Corporate Credit Rating

☐New ☒Update

Sector: Ceramic
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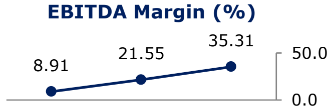
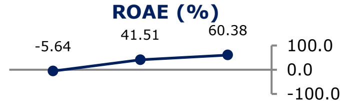
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**AA- (tr)**	**J1+ (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

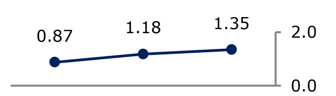
EBITDA Margin (%)



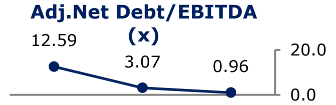
ROAE (%)



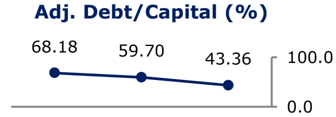
Current Ratio



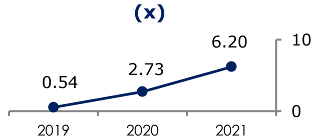
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



BIEN YAPI ÜRÜNLERI SAN. TUR. VE TIC. A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of **"Bien Yapı Ürünleri Sanayi Turizm ve Ticaret A.Ş."** in the very high investment level category and revised the ratings on Long-Term National Issuer Credit Rating from '**A (tr)**' to **'AA- (tr)'** and the Short-Term National Issuer Credit Rating as **'J1+ (tr)'** with **'Stable'** outlooks. The Long Term International Foreign and Local Currency ratings and outlooks were also assigned at '**BB/Negative'** as parallel to international ratings and outlooks of the Republic of Türkiye.

Bien Yapı Ürünleri Sanayi Turizm ve Ticaret A.Ş. (hereinafter referred to as "**Bien Yapı**" or "**the Group**") was established in 1997, for carrying out the production and trade of ceramic floor and bathroom tiles. As of FYE2021, the Group has three production facilities all of them located in Bilecik whose total size is 517,675 m². According to Türkiye's Top 500 Industrial Enterprises (ISO 500) 2021 Research, Bien Yapı was ranked 243rd. The Group's paid-in capital is TRY 288.6mn (FYE2021: TRY 315mn) and the sole shareholder of the Group is Nurullah Ercan.

In FY2022, Bien Yapı started a new investment in Aydın/Çine to produce technical granite which is a special textured material used for increasing the durability of ceramics. The investment whose costs are estimated as TRY 6-10bn, got a state incentive of TRY 2,6bn and will be completed in stages till 2025. After completion, the Group will increase its production capacity from 50mn m² to 150mn m². The Group also plans to offer its shares to the public in FY2023. The expected revenue from the IPO, around TRY 3bn, will be solely used for financing this investment.

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• The steady and robust increase in revenue during the last two-year, • Low level of Net Debt/EBITDA multiplier due to increasing EBITDA as of FYE2021, • Wide retail sales network supported by the corporate sales model, • Low doubtful receivables ratio supported by the Group's well-organized risk management structure, • The expected contribution of the new investment in Aydın to the sales and profit margins, • Strong cash flow metrics and NWC in FY2021 easing liquidity management, • Long-lasting presence in the sector and successful track record, • Notable shareholder support	• An increase in financing costs mainly consists of interest expenses pressuring profitability, • High dependency on external energy sources in the domestic industry even though a high pass-through capacity, • The global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been revised as **'AA- (tr)'**. Considering the sustainable increase in revenue, low EBITDA multiplier level, solid receivable quality, resilient cash flow and the support/synergy of the shareholders as well as sector-wide and international issues; the Group's outlook for Long and Short-Term Issuer Credit Ratings has been determined as **"Stable"**. The indebtedness indicators, profitability and sustainability of demand in the market, the macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored.