

Corporate Credit Rating

New Update

Sector: Whole Sale Trade

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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)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

SELÇUK ECZA DEPOSU TİCARET VE SANAYİ A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "SELÇUK ECZA DEPOSU TİCARET VE SANAYİ A.Ş." in the investment-level category 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/Negative' as parallel to international ratings and outlooks of the Republic of Türkiye.

Selçuk Ecza Deposu Ticaret ve Sanayi A.Ş. (Selçuk Ecza or "the Company") was established on October 10, 1958 as a pharmaceutical warehouse company between pharmaceutical manufacturers, hospitals and pharmacies. Selçuk Ecza is one of the oldest companies in the Turkish pharmaceutical market, specialized in the wholesale and distribution of pharmaceutical products. With more than 60 years of presence in the market, the Company has become the market leader in wholesaling and distribution with about 40% market share. Selçuk Ecza is providing services to more than 23,000 pharmacies by operating in 120 locations with 6,539 employees as of 30.06.2022, and a fleet of nearly 2,500 vehicles. Türkiye is one of the most growth promising markets in the pharmaceutical world. The Turkish pharmaceutical market is a very well-regulated market, with more than 300 suppliers, 25 economically meaningful wholesalers and distributors and more than 26,000 pharmacies.

Selçuk Ecza's shares were offered to public in April 2006 and the ratio of quoted shares is 20,01%. The Company's main ultimate controlling shareholder is Selçuk Ecza Holding A.Ş. with a 77.32% share.

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

Strengths

Constraints

- Solid cash surplus position, easing liquidity management,
 - Steady growth in sales volume with maintaining profit margins and EBITDA generation capacity through the years,
 - Substantial NWC and cash conversion cycle create buffer against short-term liabilities,
 - Strong equity and solid financial outlook over years thanks to retained earnings,
 - Sustainable cash flows metrics from operating activities, despite deterioration,
 - Outlook of the sector promising large space for future growth with increasing population and life expectancy,
 - Long-lasting presence in the sector and successful track record.
- Low profit margins due to sector nature,
 - Fixed exchange rate regime pressuring profitability in the sector,
 - Intense competition in the sector.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'AA (tr)'. The Company's cash surplus position, growth performance in terms of sales volume, equity rate and long presence in the sector as well as sectoral competition and its short-term maturity profile 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 maturity profile of liabilities, sectoral regulations and profitability indicators 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 be monitored as well.

