

Corporate Credit Rating

☐ New ☒ Update

Sector: Building Materials Industry

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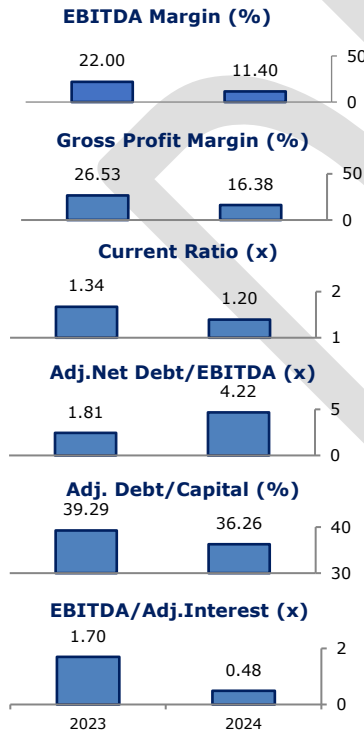
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		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	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



QUA GRANITE HAYAL YAPI VE ÜRÜNLERİ SAN. TİC. A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Qua Granite Hayal Yapı ve Ürünleri Sanayi Ticaret A.Ş." in the investment level category with high credit quality and revised the Long-Term National Issuer Credit Rating to 'A+ (tr)' from 'AA- (tr)' and the Short-Term National Issuer Credit Rating to 'J1 (tr)' from 'J1+ (tr)' with 'Stable' outlooks. The Long-Term International Foreign and Local Currency ratings and outlooks were also determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of the Republic of Türkiye.

Qua Granite Hayal Yapı ve Ürünleri Sanayi Ticaret A.Ş. (hereinafter referred to as "Qua Granite" or the Group" or "the Company") was established in 2015 in İstanbul and main field of activity of the Company is the production of technical granite, and also sell and export ceramics, floor tiles and tile materials. The production activities of the Company are carried out in facilities located in the Organized Industrial Zone in Söke, Aydın. The Group's technical granite production facility's capacity is currently 41million m². Qua Granite has been a publicly traded company on Borsa İstanbul with the name of "QUAGR" since April 2021. The labor force of the Group was 1,012 as of FYE2024 (FYE2023: 1,378). The Group ranked 317th in the 2023 ISO 500 list (ISO500 2022: 264th).

The Company's ultimate controlling shareholder is Q Yatırım Holding A.Ş. with 37.90% and Ali ERCAN with 29.75% and of the shares, while 32.35% is traded on stock exchange. 100% of shares of Q Yatırım Holding A.Ş. is owned by Ali ERCAN. As of FYE2024, the Company has two subsidiaries namely "Qua Trading Ticaret A.Ş." and "Qua Home Collection Tekstil Mağazacılık Sanayi ve Ticaret A.Ş." which are consolidated with the Qua Granite's financials,

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

Strengths

- Improvement in cash generation capacity in FY2024, despite still negative FFO,
- Sufficient equity level in the reviewed period,
- High receivable quality evidenced by low impaired receivables and having effective distribution network,
- Having well-located production facility, producing niche products and adapting sustainability policies,
- Compliance with corporate governance practices and international quality standards.

Constraints

- Decrease in sales and EBITDA generation performance in FY2024, despite expected improvement in 2025 financials,
- Deterioration in core operational profitability indicators in FY2024 as parallel to the sector dynamics,
- Short-term weighted borrowing profile pressuring interest coverage ratio over the last two years,
- Worsening net debt to EBITDA multiplier in FY2024,
- Long cash conversion cycle creating external funding needs,
- 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 'A+ (tr)' from 'AA (tr)'. The Company's cash generation capacity and solid equity structure as well as deteriorated revenue and profit generation capacity, increased leverage and existing risks in the markets and business environment 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 attainability of the indebtedness indicators, cash flow metrics, profitability margins and sustainability of demand in the market will be closely monitored by JCR Eurasia Rating in the 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.