

Corporate Credit Rating

New Update

Sector: Construction Materials
 Manufacturing

Publishing Date: 28/04/2023

Team Leader

Başak Erçevik
 +90 212 352 56 73
basak.ercevik@jcrer.com.tr

Senior Analyst

Oktay Mutlu
 +90 212 352 56 73
oktay.mutlu@jcrer.com.tr

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

* Assigned by JCR on Aug 18, 2022

Akçansa Çimento Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated "Akçansa Çimento Sanayi ve Ticaret A.Ş." in an investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA (tr)' to 'AA+ (tr)' and affirmed the Short-Term National Issuer Credit Rating as '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 Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Akçansa" or "the Company") was established in 1996 via the merger of Akçimento which is established in 1967, and Çanakkale Çimento which is established in 1974. Akçansa is a joint venture of Hacı Ömer Sabancı Holding A.Ş. and HeidelbergCement AG. 79.44% shares of Akçansa are equally owned by Hacı Ömer Sabancı Holding A.Ş. and HeidelbergCement AG., and the remaining shares of 20.56% are traded on the Borsa İstanbul under the ticker symbol "AKCNS" as of FYE2022.

Akçansa operates in Marmara, Aegean, and Black Sea regions, and the main activity of the Company is the production of cement, clinker, ready-mixed concrete, and aggregate. The Company has 3 integrated cement plants in İstanbul, Çanakkale, and Samsun, and 3 cement terminals in Ambarlı, Aliağa, and Yalova. Akçansa also has 25 plants to produce ready-mixed concrete under the brand name of "Betonasa", and has 2 plants to manufacture aggregate under the brand name of "Agregasa" in Tekirdağ and Bursa. Akçansa has total production capacity of 9.04mn tons of cement and 7.04mn tons of clinker. On the other hand, ready-mixed concrete sales reached to 2.8mn m3 whilst sales of aggregate realized to 1.9mn tones in FY2022. The number of personnel employed across the operations of the Company was 1,013 and 987 as of FYE2022 and FYE2021, respectively.

As of FYE2021, Akçansa ranked as 175th in Türkiye's Top 500 Industrial Enterprises (ISO 500) published by İstanbul Chamber of Industry based on revenue from production (FYE2020: 141). Akçansa is available in BIST Sustainability index and scored by Refinitiv with 82 point. According to its score Akçansa is ranked 4th among 113 Construction Materials Companies globally as of report date.

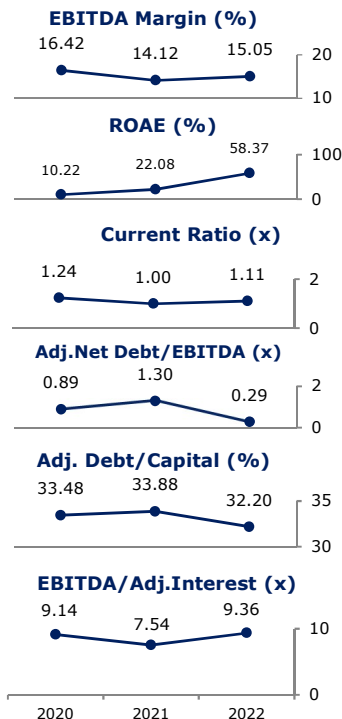
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Notable growth in revenues thanks to price and volume increases in domestic cement sales in FY2022 along with consistent EBITDA margin
- Improvement in profitability indicators as of FYE2022
- Solid leverage profile underpinned by Net Debt/EBITDA multiplier
- Improving internal equity generation capacity at FYE2022 despite the contribution of revaluation gains
- Low collection risk of its receivables
- Expertise and long-time operating history in the industry
- Being a joint venture of well-known local and foreign shareholders; Hacı Ömer Sabancı Holding A.Ş. and HeidelbergCement AG
- High level of compliance regarding corporate governance implementations and quality standards

Constraints

- Foreign currency denominated energy costs which may pressure profit margins in certain circumstances
- As China's Reopening and Stable Exchange Rates Generate Significant Headwinds to Türkiye's Exporters, tight financial conditions, accompanied by global banking concerns, disrupt global growth projections



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'AA (tr)' to 'AA+ (tr)'. Considering notable growth in revenues and consistent EBITDA margin in FY2022, improvement in profitability margins as of FYE2022, solid leverage profile supported by Net Debt/EBITDA multiplier, improving internal equity generation capacity at FYE2022, as well as tight financial conditions; the outlook for Long-Term National Issuer Credit Ratings has been determined as 'Stable'. The Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity profile, equity level, sovereign risk exposure 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.