

Corporate Credit Rating

New Update

Sector: Healthcare Services

Publishing Date: Oct 30, 2024

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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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

TAPDİ OKSİJEN ÖZEL SAĞLIK VE EĞİTİM HİZMETLERİ SANAYİ TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "Tapdi Oksijen Özel Sağlık ve Eğitim Hizmetleri Sanayi Ticaret Anonim Şirketi" in the investment-grade category with very high credit quality and affirmed 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 determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Tapdi Oksijen Özel Sağlık ve Eğitim Hizmetleri Sanayi Ticaret Anonim Şirketi's (hereinafter referred as "Tapdi" or "the Group") 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 Group employed a staff force of 1,030 as of FYE2023 (FYE2022: 896).

The Group's main ultimate controlling shareholder is Mehmet Bülent Nuri Bektur with 46.11% share. Tapdi completed the initial public offering of its shares by increasing its issued capital from TRY 100mn to TRY 128mn on January 05-06, 2023 and the Group's shares traded on Borsa Istanbul Main Market on January 11, 2023 under the trading code TNZTP.

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

Strengths

- Steady expansion in revenue generation capacity accompanied by maintained patient numbers,
- Sustained recovery in core profitability metrics paired with improved EBITDA generation,
- Healthy financial profile pioneered moderate leverage and coverage indicators notwithstanding the increased indebtedness level,
- Robust equity structure via internal funds,
- Short cash conversion cycle pointing toward an enhanced operational efficiency,
- Sectoral advantage provided by the affiliation structure together with enhanced practice of corporate governance principles strengthening market position.

Constraints

- Relatively underwhelming level of operating ratio not corresponding to its current notching level,
- Negative cash flow metrics in FY2023,
- Increasing costs in the healthcare sector suppressing the sector-wide profitability,
- Intense competition in the sector.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been affirmed at 'AA- (tr)'. Taking into account the Group's continuous increase in revenue and satisfactory profitability outlook, decent financial profile, adequate equity level as well as elevated level of operating ratio, increasing costs 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 sales and profitability performance, indebtedness level, cash flow generation and attainability of the Group'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.

