

## Corporate Credit & Issue Rating

New  Update

Sector: Factoring

Publishing Date: 15/03/2019

### Analyst(s)

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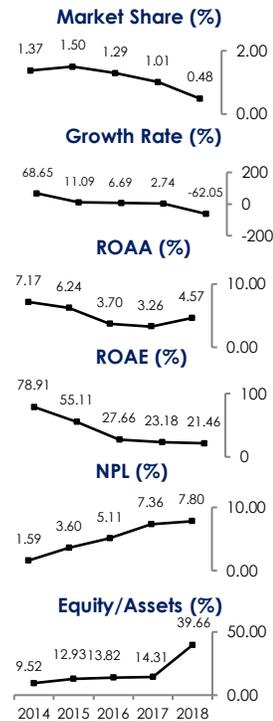
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### RATINGS

		Long	Short	
International	Foreign	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	BBB+	A-2	
	Outlook	Stable	Stable	
	Issue Rating	BBB+	A-2	
Sponsor Support	2	-		
Stand-Alone	B	-		
Sovereign*	Foreign	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
		LC	Negative	-

\*Affirmed by JCR on November 27, 2018



## Ak Faktoring A.Ş.

### Company Overview

Financial Data	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	31,736	116,630	121,239	138,035	155,804
Total Assets (000 TRY)	166,959	439,918	428,192	401,350	361,295
Equity (000 TRY)	66,216	62,954	59,176	51,909	34,399
Net Profit (000 TRY)	10,846	11,330	12,267	19,040	16,494
Market Share (%)	0.48	1.01	1.29	1.50	1.37
ROAA (%)	4.57	3.26	3.70	6.24	7.17
ROAE (%)	21.46	23.18	27.66	55.11	78.91
Equity/Assets (%)	39.66	14.31	13.82	12.93	9.52
NPL (%)	7.80	7.36	5.11	3.60	1.59
Growth Rate (%)	-62.05	2.74	6.69	11.09	68.65

\*Audited financial statements

**Ak Faktoring Anonim Şirketi** (referred to as ‘the Company’ or ‘Ak Faktoring’) has operated in the Turkish Factoring sector since 1992 as a non-bank owned factoring company. Since 2006, the Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA). With a staff force of 44, the Company provides funding to its customer portfolio via financing invoiced/documentated receivables based in Turkey.

Altınhas Holding A.Ş., the main shareholder of the Company, operates in the fields of asset management, education, energy, finance, accessories (jewellery), construction, textiles, and factoring. With a narrowed total asset size of TRY 166.96mn, the Company held a 0.48% market share in a factoring sector worth TRY 34.6bn in FYE2018.

### Strengths

- Above sector averages capitalization level
- Healthier balance sheet by transfer of uncollectible receivables to asset management company
- Above sector interest margin in the rising interest rate environment, amplifying returns
- Operational and financial support, from the parent Holding’s position
- Shortened-term collection window to adjust to size of operations, relieving liquidity management
- Diversified resource composition supported by projected bond issuances
- Qualified and re-organized senior management team and comprehensive internal reporting procedures

### Constraints

- Asset size and transaction volume decline due to adverse market conditions and macroeconomic risk factors
- Lowered market share and the need for increased customer granularity
- Deteriorated economic circumstances stemming from sharp currency depreciation and rising inflationary pressures
- Pressure on profitability from increasing borrowing costs
- Above sector NPL level despite a bad debt transfer to an asset management company
- Intensive environment and strong competitive forces in the Turkish Factoring Sector
- Macroeconomic uncertainties arising from the local political environment, pressurizing the risk appetite and asset quality of lenders