

Corporate Credit & Issue Rating

New Update

Sector: Construction Materials Manufacturing

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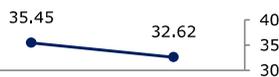
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR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

* Assigned by JCR on May 10, 2024

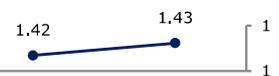
EBITDA Margin (%)



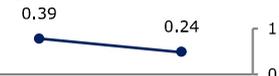
Net Profit Margin (%)



Current Ratio (x)



Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



NG KÜTAHYA SERAMİK PORSELEN TURİZM ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "NG Kütahya Seramik Porselen Turizm Anonim Şirketi" in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA+ (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as "BB/Stable" as parallel to international ratings and outlooks of Republic of Türkiye.

NG Kütahya Seramik Porselen Turizm Anonim Şirketi ("NG Kütahya Seramik" or "the Company") was established in 2004 in Kütahya province of Türkiye in order to operate in the field of ceramic wall and floor tiles manufacturing, yet the principal shareholder's experience in the sector dates back to 1989 with 'Kütahya Seramik' brand. The Company conducts out its activities in its 8 facilities with a total theoretical production capacity of 48 million square meters per annum. The Company takes place in the scope of 'Turquality Support Program' of the Ministry of Trade of the Republic of Türkiye. 12% of the Company's gross revenues originated from export sales at FYE2023. Thanks to its export revenues, NG Kütahya Seramik ranked 935th in the list of 'Türkiye's Top 1000 Exporters 2023' announced by Turkish Exporters Assembly (2022: 547th, 2021: 542nd). In addition to its principal business activity of ceramic tiles manufacturing, NG Kütahya Seramik has been operating a hotel in Kemer/Antalya since April 2021; NG Phaselis Bay. The principal shareholder of the Company is Mr. Nafi Güral with 24.31% share ratio in the paid-in capital of TRY 450.00mn, Ms. Gülsüm Güral possesses 12.03% of the shares and the rest was equally distributed among the Güral family members; Mr. Erkan Güral, Mrs. Sema Güral Sürmeli, Ms. Hediye Güral and Ms. Gülden Güral. The Company had a staff force of 1,729 employees at FYE2023 (FYE2021: 1,335).

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

Strengths

- Sufficient profitability margins in FY2023, despite a retreatment in 1H2024 as per provisional tax return results,
- Sound leverage and coverage profile,
- Robust equity level supported by internal equity generation ability,
- Decent liquidity profile with steady NWC, CFO and FFO generation in the reviewed periods,
- Foreign currency risk mitigation opportunities with export revenues and tourism income,
- Sustained asset quality with low level of doubtful receivables,
- Top-tier domestic position and broad sectoral experience.

Constraints

- Revenue decrease in FY2023 affected by fluctuations in commodity prices and export revenues, though partial increase in sales volume,
- Export capabilities are under pressure due to the EU's anti-dumping measures targeting manufacturers from Türkiye and India,
- Improvement needs in terms of corporate governance compliance,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AA+ (tr)'. The Company's profitability margins, leverage and coverage profile, equity level, cash flow metrics, export performance, asset quality, and sectoral position along with fluctuations in input costs, suppressed export capabilities, corporate governance compliance level and deterioration in local and global macroeconomic conditions have been evaluated as important indicators for the 'Stable' outlooks for the Long and Short-Term National Issuer Credit Ratings. The Company's profitability performance, revenues, leverage and coverage profile, liquidity and cash flow metrics, efficiency indicators, and input costs will be closely monitored by JCR Eurasia Rating in the 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.