

Corporate Credit Rating

Ceramics Industry

UŞAK SERAMİK		Long Term	Short Term	
International	Foreign currency	BBB-	A-3	
	Local currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	BBB (Trk)	A-3 (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		3	-	
Stand Alone		BC	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

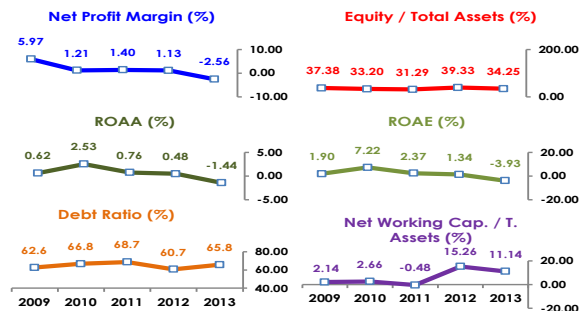
\*Affirmed by Japan Credit Rating Agency, JCR on July 11, 2014

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**Strengths**

- Positive contribution to operational volume and market share sustainability due to consistent inter/national sales and assets growth rate supported by the long operational track record
- Improvements in branding opportunities through the Turquality programs
- Large share of sales from export activities to over 40 countries
- High level of compliance with corporate governance principles arising from its position as a publicly traded company
- Adequate audit infrastructure and high level of regulatory compliance
- Commercial and operational intra-group synergy
- Notable drop in non-performing receivables and provisions, positively affecting asset quality and contributing to risk level
- Technological investments and continuous innovations in the product range
- Advantages of efficiency in capacity utilization rates and regional incentives

**Constraints**

- Profitability pressure due to the upward trend in the debt ratio and resultant financial expenses due to interest expenses and FX losses
- Volatile profitability levels stemming from significant financing expenses exposed to foreign exchange and interest rates derived from inadequate use of financial instruments
- Lack of natural and structural mechanism against foreign exchange risk and short foreign currency position for the last two years
- Decreased NWC and low level of internal equity generation capacity through inadequacy of net profitability indicators
- High cost of sales pressuring profitability
- Augmented off balance sheet contingencies and commitments
- Dominance of short-term liabilities in the Company's funding composition exerting downward pressure on liquidity management
- Upward trend perception of pressure in the markets through persistent risk of social unrest and likelihood of a depreciation in the market outlook increasing funding costs and raw materials

UŞAK SERAMİK SAN.A.Ş.						
Financial Data	3Q2014	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	124,043	125,095	136,347	110,712	85,381	72,882
Total Assets (000 TRY)	282,471	266,503	242,370	209,125	131,281	108,397
Equity (000 TRY)	92,339	91,270	95,316	65,428	43,589	40,516
Net Profit (000 TRY)	899	-3,711	1,308	1,295	956	4,386
Sales (000 TRY)	125,471	145,161	115,743	92,247	78,782	73,485
Net Profit Margin (%)	0.72	-2.56	1.13	1.40	1.21	5.97
ROAA (%)	n.a	-1.44	0.48	0.76	2.53	0.62
ROAE (%)	n.a	-3.93	1.34	2.37	7.22	1.90
Equity / Total Assets (%)	32.69	34.25	39.33	31.29	33.20	37.38
Net Working Capital / T. Assets (%)	8.73	11.14	15.26	-0.48	2.66	2.14
Debt Ratio (%)	67.31	65.75	60.67	68.71	66.80	62.6
Asset Growth Rate (%)	n.a	9.96	15.90	59.29	21.11	34.63

\*End of year \*\*Audited End of Period

**Overview**

Uşak Seramik A.Ş. (hereafter **Uşak Seramik**, **Uşak** or the **Company**) was established in 1972 for the production of electroporcelain and currently operates in the ceramic industry producing wall and floor tiles. Uşak Seramik A.Ş. carries out production activities in the Banaz district of the Uşak Province and marketing activities, export and import processes in its headquarters in Istanbul and via retail stores throughout Turkey owned by the Tanışlar Group.

The majority of shares, currently 80.58%, have been publicly traded since 1990. The remaining shares, amounting to TRY 8.42mn, belong to **Tanser Seramik Sanayi ve Ticaret A.Ş.** As of FYE2013, the total asset size of Tanser Seramik Sanayi ve Ticaret A.Ş. was TRY 22.36mn.

The Company has followed a sustainable growth path in a ceramic sector with increased turnover and paid capital and enhanced technology techniques regarding production and operational processes. As of FYE2013, the labor force of the Company was 414 (FYE2012: 377).