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IHH Healthcare Berhad

IHH maintains robust earnings in H1 2013

- Underlying revenue and EBITDA for Q2 2013 grew by 14% and 20% YoY to RM1.68 billion and RM419.6 million respectively

- PATMI, excluding exceptional items and recognition of the sale of medical suites[1], increased by 60% YoY to RM188.7 million

KUALA LUMPUR/SINGAPORE, 27th August 2013 – IHH Healthcare Berhad ("**IHH**" or the "**Group**"), today announced robust earnings for its H1 2013 results.

In the three months ended June 2013, IHH's revenue, excluding recognition of the sale of medical suites, grew by 14% YoY to RM1.68 billion from RM1.48 billion while earnings before interest, taxes, depreciation, amortisation, exchange differences & other non-operational items ("EBITDA") registered a solid 20% increase YoY to RM419.6 million from RM349.2 million.

The Group's robust earnings were buoyed by the ramp up of new hospitals this quarter. Its newest facility in Singapore, Mount Elizabeth Novena Hospital ("Novena"), turned EBITDA positive for this quarter.

Acibadem, which is equipped with state-of-the-art medical technology and high-quality medical personnel, demonstrated healthy earnings and improved EBITDA from its two new hospitals – Acibadem Ankara and Acibadem Bodrum – despite a seasonal dip in inpatient admissions volumes this quarter compared to Q1 2013. Acibadem Ankara, which opened in November 2012, turned EBITDA positive for this quarter while Acibadem Bodrum continued reducing its EBITDA losses.

Profit after tax and minority interests ("PATMI") this quarter, excluding exceptional items and recognition of the sale of medical suites, increased 60% YoY to RM188.7 million, due to the rise in EBITDA, savings in finance costs from repayment of short-term loans, and a one-off RM22.0 million tax credit this quarter relating to tax from a previous year. The rise in EBITDA is due to growth in existing operations and continued cost efficiencies.

In the six months ended June 2013, excluding the recognition of the sale of medical suites, the Group achieved 21% increase for both revenue and EBITDA compared to the same period last year. The strong performance was driven by organic growth of existing operations, ramping up of new

[1] 2012 includes the following effects of recognition of sale of medical suites:
Revenue – RM 1,209.6 million, EBITDA – RM 238.3 million, PATMI – RM 193.6 million

hospitals as well as the full 6 months consolidation of Acibadem Holding's performance in H1 2013 as compared to only 5 months consolidation in H1 2012 when the Group acquired Acibadem Holding on 24 January 2012.

The Group's YTD 2013 PATMI excluding exceptional items and the recognition of sale of medical suites increased 39% to RM322.1 million, compared to the same period a year ago.

Expanding revenue intensities and admissions in hospitals; impact of currency volatility

Parkway Pantai, the Group's largest operating subsidiary, registered an 11% increase YoY in its Q2 revenue to RM958.6 million, excluding recognition of the sale of medical suites. This was driven by continued demand for quality healthcare and growth in hospital inpatient numbers, and higher revenue intensities due to more complex cases and price increases to compensate for cost inflation. Despite increasing cost pressures, EBITDA of Parkway Pantai's existing operations grew on the back of higher revenues and mitigated by continuous cost control measures undertaken to improve cost efficiencies.

Parkway Pantai's Singapore operations had a 7% increase in inpatient volumes YoY in Q2 to 14,788, with a 5% increase in revenue intensities to RM20,829. Malaysia operations registered a 6% increase in inpatient volumes to 42,441, with revenue intensities increasing by 4% to RM4,465 per inpatient admission.

Acibadem, Turkey's largest private healthcare provider by registered beds[2], recorded an 18% revenue increase to RM652.2 million on the back of inpatient admissions at existing and new hospitals such as Ankara and Bodrum rising by 9% to 30,540 in Q2 2013. Average revenue per inpatient admission rose moderately by 2% to RM9,981 this quarter.

Acibadem's Q2 EBITDA increased 22% YoY to RM118.3 million due to strong revenue and reduced EBITDA losses from start-up costs at its new hospitals.

