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АНАЛИЗ ФИНАНСОВОГО СОСТОЯНИЯ ГОСУДАРСТВЕННОЙ ТРАНСПОРТНОЙ ЛИЗИНГОВОЙ КОМПАНИИ

Аннотация: статья посвящена анализу финансового состояния Государственной Транспортной Лизинговой Компании. С использованием различных методов финансового анализа была получена полноценная картина финансового положения компании и объяснены результаты.

Ключевые слова: лизинг, ГТЛК, финансовый анализ, лизинговая компания.

THE ANALYSIS OF THE FINANCIAL POSITION OF THE STATE TRANSPORT LEASING COMPANY

Annotation: The article is devoted to the analysis of the financial position of the State Transport Leasing Company. Using various methods of financial analysis, a comprehensive picture of the company's financial position was obtained, and the results were explained.

Keywords: leasing, STLC, GTLK, financial analysis, leasing company.

THE ANALYSIS OF THE FINANCIAL POSITION OF THE STATE TRANSPORT LEASING COMPANY

PJSC State Transport Leasing Company is one of the leading companies in Russian leasing market, a diversified leasing company being one of the top 5 leasing

companies by volume of the leasing portfolio, an industry leader in the aircraft and water transport leasing sectors.¹

The sole shareholder of the company is the Russian Federation represented by the Ministry of Transport.

GTLC is an implementation tool of the state policy of control and development of the Russian transport industry.

GTLC's objectives:

- Implementation of state support of the transport sector
- Attraction of extra-budgetary investment in the development of the transport industry
- Support of domestic transport engineering
- Formation of an efficient transport infrastructure of the country

Its principal activities are the leasing of air transport, sea and river vessels, railway vehicles, trucks and special equipment as well as energy-efficient urban passenger transport, including gas and electricity propelled vehicles.

GTLC also facilitates the utilization of Russia's transit potential and develops transport and infrastructure projects using the leasing mechanism.

According to RAEX, as at 30 September 2017, more than 130 companies provided leasing services in Russia and 15 of these had lease portfolio exceeding RUB 20 billion. Nowadays, according to Expert RA data, GTLC is 1st leading leasing company in Russia by the volume of leasing portfolio. The main competitors are VTB Leasing, Sberbank Leasing and VEB Leasing.

Operating profit measures the profit earned from a company's ongoing core business operations², for the Group the main activity is leasing, so it shows profit from leasing contracts, excluding deductions of interest and taxes. This value also does not

¹ GTLK. About. URL: <https://www.gtlk.ru/en/about/>

² Karen Berman, Joe Knight. Financial Intelligence: A Manager's Guide to Knowing What the Numbers Really Mean. M.: Business Literacy Institute, Inc, 2013. – 167p.

include any profit earned from the firm's investments, such as earnings from firms in which the company has partial interest. In 2017 increase in operating profit was 61% (from 2127 million RUB in 2016 to 3426 million RUB in 2017). This was due to increase in net leasing investments by 89% (from 72551 million RUB in 2016 to 137062 million RUB in 2017), mostly it was investments in freight market.

Net income/loss in 2017 decreased by 4978% comparing with 2016 (from profit of 80 72551 million RUB in 2016 to loss of 3903 million RUB in 2017), the information was taken from the consolidated statement of profit and loss of GTLK. The main reasons are the increase of other operational expenses by 417% (from 482 million RUB in 2016 to 2491 million RUB in 2017), this happened because of creating a reserve for credit contract with Deutsche Bank and writing off the value of some spare parts in the total amount of 1423 million RUB).

The other reason is creating reserves for impairment of interest-bearing assets, the decrease was by 218% compared to previous year, this is due to huge delays of payments and reserves for impairment of non-interest assets, the change was 166%. ROE and ROIC are measures of the financial performance of the company³, which are shown on the Table1 ROE is negative in 2017 because of the loss in this year, the information for these calculations was taken from the consolidated statement of financial position as at 31 December 2017.

	2017	2016	2015	2014	2013	2012
ROE	-6%	0%	0%	2%	1%	1%
ROIC	1%	1%	2%	3%	3%	4%
ROE with NCFO	-162%	-108%	68%	88%	249%	164%

Table 1. ROE and ROIC of GTLK

³ James M. Wahlen, Stephen P. Baginski, Mark T. Bradshaw. Financial Reporting, Financial Statement Analysis, and Valuation: a Strategic Perspective, 8 th Edition. M.: Cengage Learning, 2014. – 5p.

The GLTK Group belongs to the government of the Russian Federation, that is why it should be compared also with the government corporation, such as VEB Leasing. ROE results have strong positive correlation, which is equal to 0,999. It means that despite the fact that in fact there was no return in 2017, it is normal situation for this particular industry in this year.

There are three major financial metrics that drive return on equity (ROE): operating efficiency, asset use efficiency and financial leverage. Operating efficiency is represented by net profit margin or net income divided by total sales or revenue. Asset use efficiency is measured by the asset turnover ratio. Financial leverage is equal to average assets divided by average equity.⁴

ROE can be broken down into these three factors as follows:

$$ROE = \frac{Net\ Income}{Av.\ Equity} = \frac{Net\ Income}{Revenue} * \frac{Revenue}{Av.\ Assets} * \frac{Av.\ Assets}{Av.\ Equity}$$

Profit margin is one of the commonly used profitability ratios to gauge profitability of a business activity. It represents how much percentage of sales has turned into profits. In 2017 the Group had losses, so in Table 3.2 it is seen that profit margin is negative this year.

