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IHH Healthcare Berhad

(formerly known as Integrated Healthcare Holdings Berhad)

IHH posts sterling growth for first full-year results since IPO

- Group revenue & EBITDA more than doubled for FY2012 (driven by robust existing operations, consolidation of Acibadem in Jan 2012 & sale of Mount E. Novena medical suites)
- For the final quarter, Group delivered double-digit growth YoY for revenue (79%) & EBITDA (99%), achieving RM1.5 billion & RM303.1 million respectively
- Growth translated into strong YOY gains in PATMI (less exceptional items) for the full year to RM686.6 million (56%) and also for Q4 2012 to RM146.6 million (38%)
- IHH's hospital segment continued to be the main contributor of revenue (73%) and EBITDA (72%) in FY2012, backed by strong market fundamentals driving growth in patient volumes and revenue intensities
- Group strengthened balance sheet further upon Acibadem's recapitalisation, repaid part of its USD loans and reduced net gearing from 0.26 (30 Sept) to 0.19 (31 Dec)

KUALA LUMPUR/SINGAPORE, 26 February 2013 – IHH Healthcare Berhad *(formerly known as Integrated Healthcare Holdings Berhad)* ("**IHH**" or the "**Group**"), today announced robust performance across key financial and operational metrics for its financial year ended 31 December 2012. This is the group's first full-year financial results release since its dual-listing on 25 July 2012.

The Group's revenue as well as earnings before interest, taxes, depreciation, amortisation, exchange differences & other non-operational items ("EBITDA") more than doubled for FY 2012, with revenue rising to RM7.0 billion (110%) and EBITDA to RM1.4 billion (109%).

These outstanding numbers were driven by three main factors: consistent growth in existing operations, the consolidation of Acibadem Holdings ("Acibadem") from 24 January 2012 and a one-time profit recognition from the sale of 216 medical suites at the new Mount Elizabeth Novena Specialist Centre. Stripping out the sale of medical suites, the Group's full-year revenue and EBITDA still registered solid increases of 73% and 69% respectively.

For the final quarter in 2012, revenue advanced 79% YoY to RM1.5 billion, while EBITDA nearly doubled (99%) to RM303.1 million. EBITDA in particular was boosted by RM26.7 million of savings in construction costs which resulted in the reversal of over-accruals of development costs for Mount Elizabeth Novena medical suites. Even without the one-off reversal, EBITDA still grew 81% YoY to RM276.4 million.

Excluding exceptional items, the Group's profit after tax and minority interests ("PATMI"), for FY2012 rose 56% to RM686.6 million on the back of the strong EBITDA growth. Finance costs were lowered after IPO proceeds were used to pay off Parkway's acquisition loan, and these savings contributed to PATMI. However, depreciation expense and finance costs associated with Mount Elizabeth Novena Hospital and Specialist Centre ("Mount E. Novena") offset some of these savings[1]. On a quarterly basis, PATMI (less exceptional items) rose 38% to RM146.6 million.

The Group's hospital segment continues to be its main revenue contributor, making up almost three quarters of Group revenue (73%) and EBITDA (72%) for FY2012, excluding the RM1.2 billion one-time sale of the Mount E. Novena medical suites.

Overall, the Group maintained EBITDA margins at 19.7% for FY2012 (against 19.8% for the previous year), even as it continued to invest significantly in new capacity.

Strong fundamentals support steady improvements in existing operations

Parkway Pantai, the Group's largest operating subsidiary, achieved a 50% increase in its full-year revenue to RM4.7 billion and a 61% increase in EBITDA to RM998.0 million. Excluding the one-off RM1.2 billion sale of the Mount E. Novena medical suites (recognised in Q2 2012), revenue and EBITDA for FY 2012 still grew a healthy 12% and 18% respectively to RM3.5 billion and RM733.0 million. For Q4 2012 alone, Parkway Pantai's revenue and EBITDA rose by 14% and 44% respectively, compared to the same period in 2011.

The steady earnings growth in FY 2012 was achieved through higher revenue intensities on top of rising inpatient admissions. Revenue intensities grew approximately 10% per inpatient admission in Malaysia and 5% in Singapore for FY 2012, due to more complex cases undertaken by hospitals.

The strong demand for quality healthcare services in the region continued to drive patient volumes. Parkway Pantai's hospitals were able to capture this trend and raise full-year inpatient admissions by 4% in Malaysia and 8% in Singapore, the latter benefitting from the capacity boost and growing contributions from Mount E. Novena, which opened on June 28 2012.

Mount E. Novena continued to narrow its EBITDA loss by another 31% to RM16.4 million for the quarter, (compared to RM23.9 million in Q3 2012), as operations ramped up and patient volumes increased steadily. In all, Mount E. Novena achieved revenue of RM51.7 million for FY 2012, ending the year with pre-operating and start-up losses of RM84.2 million.

Acibadem, Turkey's largest private healthcare provider by registered beds[2], reported a 2% QoQ revenue growth in its functional currency (Turkish Lira "TL") for the final quarter, but this was flattened by the translation into RM. Growth was achieved through additional revenue from the newly opened Acibadem Ankara Hospital, and also through more inpatient admissions in winter, as volumes rose 4% QoQ to 26,277 for Q4 2012.

Acibadem's EBITDA grew by 11% to RM79.8 million for Q4 2012, compared to Q3 2012.

IMU Health, IHH's medical education arm, grew revenue by 10% to RM174.8 million for FY 2012, with earnings for the final quarter up 15% YoY to RM45.8 million. The growth came on the back of higher student enrolment in existing and new academic programmes as well as fee increases. EBITDA margins for FY 2012 dipped by 2% to 37% however, as IMU Health expanded its headcount and staff costs to maintain the required staff-student ratio with the growing enrolment numbers, and a one-off claw-back of lease rental expense.

