

The following table exhibits the Company's shareholder structure as of September 30, 2019:

Shareholder Structure

	Share (%)		
	30.09.2019	30.09.2018	2017
Tanser Seramik Sanayi ve Ticaret A.Ş.	12.37	28.54	28.54
Zafer Beken	5.57	-	-
Tanışlar Yapı Sanayi ve Ticaret A.Ş.	5.05	11.65	11.65
Public	77.01	59.81	59.81
Paid Capital (TRY)	100.000.000	43.335.931	43.335.931

Tanser Seramik Sanayi ve Ticaret A.Ş.

Tanser Seramik Sanayi ve Ticaret A.Ş. is involved in ceramics production and sales and offers consulting services to the Company. Due to strong demand in the granite sector, Tanser Seramik introduced the Granitta Favoritta brand in 2008. Thanks to its investments, Tanser Seramik began manufacturing and marketing 2.5 million of technical granite per year.

The Tanıslar Group, which controls Tanser Seramik, was founded in 1973 and operates internationally as a leading group company in Turkey through its 8 companies and 13 brands.

Related Parties of Uşak Seramik are listed at the end of the report. As JCR Eurasia Rating has not analyzed the independent risk level of each of these companies, no opinion regarding their creditworthiness has been formed.

Tanışlar Yapı Malzemeleri İnşaat Petrol Maden Ürünleri Sanayi ve Ticaret A.Ş.

Tanışlar Yapı serves as a dealer of Tanser Seramik and operates in the activities of purchasing and selling building materials and mining, construction, earthmoving and contracting. **Tanışlar Insaat** took part in a variety of projects including shopping centers, sports complexes, heath care facilities and factory buildings and is one of the innovative and visionary subsidiaries of the Group.

Uşak Seramik Pazarlama Sanayi ve Ticaret A.Ş.

The company serves as a dealer of Tanser Seramik and operates in the field of iron, construction, installation, food, clothing, appliances, forest products, trading and auto trading.

Albino Mutfak Banyo Ürünleri İnşaat Taahhüt Sanayi ve Ticaret A.Ş.

The company manufactures kitchen and bathroom cabinets and undertakes contracting works. In addition, it produces wood pallets and exhibition stands for trade fairs.

d) Corporate Governance

Uşak Seramik A.Ş has been publicly traded on the Borsa Istanbul Stock Exchange (BIST) since 1990, and therefore the corporate governance discipline is a field that is required to be taken into consideration. Compliance with corporate governance best practices provides guidance to companies and improves their efficiency through transparent, widely accepted and continuously monitored processes and policies.

The Information Policy ensures that the Company will provide accurate, timely and transparent information to shareholders regarding capital market regulations. Uşak Seramik provides information and documentation through its web page. The Company website provides useful information about its activities, values, vision and mission statements, ethical rules, annual activity reports, shareholder structure, and partial shareholders' meeting documents. In addition, the quarterly, half-year and end-of-year financial results are disclosed via the Public Disclosure Platform. In addition, it must be noted that the company website lack of English versions of the major documents, since they are not yet available.

As of 3Q2019, The Company's Board of Directors consists of 5 members, two of which are independent.

Board Members

Chairman	Durmuş **TANIŞ**
Vice Chairman	Hüseyin **TANIŞ**
Board Member	A. Hakan **TANIŞ**
Independent Board Member	Ömer Fatih **KARAYEL**
Independent Board Member	Nuh **DAĞDELEN**

Corporate Governance and Audit Committees have been established under the scope of the Board of Directors. Although Uşak Seramik has not yet established an Early Detection of Risk Committee, Remuneration Committee or Nomination Committee, the duties of those committees are held by Corporate Governance Committee.

Consequently, it can be concluded that there is room for improvement in compliance with corporate governance best practices for the Company.

e) The Company Strategies

Uşak Seramik plans to increase its brand reputation, improving products quality and focusing on pricing strategy in particular. The company is also expanding the logistics and distribution network in general. The Company plans to achieve significant growth on the back of the infrastructure and technology investment carried on the previous years.

In addition, Uşak Seramik plans to intensify sales and marketing efforts in designated markets along with brand building energies, supported with the Turquality program. In this regard, the management is actively restructuring its sales and distribution channels and conducting market reviews and analysis. Additionally, the company will focus on to increase profits by exporting facilities primarily in USA and Canada.

5. Sector Overview & Operational Environment

The history of ceramic production reaches back thousands of years and products have been used in advanced and technical applications. The use of ceramic is widespread and includes buildings, kitchens and electronics. Considering the types of utilization, the ceramic sector can be divided into the 5 subcategories of Tiles (Flooring materials), Sanitary (Bathroom equipment), Refractory (fire-proof bricks), Tableware and Technical ceramics.

As of 2016, the global ceramic tiles industry achieved USD 76bn in sales and is expected to reach USD 120bn by the end of 2020. Asia is the largest manufacturing and consumer region, with China alone manufacturing 48.0% of production in the region. Furthermore, global consumption demand is mainly driven by growing infrastructure and construction sector. China is the largest contributor in terms of construction spending around USD 1.700bn.

China produces nearly half of the world ceramic covering production, followed by Brazil and India. However, in 2015, China's production slowed after the rapid increase in the previous years. Vietnam increased its production rapidly by 80mn m^2 to 440mn m^2 and ranked 5th in the world in 2015. Turkey rose one place in the ranking to the 8th largest producers of ceramic covering in the world. The top 10 producers realized 82.0% of global ceramic covering production.

The total value of Turkey's ceramic exports increased by 1.1% to USD 885mn from the previous year while ceramic imports decreased by 16.0% to USD 374mn. Germany, England, USA and Israel constituted the top importers in 2016.

Turkish ceramic covering production reached 312mn m^2 in 2016. Turkey's ceramic tile exports and imports stood at USD 51mn and USD 64mn, respectively, in 2016. Germany was Turkey's main export market (USD 79mn), followed by the USA (USD 58mn) as 2016. In addition, Turkey is ranked 8th in the world in ceramic covering production, 3rd in Europe and 5th in ceramic covering product export in the world.

The table below exhibits Turkey's production of ceramic covering and paving stone:

Production Value of Ceramic Covering and Paving Stone

	2014	2015	2016
Production Amount (mn m^2)	325	319	312
Production Value (mn TL)	3.909	4.241	4.523

Source: TUIK

The USA is the largest importer of ceramic covering products, importing USD 6.2bn. It is followed by Germany, France and the United Kingdom at the end of 2016.

