

Corporate Credit Rating

New Update

Sector: Logistics

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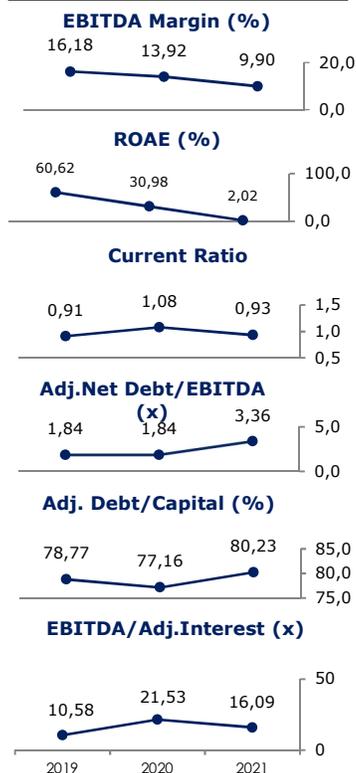
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	-
	International FC ICR	BB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB+	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Affirmed by JCR on August 18, 2022



NETLOG LOJİSTİK HİZMETLERİ A.Ş.

JCR Eurasia Rating has evaluated the credit ratings of "Netlog Lojistik Hizmetleri A.Ş." in the high investment-grade category and revised the ratings from 'A+ (tr)' to 'A (tr)' on the Long-Term National Issuer Credit Rating and affirmed as 'J1 (tr)' on the Short-Term National Scale with 'Stable' outlook. The Long-Term International Foreign and Local Currency Ratings have been affirmed as 'BB+' with 'Stable' outlooks.

Netlog Lojistik Hizmetleri A.Ş. (hereinafter referred to as 'Netlog Lojistik', 'the Company' or 'the Group') is a significant Turkey based logistics group with roots dating back to 1981. The Group adopted its current name in 2005 from the parent company of the Group which is a full-scale integrated logistics service provider with a dominant market position in Turkey and expanding presence in Europe. The Group serves a multitude of industries, including food and beverage, fashion, retail & FMCG, automotive, industrial goods, and consumer electronics, by providing integrated logistics, global freight, procurement, and leasing solutions. The Group has a major position in the European textile/retail logistics sector through Bleckmann, holding its 76,31% shares, and is one of the leaders in the temperature-controlled logistics.

Mr. Şahap ÇAK is the Chairman/CEO of the Group and ÇAK Family continues to be the controlling shareholder with 76.97% shares, whilst Turk Logistics B.V. holds the remaining 23.03% shares. The Group that is headquartered in Esenyurt, İstanbul and operates with more than 3,900 own-vehicles, 110 storage units and 15,000 employees.

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

Strengths

- Steady increase in sales revenue via its subsidiaries,
- Ability to generate positive cash flow metrics during the analyzed periods,
- Geographical dispersion reducing the likelihood of income generation concertation,
- Natural hedged FX exposure in a certain extent via export sales,
- Capability to reach international funding resources,
- Reputable brand name with a proven track record in various countries and operational strength

Constraints

- Escalating expenses pressuring the Group's bottom line results and profitability indicators,
- High reliance on external debt due to business model resulting in NWC deficit,
- Relatively low equity level requiring paid-in capital injection despite internal equity generation capacity,
- Existing uncertainties stemming from geopolitical tensions and recession concerns in Europe

Considering the aforementioned points, together with the Group's increasing scale, together with increasing expenses, decreasing profitability margin and increasing adjusted debt to EBITDA ratio, the Long-Term National Rating of the Group has been revised from 'A+ (tr)' to 'A (tr)'. The Group's revenue generation capacity, asset quality, and risk management implementations together with the general outlook of the sector are primary pillars of the rating and the outlooks for Long- and Short-Term National ratings are affirmed as 'Stable'. The macroeconomic indicators at national and international markets, market conditions and legal framework about the sector, tension between Russian and Ukraine and European economy particularly in logistics sector will be monitored as well.