

## Corporate Credit & Issue Rating

New  Update

Sector: Agrochemicals  
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### RATINGS

		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Negative LC Negative	Negative Negative
	Issue Rating	BBB-	A-3
National	Local Rating	AA-(Trk)	A-1+(Trk)
	Outlook	Positive	Positive
	Issue Rating	AA-(Trk)	A-1+(Trk)
Sponsor Support	2	-	-
Stand-Alone	AB	-	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Negative LC Negative	- -

\*Affirmed by JCR on August 14, 2018

## Hektaş Ticaret T.A.Ş.

### Company Overview

Financial Data	1H2018	2017	2016	2015	2014
Total Assets (000 USD)	121,219	85,565	58,175	64,019	68,712
Total Assets (000 TRY)	552,842	322,743	204,729	186,141	159,336
Equity (000 TRY)	217,334	142,872	123,471	115,358	109,671
Net Profit (000 TRY)	74,342	49,240	29,342	24,250	22,222
Sales (000 TRY)	299,375	252,207	176,542	160,845	138,611
Net Profit Margin (%)	24.83	19.52	16.62	15.08	16.03
ROAA (%)	N/A	23.42	18.78	17.64	19.06
ROAE (%)	N/A	46.38	30.73	27.08	26.23
Equity / Total Assets (%)	39.31	44.27	60.31	61.97	68.83
Net Working Capital / T. Assets (%)	48.38	28.09	54.73	44.55	51.16
Debt Ratio (%)	60.69	55.73	39.69	38.03	31.17
Asset Growth Rate (%)	N/A	57.64	9.99	16.82	19.53

**Hektaş Ticaret T.A.Ş.** (hereafter referred to as 'Hektaş Ticaret' or 'the Company') was founded by a group of doctors, pharmacologists and engineers in 1956 to produce medicines for human use. The Company shifted its total focus to the crop protection products in 1962. Since then, it has been manufacturing and selling a wide range of agrochemicals such as crop protection and plant nutrition products, seeds and veterinary medicines. Ordu Yardımlaşma Kurumu ('OYAK', referred to as 'the Group') which is the pension fund of the members of the Turkish Armed Forces and one of the biggest conglomerates in Turkey with its 90 subsidiary companies from various industries, started its investments in Hektaş Ticaret in 1963 and became its major shareholder in 1981, holding 53.81% of all of its shares. OYAK maintains the same level of ownership in Hektaş Ticaret, and the rest of the shares of the Company are publicly traded in Borsa Istanbul since 1986. Together with the development of smart farming in Turkey, Hektaş Ticaret constantly enriches its diversified product range with its increasing investments in research and development, enabling high level of growth rates in sales and profits in recent years. As of FYE2017, the total number of employees working for the Company was 268 (2016: 235).

OYAK, which was established in 1961, is one of the biggest conglomerates in Turkey with its direct investments in 90 companies from numerous sectors. The subsidiaries of the Group mainly operate in the fields of mining and metallurgy, cement industry, automotive sector, logistics, finance, energy and chemistry.

### Strengths

- Constant growth in sales with increasing level of profitability
- Ability to benefit from the potential for further growth in the market in parallel with the rise of smart farming in Turkey
- Low financial leverage
- Successful use of the derivatives to hedge against the exchange rate risk
- Robust capacity for receivable collection through the 'Direct Debit System'

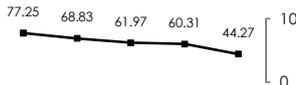
### Constraints

- Dependence on imports in the procurement of the active ingredients used in the production
- Low level of exports of the industry and its negative impacts on the short foreign exchange position of the sector in line with the depreciation of the Turkish Lira
- The risk of an increase in the level of informality in the market as the prices go up
- High dividend pay-outs which lead to constrained internal resource generation capacity

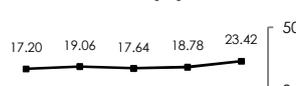
#### Net Profit Margin (%)



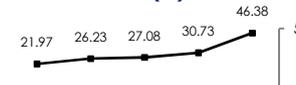
#### Equity / Total Assets (%)



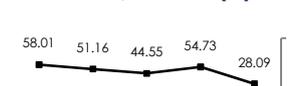
#### ROAA (%)



#### ROAE (%)



#### NWC / T. Assets (%)



#### Debt Ratio (%)