The table below shows global ceramic covering product imports by years:

World Ceramic Product Import (USD mn)

	Country	2014	2015	2016	Change/% (2015-2016)
1	USA	6,357	6,442	6,287	-2%
2	Germany	3,177	2,909	3,044	5%
3	France	2,211	1,873	1,946	4%
4	United Kingdom	2,027	1,963	1,776	-10%
5	South Korea	1,424	1,489	1,515	2%
6	Japan	1,312	1,195	1,123	-6%
7	Canada	1,158	1,090	1,014	-7%
8	Vietnam	265	310	994	221%
9	Saudi Arabia	980	1,051	870	-17%
10	Netherlands	822	798	844	6%
	Other	28,670	25,434	24,687	-3%
	Total	**48,407**	**44,558**	**44,105**	**-1%**

Source: Trade Map

Ceramic Tile, Ceramic Sanitary Ware, Refractory Fire Bricks, Ceramic Raw Materials, Kitchen and tableware and Technical Ceramics are the sub-sectors of the Turkish ceramic industry. The most important aspect of the Turkish ceramic sector, despite being a labor-intensive sector, is the intensive use of domestic resources and the improvement of productions through technology and science.

Total value of Turkish ceramic exports increased to USD 885mn in 2016 from 875mn in 2015 while imports amounted to USD 374mn with a decrease of 26.38% compared to the previous year. Turkey's top ceramic export markets were Germany, England, USA and Israel continue to be the largest ceramic and import markets were China, Germany and Italy as of 2016.

The most exported sub-product group in the sector are glazed ceramic flooring and sanitary ware, while the most importing sub-product group are porcelain or china and refractory product group.

Construction material exports, composed of numerous sub-sectors and a wide range of products, in Turkey decreased by 10.2% in 2016 to USD 15.2bn. Export markets are also very diverse. Developments in construction markets and their relationship to Turkey export markets are determinants of construction material exports. In 2016, there were significant developments in many important export markets both positively and negatively affecting Turkish export levels. Although Turkish exports to the USA declined by 8.7% in 2016, the USA has become the most exported market for construction materials exports. Exports to Iraq decreased to second place with a contraction of 29.2%. In addition, Turkey's exports to neighboring markets have declined considerably. Exports to the three major Gulf countries of Iran, Saudi Arabia and BAE have fallen, with the decline in exports to the Iranian market decreasing by 15.9%.

The table below provides information regarding Turkey's ceramic foreign trade:

Turkey Ceramic Foreign Trade (USD/000)

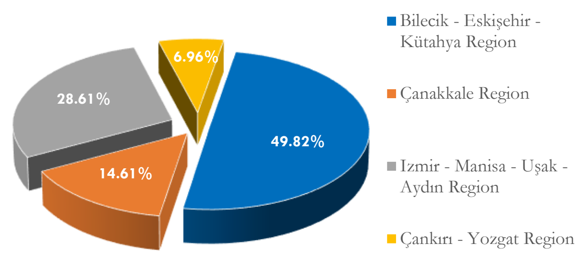
	2015		2016	
	Export	**Import**	**Export**	**Import**
6907 (Unglazed Ceramic Tiles and Similar Articles)	72.549	38.516	78.555	31.769
6908(Glazed Ceramic Tiles and Similar Articles	427.804	39.688	433.984	33.331
6910(Ceramic Sanitary Ware)	198.112	9.099	211.985	7.191
6911(Ceramic Tableware And Kitchenware, Of Porcelain or China)	66.981	200.728	67.696	130.895
6912(Ceramic Tableware, and Kitchenware Articles)	30.800	28.404	23.355	20.339
6913(Ceramic Statuettes and Other Ornamental Articles)	4.667	19.668	4.261	11.116
6909(Technical Ceramics)	2.876	30.39	716	32.020
6902(Refractor)	43.983	83.953	44.743	51.326
Other Ceramic Articles	27.641	58.119	19.864	56.066
Total	**875.413**	**508.565**	**885.159**	**374.053**

Source: Ministry of Science, Industry and Technology

Turkey's ceramic covering production is located in Çanakkale, Bilecik, Eskişehir, Kütahya, Uşak, Izmir, Manisa, Aydın, Çankırı and Yozgat. 49.82% of plants are located in the Bilecik-Kütahya- Eskişehir region, followed by Izmir-Manisa-Uşak-Aydın, Çanakkale and Çankırı-Yozgot Regions with share of 28.61%, 14.61% and 6.96%, respectively.

Turkey's ceramic covering plant distribution is shown in the chart below:

2015- Ceramic Covering Plant Distribution

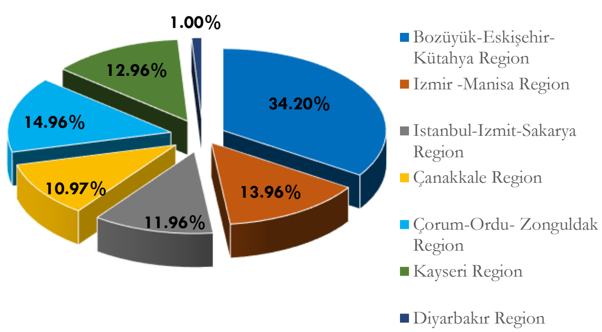


Source: Ministry of Science, Industry and Technology

Turkey's ceramic sanitary ware production is mostly located in the cities of Bozüyük, Eskişehir and Kütahya (34.20%).

The chart below presents Turkey's ceramic sanitary ware plant distribution by regions as of 2015:

2015- Ceramic Sanitary Ware Plant Distribution



Source: Ministry of Science, Industry and Technology

Total value of Turkish ceramic exports increased to USD 1bn in 2017 from 885mn in 2017, while total revenue amounted to USD 10bn according to Turkish ceramic federation. Moreover, the federation expected that to reach USD 11bn total revenue as of the end of 2018.

Export (USD mn)

	January 2017	January 2018	Change (%)
Ceremic Tile	39.5	47.5	20.4
Ceramic Sanitary Ware	14.4	19.7	36.7

Import (USD mn)

	January 2017	January 2018	Change (%)
Ceremic Tile	2.7	1.8	-31.3
Ceramic Sanitary Ware	0.4	0.6	52.5

Access to ceramic raw materials is an important factor affecting the continuity of the industry. Recently, developed countries in the ceramics sector, as well as developed European countries and the United States, have begun to create their own ceramic industry by taking advantage of proximity to raw materials, transportability of products and access to technology.

Increased labor and energy costs have caused many developed countries to shift some of their existing production to low-cost countries or to make new investments in these regions. Spain has a technology-oriented production and Italy stands out with its design, high quality and branding. All countries have focused on price competitiveness in traditional ceramic products.

