

Corporate Credit Rating

New Update

Sector: Chemical Manufacturing
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Team Leader

Başak ERÇEVİK
+90 212 352 56 73

basak.ercevik@jcrer.com.tr

Senior Analyst

Aslınaz YILMAZ
+90 212 352 56 73

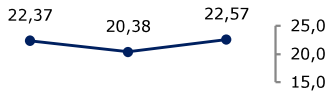
aslinaz.yilmaz@jcrer.com.tr

RATINGS

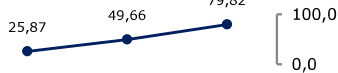
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National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

* Assigned by JCR on Aug 18, 2022

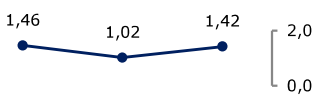
EBITDA Margin (%)



ROAE (%)



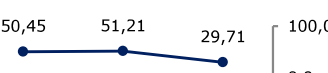
Current Ratio (x)



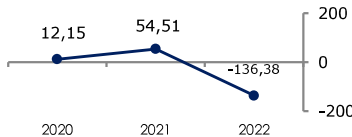
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Akşa Akirilik Kimya Sanayii A.Ş." in the highest investment grade category and affirmed the ratings on the Long -Term National Issuer Credit Rating as "AAA (tr)" and the Short-Term National Issuer Credit Rating at "J1+ (tr)" with "Stable" outlooks. On the other hand, the Long Term International Local and Foreign Currency Issuer Ratings and outlooks of the Company were assigned as "BB/Negative", parallel to the international ratings and outlooks of the Republic of Türkiye.

Akşa Akirilik Kimya Sanayii A.Ş. ("Akşa Akirilik" or the "Company") was established as an industrial complex dating back to 1968 as an Akkök Holding group of companies. Currently, Akşa Akirilik operates with an annual production capacity of 330,000 tons on its 600K sqm facilities, positioning the Company in a dominant spot in the domestic market as the only acrylic fibre producer in Türkiye. The manufacturing facility is based in Yalova, as an integrated complex comprising Akkök Group's several other chemical facilities, with their own electricity generation plant & seaport access. Due to consistent R&D investments, Akşa Akirilik manufactures a wide range of products covering both industrial and consumer-use merchandise with value-added features such as increased resilience, outdoor use, chemical & flame retardant. Additionally, Akşa Akirilik has important investments in carbon fibre sector via its joint venture with DowEurope, namely, DowAkşa. DowAkşa offers carbon fibre intermediate and composite material solutions to the wind energy, automotive, defence and aerospace, building and infrastructure reinforcement industries.

The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1986 and **35.43%** of shares are publicly traded on the BIST with the ticker symbol "AKSA" as of FYE2022, while the controlling shareholder is "Akkök Holding A.Ş." with a share of 39,59%, hence the Dingkök family. As of FYE2022, the paid in capital and equity of Akşa Akirilik Kimya Sanayii A.Ş. stood at TRY 323.75mn and TRY 5.74bn, respectively.

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

Strengths

- Significant increase in sales revenues and improving EBITDA generation capacity benefiting from FC-based pricing ability to a certain degree, particularly in FY2021 & FY2022
- Prudent financial management proven by sound leverage profile, debt metrics and short-term cash surplus
- Enhancement in operating profit margin supported by high level capacity utilization rates and diversified product portfolio, particularly in FYE2022
- Maintenance of bottom-line profit and asset growth despite the headwinds of the economy
- Solid liquidity indicators together with the noteworthy level of net working capital, FFO and positive cash flow metrics
- Natural hedging through matching FC based revenues and liabilities providing currency risk mitigation to a large extent
- Improved business profile and leading sectoral position with geographical location advantage
- Integrated nature of Group operations forming synergies and strengthening know-how base

Constraints

- Ongoing competitive threats stemming from Chinese producers
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned drivers, the Company's the Long-Term National Issuer Credit Rating has been affirmed as "AAA (tr)". The competitive advantage obtained through its predictable cash-flows, profitability indicators, debt service capacity, robust liquidity position, production and export power, competition and market efficiency in the inter/national market, EBITDA generation capacity and steady revenue growth and organizational framework compatible with the Group's size as well as deterioration on local and global economic outlook due to the ongoing geopolitical risks stemming from the Russia-Ukraine tension and global recessionary concerns increasing uncertainties 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 prior 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 as well.