Corporate Credit Rating

☐New ☒Update

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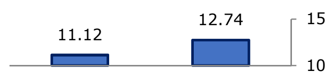
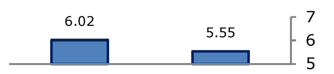
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*

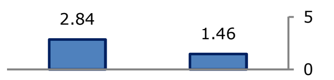
EBITDA Margin (%)



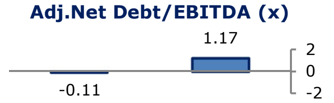
Net Profit Margin (%)



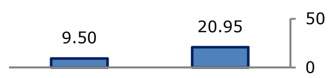
Current Ratio (x)



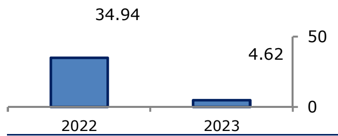
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



GEN İLAÇ VE SAĞLIK ÜRÜNLERİ SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **"Gen İlaç ve Sağlık Ürünleri Sanayi ve Ticaret A.Ş."** in the investment category with very high credit quality, revised the Long-Term National Issuer Credit Rating to **'AA- (tr)'** from **'AA+ (tr)'** and affirmed the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as **'BB/Stable'** in line with international ratings and outlooks of Republic of Türkiye.

Gen İlaç ve Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (hereinafter referred to as **"Gen İlaç"**, or **"the Group"** or **"the Company"**), was established in 1998 in Ankara. The Group has 2 liaison offices in İzmir and İstanbul. In addition, Gen İlaç has 10 offices in 7 different countries, 19 business partners in 10 different countries, 3 subsidiaries and 8 affiliates. The Group operates in the fields of manufacturing, trading, importing and exporting all kinds of medicines and health products for human use. Abidin Gülmüş and his family are the main shareholder and controlling party of the Group. The Group was offered to the public in 2021 and free float rate is 22.65% as of report date.

The Group, which has more than 20 years of experience in drugs used in the treatment of rare diseases, is expanding its activities with 19 global business partners from 10 countries. The number of personnel employed by the Group as of December 31, 2023 was 622 (FYE2022: 579).

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

Strengths	Constraints
• Satisfactory leverage and moderate coverage metrics despite increase in net debt in FYE2023, • Solid equity level combined with decent equity composition fed by retained earnings and internal resource generation capacity, • Moderate efficiency metrics backed by low level of cash conversion cycle in FY2023, • Expected contribution of expansion in international operations to revenue stream, • Remarkable R&D activities providing competitive advantages in addition to ongoing capacity-enhancing investment, • Developing sector promises large space for future growth with increasing population, • Long experience in the sector along with compliance with corporate governance practices, as a publicly traded company.	• Decrease in sales and EBITDA generation capacity combined with pressured bottom line results in FY2023, • Fixed exchange rate regime pressuring profitability in the sector, • High competition in the pharmaceutical industry.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been revised to **'AA- (tr)'**. Gen İlaç's satisfactory leverage and moderate coverage metrics, solid equity level, moderate efficiency metrics, expansion in international operations, remarkable R&D activities, developing sector for future growth and long experience in the sector along with compliance with corporate governance practices, as well as, decrease in sales and EBITDA generation capacity, fixed exchange rate regime, high competition in the 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 sales and EBITDA generation and debt burden 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 also be monitored.