

## Corporate Credit Rating

□New ☑Update

**Sector:** Healthcare/Hospital Services

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### RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
	International LC ICR Outlooks	Stable	Stable
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021

## MEDİCANA HASTANE İŞLETMECİLİĞİ A.Ş.

JCR Eurasia Rating, has evaluated the "Medicana Hastane İşletmeciliği A.Ş." in the high investment level category and upgraded the Long-Term National Issuer Credit Rating from 'A (tr)' to 'AA-(tr)' and assigned 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/Stable' as parallel to international ratings and outlooks of Republic of Turkey.

**Medicana Hastane İşletmeciliği A.Ş.** (hereinafter "the Company" or "Medicana"), was established in 1998 under the name of "Işıl Sağlık Hizmetleri A.Ş.". In 2018, the Company has changed its title to "Medicana Hastane İşletmeciliği A.Ş.". As of December 31, 2021, the Company operates with 12 hospitals across 7 cities and revenues of TRY 2.8bn along with approximately 8k personnel. Medicana has reached bed capacity approximately 1800. The Company 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 6 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 FYE2021, respectively. Medicana employed 1,177 doctor and 6,662 employees as of FYE2021 (FYE2020: 6,609).

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

### Strengths

- Maintenance of strong revenue in line with the increasing number of patients,
- Sustainable profit margins supported by EBITDA growth and operational performance,
- Low level of net financial debt and sustainable financial leverage,
- Upward trend of cash flows metrics,
- Increase in bed capacity thanks to new investments in Turkey,
- A nationally important position in the private health sector and brand awareness.

### Constraints

- Noteworthy contribution of non-cash revaluation to the expansion of equity in FYE2021,
- Low level of paid-in capital in comparison to the asset size,
- Intense competition in the sector.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been upgraded from 'A (tr)' to 'AA-(tr)'. Sustainable operational performance, predictability and consistency of sales revenues, remarkable increase in profitability ratios, improvement in leverage ratios, upward trend of cash flow metrics as well as intense competition in the sector, have been evaluated as 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 level of debt ratios, profitability ratios, cash flow generation, sectorial regulations and the attainability of the Company's budgeted projections 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.

