



Corporate Credit & Issue Rating

□New ⊠Update

Sector: Factoring

Publishing Date: 08/04/2020

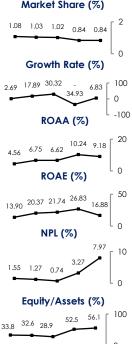
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RATINGS

| | | | Long | Short | | | |
|--------------------------------------|------------------|-------------|--------------|----------|--|--|--|
| | Foreign Currency | | BBB- | A-3 | | | |
| International | Local Currency | | BBB- | A-3 | | | |
| | Outlook | FC | Negative | Negative | | | |
| | | LC | Negative | Negative | | | |
| | Issue Rating | | - | - | | | |
| National | Local Rating | | A+ | A-1 | | | |
| | | | (Trk) | (Trk) | | | |
| | Outlook | | Stable | Stable | | | |
| | Issue Rating | A+ (Trk) | A-1 (Trk) | | | | |
| Spons | or Support | 2 | - | | | | |
| Stand-Alone | | | В | - | | | |
| Sovereign* | Foreign Currency | | BBB- | - | | | |
| | Local Currency | | BBB- | - | | | |
| | Outlook | FC | Negative | - | | | |
| | | LC | Negative | - | | | |
| *Affirmed by JCR on December 6, 2019 | | | | | | | |

Market Share (%)



2015 2016 2017 2018 2019

Ekspo Faktoring A.Ş.

Company Overview

| Financial Data | 2019* | 2018* | 2017* | 2016* | 2015* |
|------------------------|---------|---------|---------|---------|---------|
| Total Assets (000 USD) | 52,113 | 55,081 | 118,061 | 96,751 | 99,687 |
| Total Assets (000 TRY) | 309,561 | 289,774 | 445,314 | 341,704 | 289,850 |
| Equity (000 TRY) | 173,787 | 152,200 | 128,496 | 111,308 | 97,880 |
| Net Profit (000 TRY) | 21,587 | 29,305 | 20,887 | 17,028 | 10,424 |
| Market Share (%) | 0.84 | 0.84 | 1.02 | 1.03 | 1.08 |
| ROAA (%) | 9.18 | 10.24 | 6.62 | 6.75 | 4.56 |
| ROAE (%) | 16.88 | 26.83 | 21.74 | 20.37 | 13.90 |
| Equity/Assets (%) | 56.14 | 52.52 | 28.86 | 32.57 | 33.77 |
| NPL (%) | 7.97 | 3.27 | 0.74 | 1.27 | 1.55 |
| Growth Rate (%) | 6.83 | -34.93 | 30.32 | 17.89 | 2.69 |

^{*} Audited financial statements in compliance with BRSA

Ekspo Faktoring A.Ş. (hereinafter referred to as 'Ekspo' or 'the Company') offers trade finance and export/import factoring and refactoring services to domestic customers since 2000. The Company has an established presence in the Turkish factoring sector which itself is a highly fragmented and predominantly bank-owned subsidiary dominated market.

The Company is well-capitalized and operates with notably low leverage, compared to the sector averages and maintains an equity base well above the recently increased (TRY 50bn) mandatory capital level required by BRSA. Ekspo has arrangements with various international ECAs such as US Ex-Im Bank and Black Sea Trade and Development Bank. Ekspo operates from its central office based in Istanbul with a workforce of 33 as of YE2019.

The Sector is supervised by Banking Regulation and Supervision Agency of Turkey (BRSA) and market players are members of Associations of Financial Institutions, an umbrella organization for factoring, leasing and consumer finance companies.

Strengths

- Well-capitalized balance sheet supported with high earnings retention and paid-in capital
- Prudent provision coverage supporting the asset quality
- Lower borrowing costs resulting in healthy interest margins
- Diversified funding sources including local and foreign Ex-Im banks
- Close monitoring of stable customer base
- Risk focused and conservative management and investments in IT infrastructure

Constraints

- Concentrated loan book exposing the firm to single-party credit risk, though mitigated via diversified receivables
- Global recessionary concerns and negative shock of the pandemic
- Medium term pressure on the net interest margin
- Pressure on the non-financial sector due to demand shock, macro uncertainties and global recession concerns, potentially weighing on asset quality
- Significant competition in the Sector due to fragmented market structure