

Corporate Credit Rating

New Update

Sector: Healthcare/Hospital Services

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Senior Chief Analyst

Orkun Inan

+90 212 352 56 73

orkun.inan@jcrer.com.tr

Assistant Analyst

Ezgi Özkan

+90 212 352 56 73

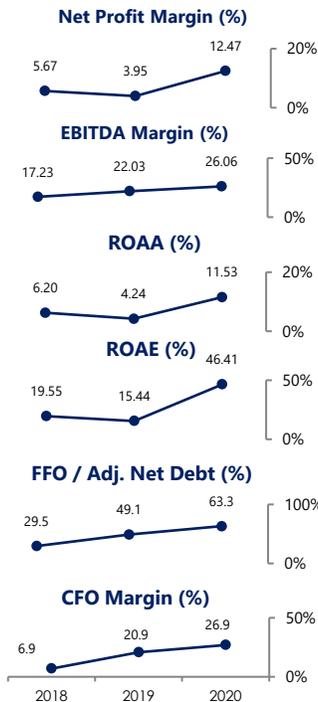
ezgi.ozkan@jcrer.com.tr

RATINGS

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

*Assigned by JCR on May 31, 2021

RATIOS



Medicana Hastane İşletmeciliği A.Ş.

JCR Eurasia Rating evaluated the consolidated structure of “**Medicana Hastane İşletmeciliği A.Ş.**” in an investment grade category at national level and assigned the ratings as “**A (Trk)**” on the Long-Term National Scale with ‘**Stable**’ outlook and as “**A-1 (Trk)**” with ‘**Stable**’ outlook on the Short-Term National Scale. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as ‘**BB/ Stable**’.

Medicana Hastane İşletmeciliği A.Ş. (hereinafter “the Company” or “Medicana”), was established in 1998 under the name of “İşıl Sağlık Hizmetleri A.Ş.”. In 2018, the Company has changed its title to “Medicana Hastane İşletmeciliği A.Ş.”. As of the report date, the Company operates with 14 hospitals across 7 cities and revenues of TRY 1.61bn along with approximately 7k personnel. Medicana has reached bed capacity approximately 2000. The Group operates in every service of the market with brand awareness and reduces the risk of concentration on a particular geography. In addition, the Company has a notable presence in Istanbul with 8 hospital. Medicana has 3 subsidiary companies under the name of Medicana Samsun Özel Sağlık Hizmetleri A.Ş., Medicana İnşaat Matbaacılık Tekstil Turizm Gıda Eğitim ve Sağlık Hiz. San ve Tic. A.Ş and Kuzmed Sağlık Hizmetleri A.Ş.

The Company’s main shareholders are Mr.Hüseyin Bozkurt and Mr.Mihail Bakistanlı with the shares of 78.58% and 13.10% share ownership as of FYE2020, respectively. Medicana employed 890 doctor and 5,719 employees as of FYE2020 (FYE2019: 5,728).

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

Strengths

- Maintenance of revenue and asset size growth performance,
- Sustainable profit margins supported by EBITDA growth and operational performance,
- Low level of net financial debt and sustainable financial leverage underpinning the Company’s financial position,
- Resilient operating cash flow supporting new investments,
- A nationally important position in the private health sector and brand awareness,
- Increase in bed capacity thanks to new investments in Turkey and Eastern Europe.

Constraints

- FX short position suppressing the profitability,
- Intense competition in the sector,
- Ongoing negative effect from the global Covid-19 pandemic.

Considering the mentioned drivers, the Company’s the Long-Term National Rating has been assigned as “**A (Trk)**”. Sustainable operational performance, maintenance of strong revenue and EBITDA generation, low level debt ratio, significant position nationally in the private healthcare industry, as well as, FX short position suppressing the profitability, intense competition in the sector, impact of the ongoing Covid-19 pandemic; the Company’s outlook for Long and Short-Term National ratings has been determined as “**Stable**”. Level of debt ratio, profitability ratios, the attainability of the Company’s budgeted projections are to be monitored in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and possible negative effects of Covid-19 pandemic about the sector will be monitored.

It is considered that the controlling shareholders, Bozkurt Family has the willingness to ensure long-term liquidity and equity should such a need arise and the experience to provide efficient operational support to Medicana Hastane İşletmeciliği A.Ş. In this regard, the Company’s Sponsor Support Grade has been determined as **(2)**. This grade signifies an adequate external support to the Company.

The Stand-Alone note is formed depending on the Company’s sustained growth potential, operational efficiency and effective market position. It is assumed that Medicana Hastane İşletmeciliği A.Ş. has enough experience and accumulation of infrastructure to manage risks incurred in the balance sheet without shareholder support. In this respect, the Stand-alone rating of Medicana has been assigned as **(AB)** in JCR Eurasia Rating notation system.