

Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Factoring

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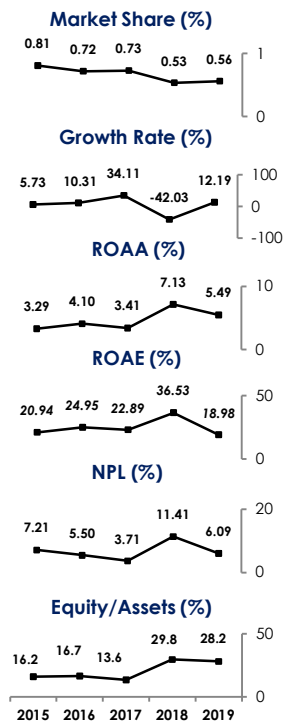
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RATINGS

		Long	Short
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Negative	Negative
		LC Negative	Negative
National	Issue Rating	-	-
	Local Rating	A (trk)	A-1(trk)
	Outlook	Stable	Stable
	Issue Rating	A (trk)	A-1(trk)
Sovereign*	Sponsor Support	2	-
	Stand-Alone	B	-
	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Negative	-
		LC Negative	-

*Affirmed by JCR on December 6, 2019



Atılım Faktoring A.Ş.

Company Overview

Financial Data	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	34,927	35,153	84,581	67,357	74,167
Total Assets (000 TRY)	207,476	184,935	319,031	237,893	215,649
Equity (000 TRY)	58,431	55,114	43,250	39,752	34,846
Net Profit (000 TRY)	7,276	13,907	7,249	6,803	5,465
Market Share (%)	0.56	0.53	0.73	0.72	0.81
ROAA (%)	5.49	7.13	3.41	4.10	3.29
ROAE (%)	18.98	36.53	22.89	24.95	20.94
Equity/Assets (%)	28.2	29.8	13.6	16.7	16.2
NPL (%)	6.09	11.41	3.71	5.50	7.21
Growth Rate (%)	12.19	-42.03	34.11	10.31	5.73

*End of year

Founded in 1993, **Atılım Faktoring A.Ş.** (hereinafter referred to as Atılım Faktoring, or the Company) gained its current ownership status in 2002. The Company's experience in the sector exceeds 26 years, underpinning its profile as one of the first factoring companies in Turkey. Since 2006, the Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

Atılım Faktoring provides funding to its customer portfolio based in Turkey through the financing of their invoiced/documentated receivables. The Company is mainly focused on funding medium and large sized enterprises. The Company actively uses capital markets as means of alternative financing source. Total nominal outstanding issue volume amounted to TRY 31mn as of FYE2019.

The Dinler and Dalva Families are the utmost shareholders of the Company, each owning 50% of the total shares. The ownership structure of the Company is fairly stable. The Company is headquartered in Istanbul, where the majority of the operations take place, with an extra office located in Antalya. As of December 2019, the Company employed a staff of 42 (FYE 2018:44).

Strengths

- Ability to generate and preserve interest margins outperforming the sector, underpinning core operational profitability
- High profitability ratios supporting the equity base with internally generated resources
- Improvement in the NPL ratio and majority of the balance sheet items being composed of earning assets contributing to asset quality
- Sufficient equity level and retention ratio, contributing to funding profile
- Maintenance of access to financing lines and diversified funding opportunities through debt issuances, providing flexibility to adapt market conditions
- Resilience to fluctuations in foreign currency risks due to absence of non-TRY denominated liabilities
- High level of collateral coverage
- Stable and experienced management team with an emphasis on adoption of corporate governance best practices & efficient internal control mechanisms

Constraints

- Ongoing uncertainties arising from the global Covid-19 pandemic, pressuring the global economic outlook and asset quality of lenders
- Provision expenses having exerted pressure on profitability
- High operating expenses by scale and pressures to continuously squeeze costs despite notable improvement over the previous year
- Short term borrowing profile of the sector
- Intensive competitive environment dominated by bank-owned companies which have a comparative advantage with wide branch networks and low borrowing costs
- Aggravating circumstances to exert adversities on debt-servicing capabilities of real sector accompanied by weakened demand and rising unemployment