Additionally, the other leading countries in the industry, the UK, Germany, Northern Europe and the USA, continue to lead in the field of technical ceramics, focusing on improving the use of ceramics. Major producers in Spain and Italy compete with emerging centers such as China, Turkey, Egypt and India. Extreme competition has led manufacturers to shift production to higher quality and price ranges. Countries with high export tendency are Spain and Italy. The two countries realize more than half of the total exports in the world. China has begun to develop its own production technology. Finally, countries that are the least dependent on outside energy resources gain more and more advantages day by day.

6. Financial Foundation

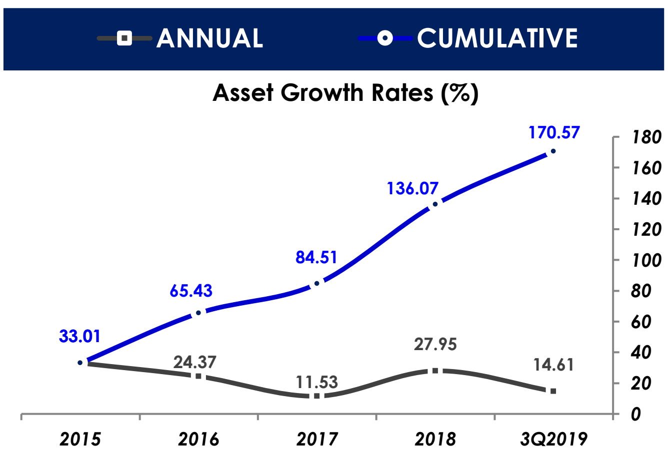
a) Financial Indicators & Performance

i. Indices relating to size

Over the reviewed period, Uşak Seramik maintained its strong assets base growth performance, climbing to TRY 748.35 mn as of FYE3Q2019 from TRY 367.87 mn in

FY2015. The Company performed a maintainable growth during the previous four years and this growth has the potential to be sustained for the following periods.

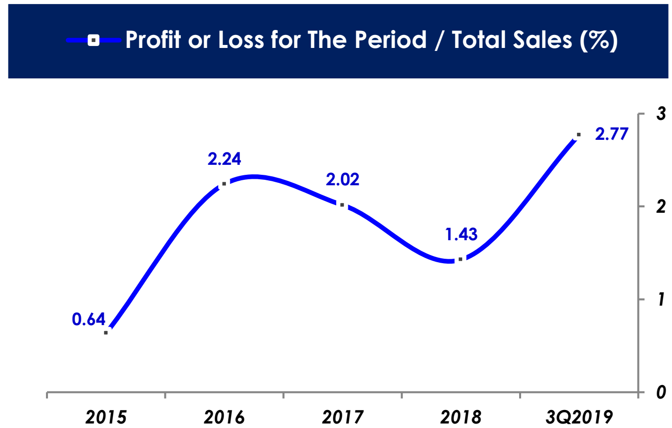
Uşak Seramik is protected from the volatility of the exchange rates and even affected in a positive manner since the Company held a long foreign exchange position by the help of its rising exports. Alongside with the growing export volume, Uşak Seramik's accounts receivables denominated in USD, EUR and GBP rise as well which lead to a long foreign exchange position in the Company's balance sheet since the amount of accounts payable and financial loans is still limited.



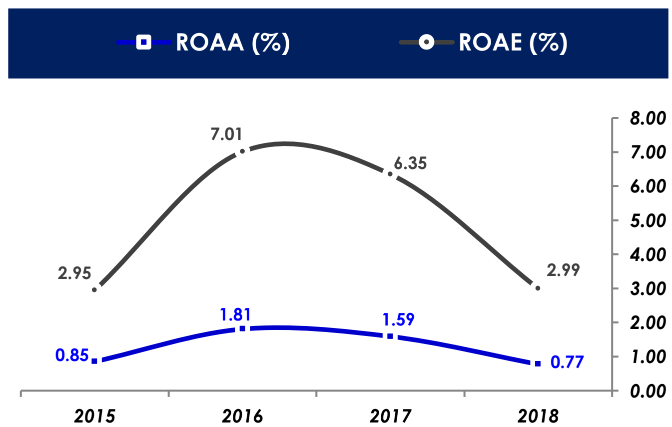
Uşak Seramik has been improving its sales steadily in the last five years with an acceleration in the current year thanks to the growing export volume and rising foreign exchange rates. Uşak Seramik's extensive sales network in Turkey and abroad has played a crucial role in this development and will be a determining factor for further growth.

ii. Indices relating to profitability

Uşak Seramik has a chronical narrow profit margin problem in parallel with the tight competition in the sector and rising cost of borrowing. Despite these structural issues, Uşak Seramik has been able to improve its net profit margin since 2015. The margin has reached to 2.77% as of 3Q2019, which was 0.64% as of FYE2015.



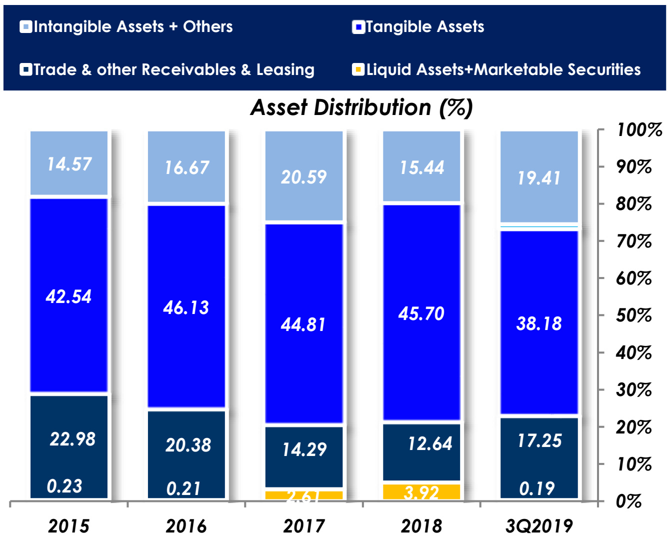
As of FYE2018, Uşak Seramik's main profitability indicators exhibited decreasing trend. The Company's ROAE and ROAA performance in the last four years is presented below.



