

## Corporate Credit & Issue Rating

New  Update

Sector: Ceramics Industry  
 Publishing Date: 25/12/2018

### Analyst(s)

#### Head of Group

Zeki Metin Çoktan  
 +90 212 352 56 73

[zckic@jcrer.com.tr](mailto:zckic@jcrer.com.tr)

#### Assistant Analyst

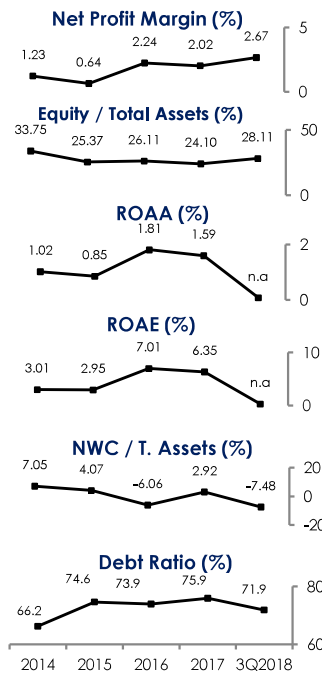
Ersin Kılıçkap  
 +90 212 352 56 73

[ersinkilickap@jcrer.com.tr](mailto:ersinkilickap@jcrer.com.tr)

## RATINGS

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
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		BC	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
LC		Negative	-	

\*Affirmed by JCR on November 27, 2018



## UŞAK SERAMİK SANAYİ A.Ş.

### Company Overview

Financial Data	3Q2018**	2017*	2016	2015	2014
Total Assets (000 USD)	106,753	135,292	130,013	126,522	119,273
Total Assets (000 TRY)	639,473	510,307	457,542	367,875	276,581
Equity (000 TRY)	179,773	122,981	119,467	93,318	93,352
Net Profit (000 TRY)	6,527	5,519	4,995	1,194	2,034
Sales (000 TRY)	244,838	273,840	222,935	187,541	165,274
Net Profit Margin (%)	2.67	2.02	2.24	0.64	1.23
ROAA (%)	n.a	1.59	1.81	0.85	1.02
ROAE (%)	n.a	6.35	7.01	2.95	3.01
Equity / Total Assets (%)	28.11	24.10	26.11	25.37	33.75
Net Working Capital / T. Assets (%)	-7.48	2.92	-6.06	4.07	7.05
Debt Ratio (%)	71.89	75.90	73.89	74.63	66.25
Asset Growth Rate (%)	25.31	11.53	24.37	33.01	3.78

\*End of year \*\*End of period

**Uşak Seramik Sanayi 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.

The Company's 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 3Q2018.

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

As of 3Q2018, the labor force of the Company was 475 (FYE2017: 501).

### Strengths

- Long foreign exchange position which provides immunity from exchange rate shocks and hedging costs
- Steadily increasing turnover and total assets in the last five years
- Rising performance in profitability despite the slight deterioration in 2017
- Strong presence in the market with a long-lasting leadership role
- Decision to inject more paid-in capital in order to limit indebtedness
- Qualified management team's broad experience in ceramics sector

### Constraints

- Deterioration in the term structure of the financial loans which pressurizes the liquidity position
- Weakened net working capital
- Increasing leverage despite the decline in the current year
- Rising cost of borrowing which triggers a hike in financial expenses
- Rapidly growing amount of factoring line of credits in the current year
- Considerable escalation in doubtful receivables in 2018
- Nationwide competition in the sector and sector's high dependency on outside energy sources