

## Corporate Credit Rating

New  Update

**Sector:** Road Freight Transportation

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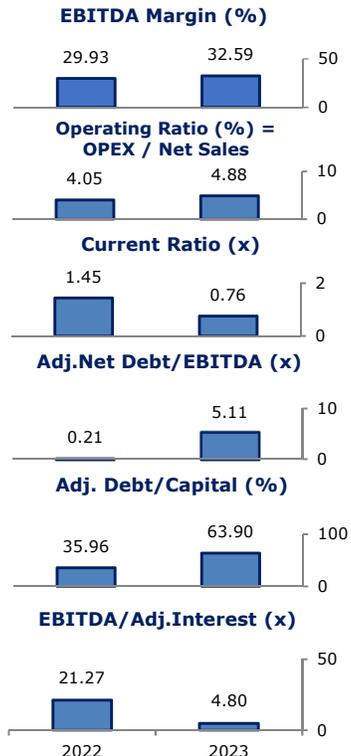
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024



## MELTEM ULUSLARARASI TAŞIMACILIK VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Meltem Uluslararası Taşımacılık ve Ticaret A.Ş." in the investment grade category and affirmed the Long-Term National Issuer Credit Rating at 'BBB (tr)' and the Short-Term National Issuer Credit Rating at 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as 'BB/Stable' in parallel to international ratings and outlooks of Republic of Türkiye.

**Meltem Uluslararası Taşımacılık ve Ticaret A.Ş.** (hereinafter referred to as "Meltem Taşımacılık" or "the Company") was established in 1982, although its roots trace back to the 1970s. The Company operates in the freight transportation sector, serving both domestic and international markets. Meltem Taşımacılık's vehicle fleet includes a variety of options, such as standard soft-top trucks, refrigerated vehicles, double-deckers, and mega soft-tops. These vehicles support the transportation of goods across various industries, including healthcare, fresh products, chemicals, automotive, agriculture, food, and manufacturing. In addition to land transportation, the Company expanded its services in 1995 with the introduction of Ro-Ro sea lines between Europe and Türkiye, facilitating transportation via the port of Trieste, Italy.

Moreover, Meltem Taşımacılık operates a 2,700 m<sup>2</sup> warehouse in Antalya, along with a cold storage facility in Korkutelli, Antalya, providing both warehousing and duty-free storage services since 2009. According to the Company, "Meltem Antrepo" remains the first and only such warehouse in Antalya. In 2023, Meltem Taşımacılık expanded its operations into the tourism sector by acquiring a hotel in Kemer, Antalya, which will be managed through its subsidiary.

The head office of Meltem Taşımacılık is located in Döşemealtı, Antalya. As of FYE2023, the Company's ownership structure is as follows: Oktay Berberoğlu (40%), Mert Berberoğlu (30%), Zeynep Sema Berberoğlu (15%), and Perizat Başak Konuk (15%). The average number of employees was 155 in FY2023 (FY2022: 127).

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

### Strengths

- Reasonable profitability indicators despite a decline in quantity-based freight resulting from lower trade volume,
- Foreign currency denominated sales revenue providing a natural hedge to a certain extent,
- Adequate level of interest coverage ratios regardless of the deterioration,
- Relatively low operating ratio aligned with industry dynamics, enhancing operational efficiency,
- Operating history dating back to 1970s and accumulated know-how in the sector.

### Constraints

- Increase in Net Debt to EBITDA multiplier in FYE2023 due to CAPEX and net working capital deficit, potentially pressuring liquidity management,
- High level of financial expenses pressuring bottom-line results,
- Notably low paid-in capital in equity composition,
- High level of customer concentration,
- Possible negative impact on transportation activity due to fluctuations on fuel prices,
- Severe competition environment due to highly fragmented structure of the market,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'BBB (tr)'. Taking into account the Company's FX dominated sales revenue, diversified business operations, having well-positioned subsidiary in the European market, as well as volatility in oil prices, heavy CAPEX distorting the leverage outlook and liquidity indicators 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 determined as 'Stable'. The Company's profitability performance, indebtedness indicators, cash flow and liquidity metrics, leverage profile, market position and economic conditions in Türkiye are the priority issues to be 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 also be monitored.