

Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Factoring

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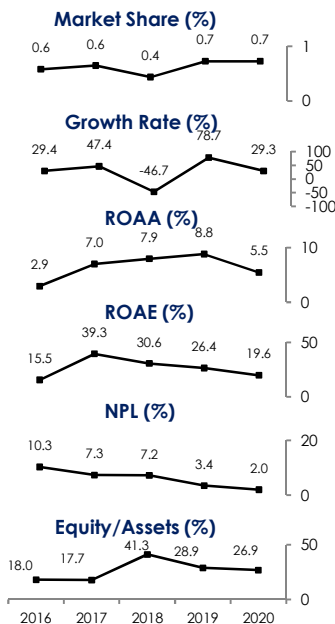
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RATINGS

		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 LC Negative	Negative
Sovereign	Sponsor Support	2	-
	Stand-Alone	B	-
	Foreign Currency	BB+	-
Sovereign	Local Currency	BB+	-
	Outlook	FC Negative LC Negative	-

*Assigned by JCR on April 10, 2020



Kent Faktoring A.Ş.

JCR Eurasia Rating has upgraded the Long Term National credit rating of Kent Faktoring A.Ş. ('Kent Faktoring' or 'the Company') in the investment-level category to '**A (Trk)**' on the long-term national scale from '**A- (Trk)**' and affirmed the short-term national ratings as '**A-1 (Trk)**' with '**Stable**' outlooks. International ratings of the Company are determined with respect to the global to local mapping methodology of JCR-ER and Term International Foreign and Local Currency Ratings and their Outlooks have been assigned at '**BB+/Negative**'

Kent Faktoring A.Ş. (Kent Faktoring or the Company) is a Süzer Group company operating in Turkish Factoring market since 1997. Based in Istanbul, Kent Faktoring provides receivable financing to domestic firms for more than 20 years. The company also offers its customers international factoring services as a FCI member. Kent Faktoring's business model comprises of underwriting to large-scale companies after a thorough credit analysis. As a Süzer Group company, Kent Faktoring has a strong and experienced partnership structure.

As of 2020, the main shareholder of the company is Süzer Holding, which owns 75% of the total shares. The Süzer Group is a conglomerate operating in various sectors such as finance, energy, construction, real estate development and tourism.

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

Strengths	Constraints
- Sustainability of income generation capacity - The steady decline in the ratio of non-performing loans falling below Sector averages - Moderate leverage with the ability to scale the size of operations via short maturity of receivables - Experienced management team and well-organized risk management infrastructure - Diversified borrowing profile through debt security issuances contributing to borrowings term structure and relieving the liquidity	- Pressure on global economic outlook and asset quality of companies due to uncertainties arising from the global Covid-19 pandemic - Short-term borrowing profile of the Sector - High competition in the Sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs

Considering the aforementioned factors, Company's the Long Term National Rating has been assigned at '**A (Trk)**'. The Company's revenue generation capacity, asset quality, capital adequacy, leverage level, liquidity profile, net interest margin level, improvement in risk management implementations together with low level of risk exposure and the general outlook of the sector are primary pillars of the rating and the outlooks for Long and Short Term National ratings are determined as '**Stable**'. JCR-ER will monitor the global and domestic macroeconomic indicators, Covid-19 pandemic and geopolitical risks-driven uncertainties and collection performance of problematic receivables and the NPL level.

It is considered that the Company's main shareholder, Süzer Group has the propensity to offer financial support within their financial capability when liquidity needs arise in the short or long-term perspective. In this regard, the Company's Sponsor Support grade has been affirmed as **(2)** on JCR Eurasia Rating's notation scale.

Kent Faktoring's 'stand-alone rating' has been determined with regard to the Company's organizational structure, level of capitalization, asset quality, risk management policies, corporate governance practices, market shares, growth rates, profitability ratios and the trends of the existing risks in the markets and the business environment. Within this context, the Stand Alone note of Kent Faktoring has been determined as **(B)** in the JCR Eurasia Rating notation system.