



IHH Healthcare Berhad

IHH Delivers Solid Growth in Q1 2016

- Headline revenue, EBITDA and PATMI (less exceptional items) grew by 24%, 22% and 5% YoY to RM2.5 billion, RM617 million and RM238.3 million respectively
- Strong inpatient numbers and revenue intensity, sustained organic growth, continued ramp up of new hospitals and acquisitions made in 2015 drove revenue growth
- India becomes fourth home market on acquisition of Global Hospitals; Expansion into Bulgaria with Acibadem's acquisition of Tokuda Hospital and merger with City Clinic

Group Financial Highlights

Consolidated Financial Results for the period ended March 31	Q1 2016 (RM million)	Q1 2015 (RM million)	Variance (%)
Revenue	2,475.4	2,003.0	24
EBITDA	617.0	505.3	22
PATMI	235.5	171.5	37
PATMI <i>(less exceptional items)</i>	238.3	227.4	5

KUALA LUMPUR/SINGAPORE, 26 May 2016 – IHH Healthcare Berhad (“IHH” or the “Group”), a leading premium healthcare provider globally, today announced strong growth for the first quarter ended 31 March, 2016 (“Q1 2016”).

Revenue increased 24% year-on-year (“YoY”) to RM2.5 billion on sustained organic growth at existing hospitals across all home markets and the continued ramp up of newer hospitals. The acquisition of Continental Hospitals in March 2015 and Global Hospitals in December 2015 in India also contributed to the Group’s revenue in the first quarter of 2016. With the Group’s expanded presence in India, the country now joins Malaysia, Singapore and Turkey as IHH’s fourth home market, where the Group has a market-leading local presence.

Earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“EBITDA”) grew by 22% to RM617.0 million on the stronger revenue performance.

Profit after tax and minority interests (“PATMI”) grew 37% to RM235.5 million, against a lower base in Q1 2015 when RM116.4 million in exchange losses on Acibadem Holdings’ (“Acibadem”) non-Turkish Lira borrowings had been recognised as compared to exchange loss of RM5.8 million in Q1 2016. Stripping out exceptional items and the contribution from PLife REIT, operational PATMI* grew a steady 4% to RM223.8 million.

* 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.

IHH remained in a strong financial position, maintaining a net gearing of 0.19 times as at end-March 2016 with significant cash holdings of approximately RM2.1 billion.

In April this year, Acibadem signed definitive agreements to enter the Bulgarian market by acquiring 100% of Tokuda Group and merging with City Clinic. When the transaction completes, Acibadem will be the leading private healthcare operator in the Bulgaria with four hospitals totalling approximately 750 beds and four medical centres. Pending necessary approvals and satisfaction of certain conditions, the deal is expected to close within 3 months.

IHH Managing Director and CEO, Dr Tan See Leng, said: “We are pleased to continue delivering solid growth in the quarter, reflecting the strength of our diverse operations in despite the challenging macroeconomic climate.

“We are focused on building on our successes by driving service improvements and synergies across all our markets. We will also continue to be on the lookout for significant but targeted value accretive opportunities, such as our market-leading entry into Bulgaria.”

Segmental review for Q1 2016

Segment	Revenue (RM million)			EBITDA (RM million)		
	Q1 2016	Q1 2015	Variance (%)	Q1 2016	Q1 2015	Variance (%)
Parkway Pantai	1,543.9	1,186.6	30	373.5	297.1	26
Acibadem Holdings	836.0	736.6	14	157.8	147.5	7
IMU Health	58.2	57.1	2	23.2	23.1	0
PLife REIT	30.9	22.7	36	65.0	53.6	21

Parkway Pantai, the Group’s largest operating subsidiary, reported a 30% improvement in revenue and 26% growth in EBITDA YoY. This was mainly due to the continued ramp up of Mount Elizabeth Novena in Singapore, contribution from the newly opened Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia, and the consolidation of results from newly acquired Continental and Global Hospitals in India.

Inpatient admissions at its Singapore hospitals grew 10.9% to 18,094 while patient volumes at its Malaysia hospitals rose 9.6% to 49,026. The growth in both markets was driven by local patients. As a result of taking on more complex cases and adjusting prices to mitigate cost inflation, average revenue per inpatient admission (“revenue intensity”) improved by 0.3% to RM26,857 in Singapore and 3.2% to RM5,583 in Malaysia. From Q1 2016, IHH is including India’s performance as a separate sub-segment for Parkway Pantai, given the leading position it now has in the country. For the quarter, the Group’s India hospitals saw 14,033 inpatient admissions with a revenue intensity of RM7,235.

Acibadem Holdings, Turkey's largest private healthcare provider by registered beds, reported a 14% growth in revenue and a 7% increase in EBITDA for Q1 2016. On a constant currency basis, revenue and EBITDA would have increased by 17% and 10% respectively, reflecting strong underlying growth. The improved performance was led by the continued ramp up of Acibadem Atakent, contribution from newly opened Acibadem Taksim, as well as organic growth at existing hospitals and healthcare businesses.

Inpatient admissions improved by 16.9% to 39,296. Revenue intensity grew 8.0% to RM10,281 from taking on more complex cases and adjusting prices to mitigate cost inflation.

IMU Health, the Group's medical education arm, posted a 2% growth in revenue from higher tuition fees. EBITDA was flat as higher operating expenses incurred in the quarter for marketing and teaching material offset the improved topline.

PLife REIT, which has a portfolio of 47 healthcare-related properties as at 31 March 2016, reported a 36% gain in external revenue. Its 21% increase in EBITDA is mainly on higher rental income from its Singapore properties, which were leased to Parkway Pantai.

Outlook and Prospects

Over the near term, given its rapid growth over the past few years, IHH will focus on enhancing its service offerings in existing hospitals, ramping up newer hospitals and integrating newly acquired assets.

The Group's extensive geographical footprint means it will be exposed to currency volatility that may result in translational differences to its financial statements. At the same time, it will face pre-operating and start-up costs at newer hospitals in the initial phases. IHH aims to achieve operating leverage by growing patient volumes in tandem with phasing in of new wards. The Group also foresees higher operating costs from wage inflation on the global competition for talent and higher minimum wages in Turkey. It is cognisant of rising purchase costs if the US Dollar continues to strengthen against its home market currencies. It will mitigate these through higher revenue intensity procedures, cost optimisation and tight cost control.

IHH continues to believe in the robust demand for quality private healthcare in its home and growth markets, especially China and India. With the expansion of existing facilities and opening of new ones, it has sufficient capacity to support this demand, which will drive revenue growth. The Group is confident that its strong brands and network of hospitals, backed by its strong balance sheet and operating cash flows, will enable it to successfully navigate the challenging operating environment expected for the rest of the year.

IHH Chairman, Tan Sri Dato' Dr Abu Bakar bin Suleiman, said: "Our continued growth at IHH is built not only on our ability to deliver long-term, sustainable growth for investors but also our commitment to always deliver the best clinical outcomes for patients. We believe that we can continue to create shared value by running a strong business that benefits all our stakeholders."

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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 30,000 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, Turkey and India, and key growth markets of China and Hong Kong. For more information, please visit www.ihhhealthcare.com.