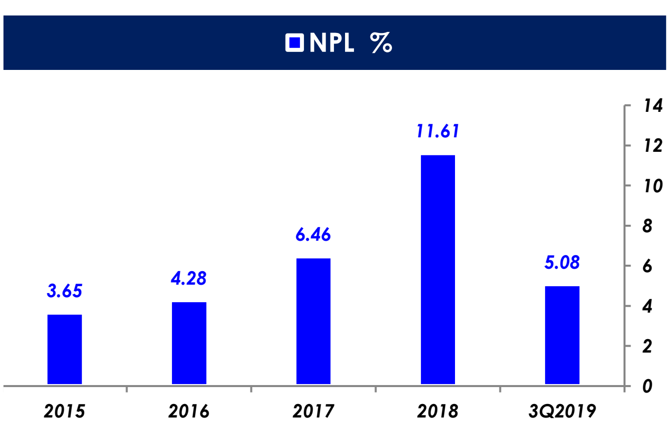
In terms of main profitability figures of the Company, there was a slight deterioration in ROAA and ROAE in 2018. The Company's ROAE declined to 2.99% and ROAA decreased to 0.77% in 2017, which were respectively 6.35% and 1.59% as of FYE2017. On the other hand, current ROAA and ROAE levels are still above 2016 and 2017 figures.

b) Asset quality

As of FYE3Q2019, through the revaluation of the Company's buildings, land, vehicles and machinery; Uşak Seramik reported a TRY 108.08mn value increase which was added to tangible fixed assets. In addition, Non-current assets, mostly consisting of tangible assets, constitute 38.36% of total assets as of 3Q2019, which is a relatively high share for a production firm regarding its liquidity position.



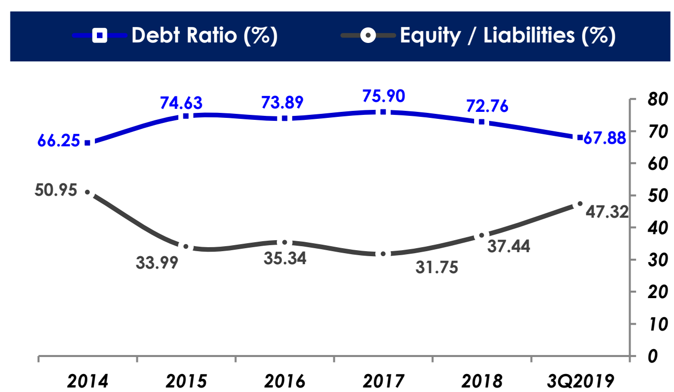
Uşak Seramik has a broad customer base both in Turkey and abroad. Having its production facility in Uşak province in Western Turkey, the Company has its direct sales points and dealers all across the country. Furthermore, Uşak Seramik exports to more than 40 countries; mainly the U.S., Canada, Germany and Italy. Exports have constituted approximately 20% of total sales of the Company in the last three years. This diversified sales channel structure allows Company to minimize its customer related credit risk and limits the risk of non-collection of its receivables through eliminating concentration on several customers or a specific country or a region. On the other hand, the amount of non-performing receivables followed an increasing trend in the last three years.



The amount of non-performing receivables increased almost doubled from TRY 5.4mn as of FYE 2017 to TRY 9.9mn as 3Q2018 with a TRY 4.5mn added during the first three quarters. This increase is regarded as a negative factor regarding the Company's capacity to collect its receivables. On the other hand, as of 3Q2019, the company's non-performing receivables exhibited decreasing pattern compared to same period of 2018, decreased to TRY 6.9mn. Additionally, the collection capability of Uşak Seramik is still deemed as satisfactory, since the Company has a broad customer base both in Turkey and abroad, which minimizes the concentration risk and limits the customer related credit risk.

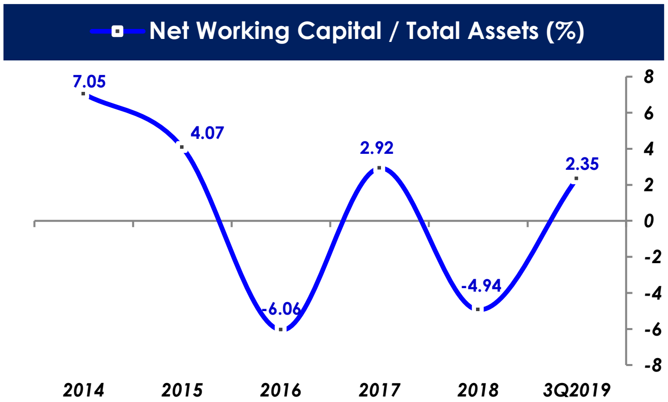
c) Funding & Adequacy of Capital

As of 3Q2019, Uşak Seramik's debt ratio showed decreasing trend. The Company's debt ratio declined to 67.88 % as of 3Q2019 from 72.76% as of FYE2018.



The chronical low profitability issue might continue to pressurize the Company's leverage position but the realized capital increase process strengthened the equity structure.

In the previos year, on the other hand, the issued bonds amount was classified as short-term and this totally changed the liquidity position of the Company which resulted in a negative net working capital around TRY 47.8mn as of 3Q2018. On the other hand, the Company's net working capital exhibited a positive pattern as of 3Q2019 compared to the previous year's same period.



The Company's net working capital generally shows fluctuated shape between 2014 and 3Q2019. The Company diversified its financial sources through bond issuance, presents the advantages of agility in financing, lowering the exposure of bank-dependency, reducing funding costs and relieving the burden of collaterals on bank loans. The bond issuance indicates a better management in liabilities side of the balance sheet. In addition, realized the capital increase process creates a positive impact on the Company's liquidity position for FYE2019.

7. Risk Profile and Management

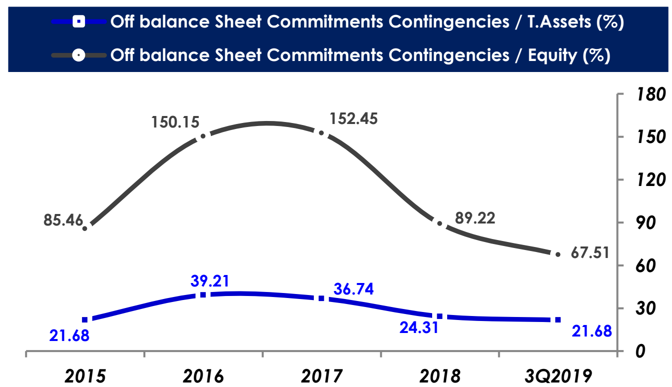
a) Risk Management Organization & its Function – General Information

The Company is principally exposed to credit, market, liquidity and operational risks arising from its operations and use of financial instruments. The Company formed Corporate Governance and Audit Committees under the Board of Directors. However, a separate risk management department has not yet been established, displaying a need for improvement with respect to the implementation of the risk management policies.

Being accredited to the TURQUALITY® Program and meeting conditions for environment and quality certificates improve the standardization of production and mitigates potential risks arising from inconsistent production and other Company activities. The Company's risk management policy is generally focused on managing the unpredictability of financial markets and reducing their potential negative effects on the financial performance of the Company.

b) Credit Risk

As of 3Q2019, Uşak Seramik's maximum credit risk exposure was TRY 265.23mn, mainly arising from trade receivables and other receivables amounting to TRY 246.18mn and TRY 19.01mn and accounting for 32.90% and 2.54% of total assets as of 3Q2019. The credit risk exposure accounted for 35.44% of the Company's total assets as of 3Q2019. When excluding the receivables due from the related parties which account for 17.41% of total assets, the Company's actual credit risk exposure was identified as 18.03% of total assets as of 3Q2019.



