

Corporate Credit Rating

New Update

Sector: Construction Materials
Manufacturing

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Team Leader

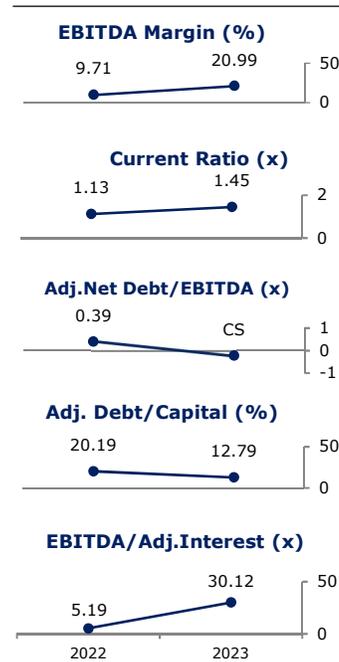
Elif Kirlangıç Keçeli
 +90 212 352 56 73
elif.keceli@jcrer.com.tr

Senior Analyst

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

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (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 LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



"CS": Cash Surplus

Akçansa Çimento Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated "Akçansa Çimento Sanayi ve Ticaret A.Ş." in the highest investment grade category with the highest credit quality and revised the Long-Term National Issuer Credit Rating from 'AA+ (tr)' to 'AAA (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 as a result of the merger of Akçimento which is established in 1967, and Çanakkale Çimento which is established in 1974. 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 4 cement terminals in İstanbul-Ambarlı, İzmir-Aliağa, Yalova, and Kocaeli-Yarımca. Akçansa also has 26 plants to produce ready-mixed concrete with the brand name of "Betonşa", 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, 7.04mn tons of clinker, 3.60mn m3 of ready-mixed concrete, and 1.74mn tons of aggregate. Also, the Company engages in port activities in Çanakkale and İstanbul-Ambarlı ports.

Akçansa is a joint venture of Hacı Ömer Sabancı Holding A.Ş. and HeidelbergCement AG. 79.44% shares of Akçansa Çimento 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". Akçansa is available in BIST Sustainability index and scored by Refinitiv with 86 point. According to its Refinitiv score, Akçansa is ranked 1st among 120 Construction Materials Companies globally as of report date. As of FYE2022, Akçansa ranked as 102nd in Türkiye's Top 500 Industrial Enterprises (ISO 500) published by İstanbul Chamber of Industry based on revenue from production (FYE2021: 175). The number of personnel employed operations of the Company was 1,005 and 1,013 as of FYE2023 and FYE2022, respectively.

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

Strengths

- Improved revenues and EBITDA in FY2023 along with rising profit margins
- Favorable liquidity metrics together with cash surplus position against financial debt
- Ongoing internal equity generation at FYE2023 despite the contribution of revaluation gains and partial dividend distribution
- Almost wholly collateralized receivables minimizing the credit risk
- Expertise in the industry with long track record
- 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 practices

Constraints

- Foreign currency denominated energy costs which may pressure profit margins in certain circumstances
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'AA+ (tr)' to 'AAA (tr)'. Revenue and EBITDA generation performance in FY2023, profitability margins, cash surplus position against financial debt, liquidity and equity profile, asset quality as well as tight financial conditions have been evaluated as important indicators for the 'Stable' outlooks for the Long and Short-Term National Issuer Credit Ratings. The Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity and cash flow metrics, equity level, and 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.