

Corporate Credit Rating

New Update

Sector: Construction Materials

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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	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB Negative	-
	Local Currency	BB Negative	-

* Assigned by JCR on Aug 18, 2022

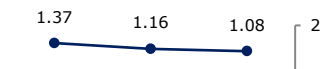
EBITDA Margin (%)



ROAE (%)



Current Ratio (x)



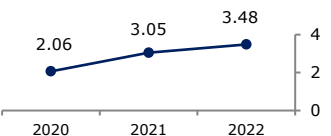
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



UŞAK SERAMİK SANAYİ ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Uşak Seramik Sanayi Anonim Şirketi" in the investment level category and affirmed 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' in parallel to international ratings and outlooks of Türkiye.

Roots back to 1972, Uşak Seramik Sanayi Anonim Şirketi's (hereinafter referred to as "Uşak Seramik" or "the Company") main activity is the production and sale of floor and wall tiles in ceramic. Uşak Seramik has been quoted on the Borsa İstanbul Stock Exchange (BIST) since 1990. As of report date 81.37% 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. The products are sold in more than 40 countries in addition to nearly 150 dealers in Türkiye. The headquarter and the production facility of the Company is located in Banaz, Uşak. As of the end of 3Q2023, the Company has 766 personnel (FYE2022: 646).

Uşak Seramik's shareholders are Tanışlar Yapı San. ve Tic. A.Ş. with share of 18.63%, Ömer Hayati Kondu with a share of %5.04 and other individuals and legal entities with a share of 76.34% as of 3Q2023.

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

Strengths

- Maintained profitability indicators despite rising production costs and OPEX in FY2022,
- Reasonable coverage ratio against increased financial debt in FYE2022,
- High reputation in the sector and long-standing customer portfolio,
- High level of compliance with corporate governance practices and quality standards as a publicly traded company.

Constraints

- High level of receivables from related parties,
- Notable deterioration in cash flow metrics, mainly due to inventory increase in FYE2022,
- Despite adequate leverage metrics in previous periods, expected partial deterioration in leverage profile due to high increase in financial debt in 2023 financials,
- Energy costs suppressing profitability margins,
- Highly vulnerable to fluctuations in the construction sector,
- 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 Long-Term National Issuer Credit Rating has been affirmed as 'BBB (tr)'. Taking into account, the Company's sustained profitability indicators, reasonable coverage and leverage metrics in FYE2022, high reputation in the sector and long-standing customer portfolio, as well as high level of related party receivables, notable deterioration in cash flow metrics in FYE2022, expected partial deterioration in leverage profile due to high increase in financial debt in 2023 financials 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 profitability indicators, sustainability of domestic and international demands, market position and economic conditions in Türkiye 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 also be monitored.