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IHH Healthcare Berhad

IHH continues on growth path with solid Q1 results

- Group revenue & EBITDA in Q1 rose 29% and 24% YoY to RM1.6 billion and RM347.6 million respectively*
- PATMI increased by 3% YOY to RM113.7 million but excluding exceptional items increased by 18% YoY to RM119.9 million*
- Positive growth trend for inpatient admission volumes across Singapore, Malaysia and Turkey against same period last year
- Other operational highlights include: Narrowing of EBITDA losses for new hospitals Mount Elizabeth Novena and Acibadem Ankara; Gleneagles Hong Kong Hospital is now in planning stage, Vietnam City International Hospital about to be commissioned

KUALA LUMPUR/SINGAPORE, 23rd May 2013 – IHH Healthcare Berhad ("**IHH**" or the "**Group**"), today announced continued revenue growth and steady performance across key financial and operational metrics for its quarter ended 31 March 2013.

Group revenue for Q1 grew by 29% YoY to RM1.6 billion from RM1.2 billion in the same period last year while earnings before interest, taxes, depreciation, amortisation, exchange differences & other non-operational items ("EBITDA") also registered a solid 24% increase YoY to RM347.6 million from RM279.5 million. This reflected the healthy revenue contributions from existing hospitals and reduced losses from Mount Elizabeth Novena Hospital.

Profit after tax and minority interests ("PATMI") increased by a modest 3% YoY to RM113.7 million from RM110.1 million. Group PATMI excluding exceptional items, increased by 18% to RM119.9 million from RM101.8 million. This was a result of the growth in EBITDA and savings in financing costs after the repayment of Parkway and Acibadem acquisition loans from the utilisation of IPO proceeds, which also offset the incremental depreciation cost and financing cost relating to new hospitals. These numbers exclude the effects of the consolidation of ParkwayLife REIT ("PLife REIT") in both Q1 2013 and Q1 2012, and more accurately reflects the underlying performance of the Group's healthcare business.

The Group adopted MFRS10 consolidated financial statements effective from 1 January 2013 which resulted in PLife REIT being reclassified from an associate to subsidiary and Khubchandani Hospital Private Limited ("Khubchandani") reclassified from a subsidiary to a joint venture. Consequentially, PLife REIT was retrospectively consolidated whilst Khubchandani was retrospectively equity accounted.

* Numbers exclude ParkwayLife REIT , which was only retrospectively consolidated into IHH Group Financial statements in 1 January 2013 upon the adoption of MFRS10

Continued revenue growth and expanding patient volumes in existing operations

Parkway Pantai, the Group's largest operating subsidiary, registered a 12% increase in its Q1 revenue to RM917.7 million and an 11% increase in EBITDA to RM210.2 million, compared to the same period last year. This came on the back of continued demand for quality healthcare, growth in inpatient numbers and measures to improve cost efficiencies.

Parkway Pantai's Singapore operations had an 8% increase in inpatient volumes YoY in Q1 to 14,310, with a 3% increase in revenue intensities to RM20,671. This was in spite of temporary ward closures at Gleneagles Singapore and Mount Elizabeth Orchard Singapore during upgrading works. The increased capacity from the opening of Mount Elizabeth Novena Hospital ("Novena") also contributed to the expansion in patient volumes. In addition, the ramping up of operations at Novena resulted in RM37.2 million in revenue, a 15% increase from the previous quarter. Its EBITDA losses narrowed significantly from RM16.4 million in the previous quarter to RM3 million in Q1 2013.

Malaysia operations registered a 2% increase in inpatient volumes to 40,493, with revenue intensities increasing by 11% to RM4,599 per inpatient admission, due to more complex cases undertaken by the hospitals and price increases in response to inflation.

Acibadem, Turkey's largest private healthcare provider by registered beds[†] recorded a 68% increase in revenue contribution to RM637.1 million, and a 53% increase in EBITDA contribution to RM124.5 million. The increase resulted from the consolidation of Acibadem for the full three months of Q1 2013 versus only two months in Q1 2012.

On a like-for-like basis, Acibadem's revenue increased by 10% on the back of a 5% rise in inpatient admissions to 30,940 in Q1 2013. The expansion in patient volumes came from existing operations and its newly opened Acibadem Bodrum Hospital and Acibadem Ankara Hospital. However, revenue intensities dipped slightly on a YoY and QoQ basis due to fewer complex medical cases and a smaller pool of more revenue-intensive medical travellers.