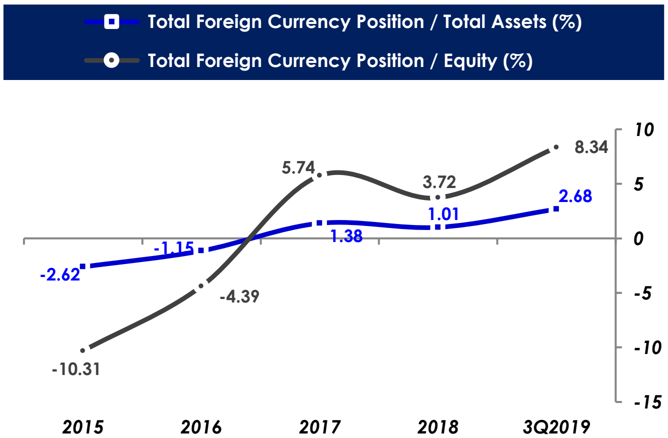
As of 3Q2019, the share of off-balance sheet commitments over total assets and equity decreased to 21.68% and 67.51%, respectively. The Company's relatively high level of off-balance sheet contingencies and commitments (TRY 162.27mn) with a 67.51% of 'off balance sheet commitments and contingencies to equity' as of 3Q2019 exerted pressure on asset quality.

c) Market Risk

In the scope of market risk, the Company is principally exposed to currency, interest rate, and price risk arising from the use of financial instruments and principal operations.

As of 3Q2019, Uşak Seramik's foreign currency position to total assets and equity ratios increased to 2.68% and 8.34% from %1.01 and 3.72%, respectively, as of FYE2018. The Company's net FX position was equivalent to TRY 20.35mn as of 3Q2019 (3Q2018: TRY 22.11mn). The audited financial statements revealed a variance range of

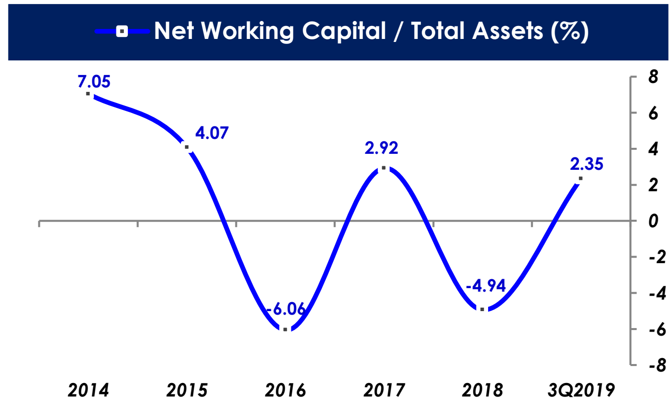
(+/-) TRY 2.00mn in the event of an increase/decrease of 10% in exchange rates with the assumption that all other variables, interest rates in particular, remained constant as of 3Q2019. Although the Company did not use derivative financial instruments to hedge its currency position, the export revenues provide natural hedge mechanism to a certain extent.



d) Liquidity Risk

Principally, the timeline of cash outflows and inflows and the uncertainties concerning the size and timeliness of cash flow requirements generates liquidity risk. The Company meets its liquidity needs from cash outflows and trade payables through funds generated by its business activities along with bank loans, borrowings from capital markets through bond issues and equity.

The Company's net working capital generally shows fluctuated tendency between 2014 and 3Q2019, the company showed a negative networking capital with a rate of -4.98% as of FYE2018. On the other hand, The Company diversified its financial sources through bond issuance, presents the advantages of agility in financing, lowering the exposure of bank-dependency, reducing funding costs and relieving the burden of collaterals on bank loans. The bond issuance indicates a better management in liabilities side of the balance sheet. In addition, realized the capital increase process creates a positive impact on the Company's liquidity position for FYE2019.



e) Operational, Legal Regulatory & Other Risks

Uşak Seramik is exposed to certain operational risks owing to the nature of its production processes. The Company manages its manufacturing processes according to ISO 9001, CE and TSE standards. There is room for improvement with respect to workplace health and safety standards. In the scope of operational risks, the Company reported that it has not faced any losses due to system errors and failure, human error, fraud, embezzlement or other external events. In order to minimize operational risk and its potential impact, the Company implements human resources, occupational safety, environment and quality polices.The Company is charged with certain litigation cases concerning worker wages and compensation claims due from workplace accidents amounting to a total of TRY 918.431 as of 3Q2019. The management provisioned for TRY 918.431 concerning the legal charges.

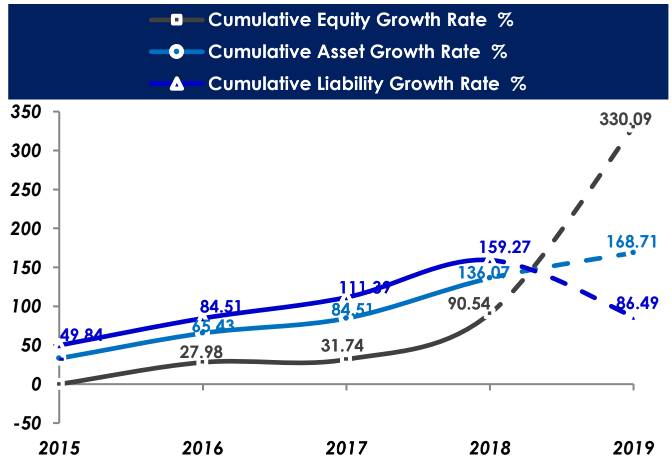
8. Budget & Debt Issue

Uşak Seramik's financial projections for 2019 are presented below;

Projected Balance Sheet (TRY)

	2019
Marketable Securities	2,946,207
Trade Receivables	243,580,055
Inventories	200,000,000
Other Current Assets	11,418,618
Current Assets	**462,512,327**
Trade Receivables&Leasing	1,141,862
Tangible Assets	275,000,000
Other Receivables	4,543,436

Non-Current Assets	**228,185,955**
Total Assets	**743,197,625**
Financial Liabilities	150,000,000
Trade Payables	4,000,000
Other Financial Liabilities	7,500,000
Advances Received	75,000,000
Deferred Tax Liabilities	2,869,760
Provision For Liabilities	1,370,234
Other Liabilities	1,141,862
Short Term Liabilities	**244,736,511**
Financial Liabilities	150,000,000
Advances Received	75,000,000
Deferred Tax Liabilities	2,869,760
Provision For Liabilities	1,370,234
Long Term Liabilities	**96,966,605**
Total Liabilities	**341,703,116**
Equity	**401,494,509**
Profit&Loss	**31,500,000**



Uşak Seramik has provided its projections for the following year. Although the Company estimates an asset size of TRY 743.19mn for FYE2019, the company achieved TRY 748.35mn asset size as of 3Q2019. Additionally, net profit is estimated to reach TRY 31.50mn for the same period. Considering the net profit and asset size of 3Q2019, the targets are thought to be not realizable for the end of 2019 in terms of net profit. On the other hand, as the Company had not provided its projections in line with TFRS for the previous year's rating report, no assessment has been put forth regarding whether or not the projections were realized in the 2019 financial year.

