

Corporate Credit & Issue Rating

New Update

Sector: Factoring

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Analyst(s)

Abdurrahman Tutğaç

+90 212 352 56 73

Abdurrahman.tutgac@jcrer.com.tr

RATINGS

| | | Long | Short | |
|-----------------|------------------|---------|----------|--------|
| International | Foreign Currency | BBB- | A-3 | |
| | Local Currency | BBB- | A-3 | |
| | Outlook | FC | Stable | Stable |
| | | LC | Stable | Stable |
| Issue Rating | - | - | | |
| National | Local Rating | A-(Trk) | A-1(Trk) | |
| | Outlook | Stable | Stable | |
| | Issue Rating | A-(Trk) | A-1(Trk) | |
| Sponsor Support | Stand-Alone | 2 | - | |
| | Stand-Alone | B | - | |
| Sovereign* | Foreign Currency | BBB- | - | |
| | Local Currency | BBB- | - | |
| | Outlook | FC | Stable | - |
| | | LC | Stable | - |

*Affirmed by JCR on November 10, 2017

Tam Faktoring A.Ş.

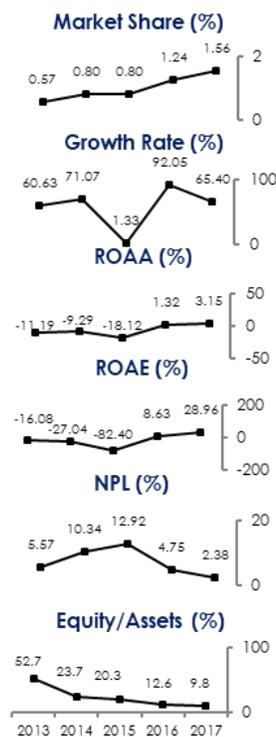
Company Overview

| Financial Data | 2017* | 2016* | 2015* | 2014* | 2013* |
|------------------------|---------|---------|---------|---------|---------|
| Total Assets (000 USD) | 178,638 | 116,520 | 73,698 | 91,194 | 58,023 |
| Total Assets (000 TRY) | 680,681 | 411,524 | 214,283 | 211,469 | 123,613 |
| Equity (000 TRY) | 66,625 | 52,050 | 43,549 | 50,089 | 65,093 |
| Net Profit (000 TRY) | 14,595 | 7,747 | -31,557 | -15,004 | -9,395 |
| Market Share (%) | 1.56 | 1.24 | 0.80 | 0.80 | 0.57 |
| ROAA (%) | 3.15 | 1.32 | -18.12 | -9.29 | -11.19 |
| ROAE (%) | 28.96 | 8.63 | -82.40 | -27.04 | -16.08 |
| NIM (%) | 10.94 | 11.81 | 14.85 | 16.29 | 14.65 |
| Equity/Assets (%) | 9.79 | 12.65 | 20.32 | 23.69 | 52.66 |
| NPL (%) | 2.38 | 4.75 | 12.92 | 10.34 | 5.57 |
| Growth Rate (%) | 65.40 | 92.05 | 1.33 | 71.07 | 60.63 |

* Audited financial statements

Tam Faktoring A.Ş. commenced its operations in 2012 to provide the financing of receivables under the regulatory framework of the BRSA of Turkey. Chiefly targeting the micro and small SME segment with high financing needs, Tam Faktoring rapidly increased its customer base to over 17,000, the highest in the sector, through a branch network of 33 in 21 cities as of report date. The Company's strategy has led to access to both SMEs currently utilizing factoring services and to first-time users, ultimately expanding the size of the market.

The majority of Company shares (90.5%) are owned by Vector Yatırım Holding A.Ş. which was incorporated under Vector Holdings S.a.r.l.. The European Bank for Reconstruction and Development-EBRD holds 9.5% of shares. The Company is headquartered in Istanbul and its employee base was 437 as of FYE2017.



Strengths

- Profitability figures outperforming sector averages
- Diversified customer base and strong market access
- Rapid decline in NPL level and improving asset quality
- Sound funding bundle with access to banks, financial institutions, domestic factoring companies, Takasbank facility, and capital market instruments
- Experienced and skilled top management with determined approach to improve internal processes
- R&D center established to improve the output of IT systems
- Shareholding structure including EBRD and competence in complying in corporate governance best practices

Constraints

- Below sector average equity/assets ratio which is expected ameliorate through retained profits
- Highly fragmented and competitive market structure dominated by bank owned factoring companies
- Persistent headwinds in the medium term macroeconomic outlook despite significant incentives and solid growth
- Increasing interest rate environment, potentially tightening the net interest margin
- Volatilities imposed on the non-bank FIs' asset and net income growth by several incentives such as Credit Guarantee Fund (CGF)