

Corporate Credit & Issue Rating

New Update

Sector: Agrochemicals

Publishing Date: 23/09/2020

Analyst

Fatih Lap

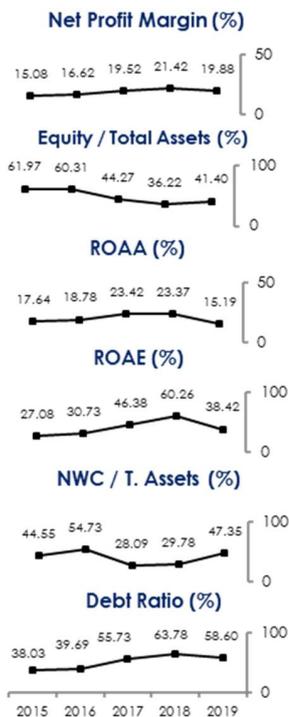
+90 212 352 56 73

fatih.lap@jcrer.com.tr

RATINGS

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

*Assigned by JCR on April 10, 2020



Hektaş Ticaret T.A.Ş.

Company Overview

Financial Data	1H2020*	2019*	2018*	2017*	2016*
Total Assets (000 USD)	233,823	206,293	130,948	85,565	58,175
Total Assets (000 TRY)	1,599,867	1,225,424	688,905	322,743	204,729
Equity (000 TRY)	580,168	507,370	249,533	142,872	123,471
Net Profit (000 TRY)	80,442	145,571	106,193	49,240	29,342
Sales (000 TRY)	474,009	732,677	497,071	252,213	176,777
Net Profit Margin (%)	16.97	19.88	21.42	19.52	16.62
ROAA (%)	N/A	15.19	23.37	23.42	18.78
ROAE (%)	N/A	38.42	60.26	46.38	30.73
Equity / Total Assets (%)	36.26	41.40	36.22	44.27	60.31
Net Working Capital / T. Assets (%)	21.67	47.35	29.78	28.09	54.73
Debt Ratio (%)	63.74	58.60	63.78	55.73	39.69
Asset Growth Rate (%)	N/A	77.88	113.45	57.64	9.99

* Audited and Consolidated Financial Statements

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. 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 1H2020, the Company reached TRY 1.6bn in total assets in consolidated terms, and the total number of employees working for the Company was 474 (FYE.2019: 432).

JCR Eurasia Rating, has evaluated Hektaş Ticaret in an investment-level category on the national scale and affirmed the ratings on the Long-Term National Scale as '**AA (Trk)**' and the Short Term National Scale as '**A-1+ (Trk)**' with '**Stable**' outlooks.

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
- Solid liquidity structure with rising net working capital
- Robust capacity for receivable collection through the 'Direct Debit System' via sound risk management practices
- Strong shareholder structure
- Strengthened capital structure by paid-capital increase
- Level of compliance with the Corporate Governance Principles

Constraints

- Increasing financial leverage
- Decreasing profit margins and EBITDA generation capacity
- Rising financial expenses with increasing financial debts
- Dependence on imports in the procurement of the active ingredients used in the production
- Exposure to foreign exchange risk due to the sector's limited export capacity and dependence on imports for the inputs used in production