

Corporate Credit & Issue Rating

New Update

Sector: NBFI/Factoring
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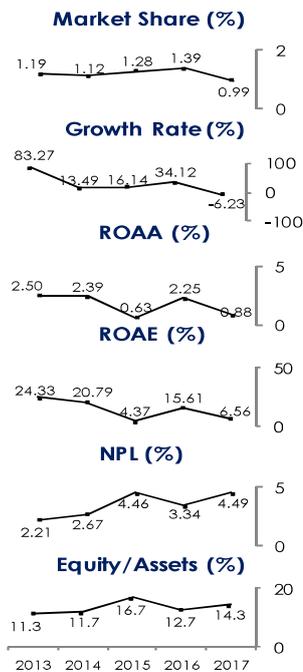
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RATINGS

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

*Affirmed by JCR on August 14, 2018



Akdeniz Faktoring A.Ş.

Financial Data	1H2018**	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	92,853	114,293	130,172	117,890	127,277	122,072
Total Assets (000 TRY)	423,476	431,101	459,742	342,777	295,143	260,063
Equity (000 TRY)	63,870	61,468	58,457	57,356	34,623	29,308
Net Profit (000 TRY)	2,402	3,014	7,148	1,587	5,317	4,058
Market Share (%)	n.a.	0.99	1.39	1.28	1.12	1.19
ROAA (%)	n.a.	0.88	2.25	0.63	2.39	2.50
ROAE (%)	n.a.	6.56	15.61	4.37	20.79	24.33
Equity/Assets (%)	15.08	14.26	12.72	16.73	11.73	11.27
NPL (%)	4.81	4.49	3.34	4.46	2.67	2.21
Growth Rate (%)	-1.71	-6.23	34.12	16.14	13.49	83.27

*End of year, **:audited half-year results

Company Overview

Established in 1993, Akdeniz Faktoring is one of the early entrants into the Turkish Factoring Sector among non-bank affiliated players and provides funding for SMEs, corporates and commercial companies along with domestic factoring companies (referred to as "refactoring") to a lesser extent.

The Company operates under the wider roof of ZülfiKarlar Holding A.Ş., one of Turkey's leading conglomerates with roots dating back to 1942 with activities in the fields of fuel distribution, energy, chemicals and finance. Following the completion of the acquisition of TP Petrol Dağıtım A.Ş., the Group consolidated its position in the fuel distribution sector.

Mr. İsfendiyar ZÜLFİKARİ is the Chairman and the qualified individual shareholder of the Company that had no other affiliates or subsidiaries. The Company conducts its services entirely through its headquarters in Üsküdar, Istanbul and has no other branches whilst the number of personnel employed across Company operations reached 25 as of the reporting date.

Strengths

- Above sector-average capitalization level to be further supported by additional capital injection offering significant potential for growth
- Diversification in receivables portfolio away from the financial sector (re-factoring) along with reduction in concentration risk
- Branchless organizational model focused on operating efficiency in comparison to peers
- Strong capability to raise funding on a continual basis from the domestic capital markets
- Established operational track record and robust shareholder structure conferring the Company with a competitive advantage
- Favorable dynamics supporting the growth of the Turkish factoring sector in the medium and long-term

Constraints

- Despite the improvement in the 1H2018, notable decrease in principle profitability indicators in the completed financial year stemming from reduction in interest margin along with rises in provisioning and opex
- Reduction in market share in the completed financial year stemming from contraction in receivables
- Severity of competition across the sector dominated by bank affiliated players
- Need for further improvement in the level of compliance with Corporate Governance Practices along with frequent senior management changes
- Domestic and global economic developments exerting upward pressure on cost of borrowing and future NPL levels