

Corporate Credit & Issue Rating

New Update

Sector: Factoring

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Senior Analyst

Ozan SIVACI

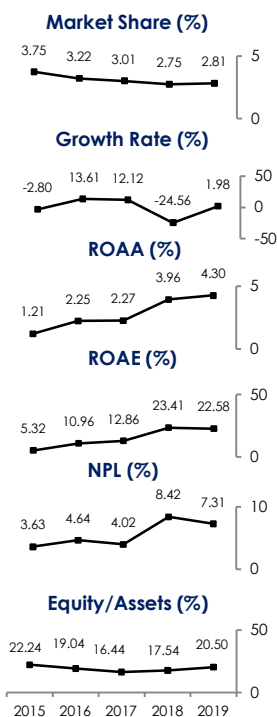
+90 212 352 56 73

ozan.sivaci@jcrer.com.tr

RATINGS

	Long	Short		
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	n.a	n.a		
National	Local Rating	AA-(Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	AA-(Trk)	A-1 (Trk)	
Sponsor Support	1	-		
Stand-Alone	A	-		
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

*Affirmed by JCR on April 10, 2020



Fiba Faktoring A.Ş.

Company Overview

Financial Data	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	180,678	200,051	369,853	353,547	376,663
Total Assets (000 TRY)	1,073,265	1,052,447	1,395,048	1,244,204	1,095,185
Equity (000 TRY)	220,020	184,647	229,368	236,921	243,547
Net Profit (000 TRY)	35,373	37,435	22,114	19,318	10,382
Market Share** (%)	2.81	2.75	3.01	3.22	3.75
ROAA (%)	4.30	3.96	2.27	2.25	1.21
ROAE (%)	22.58	23.41	12.86	10.96	5.32
Equity/Assets (%)	20.50	17.54	16.44	19.04	22.24
NPL (%)	7.31	8.42	4.02	4.64	3.63
Growth Rate (%)	1.98	-24.56	12.12	13.61	-2.80

(*) Audited year-end financial statements (**) Calculated with respect to net factoring receivables balance.

Fiba Faktoring A.Ş. (hereinafter referred to as “*Fiba Faktoring*” or “*The Company*”), was founded in 1992 to operate in the Turkish Factoring Sector and is a subsidiary of **Fiba Holding A.Ş.** Fiba Faktoring performs its activities through its headquarters located in İstanbul and 3 branches along with a staff force of 90 employees as of FYE2019 (FYE2018: 107). The Company had no affiliates or subsidiaries and it is a member of *Factors Chain International (FCI)*, a global network of factoring companies with more than 400 international factoring companies in 90 countries, set up in 1968.

Fiba Holding, the parent holding company, and **Fina Holding**, the holding company coordinating the decision making, planning, management and control of companies serving in the financial sector within the **Fiba Group**, held 56.96% and 43.04% of the Company shares, respectively, in the Company’s 2019 year-end shareholding structure. The **Fiba Group** consists of 41 group companies, 19 of which operate in finance and 22 in non-finance sectors, and its financial sector investments consists of banking, factoring, leasing, insurance and asset management. Retail, real estate, renewable energy and hotel management comprise the Fiba Group’s main non-financial sector investments.

Strengths

- Above sector average net interest margin contributing to the Company’s income & profit generation capacity
- Robust and reputable shareholder structure providing advantages to the Company
- Continuing improvement in sustainability of income generation capacity
- Earning assets comprising majority of total assets volume contributing to income generation and quality of assets
- Diversified and robust borrowing profile supporting the liquidity and growth potential of the Company
- High level of collateral coverage diminishing the credit risk
- Resilience to volatility in FX rates
- Sustainability through diminished risk profile and stability of prudent management
- Increasing share of equities in assets financing supporting the Company’s funding efforts

Constraints

- Challenging developments and the Covid-19 pandemic realized during the 2020Q1 period, robustly deteriorate the outlooks of the real and factoring sector performances for FY2020
- NPL ratio – though improved – still exceeding the sector average, suppressing the asset quality
- Below sector average profitability indicators despite improvement in some of the ratios
- Below sector assets growth and declining market share with respect to assets volume compatible with the management’s strategy
- Below sector average standard ratio despite improvements as of year-ends 2018 and 2019
- Increasing levels of financing and operating expenses within total income generation pressuring the Company’s internal resource generation capacity
- High level of competition prevalent in the sector