

Corporate Credit & Issue Rating

New Update

Sector: Factoring

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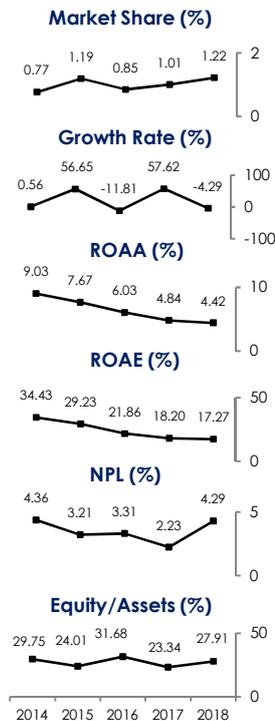
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RATINGS

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	N/A	N/A		
National	Local Rating	A+ (Trk)	A-1(Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A+ (Trk)	A-1(Trk)	
Sponsor Support		2	-	
Stand-Alone		AB	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
LC		Negative	-	

*Affirmed by JCR on November 27, 2018



Yeditepe Faktoring A.Ş. Company Overview

Financial Data	2019H1	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	73,871	80,321	117,049	79,308	109,229	87,428
Total Assets (000 TRY)	425,135	422,560	441,496	280,101	317,593	202,737
Equity (000 TRY)	127,150	117,932	103,056	88,728	76,258	60,316
Net Profit (000 TRY)	9,218	14,821	14,243	12,412	15,942	14,583
Market Share (%) (by assets size)	N/A	1.22	1.01	0.85	1.19	0.77
ROAA (%)	N/A	4.42	4.84	6.03	7.67	9.03
ROAE (%)	N/A	17.27	18.20	21.86	29.23	34.43
Equity/Assets (%)	29.91	27.91	23.34	31.68	24.01	29.75
NPL (%)	3.49	4.29	2.23	3.31	3.21	4.36
Asset Growth Rate (%)	0.61	-4.29	57.62	-11.81	56.65	0.56

* End of year, 2019H1: June-end 2019, N/A: Not Applicable

Yeditepe Faktoring A.Ş. (hereinafter referred to as “Yeditepe Faktoring”, or “the Company”) was founded in August 1997 in the Gaziantep province of Turkey. The Company currently operates as a factoring services supplier of cash management and receivable solutions covering invoiced/documented receivables stemming from domestic sales or services. The factoring sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006 and Yeditepe Faktoring is subject to its regulations.

The chairman of the Company, **Mr. Fevzi ÖZTÜRKMEN**, owns a 99.9% stake in the shareholding structure. The Company currently operates through its headquarters in Şişli/Istanbul and two branches in Pendik and İzmir. Cooperation with Denizbank, a middle-scaled Turkish Bank, supports the Company’s operations. Yeditepe Faktoring actively uses capital markets as a means of alternative financing source. The Company realized its first bill/bond issuance in 2015 and had two outstanding bills/bonds with total nominal outstanding issue volume amounting to TRY 15.6mn as of the report date. Active customer base of the Company robustly decreased to 1,315 as of year-end 2018 from 1,931 in the previous year-end, mainly due to weakened economic circumstances (2019H1: 1,337). The Company employed a staff force of 60 as of June-end 2019 (FYE2018: 67) and had no subsidiaries or affiliates.

Strengths

- Robust share of equities in assets financing comfortably above the sector average
- Below-sector average NPL ratio, despite an increase compared to the previous year-end
- Diversified borrowing profile through debt security issuances contributing to borrowings term structure and relieving the liquidity
- Experienced management team and well-organized risk management infrastructure
- Significant level of collaterals, diminishing the credit risk
- Resilience to fluctuations in FX rates due to absence of FX denominated liabilities
- Proactive efforts to control operating expenditures contributing to profit generation capacity
- Diversified receivable portfolio diminishing the credit risk and enhancing the asset quality
- Counter cyclical agility in assets and receivables growth

Constraints

- Decrease in profitability ratios and a sluggish annual increase in below sector average interest margin in a contracting sector
- Sizable downscaling of loan-book in response to adverse market conditions
- Ongoing uncertainties arising from economic and political challenges and associated volatility in financial markets, disrupting the asset quality and increasing the inherent risk factors in the real and factoring sectors
- High competition in the sector due to the existence of bank-owned factoring companies with wide branch networks and lower borrowing costs
- Increasing share of financial expenses as a percentage of interest income diminishing the Company’s profit generation capacity
- High share of operating expenditures within total income pressuring the Company’s profit generation capacity despite a fall in 2018