

Corporate Credit & Issue Rating

New Update

Sector: Factoring

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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
Issue Rating	-	-		
National	Local Rating	A+ (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A+ (Trk)	A-1 (Trk)	
Sponsor Support	2	-		
Stand-Alone	B	-		
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
LC		Negative	-	

*Affirmed by JCR on December 6, 2019

Ekspo Faktoring A.Ş.

Company Overview

Financial Data	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	52,113	55,081	118,061	96,751	99,687
Total Assets (000 TRY)	309,561	289,774	445,314	341,704	289,850
Equity (000 TRY)	173,787	152,200	128,496	111,308	97,880
Net Profit (000 TRY)	21,587	29,305	20,887	17,028	10,424
Market Share (%)	0.84	0.84	1.02	1.03	1.08
ROAA (%)	9.18	10.24	6.62	6.75	4.56
ROAE (%)	16.88	26.83	21.74	20.37	13.90
Equity/Assets (%)	56.14	52.52	28.86	32.57	33.77
NPL (%)	7.97	3.27	0.74	1.27	1.55
Growth Rate (%)	6.83	-34.93	30.32	17.89	2.69

* Audited financial statements in compliance with BRSA

Ekspo Faktoring A.Ş. (hereinafter referred to as 'Ekspo' or 'the Company') offers trade finance and export/import factoring and refactoring services to domestic customers since 2000. The Company has an established presence in the Turkish factoring sector which itself is a highly fragmented and predominantly bank-owned subsidiary dominated market.

The Company is well-capitalized and operates with notably low leverage, compared to the sector averages and maintains an equity base well above the recently increased (TRY 50bn) mandatory capital level required by BRSA. Ekspo has arrangements with various international ECAs such as US Ex-Im Bank and Black Sea Trade and Development Bank. Ekspo operates from its central office based in Istanbul with a workforce of 33 as of YE2019.

The Sector is supervised by Banking Regulation and Supervision Agency of Turkey (BRSA) and market players are members of Associations of Financial Institutions, an umbrella organization for factoring, leasing and consumer finance companies.

Strengths

- Well-capitalized balance sheet supported with high earnings retention and paid-in capital
- Prudent provision coverage supporting the asset quality
- Lower borrowing costs resulting in healthy interest margins
- Diversified funding sources including local and foreign Ex-Im banks
- Close monitoring of stable customer base
- Risk focused and conservative management and investments in IT infrastructure

Constraints

- Concentrated loan book exposing the firm to single-party credit risk, though mitigated via diversified receivables
- Global recessionary concerns and negative shock of the pandemic
- Medium term pressure on the net interest margin
- Pressure on the non-financial sector due to demand shock, macro uncertainties and global recession concerns, potentially weighing on asset quality
- Significant competition in the Sector due to fragmented market structure

