

Corporate Credit & Issue Rating

New Update

Sector: Factoring
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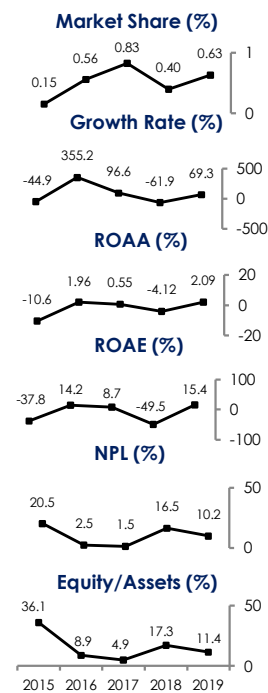
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RATINGS

		Long Term	Short Term	
International	Foreign Currency	CCC	C	
	Local Currency	CCC	C	
	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	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
LC		Negative	-	

*Assigned by JCR on April 10, 2020



Arena Faktoring A.Ş. Company Overview

Financial Data	1H2020	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	33,924	39,283	26,201	95,930	52,117	13,908
Total Assets (000 TRY)	232,565	233,350	137,842	361,839	184,068	40,438
Equity (000 TRY)	28,503	26,546	23,826	17,764	16,372	14,603
Net Profit (000 TRY)	1,968	2,737	-8,929	1,405	1,764	-5,677
Market Share (%)	-	0.63	0.40	0.83	0.56	0.15
ROAA (%)	-	2.09	-4.12	0.55	1.96	-10.55
ROAE (%)	-	15.43	-49.47	8.73	14.17	-37.77
Equity/Assets (%)	12.26	11.38	17.28	4.91	8.89	36.11
NPL (%)	11.13	10.20	16.54	1.48	2.51	20.49
Growth Rate (%)	-0.34	69.29	-61.91	96.58	355.18	-44.86

*End of year (Audited)

Arena Faktoring Anonim Şirketi (hereinafter referred to as 'Arena Faktoring', or 'the Company') was founded in 2009 and been acquired by the current shareholders in 2015. The Company operates through two offices, in Istanbul and Ankara each, in addition to the headquarters in Istanbul.

The Company had an annual turnover of TRY 520mn in 2019 and expects a modest record in 2020 due to the pandemic.

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.

JCR Eurasia Rating, in its periodic review, has evaluated the consolidated structure of 'Arena Faktoring A.Ş.' and 'Outstanding and Potential Bond Issuances', and has affirmed Long Term National Rating as 'BBB- (Trk)/Stable'.

Strengths

- Low impairment to turnover transformation, indicating resilient underwriting policies
- Strong sponsor support of shareholders
- Diversified funding mix via bond issuances
- Experienced management team well organized management infrastructure

Constraints

- Narrow interest margin and cost cover
- Global recessionary concerns and negative shock of the pandemic
- 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