

Corporate Credit & Issue Rating

☐ New ☒ Update

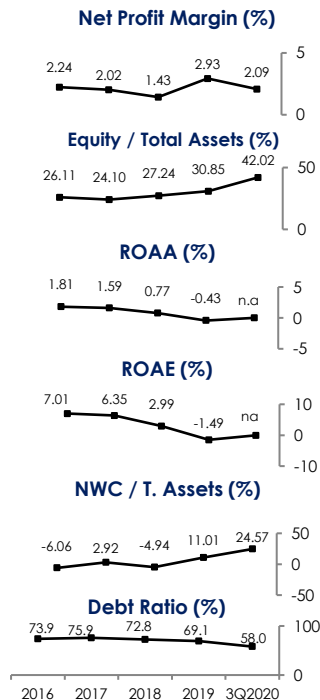
Sector: Ceramic Sector
 Publishing Date: 24/12/2020

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RATINGS

		Long Term	Short Term
International	Foreign Currency	B-	C
	Local Currency	B-	C
	Outlook	FC 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	-
Sovereign*	Stand-Alone	B	-
	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.

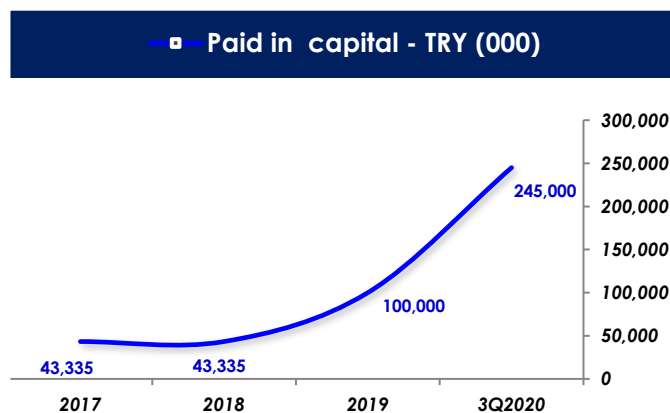
1. Rating Rationale

Increasing net profit as of 3Q2020 supporting equity level

Uşak Seramik has a chronic 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. As of 3Q2020, The Company's net profit reached TRY10.6mn with an increase of 49.50% compared to same period of previous year record.

Improvement in The Paid-In Capital Amount Via Cash Injection

The Company realized capital increase via cash injection in January 2020 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. The main target of the capital increase is to increase the capital strength during the investment and growth process of the company. Additionally, the entire estimated fund to be obtained as a result of the capital increase will be used in pay off the financial debts. To sum up, the paid-in capital of Uşak Seramik, was increased from TRY 100mn to TRY 245mn with an increase of 145%. The aforementioned contribution ended up with better equity structure and healthier asset quality at all.



Experience and Extensive Know-How in The Ceramic Sector

Uşak Seramik started its operations in 1972 and now produces wall tiles, floor tiles and granite porcelain tiles in its 220,000 m² 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.

Qualified Management Team

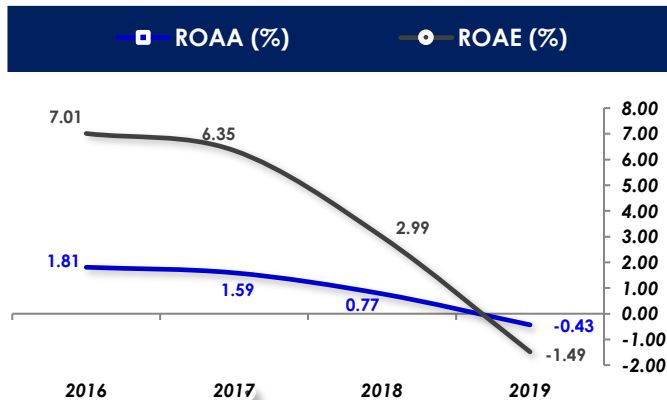
Uşak Seramik benefits from a highly experienced team and presence of a well-functioning organization commensurate with its size.

Diversified Customer Base Which Limits Non-Collection Risk

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.

