



## IHH Healthcare Berhad

### IHH delivers continued robust performance in Q3 2013

- Group revenue and EBITDA for Q3 2013 grew by 13% and 30% YoY, to RM1.7 billion and RM393.9 million respectively.
- PATMI, excluding exceptional items, grew 63% YoY to RM138.3 million.
- Strong contribution from three new hospitals opened in FY2012 compared to pre-operating and start-up losses incurred last year. Acibadem Ankara and Bodrum Hospitals achieved positive EBITDA in 3Q13.

KUALA LUMPUR/SINGAPORE, 26<sup>th</sup> November 2013 – IHH Healthcare Berhad (“IHH” or the “Group”) today announced continued double-digit increases in revenue and EBITDA for its Q3 2013 results compared to previous year due to combination of organic growth in ongoing operations and stronger performances from new hospitals.

**In the three months ended September 2013**, IHH’s revenue grew by 13% YoY to RM1.7 billion from RM1.5 billion while profit after tax and minority interests (“PATMI”), excluding exceptional items, increased 63% YoY to RM138.3 million, driven by growth in earnings before interest, taxes, depreciation and amortisation (“EBITDA”) as well as savings in finance costs.

The solid 30% YoY increase in EBITDA to RM393.9 million from RM303.0 million was due to continued strong earnings from its existing hospitals and the ramping up of new hospitals. Acibadem Bodrum Hospital, which commenced operations in June 2012 and is in the tourist town of Bodrum, turned EBITDA positive this quarter due to higher patient volumes during the summer months. Mount Elizabeth Novena Hospital, which also opened in June 2012, and Acibadem Ankara Hospital, which opened in November 2012, contributed positively to the Group’s EBITDA in the quarter.

**On a quarter-on-quarter basis**, the Group’s bottom line reflected escalating cost pressures as Q3 2013 EBITDA dipped 6% while PATMI excluding exceptional items decreased by 27%. Q2 2013’s PATMI had been boosted by a one-off RM22.0 million tax credit relating to a prior year’s tax. However, the Group maintained revenue versus the previous quarter despite seasonal factors which typically make Q3 a slower quarter with lower inpatient admissions resulting from the summer months in Turkey, and the Ramadan and Hungry Ghost festival periods in Malaysia and Singapore.

**In the nine months ended September 2013**, the Group’s YTD 2013 PATMI excluding exceptional items and the recognition of sale of medical suites, increased 45% to RM460.4 million compared to the same period a year ago. Excluding the recognition of the sale of medical suites, the Group’s revenue increased by 18% and EBITDA was up 24%. The strong performance was driven by organic growth of existing operations, ramping up of new hospitals as well as the full nine months consolidation of Acibadem Holdings performance in YTD 2013, compared to only eight months consolidation in YTD 2012 after the Group acquired Acibadem Holdings on 24 January 2012.

***New hospitals performing well; revenue intensities continue to rise***

**Parkway Pantai**, the Group's largest operating subsidiary, registered a 15% rise YoY in its Q3 revenue to RM987.3 million. Continued demand for quality healthcare in Asia and the increased capacity in Singapore arising from the opening of Mount Elizabeth Novena Hospital in June 2012 led to a YoY jump in the number of inpatient admissions in Q3 2013.

The Singapore operations registered 7.1% growth in patient volumes YoY to 14,936, driven by the continued demand for quality healthcare locally and within the region.

Inpatient admissions in Q3 2013 at the Malaysia operations grew 8.9% YoY to 41,477.

Revenue intensities increased 6.3% in Singapore to approximately RM21,519, and by 7.9% YoY to approximately RM4,609 in Malaysia, reflecting more complex cases and price increases for procedures. Taken together, these contributed to an overall 15% YoY rise in Parkway Pantai's revenue for Q3 2013.

Parkway Pantai continued to apply cost control measures to improve cost efficiencies with Mount Elizabeth Novena Hospital continuing to make significant improvements to its already-positive EBITDA.

**Acibadem** recorded a 10% revenue increase to RM612.0 million in Q3 2013, with collective inpatient admissions at its existing hospitals and recently-opened Ankara and Bodrum facilities rising 5.9% YoY to 28,307. Average revenue per inpatient admission rose moderately by 3.7% YoY to RM9,789 this quarter.

