

Corporate Credit Rating

New Update

Sector: Pharmaceutical Industry
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Team Leader

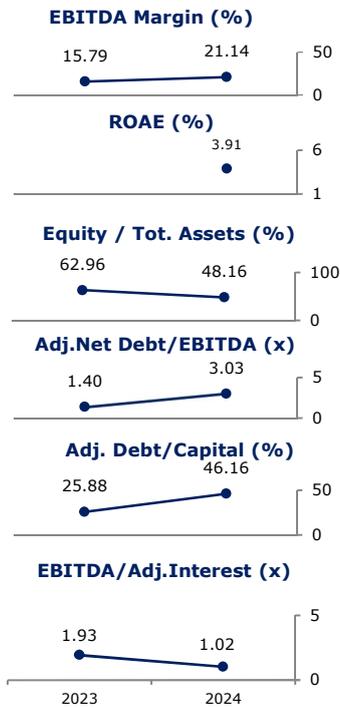
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



TURK İLAÇ VE SERUM SAN. A.Ş.

JCR Eurasia Rating has evaluated the "Turk İlaç ve Serum Sanayi A.Ş." in the investment level category and affirmed the Long-Term National Issuer Credit Rating at 'BBB (tr)' and the Short-Term National Issuer Credit Rating at 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable', as parallel to international ratings and outlooks of Republic of Türkiye.

Turk İlaç ve Serum Sanayi A.Ş. (hereinafter referred to as "Turk İlaç" or "the Company") was established in 2012 with name of "Turkilaç İlaç ve Serum Sanayi Anonim Şirketi" and has obtained its current title in 2013. The Company's main activity is the production of diphtheria tetanus vaccine, serum and dialysis solution. The Company also manufactures and sells a wide range of pharmaceutical products, including human tablets, capsules, ampoules, vials, ointments, creams, parenteral solutions, nutritional solutions, amino acids, and other chemical substances. Its annual production capacity stands at 120 million units of serum, 160mn units of ampoule/vial products, and 15 million units of dialysis solution. Headquartered in Akyurt, Ankara, the Company also operates a warehouse in the same region. In 2024, it established a branch in Azerbaijan. As of FYE2024, the Company employed a total of 541 people (FYE2023: 439).

As of the reporting date, the Company's ultimate controlling shareholder is Mehmet Berat Battal, holding 40.14% of the shares (14.05% of which are publicly traded on Borsa Istanbul). Remaining 59.86% of shares are publicly traded on the Borsa Istanbul (BIST) with the ticker symbol "TRILC" since February, 2021.

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

Strengths

- Improvement in EBITDA generation and profit margins in FY2024 despite partial deterioration in 1H2025 period
- Moderate equity level driven by retained earnings and inflation-adjusted paid-in capital as of FYE2024 and 1H2025 period-end
- Asset quality supported by low level of doubtful receivables
- Diversification of the funding resources via bond issues made in 2025
- Having consistent demand for serum consumption and its competitive advantage in the sector owing to its position as a key producer of diphtheria and tetanus vaccines in Türkiye

Constraints

- Volatile trend in revenues due to reliance on tender-based sales over the reviewed years
- Significant increase in financial debts mainly due to working capital needs and investment expenses, exerting pressure on leverage indicators in FY2024 and 1H2025
- Deterioration in interest coverage ratio and bottom-line results in FY2024 and 1H2025 due to elevated interest expenses
- Negative cash generation from operations and free operating cash flow in FY2024
- 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 affirmed at 'BBB (tr)'. Improvement in profit indicators, moderate equity level, asset quality, receivable collection ability, experience in the sector, 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 sales and profitability performance, asset quality, liquidity position, cash generation ability, access to the external financial sources, indebtedness level, local and global macroeconomic indicators as well as market conditions and legal framework about the sector will be closely monitored by JCR Eurasia Rating.