

Corporate Credit Rating

New Update

Sector: Fleet Leasing

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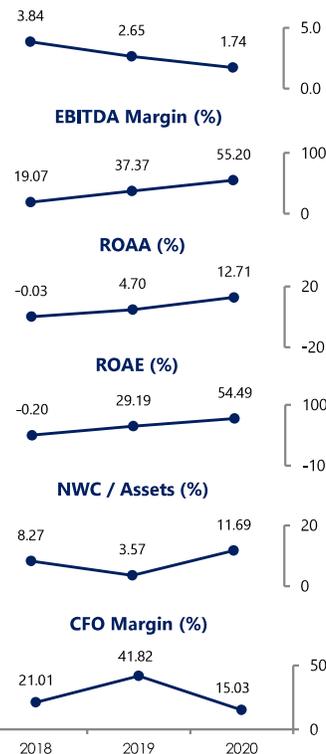
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RATINGS

		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
		LC	Stable	Stable
Sponsor Support	2	-		
Stand-Alone	A	-		
Sovereign*	Foreign Currency	BB	-	
	Local Currency	BB	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Assigned by JCR on May 31, 2021

Adjusted Net Debt / EBITDA (x)



Escar Turizm Taşımacılık Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Escar Turizm Taşımacılık Ticaret A.Ş.** in investment-level category on the national scale and assigned the ratings on the Long Term National Scale as **'A+ (Trk)'** and Short-Term National Scale as **'A-1 (Trk)'** with **'Stable'** outlooks.

Escar Turizm Taşımacılık Ticaret A.Ş. (referred as "the Company" or "Escar") was established in 2001 and has been serving in the fields of operational vehicle leasing and fleet management services with the "Escar Fleet Excellence" brand. The Company's other brands are "www.varmiartiran.com" where used vehicles are sold and www.otoboom.com, which is a new vehicle purchase offer platform. As of September 30, 2021, the Company has a total of 3,848 vehicles and the number of vehicles used in operational leasing activities is 3,502 as the size of the Company's assets reached to TRY 988mn. The Company employs 60 people as of September 30, 2021 (December 31, 2020: 55).

The Company's paid in capital is TRY 54.3mn and 75.75% of the shares owned by Kebudi Family Members. Prior to the establishment of Escar in 2001, the founder of the Company, the Kebudi Family had been operating then in textile sector for nearly 40 years. The Company's shares started to be traded on the Borsa Istanbul Main Market with the sticker of "ESCAR" as of 13 July 2021 following the approval of the Company's value determined as TRY 682.2mn and 20.26% of it being offered to the public for TRY 165mn by the Capital Markets Board and Borsa Istanbul A.Ş.

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

Strengths

- Notable increase in bottom line and profitability indicators
- Steady improvement in debt service over the reviewed periods
- Notable increase in equity level with IPO, promising further room for growth and maneuverability
- Multiyear contracts providing earnings predictability
- Diversified top-tier corporate clientele structure supporting asset quality
- Asset structure, capable of converting into cash rapidly, provides resilience to the Company
- Balanced FX position that creates a barrier for potential currency losses
- Positive outlook in the medium and long term of fleet leasing sector

Constraints

- Global chip shortage stands out as a material risk ahead for the company and industry
- Exposure to fluctuations in used-car prices in the market
- Sector-specific regulations and high correlation with macroeconomic dynamics may result fluctuations in demand
- Pandemic on global and local economies overhang as a systematic risk

Considering the aforementioned points, Escar's Long Term National Rating has assigned at **'A+ (Trk)'**. The Company's upward sales figure, internal resource generation capacity, satisfactory profitability indicators, liquidity position, reputable brand name, diversified customer portfolio and capability to access funding resources along with the ongoing effects of the pandemic have been evaluated as important indicators for the stability of the ratings and the outlooks for Long- and Short-Term National ratings are determined as **'Stable'**. On the other hand, the Company's revenue and profitability performance, cash flow and liquidity metrics, asset quality and local and global macroeconomic indicators during Covid-19 pandemic will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets along with market conditions and legal framework about the sector will be monitored as well.

The Sponsor Support notes and risk assessments reflect the financial strength and expected assistance of the controlling shareholders. It is considered that the controlling shareholders, Kebudi Family has the willingness to ensure long-term liquidity and equity should such a need arise and the experience to provide efficient operational support to Escar. In this regard, the Company's Sponsor Support Grade has been assigned as **(2)** in JCR Eurasia Rating's notation system.

The Stand-Alone grade reflects the Company's financial resilience and capacity to meet its commitments and obligations through internal fund generations and resources without resorting to its shareholders. Escar's internal resource generation capacity, position and expertise in its sector, diversified customer structure and liquidity profile are the fundamental factors contributing to the Stand-Alone rating evaluation of **(A)** denoting that the Company has the strong level of capacity to meet the financial commitments.