

Corporate Credit

New Update

Sector: Chemical

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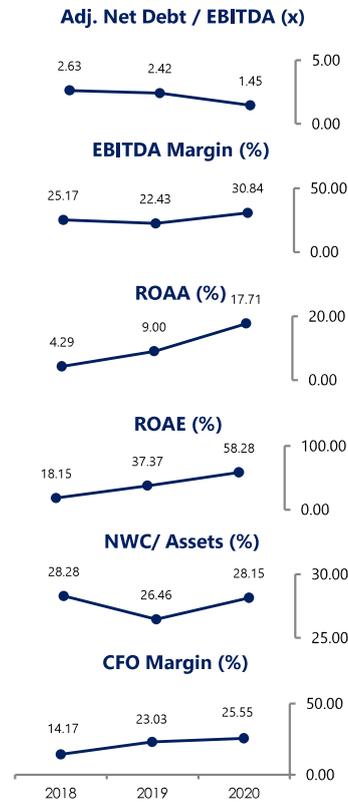
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RATINGS

		Long Term	Short Term
National	Local Rating	AA (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable Stable
Sponsor Support	Stand-Alone	1	-
		A	-
Sovereign*	Foreign	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	- -

* Assigned by JCR on May 31, 2021



Akkim Kimya Sanayi ve Ticaret A.Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated National Corporate credit ratings of “Akkim Kimya San. ve Tic. A.Ş. and its subsidiaries” in a high-level investment grade category and upgraded the ratings of the Long-Term National Scale one notch to “AA (Trk)” and determined as “A-1+ (Trk)” on the Short-Term National Scale with “Stable” outlooks. Long Term International Local and Foreign Currency ratings and outlooks of the Company are capped at “BB/Stable”, the same level as the sovereign ratings and outlooks of Turkey.

“Akkim Kimya Sanayi ve Ticaret A.Ş.” (hereinafter referred to as “Akkim” or the “Company”), was established in 1977 as an affiliate of Akkök Holding A.Ş., which operates mainly in chemical, energy and real-estate sectors through 19 trade and industrial companies and 19 production facilities. Akkim Kimya San. ve Tic. A.Ş. operates primarily in chemical sector and serves its customers in 6 continents with a wide range of products including chlor-alkali and derivatives, methylamines, persulfates, peroxides, bisulfides, textile auxiliaries, paper and water treatment chemicals, cement and concrete additives.

As market leader in many products in basic chemicals and performance chemicals; the Company also serves in the cleaning, chemical, textile, paper, water treatment, food, metal, pesticide, energy, building, mining, plastic and construction sectors. Akkim manufactures in high-tech and environmentally friendly facilities with producing more than 500 chemical raw materials and auxiliary materials with a total capacity of 600 thousand tons. Also, the Company has been selling its know-how and technologies to foreign companies since 2002 and offers many different services from engineering studies to turnkey contracts. As of FY2020, the paid in capital and equity of Akkim stood at TRY 198mn and TRY 920.03mn, respectively. Akkök Holding is the largest shareholder of the Company with a share of 42.00% at FY2020.

Strengths

- Satisfactory debt service capacity supported with resilient operating cash flow and strong equity level despite the increase in the net debt level
- Steady increase in sales revenues and considerable export revenues due to varied nationwide product range and sector diversification with its continuous investments
- Consistent improvement in profit indicators and EBITDA/margin growth particularly in FY2020 & 1H2021 despite the headwinds of the economy
- Prudent financial management with the support of robust cash flow metrics
- Reasonable net working capital and upward trend in FFO provide solid liquidity management
- Low risk of non-collection of receivables due to well-known global customers and particularly working through direct debit system, advance payment and collaterals
- Possessing a sturdy market position and market attractiveness in the inter/national area demonstrated by an ability to profitably protect and asset growth
- Attained know-how in R&D studies that supports sustainability projects and emphasis on compliance with international quality standards

Constraints

- Dependency to raw material prices dictated by foreign suppliers, though notable recovery is observed in 2020 figures
- Uncertainties on global and local economy, triggered by ongoing coronavirus outbreak

Considering the aforementioned drivers, the Company’s the Long-Term National Rating has been upgraded to “AA (Trk)” from “AA- (Trk)”. The competitive advantage obtained through its predictable cash flow capacity supported by diversified income streams, production and export power, competition and market efficiency in the international market, accumulated wealth effect with strong main partner support, predictable cash flow capacity, the steady revenue and EBITDA growth trend, know-how in R&D and organizational framework compatible with the group size as well as deterioration on local and global economic outlook due to ongoing Covid-19 pandemic on economic activities constitute the principle reasons underlying the affirmation the outlooks for the Long and Short-Term National Ratings as “Stable”. The Company’s equity level, fluctuations of the exchange rates, debt maturity and its level, cash flow and liquidity level, EBITDA margin and net profit indicators are the priority issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

“Akkim Kimya Sanayi ve Ticaret A.Ş.”’s main shareholders are “Akkök Holding A.Ş.” (42%) and therefore the “Dinçkök Family”, who is the ultimate shareholder of the Akkök Group. The shareholders of the Company have the willingness and experience to the ensure long term liquidity and equity depending on the adequacy of their financial strength when required and to provide efficient operational support to “Akkim Kimya Sanayi ve Ticaret A.Ş.”. In this scope, “Sponsor Support” category has been affirmed as (I), which denotes the highest level.

Taking into account the Company’s market shares, equity level, ongoing operations, liquidity reachability, internal resource generation capacity, growth rates and EBITDA generation capacity, we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the “Stand-Alone” grade of the Company has been affirmed at (A) in the JCR Eurasia Rating notation system, indicating the highest level.