

## Corporate Credit Rating

New Update

**Sector:** Cement

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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BBB-	J3
ISRs (Issue Specific Rating Profile)	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BBB-	J3
	International LC ICR Outlooks	Stable	Stable
Sovereign*	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021

## Akçansa Çimento Sanayi ve Ticaret A. Ş.

JCR Eurasia Rating, has evaluated the "Akçansa Çimento Sanayi ve Ticaret A.Ş." in the high-investment level category and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'AA (tr)' and the Short-Term National Issuer Credit Rating to 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BBB-/Stable'.

Akçansa Çimento San. ve Tic. A.Ş. (referred to as 'the Company' or 'Akçansa Çimento') was established following the merger of Akçimento and Çanakkale Çimento in 1996 and 39.72% of its shares were acquired by Heidelberg Cement AG in 2006. The Company which conducts its operations through its 3 plants located in Istanbul, Canakkale and Samsun, steadily expanded its business to become one the largest players in the Turkish Cement Industry with cement sales of 5.9mn tons, clinker sales of 1.3mn tons along with ready-mixed concrete (RMC) sales of 2.5mn m<sup>3</sup> as of FYE2021. In addition to the mentioned 3 plants, Akçansa Çimento carries out its RMC and aggregate manufacturing operations through 27 and 3 facilities respectively.

Hacı Ömer Sabancı Holding A.Ş. and Heidelberg Cement A.G. are the qualified shareholders of Akçansa Çimento with equal shares of 39.72% whilst its shares have been traded on the Borsa Istanbul (BIST) index since 1996 with a current free-float of 20.56% under the ticker-name of AKCNS. As of FYE2020, Akçansa Çimento was ranked as the 141st largest Company nationally based on revenues in the list of Largest Industrial Enterprises compiled by the Istanbul Chamber of Industry. As of 2021, the total number of personnel employed across Company operations reached 987.

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

### Strengths

- Strong sales performance in line with the increased cement sales volume in FYE2021
- Reasonable share of export sales among total sales and geographical diversification of exports
- Low collection risk supporting asset quality
- Strong equity level
- Notable improvement in ROAA and ROAE figures
- Long lasting presence in the sector and successful track-record
- Strong shareholder structure strengthened through reputable foreign partnership
- High level of compliance with corporate governance practices and quality standards

### Constraints

- Decreased cash flow from operations in 2021 primarily due to increase in working capital needs
- FX based energy costs which may exert pressure on profitability margins in specific conditions
- The geopolitical risks stemming from the Russia-Ukraine tension increasing commodity prices and uncertainties

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been upgraded as 'AA (tr)'. Reputable shareholder structure, strong equity base, share of export sales among total sales, rising revenues despite tough economic conditions, liquidity profile, experienced senior management as well as macroeconomic risks-driven uncertainties 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 performance, sustainability of domestic and international demands and indebtedness structure, 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 be monitored as well.

