



IHH Healthcare Berhad

### **IHH Delivers Solid Performance in FY2015, Recommends 3 sen Dividend**

- *Q4 2015 revenue and EBITDA grew by 18% and 5% to RM2.3 billion and RM614.3 million respectively YoY; headline PATMI up 74% YoY to RM415.8 million; operational PATMI\* down 11% to RM177.0 million on costs incurred to finance the India acquisitions and higher depreciation expenses*
- *For the full year, revenue and EBITDA grew by 15% and 11% YoY to RM8.5 billion and RM2.1 billion respectively; headline PATMI up 24% to RM933.9 million; operational PATMI\* up 17% to RM820.8 million*
- *Consolidation of newly acquired India hospitals in Q4 2015*
- *IHH Board of Directors recommends dividend of 3 sen per share for FY2015*

**KUALA LUMPUR/SINGAPORE, 25 February 2016** – IHH Healthcare Berhad (“IHH” or the “Group”), a leading premium healthcare provider, today announced financial results for the fourth quarter (“Q4 2015”) and financial year (“FY2015”) ended 31 December 2015. The Board of Directors recommended a first and final dividend of 3 sen per ordinary share for the full year.

**For the fourth quarter 2015 ended 31 December 2015**, revenue and earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“EBITDA”) grew 18% and 5% respectively year-on-year (“YoY”) to RM2.3 billion and RM614.3 million. The revenue increase was driven by sustained organic growth at existing hospitals and ramp up of its newer hospitals: Acibadem Atakent Hospital and Acibadem Taksim Hospital in Turkey, as well as Pantai Hospital Manjung, Gleneagles Medini Hospital and Gleneagles Kota Kinabalu Hospital in Malaysia. The consolidation of newly acquired Continental and Global Hospitals in India also contributed RM44.4 million to the Group’s Q4 2015 revenue.

Headline PATMI increased by 74% YoY to RM415.8 million on the back of exceptional gains, including a revaluation gain on investment properties, investment tax allowance and exchange gains on non-Turkish Lira denominated loans. Operational PATMI\* (excluding exceptional items and the contribution from PLife Reit) was down 11% to RM177.0 million due to financing costs for the acquisition of Global Hospitals, which closed during the quarter, loss from newly acquired hospitals and higher depreciation expenses primarily on the opening of new hospitals.

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\*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.

**For the full year ended 31 December, 2015**, IHH delivered strong financial growth across key metrics. Revenue grew 15% YoY to RM8.5 billion, lifting EBITDA by 11% to RM2.1 billion. As a result of robust EBITDA growth and the reversal of an over-provision of tax made in the previous year, operational PATMI\* improved by 17% to RM820.8 million.

The Group remained in a strong fiscal position as at the end of December 2015, with RM2.0 billion in cash and cash equivalents. Net gearing increased to a still-healthy and manageable 0.19 times from 0.08 times as at 31 December 2014, on planned capital expenditure and allocation of cash into money market funds and fixed deposit.

### **Operational Highlights**

The Group executed on its project pipeline while expanding across key growth markets and laying the foundation for continued leadership renewal and succession planning.

In October 2015, Acibadem Taksim Hospital in Turkey commenced its operations. Gleneagles Medini in Malaysia opened its doors to patients in November 2015. In December 2015, the Group completed its acquisition of Global Hospitals, a leading hospital group in India with 1,100 beds across five hospitals in key metro cities.

In January 2016, the Group formalised the lease agreement for its first tertiary facility in Western China, the 350-bed ParkwayHealth Chengdu Hospital, which is expected to open in the second half of 2017. Also in January, IHH broke ground on the US\$70 million, 250-bed Parkway Yangon hospital in Myanmar, marking its first foray into the country & the IndoChina region.

In the same month, IHH welcomed its new Chief Financial Officer, Mr Low Soon Teck and also promoted leaders to several key senior management appointments to further enhance Parkway Pantai's leadership bench strength.

***IHH Managing Director and CEO, Dr Tan See Leng***, said: "We are pleased to report a solid financial performance in FY2015 despite the ongoing volatility in the global economy. We have grown rapidly in the past few years, including undertaking transformational acquisitions to become a leading hospital player in India, making further inroads into the tertiary market in China and entering a new market in Myanmar.

Going forward, we will build on this success with our commitment to enhance service offerings in existing hospitals and continue to extract maximum business synergies. IHH will ensure a continued strong pipeline is brought onstream in 2017, including opening of new flagship hospitals in Hong Kong and China."

### **Segmental review for Q4 2015**

***Parkway Pantai***, the Group's largest operating subsidiary, reported a 22% YoY increase in revenue to RM1.4 billion while EBITDA improved 9% to RM318.2 million. This was mainly on the continued ramp up of Mount Elizabeth Novena Hospital in Singapore as well as strong

performances from its other operations. Mount Elizabeth Novena posted a 36% increase in revenue to RM132.5 million as compared to Q4 2014 and a 48% growth in EBITDA to RM37.9 million from greater operating leverage.

Inpatient admissions at Parkway Pantai's Singapore hospitals improved 6.6% YoY to 17,335, driven mainly by local patients. Revenue intensity, or average revenue per inpatient admission, grew by 1% to RM27,338. Patient volumes at its Malaysia operations decreased 3.2% to 45,675, on a general slowdown in consumption following a weaker Ringgit and the implementation of a Goods & Services Tax. However, revenue intensity increased 9.7% to RM5,475. The increase in revenue intensity in both markets was due to more complex cases being undertaken and an adjustment in prices to account for cost inflation.

