

Corporate Credit Rating

New Update

Sector: Pharmaceuticals

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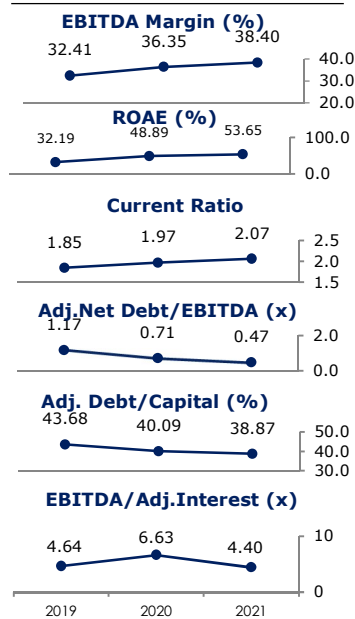
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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	National ISR	AA (tr)	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Deva Holding A.Ş.

JCR Eurasia Rating, has evaluated the "Deva Holding A.Ş." and the **Outstanding or Prospective Debt Instrument** in the investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'AA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Turkey.

D.E.V.A Sanayi ve Ticaret A.Ş. (referred to as 'Deva' or 'the Company' or 'the Group') was established in 1958 and adopted a holding status in 1970 following its merger with Deva İlaç Sanayi ve Ticaret A.Ş via take-over of all of its assets and liabilities resulting in its current structure. With the main area of operations including manufacturing and marketing medicinal products for human use and raw materials, DEVA also manufactures veterinary medicines, eau de Cologne, and medical ampoules. Funds controlled by GEM Global Equities Management S.A. acquired the majority shares of Deva Holding in 2006 and subsequently Eastpharma Ltd was established as the management company. The qualified shareholder, EastPharma S.A.R.L, a fund management company founded in Luxembourg holds 82.20% of the shares whilst the remaining shares (17.80%) are listed on Borsa Istanbul (BIST) since 1986.

The Company has total annual production capacity of 578mn boxes and has three major facilities in Çerkezköy and Kartepe. DEVA Holding has approximately 600 products in its portfolio, including medical devices, spanning 14 therapy areas, ranging from oncology to cardiology and from the respiratory system to ophthalmology. With progressively expanding regional growth and export operations, DEVA Holding is the holder of approximately 925 marketing authorizations in over 63 countries, including the USA, Switzerland and Germany.

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

Strengths

- Despite the decrease in unit bases through years, upward trend in sales revenues thanks to high value-added products,
- Solid balance sheet with strong cash position and liquidity metrics,
- Upward trend in profitability indicators during the reviewed periods,
- Further strengthened net debt/EBITDA level through years,
- Outlook of the sector that promises large space for future growth with increasing population and life expectancy,
- Ability to issue bonds easing and diversifying the financial liabilities,
- One of the biggest players in sector despite the intensity of competition.

Constraints

- Increasing natural gas and electricity prices particularly in 2021, suppressing profitability margins in the industry,
- Fixed exchange rate regime pressuring profit margins,
- Increase in costs due to high import dependency in raw materials and depreciation of TRY,
- Intense competition among pharmaceutical companies.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. Additionally, long existence of Company, being one of the biggest players in sector, strong equity structure, wide product range, upward trend of sales revenue, market shares, export shares in the sales are the drivers of the "Stable" outlook on the rating. The macroeconomic indicators at national and international markets, as well as market conditions & regulations, profit and equity indicators of the Company will be monitored by JCR Eurasia Rating.

No separate rating report has been compiled as the resources to be obtained from potential debt issues will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The debt instruments to be issued carry no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating considering aggregated exposure of the issues. The issue ratings do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities.