Corporate Credit Rating

☐New ☒Update

Sector: Healthcare/Hospital Services
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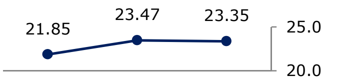
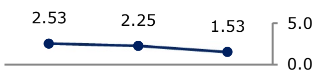
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
	International LC ICR Outlooks	Stable	Stable
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 31, 2021*

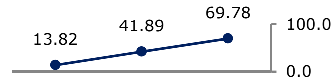
EBITDA Margin (%)



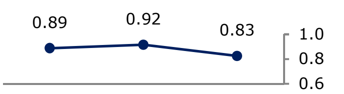
Adj.Net Debt/EBITDA (x)



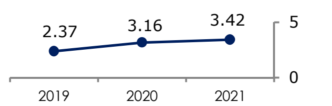
ROAE (%)



Current Ratio



EBITDA/Adj.Interest (x)



MLP SAĞLIK HİZMETLERİ A.Ş.

JCR Eurasia Rating, has evaluated the **"MLP Sağlık Hizmetleri A.Ş."** in the high investment -level category and upgraded the Long-Term National Issuer Credit Rating from **'A- (tr)'** to **'A (tr)'** and assigned 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/Stable'** as parallel to international ratings and outlooks of Republic of Turkey.

MLP Sağlık Hizmetleri A.Ş. (hereinafter "the Company" or "MLP Sağlık"), the foundations of which were laid in 1993 with the establishment of the Sultangazi Hospital, sustained its expansion and is currently the leading private healthcare operator in Turkey with 30 hospitals in 15 different cities and bed capacity in excess of 6,000. The Company has a broad market appeal through the brands of Medical Park, Liv (Leading International Vision) Hospital and Medical Park VM (Value Added Medicine) concept addressing different price segments. The Group opened the Vadistanbul Hospital that is the 6th hospital of the Liv Hospital brand with 125-bed hospital in May 2021. In addition, the Group closed the İstanbul Fatih Hospital in FY2021. The Company's Medical Park and Liv Hospital brands were included within the Turquality Support Program in 2019.

In addition to its stronghold in the domestic private hospital industry and volume of patients from abroad, the Company is a fully-integrated operator in healthcare provision and offers medical and laboratory services through its 17 consolidated subsidiaries. MLP Sağlık and its consolidated subsidiaries are hereinafter referred to as "the Group". Following the listing of 35.01% of Group shares on the Borsa Istanbul (BIST) index in February, 2018, funds representing Turkven Private Equity along with Sancak, Usta and Elbası Families represent the principle shareholders as of FYE2021. Headquartered in Istanbul, Dr. Muharrem USTA is the Chairman/CEO of the Group which maintains strong affiliations with various academic institutions and employs more than 20,000 employees including in excess of 2,500 doctors. The ultimate parent are Elinor B.V. and Sullivan B.V., which are Netharland based, owned by Turkish Private Equity Fund III, and Muharrem Usta.

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

Strengths	Constraints
• The position nationally in the private healthcare industry with a notable presence in Istanbul, supported by established brand-names and concepts, • Maintenance of strong revenue and EBITDA growth throughout FY2021, • Continuation of upward trend in profit margins with improvement in operational performance, • Low level of net financial debt, underpinned by asset light expansion strategy and successful ramp-up of acquired and newly opened hospitals, • Diversification of income stream supporting predictable cash flow generation, • Competitive advantage across the sector owing to listed structure and established track record in the domestic debt issuance market, • Well managed business model.	• Intense competition in the sector, • Ongoing deficit of net working capital, • Low level of equity comparison to the asset size, • Collection risk of trade receivables.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been upgraded as **'A (tr)'**. Leading position nationally in the private healthcare industry, strong revenue and EBITDA growth, upward trend in profit margins, low net financial leverage levels, established track record in the domestic bond market 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 level of debt ratio, profitability ratios, the attainability of the Group's budgeted projections will be closely monitored by JCR Eurasia Rating in the 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.