	2017	2016	2015	2014	2013	2012
Profit Margin	-13%	0%	1%	3%	2%	2%
Asset Turnover	0,087	0,095	0,051	0,085	0,089	0,101
Financial Leverage	5,219	4,010	4,077	9,283	7,993	5,080
ROE	-6%	0%	0%	2%	1%	1%

Table 2. Financial indicators of GTLK

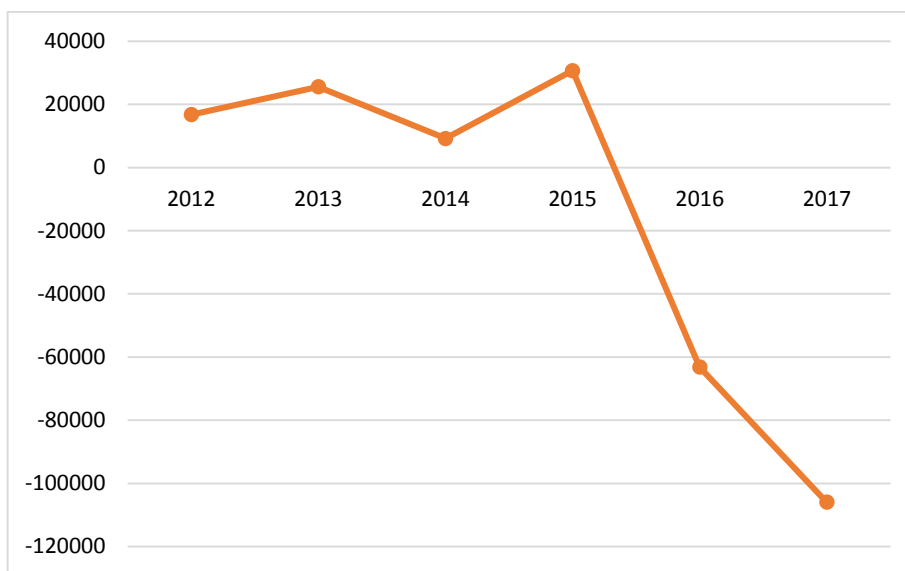
Asset Turnover is low because of the specifics of leasing industry, and such results do not signal for ineffective performance in leasing sector.

⁴ Nicolas Schmidlin. The Art of Company Valuation and Financial Statement Analysis. M.: John Wiley & Sons, 2014. – 63p.

Financial leverage ratios results in such high figures because this is government company and it finances it, and in this situation it is not as risky as it would be in some private companies.

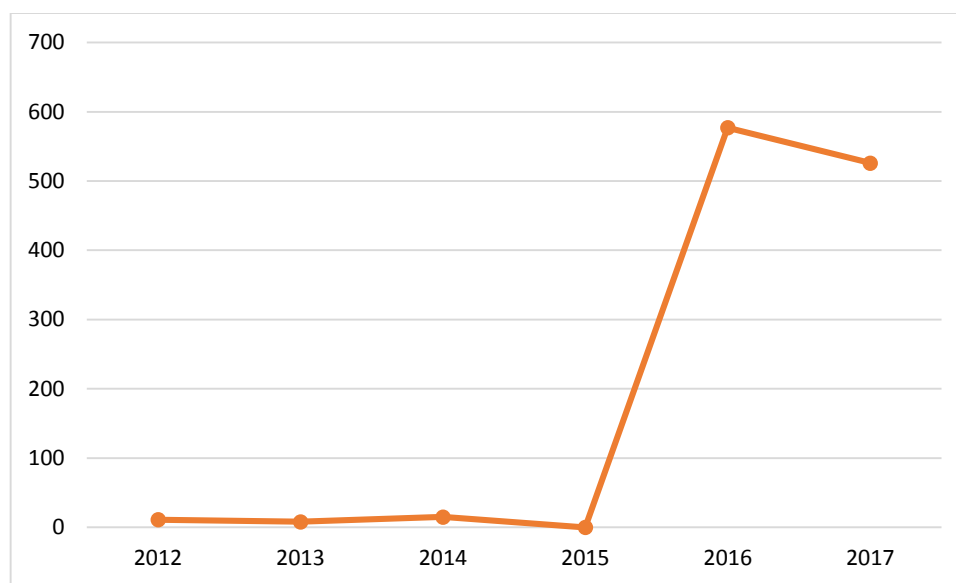
Growing free cash flows are frequently a prelude to increased earnings. Companies that experience surging FCF—due to revenue growth, efficiency improvements, cost reductions, share buybacks, dividend distributions or debt elimination - can reward investors tomorrow. That is why many in the investment community cherish FCF as a measure of value.

Cash flow is the measure of money into and out of a company's bank accounts. Free cash flow, a subset of cash flow, is the amount of cash left over after the company has paid all its expenses and capital expenditures (funds reinvested into the company).



Graph 1. Free cash flow, in millions of rubles

Nevertheless, free cash flow decreased, as it is seen on the Graph 1 it is important to look at CAPEX. Graph 2 shows the dynamics of CAPEX. The huge increase can be seen on the graph, it means that the company invested money and in the nearest future the company will see the outcome from these investments and thus increase in free cash flow and profit.



Graph 2. CAPEX, in millions of rubles

It can be seen that the financial results could be better, but it is necessary to remember that the main goal of the company is not profit, but the transport industry and the development of leasing market. That is why despite these risks and losses, GTLK has leading market position, which it believes it can leverage to further grow and develop its business and expand into new leasing markets. To do that the company should increase interaction between its main customers, attract new ones and try to develop the leasing market at domestic and international levels.

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