

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		BC	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Affirmed by Japan Credit Rating Agency, JCR on November 10, 2017

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UŞAK SERAMİK SAN. A.Ş.					
Financial Data	3Q2017**	2016*	2015*	2014*	2013*
Total Assets (000 USD)	141,516	130,013	126,522	119,273	124,867
Total Assets (000 TRY)	502,679	457,542	367,875	276,581	266,503
Equity (000 TRY)	124,422	119,467	93,318	93,352	91,270
Net Profit (000 TRY)	5,395	4,995	1,194	2,034	-3,711
Sales (000 TRY)	204,572	222,935	187,541	165,274	145,161
Net Profit Margin (%)	2.64	2.24	0.64	1.23	-2.56
ROAA (%)	n.a	1.81	0.85	1.02	-1.44
ROAE (%)	n.a	7.01	2.95	3.01	-3.93
Equity / Total Assets (%)	24.75	26.11	25.37	33.75	34.25
Net Working Capital / T. Assets (%)	3.26	-6.06	4.07	7.05	11.15
Debt Ratio (%)	75.25	73.89	74.63	66.25	65.75
Asset Growth Rate (%)	9.87	24.37	33.01	3.78	9.96

*End of year **End of period

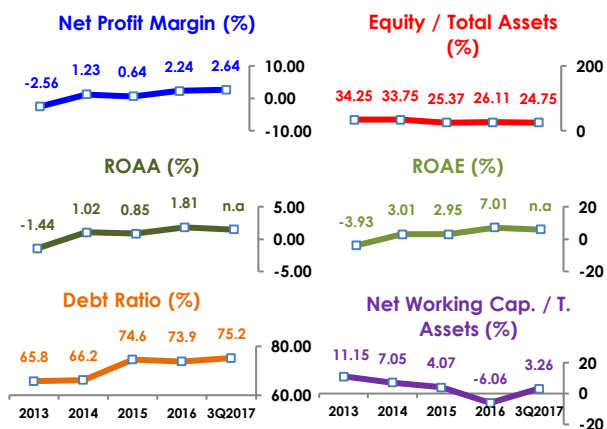
Overview

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 added the production of wall and floor tiles in 1991. The Company carries out production in the Banaz district of the Uşak Province in a 266,927 square meter facility.

Company shares have been publicly traded on the Borsa Istanbul (BIST) under the ticker symbol "USAK" since 1990 with a current free float of 59.81%. Tanser Seramik Sanayi ve Ticaret A.Ş., which is the Company's main partner, held 28.54% shares and Tanışlar Yapı Sanayi ve Ticaret A.Ş., a Tanışlar group company, held 11.65% shares of the Company as of 3Q2017.

The Company carries out its marketing activities through distributor, chain stores and a wide dealer network in Turkey and exports to more than 30 countries.

As of 3Q2017, the labor force of the Company was 501 (FY2016: 463).



Strengths

- Government promotions and incentives benefiting the Company
- Absence of capital expenditures due to the completion of important investments
- Advantages from holding a Turquality certificate in terms of company reputation, branding and operational and financial benefits
- Strong market share and presence in the granite sector
- Enhanced funding profile through bond issuance
- Wide retail sales network supported with an efficient corporate sales model
- Experienced management team
- Experience and extensive know-how in the ceramic sector

Constraints

- Lack of an independent and efficient risk management department
- Weakened net working capital
- Increase in non-performing receivables
- Volatilities in foreign exchange rates and depreciation of the TRY reducing disposable household income and the debt service capacity of real sector that increases the risk level in the market
- Sizeable level of off-balance sheet commitments increasing risk level and pressure on assets
- Nationwide competition in the sector and high dependency on outside energy sources
- Continuity of security concerns and insurgence the Middle East and some bordering countries forcing the outlook of the macroeconomic prospects

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