

Corporate Credit Rating

New Update

Sector: Sport Club

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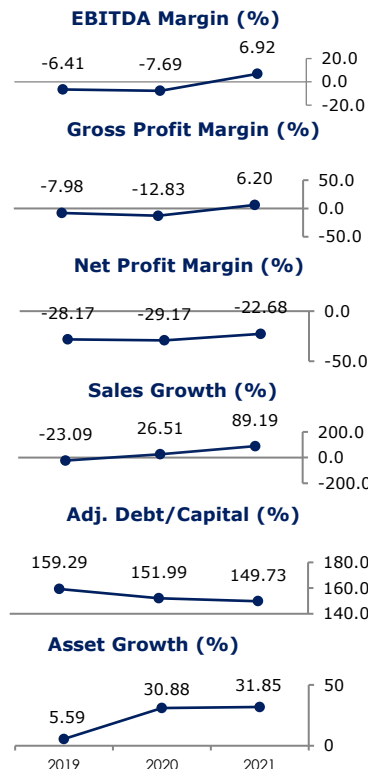
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B+	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	B+	-
ISRs (Issue Specific 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



Fenerbahçe Futbol Anonim Şirketi

JCR Eurasia Rating has evaluated "Fenerbahçe Futbol Anonim Şirketi" in the speculative-grade category and affirmed the Long-Term National Issuer Credit Rating as 'BB (tr)' and assigned the Short-Term National Issuer Credit Rating as 'J3 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as 'B+' with 'Negative' 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 Beşınar 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 symbol of "FENER". 32.93% of Fenerbahçe's shares are publicly traded as of May 31, 2022.

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

Strengths

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

Constraints

- Sectoral vulnerability and unpredictable revenue structure,
- High finance expenses pressuring bottom line results,
- Low level EBITDA generation capacity in core business due to high wage expenses,
- Ongoing negative equity structure mainly stemming from continuing net losses for the periods,
- Negative cash flow metrics predominantly pressuring liquidity management,
- Short FX position due to high football player wages linked to foreign currency,
- High indebtedness structure that complicates financial management,
- High share of related party receivables, distorting balance sheet integrity.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'BB (tr)'. Taking into account the Company's diversified income stream, TRY based financial debt structure, long-term contracted sponsorships, deep rooted history, experienced and qualified organizational structure, as well as, European recession concerns, Russia-Ukraine crisis and geopolitical risks-driven uncertainties; 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'. Football team performance, debt ratio, profit margins and regulations, as well as market conditions regarding 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.