

Corporate Credit Rating

New Update

Sector: Construction Materials Manufacturing

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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	BB	-
ISRs (Issue Specific Rating 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

AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Akçansa Çimento Sanayi ve Ticaret A.Ş in the highest investment grade category on the national scale and affirmed its Long-Term National Issuer Credit Rating at '**AAA (tr)**' and Short-Term National Issuer Credit Rating at '**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.

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 Çanakale 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, Çanakale, and Samsun, and 4 cement terminals in İstanbul-Ambarlı, İzmir-Aliaga, Yalova, and Kocaeli-Yarımca. Akçansa also has 27 plants to produce ready-mixed concrete with the brand name of "Betonasa" and has 3 plants to manufacture aggregate under the brand name of "Agregasa" in Tekirdağ, Bursa, Edremit-Balikesir. Akçansa has total production capacity of 9.04mn tons of cement, 7.04mn tons of clinker, 3.54mn tons of ready-mixed concrete, and 2.73mn tons of aggregate. Also, the Company engages in port activities in Çanakale and İstanbul-Ambarlı ports.

Akçansa is a joint venture of Hacı Ömer Sabancı Holding A.Ş. and Heidelberg Materials AG (formerly HeidelbergCement AG). 79.44% shares of Akçansa Çimento are equally owned by Hacı Ömer Sabancı Holding A.Ş. and Heidelberg Materials 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 LSEG (formerly Refinitiv) with 86 point. According to its LSEG score, Akçansa is ranked as the first among 126 Construction Materials Companies globally as of report date. As of FYE2023, Akçansa ranked as 84th in Türkiye's Top 500 Industrial Enterprises (ISO 500) published by İstanbul Chamber of Industry based on revenue from production (FYE2022: 102). The number of personnel employed operations of the Company was 1,007 as of FYE2024 (FYE2023: 1,005).

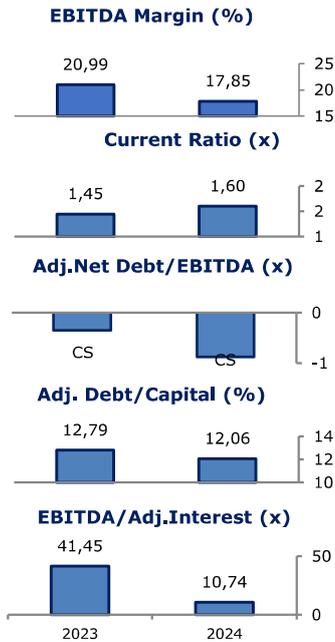
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Consistent robust sales volume supported by distribution network and owned ports, despite decreased revenue and EBITDA generation in FY2024,
- Sound financial leverage and coverage metrics thanks to having cash surplus against financial liabilities in examined periods,
- Favorable liquidity and cash flow metrics, despite the slight decrease in FFO and CFO in FY2024,
- Almost entirely collateralized receivables, supporting asset quality,
- Solid equity level largely supported by inflation-adjusted capital and internal means despite regular dividend payout,
- Proven industry expertise and long track record together with having strong shareholders of prominent local and foreign shareholders; Hacı Ömer Sabancı Holding A.Ş. and Heidelberg Materials AG,
- Sustainability studies involving environmentally friendly practices, despite the requirement for capital expenditures,
- High level of compliance regarding corporate governance practices.

Constraints

- Foreign currency denominated energy costs and financial conditions, resulting volatility on profitability margins,
- Competitive market structure of the cement sector,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.



CS: Cash Surplus.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit has been affirmed at '**AAA (tr)**'. Robust sales volume, 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.