

## Corporate Credit Rating

New  Update

**Sector:** Factoring

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	AA (tr) (Stable)	J1+(tr) (Stable)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## DORUK FAKTORİNG A.Ş.

JCR Eurasia Rating has evaluated "Doruk Faktoring A.Ş." in the investment grade category with very high credit quality, affirmed the Long-Term National Issuer Credit Rating at 'AA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Doruk Faktoring A.Ş." (hereinafter referred to as "Doruk Faktoring" or "the Company") has operated in the Turkish Factoring sector since 1999 as a non-bank owned factoring company. The Company has distinguished itself from other factoring companies in the sector with its experience and knowledge gained through collection services provided to the media and advertising sector. After the sale of Doğan Media Group, the Company continues its activities in this arm.

The Company sustains its cautious growth on a local basis with its 66 employees through three branch networks within the structure. In addition to collection services, the Company expands its field of activities by controlling accounting, legal conformity, law and financing services and provides the financing needs of non-group companies with both its own resources and funds obtained from external sources.

"Doğan Şirketler Grubu Holding A.Ş." (hereinafter referred to as 'Doğan Holding', 'Doğan Group' or 'the Group') is the main controlling shareholder, owning 99.99% of the total shares of the Company and the remaining shares belong to Doğan Holding's subsidiaries as of the reporting date. The parent company, Doğan Holding (rated by JCR Eurasia Rating on August 9, 2024 as AAA (tr)/Stable on the Long-Term National Scale), was established in 1961 by Mr. Aydın Doğan and has been transformed into an investment holding in 1980. The main field of activity of Doğan Holding consists of electricity production, industry and trade, automotive trade and marketing, financing and investment, internet and entertainment and real estate investments.

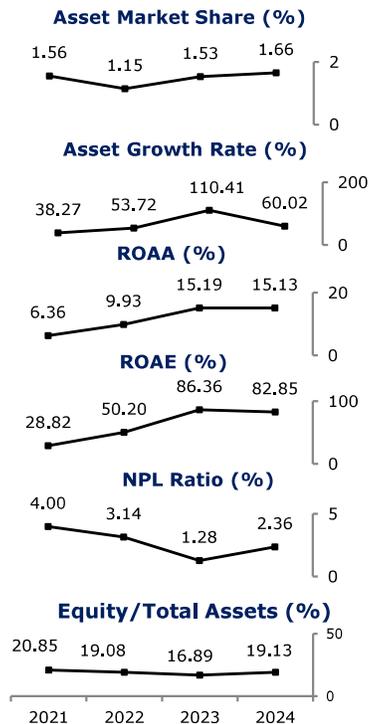
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Increasing equity to total asset ratio and standing above sector averages backed by solid internal equity generation capacity,
- Provisioning for all non-performing receivables despite increasing NPL ratio as of FYE2024,
- Return on Average Assets (ROAA) and Return on Average Equity (ROAE) figures outperforming the sector,
- Reasonable collateral coverage in a certain extent diminishing the credit risk,
- Diversified funding structure through bond issuances supporting financial flexibility,
- Established know-how in media sector and segregated Company position through intermediary role in the collection of advertising receivables as a factoring service from companies operating in the media sector,
- Attached importance to risk focused management and to investments in digital IT infrastructure,
- Well-known brand name with a proven track record of Doğan Holding and the synergy created within the Group.

### Constraints

- Need for increasing customer granularity to reduce concentration risk,
- High competition in the sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. The distinguished position from other factoring companies in the sector with its experience and knowledge gained through collection services provided to the media and advertising sector, risk management infrastructure supported by internal control systems, experienced management team, internal resource generation capacity, increasing net interest margin, high provision level, equity quality, the Group's financial and operational support and brand identity have been evaluated as important indicators for the stability of the ratings and the Company's outlook for Long and Short-Term Issuer Credit Ratings has been determined as "Stable". The Company's turnover and asset development, interest margin trend, market share, profitability indicators, capitalization level, funding structure, the growth in the number of customers in the competitive market, improvements in receivable portfolio granularity to reduce the concentration exposure, the general outlook of the sector collection performance of problematic receivables are issues to be monitored by JCR Eurasia Rating.