

Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Operational Leasing

Publishing Date: 14.11.2018

Analyst(s)

Head of Group

Zeki Metin Çoktan

+90 212 352 56 73

zekic@jcrer.com.tr

Assistant Analyst

Ersin Kılıçkap

+90 212 352 56 73

ersinkilickap@jcrer.com.tr

RATINGS

		LT	ST
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Negative	Negative
		LC Negative	Negative
National	Issue Rating	-	-
	Local Rating	BBB (Trk)	A-3 (Trk)
	Outlook	Stable	Stable
	Issue Rating	BBB (Trk)	A-3 (Trk)
Sovereign*	Sponsor Support	3	-
	Stand-Alone	BC	-
	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Negative	-
		LC Negative	-

*Affirmed by JCR on August 14, 2018

LDR TURIZM A.Ş.

Financial Data	1H2018	2017*	2016*	2015*	2014*
Total Assets (000 USD)	105,458	111,988	85,103	68,735	60,001
Total Assets (000 TRY)	480,962	422,409	299,496	199,854	139,137
Equity (000 TRY)	53,267	53,816	50,331	43,692	42,571
Net Profit (000 TRY)	329	3,552	6,639	1,649	9,619
Sales (000 TRY)**	51,210	76,735	49,488	36,693	27,254
Vehicle Sales Revenue (000 TRY)	44,010	56,460	47,388	37,500	24,343
Net Profit Margin (%)	0.64	4.63	13.42	4.49	35.29
ROAA (%)	n.a	1.37	3.35	1.26	9.33
ROAE (%)	n.a	9.51	17.78	4.94	29.77
Equity / Total Assets (%)	11.08	12.74	16.81	21.86	30.60
Net Working Capital / T. Assets (%)	39.83	39.33	46.87	49.81	45.68
Asset Growth Rate (%)	13.86	41.04	49.86	43.64	38.42
Fleet Market Share (%)	1.30	1.20	1.08	1.03	1.05

*End of year **Including only rental revenues

Company Overview

LDR Turizm A.Ş. (hereinafter referred to as **Lider Fİlo** or the **Company**) was founded in 2010 under the name "LDR Turizm Dış Ticaret LTD. ŞTİ" before changing its title to "LDR Turizm A.Ş." in 2012. The brand 'LİDER FİLO' was registered by the Turkish Patent Institute in 2011 to LDR Turizm A.Ş.

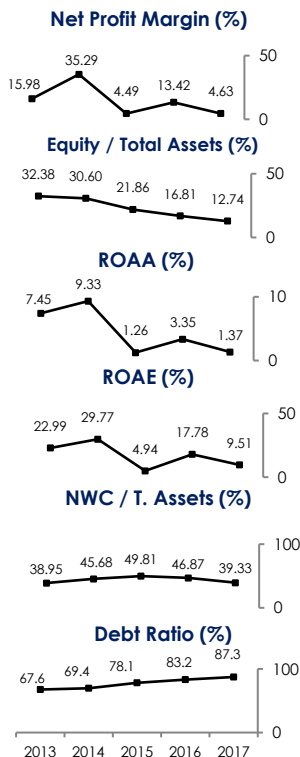
The sole owner of LDR Turizm A.Ş. is Metin Barokas over the five-year period. The Company mainly operates in the field of operational leasing under the brand name **Lider Fİlo** with a fleet of 4,325 vehicles as of October 31, 2018. The Company, currently sustains its country-wide operations with a workforce of 43 as of October 31, 2018 (FYE2017:57) through its head office in Istanbul.

Strengths

- Enhanced funding profile and resource mix through new bond issuances and other type of external funds
- Strong growth rate
- Tailormade service with a broad customer base concept that delivers high customer contentment
- Easily adopt new technology assisting effective utilization
- Improved corporate governance principles with regards to its scale
- Presence of a professional management team with specialized knowledge of the operational leasing sector

Constraints

- Downward pressure on profitability ratios
- Decreasing net profit
- Increasing financial expenses due to interest payments and FX movements
- Reduced debt service capacity of the real sector, increasing risk in the market due to volatilities in foreign exchange rates and depreciation of TRY
- Absence of sector-specific laws, regulations and supervisory public authorities to provide the Company and the sector in general with financial relief and to eliminate the possible systemic risks to arise
- Strong competition in the market leading to margin pressure considering pricing strategy



1. Rating Rationale

JCR Eurasia Rating's rating assignment process for LDR Turizm A.Ş. was based on consolidated independent auditors' reports and interim unaudited financial statements prepared in conformity with International Financial Reporting Standards (IFRS) and JCR Eurasia Rating's own studies, specific methodologies and records for analysis purposes. Moreover, information and clarification provided by the Company itself and statistics provided by TOKKDER (Association of Car Rental Institutions) and the Corporate Vehicle Observatory were also drawn upon for further assessments.

The key assessments among a number of quantitative and qualitative assessments carried out during the rating process of Lider Filo were on growth strategy and market shares, profitability indicators, funding mix and adequacy of capital, liquidity profile, asset quality and efficiency and risk management practices.

The main considerations were budget and projections submitted by Lider Filo for the periods to come regarding sources of growth; risk appetite level particularly with regard to volume orientation; market influence level regarding changes in market shares; and penetration level and growth potential of the sector throughout the assessments regarding growth strategy and market shares of the Company.

In the assessment of profitability indicators, analyses of gross profitability indicators in terms of their contribution to the sustainability of business activities and net profitability indicators in terms of their contribution to the internal equity generation capacity of the Company; resiliency level of revenues regarding cash generating capabilities of its client portfolio; effectiveness of second-hand sale channels; current and expected impact of financial expenses on profitability; fleet efficiency regarding returns and operating expenditures of the vehicles and thorough estimations of residual values were taken into account.

The main considerations in the evaluation of funding mix and adequacy of capital were changes in the Company's leverage stance; convenience level regarding accession to external resources and efforts to generate alternative funding channels; compatibility of the funding terms as to function as natural hedging instruments with those of its receivables; and equity level and its generation dynamics.

Liquidity profile of the Company was assessed by evaluating constituents and terms of liabilities; maturity structure of future lease receivables; asset turnovers; working capital indicators; and level of free cash flows.

In the assessment of asset quality and efficiency, the evaluations included the granularity level of lease receivables based on non-cancellable contracts from a well-diversified client portfolio; over-collateralization issue prevalent in the sector through the dual collateral structure mainly consisting of assignment of lease receivables and pledges on assets used in operational leasing activities (though the share of the former having had a declining trend); receivables turnover and impairments; fleet efficiency; and level of non-earning assets. The assets used in operational lease were treated as current assets taking into consideration the depth of the second-hand vehicle market in Turkey and low percentage of the total second-hand sales of the sector there within.

The Company's risk management organization, implementations and procedures as well as such factors as utilization level of natural and derivative hedges; monitoring and elimination of the risk exposures particularly the ones exerted by foreign currency positions; observance of covenants set by creditors; the diversification level of the Company's portfolio on the sector and client bases; absence of public regulatory and supervisory authorities to eliminate possible systemic risks and risk appetite of the Company in view of the operational lease business environment were effective in the evaluation of risk management practices of the Company.

Fundamental Rating Considerations are as follows:

Natural Hedging for FX Position

Lider Filo pursues the sector-wide strategy of tackling foreign currency risks resulting from foreign currency denominated transactions through natural hedges where borrowings in foreign currency denominations are matched with lease receivables of similar terms. Therefore, FX risk related with lease receivables is considered to have a limited effect on the Company's financial strength. The Company's foreign currency position with regard to assets and equity was long in USD and Euro against the TRY. The total balance sheet FX position to assets and equity ratios of the Company were positive at 2.34% and 17.60%, respectively, at the end of FYE2017. However, it should be noted that these figures were based on the adjustments made by JCR Eurasia Rating regarding inclusion of EUR and USD lease receivables within assessment of the FX position.

Diversified Funding Base Through Bond Issue

The Company has a diversified borrowing structure through bank loans and capital market instruments such as debt issuances. The bond issuances, particularly in a operational leasing sector with scarce alternative funding sources, presented the advantages of reducing funding costs, relieving the balance sheet and lengthening the maturity of borrowings, leading to a positive effect on liquidity management.

