

Corporate Credit & Issue Rating

New Update

Sector: Leasing

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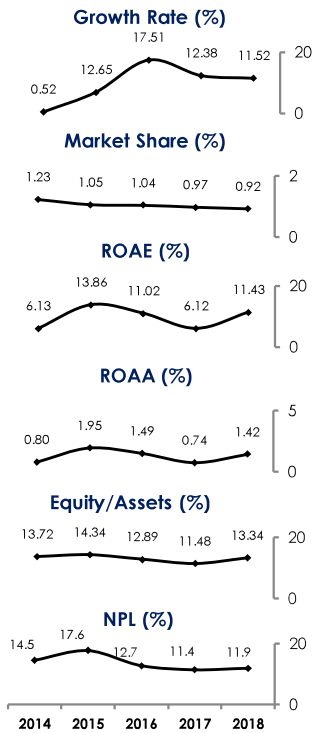
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RATINGS

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Neg.	Neg.
		LC	Neg.	Neg.
Issue Rating	BBB-	A-3		
National	Local Rating	BBB+ (Trk)	A-2 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB+ (Trk)	A-2 (Trk)	
Sponsor Support		2	-	
Stand-Alone		AB	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Neg.	-
LC		Neg.	-	

* Affirmed by JCR on November 27, 2018



ŞEKER Finansal Kiralama A.Ş. And Its Subsidiary

Company Overview

Financial Data	1Q2019*	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	115,642	119,943	150,016	142,564	147,366	172,788
Total Assets (000 TRY)	650,882	631,006	565,847	503,506	428,481	400,677
Equity (000 TRY)	86,721	84,186	64,984	64,912	61,462	54,956
Net Profit (000 TRY)	2,536	4,114	5,265	6,864	6,860	5,590
Market Share (%)	0.99	0.92	0.97	1.04	1.05	1.23
ROAA (%)	0.28	1.42	0.74	1.49	1.95	0.80
ROAE (%)	2.23	11.43	6.12	11.02	13.86	6.13
Equity/Assets (%)	13.32	13.34	11.48	12.89	14.34	13.72
NPL (%)	11.90	11.90	11.40	12.67	17.64	14.46
Growth Rate (%)	11.37	11.52	12.38	17.51	6.94	0.52

* Audited consolidated financial statements

Şeker Finansal Kiralama A.Ş. (hereinafter referred to as Şeker Leasing, the Company) is a partially owned subsidiary of **Şekerbank T.A.Ş.** (the Bank), a mid-scale commercial bank with a long-term national rating of 'AA-(Trk)' assigned by JCR Eurasia Rating on September 27, 2018. The bank holds a 54.13% stake in Şeker Leasing. Personel Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (Voluntary Pension Fund) is the ultimate majority shareholder of the Company.

The Company was established in 1997 and has been listed on the BIST since 2004. As one of the four leasing companies listed on the Borsa Istanbul (BIST), its free float rate was 11.05% including 8.59% repurchased shares of its TRY 50mn paid capital as of 1Q2019. The Company, offering leasing services for investment support of domestic and international assets and capital goods needed by 'Small and Medium Size Enterprises' (SMEs), performs its activities through its headquarters and regional offices in Ankara, Izmir and Gaziantep as well as in the widespread branch network of Şekerbank T.A.Ş.. The Company employed a staff force of 37 people as of 1Q2019 and has a subsidiary named **Sekar Oto Filo Yönetim Hizmetleri ve Ticaret A.Ş.** as of the report date.

Strengths

- Equity level that is rising and approaching sector average, differentiating the Company from other bank related financial institutions
- Improved profitability indicators against deteriorated sector figures, despite positioning below sector average
- Improved asset quality
- Above average provisioning level and below average level of provisions in total income
- Strong and reputable shareholding structure together with benefits of being a bank related company
- Practices and processes with high compliance to corporate governance principles

Constraints

- Rapidly raised financial expenses resulting in a deficit balance in net interest and commission income
- Downtrend in market share regarding asset size in line with the Company's cautious management strategy along with improvement in the first quarter of the current year
- Total income composition fully composed of other income from operations, particularly the FX gain stemming from above sector average and equity long FX position
- Challenging market conditions where investor risk appetite and real sector firms' debt service capabilities decreased