

Corporate Credit Rating

New Update

Sector: Sport Club

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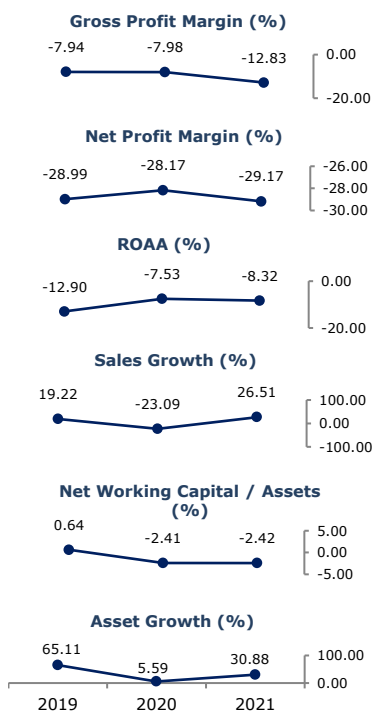
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RATINGS

		Long Term	Short Term
National	Local Rating	BB (Trk)	B (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB-	B
	Local Currency	BB-	B
	Outlook	FC Stable	LC Stable
	Sponsor Support	-	-
Sovereign	Stand-Alone	C	-
	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable	LC Stable

*Assigned by JCR on May 31, 2021



Fenerbahçe Futbol A.Ş. and Its Subsidiary

JCR Eurasia Rating has evaluated "Fenerbahçe Futbol A.Ş. and Its Subsidiary" and assigned the ratings on the Long-Term National Scale as "BB (Trk)" and the Short-Term National Scale as "B (Trk)" with "Stable" outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as "BB-" with 'Stable' outlooks.

Fenerbahçe Futbol A.Ş. (hereinafter "the Company" or "Fenerbahçe"), was established in 1998 as a commercial enterprise of Fenerbahçe Spor Kulübü. The main field of activity of the Company is to carry out commercial and service activities focused on football, provided that it complies with all the provisions of the legislation issued or to be issued by the Turkish Football Federation (TFF), Union of European Football Associations (UEFA) and Fédération Internationale de Football Association (FIFA).

The main shareholder of the Company is Fenerbahçe Spor Kulübü (hereinafter "the Club" or "FBSK"). FBSK was founded in Istanbul in 1907 by Ziya Songülen, Ayetullah Bey, Necip Okaner, Asaf Beşpinar and Enver Yetiker. The aim of the Club is to contribute to the development and expansion of sports at the national level, to create infrastructure, facilities and social facilities in order to train the athletes of the Club by making infrastructure facilities for the health and education of athletes, and to provide them with more modern conditions and opportunities, to ensure the continuation of their sense of sportsmanship, at home and abroad to participate in competitions in professional and amateur sports branches. Currently, FBSK's football activities are carried out within the Company. In addition, Fenerbahçe's shares are listed in Borsa Istanbul (BIST) since 2004 with the ticker "FENER". 32.93% of Fenerbahçe's shares are publicly traded as of May 31, 2021.

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

Strengths

- Diversified income stream and long-term contracted sponsorship revenues,
- TRY based financial debt structure thanks to restructuring in 2021,
- Sustainability provided by the advantages of having a deep-rooted history,

Constraints

- Industry specific fragile and unpredictable revenue structure,
- Continuing net losses for the periods, the shareholders' equity remaining negative by deepening,
- Negative cash flow metrics predominantly in FYE2021 pressuring liquidity management,
- Ongoing negativity in net working capital stemming from trade liabilities,
- High football player wages linked to foreign currency,
- Negative EBITDA generation and high indebtedness,
- Intra-group receivables with low collectability adversely affecting asset quality,
- Unclear outlook for the sport industry arising from the global Covid-19 pandemic.

Considering the aforementioned points, the Company's Long-term National Rating has been assigned as "BB (Trk)". Taking into account diversified income stream, TRY based financial debt structure, long-term contracted sponsorships, deep rooted history, experienced and qualified organizational structure as well as, Covid-19 pandemic and geopolitical risks-driven uncertainties; the Company's outlook for Long and Short-Term National ratings has been determined as "Stable". Financial risk indicators and profit margins as well as market conditions regarding the sector are the priority issues to be monitored in the following period.

The Stand Alone Note of the Company has been constituted particularly with respect to the Company's risk management practices, negative equity level, fragile and unpredictable revenue structure, indebtedness structure, experienced management team and know-how level. In this respect, the "Stand-Alone" rating of the Company has been assigned as (C) in JCR Eurasia Rating notation system.