Initiation of Payment Systems and Mobile Services (Smartphone) Applications

Additionally, Lider Filo also initiated a system to allow payments via credit cards in addition to effective utilization of DDS (Direct Debiting System). These are also assessed as factors to curb its credit risks to a certain extent with regard to collection & monitoring difficulties as also evidenced by declining average collection period. Moreover, Lider Filo Mobile Services (Smartphone), provides instant access to the roadside assistance to its customers in the case of meeting any trouble while travelling around Turkey.

Qualified management team's broad experience in operational leasing sector

The sole shareholder of Lider Filo, Metin Barokas has diversified experience and a reliable reputation in the sector. The experience and background senior management team in the operational lease sector contribute to the Company's portfolio value. The Company benefits from a highly experienced team and presence of a well-functioning control organization compatible with its size.

Development in the Level of Compliance with Corporate Governance Principles

Lider Filo is not publicly listed and thus it does not have an obligation to fully comply with the Corporate Governance Practices set out by the Capital Markets Board. However, a higher compliance level with corporate governance principles will contribute to its asset quality and market perception. In this scope, the company developed its transparency regarding with corporate governance principles.

Downward Pressure on Profitability Ratios

The Company's 'Return of Average Assets (ROAA) and Return on Average Equity (ROAE)', the main profitability indicators, recorded a decrease as of FYE2017.

High Financial Expenses

Dependency on external funding to support growth increased financial expenses due to bank loan interest payments and fluctuations in FX. Level of financing expenses in general and exchange gains & losses in particular continue to have determining roles on large fluctuations in profitability indicators across periods.

Volatility in Macroeconomic Indicators through Ongoing Regional Tensions

Recent depreciation of the TRY against the USD and EUR, turbulence in the Middle East, and possible increases in future costs of borrowing due to the rise in interest rates by

the Federal Reserve are expected to lead contraction in economic activities and liquidity in the following periods.

Continuation of Fluctuations in Profitability Indicators Mainly through Changes in RV Estimations

The main profitability indicators of Lider Filo deteriorated during FY2017 while having continued to follow significant fluctuations. Residual value estimations become subject to adjustments particularly due to volatilities in the exchange rates, which in turn is expected to have effects on the second-hand sales values of vehicles following certain time lags as indicated by notable fluctuations in depreciation expense figures.

In this regard, JCR Eurasia Rating affirms Lider Filo's long-term national local rating at **'BBB (Trk)'** and its short-term national local rating at **'A-3 (Trk)'** in JCR Eurasia's notation system, which denotes an investment grade.

No separate rating report has been compiled as the resources obtained from the debt issues will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The debt instruments to be issued carry no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating taking into account aggregated exposure of the issues. The issue ratings do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities.

2. Outlook

A **'Stable'** outlook has been assigned for the short and long term outlooks of the Company due to the resilient and predictable revenue streams supported by the clientele structure, asset quality, economic prospects in the domestic and international markets, foreign currency position, term structure of financial liabilities and the efforts of diversifying the access channels to the financial markets via bond issuances in the relief of short and medium term

liquidity management and implementation of boutique services in order to expand its customer base and satisfaction.

On the other hand, outlooks regarding the grades may be downgraded due to the following factors: limited access to financial market and narrowing loan channels, deterioration in debt and interest payment capacity, possible insufficient capacity for revenue generation to meet the liabilities, narrower profit margins through deceleration of operations, decreasing appetite, downgrade of the sovereign rating of Turkey and growing turmoil in the domestic and international markets. The growth potential of the operational lease sector through increasing awareness and tendency regarding the outsourcing of fleet management operations by the large-scale institutions and expected-to-increase demand by SMEs as also evidenced by the declining vehicle per client indicators during the recent years, which would add more lanes for growth of the currently underpenetrated industry.

Developments in the Company's debt level, net working capital level, adequacy of cash flows, improvements in revenue, resolution of the political uncertainties and tensions, restoration of the economic performance to potential levels, improvement in the profit margin, economic growth in the domestic and international markets, development of macroeconomic indicators regarding revised moderate GDP growth period and increased funding channels are the factors that will continue to be closely monitored by JCR Eurasia Rating and can contribute to any future positive changes in ratings and outlook status.

Moreover, the possible effects on the Company of the risk and opportunities to arise out of macroeconomic conditions together with realization level of budgeted profits and ultimate effects of a bond issue on the Company's financial statements are other issues to be monitored for further assessments in the following periods.

3. Sponsor Support and Stand-Alone Assessment

The Sponsor Support notes and risk assessments carried out reflect the financial and nonfinancial standings and expected supportive potential of the sole shareholder Metin Barokas. It is considered that the main controlling shareholder has the willingness and propensity to supply long term liquidity or equity to the Company as and when financial needs arise and the adequate experience to provide efficient operational support. However, JCR Eurasia Rating was unable to obtain the adequate knowledge and conviction on whether the Barokas family has the sufficient funds to support the Company when financial needs arise.

The Stand-Alone Note is formed regarding the Company's internal resource generating capacity, core profitability indicators, debt level and maturity profile, assets quality, equity structure, market share, sustained growth rates, organizational structure, management perspective, existing risk situation and the risks associated with the environment and financial markets. Therefore, JCR Eurasia Rating believes that the Company has enough experience and infrastructure to manage the risks individually as long as it maintains its existing customers, sustainability of revenue.

On the other hand, in addition to the absence of sector-specific laws and regulations, no public authority or professional organization exist to provide the Company and the sector in general with financial relief and to eliminate the possible systemic risks to arise therein. After assessing all factors stated above, the Sponsor Support and Stand Alone Notes of the Company have been determined as "3" and "BC", respectively. A Sponsor Support Note of "3" denotes a situation depending on economic conditions.

4. Company Profile

a) History & Activities

The Company was established in 2010 to operate in the fleet leasing sector under the name "LDR Turizm Dış

Ticaret LTD. ŞTİ" and changed its commercial title and status to 'Lider Filo (LDR Turizm A.Ş.)' in 2012. The Company sustained a steady growth since its establishment and mainly operates in the field of long and short-term car rental with an experienced staff and customer-focused service approach. The other operating fields of Company can be listed as: the purchasing, sales, procurement, leasing, hiring, and intermediate trade and brokerage of land, sea, and air transportation vehicles; the establishment and operation of a tourism agency; and hotel, restaurant, motel, campsite, cafe, discotheque, and bar management.

b) Organization & Employees

Lider Filo's head office is located in Istanbul. The Company also had three branches in Ankara, İzmir and Istanbul Güneşli. However, Lider Filo closed these branches within the its own business plan.

The organizational chart of the Company consists of units of sales & marketing, finance, accounting, purchase, second hand sale, Insurance and short term leasing. All units report directly to the General Manager and Vice General Manager.

The Senior Management of the Company is comprised of the CEO and sole shareholder Metin Barokas, the General Manager Bülent Çoşkunarda, and the Vice General Manager Burçin Baybatur Kök. It is concluded that the senior management have the adequate qualifications to administer their duties and that the Board successfully performs its duties of leading, supervising, and inspecting.

c) Shareholders, Subsidiaries & Affiliates

The shareholding structure of LDR Turizm A.Ş. is exhibited in the following table. The shares totally belong to Metin Barokas who is also the chairman:

Shareholder Structure	Metin Barokas		
	Share (%)	Number of Shares	Paid Capital (TRY)
As of June 30, 2018	100,00%	6,000	30.000.000
As of December 31, 2017	100,00%	6,000	30.000.000

The paid capital of the Company cumulatively increased by TRY 20.25mn from FYE2011 to TRY 30mn in FYE2014 and the paid-capital did not change since then. All shares (6.000) are registered and there are no privileges on shares.

d) Corporate Governance

Regarding the fact that Lider Filo is not a publicly traded company, the corporate governance discipline is not a field that is required to be taken legally into consideration with regard to the Capital Market Law. No special law has been enacted and no regulatory or supervisory public authority has been established yet to regulate the activities of the firms in the sector.

