

Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Ceramic Sector

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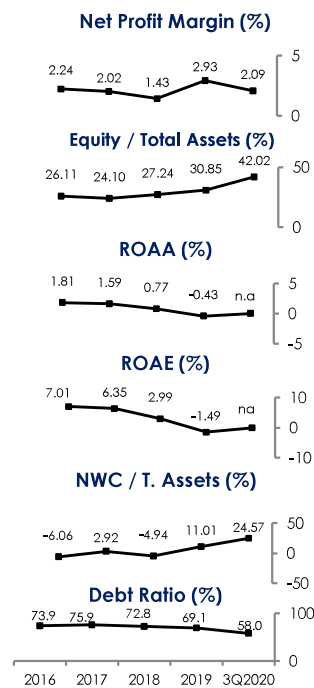
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RATINGS

		Long Term	Short Term
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	2	-
	Stand-Alone	B	-
Sovereign*	Foreign Currency	BB+	-
	Local Currency	BB+	-
	Outlook	FC Negative	-
	LC	Negative	-

*Assigned by JCR on April 10, 2020



Uşak Seramik Sanayi A.Ş.

JCR Eurasia Rating evaluated the consolidated structure of “Uşak Seramik Sanayi A.Ş.” and the “Outstanding Bond Issue” in an investment grade category at national level and upgraded the Long-Term National Local Rating to ‘BBB (Trk)’ from ‘BBB- (Trk)’ with ‘Stable’ outlook. On the other hand, the Long-Term International Foreign and Local Currency Ratings and outlooks have been assigned as ‘B-/ Negative’.

Uşak Seramik, with an operational history dating back to 1972, produces wall tiles, floor tiles, borders, decors and porcelain in modern facilities occupying nearly 220,000 m2 of space. 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. The shares of the Company are publicly traded since 1990, with a free float rate of the company is 82.58% as of September 30, 2020, and it continues its activities with 484 employees.

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

Strengths	Constraints
- Realized paid in capital increase with an amount of TRY 145mn strengthening equity level - Increase in revenue and net profit as of 3Q2020 compared to same period of the previous year, supporting equity level - Wide retail sales network supported with corporate sales model - Sector – Wide issue of low dependency on imports for raw materials - Qualified management team - Experience and extensive know-how in the ceramic sector	- Level of liabilities pressuring the liquidity position - Low level of net profit margin due to financial expenses - Lack of an independent and efficient risk management department - Uncertainties standing ahead of local and global economy due to the Covid – 19 outbreaks - Nationwide competition in the sector and high dependency on outside energy sources

Considering the above mentioned drivers, the Company’s Long-Term National Rating has been upgraded to “BBB (Trk)”. Taking into account ; the Company’s asset quality, structure of its financial liabilities, ability to access to the external financial sources and the general outlook of the ceramics sector in Turkey and uncertainties standing ahead of local and global economy due to the Covid – 19 outbreaks, the Company has been assigned with ‘Stable’ outlooks in the long and short term perspectives. the Company’s growth strategy, profitability indicators, financial leverage, liquidity structure and economic impact of Covid -19 outbreak in domestic and international markets will be monitored in the upcoming period by JCR Eurasia Rating. No separate rating report has been compiled as the resources obtained from the debt issues will be carried in the Company’s balance sheet and has been subject to analysis in the corporate credit rating report. The debt instruments to be issued carry 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 taking into account aggregated exposure of the issues. The issue ratings do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities.

Uşak Seramik, 82.58% shares of which are publicly traded, supporting equity level by realizing cash capital increase in 2020. Therefore, JCR Eurasia Rating has assigned the Company’s Sponsor Support Note as (2), 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 assigned as (B), which denotes a sufficient level within the JCR Eurasia Rating scale.