**Acibadem Holdings**, Turkey's largest private healthcare provider by registered beds, reported a 13% growth in revenue to RM813.1 million and a 2% increase in EBITDA to RM150.0 million. This was led by organic growth at its existing hospitals and the continued ramp up of Acibadem Atakent Hospital, which nearly quadrupled its EBITDA at RM10.4 million compared to RM2.8 million in Q4 2014. Excluding the impact from the depreciation of the Turkish Lira, revenue and EBITDA would have grown by 15% and 3% respectively over last year, reflecting its strong underlying performance.

Inpatient admissions edged up by 0.7% YoY to 34,372 while revenue intensity registered a growth of 8.5% to RM11,092 as a result of taking on more complex cases and adjusting prices for inflation.

**IMU Health**, the Group's medical education arm, saw revenue grow by 8% at RM60.2 million due to increases in tuition fees for courses offered. EBITDA surged 68% to RM20.0 million on the higher revenue and lower expenses incurred for marketing activities and maintenance.

**PLife REIT**, which has a portfolio of 47 healthcare-related properties as at 31 December 2015, reported a 29% increase in external revenue to RM29.5 million on improved contribution from the nursing homes it acquired in 2015. EBITDA decreased by 4% to RM134.9 million from a high base in Q4 2014 where it had recognised significant revaluation and divestment gains.

### **Outlook and Prospects**

IHH expects to face continued headwinds from the slowing economies and fluctuation of regional currencies in the countries it operates in. However, we are confident that the robust demand for quality private healthcare services in the region, especially in India and China, continues to present growth opportunities for IHH.

The Group expects higher cost of operations arising from increased competition for trained healthcare personnel in its home markets and from implementation of higher minimum wages in Turkey effective in January 2016. The Group is also cognisant of the rising cost of purchases if the US Dollar continues to strengthen against the currencies of its home markets. The Group aims to mitigate these impacts through higher revenue intensity procedures, cost optimisation and tight cost controls. At the same time, while IHH expects pre-operating costs

and start-up costs of new hospitals to partially erode profitability initially, it aims to achieve optimal operating leverage by growing patient volumes in tandem with phasing of new wards at these new facilities.

As IHH extends its footprint across the region, it will be exposed to currency volatility and geopolitical risks in the countries where it operates that may result in translational differences in the Group's balance sheet and income statement. IHH will continue to optimise and proactively manage its capital structure, including borrowing in the functional currency of its operating entity or in the same currency as its foreign investment, where possible.

Having grown rapidly over the past few years through the opening of new hospitals and via acquisitions, the Group will focus on consolidating and enhancing its service offerings in existing hospitals, ramping up newer hospitals that opened in 2014 and 2015 and integrating newly acquired assets. In addition, IHH will also focus on staff training to equip and prepare several greenfield hospitals under construction for their expected opening in 2017.

IHH is confident that its strong brands and network of hospitals, backed by its strong balance sheet and operating cash flows, will enable it to achieve continued success in the competitive environment expected for the year ahead.

***IHH Chairman, Tan Sri Dato' Dr Abu Bakar bin Suleiman***, said: "Our solid financial performance and strong balance sheet has enabled us to recommend an attractive dividend even as we remain a growth company. We aim to continue demonstrating our commitment to create sustainable, long-term growth and 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 the Main Board of SGX-ST.

Employing more than 25,000 people and operating close to 10,000 licensed beds across 49 hospitals in 9 countries worldwide, the Group offers the full spectrum of integrated healthcare services from clinics to hospitals to quaternary care and a wide range of ancillary services across our three operating subsidiaries:

- **Parkway Pantai Limited** is one of Asia's largest integrated private healthcare groups with a network of 31 hospitals and more than 6,000 licensed beds throughout the region, including Singapore, Malaysia, India, China, Brunei and UAE. Its "Mount Elizabeth", "Gleneagles", "Parkway" and "Pantai" brands are among the most prestigious in Asia.

- **Acibadem Holdings** is Turkey's largest private healthcare provider by registered beds, offering integrated healthcare services across 18 hospitals in Turkey, Macedonia and Iraq. The "Acibadem" brand is renowned for its clinical excellence in the Central & Eastern Europe, Middle East and North Africa ("CEEMENA") region.
- **IMU Health** is IHH's medical education arm, and oversees the established higher learning institutions of International Medical College ("IMC") and International Medical University ("IMU") in Malaysia.

IHH is the leading player in our home markets of Malaysia, Singapore and Turkey, and key growth markets of China, Hong Kong and India. For more information, please visit [www.ihhealthcare.com](http://www.ihhealthcare.com).

## APPENDIX

**Financial Results Highlights**

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

**Headline Group performance**

	4 <sup>th</sup> Quarter ended			YTD (Full year ended)		
	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>	Variance	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>	Variance
	RM million		%	RM million		%
Revenue	2,294.9	1,937.4	18	8,455.5	7,344.0	15
EBITDA	614.3	583.7	5	2,141.5	1,935.9	11
PATMI	415.8	239.2	74	933.9	754.3	24
PATMI (excluding exceptional items)	214.6	241.3	(11)	899.2	782.2	15

**Core Group performance**

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

	4 <sup>th</sup> Quarter ended				YTD (Full year ended)			
	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>	Variance	Variance (@ constant currency)	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>	Variance	Variance (@ constant currency)
	RM million		%	%	RM million		%	%
Revenue	2,265.4	1,914.5	18	11	8,349.8	7,249.7	15	12
EBITDA	479.4	442.8	8	1	1,835.3	1,637.6	12	9
PATMI	378.2	197.8	91	84	855.5	673.4	27	19
PATMI (excluding exceptional items)	177.0	200.0	(11)	(18)	820.8	701.3	17	10