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**JCR
Eurasia Rating,**

By reviewing
corporate credit &
issue ratings
of
**LDR Turizm
A.Ş.**

has affirmed
the Long Term
National Note of the
Company as
‘BBB (Trk)’ with a
‘Stable’
Outlook.

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RATINGS

		Long Term	Short Term
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)
Sponsor Support		3	-
Stand-Alone		BC	-

Sector: Operational Leasing
Report Date: 14.11.2018

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Press Release

Istanbul – November 14, 2018

JCR Eurasia Rating, by assessing “**LDR Turizm A.Ş.**” within investment grade, affirmed the credit rating notes ‘**BBB (Trk)**’ on the Long Term National Scale and ‘**A-3 (Trk)**’ on the Short Term National Scale. On the other hand, the Long Term International Foreign and Local Currency ratings were also affirmed at ‘BBB-’. Other notes and details of the ratings are given in the left-hand column.

The Company was established in 2010 in the field of operational leasing with the name of “LDR Turizm Dış Ticaret Ltd. Şti.”, which was changed to “LDR Turizm A.Ş.” (Lider Filo) in 2012. Since then, Lider Filo continues its stable growth through lucrative projects. With its dynamic team who closely follows current trends in the market and focus on customer satisfaction, the Company aims to improve its market share by long and short-term vehicle leasing and enriching its service portfolio with customized applications like Smartphone through following the new technological trends for its customers which mainly consist of corporate firms and SMEs. Although the penetration level of the vehicle leasing sector is still low in Turkey in comparison to the developed countries, the fact that the number of the SMEs which choose leasing instead of purchasing cars is rapidly increasing and the sales to the individuals have also paced up, the fleet leasing market offers new growth prospects. Despite this potential of the market, the recent macroeconomic developments such as the volatility and depreciation of the Turkish Lira, the weakening debt-service strength of the real sector firms which are the potential customers of the fleet leasers, create certain constraints against the progress of the market.

The factors which were considered positive about Lider Filo in our assessments are its diversified external financial sources backed up by the successful bond issuances in 2017 and 2018, growing fleet size, customized services with a focus on the customer satisfaction, asset quality with a wide customer base which minimizes the risk of non-collection of the receivables, experienced and qualified management team, successful hedging policy through which the Company controls the exchange rate risk, and growing sales volume which contributes a great deal to its operational and financial structure. On the other hand, decreasing net profit, shrinking profit margins due to the high-level competition in the market, rising financial expenses, decreasing trend of the profitability ratios are regarded as negative factors. Taking all of these aspects into account, JCR Eurasia Rating has assigned the long-term rating of the Company as ‘**BBB (Trk)**’ with a ‘**Stable**’ outlook. On the other hand, developments in the level of compliance of credit usage, adequacy of cash flow, increasing fleet number, absence of sector-specific laws and public authorities to regulate the activities of firms, realization level of budgeted profits and ultimate effects of a prospective bond issue on the Company’s financial statements are other issues to be monitored by JCR Eurasia Rating for further assessments in the following periods

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.

Although it is assumed that Metin Barokas, possessing almost full power of control, has sufficient propensity and operational support capability as the result of his experience dating back to the establishment of Lider Filo (LDR Turizm A.Ş.), his financial support capacity is not known. In this regard, the Company’s ‘Sponsor Support Grade’ has been defined as **(3)**, indicating an ‘adequate level’.

On the other hand, regardless of the support from its shareholders, taking into account the current market share, increasing fleet size, equity level, growth rates, competitive advantages conferred through contracts to numerous customers in a diverse range of industries and minimizing collection risk, presence of an experienced management team, it is considered that the Company has reached a level of experience to manage the incurred risks on its balance sheet provided that the current customer base and effectiveness in the market is preserved along with the maintenance of current macro-economic conditions. In the light of such circumstances, the Stand Alone grade of the Company has been assigned as **(BC)**.

For more information, related with the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our senior analyst **Mr. Zeki Metin ÇOKTAN** and asst. analyst **Mr. Ersin KILIÇKAP**.

JCR EURASIA RATING

Administrative Board