

## Corporate Credit & Issue Rating

New  Update

Sector: Pharmaceuticals  
 Publishing Date: 22.10.2021

### Chief Analyst, CFA

Özgür Fuad Engin  
 +90 212 352 56 73  
[ozgur.engin@jcrer.com.tr](mailto:ozgur.engin@jcrer.com.tr)

### Assistant Analyst

Özge Deniz Yıldız  
 +90 212 352 56 73  
[ozge.yildiz@jcrer.com.tr](mailto:ozge.yildiz@jcrer.com.tr)

### RATINGS

|                 |                  | Long Term              | Short Term        |
|-----------------|------------------|------------------------|-------------------|
| National        | Local Rating     | <b>AA (Trk)</b>        | <b>A-1+ (Trk)</b> |
|                 | Outlook          | <b>Stable</b>          | <b>Stable</b>     |
| International   | Foreign Currency | BB                     | B                 |
|                 | Local Currency   | BB                     | B                 |
|                 | Outlook          | FC Stable<br>LC Stable | Stable<br>Stable  |
| Sponsor Support | Stand-Alone      | 2                      | -                 |
|                 | Stand-Alone      | A                      | -                 |
| Sovereign       | Foreign Currency | BB                     | -                 |
|                 | Local Currency   | BB                     | -                 |
|                 | Outlook          | FC Stable<br>LC Stable | -<br>-            |

\*Assigned by JCR on May 31, 2021

## Selçuk Ecza Deposu Ticaret ve Sanayi Anonim Şirketi and Its Subsidiary

JCR Eurasia Rating, has evaluated **Selçuk Ecza Deposu Ticaret ve Sanayi Anonim Şirketi** assigned the ratings on the Long-Term National Scale as **'AA (Trk)'** and the Short-Term National Scale as **'A-1+ (Trk)'** with **'Stable'** outlooks.

Selçuk Ecza Deposu Ticaret ve Sanayi A.Ş. ("Selçuk Ecza" or the "Company") was established on October 10, 1958 to act as a pharmaceutical warehouse as a distribution company between pharmaceutical manufacturers, hospitals and pharmacies. The commercial title of the Company, which was "limited company", was changed to "joint stock company" in 1970. The head office of the company is located in Istanbul.

Selçuk Ecza Deposu Ticaret ve Sanayi A.Ş. was offered to the public between April 19, 2006 – April 21, 2006. The public offering rate is 20.01%. The company has accepted the registered capital system in accordance with the provisions of the Capital Markets Law and switched to this system with the permission of the Capital Markets Board dated 04 May 2007 and numbered 11480. The registered capital ceiling of the Company is TRY 750,000,000 and each share has a nominal value of 1 TL.

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

| Strengths  | Constraints   |
|--|---|
| <ul style="list-style-type: none"> <li>Cash surplus against financial debt</li> <li>Improvement in sales volume and internal equity generation supporting profit margins</li> <li>Long-lasting presence in the sector and successful track-record</li> <li>Notable liquidity and cash conversion cycle buffer significantly surpassing financial loans</li> <li>Low level of the total debt underpinning the financial position</li> <li>Solid financial structure over years thanks to retained earnings</li> </ul> | <ul style="list-style-type: none"> <li>Fixed exchange rate regime pressure profitability</li> <li>Notable competition in the sector</li> <li>Global economic slowdown exacerbated by the Covid-19 Pandemic</li> </ul> |

Considering the aforementioned points, the Company's the Long-Term National Rating has been assigned as **'AA (Trk)'**. Company's established market position, prudential financial policy and ease of access to affordable & long-term financing, shareholder structure & financing capabilities, global macroeconomic conditions and being recognized in the sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National ratings are determined as **'Stable'**. JCR Eurasia Rating will continue to monitor the developments regarding the macro conditions, progress on the current investments and profit margins.

The Sponsor Support notes and risk assessments in this regard reflect the financial and non-financial positions and expected assistance by controlling shareholder within the shareholding structure of the Company. The financial strength and expected support of the Company's shareholders lay the foundation Selçuk Ecza's Sponsor Support assessment. The willingness and financial strength of the Company's owners to provide operational and financial assistance have been assessed with respect to the financial capabilities of the shareholders, Selçuk Ecza Holding. The shareholders are thought to be willing to deliver support to the Company should such a need arise. However, considering Selçuk Ecza Holding's asset size, sales performance and market position, the Company's Sponsor Support Grade has been assigned as **'2'**. This grade signifies a strong support to the Company.

The Stand-Alone note is formed depending on the Company's sustained increase in internal equity generation capacity, growth potential, operational efficiency and effective market position. It is assumed that Selçuk Ecza has enough experience and accumulation of infrastructure to manage risks incurred in the balance sheet without shareholder support. In this respect, the Stand Alone rating of Selçuk Ecza has been assigned as **'A'** in JCR Eurasia Rating notation system.

