



IHH Healthcare Berhad

### IHH Healthcare Doubles Net Profit to RM470.0 million in Q1 2017

- Q1 2017 revenue grew 8% to RM2.7 billion on sustained organic growth and contribution from new hospitals; headline PATMI doubled to RM470.0 million on gain from partial divestment of non-core asset
- EBITDA and PATMI (less exceptional items) declined 8% and 15% respectively on pre-operating and start-up costs at new hospitals opened during the quarter
- 500-bed Gleneagles Hong Kong Hospital and 350-bed Acibadem Altunizade Hospital commenced operations in March 2017

#### Group Financial Highlights

Consolidated Financial Results for the period ended Mar 31	Q1 2017 (RM million)	Q1 2016 (RM million)	Variance (%)
Revenue	2,684.8	2,475.4	8
EBITDA	565.6	617.0	(8)
PATMI	470.0	235.5	100
PATMI (less exceptional items)	201.8	238.3	(15)

**KUALA LUMPUR/SINGAPORE, 19 May 2017** – IHH Healthcare Berhad (“IHH” or the “Group”), a leading premium global healthcare provider, today announced earnings for the first quarter ended 31 March 2017 (“Q1 2017”).

**For the three months ended 31 March 2017**, revenue increased 8% year-on-year (“YoY”) to RM2.7 billion. This was on sustained growth in inpatient admissions and revenue intensity across all home markets and the continued ramp up of newer hospitals opened in 2015. Tokuda Group and City Clinic Group in Bulgaria, acquired in June 2016, also contributed to the higher revenue.

Earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“EBITDA”) declined 8% to RM565.6 million. This was mainly a result of start-up costs from the newly opened Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital, as well as higher operating and staff costs.

Headline profit after tax and minority interests (“PATMI”) doubled YoY to RM470.0 million, following a RM313.4 million gain from the Group’s divestment of a non-core 6.07% stake in Apollo Hospitals. PATMI (less exceptionals)\* decreased by 15% to RM201.8 million on incremental depreciation, amortisation and finance costs for the new hospitals in Hong Kong and Istanbul.

\* Stripping out exceptional items provides a better gauge of underlying operational performance

IHH remained in a strong financial position as at the end of March 2017, with a cash balance of RM2.8 billion and improved net gearing of 0.20 times (31 December 2016: 0.21 times).

### **Operational Highlights**

In March this year, IHH's 500-bed Gleneagles Hong Kong Hospital opened its doors to the public. The hospital provides a comprehensive range of clinical services spanning 35 specialities and sub-specialities. It also offers more than 50 all-inclusive and fixed price packages in its initial phase. Acibadem Altunizade Hospital commenced operations in the same month. With 350 beds across 98,000 square metres, it is Acibadem's largest hospital in Turkey.

Both facilities offer cutting-edge medical technology, expertise in managing complex cases and the ability to optimise patient outcomes that IHH is known for.

***IHH Managing Director and CEO, Dr Tan See Leng***, said: "Amid persistently challenging market conditions, we delivered a resilient performance. We continued to grow across all our home markets and are well placed to capture attractive opportunities.

In March, we successfully launched two flagship projects. Gleneagles Hong Kong Hospital will anchor our Greater China growth strategy while Acibadem Altunizade Hospital is Acibadem's largest hospital in Turkey. In the year ahead, we will build on our successes by enhancing service offerings and executing well on the projects in our pipeline. We will also continually rebalance our portfolio to optimise returns and focus on our core operational strengths."

### **Segmental review for Q1 2017**

Segment	Revenue (RM million)			EBITDA (RM million)		
	Q1 2017	Q1 2016	Variance (%)	Q1 2017	Q1 2016	Variance (%)
<b>Parkway Pantai</b>	<b>1,674.1</b>	1,543.9	8	<b>334.4</b>	373.5	(10)
<b>Acibadem Holdings</b>	<b>914.8</b>	836.0	9	<b>146.3</b>	157.8	(7)
<b>IMU Health</b>	<b>62.9</b>	58.2	8	<b>27.4</b>	23.2	18
<b>PLife REIT</b>	<b>32.5</b>	30.9	5	<b>69.0</b>	65.0	6

***Parkway Pantai***, the Group's largest operating subsidiary, reported an 8% YoY increase in revenue. The higher revenue was due to sustained organic growth for its existing hospital business, the continued ramp up of Mount Elizabeth Novena Hospital in Singapore as well as Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. EBITDA decreased by 10%, eroded by the RM81.1 million in pre-operational costs incurred by Gleneagles Hong Kong Hospital.

Inpatient admissions at its Singapore hospitals grew 4.1% YoY to 18,842, driven by an increase in local patients. Average revenue per inpatient admission ("**revenue intensity**") rose 2.9% to RM29,666. Inpatient admissions at its Malaysia hospitals increased 3.1% to

50,541, while revenue intensity improved by 10.8% to RM6,185 as the Group continued to take on more complex cases.

In India, the Group's fourth home market, inpatient admissions grew 14.1% to 16,008 while revenue intensity increased by 3.1% to RM8,255.

**Acibadem Holdings**, Turkey's leading private healthcare provider, posted a 9% YoY rise in revenue for Q1 2017. This was from the continued ramp up of Acibadem Taksim Hospital and Acibadem Atakent University Hospital. Tokuda Group and City Clinic Group – now consolidated as Acibadem City Group – and improved performance at existing operations also contributed to revenue growth. EBITDA fell 7% on pre-operational losses incurred by Acibadem Altunizade Hospital, as well as higher operating costs and rental expenses arising from medical inflation, and from the Turkish Lira further depreciating against the US Dollar and Euro.

Inpatient admissions improved by 33.8% to 52,581, reflecting the contribution from Acibadem City Group. Revenue intensity grew 4.0% to RM9,340 from taking on more complex cases.

**IMU Health**, the Group's medical education arm, recorded an 8% YoY growth in revenue. This came as it adjusted tuition fees and shortened semesters for some courses. EBITDA rose 18% on the strong revenue performance.

**PLife REIT**, with a portfolio of 49 healthcare-related properties as at 31 March 2017, reported a 5% YoY increase in external revenue on contribution from nursing homes acquired in 2016 and Q1 2017. Correspondingly, EBITDA grew 6%.

### **Outlook and Prospects**

IHH continues to believe in the sustained demand for quality private healthcare in its home markets and key growth markets of India and Greater China.

In the year ahead, IHH expects to face cost pressures on several fronts. These include continued competition for talent, pre-operational and start-up costs from new operations, and higher purchasing costs with the stronger US Dollar. It will mitigate these through prudent cost management, taking on higher revenue intensity procedures and ramping up new facilities to achieve optimum operational efficiencies.

With its wide geographical footprint, the Group is exposed to geopolitical uncertainty and currency movements. This may result in translational differences in its balance sheet and income statement. IHH adopts natural hedges where possible and continues to explore all options to “de-risk” currency exposure for Acibadem.

IHH remains confident that its brands and network of hospitals, supported by its strong financial position, will enable it to successfully navigate the challenging operating environment.

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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 over 10,000 licensed beds across 50 hospitals in 10 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 28 hospitals throughout the region, including Malaysia, Singapore, 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 leading private healthcare provider, offering integrated healthcare services across 22 hospitals in Turkey, Macedonia, Bulgaria 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.ihhealthcare.com](http://www.ihhealthcare.com).