

Corporate Credit Rating

New Update

Sector: Pharmaceuticals

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

* Assigned by JCR on Aug 18, 2022

DEVA HOLDİNG A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Deva Holding A.Ş." 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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

DEVA Holding A.Ş. (referred to as 'DEVA Holding' or 'the Company' or 'the Group' with its subsidiaries) was established in 1958 with the name of "D.E.V.A. Sanayi ve Ticaret A.Ş." 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 Holding also manufactures veterinary medicines, eau de Cologne, and medical ampoules. The Company has total annual production capacity of 587.7mn boxes and has three major facilities in Çerkezköy and Kartepe. DEVA Holding has approximately 650 products in its portfolio, including medical devices, spanning 14 therapy areas, ranging from oncology to cardiology and from the respiratory system to ophthalmology.

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 İstanbul (BIST) since 1986. Average number of employees of the Company were reported as 2,931 as of September 30, 2023. (December 31, 2022: 2,844)

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

Strengths

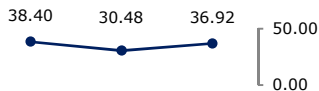
- Revenue growth achieved through rising sales volume and drug prices in both 2022 and 9M2023,
- Enhancement in profitability metrics supported by raised fixed exchange rate for drugs in 9M2023,
- Strong indebtedness profile despite short-term weighted maturity composition of total financial liabilities,
- Robust growth in equity base driven by retained earnings and period income,
- Low risk of counterparties' defaults on their obligations supported by tight credit risk management and operating in a sector directly related to the public institutions,
- Compliance to corporate governance practices owing to listed status.

Constraints

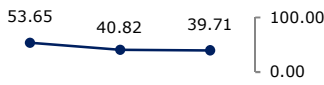
- High cash conversion cycle days due to sector nature, increasing financial needs,
- Intense competition in some drugs with high share in turnover which has generics in the market, such as antibiotic type,
- Fixed exchange rate regime in the sector, pressuring profitability,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points together with -additional support factors such as resilience to exchange rate fluctuations and ability to obtain additional funding resources, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. The Company's sustainable EBITDA generation capacity, steady progress in the sales volume and robust indebtedness structure have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's indebtedness volume, sales growth, profitability and liquidity indicators will be closely 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 be monitored as well.

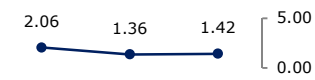
EBITDA Margin (%)



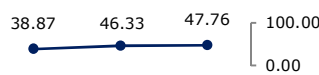
ROAE (%)



Current Ratio (x)



Adj. Debt / Capital (%)



Working Capital Turnover Ratio (x)

