JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd."

Corporate Credit Rating

☐New ☒Update

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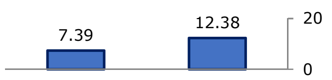
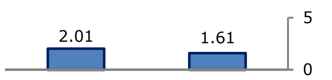
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*

EBITDA Margin (%)

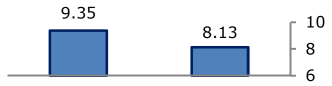


Current Ratio (x)

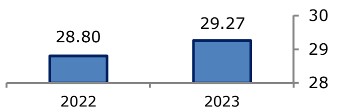


Adj.Net Debt/EBITDA (x)

Adj. Debt/Capital (%)



Operating Ratio (%)



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

JCR Eurasia Rating, has evaluated the consolidated structure of **"EİS Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar ve Ticaret A.Ş."** in the investment level category with very high credit quality 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/Stable'** in line with the sovereign ratings and outlooks of Republic of Türkiye.

Established in 1951 in Istanbul, **EİS Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar ve Ticaret A.Ş.** (hereinafter referred to as **"EİS Eczacıbaşı"** or **"the Group"**) operates as a holding company through its 4 consolidated subsidiaries and several affiliates/joint ventures/financial investments in the fields of reference and generic pharmaceuticals, nuclear medicine, real estate development and ceramic coating. As of 30 June, 2024 **Eczacıbaşı Holding A.Ş. ("Eczacıbaşı"),** established in 1970, is the qualified shareholder of the Group with a rate of 50.62% and is one the leading diversified conglomerates in Türkiye operating in the fields of healthcare, mining, finance, building materials and consumer goods.

The Group which had a paid-in capital of TRY 685mn as of 30 June, 2024 has been listed on the Borsa Istanbul (BIST) index since 1990 under the ticker symbol of **"ECILC"** with a free-float rate of 18.76% with 1,122 personnel employed across its subsidiaries as of 30 June, 2024. (FYE2023: 1,144)

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

Strengths	Constraints
• Significant revenue growth in the completed financial year primarily driven by Gensenta integration despite contraction in revenues and EBITDA generation in the 1H2024 due to market pressures • Low level of financial leverage in relation to EBITDA following integration of Gensenta along with high share of equity in the funding composition • Short-term cash surplus position and current ratio levels supporting liquidity management in FY2023 • Increasing share of exports in the revenue composition providing market diversification • Sizable investment property portfolio creating a wealth effect carrying revenue generation potential • Long term growth potential of the Turkish pharmaceutical market with an aging demographic profile in comparison to OECD averages • Strong shareholder structure due to placement within Eczacıbaşı Holding and contribution of listed status to compliance with Corporate Governance Practices	• Notable OPEX ratio exerting pressure on efficiency • Reference pricing mechanisms across the sector not reflecting the current market EUR/TRY exchange rates • Competitive market dynamics in the local pharmaceutical industry • In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been affirmed at **'AA+ (tr)'**. The Group's attained position in the sector following the integration of Gensenta, low level of financial leverage, market diversification through rising exports, contribution to the consolidated revenues and EBITDA of Eczacıbaşı Holding A.Ş. along with the growth trends, fixed exchange rate regimen and competitive dynamics in the local 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'**. Revenue growth performance, core operating profitability indicators, leverage level and OPEX trends along with macroeconomic conditions in Türkiye will continue to be monitored by JCR Eurasia Rating. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.