The webpage of the Company is well organized and provides information about its history, vision and mission, senior management, disclosure of shareholders general assembly, audit reports, credit rating reports and bond issuances under investor relations department. The Board of Directors holds its meetings regularly and in necessary and urgent conditions. The lack of a risk management division and functional committees within the Board independent board members, and dividend policy is evaluated as a constraining factor for the overall transparency.

In the field of social responsibility, the Company takes part in charitable events. We, as JCR Eurasia Rating, are of the opinion that the senior management of the Company is adequate in terms of education, experience, and managerial skills.

e) The Company Strategies

The Company aims to strength its position in the operational leasing sector by increasing its brand reputation and meet customers' needs through a strong, dynamic, and experienced staff. The main principle of Company is to follow a sustainable growth via profitable projects, rather than focusing on increasing fleet size.

Main operating in the field of short and long term rent-a-car, Lider Filo has an ambitious yet feasible strategy of becoming a strong player in the sector and extending its reach to a wide range of regions. The main goals of the Company are:

- To provide its customers with boutique service
- To increase brand awareness
- To develop solution partnerships
- To offer customized services in financial and technological advances

The fleet leasing operation includes damage management, vehicle financing, replacement vehicles, tire management, and maintenance management. Lider Filo has also maintained its focus on customer satisfaction through web-based facilities and offering a mobile access of failure reporting, accident notification, theft notification, tire operations, key operations, and vehicle replacement.

5. Sector Overview & Operational Environment

The fleet leasing sector in Turkey had exhibited spectacular growth rates also supported by the involvement of the foreign companies between 2003 and 2009 until the global crisis. Following notable contraction during 2009, the sector has restored its growth trajectory as evidenced by a CAGR of 16.88% between 2009-2017.

According to the estimations by TOKKDER (Association of Car Rental Institutions), the market size is currently estimated to have reached TRY29.13 bn and the fleet lease industry in Turkey had a total size of 365,782 vehicles at the end of 2017 (2016: 330,621).

The fleet leasing sector supporting the automotive industry, the locomotive of the economy, procured a total of 147,589 vehicles in 2017, 112,428 of which are replacements. Vehicle purchases of the companies in the sector in 2017 corresponded to 20.4% of all passenger cars sold in Turkey in 2017 (2016: 19.4%) mainly driven by increasing share of small to mid-size fleet owners and increasing acceptance of operational leasing as a method to satisfy vehicle needs.

Although the fleet leasing sector has grown with the demand of large-scale companies, c. 90% of the economy is composed of the activities of SMEs and the contribution by the SMEs for the growth of the industry has been following an upward trend in recent years as indicated by

the declining vehicle number per client in the table below. These together with the fact that only c. 7% and c. 29% of the small and medium size company vehicles in Turkey are estimated to be leased compared to 14% and 36%, respectively, in the EU while financial lease is also much more preferred in the EU are an indication of the growth potential and ensure a positive outlook for the operational leasing industry.

Client Structure	1H2018	2017	2016	2015
Number of Clients	64,818	64,181	56,701	42,634
Vehicle Per Client	5.6	5.7	5.8	5.9

Source: TOKKDER

Despite the fluctuating trend, the segment 'C' still ranks 1st - covering more than half of the vehicles utilized by the sector:

Segment Distribution of Vehicles (%)	1H 2018	2017	2016	2015
B	26.5	27.0	28.6	28.3
C	52.2	51.4	51.1	52.8
D	13.5	13.4	12.9	12.5
E-F (SUV)	4.9	5.1	4.4	3.7
LCV	3.0	3.1	3.1	2.7

Source: TOKKDER

The shortening trend of the average terms of maturity until FYE2016 has significantly reversed its pattern as shown in the below table.

Maturity Distribution of Lease Contracts (%)	1H 2018	2017	2016	2015
< 18 months	5.0	5.3	6.3	4.3
18 – 30 months	23.2	26.1	27.3	22.6
30 – 42 months	60.5	59.0	56.9	60.2
>42 months	11.3	9.7	9.5	12.9

Source: TOKKDER

Most of the contracts in the sector are still denominated in EURO currency. However, the contracts in TRY have increased their share significantly during the previous years while USD denominations have continued to follow a downward trend:

CU Distribution of Lease Contracts (%)	1H 2018	2017	2016	2015
EURO	76.9	79.0	81.5	80.5
USD	1.1	1.9	2.0	3.9
TRY	22.0	19.1	16.5	15.6

Source: TOKKDER

As the fact that the person per vehicle figures in Turkey is much higher than in Europe and other developed countries is taken into consideration, the automotive sector in Turkey has much room for growth, which in turn will contribute to the growth momentum of operational leasing sector.

Widespread use of commercial fleet leasing in European and US markets became driving forces of high business volume of the sector. In Turkey, these forces could not be put into effect due to regulative impediments in general, Road Transportation Law in particular, and imbalances in macroeconomic dynamics in the overall economy. Especially the amendment in 2009 in the Road Transportation Law caused difficulties and contraction in commercial fleet car rental sector.

Absence of national standardization, lack of supervision, widespread unregistered business volume and ambiguity of regulating authority issue among ministries continue to remain important issues of the sector. During the recent years, the sector has been adversely affected by the rapidly rising and fluctuating exchange rates and financing expenses and increases in special consumption tax.

Contracts in the operational leasing business are of a specific time period, generally 3 years and non-cancellable. However, providing that the lessee abides by the penal clause stipulated by the contract, the lease contract may be terminated before the end of the lease period by notification in the pre-determined notice period.

As for the second-hand sales of the vehicles following their leasing period, the companies utilize several second-hand sales channels, mainly with a focus on wholesale.

Apart from the absence of any regulatory and supervisory authority, no specific law and regulations to arrange the

operational leasing business activities have been enacted yet.

Prediction of the vehicle values at the end of the lease period is one of the corner stones of the operational leasing business for the 'residual value' (RV) largely affect the transaction's profitability.

In estimating the RVs, a number of variables are taken into consideration; how and where the vehicle is going to be used (mileage, probability of accidents, etc.), development of general macroeconomic conditions, predictability of amendments in relevant regulations particularly tax laws, volatility of exchange rates and competition level in the sector. With regard to the latter, irrational estimation of residual value by the urge of fierce competition is one of the most significant risks for the sector.

On the other hand, prediction of second-hand prices of the vehicles at the end of the lease period is much easier compared to that of machinery and equipment owing to the second-hand market depth.

The costs of such services as insurance, servicing, repair and the replacement of parts and vehicles are also carried by the lessor and correct estimations of these are also significant for appropriate pricing at the initial price offering stage.

Throughout the lease period, the companies become exposed to a number of risks including credit risks, interest and currency risks, operational risks and price risks.

As exchange profits/losses generated by F/X position exert significant pressure on profitability through the floating exchange rate regime in Turkey, the companies generally utilize natural hedges on a transaction basis by matching of borrowings in foreign currency denominations with lease receivables and second-hand sale proceeds of the similar terms.

The periodicity of revenues is deteriorated to an extent by acceleration of profits/losses into early periods because lease receivables of future periods in foreign currency

denominations are not included in the balance sheet – thus causing dislocation of actual performance levels across the periods.

Vehicle purchases include VAT payments while the deduction of the VAT from the relevant tax base requires a certain period through accruals over monthly lease payments and outstanding payments at the end of the lease period through the sale of the vehicles in second-hand market. These elapsed times involve cash outflows and need to be financed by the companies.

An association titled TOKKDER was founded in Istanbul, Turkey in 1996 to represent rent-a-car and fleet leasing companies. Having 130 members in Turkey as at the end of June, 2018, it covers nearly 77% of the sector. Lider Filo is also a member of this association. TOKKDER has been a member of LEASEEUROPE since 2011, a federation of financial leasing, daily rental and operational leasing associations in Europe with 45 members in 32 countries.

TOKKDER published a code of ethical rules in 2011 for its members in its website including a principle authorizing its Board to supervise its members with regard to compliance with these rules.