Low level of net profit margin due to financial expenses

Dependency on external funding to support growth increased financial expenses due to bank loan interest payments and fluctuations in FX. Level of financing expenses in general and exchange gains & losses in particular continue to have determining roles on large fluctuations in profitability indicators across periods. The Company has a chronic narrow profit margin problem in parallel with the tight competition in the sector and rising cost of borrowing. Although, Uşak Seramik improved its net profit margin since 2015, the margin has reached to 2.09% as of 3Q2020, which was 0.64% as of FYE2015, net profit margin still remains low. Additionally, The Company's gross profit margin decreased to 21.03% as of 3Q2020, lower gross profit margin exerts pressure on the Company's internal resources generating capacity and thus profit level. As of FYE2019, the profitability metrics of the return on average assets (ROAA) and equity (ROAE), which are calculated using pre-tax profits, were -0.43% and -1.49%, respectively and notably lower when compared to the FYE2018 figures of 0.77% and 2.99% respectively.



Level of Liabilities Pressuring the Liquidity Position

As of the end of 2019, the Company's total liabilities reached TRY 545.9.8mn with an increase of 14.91% compared to the previous year. While the Company's short-term liabilities increased 3.80%, long term liabilities rose by 63.60%.

Lack of An Independent and Efficient Risk Management Department

Independent and efficient risk management department reduces unexpected events and creates financial benefits for the Company. In addition, decision making is a challenging process, especially when making significant choices that will have a large impact on future success. They can also advise on the strengths and weaknesses of a decision alternative and provide recommendations on what risks to pursue and which to avoid. The effective risk department is an excellent source of guidance for Uşak Seramik in all areas.

Nationwide Competition in The Sector and High Dependency on Outside Energy Sources

According to the 2020 dated "Building Glass and Ceramics" industry report of Republic of Turkey Ministry of Trade, the first plant with the aim of commercial production of ceramics was founded in 1965 in Turkey. At the present time more than 60 establishments make ceramic production. Specific to ceramic tiles industry, 28 firms are actively carrying out production in the current situation.

Another issue is that; ceramic sector is an energy-intensive sector using natural gas. Energy costs constitute almost 35-40% of total production costs, so natural gas prices are highly important for domestic producers. Recent depreciation of TRY against hard currencies may improve export competition capacity of domestic sector on one hand, but on the other hand, rising energy costs can exert pressure on profitability.

Uncertainties Standing Ahead of Local and Global Economy due to the Covid-19 Pandemic

The Covid-19 viral outbreak originated from Wuhan, China has turned into a pandemic last spring and keeps remaining on the agenda. By its very nature, it causes severe uncertainties. Despite all the negative conditions of the first wave, Turkish ceramic sector increased its exports 1% YoY to 925 million USD in the first nine months of 2020 according to Cement, Glass, Ceramics and Soil Products Exporters' Association's data.

According to the latest WEO report of IMF, (dated October, 2020) global economy is projected to contract by 4.4% in 2020. 2021 projections indicate 5.2% real GDP growth worldwide. Yet, rising number of daily confirmed Covid-19 cases causes fear of a second wave especially in Europe. If crisis deepens and another lockdown with heavier conditions occurs, ceramic sector may be affected from the recession and its reflections on construction sector. Especially, potential developments in Europe, a highly important market for domestic producers, will be crucial.

With respect to the factors mentioned above, JCR Eurasia Rating assigned the Long Term National Rating of Uşak Seramik Sanayi A.Ş as **'BBB (Trk)'** and the Short Term National Rating as **'A-3 (Trk)'** in JCR Eurasia Rating's notation system.

The Company's Long Term International Foreign Currency and Local Currency ratings are assigned based on the study conducted in JCR Eurasia Rating in scope of harmonization of national and international ratings. In this regard, the Company's long term international ratings are assigned as **'B-'** based on 'Global & National Scale Credit Rating Mapping Table', available online at JCR Eurasia Rating's website.

2. Projections & Debt Instruments

Below is the table for comparison of projections for 2019 and the realized values for the same year.

TRY (000)	2019 Projected	2019 Realized
Total Assets	743,197	789,479
Financial Liabilities	150,000	199,818
Equity	401,494	243,562
Net Profit	31,500	10,654

Uşak Seramik Sanayi A.Ş's results for the year of 2019 was only beyond the projection in terms of asset size. Therefore, The Company's budgeted balance sheet, income statement and other financial expectations are not found consistent and realistic.

Considering the current coronavirus outbreak, the growth in numbers are quite modest compared to the previous year. For many companies from different sectors, 2020 and 2021 will be a year when cautious steps will be taken. To sum up, The results of the year of 2020 will be monitored by JCR Eurasia Rating to evaluate if the projections will be aligned with the realized values.