[1] These had to be recognised in the income statement upon Mount E. Novena attaining its Temporary Occupancy Permit ("TOP") in April 2012.
[2] Based on number of non-SGK and partial-SGK private hospital beds in Turkey.

Strengthened balance sheet substantially lowers gearing & exposure to forex fluctuations

The Group substantially reduced gearing in FY 2012. Proceeds from the IPO in July were used to repay Parkway's acquisition loans in August 2012, sharply reducing the Group's gearing from 45.31 to 0.26 (as at 30 September 2012).

In December, the Group continued to strengthen its balance sheet by recapitalising Acibadem and repaying approximately US$250 million (55%) of Acibadem's US-dollar denominated borrowings and various other short-term loans. The exercise further lowered the Group's gearing to a healthy 0.19.

Overall, these steps are expected to reduce the Group's exposure to currency fluctuations as well as borrowing costs in the coming year.

Outlook and prospects for 2013

Patient volumes in the Singapore hospitals are expected to grow with continued demand for quality healthcare services, and as Mount E. Novena continues ramping up. The Group's other ongoing expansion and construction projects in Malaysia have been progressing on schedule and upon completion are expected to contribute to the Group.

As Parkway Pantai continues to seek various avenues to grow its revenues whilst containing its costs, it is mindful that the shortage of trained healthcare professionals in Singapore and Malaysia is an industry-wide issue and may add to hiring and staff costs of the Group.

In Turkey, patient volumes and revenues are generally expected to increase for the year with added contributions from the newly opened Acibadem Ankara Hospital and Acibadem Bodrum Hospital.

Overall, the Group expects its revenue to grow with the completion of various expansion and construction projects in the pipeline. However these new operations are expected to incur pre-operating and start-up costs. These may erode EBITDA and margins, although the Group will leverage fully on its experience to minimise such costs.

IHH Chairman, Tan Sri Dato' Dr Abu Bakar Bin Suleiman, said: "We are heartened by IHH's sterling performance for its maiden full-year results. This is less than a year into our dual listing and there is still much for us to achieve. We see opportunities in the region for the year ahead and will continue to build on our past year's performance. The global economy is expected to remain sluggish in its pace of recovery in 2013 and we expect that these weaknesses will affect the markets we operate in. However, we remain cautiously optimistic that the Group will achieve satisfactory performance for the year ahead."

IHH Managing Director, Dr Lim Cheok Peng, said: "IHH has undergone rapid growth and changes in 2012, with the acquisition of Acibadem and significant expansion into a new region and the public listing of the company. 2013 will be another exciting year with a strong pipeline of expansion projects across multiple markets. We fully expect to leverage on our depth of experience to escalate the ramp-up of these new operations and ensure IHH is well-positioned to capture all the growth opportunities in our home and target markets. We will also continue to extract further synergies and efficiencies from our scale, even as we ensure the best quality care and outcome for patients that is the hallmark of all IHH healthcare services."

For further information or to speak to an IHH spokesperson, please contact:

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About IHH Healthcare Berhad ("IHH")
IHH Healthcare Berhad is a leading premium healthcare provider in markets where the demand for quality care is strong and growing. We are the second largest healthcare group in the world by market capitalisation and are listed on the Main Market of Bursa Malaysia and Main Board of SGX-ST. Our companies offer the full spectrum of integrated healthcare services from clinics to hospitals to quaternary care and a wide range of ancillary services including medical education. We are the leading player in our home markets of Singapore, Malaysia and Turkey, and key markets of the People's Republic of China (PRC), Hong Kong and India. We are also present in Vietnam, Brunei and Macedonia. We employ more than 24,000 people and operate over 4,900 licensed beds across 32 hospitals worldwide. Our "Mount Elizabeth", "Gleneagles", "Pantai" and "Acibadem" brands are among the most prestigious in Asia and Central and Eastern Europe, with a growing presence in the Middle East and North Africa. www.ihh-healthcare.com

APPENDIX I

Financial Results Highlights

Unaudited condensed consolidated statements of comprehensive income for the financial period ended 31 December 2012

Group performance

	4th Quarter ended		Variance	YTD (12 months ended)		Variance
	31 Dec 2012	**30 Dec 2011**		**31 Dec 2012**	**31 Dec 2011**	
	RM million		%	RM million		%
Revenue	1,519.3	848.0	79	6,981.9	3,328.8	110
EBITDA	303.1	152.6	99	1,376.3	658.2	109
PATMI	195.9	52.0	NM	798.9	373.5	114
PATMI (excluding exceptional items)	146.6	106.3	38	686.6	439.7	56

Includes the following effects of profit recognition from the sale of medical suites:

	QTD* Dec '12	YTD Dec '12
Revenue	-	1,209.6 mil
EBITDA	26.7 mil	265.0 mil
PATMI	22.6 mil	216.2 mil

* QTD movements mainly due to savings in construction costs which resulted in the reversal of over-accruals of development costs for Mount E. Novena medical suites

Group performance

(adjusted to exclude the sale of the Mount E. Novena Medical Suites)

	4th Quarter ended		Variance	YTD (12 months ended)		Variance
	31 Dec 2012	**30 Dec 2011**		**31 Dec 2012**	**31 Dec 2011**	
	RM million		%	RM million		%
Revenue	1,519.3	848.0	79	5,772.4	3,328.8	73
EBITDA	276.3	152.6	81	1,111.3	658.2	69
PATMI	173.3	52.0	NM	582.7	373.5	56
PATMI (excluding exceptional items)	124.0	106.3	17	470.4	439.7	7