

Corporate Credit & Issue Rating

New Update

Sector: Trade and Food

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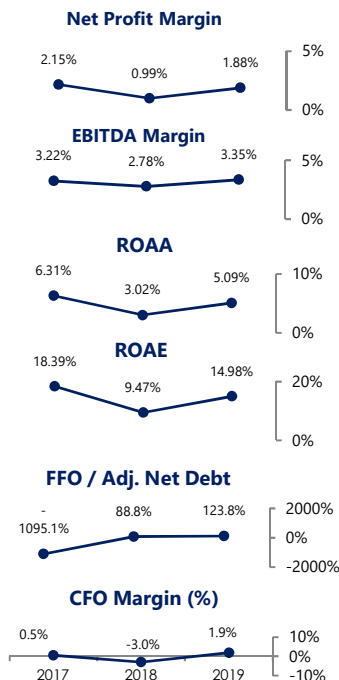
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RATINGS

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

*Assigned by JCR on April 10, 2020



Fasdat Gıda San Tic.A.Ş.

JCR Eurasia Rating, has evaluated National Corporate credit ratings and also planned bond issuance of **Fasdat Gıda San ve Tic. A.Ş.** in investment grade category and assigned the ratings on the long-term national Scale as **'A (Trk)'** and the short-term national scale as **'A-1 (Trk)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings are mapped as **'BB+/Negative'**, according to JCR-ER's national- global mapping methodology.

Fasdat Gıda San ve Tic.A.Ş. (referred to as 'the Company' or 'Fasdat') was established in 1995 by main shareholder Kurdoğlu family to provide supply chain services to Burger King restaurants throughout Turkey. In 1999, Fasdat began international operations in Northern Cyprus, later expanded its operations to include Macedonia and Georgia. After years 2003, Fasdat started to provide supply chain services to fast food chains, catering firms, supermarket chains, restaurants, main hotels and resorts especially in west and southwest part of Turkey (HoReCa operations). Fasdat Gıda operations are conducted by 8 warehouses and 246 vehicles as of YE2019. Fasdat Gıda provides supply chain services (inc. purchasing, storage, distribution, export and import operations etc.) to around 1,200 TFI owned and sub-franchised restaurants. Additionally, with the start of supermarket and HoReCa operations, total customer realized around 2,400.

TFI Tab Gıda is a Master Franchisee of Burger King, Popeyes, Sbarro and Arby's brands and the owner of also Usta Dönerci and Usta Pideci brands. The Group is the exclusive developer of Burger King restaurants in Turkey since 1995 and expanded its operations in 2012 by becoming the Master Franchisee for Burger King China. Currently, total restaurant number of the Group is 2,519 both in Turkey and China. The franchise agreement between TFI Tab Food and RBI (Restaurants Brand International) will continue until 2032 and 2033 respectively for Turkey and China operations.

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

Strengths

- Steady increase in sales and EBITDA in all analyzed years,
- Adequate level of cash generation to fulfill short term liabilities.
- The main part of the operations comprised intra group transactions which resulted as limited level of financial exposure.
- Group's global recognition with holding the reputable brands franchise both in Turkey and China.
- The advantage of the operational environment quality in commercial activities,
- The growth potential in Group's operations in line with the sector.

Constraints

- Projected contraction on global and local economy in 2020, triggered by Coronavirus outbreak and volume contraction,
- Deterioration in sales and cash generation in 2020-06 period due to covid-19 policy implementation,
- Additional loan utilization to retain liquidity,
- High concentration on intra group receivables,

Considering the aforementioned points, the Company's the Long-Term National Rating has been assigned as **'A (Trk)'**. No separate rating report has been compiled as the resources obtained from the bond issue will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating but do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities. The continuation of the Company's growing trend in sales, cash generation capability and equity level with the contribution of retained earnings have been evaluated as important indicators for the stability of the ratings and the outlooks for long- and short-term national ratings are determined as **'Stable'**. The prognostic of Covid-19 and also its slowing effects on the Company's cash generation level, receivable quality and debt level are closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be monitored as well.

The financial strength and expected support of the Company's shareholders lay the foundation for 'sponsor support assessment' of 'Fasdat'. The Sponsor Support notes and risk assessments in this regard to reflect financial and non-financial positions and expected assistance of the utmost shareholders, "Kurdoğlu Family". Considering the size and scope of the Company's operation to whole group, "Kurdoğlu Family" will provide operational support when required. In this regard, the Company's Sponsor Support Note has been determined as **(2)**, which denotes adequate level of external support.

The Company's 'Stand-Alone Rating' has been assigned with respect to the Company's market shares, growth rates and the development of existing risks in the markets and business environment. When the factors above are considered, our opinion is that 'Fasdat' has sufficient experience and capability level provided that it maintains its current customer level and its effectiveness in the market. The Stand-Alone Rating has been determined as **(AB)**, signifying sufficient level.