

Corporate Credit Rating

New Update

Sector: Factoring

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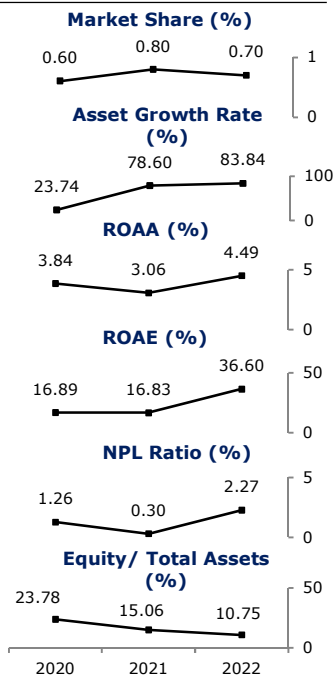
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR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

* Assigned by JCR on Aug 18, 2022



Sümer Faktoring A.Ş.

JCR Eurasia Rating, has evaluated "Sümer Faktoring A.Ş." in the investment level with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A- (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 assigned as 'BB/Negative' in line with international ratings and outlooks of Republic of Türkiye.

Sümer Faktoring A.Ş. (hereinafter referred to as 'Sümer Faktoring' or 'the Company') was founded in 1996 and acquired by the Altınbaş Family, owner of a prominent conglomerate in Türkiye operating in the financial and non-financial sectors, in 2014. Company shares were reorganized under ASV Holding A.S. The Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

Sümer Faktoring, with its based in Istanbul and 7 branches throughout Türkiye, has been providing receivable financing to domestic firms for 27 years. Sümer Faktoring had a workforce of 42 as of FY2022 (FY2021: 38). The Company held a 0.70% market share in the factoring sector in FY2022.

As of 2022, the sole shareholder of the company is ASV Holding. The ASV Group is a conglomerate operating in various sectors such as finance, energy, logistics, jewelry and education.

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

Strengths

- Sustainability of income and profit generation capacity,
- Improvement in customer concentration risk,
- Diversified borrowing profile supporting the liquidity and growth potential of the Company,
- Existence of ASV Holding as dominant shareholder and the synergies created within the Group.

Constraints

- Ongoing deterioration in the net interest margin with core profitability ratios below sector averages,
- NPL ratio exceeding sector average in FYE2022,
- Capital adequacy ratios standing below sector average despite being compatible with the requirements,
- Short term borrowing profile in parallel with the sector,
- High competition in the sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs,
- Global recession and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A- (tr)'. The Company's revenue generation capacity, asset quality, capital adequacy, risk management infrastructure supported by internal control systems, experienced management team together with the general outlook of the sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's financial structure, attainability of the Company's budgeted projections, especially the collection of receivables from companies located in the earthquake zone, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.