

Corporate Credit &
 Issue Rating

New Update

Sector: Factoring

Publishing Date: 30/04/2019

Analyst(s)

Merve Hayat

+90 212 352 56 73

merve.bolukcu@jcrer.com.tr

RATINGS

		Long Term	Short Term
International	Foreign	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	F Negative	Negative
		L Negative	Negative
	Issue Rating	-	-
National	Local Rating	AA(Trk)	A-1+(Trk)
	Outlook	Stable	Stable
	Issue Rating	AA(Trk)	A-1+(Trk)
Sponsor Support	2	-	-
Stand-Alone	A	-	-
Sovereign*	Foreign	BBB-	-
	Local Currency	BBB-	-
	Outlook	F Negative	-
		L Negative	-

* Affirmed by JCR on November 27, 2018

Creditwest Faktoring A.Ş.
 Company Overview

Financial Data	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	76,020	187,330	208,396	265,807	319,137
Total Assets (000 TRY)	399,932	706,591	736,011	772,862	740,046
Equity (000 TRY)	131,004	150,641	149,946	147,989	150,391
Net Profit (000 TRY)	23,714	22,970	25,392	27,202	25,134
Market Share (%)	1.16	1.62	2.22	2.89	2.80
ROAA (%)	5.53	3.99	4.21	4.51	4.75
ROAE (%)	21.71	19.14	21.34	22.88	21.82
Equity/Assets (%)	32.76	21.32	20.37	19.15	20.32
NPL (%)	5.84	3.11	2.89	3.04	3.48
Growth Rate (%)	-43.40	-4.00	-4.77	4.43	25.38

*End of year

Creditwest Faktoring A.Ş. (referred to as ‘the Company’ or ‘Creditwest Faktoring’) was founded in 1994 and has continued its operations under the roof of Altınbaş Holding since 1996. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) for over 20 years and is a member of the ‘Association of Financial Institutions’, a professional organization of factoring, leasing, and financing companies in Turkey. The activities of the Company are regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

Creditwest Faktoring is controlled by Altınbaş Holding via an 85% stake. The Holding has business operations in the fields of banking in Northern Cyprus, financial services, gas stations under the well-known Alpet brand, logistics, and education. Creditwest Faktoring did not have any subsidiaries as of reporting date.

The Company had a staff force of 63 employees as of December 31, 2018 in its headquarters in Istanbul and 3 branches in Ankara, İstanbul, and Kocaeli.

Strengths

- Improved Return on Average Assets and Return on Average Equity growth rates
- Strengthened equity level due to shrinkage in assets size despite pressure of dividend payments on equity as diminishing income reserves and high paid-in capital
- Success in compensating for deterioration in the sector thanks to qualified management team
- Efficient corporate governance practices, high level of regulatory compliance, well-defined work flow processes, established internal control systems, and risk management infrastructure as one of the three factoring companies listed on BIST
- Distinguished position in the sector with the high share of construction receivables with a low collection risk from the government
- Successful use of issued capital market instruments supporting long term borrowing as well as providing a diversified funding mix
- Financial viability of the owner of the Group, Altınbaş Holding, and the operational and financial support from the parent Holding’s position

Constraints

- Decline in total turnover and asset-based market share due to a slowdown in operations stemming from adverse market conditions and deteriorated economic circumstances despite preserved profitability
- Increased borrowing costs pressure on profitability due to sharp currency depreciation and rising inflationary pressures
- Continuously increasing over the last three-year period yet below sector NPL level thanks to the high provision coverage of impaired loans and transferring of uncollectible receivables to an asset management company contributing on asset quality
- Below sector interest margin in the rising interest rate environment, pushing down returns
- High customer and drawer concentration in a deteriorated debt payment environment of the real sector
- Macroeconomic uncertainties arising from the local political environment, pressurizing the risk appetite and asset quality of lenders and intensive environment in the Turkish Factoring Sector

