

## Corporate Credit Rating

New  Update

**Sector:** Freight Transport by Road

**Publishing Date:** 15.06.2023

**Manager**

Çiğdem Küçükbakırcı

+90 212 352 56 73

[cigdem.kucukbakirci@jcrer.com.tr](mailto:cigdem.kucukbakirci@jcrer.com.tr)

**Assistant Analyst**

Özlem Topuk

+90 212 352 56 73

[ozlem.topuk@jcrer.com.tr](mailto:ozlem.topuk@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J2 (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	-	J2 (tr) (Stable)
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

## FASDAT GIDA SAN. VE TİC. A.Ş.

JCR Eurasia Rating has evaluated "Fasdat Gıda San. ve Tic A.Ş." revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A- (tr)' and the Short-Term National Issuer Credit Rating from 'J1 (tr)' to 'J2 (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/Negative' as parallel to international ratings and outlooks of the Republic of Türkiye.

"Fasdat Gıda 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 10 warehouses and 288 vehicles and it provides supply chain services (inc. purchasing, storage, distribution, export and import operations etc.) to around 1,470 TFI owned and sub-franchised restaurants as of FY2022. Additionally, with the start of supermarket and HoReCa operations, total customer realized around 2,400. The Company is selling fresh-cut products in HoreCa market through Fasdat Sebze A.Ş, which is consolidated to Fasdat 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 2022, total restaurant number of the Group is 2,920 in Türkiye and China. (as of May 2023, 2,935) 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

- Robust revenue growth and improving operational profitability albeit limited margins in FY2022,
- Growth potential backed by being part of the supply chain of the group's reputable brands with expanding operations and increasing demand in the fast-food sector,
- Maintaining asset quality thanks to intra-group commercial relationships and trade with franchises,
- Reasonable liquidity indicators albeit fluctuations,
- Diversified borrowing composition facilitates access to financing sources in an environment where restrictive domestic financial conditions may limit through bank loans.

### Constraints

- Increasing short-term weighted net debt level, suppresses leverage indicators,
- As 1Q2023 results indicates, high interest rate of the recently issued bonds will weaken bottom line,
- Noteworthy contribution of non-cash revaluation gains in equity and low level of paid-in capital,
- Intense and high competition in the sector with many global, regional and local players vying for market share,
- Tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A- (tr)'. The increasing trend in income and reaching operational profitability after the pandemic, TRY weighted debt structure and low level of doubtful trade receivables 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 Company's borrowing profile, leverage figures, insufficient paid-in capital and ongoing high competition in the sector 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.

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.

