

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Inst.
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Analyst

Bora Pakyürek
 +90 212 352 56 73
 bora.pakyurek@jcrer.com.tr

RATINGS

		Long	Short
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Negative	Negative
		LC Negative	Negative
National	Issue Rating	-	-
	Local Rating	A-(trk)	A-1(trk)
	Outlook	Stable	Stable
	Issue Rating	A-(trk)	A-1(trk)
Sovereign*	Sponsor Support	2	-
	Stand-Alone	B	-
	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Negative	-
		LC Negative	-

*Affirmed by JCR on November 27, 2018

Şeker Yatırım Menkul Değerler A.Ş.

Company Overview

Financial Data	3Q2018**	2017*	2016*	2015*	2014*
Total Assets (000 USD)	52,564	46,969	39,902	38,701	81,445
Total Assets (000 TRY)	225,333	177,162	140,425	112,526	188,862
Equity (000 TRY)	44,550	45,416	43,014	39,148	39,627
Net Profit (000 TRY)	2,441	4,787	3,969	-399	2,099
Net Profit Margin (%)	5.88	10.78	10.42	-1.38	8.20
ROAA (%)	n.a	4.22	3.72	-0.13	1.54
ROAE (%)	n.a	15.15	11.44	-0.50	7.01
Equity / T. Assets (%)	19.77	25.64	30.63	34.79	20.98
Assets Size Market Share (%)**	n.a	0.77	0.66	0.73	1.25
T. Debt/Capital Ad. Base(%)	6.53	3.90	5.10	2.70	2.89
Leverage Ratio (%)	406.70	290.09	226.47	187.44	376.60
Asset Growth Rate (%)	27.19	26.16	24.79	-40.42	15.65

*End of Year **End of 3Q2018

Şeker Yatırım A.Ş. (hereinafter referred to as Şeker Yatırım or the Company), incorporated under the Capital Market Law and licensed to provide services as an intermediary institution, commenced activities in 1997 as a subsidiary of Şekerbank. The Company has been authorized as a broadly authorized intermediary institution in accordance with the decision taken at the meeting on 4 December 2015 by the Capital Market Board. The Company provides services in equity trading, public offering intermediation, portfolio management, investment consultancy, repo-reverse repo transactions, margin trading-short selling, securities lending, leveraged FX and derivatives trading. Şeker Yatırım operates in the Equity, Debt Securities and Derivatives Markets on the Borsa Istanbul (BIST).

Şeker Yatırım is one of the well-established intermediary institutions in the sector and stands at the forefront in terms of branch network organization, research services, and customer portfolio with over 20 years of activity. Currently, the Company carries out its operations through a total network of 2 branches in 2 cities in addition to the nationwide network of Şekerbank branches.

Şekerbank is the qualified shareholder of the Company and currently holds a 99.04% stake. Company headquarters are located in Levent Istanbul, a financial and business district. As of September 30, 2018, Şeker Yatırım employed a staff force of 88 (FYE2017: 91).

Strengths

- Sustainable commission flow with product diversity and proven earning power with sound principal profitability indicators
- Satisfactory capital adequacy base and liquidity level promising further growth
- High asset quality, healthy receivables portfolio backed by collaterals along with lack of non-performing receivables
- Wide range of services as a broadly authorized intermediary institution with a proven track record and sector expertise
- Broad customer base and nationwide geographical outreach through its owner Şekerbank's branch network contributing to sustainable revenue generation
- Strong shareholding structure and benefits of being a bank subsidiary company
- Successive realized bond issuance in the current financial year diversifying funding structure
- Prominent position in the corporate finance market following successful completion of issuance of debt instruments

Constraints

- Increasing interest rate environment
- Implementation of restrictive regulations in the leveraged FX trading market at the beginning of FY2017, exerting notable pressure on incomes from those transactions for the sector and restricting expansion of forex incomes for the Company
- Operational expenses exerting pressure on profitability
- High level of competition in the Turkish intermediary sector and pressures to continuously squeeze costs
- Relatively low level of market share in the intermediary sector
- Persistent political and economic stresses along with regional tensions hosting uncertainties and exerting downward pressure on risk appetite of investors possibly resulting in a contraction of transaction volume and pressure on profit

