

## Corporate Credit Rating

New  Update

**Sector:** Construction Materials Manufacturing

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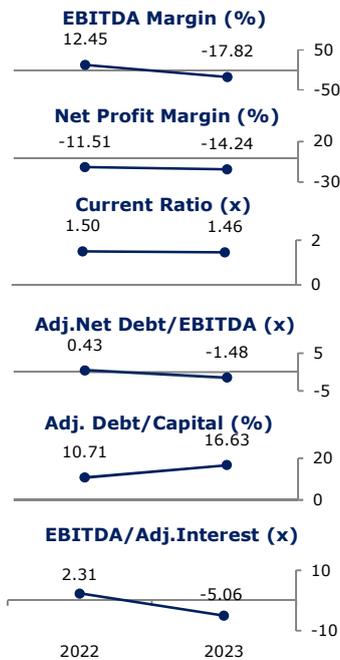
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB- (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB-	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024



## Ege Vitriyiye Sağlık Gereçleri Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated "Ege Vitriyiye Sağlık Gereçleri Sanayi ve Ticaret A.Ş." in investment-grade category and assigned the Long-Term National Issuer Credit Rating as 'BBB- (tr)' and the Short-Term National Issuer Credit Rating as 'J3 (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' according to JCR-ER's national-global mapping methodology.

Ege Vitriyiye Sağlık Gereçleri Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Ege Vitriyiye" or "the Company") was established in Izmir in 1994 by İbrahim Polat and manufactures sanitary ware products (washbasin, wc pan, squatting pan, bidet, cistern, urinal, pedestal, and accessories). The Company boasts an annual production capacity of approximately 1,400,000 pcs/year at its manufacturing facilities, which span an area of 59,000 m<sup>2</sup> 41,600 m<sup>2</sup> of which is closed area. Ege Vitriyiye products are sold in domestic market with 105 authorized dealers and 2 different construction markets, and in exports it reaches a total of 120 customers in 70 countries.

As of FY2023 the Company's paid in capital amounts to TRY 275mn and the Company's shareholders are İbrahim Polat Holding A.Ş. (96%), İbrahim Polat (1%), Murat Polat (1%), Adnan Polat (1%) and Songül Sel (1%).

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

### Strengths

- Increase in paid in capital as of FY2023 providing reasonable balance sheet leverage
- Export sales providing natural hedging to a certain extent
- High collection capability underlying asset quality
- Well-known brand recognition in the market and successful track record,
- Establishment of Polat Group, one of the leading investment groups in Türkiye

### Constraints

- Deterioration in sales revenue and sales volume along with EBITDA generation in FY2023
- Negative profitability metrics in FY2023
- Worsening cash flow metrics requiring external financing for operational cycle
- High operating ratio stemming from the nature of the business pressuring efficiency profile
- Leading economic indicators signal global economic slowdown as 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 'BBB- (tr)'. The Company's increase in paid in capital in FY2023 providing reasonable balance sheet leverage, export sales providing natural hedging to a certain extent, high receivable collection capability, well-known brand recognition in the market and successful track record 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.