

Corporate Credit Rating

New Update

Sector: Wholesale Trade
Publishing Date: 30.05.2025
Team Leader

Yeşim Özüdoğru
+90 212 352 56 73
yesim.karaoglu@jcrer.com.tr

Assistant Analyst
Saliha GÜRBÜZ
+90 212 352 56 73
saliha.gurbuz@jcrer.com.tr

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

Medifar Ecza Deposu İlaç Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated the consolidated structure of "Medifar Ecza Deposu İlaç Sanayi ve Ticaret Anonim Şirketi" in the investment grade category with high credit quality on the national scale and assigned its Long-Term National Issuer Credit Rating as 'A- (tr)' and 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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Medifar Ecza Deposu İlaç Sanayi ve Ticaret Anonim Şirketi (referred to as 'the Company' or 'Medifar Ecza Deposu') was established in Istanbul in 1991 and obtained its pharmaceutical warehouse license in 1992. Medifar Ecza Deposu supplies pharmaceuticals and serums through public tenders to state, university, military, and private hospitals, as well as other public and private healthcare institutions. The Company operates primarily as a wholesale distributor, focusing on institutional clients. Medifar Ecza Deposu has three subsidiaries: Galen İlaç, FSM Form, and Deniz Ecza Deposu, each of which specializes in a different area within the healthcare sector. Galen İlaç holds 18 pharmaceutical licenses and operates as a virtual manufacturer by outsourcing production. It leases all its licensed products exclusively to Medifar, strengthening the supply chain between the manufacturer and the distributor. FSM Form is notable for obtaining Türkiye's first private nutrition license. The firm produces specialized dietary products, including gluten-free and low-protein foods, positioning itself in the niche market of medical nutrition. Deniz Ecza Deposu is focused exclusively on serving private pharmacies, differentiating itself from Medifar Ecza Deposu's institutional client base and expanding the Group's reach within the pharmaceutical distribution network. Medifar Ecza Deposu, Galen İlaç, FSM Form, Deniz Ecza Deposu are collectively will be referred to as 'the Group' in the report.

As of the reporting date, the Company's paid-in capital is TRY 250mn, and the shareholders of the Company are Ekrem Erzincanlı (79.99%), Erdem Ecza Deposu Ticaret A.Ş. (20.00%), İsmail Cem Erzincanlı (0.004%), Zekiye Zoraloğlu (0.002%).

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

Strengths

- Steady profitability indicators over the review period which continued in FY2024 financials, despite limited pricing abilities due to sector specific regulations
- Financial resilience through cash surplus position enhancing liquidity management and leverage ratios over the years
- Sound equity level as well as the non-cash contribution of capital adjustment differences
- Low collection risk through the customer profile mostly composed of public institutions supporting asset quality
- Short cash conversion cycle as of FYE2024
- Long-lasting experience in the industry
- Outlook of the pharmaceutical sector that promises large space for future growth with increasing population and life expectancy

Constraints

- Intense competition in the pharmaceutical warehouses
- Improvement needs in corporate governance practices
- 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 Long-Term National Issuer Credit Rating has been assigned as 'A- (tr)'. The Company's steady profitability indicators, cash surplus position, strong equity level, low collection risk, rapid cash conversion cycle, long-lasting experience, global soft-landing actions along with ongoing uncertainties with potential to adversely affect global trade 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 performance, debt level and cash generation capacity together with the trends in the industry 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 frame about the sector will be monitored as well.

