

Corporate Credit &  
Issue Rating

New  Update

Sector: Logistics/Transportation  
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**RATINGS**

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negt.	Negt.
		LC	Negt.	Negt.
Issue Rating	-	-	-	
National	Local Rating (Trk)	A-	A-1	
	Outlook	Stable	Stable	
	Issue Rating (Trk)	A-	A-1	
Sponsor Support	Stand-Alone	2	-	
	Stand-Alone	AB	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negt.	-
		LC	Negt.	-

\*Affirmed by JCR on November 27, 2018

**Netlog Lojistik Hizmetleri A.Ş. and Cons. Subsidiaries**

Financial Data	1H2019**	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	364,936	166,732	197,025	303,439	316,499	344,691
Total Assets (000 TRY)	2,100,242	877,160	743,158	1,067,863	920,253	799,304
Equity (000 TRY)	573,786	229,080	128,626	176,341	161,298	128,108
Net Profit (000 TRY)	88,644	73,182	5,818	11,606	-18,027	16,213
Sales (000 TRY)	2,673,634	2,047,524	1,432,533	1,841,635	1,569,737	1,326,924
Net Profit Margin (%)	3.32	3.57	0.41	0.63	-1.15	1.22
ROAA (%)	n.a	12.52	1.00	2.29	-1.54	3.49
ROAE (%)	n.a	56.73	5.92	13.51	-9.16	23.55
Equity / Total Assets (%)	27.32	26.12	17.31	16.51	17.53	16.03
Net Working Capital / T. Assets (%)	4.70	-5.38	2.71	-12.92	2.27	-16.84
Debt Ratio (%)	72.68	73.88	82.69	83.49	82.47	83.97
Asset Growth Rate (%)	n.a	18.03	-30.41	16.04	15.13	79.88

*\*End of year\*\*unaudited half-year TPL compliant results subsequent to acquisition of Logistics Investment I B.V.*

**Company Overview**

With an operating track record dating back to 1981, **Netlog Lojistik** adopted its current name in 2005 and is the parent company of the **Netlog Logistics Group** (the Company or Group) which is a full-scale integrated logistics service provider with a market leading share in Turkey in addition to a growing presence in the EMEA region.

The Group provides services in the fields of integrated logistics, global freight, procurement and leasing solutions serving a variety of industries including food and beverage, fashion, retail & FMCG, automotive, industrial goods and consumer electronics. In addition to overall market leadership, the Group is the domestic market leader in the temperature-controlled logistics segment along with a notable presence in the European textile/retail logistics market through Bleckmann operations which became fully controlled by the Group upon acquisition of the remaining 50% of shares in the current fiscal year.

Mr. Sahap CAK is the Chairman/CEO of the Company whilst the CAK Family continues to be the qualified shareholder with a rate of 76.97%, whilst the remaining 23.03% of shares belong to Turk Logistics B.V. Headquartered in Istanbul, the Group operates across 6 countries whilst the number of personnel employed across operations was in excess of 9,500.

**Strengths**

- Notable increase in profitability driven by the improvement in the gross operating margin supporting equity growth
- Maintenance of sound revenue growth in the domestic and international markets via organic and inorganic means despite challenging market conditions
- Overall domestic market leadership strengthened via integrated service provision and leading position in the temperature-controlled logistics segment
- High share of exports creating a natural hedge against FX risk stemming from financial loans and reducing exposure to the domestic market volatility
- Further improvement in the net financial leverage levels despite notable operational growth along with a stable EBITDA margin
- Robust performance of the domestic e-commerce sector along with consolidation opportunities expected to drive expansion in the industry

**Constraints**

- Notable rise in non-performing receivables throughout FY2018 and the associated increase in provisioning expenses
- Inherently high opex across the sector exacerbated by notable TRY depreciation in the completed fiscal year
- Pressure on net working capital levels in FY2018 stemming from the increase in short-term financial debt to be relieved by planned bond issuance
- Negative impact of the global economic slowdown on trade volumes along with the effects of recessionary domestic pressures and regional geo-political tensions on the industry's short-term growth prospects
- Structural issues restraining Turkey's competitiveness in the global logistics industry
- Corporate structure involving many subsidiaries and further need for progress in compliance with corporate governance practices

