



IHH Healthcare Berhad

IHH Reports Sustained Growth in Q1 2015

- Headline revenue, EBITDA and PATMI (less exceptional items) grew by 14%, 16% and 32% YoY to RM2.0 billion, RM506.0 million and RM227.8 million respectively
- Diversified operations, continued organic growth and new hospitals helped to drive strong financial growth and offset impact from weak Lira
- Mount Elizabeth Novena Hospital turned PATMI positive; Opening of Gleneagles Kota Kinabalu in May 2015; Continental Hospitals will contribute from Q2 FY2015

KUALA LUMPUR/SINGAPORE, 28 May 2015 – IHH Healthcare Berhad (“IHH” or the “Group”), a leading premium healthcare provider, today announced robust growth for the first quarter ended 31 March, 2015 (“Q1 2015”).

Headline revenue grew 14% year-on-year (YoY) to RM2.0 billion, while earnings before interest, tax, depreciation, amortisation, exchange differences & other non-operational items (“EBITDA”) posted a 16% increase to RM506.0 million. Profit after tax and minority interests (“PATMI”) excluding exceptional items grew 32% to RM227.8 million.

The increase in revenue and EBITDA were primarily driven by higher inpatient admissions and revenue intensities overall and the ramp up of operations of Acibadem Atakent Hospital in Turkey and Pantai Hospital Manjung in Malaysia - both of which opened in 2014. Strong EBITDA growth in turn drove PATMI performance.

Stripping out the effects of PLife REIT*, the Group’s underlying operational EBITDA and PATMI (excluding exceptional items) achieved strong double-digit growth of 17% and 34% to RM452.4 million and RM214.7 million respectively.

The Group reaped the benefits of its diversified operations of 39 hospitals across 10 countries, as a strong Singapore Dollar helped to offset the translational loss of a weak Lira to the Group’s reporting currency, the Malaysia Ringgit. The weak Lira eroded Group revenue and EBITDA and IHH also recognised an RM116.4 million exchange loss from the translation of Acibadem Holdings’ non-Lira borrowings in Q1 2015.

IHH continued to be in a strong financial position. Net gearing edged up marginally on higher loans taken out to fund expansion and acquisition plans, including the purchase of a 51% stake

* 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.

in India's Continental Hospitals on 23 March 2015, but remained at a healthy level of 0.11 times as at the end of March 2015. Its cash balance was a significant RM2.2 billion.

IHH Managing Director and CEO, Dr Tan See Leng, said: "With another solid set of results behind us, we reaffirm the soundness of our differentiated strategy of expanding in high-growth markets while delivering organic growth and ramping up new hospitals quickly.

We look forward to a strong pipeline of beds coming on-stream this year and we will continue to extract operating leverage from our diversified operations."

Segmental review for Q1 2015

Parkway Pantai, the Group's largest operating subsidiary, saw revenue grow 14% YoY to RM1.2 billion while EBITDA gained 15% to RM297.1 million. This was mainly due to the continued ramp-up of Mount Elizabeth Novena Hospital in Singapore, which posted a 34% increase in revenue to RM105.0 million and a 73%, YoY jump in EBITDA to RM31.5 million. The hospital, which has only been in operations for less than three years, also turned PATMI positive in Q1 2015, as it boosted its revenue and optimised resources with increasing patient volumes.

Parkway Pantai's Singapore hospitals saw 7.2% more patients YoY to 16,322 inpatient admissions, driven mainly by an increase in local patients. Patient volumes at its Malaysia hospitals were flat at 44,740 inpatient admissions. As a result of taking on more complex cases and adjusting prices to counter cost inflation, revenue intensity increased by 2.0% to RM24,392 in Singapore and 13.8% to RM5,412 in Malaysia compared to Q1 2014.

Acibadem Holdings, Turkey's largest private healthcare provider by registered beds, reported a 15% YoY growth in revenue to RM736.6 million and a 27% increase in EBITDA to RM148.2 million in Q1 2015. This was led by organic growth at its existing hospitals and the continued ramping up of Acibadem Ankara Hospital, Acibadem Bodrum Hospital and the one year-old Acibadem Atakent Hospital. Acibadem Atakent Hospital reported revenue of RM58.6 million in Q1 2015, compared to RM14.7 million during the same period of 2014.

Inpatient admissions grew by 2.6% to 33,616, resulting in greater operating leverage. The average revenue per inpatient admission rose 10.4% to RM9,565 from taking on more complex cases and price increases to compensate for cost inflation.

IMU Health, the Group's medical education arm, posted a 13% growth in revenue to RM57.1 million and EBITDA increased by 9% to RM23.1 million on a higher student intake.

PLife REIT, which has a portfolio of 47 healthcare-related properties as at 31 March 2015, reported a 1% decline in external revenue on the translation effects of a weakening Japanese Yen, but EBITDA grew 3% due to higher rental income from its Singapore properties, which were leased to Parkway Pantai.

Outlook and Prospects

The Group expects to have sufficient capacity to meet increased demand for quality private healthcare across its home markets through the expansion of existing facilities and opening of new ones. This is expected to bring the total number of beds to over 10,000 beds by 2017.

In 2015, IHH expects to see several notable projects come on stream to contribute to the Group's revenue. In Turkey, Acibadem Taksim Hospital and a new cancer centre at Acibadem Bodrum Hospital are slated for completion while the expansion at Acibadem Sistina Skopje Hospital in Macedonia is also expected to be concluded in 2015. Zekeriya Medical Centre, which is located next to Acibadem Maslak Hospital, commenced operations in April 2015 and will contribute to Acibadem Holdings' revenue in subsequent quarters. In Malaysia, expansion works at Pantai Hospital Kuala Lumpur completed in March and the expansion of Gleneagles Hospital Kuala Lumpur is expected to be finished during the year. Gleneagles Kota Kinabalu commenced operations in May 2015 and will contribute to the Group's revenues as it progressively ramps up. In addition, IHH's recent acquisition on 23 March 2015, India's Continental Hospitals, will begin contributing to Group performance from Q2 2015 onwards.

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

IHH Chairman, Tan Sri Dato' Dr Abu Bakar bin Suleiman, said: "We have sustained a strong pace of growth as we approach the halfway point of our five-year growth plan. I remain confident that with our sterling track record and sound business strategy, we can continue to deliver superior care to patients while creating long-term, sustainable value for 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 7,000 licensed beds across 39 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

APPENDIX I**Financial Results Highlights**

Unaudited condensed consolidated statements of comprehensive income for the financial period ended 31 March 2015

Headline Group performance

	1st Quarter ended		
	<u>31 Mar 2015</u>	<u>31 Mar 2014</u>	Variance
	RM million		%
Revenue	2,000.3	1,757.6	14
EBITDA	506.0	438.0	16
PATMI	171.5	159.1	8
PATMI (excluding exceptional items)	227.8	172.9	32

Core Group performance

(adjusted to exclude contribution from PLife REIT)

	YTD ended			Variance (@ constant currency)
	<u>31 Mar 2015</u>	<u>31 Mar 2014</u>	Variance	
	RM million		%	%
Revenue	1,980.3	1,734.7	14	13
EBITDA	452.4	386.2	17	16
PATMI	158.4	146.9	8	4
PATMI (excluding exceptional items)	214.7	160.7	34	30