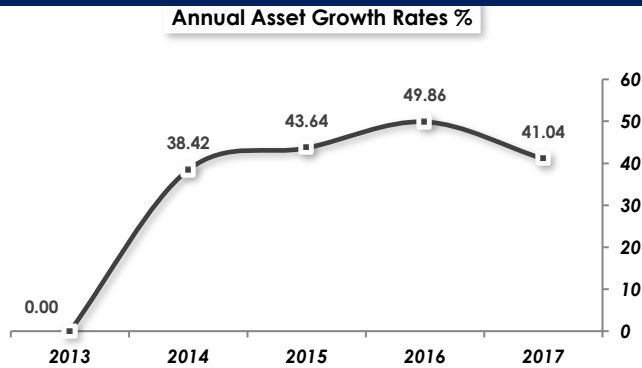
6. Financial Foundation

a) Financial Indicators & Performance

i. Indices relating to size

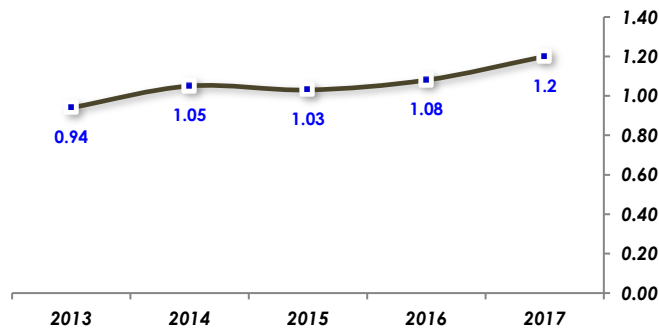
Even ignoring the notable appreciation of Euro against Turkish Lira during recent years, Lider Filo has still sustained its asset growth path also in real terms. The Company has recorded annual asset growth rate of 41.04% as of FYE2017. The Company's total asset reached TRY 480.96mn as of June 30, 2018. (As of FYE2017 : TRY 422.40mn)

Annual Asset Growth Rate (%)



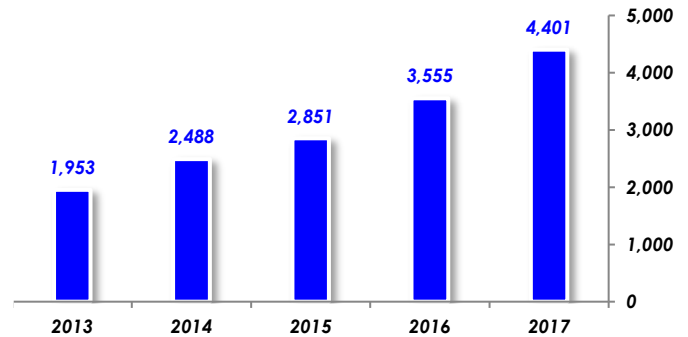
Although Lider Filo's market share is low, the company increased its market share from 1.08% to 1.2% as of FYE2017, and reached 1.3 % market share as of 1H2018.

Fleet - Market Share (%)



By maintaining a steady growth in terms of fleet size, Lider Filo's fleet of 1,149 vehicles at the end of 2012 reached 4,401 at the end of 2017 (As of 1H2018 : 4,679). Lider Filo has also cumulatively outperformed the sector by far in terms of growth in the number of vehicles during this period. While the sector grew by 10.63%, the company grew by 23.80% at the end of 2017 in terms of fleet size.

Fleet - LDR



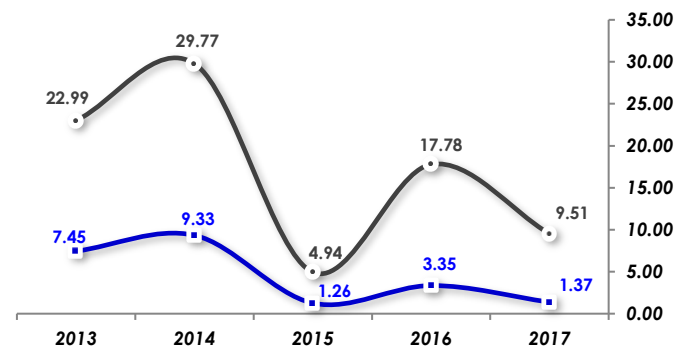
ii. Indices relating to profitability

The main profitability indicators of Lider Filo have continued to follow significant fluctuations during FY2017 as well and deteriorated notably.

The main reason for deterioration in net profitability indicators was the swell in foreign exchange losses on borrowings, a significant part of which was realized through loan repayments during FY2017.

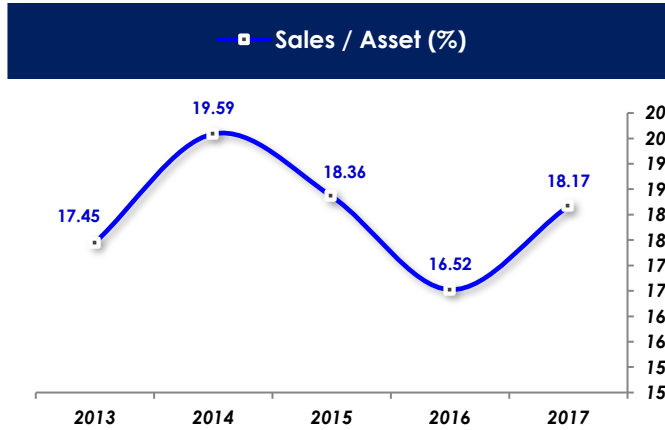
The two of the most important profitability indicators, ROAE and ROAA ratios were 9.51% (FY2016: 17.78%) and 1.37% (FY2016: 3.35%) during FY2017, respectively.

ROAA (%) ROAE (%)



Regarding the Company's nature of business, the financing expenses continued to have the largest share within the expense composition while continuing to fluctuate significantly mainly through exchange gains & losses.

On the other hand, Lider Filo's total sales to total assets ratio increased from 16.52% as of FYE2016 to 18.17% as of FYE2017. The graph below exhibited the Company's sales to assets ratio by years:



b) Asset quality

The main business of the Company is the operational leasing of vehicles. The future lease payments receivable under non-cancellable contracts are mostly composed of well-reputed and well-diversified clients. The total amount of the receivables from non-cancellable contracts obtained through its operational lease activities, which supports Lider Filo in maintaining its asset quality level, increased by 41.04% in TRY terms during FY2017 to TRY422.40 mn from TRY299.50 mn while fleet size expanded by 23.80% to 4,401 from 3,555.

The number of active long-term customers Lider Filo was serving as at the end of September 2018 was 827 (As of September 2017:778) - implying a YoY increase of 6.3% in the number of customers. Company asset quality and efficiency was assessed by the evaluations included the granularity level of lease receivables based on non-cancellable contracts from a well-diversified client portfolio; over-collateralization prevalent in the sector through the dual collateral structure mainly consisting of assignment of lease receivables and pledges on assets used in operational leasing activities; receivables turnover and impairments; fleet efficiency; and level of non-earning assets. The assets used in operational lease were treated as current assets taking into consideration the depth of the

second-hand vehicle market in Turkey and low percentage of the total second-hand sales of the sector there within.

The VAT receivables from tax administration, though only to be deducted from output VAT on second-hand vehicle sales and rents, are expected to provide a liquidity advantage to the Company in the following years.

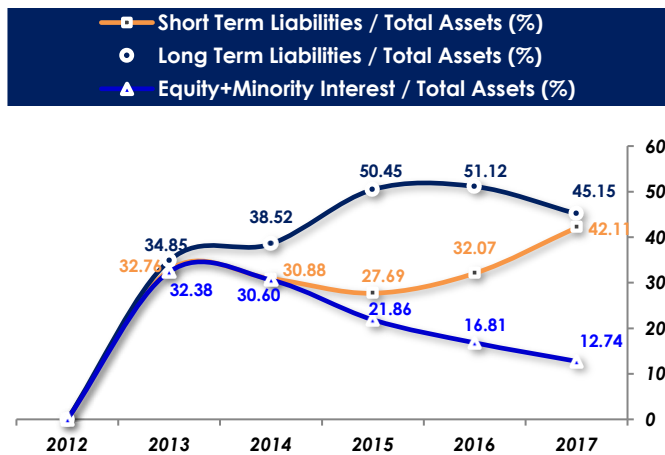
Assets used in operational leasing are pledged and lease receivables are assigned to creditors as collaterals against borrowings which creates a factor exerting adverse effect on asset quality of the sector through a dual collateralization structure. However, assignment of receivables as collateral has had a declining share during the recent years – partly easing financing processes.

