

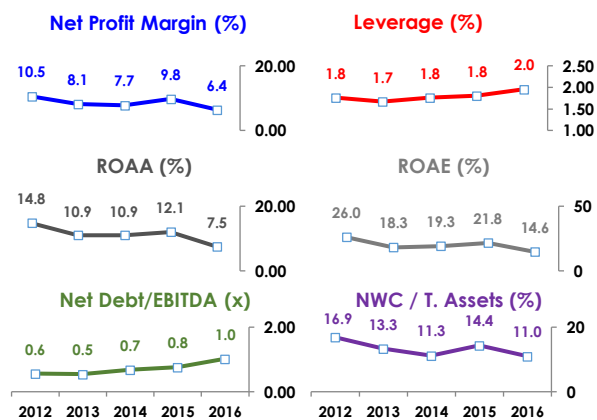
Corporate Credit Rating

Textile [Acrylic Fiber]

		Long Term	Short Term	
AKSA				
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	n.a.	n.a.		
National	Local Rating	AA (Trk)	A-1+ (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	AA	A-1+	
Sponsor Support		2	-	
Stand Alone		AB	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
LC		Stable	-	

*Affirmed by Japan Credit Rating Agency, JCR on October 7, 2016

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Strengths

- Strong and sustainable operating margin
- Comfortable debt metrics and financial leverage
- Hard-currency denominated revenues
- Integrated manufacturing facility with embedded power generation capabilities and port access for inputs
- Commanding domestic market share solid global market standing in acrylic fiber sector
- Near peak capacity utilization, indicating operational efficiency
- Experience and know-how in acrylic fiber production with R&D investments
- Emphasis on sustainable and efficient production in addition to adoption of strong corporate governance principles

Company Overview

Aksa Akrilik Kimya Sanayii A.Ş. (herein referred to as 'Aksa Akrilik' or 'the Company') is a leading acrylic fiber manufacturer founded in 1968. The Company is market leader globally in the sector, operating at peak capacity utilization levels. Manufacturing complex of the Company is integrated, with direct seaport access and internal power generation plant. In addition to dominant domestic market position and strong global market share, Aksa Akrilik generates revenues in hard-currencies. The catalogue range is supported with research and product development. Furthermore, Aksa Akrilik established a joint venture with global chemicals producer Dow Chemicals, DowAksa to manufacture and develop carbon fiber.

Aksa Akrilik has been founded by Diñçök Family, incorporated under Akkök Holding A.Ş. In addition to Akkök Holding shares (39.59%) Emniyet Ticaret ve San. A.Ş., owned by Lodrik Family (18.72%) is a shareholder while the rest of the shares are traded publicly on Borsa İstanbul (BIST).

Aksa Akrilik exports approximately 35% of its production globally, with a global acrylic fiber market share of 17%. As of FYE2016, the Company had a workforce of 1,245.

Constraints

- Presence in a mature sector with limited upside for traditional acrylic fiber products, necessitating R&D investments
- Competitive threats stemming from Chinese producers
- Net working capital borrowing requirements to bridge receivable collections to trade payables,
- Threat of substitute fibers such as polyester fibers, which are less costly
- Large share of domestic sales to textile & carpet manufacturers, engendering customer risk

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