

## Corporate Credit Rating

New  Update

**Sector:** Fleet Leasing

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**Chief Analyst**

Abdullah DEMIRER

+90 212 352 56 73

[abdullah.demirer@jcrer.com.tr](mailto:abdullah.demirer@jcrer.com.tr)

**Analyst**

Furkan AYAZ

+90 212 352 56 73

[furkan.ayaz@jcrer.com.tr](mailto:furkan.ayaz@jcrer.com.tr)

## Escar Filo Kiralama Hizmetleri A.Ş.

JCR Eurasia Rating, has evaluated **Escar Filo Kiralama Hizmetleri A.Ş. (prior Escar Turizm Taşımacılık Ticaret A.Ş.)** in investment-level category on the national scale and affirmed the Long-term National Issuer Credit Rating at '**A+ (tr)**' and assigned the Short-Term National Issuer Credit Rating at '**J1+ (tr)**' with '**Stable**' outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

**Escar Filo Kiralama Hizmetleri 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 second-hand vehicles are sold and www.otoboom.com, which is a new vehicle purchase offer platform. As of September 30, 2022, the Company has two subsidiaries and one joint venture. While Escar's fleet size reached to 4,634 vehicles, the number of vehicles used in operational leasing activities is 4,230. The Company's asset size reached to TRY 2.22bn as of September, 2022. The Company employs 68 staff as of September 30, 2022 (December 31, 2021: 60).

The Company's paid in capital is TRY 54.3mn and 75.75% of the shares owned by Kebudi Family Members. 20.26% of the Company shares are publicly traded on the Borsa Istanbul with the ticker "ESCAR" since 13.07.2021.

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

### Strengths

- Upward trend in EBITDA generation capacity together with sound operational profitability indicators
- Improvement in financial leverage ratios in 2021
- Satisfactory equity level strengthened by net profit and retained earnings
- Multiyear contracts provide high earnings predictability
- Asset structure, capable of converting into cash rapidly
- Top-tier corporate clientele structure decreasing credit risk and supporting asset quality
- Compliance with corporate governance principles
- Steady demand outlook in fleet leasing sector due to willingness of companies to prefer leased vehicles

### Constraints

- Possible fluctuations in demand due to sector-specific regulations and high correlation with macroeconomic dynamics
- Potential volatility in used car prices in the market may put pressure on profitability margins
- Ongoing global chip shortage stands out as a potential threat for the Company and industry
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty

Considering the aforementioned points, the Company's Long-Term National Rating has been affirmed at '**A+ (tr)**'. The Company's EBITDA generation performance, internal equity generation capacity, profitability indicators, liquidity profile, improved financial leverage indicators and experience in the sector along with global recession risks and ongoing uncertainties arising from geopolitical tensions as well as global interest rate hiking cycle constitute the principle reasons underlying the assignment the outlooks for the Long and Short-Term National Ratings as '**Stable**'. On the other hand, the Company's revenue and profitability performance, liquidity position, asset quality and local and global macroeconomic indicators as well as market conditions and legal framework about the sector will be closely monitored by JCR Eurasia Rating.

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on August 18, 2022