Additionally, Lider Filo does not have any significant overdue receivables due to its customer base including many industries and numbers. The Company's management strategy of provisioning for full doubtful receivables contributed to the asset quality.

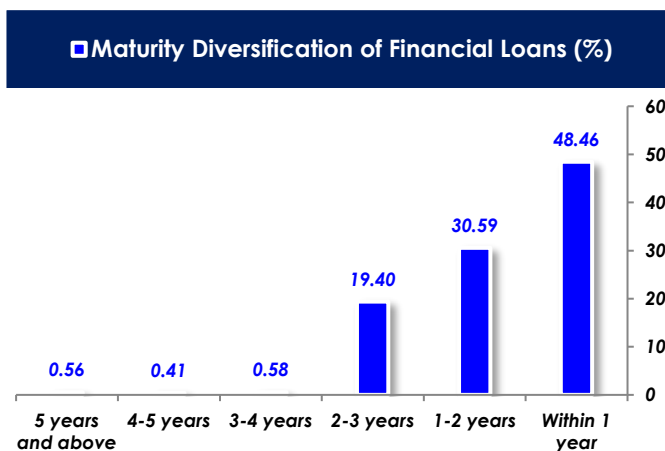
c) Funding & Adequacy of Capital

Lider Filo's funding mix, in meeting its funding needs growing out of vehicle purchases for its fleet, has been mainly composed of short and long-term loans from banks, which are targeted to be matched with terms of its lease receivables and second-hand sales revenues, and internal equity generation via retained profits in line with the sector dynamics.

The share of the Company's equity within the balance sheet has hovered around the levels below the reference values and its capitalization level has followed a downward path over the reporting period, after a period of fluctuations in line with the level of profitability – exerting pressure on the growth prospects of the Company. The pressure which had been exerted by the significant increase in the share of the short-term liabilities within the funding structure of the Company (42.11%).



In 2017, Lider Filo's total liabilities reached TRY 368.59mn with an increase of 47.93% compared to previous year figures. As of FYE2017, while the Company's ratio of long-term liabilities to total asset followed a decreasing trend, that of short-term liabilities to total assets presented an increasing trend. The share of short-term liabilities to the Company's total liabilities was 44.35% as of FYE2017. Moreover, while the short-term liabilities to total assets ratio increased by 10.04% as of FYE2017, that of long-term liabilities to total assets decreased by 5.97% as of FYE2017. The increase in financial liabilities with a share of 109.23% is the main reason behind the increase in short-term liabilities as of FYE2017.



In addition to bank loans, Lider Filo diversified its funding sources in February 12 and 15, 2018, and May 15, 2018 by issuing bond totally amounted TRY 21.00mn to qualified investors.

ISSUED BONDS

Issue Date	Amount (TRY)	Maturity Date	Status
12.02.2018	4,000,000	02.12.2019	On Track
15.02.2018	7,000,000	13.08.2018	Paid
15.05.2018	10,000,000	14.05.2019	On Track
Total	21,000,000		

Additionally, Considering the risk report sent by the Company in November 2018, cash credit lines worth TRY 379.11mn have been extended to Lider Filo by financial institutions. As of November 1, 2018, almost 100% of this line has been drawn upon.

7. Risk Profile and Management

a) Risk Management Organization

Risk management constitutes an integral part of the decision-making process of Lider Filo. Strict risk management challenges for the sector as a whole arise in the operational leasing sector in Turkey in the absence of any sector-specific laws and public authorities to regulate and supervise the sector (e.g.; in setting minimum capital adequacy standards) and to eliminate possible systemic risks. The Company acts proactively in terms of risk management in order to ensure that its business operations are not adversely affected.

The risk policy of the Company maintains the goal of ensuring Lider Filo's expansion, sustainably increasing corporate value and realizing fiscal and planned objectives. The risk management practices focus on the unpredictability of the financial markets and aim to identify, monitor and manage risks through various financial and operational activities and precautions in order to preserve capital and sustain profitability.

Lider Filo has exposure to credit, market, liquidity and operational risks from its use of financial instruments and activities. Lider Filo's risk management program focuses on the unpredictability of financial markets and has the main aim of minimizing the potential negative effects on the financial statements. In addition, the Company's risk

management organization, implementations and procedures as well as such factors as utilization level of natural hedges; monitoring and elimination of the risk exposures particularly the ones exerted by foreign currency positions; the diversification level of the Company's portfolio on the sector and client bases; absence of public regulatory and supervisory authorities to eliminate possible systemic risks and risk appetite of the Company in view of the operational lease business environment were effective in the evaluation of risk management practices of the Company. The Company's risks related to its business are managed at the senior management and Board level who have the adequate qualifications and experience to administer their duties as the entity currently does not have a dedicated risk management department.

b) Credit Risk

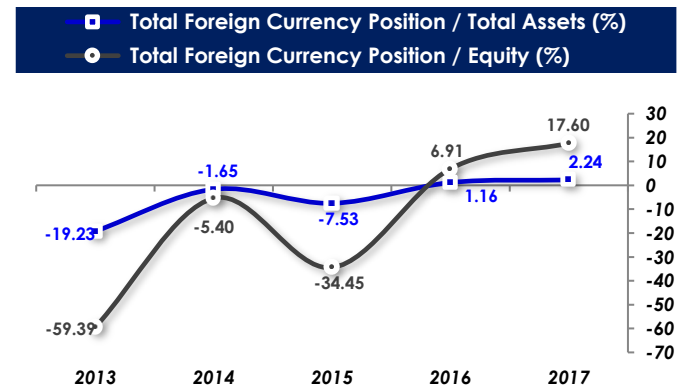
Credit risk concerns the risk that a loss will be suffered by a party due to the reason that the other party to the transaction is unable to meet its obligations. It arises principally from the Company's receivables from customers. These risks are monitored by the management by limiting the aggregate risk to any individual counterparty and coverage by collaterals if necessary. An established credit evaluation process is periodically performed by a credit committee for all new customers and renewals of existing customers.

Sectoral Customer Distribution (%)	
As of September 30, 2018	
Consultancy	13.75
Textile	13.20
Construction	9.00
Finance	8.25
Energy&Industry	7.50
Metal-Machine Industry	6.00
Medical-Health	5.80
Food	5.20
IT-Software Technology	5.00
Advertising	4.50

Lider Filo served 778 clients as at the end of 2017. The increase in the number of clients reached 6.3% compared to that of the previous year. Lider Filo reached 817 clients as of 3Q2018. The average number of contracts per customer increased to 5.35 in from 5.25 in 3Q2017. Moreover, Lider Filo recorded low concentration levels on client basis where 13.75% of customers are constituted of consultancy segment, 13.20% and 9.00% were instituted by textile and construction segments, respectively.

c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices as well as residual values of the vehicles that will affect the Company's income or the value of its holdings of financial instruments. Market risks arise from interest rates of funds that the Company has used as loans from local banks and other financial institutions. Additionally, the Company is also subject to currency risks from the funds that the Company has borrowed from the financial institutions. The experienced management team monitors the global economy and watches for opportunities to mitigate the risks of volatility in the markets.



Lider Filo has been exposed to currency risk through the translation of foreign currency denominated assets and liabilities into Turkish Lira. Foreign exchange risk arises from the difference between future transactions and recognized assets and liabilities. 56.39% of total bank loans were based on EUR while around 80.00% of lease receivables were based on foreign currency, where the gap

between these two figures pressures the Company's FX position.

