

Corporate Credit Rating

New Update

Sector: Healthcare 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	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

GÜVEN HASTANESİ A.Ş.

JCR Eurasia Rating, has evaluated "Güven Hastanesi A.Ş." in the investment level category and assigned the Long-Term National Issuer Credit Rating as 'A (tr)' and the Short-Term National Issuer Credit Rating as '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/Negative'.

Güven Hastanesi A.Ş. (referred to as "Güven Hastanesi" or "the Company" or "the Group"), was established in 1975. Güven Hastanesi has its roots in the "Kent Kadın Hastalıkları ve Doğum Kliniği" founded by Dr. Celal Kent in 1959. This clinic, which was later closed down, was reactivated on March 16, 1972, by Dr. İzzet Arman under the name of "Tahran Kliniği". The Tahran Kliniği was taken over by the Küçükkel Family on January 30, 1975, and on March 7, 1975, under the name of "Küçükkel Hastanesi", it started to provide services in the branches of gynecology, obstetrics, and general surgery with a capacity of 20 beds. The Company has continued its activities under the name of Güven Hastanesi as of 1975. Operating in Ankara, the Company is the first tertiary referral hospital in Türkiye.

Güven Hastanesi continues its activities with 309 beds and 12 operating theatres on an area of 40,000 m² with a staff of 1,700 including doctors, nurses, and auxiliary health personnel.

The Company has been rated mainly due to its cash and non-cash credit limit/risk level.

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

Strengths

- Sustaining revenue growth thanks to the flexibility in the pricing mechanism, although declined number of patients in 2023, due to terminating SSI agreement,
- Reasonable level of profitability metrics despite reduced profit margins according to 3Q2023 provisional tax return,
- Robust leverage and coverage indicators albeit partial deterioration expectation in 2023,
- Positive cash flow metrics contributing to the liquidity management,
- Low level of doubtful receivables supporting the asset quality,
- Improvement in the level of compliance with corporate governance practices within the scope of the application to the Turquality programme.

Constraints

- Realized dividend distribution in FY2022 limited the equity growth, in addition to low level of paid in capital and noteworthy contribution of non-cash revaluation gains,
- Prolonged cash conversion cycle and relatively high operating ratio pressuring efficiency,
- Increasing costs in the healthcare sector may suppress the profitability of the Group,
- Intense competition in the sector,
- Leading economic indicators signal global economic slowdown while quantitative tightening actions aiming to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'A (tr)'. Güven Hastanesi's continuous increase in revenue and EBITDA generation, satisfactory leverage indicators, upward trend of cash flow metrics, and asset quality are 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 Company's profitability metrics, cost management abilities, global high interest rate cycle, market conditions of the sector, and equity level will be closely monitored by JCR Eurasia Rating in 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.

