

Corporate Credit Rating

New Update

Sector: Operational Leasing
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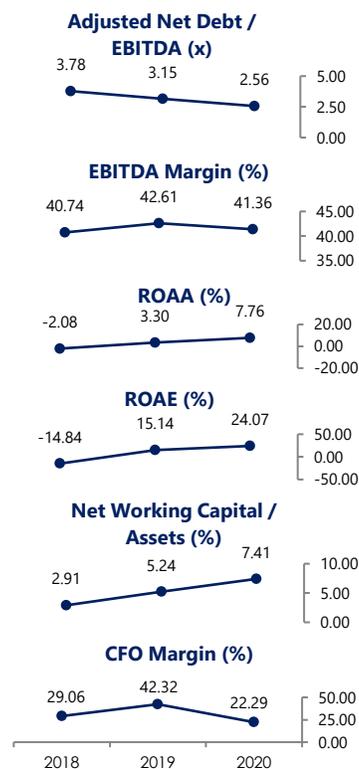
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RATINGS

		Long Term	Short Term
National	Local Rating	A (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable	Stable
	Outlook	LC Stable	Stable
Sponsor Support	2	-	
Stand-Alone	AB	-	
Sovereign*	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable	-
	Outlook	LC Stable	-

*Assigned by JCR on May 31, 2021



LDR TURİZM A.Ş.

JCR Eurasia Rating has evaluated the credit ratings of “**LDR Turizm A.Ş.**” in an investment-grade category and assigned the ratings as “**A (Trk)**” on the Long-Term National Scale and as “**A-1 (Trk)**” on the Short-Term National Scale with ‘**Stable**’ outlooks. On the other hand, the Long-Term International Foreign and Local Currency Ratings have been assigned as ‘**BB/Stable**’.

“**LDR Turizm A.Ş.**” (hereinafter referred to as ‘**Lider Filo**’ or ‘**the Company**’) was founded in 2010 under the name of “LDR Turizm Dış Ticaret LTD. ŞTİ” before changing its title to “LDR Turizm A.Ş.” in 2012. The brand ‘**Lider Filo**’ was registered by the Turkish Patent Institute in 2011 to LDR Turizm A.Ş.

The sole owner of LDR Turizm A.Ş. is Metin Barokas since 2012. The Company mainly operates in the field of operational leasing under the brand name Lider Filo with a fleet of 3,896 vehicles as of December 31, 2020. The Company, currently sustains its country-wide operations with a workforce of 35 as of FYE2020 (FYE2019:35) through its head office in Istanbul.

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
<ul style="list-style-type: none"> • Strong EBITDA generation capacity together with satisfactory profit margins, • Ongoing improvement in financial leverage ratios, • Sustainable cash flow metrics underpinned by sound operational performance, • Diversified customer structure supporting asset quality, • Multiyear contracts providing high earnings predictability, • Asset structure, capable of converting into cash rapidly, • Expected positive outlook in the medium and long term of fleet leasing sector due to willingness of companies to prefer leased vehicles. 	<ul style="list-style-type: none"> • Limited market influence together with decreasing share of fleet leasing revenue, • External funding needs due to business model of the sector, • Rapid fluctuations in used-car prices in the market pressuring sector structure, • Possible fluctuations in demand due to sector-specific regulations and high correlation with macroeconomic dynamics, • Improvement needs in the level of compliance with corporate governance practices given the Company’s size.

Considering the aforementioned points, the Long-Term National Rating of the Company has been assigned as ‘**A (Trk)**’. The positive developments in the automotive sector during 2020 and the first half of 2021, current cash flow metrics and increase in the Company’s sales volume and profitability have been evaluated as important indicators for the stability of the ratings and the outlooks for the Long and Short-Term National Ratings as ‘**Stable**’. The economic impact of Covid -19 outbreak on the Company, debt and equity level, cash flow and liquidity metrics, asset quality, net profit indicators and sectoral regulations are the priority issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

JCR Eurasia Rating has maintained its opinion that **Metin Barokas**, the ultimate and qualified shareholder of the Company, has the willingness and capability to ensure long term liquidity, equity as well as provide efficient operational support to “**LDR Turizm A.Ş.**” within its financial capability if required, when taking into consideration the Company’s position achieved in its sector. In this scope, “**Sponsor Support**” category has been assigned as (2), which denotes an adequate level.

Considering the Company’s increasing trend of revenues, diversified customer structure, market shares, satisfactory profitability indicators, liquidity levels, risk management practices, experienced management team and know-how level we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of sufficient experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the “**Stand-Alone**” grade of the Company has been assigned as (AB) in the JCR Eurasia Rating notation system, indicating a high level.