

Corporate Credit Rating

New Update

Sector: Operational Leasing
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Team Leader

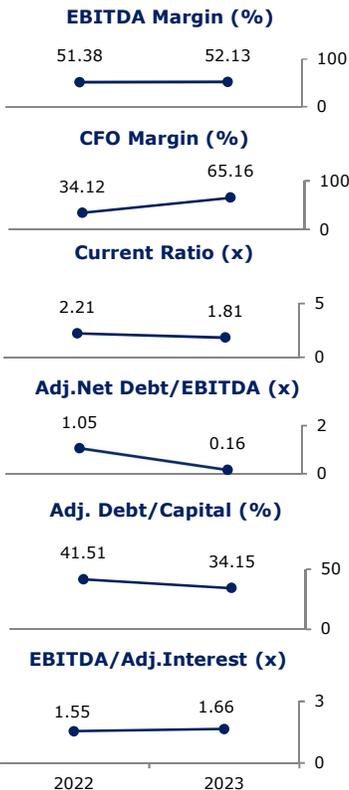
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on May 10, 2024



Escar Filo Kiralama Hizmetleri A.Ş.

JCR Eurasia Rating, has evaluated consolidated structure of "Escar Filo Kiralama Hizmetleri A.Ş." in investment grade category with high credit quality on the national scale and affirmed its Long-term National Issuer Credit Rating at 'A+ (tr)' and Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Escar Filo Kiralama Hizmetleri A.Ş. (referred as "the Company" or "Escar" or "the Group") 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. As of March, 2024, the Company has two subsidiaries and one joint venture. While Escar's fleet size reached to 4,928 vehicles, the number of vehicles used in operational leasing activities is 4,237 as of March, 2024. The Group's asset size reached TRY 8.70bn as of 1Q2024.

The Company's paid in capital is TRY 54.3mn and 75.76% of the shares owned by Kebudi Family Members. 20.39% 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

- Multi-year contracts providing predictability in operational performance
- Favorable equity shares in the funding structure strengthened by retained earnings
- Operating with net working capital surplus and adequate level of liquidity metrics
- Satisfactory level of leverage metrics owing to sustained EBITDA generation over the analyzed years
- Low collection risk supported by diversified and reputable customer portfolio
- Steady demand outlook in the fleet leasing sector due to the willingness of companies to prefer leased vehicles
- Compliance with corporate governance principles

Constraints

- Relatively low level of coverage metrics along with increasing fleet renewal costs leading to further external financing need
- Volatility in second-hand car prices in the market may put pressure on profitability
- Possible fluctuations in demand due to sector-specific regulations and high correlation with macroeconomic dynamics
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. The Group's sustained profitability indicators, satisfactory equity level, qualified customer portfolio, long sector experience and compliance with corporate governance practices along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's revenue and profitability performance, liquidity position, cash generation capacity, term structure of liabilities, access to the external financial sources 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.