

Corporate Credit Rating

New Update

Sector: Holding

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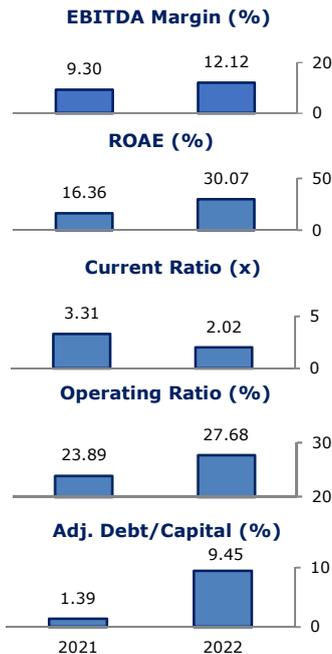
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on Aug 18, 2022



EİS ECZACIBAŞI İLAÇ SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Eis Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar ve Ticaret A.Ş." in the investment level category and affirmed the Long-Term National Issuer Credit Rating as 'AA+ (tr)' and the Short-Term National Issuer Credit Rating as '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.

Eis Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar ve Ticaret A.Ş. (hereinafter referred to as "Eis Eczacıbaşı" or "the Group") was established in 1951 in İstanbul. Eis Eczacıbaşı is in a holding structure through its subsidiaries, joint ventures and affiliates. The Group through its consolidated subsidiaries, engaged in the promotion, marketing, sales and distribution of reference/generic drugs and over-the-counter products as well as real estate development activities.

As of FYE2022, **Eczacıbaşı Holding ("Eczacıbaşı")** is the qualified shareholder of the Group, which was founded in 1942, is one of the prominent Turkish industrial groups with 50 companies, over 13,500 employees and a combined net turnover of TRY 33bn in FYE2022. In addition to main operating fields of building products, consumer products and healthcare, Eczacıbaşı also engaged in information technology, natural resources, and property development.

Eis Eczacıbaşı has been quoted on BIST since 1990 through the ticker symbol "ECILC" with the free float rate of 18.76% as of December 31, 2022. The Group has a staff force of 1,157 as of FYE2022 through its subsidiaries (FYE2021: 336).

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

Strengths

- Visible improvement in sales revenue and robust EBITDA generation capacity along with enhanced profitability margins,
- Maintaining financial profile despite increasing indebtedness level due to share acquisitions strengthening the asset structure,
- Substantial level of positive net working capital together with a strong current ratio facilitating liquidity management,
- Developing sector promises large space for future growth with increasing population and life expectancy,
- Long-lasting presence dating back to 1951 and successful track-record in the sector,
- Existence of Eczacıbaşı Holding as dominant shareholder and the synergy created within the Group companies via diversified operations,
- High level of compliance with corporate governance practices and quality standards as a publicly traded company.

Constraints

- Negative FOCF in FY2022 stemming from capital expenditures related to Gensenta acquisition,
- High level of OpEx,
- Fixed exchange rate regime pressuring profitability in pharmaceutical sector,
- Competitive market structure of the pharmaceutical sector,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been affirmed as 'AA+ (tr)'. Taking into account the Group's solid financial structure, high profitability level, strong brand reputation and competitive advantage obtained through its Group synergy, as well as fixed exchange rate regime and intense competition in 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 Group'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.