

Corporate Credit Rating

☐ New ☒ Update

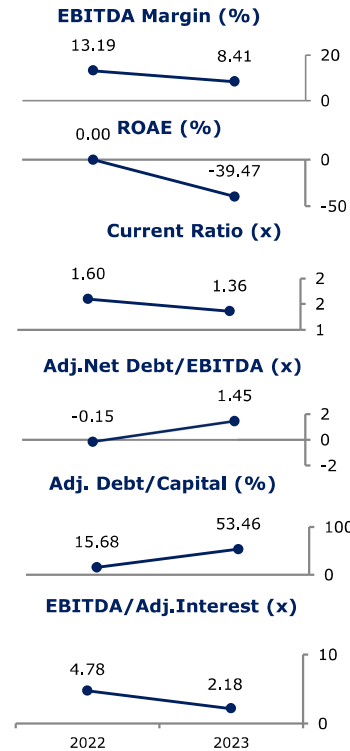
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



Akça Kimyevi Maddeler Nakliyat Ticaret ve Sanayi A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Akça Kimyevi Maddeler Nakliyat Ticaret ve Sanayi A.Ş." in investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating to 'A (tr)' from 'A+ (tr)' and the Short-Term National Issuer Credit Rating to 'J1 (tr)' from '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 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Akça Kimyevi Maddeler Nakliyat Ticaret ve Sanayi A.Ş. (hereinafter referred to as 'Akça Kimya' or 'the Company') was established in 2004 in Kocaeli. Akça Kimya distributes various chemicals in the Turkish market and provides services in the fields of textile, wood, agriculture, polyester, paint, detergent and cosmetics, food and feed. The main product groups in the portfolio of the Company, which sells approximately 100 different chemical products, are alkali chemicals, acids, phosphates, solvents, salts and oils. The Company's facility and warehouse are located in the Yarımcı region of İzmit on an area of 40,000 m². The Company has a warehouse of 4,000 m² for dry chemicals and operates 21 warehouse tanks with a capacity of 40,000 m³ for liquid chemicals. In addition, the facility has its own port and can be used for the discharge of liquid cargo ships. Akça Kimya employed a total workforce of 30 as of FYE2023 (FYE2022: 33).

İsfendiyar Zülfikari, the main partner of the Company, has been serving as the Chairman of the Board of Directors of Zülfikarlar Holding A.Ş. since 2001, as the third-generation representative of the Holding founded in 1942. Zülfikarlar Holding A.Ş., which started its activities in 1942 with the trade of chemicals, has also invested in different sectors during its journey and today operates in the fuel distribution, energy, chemistry, construction, logistic and finance sectors.

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

Strengths	Constraints
- Satisfactory financial leverage metrics as of FYE2023 following the net cash position as of FYE2022 - Maintaining a reasonable level of current ratio with positive net working capital, despite the cash outflow from operations in FY2023 - Funding diversity through utilization of bond issuances - Immaterial level of doubtful receivables supporting asset quality and utilization of insurance reducing the collection risk in a certain extent - Partially diversified product range and customers' industry segment providing resilience to sales revenue of the Company - Long-lasting presence in the industry	- Decline in sales revenue in FY2023 due to decrease in prices of chemical products despite increase in sales volume - High financing expenses in FY2023 and 1Q2024 distorting bottom line results coupled with deteriorated coverage metrics - Increasing operational expenses causing deterioration in operating ratio as well as core profit margins in FY2023 - High level of import dependency due to the nature of business - Fluctuations on raw material prices and currency may be the source of risk for profitability margins - 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 Long-Term National Issuer Credit Rating has been revised to 'A (tr)'. The Company's satisfactory leverage metrics, funding diversity, product variety and collection ability along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 investment progress and financing process, the cash flow to be obtained after the investment, growth strategy, profitability indicators, financial leverage and asset quality 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.