

## Corporate Credit Rating

New  Update

**Sector:** Restaurant Companies

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| R A T I N G S                        |                               | Long Term   | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile)  | National ICR                  | AA-(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                  | -           | -          |
|                                      | International FC ISR          | -           | -          |
| Sovereign*                           | International LC ISR          | -           | -          |
|                                      | Foreign Currency              | BB (Stable) | -          |
|                                      | Local Currency                | BB (Stable) | -          |

\* Assigned by JCR on May 10, 2024

## TAB GIDA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Tab Gıda Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'AA- (tr)' and the Short-Term National Issuer Credit Rating from 'J1 (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 affirmed as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

**Tab Gıda Sanayi ve Ticaret A.Ş.** (referred to as 'Tab Gıda', 'the Company' or 'the Group') was established on 4 August 1994 by Kurdoğlu Family as main shareholder. The main field of activity of the Company and its subsidiaries is the management of fast food, hamburger, pizza, chicken, doner and sandwich restaurants under Burger King, Popeyes, Sbarro, Arby's, Usta Dönerci, Usta Pideci and Subway brands. Currently, Tab Gıda operates the largest fast food hamburger restaurants chain in Türkiye in terms of the number of restaurants. As of September 2024, the Company has 1,781 (September 2023: 1,615) restaurants, 796 (September 2023: 687) of which are as franchise. In addition, the Company has two subsidiaries in Georgia and Macedonia which have totally 24 restaurants and 1 branch in Northern Cyprus as of September 2024.

Tab Gıda's main shareholder is TFI Tab Gıda Yatırımları A.Ş. ('TFI', 'TFI Tab Gıda' or 'TFI Group'), 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. TFI 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. The franchise agreement between Tab Gıda, Burger King China and RBI (Restaurants Brand International) will continue until 2032 respectively for Türkiye and China operations. As of September 30, 2024, the average number of personnel employed during the year is 15,590 (December 31, 2023: 15,454).

Tab Gıda's shares started to be traded on the Istanbul Stock Exchange (BIST) with the ticker of 'TABGD' on October 26, 2023. After the initial public offering of Tab Gıda, the capital share has changed and the share of TFI Tab Gıda has decreased from 100% to 79.91% and 20.09% has been quoted to the public.

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

### Strengths

- Cash surplus position in 2023 and 3Q2024 with credit repayments and increased cash and cash equivalents following the funds obtained from public offering in FYE2023,
- Continuity of new restaurant openings and digital sales capabilities underpinning the growth of the business volume and profitability figures as of reviewed periods,
- Maintenance of the strong outlook in cash flow metrics and positive net working capital structure, contributing to cash generation,
- Increasing interest coverage ratios as of reviewed periods,
- Vertically integrated group structure and ongoing sturdy cash conversion cycle via retail sales,
- Satisfactory equity contribution despite low level of paid-in capital compared to asset size as of reviewed periods,
- Holding the master franchisee of well-recognised brands in the sector through long-term agreements contributes to revenue sustainability and market position,
- Compliance with corporate governance practices as a publicly traded company.

### Constraints

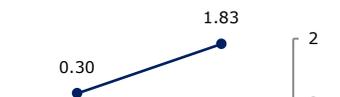
- Intense competitive environment of the sector and susceptibility of operations to increase in food and commodity prices,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'A (tr)' to 'AA- (tr)'. Increase in revenues with renovation and digitalization, cash surplus position, improvement in profitability figures, having long-term franchisee agreements with well-known brands in the portfolio, significant amount of loan repayment in October 2023 via the funds generated from the IPO and extension of the franchise agreement with RBI have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings have been affirmed as 'Stable'. The Company's profitability metrics, revenue growth and number of restaurants, indebtedness indicators, equity level and composition, cash flow indicators, utilization of the income generated from IPO, and market share 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.

### EBITDA Margin (%)



### Current Ratio (x)



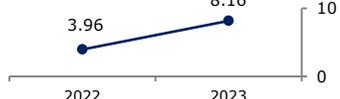
### Adj. Net Debt/EBITDA (x)



### Adj. Debt/Capital (%)



### EBITDA/Adj. Interest (x)



CS: Cash Surplus