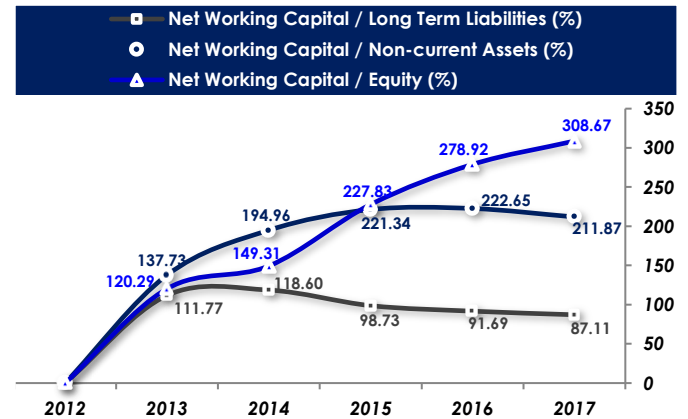
The Company's foreign currency position with regard to assets and equity was long in USD and Euro against the TRY. The total balance sheet FX position to assets and equity ratios of the Company were positive at 2.24% and 17.60%, respectively, at the end of FYE2017. On the other hand, Lider Filo's service revenues are denominated to a large extent in foreign currencies, which provide natural hedging for the Company. However, it should be noted that these figures were based on the adjustments made by JCR Eurasia Rating regarding inclusion of EUR and USD lease receivables within assessment of the FX position.

d) Liquidity Risk

Liquidity risk comprises the risk of a company becoming unable to finance its payment requirements. It arises in the general funding of the Company's activities and in the management of positions. The Company manages its liquidity needs by carefully monitoring scheduled debt servicing.

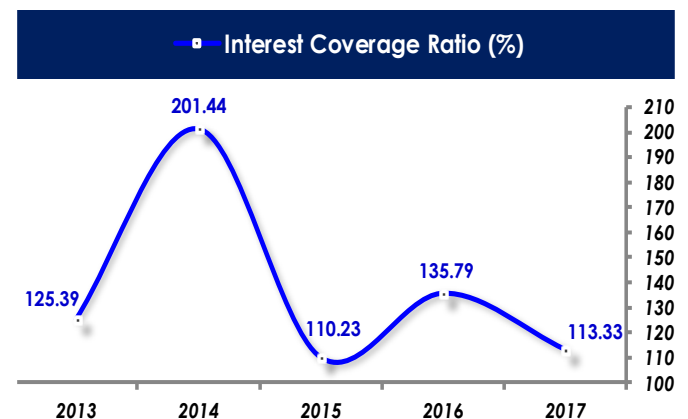
Market risks arise from interest rates of funds that the Company has used as loans from local banks and other financial institutions. As the Company's financial debt was totally comprised of fixed rate financial liabilities of TRY 349.67mn, this helped the Company to avoid bearing interest rate risk. Therefore, fluctuations in the interest rates did not directly affect the Company's current interest payment obligations. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. Additionally, the Company is also subject to currency risks from the funds that the Company has borrowed from the financial institutions. The companies operating in the sector tackle foreign currency risks resulting from foreign currency denominated transactions under the floating exchange rates in Turkey through natural hedges where borrowings in foreign currency denominations are matched with lease receivables of the similar terms. The experienced management team monitors the global economy and

follows for opportunities to mitigate the risks of volatility in the markets.



The levels of Lider Filo's liquidity indicators regarding the net working capital (including inventories and assets used in operational lease) generally indicated decreasing figures over the reporting period. Company NWC reached TRY 166.11mn as of FYE2017 and the coverage of the net working capital to non-current assets and to long term liabilities ratios decreased to 211.87% and 87.11%, respectively, while net working capital to equity rise to 91.69% as of FYE2016. Additionally, the share of NWC among total assets decreased to 308.67% in FYE2017.

The Company's interest coverage ratios have continued to follow a fluctuating path commensurate with its net profitability indicators wherein this indicator has not reached the reference values yet.



e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure. Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

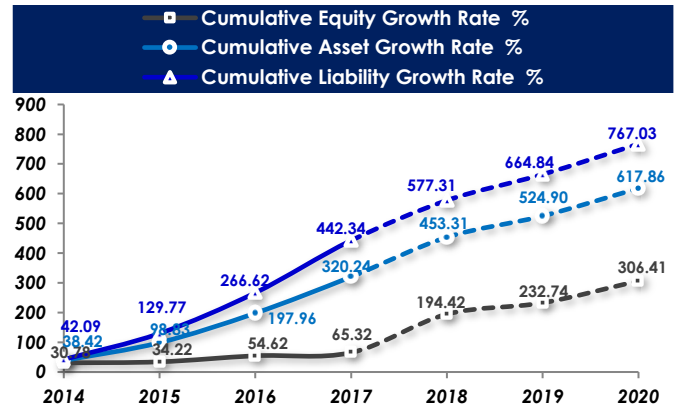
In the scope of operational risk, Lider Filo reported no losses from transactions, system and human errors in FYE2017 along with absence of penalties brought against the Company by regulatory and supervisory authorities.

8. Budget & Debt Issue

The Company's projections for the year of 2017 were stated in the previous credit rating report. The realized figures of the 2017 is compared with the aforementioned projections below:

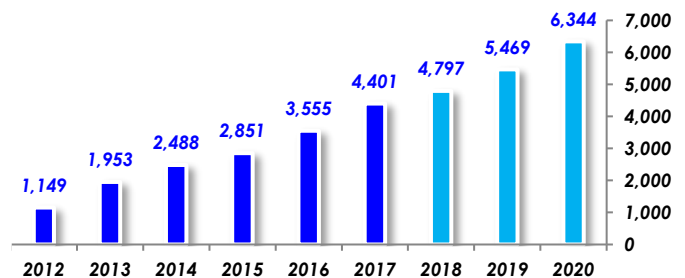
TRY	2017 Projected	2017 Realized
Total Assets	377,035,268	422,408,584
Liabilities	322,139,664	368,592,989
Equity	30,000,000	53,815,595
Net Profit	4,641,957	3,551,533

Lider Filo projected a year-end asset size of TRY 556,16mn with a modest annual growth rate of 31.66% in FY2018 while the equity is expected to increase by 78.09% in FY2018. The share of equity within the funding mix is expected to increase notably to 18.33% (FYE2020) from the actual 12.74% (FYE2017). The Company projects an increase of 24.89% in liabilities reaching TRY460,32 mn in FY2018. Moreover, The planned budget and growth strategy projections during FYE2018 were modified during FY2018. Additionally, Lider Filo aims to grow and increase its market share in the sector. The Ankara, Izmir and Istanbul Güneşli branches serving short term operations were closed and the company focused on long term operations as a part of its modified growth strategy.



The Turkish operational leasing industry grew by 10.63% in FY2017 whereas Lider Filo grew by 23.80% in terms of number of vehicles – resulting in a restored its small market share around 1.3%. Moreover, Lider Filo estimates to reach 6,344 vehicles at the end of FYE2020 by maintaining its limited share. The table below exhibits the Company's fleet projection by years:

Fleet Projection (Base Scenario)



Lider Filo's borrowings are diversified with bond issuances. The Company issued its first bond in August 21, 2017. The Company issued totally amounted TRY 51.00mn between August 21, 2017 and May 15, 2018. Details of the bonds presented below:

ISSUED BONDS

Issue Date	Amount (TRY)	Maturity Date	Status
21.08.2017	20,000,000	12.02.2018	Paid
14.12.2017	16,000,000	07.06.2018	Paid
12.02.2018	4,000,000	02.12.2019	On Track
15.02.2018	7,000,000	13.08.2018	Paid
15.05.2018	10,000,000	14.05.2019	On Track
Total	57,000,000		

