

Corporate Credit & Issue Rating

New Update

Sector: Factoring
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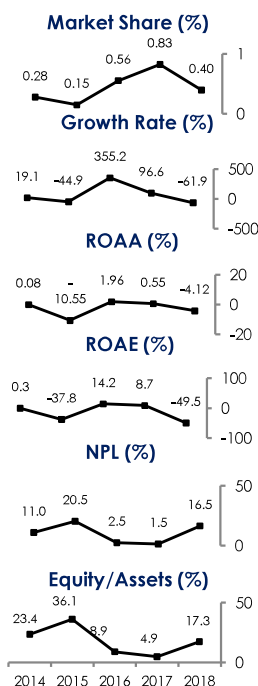
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RATINGS

		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-3 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB- (Trk)	A-3 (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



Arena Faktoring A.Ş. Company Overview

Financial Data	1H2019	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	26,529	26,201	95,930	52,117	13,908	31,625
Total Assets (000 TRY)	152,966	137,842	361,839	184,068	40,438	73,334
Equity (000 TRY)	24,934	23,826	17,764	16,372	14,603	17,186
Net Profit (000 TRY)	1,109	-8,929	1,405	1,764	-5,677	32
Market Share (%)	N/A	0.40	0.83	0.56	0.15	0.28
ROAA (%)	N/A	-4.12	0.55	1.96	-10.55	0.08
ROAE (%)	N/A	-49.47	8.73	14.17	-37.77	0.33
Equity/Assets (%)	16.30	17.28	4.91	8.89	36.11	23.43
NPL (%)	14.37**	16.54**	1.48	2.51	20.49	10.97
Growth Rate (%)	10.97	-61.91	96.58	355.18	-44.86	19.08

*End of year

** This ratio relates to the portfolio acquired from the previous shareholder period.

Arena Faktoring Anonim Şirketi (hereinafter referred to as 'Arena Faktoring', or 'the Company') was founded in 2009, by Hitay Holding, one of the famous investment group in Turkey rooting back to 1980. After 6 years of operations, Hitay Group exited from Arena Faktoring and the shares are bought by the shareholders of Tera Menkul Degerler A.Ş. (Tera Yatırım), widely-known brokerage firm in Turkey. Arena Faktoring had paused its operations during the exchange of shares in 2015, which lasted 7 months. The Company operates through its headquarters located in Istanbul main office, Istanbul Kartal office which is opened in April 9, 2018 and one branch in capital, Ankara.

Arena Faktoring promises and carries out factoring operations, receivable and cash management services. The Company is a member of 'Association of Financial Institutions' that is a professional organization of factoring, leasing and financing companies of Turkey. The activities of the Company are regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

The Company had a total asset size of TRY137.84mn, and a 0.40% asset share in the factoring sector worth a total of TRY 34.6bn in FYE2018. As of December 31, 2018, the Company employed an average workforce of 30 (December 31, 2017: 33).

Strengths

- Realized paid-in capital increase strengthening equity level
- Expanded customer base compared to previous year
- Strong sponsor support of shareholders
- Diversified funding mix via bond issuances
- Experienced management team well organized management infrastructure

Constraints

- Short term maturity profile of borrowings in the sector
- Downward pressure on profitability figures below sector averages
- Weakened economic circumstances stemming from sharp currency depreciation and rising inflationary pressures
- Strong competition in the market
- Decreasing market share