Based on budgeted statements provided by the Company, growth rates for the last five years' growth series are expected to result in cumulative asset growth rates of 168.71% for the 2019 financial year.

UŞAK SERAMİK SAN. A.Ş. BALANCE SHEET - ASSET TRY	(3Q) 2019 USD (Converted)	(3Q) 2019 TRY (Original)	(3Q) 2019 TRY (Average)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)	(Year end) 2017 TRY (Average)	(Year end) 2016 TRY (Original)	As % of (3Q) 2019 Assets (Original)	As % of 2018 Assets (Original)	As % of 2017 Assets (Original)	2019 Growth Rate	2018 Growth Rate	2017 Growth Rate
I. CURRENT ASSETS	**81,511,658**	**461,282,621**	**407,895,144**	**354,507,667**	**316,440,331**	**278,372,994**	**262,187,793**	**246,002,591**	**61.64**	**54.29**	**54.55**	**30.12**	**27.35**	**13.16**
A. Liquid Assets	**257,551**	**1,457,506**	13,519,086	**25,580,665**	**19,449,000**	**13,317,334**	**7,130,040**	**942,746**	**0.19**	**3.92**	**2.61**	**-94.30**	**92.09**	**1,312.61**
B. Marketable Securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**n.a**
1.Bond	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Share Certificates	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Decrease in Value of Marketable Securities (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Trade Receivables & Leasing	**22,641,436**	**128,130,150**	**104,937,259**	**81,744,368**	**76,814,757**	**71,885,146**	**82,052,660**	**92,220,174**	**17.12**	**12.52**	**14.09**	**56.74**	**13.72**	**-22.05**
1.Customers & Notes Receivables	17,505,169	99,063,503	70,813,219	42,562,935	37,445,001	32,327,066	35,102,348	37,877,629	13.24	6.52	6.33	132.75	31.66	-14.65
2.Other Receivables	6,082,041	34,418,876	39,510,444	44,602,012	44,193,598	43,785,183	50,862,564	57,939,945	4.60	6.83	8.58	-22.83	1.87	-24.43
3.Doubtful Trade Receivables	1,223,950	6,926,454	9,081,048	11,235,642	8,315,485	5,395,327	4,792,532	4,189,737	0.93	1.72	1.06	-38.35	108.25	28.77
4.Provision for Doubtful Trade Receivables (-)	-1,216,881	-6,886,454	-9,041,048	-11,195,642	-8,275,485	-5,355,327	-4,752,532	-4,149,737	-0.92	-1.71	-1.05	-38.49	109.06	29.05
5.Rediscount on Notes Receivables (-)	-952,842	-5,392,229	-5,426,404	-5,460,579	-4,863,841	-4,267,103	-3,952,252	-3,637,400	-0.72	-0.84	-0.84	-1.25	27.97	17.31
D. Due From Related Parties (net)	**22,842,772**	**129,269,531**	**111,016,196**	**92,762,861**	**95,717,605**	**98,672,349**	**86,366,179**	**74,060,008**	**17.27**	**14.21**	**19.34**	**39.35**	**-5.99**	**33.23**
E. Other Receivables	**167,916**	**950,254**	**876,426**	**802,598**	**923,751**	**1,044,904**	**1,032,413**	**1,019,922**	**0.13**	**0.12**	**0.20**	**18.40**	**-23.19**	**2.45**
1.Other Receivables	167,916	950,254	876,426	802,598	923,751	1,044,904	1,032,413	1,019,922	0.13	0.12	0.20	18.40	-23.19	2.45
2.Other Doubtful Receivables	59,102	334,466	330,538	326,610	243,803	160,995	160,995	160,995	0.04	0.05	0.03	2.41	102.87	0.00
3.Rediscounts on Other Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	-59,102	-334,466	-330,538	-326,610	-243,803	-160,995	-160,995	-160,995	-0.04	-0.05	-0.03	2.41	102.87	0.00
F. Live Assets (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
G. Inventories (net)	**33,022,239**	**186,876,152**	**166,243,435**	**145,610,717**	**117,952,780**	**90,294,843**	**83,156,074**	**76,017,305**	**24.97**	**22.30**	**17.69**	**28.34**	**61.26**	**18.78**
H. Contract Progress Income (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
I. Deferred Tax	**262,360**	**1,484,720**	**1,206,793**	**928,865**	**549,237**	**169,609**	**84,805**	**0**	**0.20**	**0.14**	**0.03**	**59.84**	**447.65**	**n.a**
J. Other Current Assets	**2,317,384**	**13,114,308**	**10,095,951**	**7,077,593**	**5,033,201**	**2,988,809**	**2,365,623**	**1,742,436**	**1.75**	**1.08**	**0.59**	**85.29**	**136.80**	**71.53**
1.Other Current Assets	2,317,384	13,114,308	10,095,951	7,077,593	5,033,201	2,988,809	2,365,623	1,742,436	1.75	1.08	0.59	85.29	136.80	71.53
2.Provision for Other Current Assets (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
II. NON-CURRENT ASSETS	**50,727,916**	**287,074,348**	**292,751,447**	**298,428,546**	**265,181,314**	**231,934,082**	**221,736,518**	**211,538,953**	**38.36**	**45.71**	**45.45**	**-3.80**	**28.67**	**9.64**
A. Trade Receivables & Leasing	0	0	0	0	0	0	0	0	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1. Customers & Notes Receivables & Leasing	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Doubtful Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Doubtful Trade Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
5. Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
B. Due From Related Parties (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
C. Other Receivables	**238,930**	**1,352,126**	**706,663**	**61,199**	**1,657,868**	**3,254,536**	**1,861,901**	**469,265**	**0.18**	**0.01**	**0.64**	**2,109.39**	**-98.12**	**593.54**
1. Other Receivables	238,930	1,352,126	706,663	61,199	1,657,868	3,254,536	1,861,901	469,265	0.18	0.01	0.64	2,109.39	-98.12	593.54
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Rediscounts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Financial Fixed Assets (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1. Long Term Securities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Affiliates (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Subsidiaries (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Other Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Tangible Assets	**50,488,986**	**285,722,222**	**292,044,785**	**298,367,347**	**263,523,447**	**228,679,546**	**219,874,617**	**211,069,688**	**38.18**	**45.70**	**44.81**	**-4.24**	**30.47**	**8.34**
F. Other Fixed Assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
TOTAL ASSETS	**132,239,573**	**748,356,969**	**700,646,591**	**652,936,213**	**581,621,645**	**510,307,076**	**483,924,310**	**457,541,544**	**100.00**	**100.00**	**100.00**	**14.61**	**27.95**	**11.53**