Additionally, 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. As there are no additional legal and/or financial collateral guarantees provided separately for the repayment of the bonds issued by the Company, the rating assigned for the TRY dominated bond issuance has been assigned as the same as the Company's Long and Short Term National Local Ratings.

3. Rating Outlook

JCR Eurasia Rating has affirmed 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.

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.

Factors that Could Lead to an Upgrade

- » Further increase in total sales and profitability with the realization of planned capacity investments
- » Enhancement of compliance with corporate governance practices
- » Upgrades in Turkey's sovereign ratings and economic growth prospects.

Factors that Could Lead to a Downgrade

- » Severe and persistent deterioration in operating results and/or cash flow generation
- » Continuity of rising energy costs which are the main components of the cost of goods
- » Serious concerns on global economic conditions and construction sector's

Additionally, as JCR Eurasia Rating, we have affirmed **'Negative'** outlooks on the international long and short term local currency rating perspectives of Uşak Seramik which are the sovereign ratings' outlooks of the Republic of Turkey.

4. 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 **"2"**, 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 **"B"** in JCR Eurasia Rating's notation system, which indicates a Company with a satisfactory level of capacity to meet its commitments.

5. Company Profile&Industry

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.

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.

Additionally, **'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.** held 5.05% of the shares. The Group currently owned an 82.58% stake in the Company while the rest of the shares are publicly traded

The following table exhibits the Company's shareholder structure as of September 30, 2020:

Shareholder Structure

	Share (%)		
	30.09.2020	2019	2018
Tanser Seramik Sanayi ve Ticaret A.Ş.	12.37	12.37	28.54
Tanırlar Yapı Sanayi ve Ticaret A.Ş.	5.05	5.05	11.65
Public	82.58	82.58	59.81
Paid Capital (TRY)	245,000,000	100,000,000	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 Tanırlar 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.

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

Tanırlar 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. **Tanırlar İnşaat** took part in a variety of projects including shopping centers, sports complexes, health 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.

Hit Enerji Isı Metal Mad. Hay. Sançve Tic.Ltd. Şti.

Hit Energy A.Ş. was founded in 2009 and mainly operates in the maintenance, repair and preparing of press molds and templates.

Industry

Ceramics industry's history goes back to ancient ages, it is one of the oldest industries whose start of production date reaches back to thousands of years. In modern era, ceramics are used in many fields from construction to dentistry. 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.

According to statista.com, China was the leading ceramic tile manufacturer and exporter in the year 2019 with 5.2 billion square meters production and 779 million square meters exports. India was the second largest producer.

In the list of top manufacturing countries worldwide, Turkey stands in the 10th place with 2.3% share in total ceramic tile production. Moreover, Turkey ranked 6th in the top exporters 2019 list of Ceramic World Review.

To mention the domestic industry, Turkey is rich in ceramic raw materials such as clay, kaolin and quartz, therefore, domestic demand can be met within the country. Sector's leading product type is ceramic tiles.

Moreover, sector provides important export capacity. Turkey's top ceramic export markets were Germany, England, USA and Israel. According to Ministry of Trade's Building Glass and Ceramics Report 2020; in 2019, building ceramics total export value increased by 9.34% when compared to FYE2018 and ceramic wall and floor tiles exports value faced 11.24% YoY increase in terms of USD.

Considering 2020 performance, according to Cement, Glass, Ceramics and Soil Products Exporters' Association's data; Turkish ceramic sector increased its exports 1% YoY to 925 million USD in the first nine months. Sector's performance in the upcoming period will highly depend on both domestic and global (especially European) construction sector's growth performance and global economic growth.

6. Financial Policy & Risk

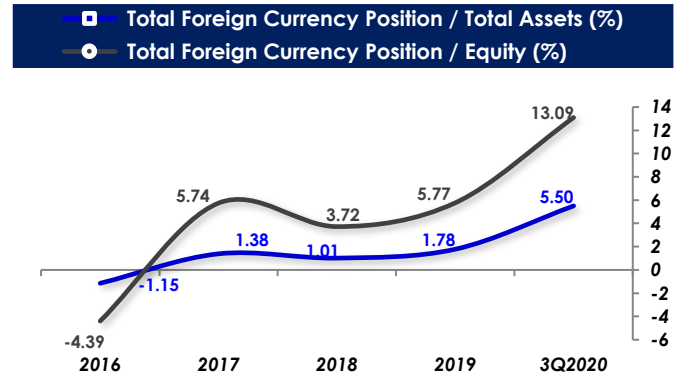
Credit Risk

As of 3Q2020, Uşak Seramik's maximum credit risk exposure was TRY 396,50mn, mainly arising from trade receivables and other receivables amounting to TRY 330,27mn and TRY 66,23mn and accounting for 34.95% and 7.00% of total assets as of 3Q2019. The credit risk exposure accounted for 41.96% of the Company's total assets as of 3Q2019. When excluding the receivables due from the related parties which account for 16.48% of total assets, the Company's actual credit risk exposure was identified as 25.48% of total assets as of 3Q2019.