LDR Turizm A.Ş. BALANCE SHEET - ASSET TRY	(Year end) 2017 USD (Converted)	(Year end) 2017 TRY (Original)	(Year end) 2017 TRY (Average)	(Year end) 2016 TRY (Original)	(Year end) 2016 TRY (Average)	(Year end) 2015 TRY (Original)	(Year end) 2015 TRY (Average)	(Year end) 2014 TRY (Original)	As % of 2017 Assets (Original)	As % of 2016 Assets (Original)	As % of 2015 Assets (Original)	2017 Growth Rate	2016 Growth Rate	2015 Growth Rate
I. CURRENT ASSETS	91,201,818	344,004,136	290,223,774	236,443,411	195,662,101	154,880,790	130,707,073	106,533,356	81.44	78.95	77.50	45.49	52.66	45.38
A. Liquid Assets	6,674,223	25,174,500	16,857,109	8,539,717	7,712,083	6,884,448	3,954,559	1,024,670	5.96	2.85	3.44	194.79	24.04	571.87
B. Marketable Securities	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	n.a
1.Bond	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Share Certificates	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Decrease in Value of Marketable Securities (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Trade Receivables & Leasing	956,960	3,609,557	3,638,325	3,667,093	3,702,949	3,738,805	3,172,678	2,606,550	0.85	1.22	1.87	-1.57	-1.92	43.44
1.Customers & Notes Receivables	124,035	467,847	724,042	980,236	877,659	775,081	725,782	676,482	0.11	0.33	0.39	-52.27	26.47	14.58
2.Other Receivables	832,925	3,141,710	2,914,284	2,686,857	2,825,291	2,963,724	2,446,896	1,930,068	0.74	0.90	1.48	16.93	-9.34	53.56
3.Doubtful Trade Receivables	428,058	1,614,593	1,385,550	1,156,506	976,753	796,999	675,751	554,502	0.38	0.39	0.40	39.61	45.11	43.73
4.Provision for Doubtful Trade Receivables (-)	-428,058	-1,614,593	-1,385,550	-1,156,506	-976,753	-796,999	-675,751	-554,502	-0.38	-0.39	-0.40	39.61	45.11	43.73
5.Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Due From Related Parties (net)	0	0	11,055	22,109	32,108	42,107	21,927	1,747	n.a	0.01	0.02	-100.00	-47.49	2,310.25
E. Other Receivables	4,098	15,456	25,506	35,556	40,726	45,896	41,845	37,794	0.00	0.01	0.02	-56.53	-22.53	21.44
1.Other Receivables	4,098	15,456	25,506	35,556	40,726	45,896	41,845	37,794	0.00	0.01	0.02	-56.53	-22.53	21.44
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Rediscunts on Other Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Live Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Inventories (net)	79,697,409	300,610,657	258,399,969	216,189,281	179,156,369	142,123,456	121,794,414	101,465,372	71.17	72.18	71.11	39.05	52.11	40.07
H. Contract Progress Income (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
I. Deferred Tax	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
J. Other Current Assets	3,869,129	14,593,966	11,291,811	7,989,655	5,017,867	2,046,078	1,721,651	1,397,223	3.45	2.67	1.02	82.66	290.49	46.44
1.Other Current Assets	3,869,129	14,593,966	11,291,811	7,989,655	5,017,867	2,046,078	1,721,651	1,397,223	3.45	2.67	1.02	82.66	290.49	46.44
2.Provision for Other Current Assets (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
II. NON-CURRENT ASSETS	20,786,460	78,404,448	70,728,552	63,052,656	54,013,160	44,973,664	38,788,682	32,603,699	18.56	21.05	22.50	24.35	40.20	37.94
A. Trade Receivables & Leasing	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
1. Customers & Notes Receivables & Leasing	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Doubtful Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Doubtful Trade Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
5. Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
B. Due From Related Parties (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
1. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Rediscunts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
1. Long Term Securities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Affiliates (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Subsidiaries (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Other Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Tangible Assets	12,355,589	46,604,046	43,068,119	39,532,192	34,022,473	28,512,754	23,612,440	18,712,126	11.03	13.20	14.27	17.89	38.65	52.38
F. Other Fixed Assets	8,430,871	31,800,402	27,660,433	23,520,464	19,990,687	16,460,910	15,176,242	13,891,573	7.53	7.85	8.24	35.20	42.89	18.50
TOTAL ASSETS	111,988,278	422,408,584	360,952,326	299,496,067	249,675,261	199,854,454	169,495,755	139,137,055	100.00	100.00	100.00	41.04	49.86	43.64

LDR Turizm A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY	(Year end) 2017 USD (Converted)	(Year end) 2017 TRY (Original)	(Year end) 2017 TRY (Average)	(Year end) 2016 TRY (Original)	(Year end) 2016 TRY (Average)	(Year end) 2015 TRY (Original)	(Year end) 2015 TRY (Average)	(Year end) 2014 TRY (Original)	As % of 2017 Assets (Original)	As % of 2016 Assets (Original)	As % of 2015 Assets (Original)	2017 Growth Rate	2016 Growth Rate	2015 Growth Rate
I. SHORT TERM LIABILITIES	47,162,146	177,890,899	136,974,091	96,057,283	75,696,470	55,335,656	49,152,408	42,969,159	42.11	32.07	27.69	85.19	73.59	28.78
A. Financial Liabilities	45,274,412	170,770,553	126,194,766	81,618,978	64,977,176	48,335,374	42,887,490	37,439,606	40.43	27.25	24.19	109.23	68.86	29.10
B. Trade Payables	1,570,781	5,924,827	9,252,565	12,580,303	8,553,435	4,526,567	3,533,371	2,540,175	1.40	4.20	2.26	-52.90	177.92	78.20
C. Due to Related Parties	0	0	0	0	0	0	1,944	3,887	n.a	n.a	n.a	n.a	n.a	-100.00
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	58,068	219,025	460,053	701,081	484,681	268,280	245,636	222,992	0.05	0.23	0.13	-68.76	161.32	20.31
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
H. Provisions for Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
I. Other Liabilities	258,887	976,494	1,066,708	1,156,921	1,681,178	2,205,435	2,483,967	2,762,499	0.23	0.39	1.10	-15.60	-47.54	-20.17
II. LONG TERM LIABILITIES	50,558,628	190,702,090	171,904,733	153,107,376	126,967,018	100,826,659	77,211,951	53,597,243	45.15	51.12	50.45	24.55	51.85	88.12
A. Financial Liabilities	49,106,148	185,223,480	166,866,966	148,510,452	123,166,620	97,822,788	74,367,508	50,912,227	43.85	49.59	48.95	24.72	51.82	92.14
B. Trade Payables	5,846	22,050	66,742	111,433	55,717	0	0	0	0.01	0.04	n.a	-80.21	n.a	n.a
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	1,415,417	5,338,811	4,864,429	4,390,047	3,665,006	2,939,964	2,801,258	2,662,551	1.26	1.47	1.47	21.61	49.32	10.42
H. Provisions for Liabilities	31,217	117,749	106,597	95,444	79,676	63,907	43,186	22,465	0.03	0.03	0.03	23.37	49.35	184.47
I. Other Liabilities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
TOTAL LIABILITIES	97,720,774	368,592,989	308,878,824	249,164,659	202,663,487	156,162,315	126,364,359	96,566,402	87.26	83.19	78.14	47.93	59.55	61.71
F. EQUITY	14,267,503	53,815,595	52,073,502	50,331,408	47,011,774	43,692,139	43,131,396	42,570,653	12.74	16.81	21.86	6.92	15.20	2.63
a) Prior year's equity	13,343,781	50,331,408	47,011,774	43,692,139	43,131,396	42,570,653	37,561,171	32,551,688	11.92	14.59	21.30	15.20	2.63	30.78
b) Equity (Added from Internal & External Resources in the Current Year)	-17,855	-67,346	-33,673	0	-263,529	-527,058	-63,529	400,000	-0.02	n.a	-0.26	n.a	-100.00	-231.76
c) Minority Interest	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
h) Profit & Loss	941,577	3,551,533	5,095,401	6,639,269	4,143,907	1,648,544	5,633,755	9,618,965	0.84	2.22	0.82	-46.51	302.74	-82.86
TOTAL LIABILITY	111,988,278	422,408,584	360,952,326	299,496,067	249,675,261	199,854,454	169,495,755	139,137,055	100.00	100.00	100.00	41.04	49.86	43.64
USD Rates 1=TRY		3.7719		3.5192		2.9076		2.3189						

