

Corporate Credit Rating & Issue Rating

New Update

Sector: Factoring

Publishing Date: 31/03/2021

Chief Analyst

Bora Pakyürek

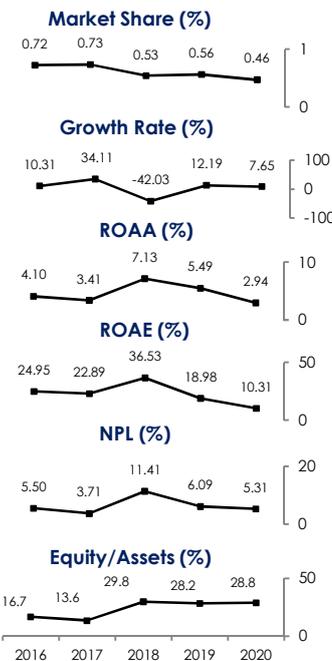
+90 212 352 56 73

bora.pakyurek@jcrer.com.tr

RATINGS

		Long Term	Short Term	
National	Local Rating	A (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A (Trk)	A-1 (Trk)	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Sponsor Support	2	-		
Stand-Alone	B	-		
Sovereign*	Foreign	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

*Assigned by JCR on April 10, 2020



Atılım Faktoring A.Ş.

JCR Eurasia Rating, in its periodic review, has evaluated **Atılım Faktoring A.Ş.** in an investment-level category on the national scale and affirmed the ratings of **'A (Trk)'** on the Long-Term National Scale and **'A-1 (Trk)'** on the Short-Term National Scale along with **"Stable"** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **'BB+'** with **'Negative'** outlooks.

Atılım Faktoring A.Ş. (hereinafter referred to as Atılım Faktoring, or the Company) was founded on 1993 and gained its current ownership status in 2001. The Company's experience in the sector exceeds 27 years, underpinning its profile as one of the first factoring companies in Turkey. Since 2006, the Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

Atılım Faktoring provides funding to its customer portfolio based in Turkey through the financing of their invoiced/documentated receivables. The Company is mainly focused on funding medium and large sized enterprises. The Company actively uses capital markets as means of alternative financing source. Total nominal outstanding issue volume amounted to TRY 25mn as of FYE2020.

The Dinler and Dalva Families are the utmost shareholders of the Company, each owning 50% of the total shares. The ownership structure of the Company is fairly stable. The Company is headquartered in Istanbul, where the majority of the operations take place. As of December 2020, the Company employed a staff of 33 (FYE 2019:42).

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

Strengths

- Ability to generate and preserve interest margins outperforming the sector, underpinning core operational profitability
- Satisfactory equity level and retention ratio, contributing to funding profile
- Resilience to fluctuations in foreign currency risks due to absence of non-TRY denominated liabilities
- Maintenance of access to financing lines and diversified funding opportunities through debt issuances, providing flexibility to adapt market conditions
- Emphasis on Risk Management Approach

Constraints

- Pressure on the global economic outlook and asset quality of lenders due to ongoing uncertainties arising from the global Covid-19 pandemic
- Pressure in profitability indicators in FY2020 depending to decreased interest margins with the effect of Covid-19
- NPL ratios - though improved - still exceeding the sector averages
- Short term borrowing profile of the sector
- Intensive competitive environment dominated by bank-owned companies which have a comparative advantage with wide branch networks and low borrowing costs

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed at **'A (Trk)'**. Considering **Atılım Faktoring's** long business track record and high level of sustainability of activities bolstered by particularly the Company's adequate level of risk appetite, capitalization level, net interest margin level, expected projections and the general outlook of the sector as well as, Covid-19 pandemic and geopolitical risks-driven uncertainties; the Company's outlook for Long and Short-Term National ratings has been affirmed as **'Stable'**. The trend and collection performance of the past-due receivables, turnover growth and profitability indicators as well as market conditions regarding the sector and the negative effects of the Covid-19 pandemic are some of the priority issues to be monitored by JCR Eurasia Rating.

We preserve our opinion that the controlling shareholders of **Atılım Faktoring A.Ş.** have the willingness to provide long-term funds or equity along with delivering operational support should such a need arises. In this perspective, the Company's Sponsor Support Rating has been determined as **(2)** within the **JCR Eurasia Rating** scale.

JCR Eurasia Rating believes that the Company possesses the capacity and experience to manage its commitments without external support, considering the Company's internal resource generation capacity and profitability potential, achieved growth rates, asset quality, capitalization level, liquidity profile, term structure and risk management applications and provided that the macroeconomic outlook does not concentrate on the negative direction. In this regard, **Atılım Faktoring A.Ş.**'s Stand Alone Rating is affirmed as **(B)**.