

Corporate Credit Rating

New Update

Sector: Building Materials Industry

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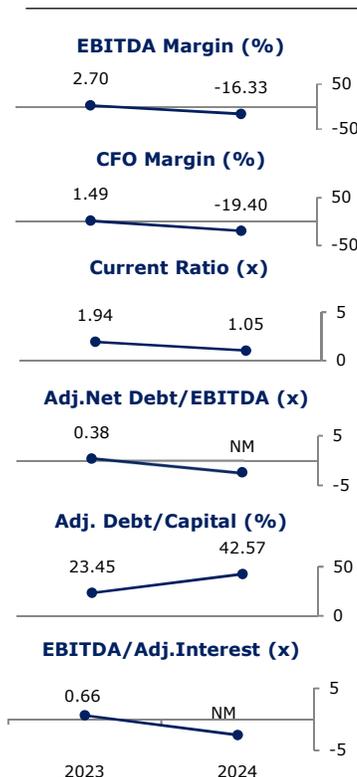
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific 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



KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated consolidated structure of "Kaleseramik Çanakale Kalebodur Seramik Sanayi A.Ş." in investment grade on the national scale and revised its Long-term National Issuer Credit Rating to 'BBB+ (tr)' from 'A+ (tr)' and Short-Term National Issuer Credit Rating to 'J2 (tr)' from 'J1 (tr)' with affirmed at 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Kaleseramik Çanakale Kalebodur Seramik Sanayi A.Ş. ("Kaleseramik" or "the Company" or "the Group") was founded in 2000 by the merger of Çanakale Seramik Fabrikaları A.Ş. and Kalebodur Seramik Sanayi A.Ş., which were established in 1957 and 1972 as Türkiye's first ceramic tile and first floor tiles producers. The product range comprises ceramic wall and floor tiles, granite ceramics, sinterflex plates, frit, sanitary ware, and, bathroom and kitchen furniture. Kaleseramik has a high brand awareness, as proven by its generic brand 'Kalebodur'. The Company is headquartered in Istanbul but has 50 factories in the Çan district of Çanakale province and one factory in the Yozgat province of Türkiye. The total ceramic tile production capacity is 56 million m²/year. The Company had an average of 21% export sales ratio with respect to gross sales in the FY2024-FY2023 period. Thanks to its export revenues, it took 544th place in the 2023 list of 'Türkiye's Top 1000 Exporters' of the Turkish Exporters Assembly. Moreover, it ranked 211st in sales from production in the 2023 "Türkiye's Top 500 Industrial Enterprises" survey of the Istanbul Chamber of Industry.

In July 2023, 21.25% of the shares of Kaleseramik have been offered to public on Borsa İstanbul and traded since then. As of December, 2024, shareholder structure of the Company is as follows, H. İbrahim Bodur Holding A.Ş. (61.23%), Victory International AG (14.38%) and others (24.39%). The Bodur family ultimate controls Kaleseramik. Mrs. Zeynep Bodur Okyay, CEO of Kale Group, is the chairperson.

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

Strengths

- Notable market share in domestic ceramic tiles industry as well as broad sectoral experience with diversified product portfolio
- Foreign currency risk mitigation opportunities with export revenues and usage of derivative instruments when necessary
- Sustained asset quality supported by collateral policy
- Diversified funding structure providing financial flexibility
- Emphasis on R&D activities to meet sectoral dynamics along with compliance with quality standards
- Having advantage of operational synergy generated within Kale Group companies
- Compliance with the corporate governance practices as a publicly traded company

Constraints

- Revenue decrease in FY2024 driven by contraction in both sales volume and export revenues
- Inadequate coverage and leverage metrics stemming from negative EBITDA coupled with high level of indebtedness
- Cash outflow from operations increasing the need for external resources
- Anti-dumping measures by the EU against Turkish and Indian manufacturers exert pressure on export sales
- Vulnerability to fluctuations in raw material costs, energy prices and the construction sector
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised to 'BBB+ (tr)'. The Company's market position and experience in the industry, equity level, asset quality, global soft landing actions along with ongoing uncertainties with potential to adversely affect global trade have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's revenue and profitability performance, liquidity position, cash generation capacity, term structure of liabilities, access to the external financial sources and local and global macroeconomic indicators as well as market conditions and legal framework about the sector will be closely monitored by JCR Eurasia Rating.