

## Corporate Credit & Issue Rating

New  Update

Sector: Pharmaceuticals  
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### Senior Analyst

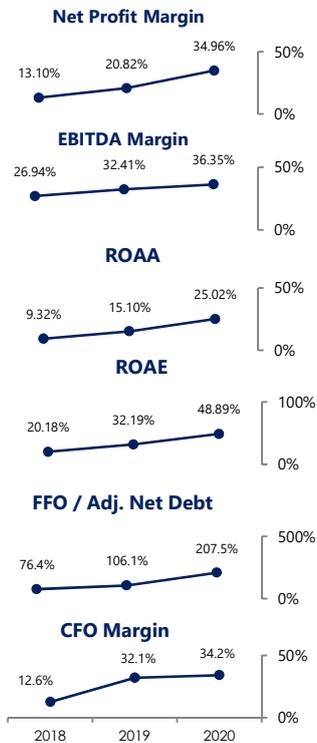
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### RATINGS

		Long Term	Short Term	
National	Local Rating	AA (Trk)	A-1+ (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	AA	A-1+	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Sponsor Support	2	-		
Stand-Alone	A	-		
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

\*Assigned by JCR on April 10, 2020

### RATIOS



## Deva Holding A.Ş.

JCR Eurasia Rating evaluated the consolidated structure of “**Deva Holding A.Ş.**” (referred to as “**the Company**” or “**Deva Holding**”) and the **Outstanding or Prospective Debt Instrument** in an investment grade category in the periodic annual review and upgraded the ratings one notch to “**AA (Trk)**” on the Long-Term National Scale and as “**A-1+ (Trk)**” on the Short-Term National Scale with “**Stable**” outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been affirmed as “**BB+ / Negative**”

D.E.V.A Sanayi ve Ticaret Anonim Şirketi established in 1958 and adopted a holding status in 1970 following its merger with Deva İlaç Sanayi ve Ticaret A.Ş via take-over of all of its assets and liabilities resulting in its current structure. Funds controlled by GEM Global Equities Management S.A. acquired the majority shares of Deva Holding in 2006 and subsequently Eastpharma Ltd was established as the management company. The qualified shareholder, EastPharma S.A.R.L, a fund management company founded in Luxembourg holds 82.20% of the shares whilst the remaining shares (17.80%) are listed on Borsa İstanbul (BIST) since 1986. Deva Holding A.Ş. principally focus on the manufacturing and marketing of medicines/raw materials for human use along with veterinary drugs, cologne and ampoules to a smaller extent. The Company has total annual production capacity of 578mn boxes and has three major facilities including two in Çerkezköy referred to as Çerkezköy I and II along with one in Kartepe. The Company have subsidiaries in Australia, USA, Germany, Switzerland, Mexico, soon Canada.

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

#### Strengths

- Ongoing revenue and asset size growth performance,
- One of the biggest players in sector despite the intensity of competition,
- Increasing share of exports sales among total sales supporting long FX position,
- Notable increase in profitability enhancing the internal equity generation capacity,
- Being the leading company in the sector in terms of R&D activities,
- Improved corporate governance implementations and sustainability.

#### Constraints

- Global economic slowdown exacerbated by the covid-19 pandemic,
- Fixed exchange rate regime pressure profitability in sector,
- Upward pressure on the COGS in sector due to high import-dependence for raw materials and TRY depreciation.

Considering the aforementioned points, the Company’s the Long-Term National Rating has been assigned as “**AA (Trk)**”. Additionally, long existence of Company, being one of the biggest players in sector, continuous increase in sales and export volumes, profitability, liquidity profile, term structure of existing debt facilities, sectoral developments are the drivers of the “**Stable**” outlook on the rating. The macroeconomic indicators at national and international markets, as well as market conditions& regulations, profit and equity indicators of the Company will be monitored by JCR Eurasia Rating.

No separate rating report has been compiled as the resources to be obtained from potential debt issues will be carried in the Company’s balance sheet and has been subject to analysis in the corporate credit rating report. The debt instruments to be issued carry no difference in comparison to the Company’s other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating considering aggregated exposure of the issues. The issue ratings do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities.

The Sponsor Support notes and associated risk assessments reflect the financial and non-financial positions of the Eastpharma S.A.R.L. and ultimately Eastpharma Ltd, the controlling shareholder of Deva Holding. The shareholders are considered remain committed to the Company’s mission and maintenance of operational activity and have the willingness and experience to ensure long-term liquidity and equity if required and to provide efficient operational support to the Company. In this regard, the Company’s Sponsor Support Grade has been affirmed as “**2**”. Considering Company’s expertise, know-how, the high level of operating margins, strong R&D capabilities, compliance with Corporate Governance Practices, the Stand Alone Note of the Company has been upgraded from “**AB**” to “**A**”.