



IHH Healthcare Berhad

IHH Continues on Growth Path in Q3 FY14

- Headline revenue, EBITDA and PATMI grew 7%, 8%, 26% to RM1.78 billion, RM427.0 million and RM146.9 million respectively YoY
- Higher inpatient volumes and revenue intensity, and contribution from new hospitals drove growth in Q3
- Mount Elizabeth Novena Hospital revenue up 72% YoY and EBITDA more than doubled; Acibadem Atakent Hospital narrowed EBITDA losses as it continues to ramp up

KUALA LUMPUR/SINGAPORE, 25 November 2014 – IHH Healthcare Berhad (“IHH” or the “Group”), today announced strong third quarter results for the period ended September 30, 2014.

For the three months ended September 2014, headline revenue grew 7% to RM1.78 billion compared to the same period last year while earnings before interest, taxes, depreciation, amortisation, exchange differences & other non-operational items (“EBITDA”) increased by 8% year-on-year (YoY) to RM427.0 million. This resulted from higher inpatient volumes and average revenue for inpatient admission (revenue intensity) at existing operations and the contribution from new hospitals commencing operations.

Profit after tax and minority interests (“PATMI”) grew by 26% YoY to RM146.9 million on the back of EBITDA growth and lower interest expenses, offset slightly by higher depreciation costs.

The Group’s underlying operational performance was similarly robust. After stripping out exceptional items and the contribution from PLife REIT*, revenue grew 7% YoY to RM1.76 billion while EBITDA gained 8% YoY to RM374.5 million. Core earnings, or PATMI excluding exceptional items, improved 21% YoY to RM162.7 million.

For the nine months ended September 2014, revenue excluding contribution from PLife REIT* was 8% higher YoY at RM5.34 billion while EBITDA grew 12% YoY to RM1.19 billion. PATMI excluding exceptional items improved by 25% YoY to RM501.3 million.

The Group maintained its strong balance sheet, with net gearing at 0.10x as at the end of September 2014 compared to 0.12x as at end-December 2013. With strong operating cash flows, backed by a healthy cash balance of RM2.15 billion as at 30 September 2014, IHH remains in a strong position to support its capital expenditure commitments.

IHH Managing Director and CEO, Dr Tan See Leng, said: “We are pleased with the continued headline and core earnings growth despite seasonal factors which typically make Q3 a slower quarter. This reflects the robustness of our strategy to expand in high growth markets while optimising existing operations and bringing new hospitals onstream quickly. We remain in a strong financial position to drive our phased pipeline of projects going forward.”

* For a more accurate reflection of the Group’s underlying operating performance, the effects of the consolidation of PLife REIT, in which IHH owns a 35.8% indirect stake, should be stripped out

Segmental review: Operating leverage and new hospitals drive growth

Parkway Pantai, the Group's largest operating subsidiary, reported 10% YoY growth in revenue to RM1.08 billion and an 11% increase in EBITDA to RM269.3 million in Q3 FY2014. This was primarily due to the continued ramp up of Mount Elizabeth Novena Hospital in Singapore. The EBITDA growth was achieved in spite of increment in nurse's salaries in Q3 2014, start-up losses recorded for the newly opened Pantai Hospital Manjung and pre-operating expenses for Gleneagles Hong Kong Hospital.

Mount Elizabeth Novena Hospital's revenue jumped 72% YoY to RM95.6 million in Q3 2014, and its EBITDA of RM24.9 million was more than double the RM11.9 million the year before.

Parkway Pantai's Singapore hospitals saw a 12.1% increase in inpatient admissions YoY at 16,741 cases. The increase in local patients and foreign patients from non-traditional markets such as the Middle East and Myanmar contributed to the growth. Inpatient volumes at Parkway Pantai's Malaysia hospitals recorded 10.2% more cases at 45,719 in Q3 2014. Revenue intensity increased 2.5% YoY to RM21,979 in Singapore and increased 7.8% to RM4,968 in Malaysia - a result of taking on more complex cases and price adjustments to compensate for inflation.

Acibadem Holdings, Turkey's largest private healthcare provider by registered beds, registered a revenue increase of 1% YoY to RM616.6 million while EBITDA fell 2% to RM89.2 million respectively in Q3 2014. However, underlying performance was strong - in constant currency terms, revenue and EBITDA increased by 12% and 8% respectively over last year.

Topline growth was driven by strong performance at its existing hospitals, the continued ramp up of Acibadem Ankara Hospital and Acibadem Bodrum Hospital, as well as revenue contribution from the newly opened Acibadem Atakent Hospital.

Inpatient admissions grew 10.5% to 31,279 in Q3 2014, which resulted in greater operating leverage. This was supported by a 1.7% rise in average revenue per inpatient admission to RM9,034. Acibadem Atakent, which continues to ramp up, narrowed EBITDA losses from the previous quarter as it saw increased inpatient volumes.

IMU Health, the Group's education arm, posted a 13% YoY growth in revenue to RM54.1 million in Q3 2014 and an 8% increase in EBITDA to RM19.6 million. The performance was driven by a higher student intake and an increase in course fees for IMU Health's medical programmes.

PLife REIT, which has a portfolio of 47 healthcare-related properties, saw external revenue grow by 18% YoY to RM23.8 million, while EBITDA was 9% higher than Q3 FY2013 at RM52.4 million. The higher external revenue was attributed to rental income contribution from a portfolio of Japanese properties acquired by the PLife REIT in the first quarter of 2014.

Outlook and prospects

The Group continues to believe that emerging markets will see strong demand for quality private healthcare, in the face of changing demographics in its home markets, rising affluence and an increasing number of medical travellers from non-traditional markets.

IHH expects higher staff costs and other inflationary pressures to affect the Group for the rest of the year but will take mitigating action through price adjustments while improving operating leverage. The Group's diverse geographical footprint also makes it susceptible to currency volatility. As such, IHH continues to monitor and minimise currency risks proactively. Barring unforeseen circumstances, the Group is confident about achieving earnings growth for the year ahead.

IHH Chairman, Tan Sri Dato' Dr Abu Bakar Bin Suleiman, said: "We have demonstrated once more that our growth is sustainable and scalable with this strong set of results in Q3 FY2014. We remain positive about the attractive growth prospects for our industry and confident that IHH is in a position of strength to continue creating value for our shareholders."

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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, Macedonia and Iraq. We employ more than 25,000 people and operate over 6,000 licensed beds across 37 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 30 September 2014

Core Group performance

(adjusted to exclude contribution from PLife REIT)

	3 rd Quarter ended		Variance	Variance (@ constant currency)	YTD (9 months ended)		Variance	Variance (@ constant currency)
	30 Sep 2014	30 Sep 2013			30 Sep 2014	30 Sep 2013		
	RM million		%	%	RM million		%	%
Revenue	1,760.1	1,651.5	7	11	5,335.2	4,918.0	8	12
EBITDA	374.5	345.6	8	11	1,194.0	1,067.5	12	14
PATMI	132.7	105.2	26	21	475.6	364.0	31	29
PATMI (excluding exceptional items)	162.7	134.7	21	19	501.3	401.4	25	24

Headline Group performance

	3 rd Quarter ended		Variance	YTD (9 months ended)		Variance
	30 Sep 2014	30 Sep 2013		30 Sep 2014	30 Sep 2013	
	RM million		%	RM million		%
Revenue	1,783.9	1,671.7	7	5,406.6	4,976.3	9
EBITDA	427.0	393.9	8	1,351.5	1,207.7	12
PATMI	146.9	117.0	26	515.1	401.1	28
PATMI (excluding exceptional items)	176.9	146.6	21	540.8	438.4	23