

PRESS RELEASE

Istanbul – March 30, 2017

JCR Eurasia Rating

has evaluated **Aksa Akrilik Kimya Sanayii A.Ş.**'s consolidated structure and assigned a high investment grade credit rating of **"AA (Trk)"** on the Long Term National Scale with a **"Stable"** outlook. Long Term International Foreign and Local Currency ratings are affirmed as **"BBB-"** with **"Stable"** outlooks.

JCR Eurasia Rating has evaluated Aksa Akrilik Kimya Sanayii A.Ş.'s consolidated structure and assigned a high investment grade credit rating of **"AA (Trk)"** on the Long Term National Scale with a **"Stable"** outlook. Long Term International Foreign and Local Currency ratings are affirmed as **"BBB-"** with **"Stable"** outlooks. The credit ratings and their details are given in the table below:

Long Term International Foreign Currency	: BBB- / (Stable outlook)
Long Term International Local Currency	: BBB- / (Stable outlook)
Long Term International Issue Rating	: n.a
Long Term National Local Rating	: AA (Trk) / (Stable outlook)
Long Term National Issue Rating	: AA (Trk)
Short Term International Foreign Currency	: A-3 / (Stable outlook)
Short Term International Local Currency	: A-3 / (Stable outlook)
Short Term National Local Rating	: A-1+ (Trk) / (Stable outlook)
Short Term National Issue Rating	: A-1+ (Trk)
Sponsor Support	: 2
Stand Alone	: AB

Aksa Akrilik Kimya Sanayii A.Ş. is a leading acrylic fiber manufacturer founded in 1968 started manufacturing in 1971. The Company is market leader in the mature sector, operating at peak capacity utilization levels. In addition to dominant domestic market position and strong global market share, Aksa Akrilik generates revenues in hard-currencies. The catalogue range is supported with research and product development, high value added technical acrylic fibers with higher resilience and industrial use benefits. Furthermore, Aksa Akrilik established a joint venture with global chemicals producer Dow Chemicals, **DowAksa** to manufacture and develop carbon fiber and has subsidiaries as **Aksa Egypt** and **Fitco**.

As the largest manufacturer of acrylic fibers in the world, Aksa Akrilik has strong market power both in Turkey, world's second largest acrylic fiber market, and globally. Aksa Akrilik's integrated production complex, comprising its own port access for raw materials, a total of 142.5 MW power generation plants and internal water treatment plants, the campus allows the Company to complete the full process on-site with great efficiency. The Company periodically renews the manufacturing lines in attempt to increase efficiency and increase quality & risk mitigation. Product range is expanded with the internally developed, pigment-dyed filaments and flame retardant modacrylics.

Aksa Akrilik's is able to maintain its gross margin as the price changes in the core cost component acrylonitrile is dynamically reflected on the final price of the finished product. In addition to this downside protection which might stem from increase cost of sales, the Company has several ongoing projects to increase efficiency further increase the margins. Due to long track record and high market power in the sector, Aksa Akrilik has a resilient balance sheet with low net debt, accounting for the excess cash reserves earning interest. In this regard, the Company is able to finance periodic and circumstantial investments with internal funds. We also note that Aksa Akrilik has very good access to international and local financial institutions, with ample room for additional withdrawal if need be. Even though the Company is does not have short foreign currency position on the long-term outlook and USD-based metrics were in the focus of our analysis, the fact that foreign currency borrowings are hedged with FX or FX indexed revenues are reflected as sizable foreign currency losses when translated to TRY, as local currency depreciates rapidly. The impression of high financing costs, resulting from the exchange differences despite the low interest costs, has been methodologically compensated in our assessments. Coupled with prudent financial planning and management, Aksa Akrilik has environmentally-friendly integrated facilities, which produce its own energy and process steam and have its own port, have strong operational risk control, efficient business processes, functional monitoring, quality control systems and highly adequate institutionalization and social responsibility.

The Company's resilient market position, international business network, pass-through cost structure, low indebtedness and good debt service, diversified product range with R&D, strong corporate governance framework, prudent financial management, developed operational risk management and mitigation systems and compliance, predictability of the cash flows and notable upside potential of DowAksa venture and new product lines are the main drivers of the Long Term National rating of **"AA (Trk)/Stable"**. The net working capital structure and liquidity profile, contribution of the ongoing capacity and renewal investments to cash flows, sales performance of the new product lines and the borrowing profile and the market impact of substitute products and developments in the global acrylic market will be continued to be monitored by JCR-ER.

Diñçök Family is the principal owner of the Company and they are considered to have the willingness and the financial capacity to provide liquidity to the Group in case of need, given the Family's established history and business position of family owned Akkök Holding A.Ş. Accounting further for the publicly held shares, the Company's Sponsor Support Grade is determined as **(2)** within the JCR Eurasia Rating scale, indicating an adequate level. The Holding's Stand Alone Grade, which demonstrates the ability to meet its commitments and obligations through solely internally generated revenues without resorting to its shareholders for external support is determined as **(AB)** within JCR Eurasia Rating Scale, corresponding to a high service level.

For more information related with the rating results you may visit our internet site <http://www.icrer.com.tr> or contact our analyst **Mr. Özgür Fuad Engin**.

JCR EURASIA RATING
Administrative Board