

Corporate Credit Rating

New Update

Sector: Healthcare/Hospital Services

Publishing Date: 25/04/2023

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit 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	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific 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

MLP SAĞLIK HİZMETLERİ A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "MLP Sağlık Hizmetleri A.Ş." in investment level category with high credit quality and revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A+ (tr)' and affirmed the Short-Term National Issuer Credit Rating at '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' in line with international ratings and outlooks of Republic of Türkiye.

"MLP Sağlık Hizmetleri A.Ş.", (hereinafter referred as 'MLP Sağlık' or 'the Company') the foundations of which were laid in 1993 with the establishment of the Sultangazi Hospital, sustained its expansion and is currently one of the leading private healthcare operators in Türkiye with 27 hospitals in 13 different cities and 1 in Azerbaijan and bed capacity in excess of 5,600. The Company has a broad market appeal through the brands of Medical Park, Liv (Leading International Vision) Hospital and Medical Park VM (Value Added Medicine) concept addressing different price segments. In addition to its stronghold in the domestic private hospital industry and volume of patients from abroad, the Company is a fully-integrated operator in healthcare provision and offers medical and laboratory services through its 14 consolidated subsidiaries. MLP Sağlık and its consolidated subsidiaries are hereinafter referred to as "the Group". The Group opened the Liv Bona Dea Hospital with 156-bed hospital in July 2022 and Medical Park Adana Hospital with 158-bed hospital & Medical Park Seyhan Hospital with 164-bed hospital in December, 2022. MLP Sağlık's Medical Park and Liv Hospital brands were included within the Turquality Support Program in 2019.

Following the listing of 35.01% of Group shares on the Borsa Istanbul (BIST) index in February, 2018, funds representing Turkven Private Equity along with Sancak, Usta and Elbası Families represent the principle shareholders as of FYE2022. Headquartered in Istanbul, Dr. Muharrem USTA is the Chairman/CEO of the Group which maintains strong affiliations with various academic institutions and employs more than 18,000 employees including in excess of 2,500 doctors. The ultimate parents are Elinor B.V. and Sullivan B.V., which are Netherland based, owned by Turkish Private Equity Fund III, and Muharrem Usta.

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

Strengths

- The position nationally in the private healthcare industry with a notable presence in Istanbul, supported by established brand-names and concepts,
- Maintenance of strong revenue in line with the increasing number of patients,
- Sustainable profit margins supported by EBITDA growth and operational performance,
- Ongoing low level of net financial debt, underpinned by asset light expansion strategy and successful ramp-up of acquired and newly opened hospitals,
- Diversification of income stream supporting predictable cash flow generation,
- Competitive advantage across the sector owing to listed structure and established track record in the domestic debt issuance market.

Constraints

- Ongoing deficit of net working capital,
- Intense competition in the sector,
- Global recession and geopolitical risks increasing uncertainty and monetary tightening across the Globe deteriorating growth projections.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been revised from 'A (tr)' to 'A+ (tr)'. Prominent market position nationally in the private healthcare industry, strong revenue and EBITDA growth, upward trend in profit margins, low financial leverage metrics, established track record in the domestic bond market 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 indicators, cash flow generation capacity, sectorial regulations and the attainability of the Group's budgeted projections will be closely monitored by JCR Eurasia Rating in the 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.