IMU Health, IHH's medical education arm, grew revenue by 22% in Q2 compared to the same period last year with higher fee income from IMU Health's medical and nursing programmes. EBITDA grew in line with revenue.

PLife REIT, a REIT with a portfolio of healthcare properties that IHH manages indirectly, reported a 21% YoY decline in external revenue in Q2 due to the weaker Japanese yen eroding revenue earned from its Japanese properties. EBITDA was correspondingly affected and decreased by 2% but this was mitigated by the increase in intersegment rental income earned from Parkway Pantai.

Outlook and prospects

The Group has a healthy pipeline of new projects across its home markets of Malaysia and Turkey that are progressing on schedule, and are expected to boost patient volume and revenue growth upon completion. However, as the Group continues to make investments in new operations, in the short term, the Group would incur start-up costs, depreciation and finance costs associated with these new operations that may erode the Group's overall profitability.

With the new capacity provided by Novena, Parkway Pantai's Singapore operations will be able to meet the growth in inpatient volumes and the Group is generally optimistic that the hospital will continue to contribute to the Group's EBITDA improvement for the rest of the year. Acibadem Holding's patient volume is also expected to grow year-on-year as the newly opened hospitals – Acibadem Ankara and Bodrum – ramp up their operations and have higher utilisation. Moreover, Acibadem Bodrum Hospital is expected to experience an increase in patient volumes during the

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

summer months in Turkey when domestic and foreign medical travellers seek treatment in Bodrum. Acibadem Hakali Hospital, with a planned capacity of 270 beds, is expected to be operational by the end of this year and would contribute to the Group's revenues.

As IHH actively evaluates growth opportunities across Asia, as well as the Central and Eastern Europe, Middle East and North Africa regions, the Group is mindful of its exposure to currency volatility in the countries in which it operates. It also continues to face a shortage of trained healthcare professionals in Singapore, Malaysia and Turkey, which could increase staff and hiring costs, potentially dampening overall Group EBITDA and margins. The Group will continue to actively manage its costs.

IHH Chairman, Tan Sri Dato' Dr Abu Bakar Bin Suleiman, said: "As the Group maintains robust results, we continue to forge ahead to deliver continuous and steady growth for our shareholders and investors. Barring unforeseen circumstances, the Group is cautiously optimistic that it will achieve satisfactory performance in the year ahead."

IHH Managing Director, Dr Lim Cheok Peng, said: "We are pleased with our performance this quarter and with our pipeline of projects, that are on schedule to contribute significantly to the Group going forward. Yet we remain mindful of the near-term macroeconomic challenges and will continue to actively manage costs, even as we evaluate and capitalise on the exciting opportunities that we see in our home and key markets."

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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 30 June 2013

Group performance
(including recognition of sale of medical suites)*

	2nd Quarter ended		Variance	YTD (6 months ended)		Variance
	30-Jun-2013	30-Jun-2012		30-Jun-2013	30-Jun-2012	
	RM million		%	RM million		%
Revenue	1,680.0	2,688.6	-38	3,304.6	3,950.8	-16
EBITDA	419.6	587.6	-29	813.8	911.5	-11
PATMI	156.8	398.9	-61	284.0	521.7	-46
PATMI (excluding exceptional items)	188.7	311.3	-39	322.1	425.8	-24

**Note: 2012 includes the following effects of recognition of sale of medical suites:*
Revenue – RM 1,209.6 million
EBITDA – RM 238.3 million
PATMI – RM 193.6 million

Group performance
(excluding recognition of sale of medical suites)*

	2nd Quarter ended		Variance	YTD (6 months ended)		Variance
	30-Jun-2013	30-Jun-2012		30-Jun-2013	30-Jun-2012	
	RM million		%	RM million		%
Revenue	1,680.0	1,479.1	14	3,304.6	2,741.3	21
EBITDA	419.6	349.2	20	813.8	673.1	21
PATMI	156.8	205.3	-24	284.0	328.1	-13
PATMI (excluding exceptional items)	188.7	117.7	60	322.1	232.1	39