

## Corporate Credit Rating

□New ☒Update

**Sector:** Ceramic

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RATINGS		Long Term	Short Term
<b>ICRs</b> (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
<b>ISRs</b> (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
<b>Sovereign *</b>	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

## BİEN YAPI ÜRÜNLERİ SANAYİ TURİZM VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated **"Bien Yapı Ürünleri Sanayi Turizm ve Ticaret A.Ş."** in the very high investment level category and affirmed the Long-Term National Issuer Credit Rating at **'AA- (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. The Long-Term International Foreign and Local Currency ratings and outlooks were determined as **'BB/Negative'** as parallel to international ratings and outlooks of Republic of Türkiye.

**Bien Yapı Ürünleri Sanayi Turizm ve Ticaret A.Ş.** (hereinafter referred to as **"Bien Yapı"** or **"the Group"**) was established in 1997, for carrying out the production and trade of ceramic floor and bathroom tiles. As of FYE2022, Bien Yapı operates three production facilities, all located in Bilecik, with a total area of 517,675 m<sup>2</sup>. In FY2022, the Group initiated a new investment in Aydın/Çine to produce technical granite, a specialized material enhancing ceramic durability. The anticipated cost of this investment is EUR 266.35mn, and the facility is projected to be fully operational by 3Q2026. On May 15, 2023, the Group conducted an initial public offering, raising TRY 3.10bn in public offering proceeds. Per the Board of Directors' decision dated Dec. 21, 2022, numbered 2022/45, a portion of the funds, ranging from 45% to 55%, is used for working capital needs and the repayment of bank loans used for financing working capital. The remaining funds will be allocated to the Çine investment.

According to Türkiye's Top 500 Industrial Enterprises (ISO 500) 2022 Research, Bien Yapı was ranked 242<sup>nd</sup>. As of the report date, the Group's paid-in capital was increased from TRY 288.67mn to TRY 357mn with the public offering. Bien Yapı is registered within the Capital Market Board (CMB) and as of the report date the Group's 20.03% shares are traded on the Borsa İstanbul (BIST) under the ticker symbol "BIENY" since May 18, 2023.

As of FYE2022, the Group has two subsidiaries: "Bien Banyo Ürünleri Sanayi Turizm ve Ticaret A.Ş." which manufactures and sells sanitary wares, and "Bien Trading Dış Ticaret A.Ş." which deals with foreign trade. The number of workers in the company is 2,424 (FYE2021: 2,665).

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

Strengths	Constraints
<ul style="list-style-type: none"> <li>Sustainable trend in the growth of the sales volume in the reviewed period supported by the wide retail sales network,</li> <li>Low level of Adjusted Net Debt to EBITDA multiplier despite slight deterioration in FY2022,</li> <li>Low doubtful receivables ratio supported by the Group's well-organized risk management structure,</li> <li>Operating with robust net working capital supporting the Group's liquidity position,</li> <li>The expected contribution of the new investment in Aydın to the sales and profit margins,</li> <li>Enhanced practice of corporate governance principles thanks to public offering process in 2023,</li> <li>Long-lasting presence in the sector and successful track record.</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in core operational profitability indicators in FY2022 and expected to further deteriorate in FY2023 as parallel with the sector,</li> <li>Notable increase in financial debts together with short-term weighted structure,</li> <li>High dependency on external energy sources in the domestic industry even though a high pass-through capacity,</li> <li>Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.</li> </ul>

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at **'AA- (tr)'**. The Group's solid operational performance, sustainable net debt to EBITDA multiplier level, expected contribution of the investments and the group synergy as well as deteriorated core profitability margins, increased financial debts, volatile raw material prices and the existing risks in the markets and the business environment have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Group's attainability of the indebtedness indicators, cash flow metrics, profitability margins and sustainability of demand in the market will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.