Corporate Credit Rating

☐New ☒Update

Sector: Healthcare/Hospital Services
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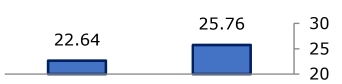
Senior Analyst
Ezgi Çiçek Yılmaz
+90 212 352 56 73
ezgi.yilmaz@jcrer.com.tr
Analyst
Ezgi Özkan
+90 212 352 56 73
ezgi.ozkan@jcrer.com.tr

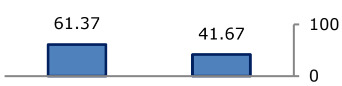
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	**National ICR**	**AA- (tr)**	**J1+ (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Profile)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

** Assigned by JCR on Aug 18, 2022*

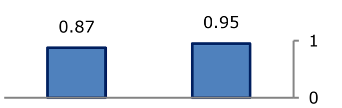
EBITDA Margin (%)



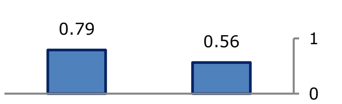
ROAE (%)



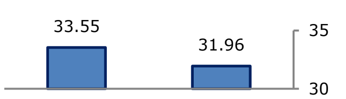
Current Ratio (x)



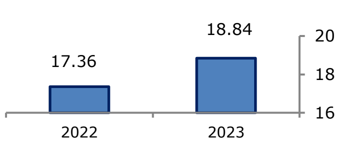
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



MLP SAĞLIK HİZMETLERİ A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **"MLP Sağlık Hizmetleri A.Ş."** in the very high investment level category and revised the Long-Term National Issuer Credit Rating to **'AA- (tr)'** from **'A+ (tr)'** and the Short-Term National Issuer Credit Rating to **'J1+ (tr)'** from **'J1 (tr)'** with **'Stable'** outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as **'BB/Negative'** in line with sovereign 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 28 hospitals in 13 different cities, 1 in Azerbaijan and 1 in Hungary and bed capacity in excess of 5,900. 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 Hospital Duna Medical Center with 154-bed hospital in October 2023, Medical Park İncek Hospital with 182-bed in April 2024. 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 FYE2023. 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 20,000 employees including in excess of 2,800 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

- Continuing revenue growth thanks to increasing average prices and number of patients in FY2023,
- Improvement in EBITDA generation capacity and other operational profitability indicators thanks to effective cost control,
- Satisfactory leverage profile, underpinned by asset light expansion strategy and successful ramp-up of acquired and newly opened hospitals,
- Diversified funding structure through debt security issuances in the analysed period,
- Strong equity level supported by internal resource generation capacity despite low level of paid-in capital,
- Diversification of income stream supporting predictable cash flow generation,
- The position nationally in the private healthcare industry with a notable presence in Istanbul, supported by established brand-names and concepts,
- Enhanced practice of corporate governance principles.

Constraints

- Despite improvement, continuing net working capital deficit squeezing on liquidity metrics,
- Intense competition in the sector,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been revised to **'AA- (tr)'** to **'A+ (tr)'**. The Group's sustainable sales growth and EBITDA generation capacity, solid leverage profile and diversified funding structure, strong equity level, prominent market position nationally in the private healthcare industry and 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 Group's financial structure, market conditions, profitability indicators, leverage level, liquidity ratios and the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Group's activities will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.