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Yeditepe FAKTORİNG 20 YIL Fırsat Yaratır

Corporate Credit & Issue Rating

☐New ☒Update

Sector: Factoring
Publishing Date: 02/08/2018

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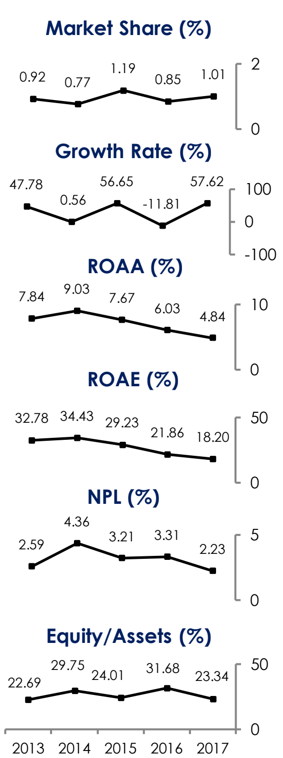
RATINGS

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

*Affirmed by JCR on November 10, 2017



Yeditepe Faktoring A.Ş.

Company Overview

Financial Data	2018H1	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	108,061	117,049	79,308	109,229	87,428	94,629
Total Assets (000 TRY)	492,832	441,497	280,101	317,593	202,737	201,598
Equity (000 TRY)	112,180	103,057	88,728	76,258	60,316	45,733
Net Profit (000 TRY)	9,069	14,243	12,412	15,942	14,583	10,616
Market Share (%) (by assets size)	N/A	1.01	0.85	1.19	0.77	0.92
ROAA (%)	N/A	4.84	6.03	7.67	9.03	7.84
ROAE (%)	N/A	18.20	21.86	29.23	34.43	32.78
Equity/Assets (%)	22.76	23.34	31.68	24.01	29.75	22.69
NPL (%)	1.69	2.23	3.31	3.21	4.36	2.59
Asset Growth Rate (%)	11.63	57.62	-11.81	56.65	0.56	47.78

** End of year , 2018H1: June-end 2018, N/A: Not Applicable*

Yeditepe Faktoring A.Ş. (hereinafter referred to as "Yeditepe Faktoring", or "the Company") was founded in August 1997 in the Gaziantep province of Turkey. The Company currently operates as a factoring services supplier of cash management and receivable solutions covering invoiced/documented receivables stemming from domestic sales or services. The factoring sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006 and Yeditepe Faktoring is subject to its regulations.

The chairman of the Company, **Mr. Fevzi ÖZTÜRKMEN**, owns a 98.9% stake in the shareholding structure. The Company currently operates through its headquarters in Şişli/Istanbul and four branches in İkitelli, Pendik, Gebze and İzmir. Cooperation with Denizbank, a middle-scaled Turkish Bank, supports the Company's operations. Yeditepe Faktoring actively uses capital markets as a means of alternative financing source. The Company realized its first bill and bond issuance in 2015 and had seven outstanding bills/bonds with total nominal outstanding issue volume amounting to TRY 77mn as of the report date. Yeditepe Faktoring was ranked 22nd and 12th among all and non-bank affiliated factoring companies, respectively, in terms of total factoring receivables as of FYE2017 (FYE2016: 30th and 18th). The Company employed a staff force of 83 as of FYE2017 (FYE2016: 82) and had no subsidiaries or affiliates.

Strengths

- Robust factoring receivables and assets growth capitalizing on investments in the branch network and increased customer numbers
- Robust share of equities in assets financing comfortably above the sector average
- Improvement in the already below-sector NPL ratio
- Diversified borrowing profile through debt security issuances contributing to borrowings term structure and relieving the liquidity
- Diversified receivable portfolio diminishing the credit risk and enhancing the asset quality
- Resilience to fluctuations in FX rates due to a long balance sheet FX position
- Experienced management team and well-organized risk management infrastructure
- Counter procyclical agility in assets and receivables growth
- Significant level of collaterals, diminishing credit risk

Constraints

- Decrease in profitability ratios and interest margin despite increasing factoring receivables and turnover
- Competitive sector dominated by bank-owned factoring companies with wide branch network and low borrowing costs
- Increase in the share of financial expenses as a percentage of interest income diminishing the Company's profit generation capacity
- High-paced loan growth financed mainly with external funds increasing the leverage despite an above-threshold capital adequacy
- Ongoing uncertainties arising from economic and political risks creating volatility in financial markets, disrupting the asset quality and increasing the inherent risk factors
- Increasing interest rate environment pressurizing the interest margins in the sector
- Increasing share of operating expenses within total income pressurizing the profitability