

Corporate Credit Rating

Health Industry

[Eye Care Hospital Group]

| dünyagöz | | Long Term | Short Term | |
|-----------------|------------------|-----------|------------|--------|
| International | Foreign Currency | BB+ | B | |
| | Local Currency | BBB- | A-3 | |
| | Outlook | FC | Stable | Stable |
| | | LC | Stable | Stable |
| Issue Rating | n.a. | n.a. | | |
| National | Local Rating | BBB-(Trk) | A-3(Trk) | |
| | Outlook | Stable | Stable | |
| | Issue Rating | BBB-(Trk) | A-3(Trk) | |
| Sponsor Support | | 2 | - | |
| Stand Alone | | B | - | |
| Sovereign* | Foreign Currency | BBB- | - | |
| | Local Currency | BBB- | - | |
| | Outlook | FC | Stable | - |
| | | LC | Stable | - |

| Dünyagöz Hastanesi Sanayi ve Ticaret Anonim Şirketi | | | | | |
|---|----------|---------|---------|---------|---------|
| Financial Data | 3Q2016** | 2015* | 2014* | 2013* | 2012* |
| Total Assets (000 USD) | 222,039 | 240,189 | 180,637 | 134,188 | 117,910 |
| Total Assets (000 TRY) | 675,000 | 698,372 | 418,879 | 285,874 | 209,596 |
| Equity (000 TRY) | 93,000 | 110,972 | 79,588 | 79,661 | 20,519 |
| Net Profit (000 TRY) | 4,200 | -24,970 | -497 | 9,959 | 2,501 |
| Sales (000 TRY) | 205,000 | 218,132 | 203,268 | 204,084 | 162,305 |
| ROAA (%) | n.m. | -4.76 | 0.43 | 5.37 | 1.28 |
| ROAE (%) | n.m. | -27.93 | 1.90 | 26.54 | 13 |
| Equity / Total Assets (%) | 13.78 | 15.89 | 19 | 27.87 | 9.79 |
| Net Working Capital / T. Assets (%) | 1.19 | -13.30 | -5.94 | -33.74 | -54.18 |
| Net Debt / Equity(x) | n.m. | 3.77 | 3.01 | 1.62 | 6.12 |
| Net Debt/ EBITDA(x) | n.m. | 14.41 | 6.3 | 2.63 | 3.59 |
| Debt Ratio (%) | 86.22 | 84.11 | 81 | 72.13 | 90.21 |
| Asset Growth Rate (%) | -3.41 | 66.72 | 46.53 | 36.39 | 12.78 |

*End of the year, **Third quarter of the year, **Unaudited figures

Company Overview

Dünya Göz Hastanesi Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries (hereafter, the Group or Dünya Göz Hospital'), with roots dating back to 1995 with the founding of Levent Sağlık Hizmetleri Sanayi ve Ticaret A.Ş. in Istanbul, changed its title in 2004 to DünyaGöz Hastanesi as a first private eye care hospital in the healthcare sector through its 6 subsidiaries, is one of the largest and most prominent private healthcare providers among the most well-known private hospital operators in Turkey.

The Group continues its operations with a labour force of 1,486 in an operational area of 190k square meters as of November, 2015. Its hospital benefits from its strategic location, which currently provides services in major cities together with 20 hospitals in Turkey's 11 cities and 3 different international locations in Germany and Georgia. The Group's 6-hospital has been awarded the Joint Commission International (JCI) Accreditation Certificate that demonstrates compliance with International Quality Standards. The Company's main controlling shareholders were Mr. Eray KAPICIOĞLU (55.77%) and Kapicioğlu Holding A.Ş. (27.11%) as of 3Q2016.

Strengths

- Maintenance of sound operational volume growth as indicated by the stable expansion of assets and sales revenues,
- Considering the announced capital increase and ongoing negotiation for an extension of debt maturities reducing pressure on the Group,
- Extensive national coverage and significant market share as one of Turkey's leading private eye care hospital operators,
- Anticipated cash flows from ongoing and recently completed investments that will contribute to future income streams,
- Low level of non-performing receivables, foreign currency risk and off balance sheet,
- Medium and long-term growth potential of the Turkish healthcare market in line with rising per-capita spending,
- Growing significance of income derived from medical tourism in line with long-term government strategies.

Constraints

- Significant level of operating expenses inherent in the sector due to large personnel and depreciation costs,
- Despite an improvement in 2016, continuation of high levels of net debt-to-EBITDA and debt-to-equity,
- The domination of the Company's funding structure by short-term liabilities and maintenance of negative net working capital levels – expectation of improving credit metrics as a result of ongoing restructuring efforts and the capital increase,
- Need for further improvement in the level of compliance with Corporate Governance Practices.

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