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IHH Healthcare Berhad

IHH Achieves Sterling Growth in Q4 FY14, Recommends 3 sen Dividend

- IHH Board of Directors recommends 3 sen dividend per share
- For Q4 2014, revenue, EBITDA and PATMI (less exceptional items) grew 9%, 30% and 42% to RM1.9b, RM587.5m and RM244.2m respectively
- For the full year, the Group's revenue, EBITDA and PATMI (less exceptional items) grew 9%, 17% and 29% to RM7.3b, RM1.9b and RM785.0m respectively

KUALA LUMPUR/SINGAPORE, 26 February 2015 – IHH Healthcare Berhad ("**IHH**" or the "**Group**"), a leading premium healthcare provider, today announced strong results for the quarter and financial year ended 31 December 2014. The Board of Directors has recommended a first and final single tier cash dividend of 3 sen per ordinary share for the financial year ended 31 December 2014, an increase of 1 sen from the previous corresponding period.

For the three months ended 31 December 2014, IHH achieved sterling growth across all financial metrics with headline revenue increasing 9% year-on-year (YoY) to RM1.9 billion; earnings before interest, tax, depreciation, amortisation, exchange differences & other non-operational items ("EBITDA") increasing 30% to RM587.5 million; and profit after tax and minority interests ("PATMI") excluding exceptional items increasing 42% to RM244.2 million.

The revenue increase was primarily driven by higher inpatient admissions and revenue intensities from existing operations; and the commencement of operations of the newly opened hospitals, Acibadem Atakent Hospital in Turkey and Pantai Hospital Manjung in Malaysia. EBITDA growth was driven by higher revenue, and included the recognition of a revaluation gain for PLife REIT's investment properties of RM52.7 million and a divestment gain of RM36.4 million from its sale of seven nursing homes in December 2014.

Stripping out the effects of PLife REIT[*], the Group's underlying operational EBITDA and PATMI (excluding exceptional items) achieved more than double-digit growth of 10% and 26% to RM446.6 million and RM202.8 million respectively.

For the full year ended 31 December 2014, IHH again demonstrated robust growth across all key metrics. Headline revenue grew 9% YoY to RM7.3 billion, which lifted EBITDA up 17% to RM 1.9 billion, which in turn spurred PATMI (excluding exceptional items) to increase 29% to RM 785.0 million. The Group's underlying operational performance, which strips out the

[*] 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, as well as the impact from one-off exceptional items, should be stripped out.

effects of PLife REIT*, was similarly robust with EBITDA up 11% to RM 1.6 billion, and PATMI (excluding exceptional items) was up 25% to RM 704.1 million.

The Group also improved on an already strong balance sheet position, with net gearing down to 0.08 times as at the end of FY2014 from 0.12 times as at the end of FY2013. Its cash balance stands at a significant RM2.5 billion at the end of FY2014, supported by strong operating cash flows.

IHH Managing Director and CEO, Dr Tan See Leng, said: "We are pleased to have delivered another solid set of results, which reinforces our strategy of expanding in high-growth markets while optimising current operations and ramping up new hospitals quickly.

Our 40-year track record will allow us to sustain our growth momentum going forward and we look forward to bringing onstream our robust pipeline of phased expansion projects across multiple markets."

Segmental review for Q4 2014

Parkway Pantai, the Group's largest operating subsidiary, saw revenue grow 11% YoY to RM1.1 billion and EBITDA was 8% higher at RM291.7 million. The strong performance was primarily due to the continued ramp up of Mount Elizabeth Novena Hospital in Singapore, which grew revenue by 59% YoY to RM97.6 million and more than doubled EBITDA to RM25.7 million.

With a greater number of local patients, as well as foreign patients from non-traditional markets such as the Middle East, inpatient admissions at Parkway Pantai's Singapore hospitals grew 6.8% to 16,264 from the year before. At its Malaysia hospitals, patient volumes edged up 1.9% to 47,188. As a result of taking on more complex cases and adjusting prices to compensate for inflation, Parkway Pantai also increased revenue intensity by 7.4% to RM23,736 in Singapore and 11.5% to RM4,993 in Malaysia.

