

Corporate Credit & Issue Rating

New Update

Sector: Leasing
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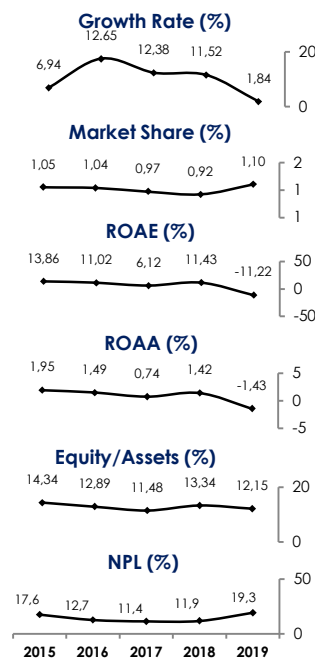
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RATINGS

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

*Assigned by JCR on April 10, 2020



ŞEKER Finansal Kiralama A.Ş. And Its Subsidiary

Company Overview

Financial Data	1Q2020*	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	100,395	108,181	119,943	150,016	142,564	147,366
Total Assets (000 TRY)	659,556	642,618	631,006	565,847	503,506	428,481
Equity (000 TRY)	83,831	78,046	84,186	64,984	64,912	61,462
Net Profit (000 TRY)	5,785	-4,565	4,114	5,265	6,864	6,860
Market Share (%)	1.08	1.10	0.92	0.97	1.04	1.05
ROAA (%)	0.56	-1.43	1.42	0.74	1.49	1.95
ROAE (%)	4.33	-11.22	11.43	6.12	11.02	13.86
Equity/Assets (%)	12.71	12.15	13.34	11.48	12.89	14.34
NPL (%)	18.39	19.32	11.90	11.40	12.67	17.64
Growth Rate (%)	1.33	1.84	11.52	12.38	17.51	6.94

*Audited consolidated financial statements

Şeker Finansal Kiralama A.Ş. (hereinafter referred to as Şeker Leasing, the Company) is a subsidiary of Şekerbank T.A.Ş. (the Bank), a mid-scale commercial bank with a long-term national rating of 'BBB+(Trk)' assigned by JCR Eurasia Rating on September 27, 2019. The bank holds a 54.13% stake in Şeker Leasing. Personel Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (Voluntary Pension Fund) holds 15.89% of its shares according to 2019 year end financials.

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 11.54% including 8.35% repurchased shares of its TRY 50mn paid capital as the end of 2019. 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 and Izmir. On 4th March 2020, The Company announced that Gaziantep branch will terminate the activity. Yet, it also benefit from the widespread branch network of Şekerbank T.A.Ş.. The Company has a subsidiary named Sekar Oto Filo Yönetim Hizmetleri ve Ticaret A.Ş. as of the report date and the Group (Şeker Leasing and Sekar) employs a staff force of 27 people as the end of 1Q2020. The Company's national local rating is downgraded one notch from BBB+ (Trk) to BBB (Trk).

Strengths

- Preserving asset size despite the declining sector figure
- Decrease in short term funding need
- 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

- Deterioration in asset quality
- Deterioration in year-end profitability indicators
- FX gains' on-going contribution to total income composition, generating volatility potential on future financials
- Raising financial expenses exceeding net interest and commission income
- Tough market conditions where investor risk appetite and investment climate deteriorating due to Covid-19 pandemic