

Corporate Credit & Issue Rating

New Update

Sector: Logistics/Transportation
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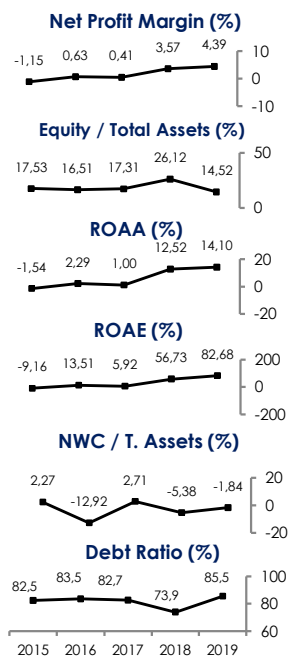
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RATINGS

		Long	Short	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating (Trk)	A	A-1	
	Outlook	Stable	Stable	
	Issue Rating (Trk)	A	A-1	
Sponsor Support	2	-		
Stand-Alone	AB	-		
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

*Assigned by JCR on April 10, 2020



Netlog Lojistik Hizmetleri A.Ş. and Cons. Subsidiaries

Financial Data	2Q2020**	2019*	2018*	2017*	2016*
Total Assets (000 USD)	533,606	528,662	166,732	197,025	303,439
Total Assets (000 TRY)	3,657,602	3,140,357	877,160	743,158	1,067,863
Equity (000 TRY)	566,015	456,069	229,080	128,626	176,341
Net Profit (000 TRY)	89,072	207,652	73,182	5,818	11,606
Sales (000 TRY)	2,544,050	4,726,778	2,047,524	1,432,533	1,841,635
Net Profit Margin (%)	3.50	4.39	3.57	0.41	0.63
ROAA (%)	n.a	14.10	12.52	1.00	2.29
ROAE (%)	n.a	82.68	56.73	5.92	13.51
Equity / Total Assets (%)	15.48	14.52	26.12	17.31	16.51
Net Working Capital / T. Assets (%)	2.06	-1.84	-5.38	2.71	-12.92
Debt Ratio (%)	84.52	85.48	73.88	82.69	83.49
Asset Growth Rate (%)	n.a	258.01	18.03	-30.41	16.04

*End of year, audited ** End of quarter, partially audited

Company Overview

Netlog Lojistik Hizmetleri A.Ş. (Netlog, the Company or Group) is a major Turkey based logistics group dating back to 1981. The Company adopted its current name in 2005 and is the parent company of the **Netlog Logistics Group** which is a full-scale integrated logistics service provider with a leading share in Turkey and increasing foothold in the EMEA region.

The Group offers 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. 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 is controlled by the Group through its 86.17% of shares.

Mr. Sahap ÇAK is the Chairman/CEO of the Company and ÇAK 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. Netlog Group that is headquartered in Istanbul and operates across 6 countries with more than 4,000 own-vehicles and 12,000 employees.

As per this periodic review, **JCR Eurasia Rating** has upgraded the rating of the **Netlog Lojistik Hizmetleri A.Ş.** one notch to '**A (Trk)**' on the Long-Term National Scale and assigned the outlook attached to the mentioned rating as '**Stable**'. The Company's Long-Term International LC and FC ratings are mapped as '**BB**' as per JCR-ER's global to local mapping methodology.

Strengths

- Steady operating cash flow generation capacity and resilient debt service capacity
- Sufficient operating capabilities as in transportation assets and warehouse facilities
- Strong domestic business position and good exposure to external markets via acquisitions
- Value-added services capacities particularly in integrated service provision and temperature-controlled logistics segment
- Natural hedged FX exposure via European operations and long-term funding profile
- Robust performance of the domestic e-commerce sector along with consolidation opportunities expected to drive expansion in the industry

Constraints

- Higher than peer financial leverage multiplier across the reviewed period
- Slight cash conversion cycle gap with shorter trade payments as opposed to receivables
- Significant uncertainties and supply chain & demand disruption imposed by the lockdown and responses to the global Covid-19 pandemic, affecting global trade and solvency of retailers
- Structural issues restraining Turkey's competitiveness in the global logistics industry