Acibadem Holdings, Turkey's largest private healthcare provider by registered beds, posted revenue growth of 5% YoY to RM719.9 million while EBITDA increased 16% to RM149.3 million. On a constant currency basis, revenue and EBITDA improved by 12% and 24% respectively, reflecting its strong underlying performance.

Inpatient admissions grew by 12.7% to 34,139, resulting in greater operating leverage from higher patient volumes, while the average revenue per inpatient admission rose 8.4% to RM10,286 as more complex cases were undertaken.

IMU Health, the Group's education arm, posted a 15% YoY growth in revenue to RM55.9 million while EBITDA decreased 18% to RM12.1 million. While it earned more revenue due to higher student intake and increase in course fees for its medical programmes, IMU Health also incurred higher expenses for marketing and recruiting activities, as well as maintenance and staff costs to cope with the higher student intake.

PLife REIT, which has a portfolio of 41 healthcare-related properties as at 31 December 2014, reported flat external revenue against the previous year at RM22.9 million, as the translational effects from a weaker yen offset higher rental income from its properties. EBITDA more than tripled to RM140.9 million from a revaluation gain of RM52.7 million on its investment properties and a divestment gain of RM36.4 million from its sale of a portfolio of Japanese nursing homes in December 2014.

Outlook and prospects

The Group is confident that demand for quality private healthcare remains strong for its home markets and the surrounding regions. With the expansion of existing facilities and the opening of new facilities across its home markets, which will deliver more than 9,000 new beds by 2017, IHH has sufficient capacity to support this increased demand. This would in turn drive revenue growth.

IHH expects cost pressures from wage inflation due to increased competition for trained healthcare personnel and the implementation of a Goods and Services Tax (GST) in Malaysia. The Group expects to mitigate its impact by adjusting prices and improving operating leverage as patient volumes continues growing. IHH's diverse geographical footprint also makes it susceptible to currency volatility. Therefore, it would continue to monitor and minimise currency risks proactively.

IHH Chairman, Tan Sri Dato' Dr Abu Bakar Bin Suleiman, said: "Our continued solid performance and strong balance sheet has demonstrated that we are able to again provide our shareholders with an attractive dividend through our dividend policy. We remain focused on continue delivering sustained growth and 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 approximately 7,000 licensed beds across 38 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.ihhhealthcare.com

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APPENDIX I

Financial Results Highlights

Unaudited condensed consolidated statements of comprehensive income for the financial period ended 31 December 2014

Headline Group performance

	4th Quarter ended			YTD (full year ended)		
	31 Dec 2014	31 Dec 2013	Variance	31 Dec 2014	31 Dec 2013	Variance
	RM million		%	RM million		%
Revenue	1,937.4	1,780.1	9	7,344.0	6,756.5	9
EBITDA	587.5	450.6	30	1,939.0	1,658.3	17
PATMI	239.2	230.1	4	754.3	631.2	20
PATMI (excluding exceptional items)	244.2	172.1	42	785.0	610.6	29

Core Group performance

(adjusted to exclude contribution from PLife REIT and exceptional items)

	4th Quarter ended				YTD (full year ended)			
	31 Dec 2014	31 Dec 2013	Variance	Variance (@ constant currency)	31 Dec 2014	31 Dec 2013	Variance	Variance (@ constant currency)
	RM million		%		RM million		%	
Revenue	1,914.5	1,757.3	9	11	7,249.7	6,675.3	9	12
EBITDA	446.6	406.3	10	12	1,640.6	1,473.8	11	13
PATMI	197.8	219.0	-10	-8	673.4	583.0	15	15
PATMI (excluding exceptional items)	202.8	161.0	26	28	704.1	562.4	25	25