

Corporate Credit & Issue Rating

New Update

Sector: Ceramics Industry
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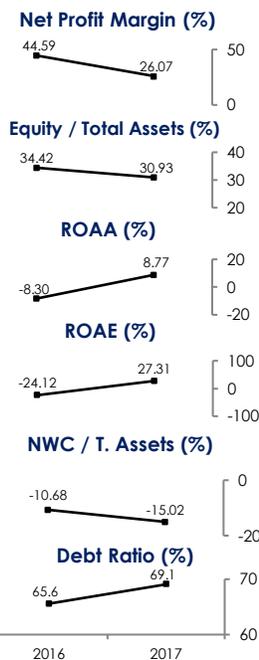
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RATINGS

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating	-	-	
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	-	-
		LC	Stable	-

*Affirmed by JCR on November 10, 2017



Hayal Seramik Yapı ve Ürünleri Turizm San. Tic. A.Ş.

Company Overview

Financial Data	1H2018**	2017*	2016*
Total Assets (000 USD)	89,687	94,549	50,808
Total Assets (000 TRY)	409,036	356,628	178,802
Equity (000 TRY)	72,330	110,310	61,537
Net Profit (000 TRY)	2,864	46,774	15,017
Sales (000 TRY)	139,848	179,414	33,676
Net Profit Margin (%)	2.05	26.07	44.59
ROAA (%)	n.a	8.77	-8.30
ROAE (%)	n.a	27.31	-24.12
Equity / Total Assets (%)	17.68	30.93	34.42
Net Working Capital / T. Assets (%)	11.31	-15.02	-10.68
Debt Ratio (%)	82.32	69.07	65.58
Asset Growth Rate (%)	14.70	99.45	n.a

*End of year IFRS Audited

**Interim Tax Office Financials

Hayal Seramik Yapı ve Ürünleri Turizm Sanayi Ticaret A.Ş. (hereinafter referred to as “Hayal Seramik” or “the Company”) was founded on July 21, 2015 with a capital of TRY 10mn to producing, sales and exports of ceramics, floor tiles, tile and vitrified. Moreover, Hayal Seramik capital was increased to TRY 45mn. Additionally, the company’s capital was increased to TRY 47mn on May 12, 2017. The Company carries out its production in Soke district of Aydın province in a 234k square meter facility with a 11mn m² annual production capacity.

The Company carries out its marketing activities through distributor, chain stores and a wide dealer network in Turkey and exports to more than 50 countries. Qua is the main brand of the company. Qua ceramic products are sold in more than 50 countries in five continents mainly in European Union countries predominantly Germany, Netherlands and Belgium.

As of 25 July, 2018, the labor force of the Company was 418 (FYE2017 :493, FYE2016:310).

Strengths

- Tripled net profit
- Strong relationship with distributors and dealers
- Improved net profitability indicators
- Government incentives benefiting the Company
- Easy access to raw materials
- Strong market share and presence in the technical porcelain sector
- Qualified management team’s broad experience in ceramics sector

Constraints

- Weakened net working capital
- Reduced household income and debt service capacity of the real sector, increasing risk in the market due to volatilities in foreign exchange rates and depreciation of the TRY
- Need for improvement in the level with corporate governance principles
- As a result of being newly established company, not having a long track record
- Nationwide competition in the sector and sector’s high dependency on outside energy sources