



Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

25.01.2019

<b>Short Term National Rating:</b> <b>(TR) A1+</b> <b>Outlook: Stable</b>	<b>Long Term National Rating:</b> <b>(TR) AA+</b> <b>Outlook: Stable</b>
<b>SAHA Rating reconfirms Türk Traktör ve Ziraat Makineleri A.Ş.'s previous rating of short term "A1+" (stable) and long term "AA+" (stable) as short term (TR) "A1+" and long term (TR) "AA+" within the investment worthy category, and their outlook as "Stable".</b>	

Türk Traktör ve Ziraat Makineleri A.Ş. ("the Company", "Türk Traktör") is established in 1954 under the name of Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. The Company is involved in manufacturing and trade of tractors, harvesters and other agricultural machinery. A Koç Holding group of company, Ege Makine ve Ticaret A.Ş., acquired 25% of the Company shares in 1968 and the title was changed as Türk Traktör ve Ziraat Makineleri A.Ş. As of December 31, 2018, major shareholders of the Company are Koç Holding and CNH Industrial Österreich GmbH. Türk Traktör, with annual production capacity of 50,000 tractors (working in 2 shifts) is Turkey's largest tractor manufacturer and the leader in the market since 12 years. It carries out its operations through a wide sales and service network.

As of year-end 2018, the Company single-handedly realized 72% of Turkish tractor production (67% in 2017) and 91% of total Turkish tractor exports (87% in 2017). Comparing 2018 Q3 independent audit results with the same period of the previous year, increase of 57% in foreign sales revenues despite a contraction of 2% in total sales revenues is favorable. The 6% increase in gross profitability shows that the costs are well managed, and EBITDA grew by 9%. Net profitability showed a decline of 23%, mainly due to the increase in financial expenses. Profitability ratios, respectively, are as follows: Gross Profitability 19% (2017/09: 17%), Operating Profit Margin 11% (2017/09: 10%), Net Profit Margin 6% (2017/09: 7%) and EBITDA Margin 13% (2017/09: 12%).

Our statement dated January 25, 2019 is a confirmation statement and when the independent auditor's report of 2018 is published, the rating will be revised. Additional information on rating results can be found at our web site [www.saharating.com](http://www.saharating.com).

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