Corporate Credit Rating
Annual Review

Non-Financial & Services
[Hospital & Healthcare]

MLPCARE		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	Stable	Stable
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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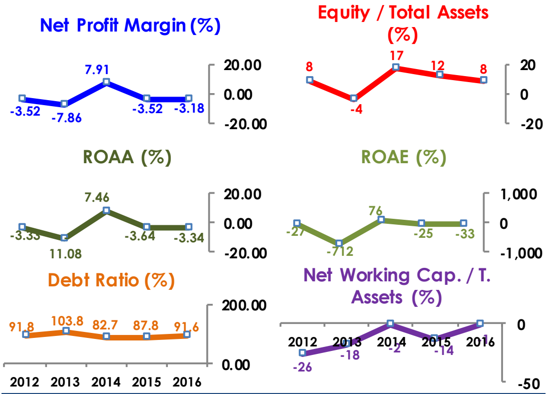

MLP SAGLIK HIZMETLERİ A.S.					
Financial Data	2016*	2015*	2014*	2013*	2012*
Total Assets (000 USD)	676,658	776,007	858,054	513,308	498,512
Total Assets (000 TRY)	2,381,296	2,256,317	1,989,741	1,095,553	886,155
Equity (000 TRY)	199,140	275,677	344,470	-42,091	72,951
Net Profit (000 TRY)	-68,741	-64,922	120,058	-99,747	-33,873
Sales (000 TRY)	2,160,073	1,843,386	1,518,026	1,268,397	962,436
Net Profit Margin (%)	-3.18	-3.52	7.91	-7.86	-3.52
ROAA (%)	-3.34	-3.64	7.46	-11.08	-3.33
ROAE (%)	-32.62	-24.92	76.11	-711.57	-26.89
Equity / Total Assets (%)	8.36	12.22	17.31	-3.84	8.23
Net Working Capital / T. Assets (%	-0.73	-13.85	-1.79	-17.93	-25.52
Debt Ratio (%)	91.64	87.78	82.69	103.84	91.77
Asset Growth Rate (%)	5.54	13.40	81.62	23.63	15.94

*End of year

Overview

MLP Sağlık Hizmetleri A.Ş. (MLP Sağlık), established in 2005, currently serves as one of the largest operators in the Turkish Private Healthcare market through a total of 29 hospitals located across 17 different cities. The Company sustained its growth throughout FY2016 having opened the Bahçeşehir Hospital in December, 2016 and the Florya Hospital in March, 2017 bringing its aggregate bed capacity to nearly 5,000. On the other hand, Istinye University, established by the minority shareholders affiliated with the Group was launched in 2016 which is expected to contribute to its demand for specialist personnel.

Through the brands of Medical Park, Liv and Medical Park VM the Group provides services to a wide spectrum of patients and operates with a total of 24 subsidiaries as of FYE2016. In addition to the provision of acute hospital care, which constitutes the majority of its revenues, the Company also offers laboratory, screening, catering and complimentary health insurance services. As of FYE2016, the Company had a paid-in capital of TRY 176mn and funds representing Turkven Private Healthcare hold the majority (53.34%) of shares while the remaining shares ultimately belong to the Sancak, Usta and Elbası Families. Headquartered in Istanbul, Mr. Muharrem USTA is the executive chairman/CEO of the Company which currently employed over 15,000 personnel including more than 1,700 physicians.

Strengths

- Leading position in the domestic private healthcare market and diversification of revenue base through different brands appealing to wide ranging patient groups
- Maintenance of operational volume growth supported by the recent opening of Florya and Bahçeşehir hospitals with further expansion plans in the 2017-18 period
- Notable rise in core operating profit and ebitda margin throughout FY2016 achieved through completed past investments and reduction in sales, marketing and administrative expenses
- Improvement in net working capital position throughout FY2016 stemming from better receivable collection performance
- Low investment penetration of the Turkish healthcare market with respect to OECD averages offering significant convergence potential in the medium and long-term
- Consolidation opportunities in the private health care sector in the medium and long-term, expansion potential of the medical tourism industry and established affiliations with universities

Constraints

- Significant increase in financing expenses largely associated with the rise in foreign currency position and devaluation of the lira throughout FY2016 weakening internal equity generation capacity
- Sustained operational expansion largely undertaken by external financial leverage leading to reduction in the share of equity with respect to funding of assets over the last 3 years
- Increase in operating expenses, inherently high throughout the acute care sector, in FY2016 exerting pressure on gross margin
- Inability of Health Enforcement Declaration (SUT) prices to keep pace with inflationary cost pressures over an extended time period negatively impacting profitability for hospitals that accept SSI patients
- Despite recent progress recorded in the field of transparency, further improvement needs in the level of compliance with Corporate Governance Practices given the Group's size and complexity of operations in the healthcare sector

Publication Date: May 18, 2017 *"Global Knowledge supported by Local Experience"*