

## Corporate Credit & Issue Rating

New  Update

Sector: Agrochemicals  
 Publishing Date: 18/09/2019

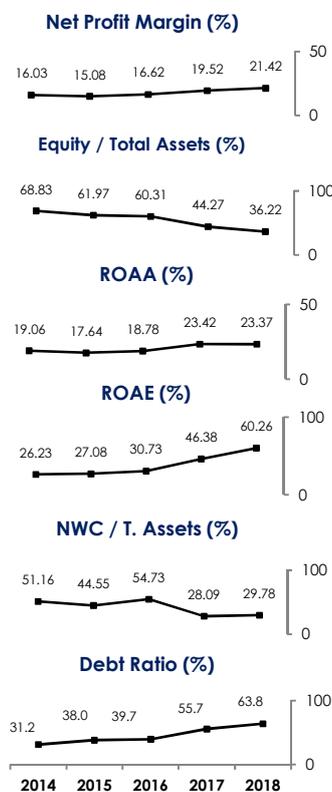
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### RATINGS

		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	Stable	Stable
	Issue Rating	AA (Trk)	A-1+ (Trk)
Sponsor Support	Stand-Alone	2	-
		AB	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Negative LC Negative	- -

\*Affirmed by JCR on November 27, 2018



## Hektaş Ticaret T.A.Ş.

### Company Overview

Financial Data	1H2019	2018	2017	2016	2015
Total Assets (000 USD)	165,730	130,948	85,565	58,175	64,019
Total Assets (000 TRY)	953,795	688,905	322,743	204,729	186,141
Equity (000 TRY)	301,200	249,533	142,872	123,471	115,358
Net Profit (000 TRY)	93,105	106,193	49,240	29,342	24,250
Sales (000 TRY)	457,258	495,789	252,207	176,542	160,845
Net Profit Margin (%)	20.36	21.42	19.52	16.62	15.08
ROAA (%)	N/A	23.37	23.42	18.78	17.64
ROAE (%)	N/A	60.26	46.38	30.73	27.08
Equity / Total Assets (%)	31.58	36.22	44.27	60.31	61.97
Net Working Capital / T. Assets (%)	34.63	29.78	28.09	54.73	44.55
Debt Ratio (%)	68.42	63.78	55.73	39.69	38.03
Asset Growth Rate (%)	N/A	113.45	57.64	9.99	16.82

\* Audited year-end financial statements

The commencement of the operations of **Hektaş Ticaret T.A.Ş.** ('Hektaş Ticaret' or 'the Company') dates back to 1956 in the realm of production of medicines for human use. After 6 years of operations in this area, Hektaş Ticaret changed its field of activity and began to concentrate on the production of agrochemicals for crop protection in 1962. Right now, the Company's product portfolio consists of a wide range of agrochemicals such as crop protection and plant nutrition products, seeds and veterinary medicines. Alongside with the expansion of the smart farming practices in Turkey, agrochemicals sector has shown a rapid growth performance and the demand in this field has constantly improved. Hektaş Ticaret, with its motto of 'pioneer of smart agriculture', has taken trailblazing actions in the pesticides industry and benefited well from the growth of the sector. The Company continually enriches its diversified product range with its ever-increasing investments in research and development, which gave way to high levels of growth rates in sales and profits in the recent years. As of 1H2019, the Company reached TRY 954mn in total assets in consolidated terms.

Ordu Yardımlaşma Kurumu ('OYAK' or '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, currently holds 53.81% of the Company's shares. The rest of the shares of the Company are publicly traded in Borsa Istanbul since 1986. Metallurgy, cement, automotive, logistics, finance and energy are the main fields in which the subsidiaries of the Group operate.

#### Strengths

- Accelerated turnover and asset growth
- Striking performance in profitability
- Solid liquidity structure with rising net working capital
- Low risk of non-collection of receivables
- Strong shareholder structure
- Plan for increase in paid-in capital through rights issues

#### Constraints

- Increasing financial leverage
- Rising cost of borrowing which leads to a boom in financial expenses in 2018
- Large dividend pay-outs which impedes internal resource generation capacity
- Exposure to foreign exchange risk due to the sector's limited export capacity and dependence on imports for the inputs used in production