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 3Q2020, Uşak Seramik's foreign currency position to total assets and equity ratios increased to 5.50% and 13.09% from %1.78 and 5.77%, respectively, as of FYE2019. The Company's net FX position was equivalent to TRY 51.98mn as of 3Q2020 (3Q2019: TRY 20.05mn). The audited financial statements revealed a variance range of (+/-) TRY 5.2mn 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.

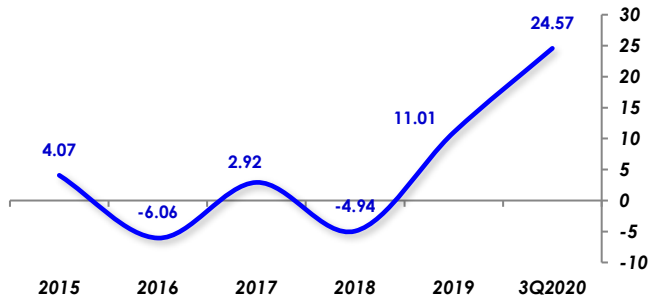


Liquidity Risk

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 2015 and 2019, the company showed a negative networking capital with a rate of -6.06% and -4.94% as of FYE2016 and 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. Additionally, The Company realized capital increase via cash injection in January 2020 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. The main aim of the capital increase is to increase the capital strength during the investment and growth process of the company. In addition, the entire estimated fund to be obtained as a result of the capital increase will be used in pay off the financial debts.

Net Working Capital / Total Assets (%)



Operational Risk

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 policies.

