

## Corporate Credit Rating

New  Update

**Sector:** Confectionery / FMCG

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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	
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	
	National ISR	-	-
	International FC ISR	-	-
Sovereign *	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022.

### EBITDA Margin (%)



### ROAE (%)



### Current Ratio (x)



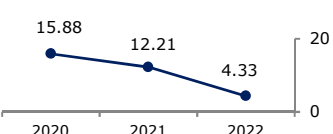
### Adj.Net Debt/EBITDA (x)



### Adj. Debt/Capital (%)



### EBITDA/Adj.Interest (x)



## Kervan Gıda Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Kervan Gıda Sanayi ve Ticaret A.Ş." in the investment level category with high credit quality, affirmed the Long-Term National Issuer Credit Rating as 'A+ (tr)' and the Short-Term National Issuer Credit Rating as '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 Türkiye.

**Kervan Gıda Sanayi ve Ticaret A.Ş.** (hereinafter "the Company", "the Group" or "Kervan Gıda"), was founded by Mehmet Şükrü Başar, Fahrettin Çezik and Burhan Başar in equal shares on September 01, 1994. The main operating fields of the Company together with its subsidiaries is manufacturing, selling and marketing soft candy (jelly, licorice and marshmallow), hard candy, chewing gum, dragee chocolate, surprise egg and toy product categories under the brand name "Bebeto" and other private labels. The production of confectionery products is carried out in a total closed production area of 110,000 m<sup>2</sup> across its 7 production facilities, 3 of in Türkiye (2 of in Akhisar, 1 of in Istanbul) and 4 of in Poland as of FYE2022. The Group's annual production capacity is 122,700 tons/year and 80 million units/year as of FYE2022.

35.00% of the total shares of Kervan Gıda are owned by Başar family, 27.50% shares of the Company are traded on the Borsa Istanbul (BIST) as of FYE2022 under the ticker symbol "KRVGD" since December 4, 2020 and the remaining shares of the Company are owned by individual shareholders as of FYE2022. Kervan Gıda's headquarter is located in Beylikdüzü, İstanbul, Türkiye. In 2023, the Company plans to relocate its İstanbul operations to Akhisar, Manisa. The Group employed a staff force of 3,210 (FYE2021:3,232) through 18 subsidiaries and 1 affiliate under its umbrella as of FYE2022.

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

### Strengths

- Notable improvement in sales revenue and EBITDA generation capacity in 2022,
- Increasing share of export sales acting as natural hedging mechanism in a certain extent,
- Robust leverage profile supported by sufficient level of adjusted net debt to EBITDA multiplier,
- Adequate internal equity generation capacity supporting financial stability,
- Proven track record in the sector together with a sizable market share,
- Diversified product range depending on R&D reducing income generation concentration,
- Greater transparency about corporate governance compliance as an entity subject to Capital Market Law.

### Constraints

- High OPEX and financing expenses suppressing bottom line results,
- Volatility in profit margins stemming from fluctuating raw material prices and exchange rates,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, Kervan Gıda's Long-Term National Issuer Credit Rating has been assigned as 'A+ (tr)'. The Group's sales and EBITDA performance, increasing export share, internal equity generation capacity and solid history in the sector, developing brand identity via operations in both national and international markets and the R&D activities 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 Group's financial structure, attainability of the Group's budgeted projections, efficiency of investments, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Group's activities will be closely monitored by JCR Eurasia Rating in 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.