

## Corporate Credit Rating

☐ New ☒ Update

**Sector:** Factoring

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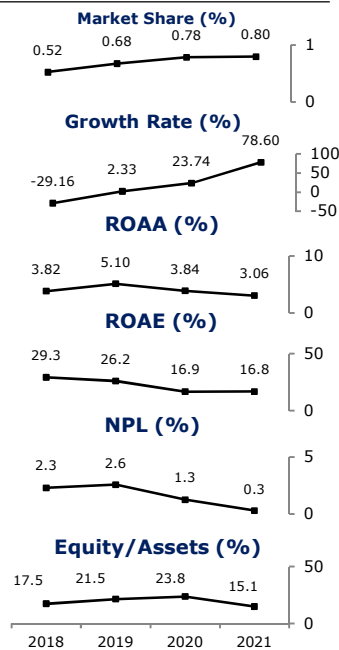
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	Stable
	National ISR	A-	J1
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021



## Sümer Faktoring A.Ş.

JCR Eurasia Rating, has evaluated the "Sümer Faktoring A.Ş." in the investment level category 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/Stable' as parallel to international ratings and outlooks of Republic of Turkey.

Sümer Faktoring A.S. was founded in 1996 and acquired by the Altınbaş Family, owner of a prominent conglomerate in Turkey 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 5 branches throughout Turkey, has been providing receivable financing to domestic firms for 26 years. Sümer Faktoring had a workforce of 38 as of FY2021 (FY2020: 35). The Company held a 0.80% market share in the factoring sector in FY2021.

As of 2021, the main shareholder of the company is ASV Holding, which owns 94% of the total shares. 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

- Continuing track record in sustainability of income generation capacity
- Below sector NPL ratios
- Existence of ASV Holding as dominant shareholder and the synergies created within the Group
- Diversified borrowing profile through debt security issuances contributing to borrowings term structure

### Constraints

- Notably below sector average interest margin
- Below sector averages profitability ratios
- The equity ratio falling below the sector averages
- Short term borrowing profile in parallel with the sector
- High concentration risk
- Fierce competition in the Sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs

Considering the aforementioned factors, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'A- (tr)'. Softening the pressure on NPL through transfer of overdue receivables to asset management company; high provision level; experienced and structured management team and generation of internal resources and cash flows to meet interest expenses together are the factors that taking into account in the determining of Long and Short Term Notes of Company with 'Stable' outlook. On the other hand, Sümer Faktoring's turnover and asset development, interest margin trend, market share, profit margin, capitalization level, maturity and indebtedness 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 and the NPL level are issues to be monitored by JCR Eurasia Rating.