UŞAK SERAMİK SAN. A.Ş. BALANCE SHEET - ASSET TRY	(Year end) 3Q2020 USD (Converted)	(Year end) 3Q2020 TRY (Original)	(Year end) 3Q2020 TRY (Average)	(Year end) 2019 TRY (Original)	(Year end) 2019 TRY (Average)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)	As % of 3Q2020 Assets (Original)	As % of 2019 Assets (Original)	As % of 2018 Assets (Original)	3Q2020 Growth Rate	2019 Growth Rate	2018 Growth Rate
I. CURRENT ASSETS	84,778,464	657,219,606	572,795,884	488,372,161	421,439,914	354,507,667	316,440,331	278,372,994	69.56	61.86	54.29	34.57	37.76	27.35
A. Liquid Assets	2,855,822	22,138,902	11,905,107	1,671,311	13,625,988	25,580,665	19,449,000	13,317,334	2.34	0.21	3.92	1,224.64	-93.47	92.09
B. Marketable Securities	2,321,922	18,000,000	9,000,000	0	0	0	0	0	1.91	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	2,321,922	18,000,000	9,000,000	0	0	0	0	0	1.91	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	27,630,420	214,196,539	179,784,481	145,372,422	113,558,395	81,744,368	76,814,757	71,885,146	22.67	18.41	12.52	47.34	77.84	13.72
1.Customers & Notes Receivables	15,459,553	119,845,544	104,620,859	89,396,174	65,979,555	42,562,935	37,445,001	32,327,066	12.68	11.32	6.52	34.06	110.03	31.66
2.Other Receivables	13,080,755	101,404,630	82,582,124	63,759,618	54,180,815	44,602,012	44,193,598	43,785,183	10.73	8.08	6.83	59.04	42.95	1.87
3.Doubtful Trade Receivables	841,928	6,526,794	6,635,745	6,744,695	8,990,169	11,235,642	8,315,485	5,395,327	0.69	0.85	1.72	-3.23	-39.97	108.25
4.Provision for Doubtful Trade Receivables (-)	-836,768	-6,486,794	-6,595,745	-6,704,695	-8,950,169	-11,195,642	-8,275,485	-5,355,327	-0.69	-0.85	-1.71	-3.25	-40.11	109.06
5.Rediscout on Notes Receivables (-)	-915,048	-7,093,635	-7,458,503	-7,823,370	-6,641,975	-5,460,579	-4,863,841	-4,267,103	-0.75	-0.99	-0.84	-9.33	43.27	27.97
D. Due From Related Parties (net)	22,525,694	174,623,684	150,248,128	125,872,571	109,317,716	92,762,861	95,717,605	98,672,349	18.48	15.94	14.21	38.73	35.69	-5.99
E. Other Receivables	709,554	5,500,602	2,879,255	257,908	530,253	802,598	923,751	1,044,904	0.58	0.03	0.12	2,032.78	-67.87	-23.19
1.Other Receivables	709,554	5,500,602	2,879,255	257,908	530,253	802,598	923,751	1,044,904	0.58	0.03	0.12	2,032.78	-67.87	-23.19
2.Other Doubtful Receivables	314,906	2,441,212	2,872,592	3,303,971	1,815,291	326,610	243,803	160,995	0.26	0.42	0.05	-26.11	911.60	102.87
3.Rediscouts 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 (-)	-314,906	-2,441,212	-2,872,592	-3,303,971	-1,815,291	-326,610	-243,803	-160,995	-0.26	-0.42	-0.05	-26.11	911.60	102.87
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)	28,463,174	220,652,217	212,003,505	203,354,793	174,482,755	145,610,717	117,952,780	90,294,843	23.35	25.76	22.30	8.51	39.66	61.26
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	0	0	1,445,569	2,891,138	1,910,002	928,865	549,237	169,609	n.a	0.37	0.14	-100.00	211.25	447.65
J. Other Current Assets	271,879	2,107,662	5,529,840	8,952,018	8,014,806	7,077,593	5,033,201	2,988,809	0.22	1.13	1.08	-76.46	26.48	136.80
1.Other Current Assets	271,879	2,107,662	5,529,840	8,952,018	8,014,806	7,077,593	5,033,201	2,988,809	0.22	1.13	1.08	-76.46	26.48	136.80
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	37,104,138	287,638,695	294,372,778	301,106,861	299,767,704	298,428,546	265,181,314	231,934,082	30.44	38.14	45.71	-4.47	0.90	28.67
A. Trade Receivables & Leasing	0	0	1,421,228	2,842,455	1,421,228	0	0	0	n.a	0.36	n.a	-100.00	n.a	n.a
1. Customers & Notes Receivables & Leasing	0	0	1,840,500	3,681,000	1,840,500	0	0	0	n.a	0.47	n.a	-100.00	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. Rediscout on Notes Receivables (-)	0	0	-419,273	-838,545	-419,273	0	0	0	n.a	-0.11	n.a	-100.00	n.a	n.a
B. Due From Related Parties (net)	5,856	45,396	1,585,198	3,125,000	1,562,500	0	0	0	0.00	0.40	n.a	-98.55	n.a	n.a
C. Other Receivables	103,740	804,215	432,707	61,199	61,199	61,199	1,657,868	3,254,536	0.09	0.01	0.01	1,214.10	0.00	-98.12
1. Other Receivables	103,740	804,215	432,707	61,199	61,199	61,199	1,657,868	3,254,536	0.09	0.01	0.01	1,214.10	0.00	-98.12
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.Rediscouts 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	36,205,884	280,675,257	287,876,732	295,078,207	296,722,777	298,367,347	263,523,447	228,679,546	29.71	37.38	45.70	-4.88	-1.10	30.47
F. Other Fixed Assets	788,657	6,113,827	3,056,914	0	0	0	0	0	0.65	n.a	n.a	n.a	n.a	n.a
TOTAL ASSETS	121,882,601	944,858,301	867,168,662	789,479,022	721,207,618	652,936,213	581,621,645	510,307,076	100.00	100.00	100.00	19.68	20.91	27.95

