

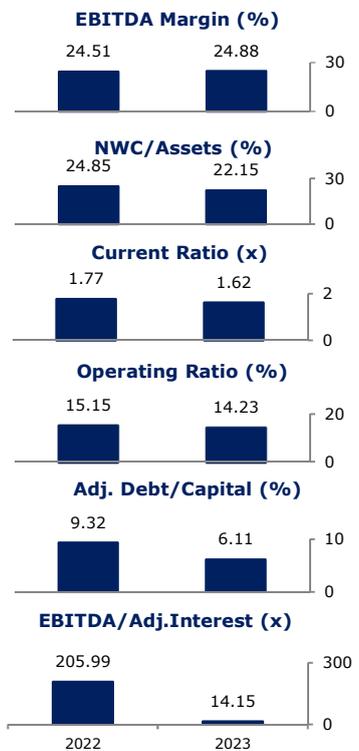
Corporate Credit Rating

New Update

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

* Assigned by JCR on May 10, 2024



DEM İLAÇ SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Dem İlaç Sanayi ve Ticaret A.Ş." in the investment level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A+ (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 are determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Dem İlaç Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Dem İlaç" or "the Company") was established in 1992 in İstanbul. The Company operates within the pharmaceutical sector, specializing in the import and sale of 82 licensed pharmaceuticals and assorted medical preparations in the domestic market. Dem İlaç distributes its pharmaceuticals to major pharmaceutical warehouses in Türkiye. The Company's product range encompasses an array of medical categories including anesthetic agents, blood products, plasma expanders, antibiotics, biotechnology, and oncology drugs. These products, sourced from global manufacturers and domestically licensed, are utilized in various medical treatments such as alcohol and substance abuse, myeloproliferative diseases, venous thromboembolism, maternal placental syndrome, hemophilia A, and immunodeficiency.

The Company's shareholders are Demir Family members with 100% share. The Company employs 311 personnel as of December 31, 2023 (FYE2022: 304).

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

Strengths

- Steady profitability trajectory primarily bolstered by the significant prominence of plasma-derived medicinal products within the portfolio despite slight decline in EBITDA generation capacity in FY2023,
- Sustaining formidable financial outlook marked by a cash surplus position resulting in solid coverage & leverage stance and anticipated to continue in 2024 financials,
- Moderate net working capital base alongside positive cash flow metrics coupled with a healthy current ratio effectively supporting liquidity management,
- Robust equity level reinforced by retained earnings in FYE2023 fortifying the capital structure and financial resilience,
- Competitive edge derived from the selling of blood plasma-derived pharmaceuticals under tailored pricing structures within the domestic market,
- Emerging sector presents significant potential for future expansion driven by demographic trends such as population growth and increasing life expectancy.

Constraints

- Comparatively high operating ratio in alignment with industry norms,
- Fixed exchange rate regime exerting downward pressure on profitability within the pharmaceutical sector,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has affirmed at 'A+ (tr)'. Taking into account, the Company's sales and profitability performance, strong leverage and coverage profile with cash surplus position, moderate liquidity management, competitive advantage obtained through its product portfolio, as well as fixed exchange rate regime and high OpEx level in parallel with the pharmaceutical sector 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 profitability indicators, sustainability of domestic and international demands, market position and economic conditions in Türkiye will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.