

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 "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.

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. The Company has total annual production capacity of 578mn 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.

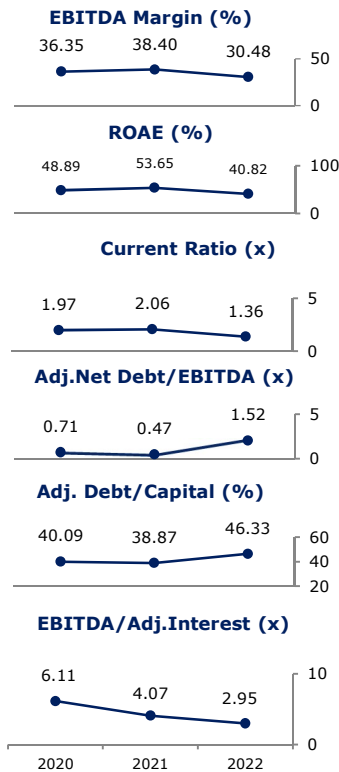
Funds controlled by GEM Global Equities Management S.A. acquired the majority shares of Deva Holding in 2006 and subsequently Eastpharma Ltd was established as the management company. The qualified shareholder, EastPharma S.A.R.L, a fund management company founded in Luxembourg holds 82.20% of the shares whilst the remaining shares (17.80%) are listed on Borsa İstanbul (BIST) since 1986. Average number of employees of the Company were reported as 2,844 as of 31 December 2022. (31 December 2021: 2,536) Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Notable growth in revenues through years supported by quantity-based sales,
- Reasonable profitability indicators despite the shrinkage in 2022,
- Moderate indebtedness structure in spite of an increase and short-term weighted maturity composition of total financial liabilities,
- Strong equity structure mainly stemmed from retained earnings,
- Asset quality supported by immaterial collection risks,
- Diversified income stream thanks to sizeable wide product range,
- Having sustainable competitive advantages through strong R&D and novel generic product creation capability.

Constraints

- Fixed exchange rate regime pressuring profitability in the sector,
- High cash conversion cycle days due to sector nature, increasing financial needs,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.



Considering the aforementioned points together with such additional support factors 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 moderate level of 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.