

Corporate Credit Rating

New Update

Sector: Logistics

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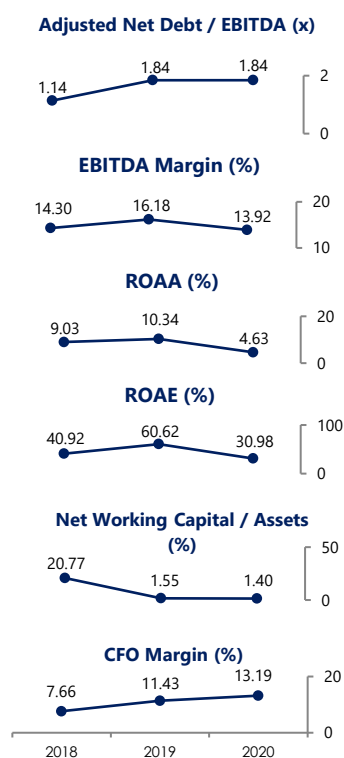
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RATINGS

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

*Assigned by JCR on May 31, 2021



NETLOG LOJİSTİK HİZMETLERİ A.Ş. and Its Subsidiaries

JCR Eurasia Rating has evaluated the credit ratings of “Netlog Lojistik Hizmetleri A.Ş.” in an investment-grade category and upgraded the ratings from “A (Trk)” to “A+ (Trk)” on the Long-Term National Scale and affirmed as “A-1 (Trk)” on the Short-Term National Scale with ‘Stable’ outlooks. The Long-Term International Foreign and Local Currency Ratings have been upgraded from “BB” to “BB+” with ‘Stable’ outlooks.

Netlog Lojistik Hizmetleri A.Ş. (hereinafter referred to as ‘Netlog Lojistik’, or ‘the Group’) is a major Turkey based logistics group 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 leading share in Turkey and increasing foothold in the EMEA (Europe, the Middle East and Africa) 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 controlled by the Group through holding its 85.06% of shares.

Mr. Sahap 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 across 9 countries with more than 3,900 own-vehicles and 12,000 employees.

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

Strengths

- Steady improvement in cash flow generation capacity underpinning EBITDA coverage of interest expense,
- Notable surge in sales volume supported with strong domestic business position and exposure to external markets via acquisitions,
- Geographical divergence contributing risk mitigation of revenue generation,
- Natural hedged FX exposure via export sales together with hedging against FX volatility due to long-term funding profile,
- Maintaining of net profit generation supporting equity level.

Constraints

- High reliance on external debt due to business model,
- Increasing trend of interest and selling, general and administrative expenses pressuring the Group’s bottom line,
- Disruption of supply chain and demand along with significant uncertainties for the following periods in global economy.

Considering the aforementioned points together with the Group’s increasing scale, steady Adjusted Net Debt/EBITDA ratio and short-term cash position, the Long-Term National Rating of the Group has been upgraded to “A+ (Trk)” from “A (Trk)”. The Group’s revenue generation capacity, asset quality, equity structure, liquidity profile, cash flow generation capacity, capability to access funding resources, term structure of existing debt facilities, 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’. JCR-ER will monitor the global and domestic macroeconomic indicators, Covid-19 pandemic and geopolitical risks-driven uncertainties.

JCR Eurasia Rating has maintained its opinion that, **ÇAK Family** has the principal shareholder status of the Group and has the willingness and capability to ensure long term liquidity, equity as well as provide efficient operational support to “Netlog Lojistik Hizmetleri A.Ş.” within its financial capability if required, when taking into consideration the Group’s position achieved in its sector. In this scope, “Sponsor Support” category has been affirmed as (2), which denotes a high level.

Considering the Group’s internal resource generation capacity, asset quality, term structure of existing debt facilities, organizational structure, risk management practices and development of existing risks in the markets and financial environment, we, as JCR Eurasia Rating, state the opinion that the Group has reached the level of sufficient experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the “Stand-Alone” grade of the Group has been affirmed as (A) in the JCR Eurasia Rating notation system, indicating the highest level.