

Corporate Credit Rating

New Update

Sector: Building Materials Industry
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

UŞAK SERAMİK SANAYİ ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Uşak Seramik Sanayi Anonim Şirketi" in an investment-grade category, assigned the Long-Term National Issuer Credit Rating as 'BBB (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to the international ratings and outlooks of Republic of Türkiye.

Uşak Seramik Sanayi Anonim Şirketi (hereinafter "the Company" or "Uşak Seramik") was established in 1972 under the name of "Uşak Elektro Porselen A.Ş." before changing its trade name to "Uşak Seramik Sanayi A.Ş." in 1986. Uşak Seramik has been quoted on the Borsa İstanbul Stock Exchange (BIST) since 1990. 82.58% of shares are publicly traded on the BIST with the ticker symbol "USAK", while the rest of the shares belongs to Tanışlar Yapı Sanayi ve Ticaret A.Ş. With its over 50 years of track record, Uşak Seramik production wall tiles, floor tiles, borders, decor and porcelain, sell these products to the domestic and foreign market. The headquarter of the Company is located in İstanbul and the production facility of the Company is located in Uşak. As of FYE2021, the total number of employees of the Company is 516 (FYE2020: 488).

As of reporting date, Uşak Seramik's shareholder is Tanser Seramik Sanayi ve Ticaret A.Ş., transferred to Tanışlar Yapı Sanayi ve Ticaret A.Ş. and it was registered on June 8, 2021.

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

Strengths

- Strengthened cash flow generation capacity in 2021,
- Stable profit generation underpinning internal equity generation,
- Improvement in leverage metrics in 2021,
- Well known and extensive know-how in the ceramic sector,
- High level of compliance regarding corporate governance implementations.

Constraints

- High level of receivables from related parties,
- High level of non-cash contribution of revaluation funds to growth in asset size and equity,
- Low level of capacity utilization rate in line with operational performance during 4Q2022 due to shut down of 3 kilns,
- Energy costs suppressing profitability margins,
- Highly vulnerable sector structure to economic conditions,
- Global recession and Russia-Ukraine tension increasing uncertainty and monetary tightening deteriorating growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BBB (tr)'. Taking into account established market position, profitability indicators, cash flow metrics, leverage level, successful track record in the sector, experienced and qualified organizational structure, as well as, vulnerability of the sector to macroeconomic conditions, energy prices and sectoral metrics 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 financial structure, attainability of the 's budgeted projections, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