Acibadem's EBITDA showed steady growth momentum QoQ due to continued revenue growth during the winter months and reduced EBITDA losses from the ramp-up of Acibadem Ankara Hospital.

IMU Health, IHH's medical education arm, grew revenue by 17% and EBITDA by 23% in Q1 compared to the same period last year with higher fee income from IMU Health's medical and nursing programmes. Pantai Education Sdn Bhd, which was transferred from Parkway Pantai to IMU Health in October 2012 and now renamed International Medical College, also contributed to the revenue growth.

***PLife REIT*'s** external revenue declined 5% in Q1 compared to the same period last year due to the weaker Japanese yen eroding revenue earned from its Japanese properties. However, its EBITDA grew 5% YoY in line with the increase in rental income earned from Parkway Pantai.

Strengthened balance sheet with positive free cashflow

The Group continued to strengthen its balance sheet thereby reducing its financing cost. In August 2012, the Group used its IPO proceeds to repay the Parkway and Acibadem acquisition loans. The Group also repaid some of its loans with the proceeds from the sale of 216 medical suites at Mount Elizabeth Novena Specialist Centre last year. In December 2012, the Group recapitalised Acibadem to repay approximately US$250 million of Acibadem's US-dollar denominated borrowings and various short-term debt. As at 31 March 2013, the Group continued to have a strong cash balance of RM1,710 million.

[†] Based on number of non-SGK and partial-SGK private hospital beds in Turkey.

With the adoption of MFRS10, the Group restated its net gearing to 0.41x as at 31 December 2012. As at 31 March 2013, gearing had been reduced to 0.34x.

Outlook and prospects

Patient volumes and revenue across the Group's home markets are expected to grow with the ramping up of new hospitals and the completion of various expansion and construction projects. However, the start-up costs, depreciation and finance costs associated with these new operations may erode the overall profitability of the Group.

The Group is also mindful that the industry-wide shortage of trained healthcare professionals in Singapore, Malaysia and Turkey and the general trend of rising operating costs and lease rental expenses could dampen the overall Group EBITDA and margins. The group will continue to actively manage its costs and seek various avenues to grow its revenues by entering underserved healthcare markets and engaging in strong public-private partnerships to deliver a reliable revenue stream to the Group.

In March 2013, through its 60%-owned GHK Hospital Limited ("GHK"), Parkway Pantai announced that it had won the bid for the acquisition of a site at Wong Chuk Hang in Aberdeen, Hong Kong Island, to construct, develop and operate a 500-bed hospital. The development is expected to involve a capital investment of approximately HKD5 billion, which is inclusive of land cost amounting to HKD1.688 billion paid in April 2013. The project will be funded by internally generated funds and bank borrowings. Gleneagles Hong Kong Hospital is expected to commence operations in late 2016 with a full range of clinical services to cater to rising demand for quality medical care in Hong Kong.

IHH Chairman, Tan Sri Dato' Dr Abu Bakar Bin Suleiman, said: "The Group is moving forward confidently. We continue to be excited about the opportunities for growth in our markets and our ability to deliver continuous and steady growth for our shareholders and investors."

IHH Managing Director, Dr Lim Cheok Peng, said: "We have performed well for the first quarter. We have new contracts and various expansion and construction projects in the pipeline and we expect these to contribute significantly to Group revenue going forward. However, we will continue to leverage on our experience to minimise start-up costs and extract further synergies and efficiencies from our scale."

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, the UAE and Macedonia. We employ more than 24,000 people and operate over 5,000 licensed beds across 33 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 profit or loss and other comprehensive income for the financial period ended 31 March 2013

Group performance

(excluding ParkwayLife REIT)*

	1st Quarter ended		Variance
	31 Mar 2013	**31 Mar 2012**	
	RM million		**%**
Revenue	1,604.6	1,241.2	29
EBITDA	347.6	279.5	24
PATMI	113.7	110.1	3
PATMI (excluding exceptional items)	119.9	101.8	18

**Note: Parkway Life REIT was retrospectively consolidated into IHH Group Financial Statements upon the adoption of MFRS10 on 1 January 2013*

Group performance

	1st Quarter ended		Variance
	31 Mar 2013	**31 Mar 2012**	
	RM million		**%**
Revenue	1,624.6	1,262.2	29
EBITDA	394.2	323.9	22
PATMI	127.3	122.8	4
PATMI (excluding exceptional items)	133.5	114.4	17