

## Corporate Credit Rating

New  Update

**Sector:** Road Freight  
Transportation

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R A T I N G S		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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	J1 (tr) (Stable)
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## FASDAT GIDA DAĞITIM SAN. VE TİC. A.Ş.

JCR Eurasia Rating, has evaluated "Fasdat Gıda Dağıtım San. ve Tic A.Ş." in the investment grade category with high credit quality category and revised the Long-Term National Issuer Credit Rating from 'A- (tr)' to 'A (tr)' and the Short-Term National Issuer Credit Rating from 'J2 (tr)' to '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 outlook of the Republic of the Türkiye.

"Fasdat Gıda Dağıtım San ve Tic. A.Ş." (referred to as 'the Company' or 'Fasdat') was established in 1995 by current main shareholder, Kurdoğlu family to provide supply chain services to Burger King restaurants throughout Türkiye. In 1999, Fasdat began international operations in Northern Cyprus, later expanded its operations by including Macedonia and Georgia. After 2003, the Company started to provide supply chain services to fast food chains, catering firms, supermarket chains, restaurants, main hotels and resorts especially in the west and southwest part of Türkiye (HoReCa operations). Its operations are conducted by 9 warehouses and 374 vehicles and it provides supply chain services (inc. purchasing, storage, distribution, export and import operations etc.) to around 3,225 TFI owned and sub-franchised restaurants as of FY2023. The Company is selling fresh-cut products in Horeca market through Fasdat Sebze A.Ş, which is consolidated in Fasdat's financials.

Fasdat Gıda's main shareholder is TFI Tab Gıda Yatırımları A.Ş, which is controlled by Kurdoğlu family. TFI Tab Gıda is a Master Franchisee of Burger King, Popeyes, Sbarro, Arby's and Subway brands and also the owner of Usta Dönerci and Usta Pideci brands. The Group has been the exclusive developer of Burger King restaurants in Türkiye since 1995 and expanded its operations in 2012 by becoming the Master Franchisee for Burger King China. As of December 2023, total restaurant number of the Group is 3,268, including Türkiye, China, Georgia, Macedonia, Northern Cyprus and mobile restaurants. The franchise agreement between Tab Gıda, Burger King China and RBI (Restaurants Brand International) will continue until 2032 and 2033 respectively for Türkiye and China operations.

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

### Strengths

- Revenue growth and increasing net profitability in FY2023, despite the contraction on bottom line in 1Q2024 according to the provisional tax return financials,
- Growth potential backed by being part of the supply chain of TAB group's reputable brands with expanding operations and increasing demand in the fast-food sector,
- Improvement of net debt / EBITDA through reduction of financial borrowing,
- Asset quality supported by the low collection risk thanks to its majorly intra-group commercial activities,
- Reasonable level of equity supported by retained earnings and net profits despite notably low level of paid-in capital,
- Operating with moderate net working capital level and stable current ratio,
- Satisfactory operating ratio underpinning efficiency,
- Diversification of the funding structure through issuance of bonds and sukuk.

### Constraints

- Suppression of profitability metrics in FY2023 and 1Q2024 due to the impact of rising costs and high interest rate of the issued bonds and sukuk,
- Negative FFO and FOCF metrics in last two consecutive years,
- Intense competition environment due to highly fragmented structure of the market,
- Leading economic indicators signal global economic slowdown while quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'A- (tr)' to 'A (tr)'. Long-term presence in the sector, adequate equity level through internal fund generation, sustained growth in sales volume, asset quality, capability to access diverse funding resources as well as suppressed profit margins, negative realization in FOCF metrics 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 affirmed as 'Stable'. The Company's profitability metrics, indebtedness structure and cash flow indicators will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

