JCR Eurasia Rating
"Global Knowledge Supported by Local Experience"

TURKEY

Corporate Credit Rating
Annual Review

Non-Financial & Services
[Hospital & Healthcare]

MEDICALPARK		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	BBB-(Trk)	A-3(Trk)
	Issue Rating	BBB-(Trk)	A-3 (Trk)
	Outlook	Positive	Positive
Sponsor Support		2	-
Stand Alone		B	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on October 7, 2016

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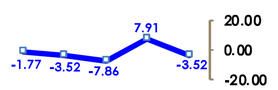

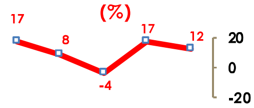

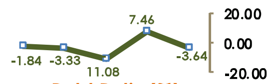

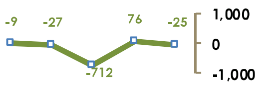

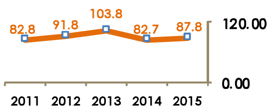

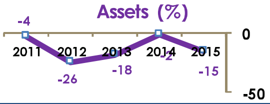

MLP SAĞLIK HİZMETLERİ A.Ş.						
Financial Data	**1H2016****	**2015***	**2014***	**2013***	**2012***	**2011***
Total Assets (000 USD)	810,437	776,007	858,054	513,308	498,512	404,630
Total Assets (000 TRY)	2,337,948	2,256,317	1,989,741	1,095,553	886,155	764,305
Equity (000 TRY)	284,541	275,677	344,470	-42,091	72,951	131,345
Net Profit (000 TRY)	15,196	-64,922	120,058	-99,747	-33,873	-14,583
Sales (000 TRY)	1,075,068	1,843,386	1,518,026	1,268,397	962,436	822,241
Net Profit Margin (%)	1.41	-3.52	7.91	-7.86	-3.52	-1.77
ROAA (%)	0.26	-3.64	7.46	-11.08	-3.33	-1.84
ROAE (%)	1.82	-24.92	76.11	-711.57	-26.89	-9.01
Equity / Total Assets (%)	12.17	12.22	17.31	-3.84	8.23	17.18
Net Working Capital / T. Assets (%)	4.71	-13.85	-1.79	-17.93	-25.52	-3.57
Debt Ratio (%)	87.83	87.78	82.69	103.84	91.77	82.82
Asset Growth Rate (%)	15.43	13.40	81.62	23.63	15.94	32.25

*End of year, **Half-year results

Overview

With an operational history dating back to 2005, **MLP Saglık Hizmetleri A.Ş. (MLP Saglık)** (hereafter referred to as the Company or the Group) turned into one of the largest private healthcare chains in Turkey, having pursued an aggressive growth strategy. The Company maintained its growth throughout the last 2 years, having opened the Kocaeli and Gaziosmanpasa Hospitals in FY2015 bringing the total number to 27, along with the Liv-VM hybrid hospitals in Florya and Bahçeşehir scheduled to be operational by FYE2016 whilst Istinye University, established by the minority shareholders affiliated with the Group was launched in FY2016 in order to meet the demand for qualified healthcare personnel. As of June, 2016, the Company operates with 22 subsidiaries and offers laboratory, screening, catering and complimentary insurance services in addition to the provision of acute hospital care.

Following the acquisition of the majority (53.34%) shares by Lightyear Healthcare B.V. and Hujori Financieringen B.V. which represent Turkven Private Equity, with assets of USD 2bn under management, became the qualified shareholder in May, 2014. The remaining shareholders are Sancak Insaat Turizm Nakliyat ve Dis Ticaret A.S. along with the Usta and Elbasi Families. Mr. Muharrem **USTA** is the executive chairman of the Group, which is headquartered in Istanbul and employed approximately 15,000 personnel across 27 hospitals in 17 cities.

Strengths

- Established position and market share in the private healthcare market as the leading hospital operator with the Medical Park, Liv and Value-added Medicine (VM) brands appealing to all patient segments
- Operating volume growth sustained throughout FY2015 and FY2016 with the opening of new hospitals and launch of affiliated Istinye University
- Maintenance of the stable trend in gross operating profitability and ebitda throughout FY2015 and 1H2016
- Improvement in the funding composition throughout 1H2016 in favor of long-term liabilities leading to positive net working capital levels
- Favorable dynamics supporting the expansion of the Turkish healthcare market in the medium and long-term along with the government initiatives to expand the national medical tourism industry
- Presence of a private-equity backed shareholder structure, low share of non-performing receivables contributing to asset quality and a skilled management team

Constraints

- Despite the recovery in profitability performance in the 1H2016, formation of losses throughout FY2015 due to the high level of financing expenses
- New hospital openings funded to a large extent by external financial resources
- Significant level of operating expenses inherent across the acute care sector placing pressure on core operating profitability
- Rise in foreign currency position throughout FY2016 with the potential to negatively impact future net income generation in the context of ongoing market volatility
- Health Enforcement Declaration (SUT) prices not moving in tandem with inflation resulting in private hospital closures across the sector representing consolidation opportunities
- Recent progress recorded in the level of compliance with Corporate Governance Practices with improvement needs in the medium and long-term taking into account the Group's turnover and complex nature of operations

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