

Corporate Credit & Issue Rating

New Update

Sector: Factoring

Publishing Date: 28/03/2019

Senior Analyst

Utku Karagülle

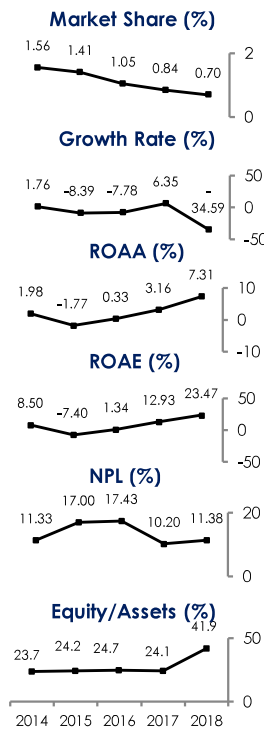
+90 212 352 56 73

utku.karagulle@jcrer.com.tr

RATINGS

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

* Affirmed by JCR on November 27, 2018



Eko Faktoring A.Ş.

Company Overview

Financial Data	2018	2017	2016	2015	2014
Total Assets (000 USD)	45,903	97,882	98,299	129,478	177,210
Total Assets (000 TRY)	241,493	369,201	347,172	376,470	410,932
Equity (000 TRY)	101,130	89,115	85,669	91,085	97,388
Net Profit (000 TRY)	17,238	10,078	1,015	-5,168	6,868
Market Share (%)	0.70	0.84	1.05	1.41	1.56
ROAA (%)	7.31	3.16	0.33	-1.77	1.98
ROAE (%)	23.47	12.93	1.34	-7.40	8.50
Equity/Assets (%)	41.88	24.14	24.68	24.19	23.70
NPL (%)	11.38	10.20	17.43	17.00	11.33
Growth Rate (%)	-34.59	6.35	-7.78	-8.39	1.76

Eko Faktoring A.Ş. (referred to as 'the Company' or 'Eko Faktoring') was founded in 1994 and it operates as a factoring company in the headquarters located in Istanbul and branches in Izmir and Konya (city). The Company continues its operations under the regulations of Banking Regulation and Supervision Agency (BRSA). The Company had 58 employees as of financial year-end 2018 (2017: 73). The Company issued total of bonds amounted to TRY 828mn since 2012 and one of the most active players of Turkish bond market.

The Turkish Factoring Sector was worth a total of TRY 34.6bn as of 2018, which was contracted by over 20% compared to last year's figure of 43.7bn. In the same period, Eko Faktoring's assets lost ground more than the sector average but the Company achieved to increase its net profit and non-performing loan pile.

Eko Faktoring is owned by Valansi, Kondu and Franco families. 10% of the shares are possessed by the Company itself which will be sold in 2019. Eko Faktoring did not have any subsidiaries as of reporting date.

Strengths

- Strengthened profitability and enhancement in net profit in 2018
- Decline in overall non-performing loan balance, despite a slight increase in NPL caused by the contraction in total loans
- Diversified funding mix via bond issuances
- Stronger equity/assets ratio both stimulated by decline in total asset size and increase in profitability
- Qualified management team and well-organized risk management infrastructure

Constraints

- Decline in total asset size in 2018, due to the slowdown in economic activities in the country
- Deterioration in macroeconomic indicators, and its impact on cost of funding in whole market
- Intensive competitive environment dominated by bank-owned companies which have a comparative advantage with wide branch networks and low borrowing costs