

Corporate Credit Rating

New Update

Sector: Operational Fleet Leasing

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	11+ (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 Aug 18, 2022

LDR TURİZM A.Ş.

JCR Eurasia Rating has evaluated "LDR Turizm A.Ş." in the high investment-level category, revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A+ (tr)' and assigned the 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/Negative' in line with the international ratings and outlooks of Republic of Türkiye.

"LDR Turizm A.Ş." (hereinafter referred to as "Lider Filo" or "the Company") was established on August 11, 2010 in İstanbul, Türkiye. The Company operates in the field of operational fleet leasing and used car sales under the brand 'Lider Filo'. The Company has 3,940 vehicles and 1 boat as of FYE2022 (1H2023: 3,691 vehicles and 1 boat, FYE2021: 3,843 vehicles and 1 boat).

Lider Filo's shares with a nominal value of TRY 13mn were offered to the public on March 29-30, 2022 at a price of TRY 18.65 and started to be traded on the Borsa İstanbul (BIST) with the ticker symbol "LIDER" on April 4, 2022.

As of 1H2023, the Company's main ultimate controlling shareholder is Metin Barokas with 69.09% share. Remaining 30.91% of shares are publicly traded on the BIST.

The Company has a total of 43 employees as of FYE2022 (1H2023: 42, FYE2021: 39).

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

Strengths

- Steady increase in sales revenue along with gross profit and EBITDA generation capacity during the analyzed period,
- Improvement in leverage ratios despite a slight increase in financial debts in FY2022,
- Significant increase in cash flow metrics and net working capital in FY2022 easing liquidity management,
- Strengthened equity level thanks to internal resource generation capacity and share premiums through initial public offering in FY2022,
- Multiyear contracts providing predictability in operational performance,
- Low collection risk supported by diversified customer portfolio,
- Steady demand outlook in the fleet leasing sector due to the willingness of companies to prefer leased vehicles,
- Enhanced practice of corporate governance principles thanks to public offering process.

Constraints

- Increasing share of short-term liabilities in FYE2022 and expected to continue in FYE2023 financials,
- Long cash conversion cycle due to inventory turnover,
- Limited market influence together with decrease in the share of fleet leasing revenue,
- Sector-specific regulations and high correlation with macroeconomic dynamics may result fluctuations in demand,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'A (tr)' to 'A+ (tr)'. The Company's sales performance, EBITDA generation capacity, improvement in leverage ratios, increasing cash flow metrics and NWC as well as high share of short-term liabilities, long cash conversion cycle and slowing global economic growth 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 financial structure, sales and profitability performance, continuity of EBITDA generation capacity and debt structure will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

