

Corporate Credit Rating

New Update

Sector: Healthcare Services

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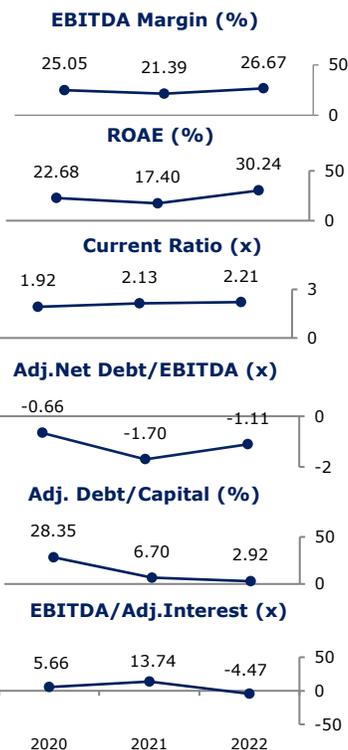
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific 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



TAPDİ OKSİJEN ÖZEL SAĞLIK VE EĞİTİM HİZMETLERİ SANAYİ TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the "Tapdi Oksijen Özel Sağlık ve Eğitim Hizmetleri Sanayi Ticaret Anonim Şirketi" in the investment-level category and assigned the Long-Term National Issuer Credit Rating at 'AA-(tr)' and 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' as parallel to international ratings and outlooks of Republic of Türkiye.

Tapdi Oksijen Özel Sağlık ve Eğitim Hizmetleri Sanayi Ticaret A.Ş. 's (hereinafter referred as "Tapdi" or "the Company") establishment activities were initiated by Dr. Mehmet Bektur in 1999. In 2000, it started to serve as a 25-bed outpatient diagnosis and treatment center with a surgical unit under the title of "Türkiye Aile Planlaması Derneği İktisadi İşletmesi (Tapdi) Buca Tıp Merkezi" in Izmir. In 2010, the 101-bed "Tınaztepe Hospital" was completed and started to provide services. Tınaztepe Health Group operates three hospitals and a medical center in Izmir province, namely Buca Medical Center, Izmir Tınaztepe University Private Buca Hospital, Izmir Tınaztepe University Private Galen Hospital and Private Tınaztepe Torbalı Hospital. Tapdi's headquarter is located in Buca/Izmir, Türkiye. The Company employed a staff force of 896 as of FYE2022 (FYE2021: 911).

The Company's main ultimate controlling shareholder is Mehmet Bülent Nuri Bektur with 59.02% share.

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

Strengths

- Ongoing improvement in revenue growth accompanied by the increasing patient numbers,
- Enhancement in core profitability indicators coupled with improved EBITDA generation capacity,
- Year-round maintenance of net cash position that facilitates liquidity management, as well as pioneering satisfactory leverage and coverage ratios,
- Prudent equity structure on the back of internal resource generation capacity despite an ongoing contribution of non-cash revaluation gains,
- Cost-free fundraising capability owing to a low cash conversion cycle and augmented cash flow metrics though negative FOCF in FY2022,
- Sectoral advantage provided by the affiliation structure together with enhanced practice of corporate governance principles thanks to the IPO process strengthening market position.

Constraints

- Unfavorable influence of relatively high operating ratio on efficiency,
- Increasing costs in the healthcare sector suppressing the sector-wide profitability,
- Intense competition in the sector.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'AA-(tr)'. Continuous increase in revenue and EBITDA generation capacity along with improved profitability indicators, satisfactory leverage indicators, upward trend of cash flow metrics as well as, relatively high operating ratio, increasing costs and market conditions of 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 Company's sales and profitability performance, cost management capability, indebtedness level, cash flow generation capacity, liquidity structure, sectorial regulations and 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.