UŞAK SERAMİK SAN. A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY	(3Q) 2019 USD (Converted)	(3Q) 2019 TRY (Original)	(3Q) 2019 TRY (Average)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)	(Year end) 2017 TRY (Average)	(Year end) 2016 TRY (Original)	As % of (3Q) 2019 Assets (Original)	As % of 2018 Assets (Original)	As % of 2017 Assets (Original)	2019 Growth Rate	2018 Growth Rate	2017 Growth Rate
I. SHORT TERM LIABILITIES	**78,408,352**	**443,720,702**	**415,237,554**	**386,754,406**	**325,102,957**	**263,451,507**	**268,583,225**	**273,714,943**	**59.29**	**59.23**	**51.63**	**14.73**	**46.80**	**-3.75**
A. Financial Liabilities	43,651,523	247,028,334	225,906,245	204,784,156	167,176,440	129,568,723	139,321,541	149,074,358	33.01	31.36	25.39	20.63	58.05	-13.08
B. Trade Payables	23,299,219	131,852,609	138,303,598	144,754,586	117,301,125	89,847,663	80,671,703	71,495,742	17.62	22.17	17.61	-8.91	61.11	25.67
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	9,295,981	52,606,884	38,975,741	25,344,597	29,455,021	33,565,445	39,619,335	45,673,224	7.03	3.88	6.58	107.57	-24.49	-26.51
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
H. Provisions for Liabilities	216,100	1,222,934	1,006,683	790,432	713,210	635,987	587,436	538,884	0.16	0.12	0.12	54.72	24.28	18.02
I Other Liabilities	1,945,529	11,009,941	11,045,288	11,080,635	10,457,162	9,833,689	8,383,212	6,932,735	1.47	1.70	1.93	-0.64	12.68	41.84
II. LONG TERM LIABILITIES	**11,353,785**	**64,252,203**	**76,282,803**	**88,313,402**	**106,093,828**	**123,874,254**	**94,116,837**	**64,359,419**	**8.59**	**13.53**	**24.27**	**-27.25**	**-28.71**	**92.47**
A. Financial Liabilities	6,311,622	35,718,099	35,554,971	35,391,842	65,725,959	96,060,075	69,686,328	43,312,581	4.77	5.42	18.82	0.92	-63.16	121.78
B. Trade Payables	-183,843	-1,040,384	-520,192	0	0	0	0	0	-0.14	n.a	n.a	n.a	n.a	n.a
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	991,854	5,613,000	2,806,500	0	0	0	0	0	0.75	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	2,769,337	15,671,954	19,620,045	23,568,136	19,664,064	15,759,991	14,654,156	13,548,321	2.09	3.61	3.09	-33.50	49.54	16.32
H. Provisions for Liabilities	1,464,815	8,289,534	8,006,792	7,724,049	8,272,450	8,820,851	7,930,651	7,040,451	1.11	1.18	1.73	7.32	-12.43	25.29
I. Other Liabilities (net)	0	0	10,814,688	21,629,375	12,431,356	3,233,337	1,845,702	458,066	n.a	3.31	0.63	-100.00	568.95	605.87
TOTAL LIABLITIES	**89,762,136**	**507,972,905**	**491,520,357**	**475,067,808**	**431,196,785**	**387,325,761**	**362,700,062**	**338,074,362**	**67.88**	**72.76**	**75.90**	**6.93**	**22.65**	**14.57**
F- EQUITY	**42,477,437**	**240,384,064**	**209,126,235**	**177,868,405**	**150,424,860**	**122,981,315**	**121,224,249**	**119,467,182**	**32.12**	**27.24**	**24.10**	**35.15**	**44.63**	**2.94**
a) Prior year's equity	31,430,511	177,868,405	150,424,860	122,981,315	121,224,249	119,467,182	106,392,672	93,318,162	23.77	18.84	23.41	44.63	2.94	28.02
b) Equity (Added from Internal & External Resources in the Current Year)	9,787,591	55,388,955	52,886,902	50,384,849	24,190,201	-2,004,448	9,574,655	21,153,758	7.40	7.72	-0.39	9.93	-2,613.65	-109.48
c) Minority Interest	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
h) Profit & Loss	1,259,335	7,126,704	5,814,473	4,502,241	5,010,411	5,518,581	5,256,922	4,995,262	0.95	0.69	1.08	58.29	-18.42	10.48
TOTAL LIABILITY	**132,239,573**	**748,356,969**	**700,646,591**	**652,936,213**	**581,621,645**	**510,307,076**	**483,924,310**	**457,541,544**	**100.00**	**100.00**	**100.00**	**14.61**	**27.95**	**11.53**
USD Rates 1=TRY		**5.6591**		**5.2609**		**3.7719**		**3.5192**						

UŞAK SERAMİK SAN. A.Ş. INCOME STATEMENT TRY	3Q2019	2018	2017
I. Principal Activity Revenues	**66,049,965**	**85,370,762**	**69,063,985**
A. Sales Revenues (Net)	**257,304,835**	**315,517,881**	**273,839,544**
1.Domestic Sales	174,163,972	228,306,161	227,204,410
2.Export Sales	85,980,437	91,157,505	50,018,693
3.Sales Deductions (-)	-2,839,574	-3,945,785	-3,383,559
B. Cost Of Sales (-)	**-191,623,762**	**-234,772,655**	**-206,085,904**
C. Service Revenues (net)	**0**	**0**	**0**
D. Other Revenues From Principal Activities	**368,892**	**4,625,536**	**1,310,345**
1.Interest	368,892	4,625,536	1,310,345
2.Dividend	0	0	0
3.Rent			
4.Other	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**66,049,965**	**85,370,762**	**69,063,985**
Activities Expenses (-)	-26,270,583	-31,112,099	-22,646,066
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**39,779,382**	**54,258,663**	**46,417,919**
Income & Profit From Other Activities	4,476,641	11,670,149	3,109,752
Expenses & Losses From Other Activities (-)	-5,414,299	-9,042,158	-6,222,003
Financing Income	8,383,984	1,904,877	0
Financing Expenses (-)	-47,552,158	-54,289,290	-35,608,249
OPERATING PROFIT & LOSS	**-326,450**	**4,502,241**	**7,697,419**
Net Monetary Position exc. And Other Profit & Loss (+/-)	7,453,154	0	0
PRETAX PROFIT & LOSS	**7,126,704**	**4,502,241**	**7,697,419**
Taxes (-/+)	0	0	-2,178,838
NET PROFIT FOR THE PERIOD	**7,126,704**	**4,502,241**	**5,518,581**
Total Income	**280,827,080**	**337,664,228**	**281,643,200**
Total Expense	**-273,700,376**	**-333,161,987**	**-273,945,781**
NET INCOMES OR EXPENSES FOR THE PERIOD	**7,126,704**	**4,502,241**	**7,697,419**