Acibadem's Q3 EBITDA increased from the year before, in part due to higher revenue and EBITDA contributions from the Ankara and Bodrum hospitals. However, revenue and EBITDA decreased on a quarter-on-quarter basis due to the lower summer-time hospital admissions in Turkey (with the exception of Bodrum), and higher costs due to fixed overheads.

**IMU Health**, IHH's medical education arm, recorded an 8% YoY increase in revenue in Q3 compared to the same period last year due to higher fee income from IMU Health's medical and nursing programmes. Consequently, EBITDA grew 17% YoY. On a quarter-on-quarter basis, seasonal factors meant IMU Health registered a 6% decline in revenue, as semester breaks for some its major medical courses occurred during the quarter.

**PLife REIT**, a REIT with a portfolio of healthcare properties that IHH manages indirectly, reported a 14% YoY decline in external revenue in Q3 due to the weaker Japanese yen but this was partially offset by rental income contribution from two Japanese nursing home properties acquired in July 2013. The weaker yen impact was also mitigated by the increase in intersegment rental income earned from Parkway Pantai, leading to Q3 EBITDA being flat compared to a year ago.

***Outlook and prospects***

The Group expects patient volumes across its home markets to grow for the rest of the year and believes that its pipeline of new projects, which are progressing on schedule, will continue to meet underserved demand for quality healthcare.

In Turkey, patient numbers are expected to expand at Acibadem Ankara, Acibadem Bodrum and Acibadem Halkali, a 270-bed facility expected to commence operations at end-2013. Acibadem has also approved two new greenfield hospital projects in Istanbul – a 120-bedder in Kartal, and a 180-bedder in Atasehir. Kartal is targeted for completion sometime in 2015 while negotiations with the landlord for the rental agreement for Atasehir are ongoing.

Overall, the Group is paying close attention to inflationary pressures on rental and other operating costs. These are expected to come from higher salaries and wages to attract and retain staff, as demand for trained healthcare professionals in the Group's home markets increase. As IHH actively evaluates growth opportunities across Asia, as well as the Central and Eastern Europe, Middle East and North Africa regions, it is also mindful of its exposure to currency volatility in the countries in which it operates.

**IHH Chairman, Tan Sri Dato' Dr Abu Bakar Bin Suleiman**, said: "We are pleased with IHH's continued robust results and by the performance of our new projects to date. The Group is cognisant of the macroeconomic uncertainties and the corresponding risks to our business, and is proactively working towards mitigating any potential impact. Barring unforeseen circumstances, the Group is cautiously optimistic that it will achieve satisfactory performance for the year."

**IHH Managing Director, Dr Lim Cheok Peng**, said: "The upward trend in revenue intensities and expected continuation of strong patient volumes with our new projects coming on-stream to meet the demand for quality healthcare are positive for the Group. We continue to evaluate and capitalise on the exciting opportunities that we see in our home and key markets while also following through on measures to streamline operating costs, to improve cost efficiencies at our existing hospitals."

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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](http://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 September 2013

#### **Group performance**

*(including recognition of sale of medical suites\*)*

	3rd Quarter ended		Variance	YTD (9 months ended)		Variance
	30-Sept-2013	30-Sept-2012		30-Sept-2013	30-Sept-2012	
	RM million		%	RM million		%
Revenue	1,671.7	1,483.9	13	4,976.3	5,434.8	-8
EBITDA	393.9	303.0	30	1,207.7	1,214.5	-1
PATMI	117.0	72.6	61	401.1	594.3	-33
PATMI (excluding exceptional items <sup>1</sup> )	138.3	84.8	63	460.4	510.6	-10

*\*Note: 2012 includes the following effects of recognition of sale of medical suites*

*Revenue: RM1,209.6 million*

*EBITDA: RM238.3 million*

*PATMI: RM193.6 million*

#### **Group performance**

*(excluding recognition of sale of medical suites\*)*

	3rd Quarter ended		Variance	YTD (9 months ended)		Variance
	30-Sept-2013	30-Sept-2012		30-Sept-2013	30-Sept-2012	
	RM million		%	RM million		%
Revenue	1,671.7	1,483.9	13	4,976.3	4,225.2	18
EBITDA	393.9	303.0	30	1,207.7	976.2	24
PATMI	117.0	72.6	61	401.1	400.7	0
PATMI (excluding exceptional items) <sup>2</sup>	138.3	84.8	63	460.4	317.0	45

<sup>1</sup> Exceptional items, net of tax and minority share