

Corporate Credit Rating

□ New ☑ Update

Sector: Building Materials Industry

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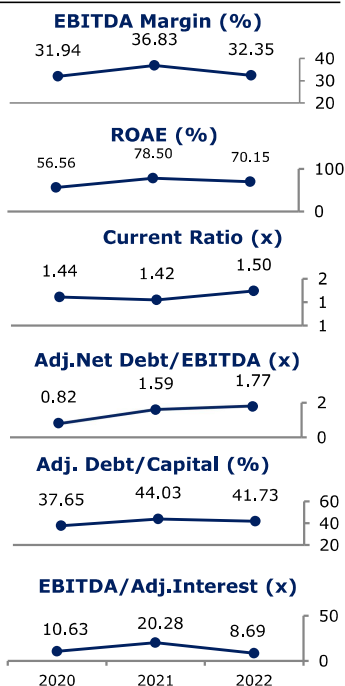
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on Aug 18, 2022.



QUA GRANITE HAYAL YAPI VE ÜRÜNLERİ SANAYİ TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Qua Granite Hayal Yapi ve Ürünleri Sanayi Ticaret A.Ş." in the high investment level category and revised the Long-Term National Issuer Credit Rating from 'A+ (tr)' to 'AA (tr)' and the Short-Term National Issuer Credit Rating from 'J1 (tr)' to 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative', as parallel to international ratings and outlooks of Republic of Türkiye.

Qua Granite Hayal Yapi ve Ürünleri Sanayi Ticaret A.Ş. (hereinafter "the Company" or "Qua Granite") was established in 2015 in İstanbul to produce, sell and export ceramics, floor tiles, tile materials, and granite production. The production activities of the Company are carried out in facilities located in the Organized Industrial Zone in Söke, Aydın. The Company's technical granite production facility's capacity is currently 41million m². Qua Granite has been a publicly traded company on Borsa İstanbul since April 2021 with an actual outstanding shares ratio of 30% as of the year ended 2022. The labor force of the Company was 1,076 as of FYE2022 (FYE2021: 890).

The Company's ultimate controlling shareholder is Ali ERCAN with 50% and Q Yatırım Holding A.Ş. with 20% of the shares. 100% of shares of Q Yatırım Holding A.Ş. is owned by Ali ERCAN.

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

Strengths

- Increase in revenues and sales volume upon capacity expansions and expected increase in the upcoming periods through reaching full capacity in FY2022,
- Strong level of profitability indicators,
- High amount of liquid assets guards against imminent cash outflow and supporting leverage profile,
- Robust growth in assets and equity base sustained by retained earnings and period income,
- High receivable quality supported by insured receivables and having effective distribution network,
- Competitive advantage by production capacity expansion, having well-located production facility and producing niche products,
- High level of compliance with the corporate governance practices and international quality standards.

Constraints

- Deterioration in CFO generation capacity in 2022 creating external funding needs for operational cycle,
- Customs duty on Turkish ceramic companies as a result of anti-dumping investigation by the EU,
- Tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised as 'AA (tr)'. The Company's asset quality, growth performance, market position, sectoral developments and risk factors in the markets 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 Company's capital adequacy, financial structure, sales performance, asset quality, growth performance, profitability ratios and the trends of the existing risks in the markets and the business environment will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.