

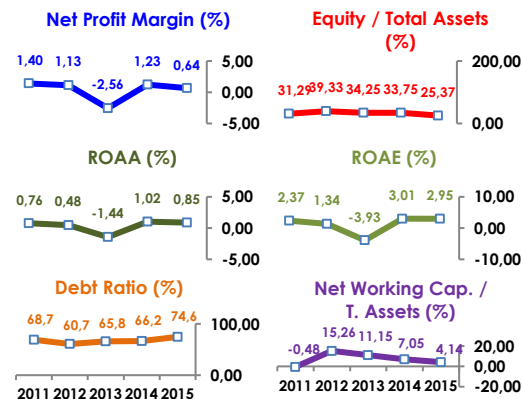
Corporate Credit Rating
Update

Ceramics Industry

		Long	Short	
		Term	Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating		N/A	N/A	
National	Local Rating	BBB- (Trk)	A-3 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB- (Trk)	A-3 (Trk)	
Sponsor Support		3	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Affirmed by Japan Credit Rating Agency, JCR on October 7, 2016

Head of Group: Zeki Metin ÇOKTAN / +90 212 352 56 73
zekic@jcrer.com.tr
Asst. Analyst: Ersin KILIÇKAP / +90 212 352 56 73
ersin.kilickap@jcrer.com.tr



Strengths

- Increasing asset growth rate over the reviewed period
- Decrease in Company's non-performing receivables to total receivables ratio
- Strong brand value supported by the benefits of the Turquality program
- Well diversified marketing strategy and effective retailing network through the country
- Long experience in ceramic sector that enables economies of scale and scope
- Qualified management team

Constraints

- Downward trend in the net working capital ratio squeezing the liquidity position
- Sharp increase in Company's total liabilities
- High level of off-balance sheet commitments despite a small decrease compared to previous year
- The needs of independent and efficient risk management department
- Capitalization level continuing its downward path
- Inadequate internal equity generation capacity as indicated by low levels of ROAA and ROAE figures
- Internal conflicts in bordering countries, especially in Syria, affecting directly and indirectly all of the neighboring countries in terms of economy, politics, and security

UŞAK SERAMİK SAN. A.Ş.						
Financial Data	1H2016**	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	144.839	126.500	119.273	124.867	136.347	110.712
Total Assets (000 TRY)	419.107	367.811	276.581	266.503	242.370	209.125
Equity (000 TRY)	94.598	93.318	93.352	91.270	95.316	65.428
Net Profit (000 TRY)	640	1.194	2.034	-3.711	1.308	1.295
Sales (000 TRY)	109.713	187.541	165.274	145.161	115.743	92.247
Net Profit Margin (%)	0,58	0,64	1,23	-2,56	1,13	1,40
ROAA (%)	n.a	0,85	1,02	-1,44	0,48	0,76
ROAE (%)	n.a	2,95	3,01	-3,93	1,34	2,37
Equity / Total Assets (%)	22,57	25,37	33,75	34,25	39,33	31,29
Net Working Capital / T. Assets (%)	-4,44	4,14	7,05	11,15	15,26	-0,48
Debt Ratio (%)	77,43	74,63	66,25	65,75	60,67	68,71
Asset Growth Rate (%)	13,95	32,98	3,78	9,96	15,90	59,29

*End of year **End of period

Overview

Uşak Seramik A.Ş. (hereinafter referred to as **Uşak Seramik** or **the Company**), its activities dating back to 1972, started its operations in the ceramics industry. In 1986, the Company's name transformed to Uşak Seramik A.Ş. and the Company improved its product range by adding wall and floor tiles to its production range in 1991. The Company carries out production in the Banaz district of the Uşak Province. Based on a capacity report dated 25 March 2013, the Company produces 4mn m² wall tiles, 5mn m² floor tiles and 1.5mn m² granite with a current total production capacity of 18mn m².

Shares of the Company have been listed on the Borsa İstanbul (BIST) under the ticker symbol "USAK" since 1990 with a free float of 59.81%. Tanser Seramik Sanayi ve Ticaret A.Ş., which is the Company's main partner, increased its shares from 21.73% to 28.54% in the third quarter of 2015. Tanışlar Yapı Malzemeleri İnşaat Petrol Maden Ürünleri Sanayi ve Ticaret A.Ş., a Tanışlar group company, holds 11.65% shares of the company as of 3Q2015.

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 a large dealer network in Turkey and exports to more than 30 countries.

As of FYE2015, the labor force of the Company was 458 (FYE2014: 456).