LDR Turizm A.Ş.			
INCOME STATEMENT			
TRY	2017	2016	2015
I. Principal Activity Revenues	55,884,193	32,425,473	24,995,003
A. Sales Revenues (Net)	76,735,177	49,487,980	36,692,703
1.Domestic Sales	76,735,177	49,487,980	36,692,703
2.Export Sales	0	0	0
3.Sales Deductions (-)	0	0	0
B. Cost Of Sales (-)	-24,438,265	-21,983,032	-14,838,335
C. Service Revenues (net)	2,630,090	4,466,782	2,878,353
D. Other Revenues From Principal Activities	957,191	453,743	262,282
1.Interest	957,191	453,743	262,282
2.Dividend	0	0	0
3.Rent			
4.Other	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	55,884,193	32,425,473	24,995,003
Activities Expenses (-)	-6,750,153	-5,746,771	-4,758,548
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	49,134,040	26,678,702	20,236,455
Income & Profit From Other Activities	2,215,095	1,390,578	1,053,643
Expenses & Losses From Other Activities (-)	-360,791	-1,954,754	-1,124,297
Financing Income	0	139,349	82,085
Financing Expenses (-)	-48,189,542	-22,963,588	-19,013,360
OPERATING PROFIT & LOSS	2,798,802	3,290,287	1,234,526
Net Monetary Position exc. And Other Profit & Loss (+/-)	2,153,013	5,068,100	897,078
PRETAX PROFIT & LOSS	4,951,815	8,358,387	2,131,604
Taxes (-/+)	-1,400,282	-1,719,118	-483,060
NET PROFIT FOR THE PERIOD	3,551,533	6,639,269	1,648,544
Total Income	84,690,566	61,006,532	41,866,144
Total Expense	-79,738,751	-52,648,145	-39,734,540
NET INCOMES OR EXPENSES FOR THE PERIOD	4,951,815	8,358,387	2,131,604

LDR Turizm A.Ş. FINANCIAL RATIOS %	FYE 2017	FYE 2016	FYE 2015
I. PROFITABILITY			
Relationship Between Capital and Profit			
ROAE - Pre-tax Profit / Equity (avg.)	9.51	17.78	4.94
ROAA - Pre-tax Profit / Total Assets (avg.)	1.37	3.35	1.26
Total Income / Equity (avg.)	162.64	129.77	97.07
Total Income / Total Asset (avg.)	23.46	24.43	24.70
Economic Rentability ((Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	14.72	12.55	12.48
Operating Profit / Total Assets (avg.)	13.61	10.69	11.94
Financial Expenses / Inventories Ratio (avg.)	18.65	12.82	15.61
Return on Avg. Long Term Sources	1.59	3.82	1.37
Relationship Between Sales and Profit			
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	72.83	65.52	68.12
Operating Margin = Operating Incomes / Net Sales Income	64.03	53.91	55.15
Net Profit Margine = Net Profit / Net Sales Income	4.63	13.42	4.49
Cost of Sales / Net sales Income	31.85	44.42	40.44
Activities Expenses / Net Sales Income	8.80	11.61	12.97
Financing Expenses / Net Sales Income	62.80	46.40	51.82
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	69.25	63.29	57.63
Relationship Between Financing Liabilities and Profit			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	110.28	136.40	111.21
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	107.37	128.91	108.67
Structure of Income and expenditure account			
Financing Expenses / T. Asset (avg.)	13.35	9.20	11.22
Financial Liabilities / T. Assets	84.28	76.84	73.13
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	5.96	2.85	3.44
(Liquid Assets +Marketable Securities) / T. Liabilities	6.83	3.43	4.41
Net Working Capital / Total Assets	39.33	46.87	49.81
Liquid Assets / Equity	46.78	16.97	15.76
Current Ratio	193.38	246.15	279.89
Acid Test Ratio	16.18	12.73	19.27
Cash Ratio	14.15	8.89	12.44
Inventories / Current Asset	87.39	91.43	91.76
Inventories / Total Asset	71.17	72.18	71.11
Inventories Dependency Ratio	50.80	40.48	34.09
Short Term Receivables / Total Current Assets	1.05	1.58	2.47
Short Term Receivables / Total Assets	0.86	1.24	1.91
III. CAPITAL and FUNDING			
Equity / Total Assets	12.74	16.81	21.86
Equity / Liabilities	14.60	20.20	27.98
Net Working Capital/Total Resources	39.33	46.87	49.81
Equity generation/prior year's equity	-0.13	0.00	-1.24
Internal equity generation/prior year's equity	7.06	15.20	3.87
Tangible Assets/Total Asset	11.03	13.20	14.27
Financial Fixed Assets/(Equity +Long Term Liabilities)	0.00	0.00	0.00
Minority Interest/Equity	0.00	0.00	0.00
IV. EFFICIENCY			
Net Profit Margine Growth	-65.50	198.61	-87.27
Net Sales Growth	55.06	34.87	34.63
Equity Growth	6.92	15.20	2.63
Asset Growth	41.04	49.86	43.64
Inventories Turnover	9.46	12.27	12.18
Days Inventories Utilization	3,859.36	2,974.66	2,995.95
Receivables Turnover	10,598.17	5,638.64	5,055.61
Days' Accounts Receivable	3.44	6.47	7.22
Efficiency Period	3,862.80	2,981.13	3,003.17
Payables Turnover	262.23	255.34	419.95
Days' Payments In Accounts Payables	139.19	142.94	86.92
Cash Turnover Cycle	3,723.61	2,838.19	2,916.26
Current Assets Turnover	26.44	25.29	28.07
Net Working Capital Turnover	50.07	41.25	44.99
Tangible Assets Turnover	178.17	145.46	155.40
Fix Asset Turnover	108.49	91.62	94.60
Equity Turnover	147.36	105.27	85.07
Asset Turnover	21.26	19.82	21.65
Export sales/Total sales	0.00	0.00	0.00
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	30.82	23.80	17.40
Non-Performing Asset / Total Assets	82.20	85.38	85.38
Financial Fixed Assets / Non-Current Assets	0.00	0.00	0.00
VI. SENSITIVITY OF FOREIGN CURRENCY			
Total Foreign Currencies Position/Asset	2.24	1.16	-7.53
Total Foreign Currencies Position/Equity	17.60	6.91	-34.45
VII. INDEBTEDNESS			
Debt Ratio	87.26	83.19	78.14
Short Term Liabilities/Total Asset	42.11	32.07	27.69
Long Term Liabilities/Total Asset	45.15	51.12	50.45
Long Term Liabilities/(Equity+ Long term Liabilities)	77.99	75.26	69.77
Fixed Asset/Liabilities	21.27	25.31	28.80
Fixed Asset/(Long Term Liabilities +Equity)	32.06	30.99	31.12
Short Term Liabilities/ T. Liabilities	48.26	38.55	35.43
Short Term Financial Liabilities/Short Term Liabilities	96.00	84.97	87.35
Tangible Assets/Long Term Liabilities	24.44	25.82	28.28
Financial Liabilities/Total Liabilities	96.58	92.36	93.59
Off Balance Liabilities/(Assets +Off Balance Liabilities)	47.50	48.03	43.53
Off Balance Liabilities/(Equity +Off Balance Liabilities)	87.66	84.62	77.90

Previous Rating Results Issued by JCR-ER

				31-Oct-17	
				Long Term	Long Term
International	Foreign Currency			BBB-	A-3
	Local Currency			BBB-	A-3
	Outlook	FC		Negative**	Negative**
		LC		Negative**	Negative**
National	Local Rating			BBB (Trk)	A-3 (Trk)
	Outlook			Stable	Stable
	Issue Rating			BBB (Trk)	A-3 (Trk)
Sponsor Support				3	-
Stand-Alone				BC	-
Sovereign*	Foreign Currency			BBB-	-
	Local Currency			BBB-	-
	Outlook	FC		Negative	-
		LC		Negative	-
				(*) Affirmed by Japan Credit Rating Agency, on August 14, 2018 (**) Updated on August 17, 2018	
Analyst(s)				Zeki Metin Çoktan Merve Hayat	