

Corporate Credit Rating
Update

Ceramics Industry

		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	FC Stable	Stable
National	Local Rating	BBB (Trk)	A-3 (Trk)
	Outlook	Positive	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 August 28, 2015

Senior Analyst: Şevket GÜLEÇ / +90 212 352 56 73
sevket.gulec@jcrer.com.tr
Asst. Analyst: Ersin KILIÇKAP / +90 212 352 56 73
ersin.kilickap@jcrer.com.tr

Uşak Seramik San A.Ş.						
Financial Data	3Q2015**	2014*	2013*	2012*	2011*	2010*
Total Assets (000 USD)	122,587	119,273	125,095	136,347	110,712	85,381
Total Assets (000 TRY)	370,837	276,581	266,503	242,370	209,125	131,281
Equity (000 TRY)	94,709	93,352	91,270	95,316	65,428	43,589
Net Profit (000 TRY)	1,615	2,034	-3,711	1,308	1,295	956
Sales (000 TRY)	136,418	165,274	145,161	115,743	92,247	78,782
Net Profit Margin (%)	1.18	1.23	-2.56	1.13	1.40	1.21
ROAA (%)	n.a	1.02	-1.44	0.48	0.76	2.53
ROAE (%)	n.a	3.01	-3.93	1.34	2.37	7.22
Equity / Total Assets (%)	25.54	33.75	34.25	39.33	31.29	33.20
Net Working Capital / T. Assets (%)	8.43	7.05	11.15	15.26	-0.48	2.66
Debt Ratio (%)	74.46	66.25	65.75	60.67	68.71	66.80
Asset Growth Rate (%)	34.08	3.78	9.96	15.90	59.29	21.11

*End of year

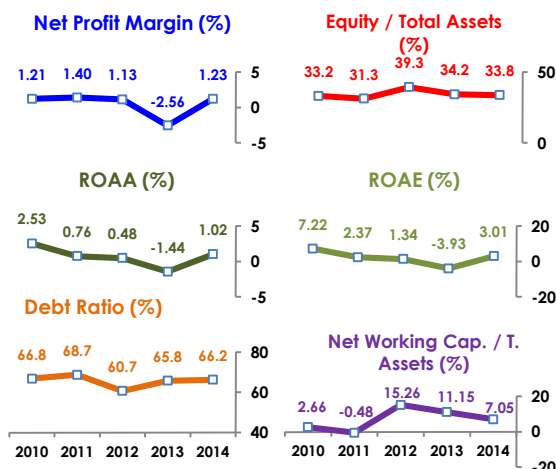
Overview

Uşak Seramik A.Ş. (hereinafter referred to as **Uşak Seramik** or **the Company**) was founded in 1972 under the name Uşak Elektro Porselen A.Ş. to produce electro porcelain. In 1986, the Company's name changed to Uşak Seramik A.Ş and wall and floor tiles were added to the Company's product range in 1991. The Company carries out production in the Banaz district of the Uşak Province in a total of 216,947 square meter area with 53.441 square meter covered side. Based on capacity report dated 25 March 2013, the Company produces 4mm m2 wall tiles, 5mm m2 floor tiles and 1.5mm m2 granite with a current total production capacity of 18mm m2.

Company shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "USAK" since 1990 with a current free float of 59.81%. In 2004, Tanser Seramik Sanayi ve Ticaret A.Ş., a Tanışlar Group company, acquired 47.26% of Company shares which were previously held by Türkiye Kalkınma Bankası A.Ş.

Recently, the Company has focused on the enlargement of granite production and received incentive certificates with a value of TRY 21 million for new granite line machine investments in July 2015. The Company carries out its marketing activities through distributor, chain stores and wide dealer network in Turkey and exports to more than 30 countries.

As of FYE2014, the labor force of the Company was 456 (FYE2013: 414).



Strengths

- Improvement in profitability performance coupled with continuous revenue growth
- Financial and operational advantages of the Turquality program, facilitating international investments through subsidies and consultancy
- Selective marketing policy coupled with effective market intelligence
- Solid market share and presence in the granite sector
- Diversified funding profile through bond issue
- Wide retail sales network supported with an efficient corporate sales model
- Continuity of experienced management team
- Export sustainability considering the core markets with moderate geopolitical risks

Constraints

- Debt burden and financials expenses strain on the profitability figures
- Absence of an independent and efficient risk management department
- Relatively lower level of gross profit margin with a decreasing trend exerting pressure on profitability figures
- Increase in non-performing receivables despite being almost fully provisioned
- Volatilities in foreign exchange rates and depreciation of TRY reducing disposable household income and the debt service capacity of real sector that increases the risk level in the market
- Considerable level of off-balance sheet commitments
- Continuity of security concerns and insurgence the Middle East and some bordering countries coupled with increasing tension with Russia pressurizing the outlook of the macroeconomic prospects