

Corporate Credit Rating

New Update

Sector: Food Products Industry

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RATINGS		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	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Affirmed by JCR on Sep. 1, 2025

KERVAN GIDA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Kervan Gıda Sanayi ve Ticaret A.Ş." in the investment level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A+ (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable' in line with sovereign ratings and outlooks of Republic of Türkiye.

Kervan Gıda Sanayi ve Ticaret A.Ş. (hereinafter "the Company", "the Group" or "Kervan Gıda"), was founded by Mehmet Şükrü Başar, Fahrettin Çezik and Burhan Başar in equal shares on September 1st, 1994. The primary operational domains of the Company, along with its subsidiaries, encompass the manufacturing, distribution, and promotion of various confectionery items such as soft candies (including jelly, licorice, and marshmallow), chewing gum, dragee chocolate, surprise eggs, and toy products under the brand names "Bebeto", "Cosby" and "Freeyu" as well as other proprietary labels. Confectionery production occurs within a fully enclosed area totaling 116,000 square meters across 7 production facilities in Türkiye, Poland and Egypt, as of FYE2025. The Group's yearly production capacity stands around at 114,000 tons and 80 million units.

The ownership of the Group is held by multiple families and 27.60% of the Company's shares being publicly traded as of reporting date on the Borsa İstanbul (BIST) under the ticker symbol "KRVGD". Kervan Gıda's headquarters is situated in Beylikdüzü, İstanbul, Türkiye. The Group employed a staff force of 3,294 (FYE2024:3,567) through 23 subsidiaries and 1 affiliate under its umbrella as of FYE2025.

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

Strengths

- Maintained a balance of sustainable top-line growth and healthy operational profitability in the period under analysis,
- Export sales as a natural hedging mechanism, providing a degree of insulation against local currency volatility,
- Fair level of financial leverage in the reviewed period,
- Preferential access to long-term global funding, continues to fortify long-term capital structure and financial stability,
- Resilient asset quality, characterized by a low collection risk environment,
- Wide range of products and successful track record in the sector,
- As a publicly traded company, compliance with corporate governance best practices.

Constraints

- Although improved, notable level of OpEX and financing expenses pressuring efficiency and bottom-line results,
- Negative FOCF creating external funding need for operational cycle,
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. Sustainable sales revenue, export sales acting as naturel hedging mechanism, high collection capability, long-lasting track record and high levels of transparency, as well as negative cash flow metrics, weak coverage metrics, high operating ratio and long cash conversion cycle 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 financial structure, tight economic conditions and Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in the 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.

