

Corporate Credit Rating

New Update

Sector: Textile Manufacturing
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB+ (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B+	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	B+	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022

AKIN TEKSTİL ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Akin Tekstil Anonim Şirketi" in the speculative grade category and assigned the Long-Term National Issuer Credit Rating as 'BB+ (tr)' and the Short-Term National Issuer Credit Rating as 'J3(tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'B+ / Negative'.

Akin Tekstil Anonim Şirketi (hereinafter referred as "Akin Tekstil" or "the Group") was established in 1956 by brothers Rüştü Akin and Haydar Akin. In 1996, 15% of the Group's shares were offered to the public. Currently, 19% of the Group's shares are traded on the BIST.

The Group is one of the leading fabric manufacturers in Türkiye and operates at its factories located in Istanbul and Lüleburgaz. Akin Tekstil has a production chain that serves many areas of the sector with yarn twisting, fabric weaving, fabric dyeing/finishing, apparel and product development operations.

The Group maintains its operations with a workforce of 582 employees as of FYE2022 (FYE2021: 555 employees).

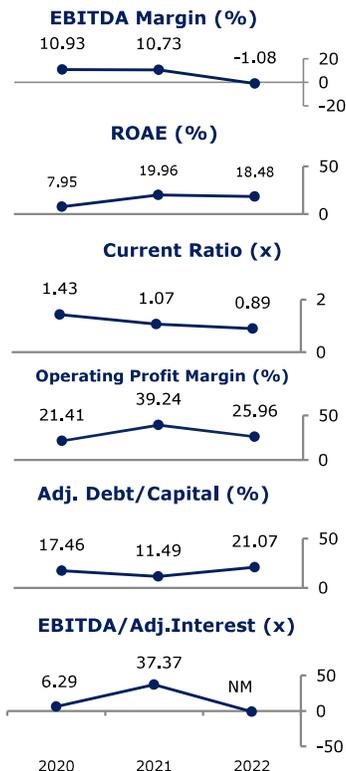
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Increase in sales both in value and volume,
- Asset quality with low collection risk,
- Short cash conversion cycle pointing to operational efficiency,
- Conformity to the international quality standards and established production capacity,
- Long track record in the sector,
- Adequate level of compliance with the Corporate Governance Practices as a publicly listed company.

Constraints

- Low level of profitability margins,
- Short-term weighted debt burden pressuring the Group's current financial structure and deteriorated leverage metrics,
- High dependency on imports of raw materials and determining the role of cotton prices in revenue,
- Intensive competition in the global textile sector,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.



Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been assigned as 'BB+ (tr)'. Upward sales figures, low collection risk, long track record structure 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 Group's profitability indicators, debt ratios, sustainability of domestic and international demands and economic conditions in Türkiye 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.