

## Corporate Credit Rating

New  Update

**Sector:** Construction Materials Manufacturing

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### Team Leader

Cemil ERKÜRK

+90 212 352 56 73

[cemil.erkurk@jcrer.com.tr](mailto:cemil.erkurk@jcrer.com.tr)

### Senior Analyst

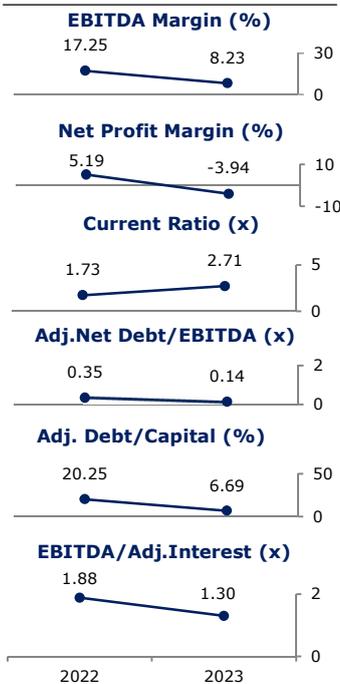
Ömer Faruk ÇAĞLAR

+90 212 352 56 73

[omer.caglar@jcrer.com.tr](mailto:omer.caglar@jcrer.com.tr)

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

\* Assigned by JCR on May 10, 2024



## Ege Seramik Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated "Ege Seramik Sanayi ve Ticaret A.Ş." in investment-grade category with high credit quality and assigned the Long-Term National Issuer Credit Rating as 'A- (tr)' and the Short-Term National Issuer Credit Rating as 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned at 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Ege Seramik Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Ege Seramik" or "the Company") was established in İzmir in 1972 by İbrahim Polat, started production in 1975. The Company boasts an annual production capacity of approximately 24.3 million square meters at its manufacturing facilities, which span an area of 416,752 square meters and are located 26 kilometers from İzmir Port in Kemalpaşa, İzmir. Ege Seramik has distribution network with over 150 dealers and more than 2000 sub-dealers in the Turkish market. Additionally, the Company exports to more than 50 countries.

Shares of the Company have been publicly traded on the İstanbul Stock Exchange since 1992. As of 1Q2024 the Company's paid in capital amounts to TRY 720mn and the Company's shareholders are İbrahim Polat Holding A.Ş. (61.13%), İbrahim Polat (3.88%), Murat Polat (1.04%), Adnan Polat (0.89%) and public share (33.06%).

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

### Strengths

- Significant export sales revenue providing natural hedge to a certain extent
- Strengthened equity base through increase in paid in capital via cash injection in FY2023
- Solid leverage metrics despite deterioration in EBITDA generation capacity and increase in indebtedness due to modernization expenses
- Maintained asset quality evidenced by the low level of doubtful receivables
- Broad sectoral experience dating back to 1972
- Establishment of Polat Group, one of the leading investment groups in Türkiye
- High compliance with corporate governance practices as a publicly listed company

### Constraints

- Deterioration in sales both value and volume terms in FY2023
- Decline in profitability ratios along with EBITDA generation capacity in FY2023
- High operating ratio stemming from the nature of the business pressuring efficiency profile
- Anti-dumping measures by the EU against Turkish and Indian manufacturers pressuring export capabilities
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's the Long-Term National Credit Rating has been assigned as 'A- (tr)'. The Company's significant export sales revenue providing natural hedge to a certain extent, strengthened equity base through increase in paid in capital via cash injection, solid leverage metrics despite deterioration in EBITDA generation capacity and increase in indebtedness due to modernization expenses, high receivable collection capability, broad sectoral experience dating back to 1972 and being establishment of Polat Group as well as the global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Credit Ratings are determined as 'Stable'. The Company's, revenue and profitability performance, adequacy of liquidity, indebtedness level, market position and regulations in the sector are the main factors that will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.