UŞAK SERAMİK SAN. A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY	(Year end) 3Q2020 USD (Converted)	(Year end) 3Q2020 TRY (Original)	(Year end) 3Q2020 TRY (Average)	(Year end) 2019 TRY (Original)	(Year end) 2019 TRY (Average)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)	As % of 3Q2020 Assets (Original)	As % of 2019 Assets (Original)	As % of 2018 Assets (Original)	3Q2020 Growth Rate	2019 Growth Rate	2018 Growth Rate
I. SHORT TERM LIABILITIES	54,828,321	425,040,109	413,237,472	401,434,834	394,094,620	386,754,406	325,102,957	263,451,507	44.98	50.85	59.23	5.88	3.80	46.80
A. Financial Liabilities	25,465,420	197,413,026	198,615,971	199,818,916	202,301,536	204,784,156	167,176,440	129,568,723	20.89	25.31	31.36	-1.20	-2.42	58.05
B. Trade Payables	20,386,267	158,038,419	149,717,533	141,396,647	143,075,617	144,754,586	117,301,125	89,847,663	16.73	17.91	22.17	11.77	-2.32	61.11
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	7,785,337	60,353,492	55,282,716	50,211,940	37,778,269	25,344,597	29,455,021	33,565,445	6.39	6.36	3.88	20.20	98.12	-24.49
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	129,208	1,001,650	1,010,450	1,019,250	904,841	790,432	713,210	635,987	0.11	0.13	0.12	-1.73	28.95	24.28
I. Other Liabilities	1,062,088	8,233,522	8,610,802	8,988,081	10,034,358	11,080,635	10,457,162	9,833,689	0.87	1.14	1.70	-8.40	-18.88	12.68
II. LONG TERM LIABILITIES	15,842,036	122,810,634	133,646,153	144,481,672	116,397,537	88,313,402	106,093,828	123,874,254	13.00	18.30	13.53	-15.00	63.60	-28.71
A. Financial Liabilities	14,093,441	109,255,172	114,935,268	120,615,363	78,003,603	35,391,842	65,725,959	96,060,075	11.56	15.28	5.42	-9.42	240.80	-63.16
B. Trade Payables	-11,119	-86,197	-462,371	-838,545	-419,273	0	0	0	-0.01	-0.11	n.a	-89.72	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	112,821	874,609	3,840,305	6,806,000	3,403,000	0	0	0	0.09	0.86	n.a	-87.15	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	543,039	4,209,747	6,726,040	9,242,332	16,405,234	23,568,136	19,664,064	15,759,991	0.45	1.17	3.61	-54.45	-60.78	49.54
H. Provisions for Liabilities	1,103,855	8,557,303	8,606,913	8,656,522	8,190,286	7,724,049	8,272,450	8,820,851	0.91	1.10	1.18	-1.15	12.07	-12.43
I. Other Liabilities (net)	0	0	0	0	0	10,814,688	21,629,375	12,431,356	3,233,337	n.a	3.31	n.a	-100.00	568.95
TOTAL LIABILITIES	70,670,357	547,850,743	546,883,625	545,916,506	510,492,157	475,067,808	431,196,785	387,325,761	57.98	69.15	72.76	0.35	14.91	22.65
F. EQUITY	51,212,244	397,007,558	320,285,037	243,562,516	210,715,461	177,868,405	150,424,860	122,981,315	42.02	30.85	27.24	63.00	36.93	44.63
a) Prior year's equity	31,418,503	243,562,516	210,715,461	177,868,405	150,424,860	122,981,315	121,224,249	119,467,182	25.78	22.53	18.84	36.93	44.63	2.94
b) Equity (Added from Internal & External Resources in the Current Year)	18,827,619	145,955,471	100,497,433	55,039,395	52,712,122	50,384,849	24,190,201	-2,004,448	15.45	6.97	7.72	165.18	9.24	-2,613.65
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	966,122	7,489,571	9,072,144	10,654,716	7,578,479	4,502,241	5,010,411	5,518,581	0.79	1.35	0.69	-29.71	136.65	-18.42
TOTAL LIABILITY	121,882,601	944,858,301	867,168,662	789,479,022	721,207,618	652,936,213	581,621,645	510,307,076	100.00	100.00	100.00	19.68	20.91	27.95
USD Rates 1=TRY		7.7522		5.9402		5.2609		3.7719						

UŞAK SERAMİK SAN. A.Ş.				
INCOME STATEMENT	3Q2020	2019	2018	2017
TRY				
I. Principal Activity Revenues	75,386,605	97,191,412	85,370,762	69,063,985
A. Sales Revenues (Net)	358,534,399	363,048,307	315,517,881	273,839,544
1.Domestic Sales	358,534,399	367,341,110	228,306,161	227,204,410
2.Export Sales	0	0	91,157,505	50,018,693
3.Sales Deductions (-)	0	-4,292,803	-3,945,785	-3,383,559
B. Cost Of Sales (-)	-284,416,912	-265,856,895	-234,772,655	-206,085,904
C. Service Revenues (net)	0	0	0	0
D. Other Revenues From Principal Activities	1,269,118	0	4,625,536	1,310,345
1.Interest	1,269,118	0	4,625,536	1,310,345
2.Dividend	0	0	0	0
3.Rent				
4.Other	0	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	75,386,605	97,191,412	85,370,762	69,063,985
Activities Expenses (-)	-27,794,096	-35,624,781	-31,112,099	-22,646,066
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	47,592,509	61,566,631	54,258,663	46,417,919
Income & Profit From Other Activities	29,103,665	33,437,366	11,670,149	3,109,752
Expenses & Losses From Other Activities (-)	-35,348,190	-29,486,925	-9,042,158	-6,222,003
Financing Income	322,804	0	1,904,877	0
Financing Expenses (-)	-39,315,637	-68,646,538	-54,289,290	-35,608,249
OPERATING PROFIT & LOSS	2,355,151	-3,129,466	4,502,241	7,697,419
Net Monetary Position exc. And Other Profit & Loss (+/-)	5,134,420	0	0	0
PRETAX PROFIT & LOSS	7,489,571	-3,129,466	4,502,241	7,697,419
Taxes (-/+)	0	13,784,182	0	-2,178,838
NET PROFIT FOR THE PERIOD	7,489,571	10,654,716	4,502,241	5,518,581
Total Income	394,364,406	400,778,476	337,664,228	281,643,200
Total Expense	-386,874,835	-403,907,942	-333,161,987	-273,945,781
NET INCOMES OR EXPENSES FOR THE PERIOD	7,489,571	-3,129,466	4,502,241	7,697,419