UŞAK SERAMİK SAN. A.Ş. FINANCIAL RATIOS %	3Q 2019	FYE 2018	FYE 2017
I. PROFITABILITY			
Relationship Between Capital and Profit			
ROAE - Pre-tax Profit / Equity (avg.)	3.41	2.99	6.35
ROAA - Pre-tax Profit / Total Assets (avg.)	1.02	0.77	1.59
Total Income / Equity (avg.)	134.29	224.47	232.33
Total Income / Total Asset (avg.)	40.08	58.06	58.20
Economic Rentability ((Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	7.80	10.11	8.95
Operating Profit / Total Assets (avg.)	5.68	9.33	9.59
Financial Expenses / Inventories Ratio (avg.)	28.60	46.03	42.82
Return on Avg. Long Term Sources	2.50	1.76	2.56
Relationship Between Sales and Profit			
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	25.67	27.06	25.22
Operating Matgin = Operating Incomes / Net Sales Income	15.46	17.20	16.95
Net Profit Margine = Net Profit / Net Sales Income	2.77	1.43	2.02
Cost of Sales / Net sales Income	74.47	74.41	75.26
Activities Expenses / Net Sales Income	10.21	9.86	8.27
Financing Expenses / Net Sales Income	18.48	17.21	13.00
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	21.25	18.63	15.81
Relationship Between Financing Liabilities and Profit			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	114.99	108.29	121.62
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	114.99	108.29	115.50
Structure of Income and expenditure account			
Financing Expenses / T. Assset (avg.)	6.79	9.33	7.36
Financial Liabilities / T. Assets	37.78	36.78	44.21
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	0.19	3.92	2.61
(Liquid Assets +Marketable Securities) / T. Liabilities	0.29	5.38	3.44
Net Working Capital / Total Assets	2.35	-4.94	2.92
Liquid Assets / Equity	0.61	14.38	10.83
Current Ratio	103.96	91.66	105.66
Acid Test Ratio	58.67	51.98	69.86
Cash Ratio	0.33	6.61	5.05
Inventories / Current Asset	40.51	41.07	32.44
Inventories / Total Asset	24.97	22.30	17.69
Inventories Dependency Ratio	236.66	248.04	277.02
Short Term Receivables / Total Current Assets	56.01	49.45	61.64
Short Term Receivables / Total Assets	34.52	26.85	33.63
III. CAPITAL and FUNDING			
Equity / Total Assets	32.12	27.24	24.10
Equity / Liabilities	47.32	37.44	31.75
Net Working Capital/Total Resources	2.35	-4.94	2.92
Equity generation/prior year's equity	31.14	40.97	-1.68
Internal equity generation/prior year's equity	4.01	3.66	4.62
Tangible Assets/Total Asset	38.18	45.70	44.81
Financial Fixed Assets/(Equity +Long Term Liabilities)	0.00	0.00	0.00
Minority Interest/Equity	0.00	0.00	0.00
IV. EFFICIENCY			
Net Profit Margine Growth	94.10	-29.19	-10.06
Net Sales Growth	-18.45	15.22	22.83
Equity Growth	35.15	44.63	2.94
Asset Growth	14.61	27.95	11.53
Inventories Turnover	115.27	199.04	247.83
Days Inventories Utilization	316.66	183.38	147.28
Receivables Turnover	363.36	842.62	780.12
Days' Accounts Receivable	100.45	43.32	46.79
Efficiency Period	417.11	226.70	194.07
Payables Turnover	139.08	200.15	255.46
Days' Payments In Accounts Payables	262.45	182.37	142.88
Cash Turnover Cycle	154.66	44.33	51.19
Current Assets Turnover	63.08	99.71	104.44
Net Working Capital Turnover	-3,504.36	-3,642.29	-4,281.80
Tangible Assets Turnover	88.10	119.73	124.54
Fix Asset Turnover	87.89	118.98	123.50
Equity Turnover	123.04	209.75	225.90
Asset Turnover	36.72	54.25	56.59
Export sales/Total sales	33.05	28.53	18.04
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	5.08	11.61	6.46
Non-Performing Asset / Total Assets	63.15	68.00	62.51
Financial Fixed Assets / Non-Current Assets	0.00	0.00	0.00
VI. SENSITIVITY OF FOREIGN CURRENCY			
Total Foreign Currencies Position/Asset	2.68	1.01	1.38
Total Foreign Currencies Position/Equity	8.34	3.72	5.74
VII. INDEBTEDNESS			
Debt Ratio	67.88	72.76	75.90
Short Term Liabilities/Total Asset	59.29	59.23	51.63
Long Term Liabilities/Total Asset	8.59	13.53	24.27
Long Term Liabilities/(Equity+ Long term Liabilities)	21.09	33.18	50.18
Fixed Asset/Liabilities	56.51	62.82	59.88
Fixed Asset/(Long Term Liabilities +Equity)	94.24	112.11	93.96
Short Term Liabilities/ T. Liabilities	87.35	81.41	68.02
Short Term Financial Liabilities/Short Term Liabilities	55.67	52.95	49.18
Tangible Assets/Long Term Liabilities	444.69	337.85	184.61
Financial Liabilities/Total Liabilities	55.66	50.56	58.25
Off Balance Liabilities/(Assets +Off Balance Liabilities)	17.82	19.55	26.87
Off Balance Liabilities/(Equity +Off Balance Liabilities)	40.30	47.15	60.39

Related Parties of Uşak Seramik	Field	Paid/Issued Capital	Nature of Relationship with the Company
Tanser Seramik Sanayi ve Ticaret A.Ş	Construction Material Trading	10,350,000	Associated Company
Tanışlar Yapı Malz. İnş. Pet. Mad. Ur. San. Tic. A.Ş	Construction Material Trading	6,000,000	Related Company
Uşak Seramik Pazarlama A.Ş	Construction Material Trading	2,000,000	Related Company
Albino Mutfak Banyo A.Ş	Bath and Kitchen Furniture Manufacturing	2,200,000	Related Company
Eda Turizm Otelcilik Madencilik Ltd. Şti.	Mining and Tourism	1,000,000	Related Company