UŞAK SERAMİK SAN. A.Ş. FINANCIAL RATIOS %	FYE 3Q2020	FYE 2019	FYE 2018	FYE 2017
I. PROFITABILITY				
Relationship Between Capital and Profit				
ROAE - Pre-tax Profit / Equity (avg.)	n.a	-1.49	2.99	6.35
ROAA - Pre-tax Profit / Total Assets (avg.)	n.a	-0.43	0.77	1.59
Total Income / Equity (avg.)	123.13	190.20	224.47	232.33
Total Income / Total Asset (avg.)	45.48	55.57	58.06	58.20
Economic Rentability ((Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	5.40	9.08	10.11	8.95
Operating Profit / Total Assets (avg.)	5.49	8.54	9.33	9.59
Financial Expenses / Inventories Ratio (avg.)	18.54	39.34	46.03	42.82
Return on Avg. Long Term Sources	1.65	3.26	1.76	2.56
Relationship Between Sales and Profit				
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	21.03	26.77	27.06	25.22
Operating Margin = Operating Incomes / Net Sales Income	13.27	16.96	17.20	16.95
Net Profit Margine = Net Profit / Net Sales Income	2.09	2.93	1.43	2.02
Cost of Sales / Net sales Income	79.33	73.23	74.41	75.26
Activities Expenses / Net Sales Income	7.75	9.81	9.86	8.27
Financing Expenses / Net Sales Income	10.97	18.91	17.21	13.00
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	13.05	18.05	18.63	15.81
Relationship Between Financing Liabilities and Profit				
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	119.05	95.44	108.29	121.62
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	119.05	115.52	108.29	115.50
Structure of Income and expenditure account				
Financing Expenses / T. Asset (avg.)	4.53	9.52	9.33	7.36
Financial Liabilities / T. Assets	32.46	40.59	36.78	44.21
II. LIQUIDITY				
(Liquid Assets + Marketable Securities) / T. Assets	4.25	0.21	3.92	2.61
(Liquid Assets +Marketable Securities) / T. Liabilities	7.33	0.31	5.38	3.44
Net Working Capital / Total Assets	24.57	11.01	-4.94	2.92
Liquid Assets / Equity	10.11	0.69	14.38	10.83
Current Ratio	154.63	121.66	91.66	105.66
Acid Test Ratio	100.92	68.71	51.98	69.86
Cash Ratio	9.44	0.42	6.61	5.05
Inventories / Current Asset	33.57	41.64	41.07	32.44
Inventories / Total Asset	23.35	25.76	22.30	17.69
Inventories Dependency Ratio	174.44	196.58	248.04	277.02
Short Term Receivables / Total Current Assets	60.00	55.59	49.45	61.64
Short Term Receivables / Total Assets	41.73	34.39	26.85	33.63
III. CAPITAL and FUNDING				
Equity / Total Assets	42.02	30.85	27.24	24.10
Equity / Liabilities	72.47	44.62	37.44	31.75
Net Working Capital/Total Resources	24.57	11.01	-4.94	2.92
Equity generation/prior year's equity	59.93	30.94	40.97	-1.68
Internal equity generation/prior year's equity	3.08	5.99	3.66	4.62
Tangible Assets/Total Asset	29.71	37.38	45.70	44.81
Financial Fixed Assets/(Equity +Long Term Liabilities)	0.00	0.00	0.00	0.00
Minority Interest/Equity	0.00	0.00	0.00	0.00
IV. EFFICIENCY				
Net Profit Margine Growth	-28.82	105.67	-29.19	-10.06
Net Sales Growth	-1.24	15.06	15.22	22.83
Equity Growth	63.00	36.93	44.63	2.94
Asset Growth	19.68	20.91	27.95	11.53
Inventories Turnover	134.16	152.37	199.04	247.83
Days Inventories Utilization	272.07	239.55	183.38	147.28
Receivables Turnover	336.77	535.31	842.62	780.12
Days' Accounts Receivable	108.38	68.18	43.32	46.79
Efficiency Period	380.45	307.74	226.70	194.07
Payables Turnover	190.56	186.36	200.15	255.46
Days' Payments In Accounts Payables	191.54	195.86	182.37	142.88
Cash Turnover Cycle	188.91	111.88	44.33	51.19
Current Assets Turnover	62.59	86.14	99.71	104.44
Net Working Capital Turnover	224.70	1,327.64	-3,642.29	-4,281.80
Tangible Assets Turnover	124.54	122.35	119.73	124.54
Fix Asset Turnover	121.80	121.11	118.98	123.50
Equity Turnover	111.94	172.29	209.75	225.90
Asset Turnover	41.35	50.34	54.25	56.59
Export sales/Total sales	0.00	0.00	28.53	18.04
V. ASSET QUALITY				
Non-Performing Receivables / Total Receivables	3.79	6.01	11.61	6.46
Non-Performing Asset / Total Assets	53.06	63.13	68.00	62.51
Financial Fixed Assets / Non-Current Assets	0.00	0.00	0.00	0.00
VI. SENSITIVITY OF FOREIGN CURRENCY				
Total Foreign Currencies Position/Asset	5.50	1.78	1.01	1.38
Total Foreign Currencies Position/Equity	13.09	5.77	3.72	5.74
VII. INDEBTEDNESS				
Debt Ratio	57.98	69.15	72.76	75.90
Short Term Liabilities/Total Asset	44.98	50.85	59.23	51.63
Long Term Liabilities/Total Asset	13.00	18.30	13.53	24.27
Long Term Liabilities/(Equity+ Long term Liabilities)	23.63	37.23	33.18	50.18
Fixed Asset/Liabilities	52.50	55.16	62.82	59.88
Fixed Asset/(Long Term Liabilities +Equity)	55.33	77.60	112.11	93.96
Short Term Liabilities/ T. Liabilities	77.58	73.53	81.41	68.02
Short Term Financial Liabilities/Short Term Liabilities	46.45	49.78	52.95	49.18
Tangible Assets/Long Term Liabilities	228.54	204.23	337.85	184.61
Financial Liabilities/Total Liabilities	55.98	58.70	50.56	58.25
Off Balance Liabilities/(Assets +Off Balance Liabilities)	0.00	10.17	19.55	26.87
Off Balance Liabilities/(Equity +Off Balance Liabilities)	0.00	26.84	47.15	60.39

Rating Info

Rated Company:	Uşak Seramik Sanayi A.Ş. Dilek Mahallesi Degirmenler Sokak No:100 Banaz 64500 Uşak TEL: + 90 276 326 20 01
Rating Report Preparation Period:	24.11.2020-24.12.2020
Rating Publishing Date:	24.12.2020
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Audited Financial Statements:	31.12.2019 – 31.12.2017 (Year- End), 3Q2020 / Consolidated
Previous Rating Results:	December 12, 2019 / Long Term National Scale / 'BBB-' Other rating results for the Company are available at www.jcrer.com.tr

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The ratings assigned by JCR Eurasia Rating are a reflection of 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, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating's criteria.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history 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 consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short Term National Local Ratings, unless otherwise stated.

Previous rating results and other relevant information can be accessed on www.jcrer.com.tr

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This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

JCR Eurasia Rating

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