IHH Healthcare Berhad

FOR IMMEDIATE RELEASE

Kuala Lumpur/Singapore, 25 May 2018

IHH Healthcare reports Q1 2018 profit of RM57.2 million

Q1 HIGHLIGHTS:

Sustained organic growth YoY: Higher revenue; EBITDA up on improved operational performance

- Q1 2018 revenue up 6% year-on-year to RM2.9 billion; EBITDA up 8% to RM608.9 million
- Headline PATMI of RM57.2 million against strong Q1 2017 which included one-off divestment gain of RM313.4 million
- PATMI (excluding exceptionals) at RM120.5 million as stronger operational performance was offset by start-up costs of newly opened hospitals

Strong balance sheet with prudent cash management

- Net gearing of 0.03 times with RM6.1 billion cash position

GROUP RESULTS HIGHLIGHTS

Consolidated Financial Results for the period ended 31 Mar	Q1 2018 (RM million)	Q1 2017 (RM million)	Variance (%)
Revenue	2,855.0	2,684.8	6
EBITDA	608.9	565.6	8
PATMI	57.2	470.0	(88)
PATMI *(less exceptional items)*	120.5	201.8	(40)

IHH Healthcare Berhad (“**IHH**” or the “**Group**”), a leading premium global healthcare provider, today announced earnings for the first quarter ended 31 March 2018 (“**Q1 2018**”).

For the three months ended 31 March 2018, the Group’s revenue increased 6% year-on-year (“**YoY**”) to RM2.9 billion on sustained organic growth from existing operations and contribution from its two new hospitals: Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital, which opened in 2017.

Earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“**EBITDA**”) grew 8% to RM608.9 million on the stronger revenue performance.

Headline PATMI stood at RM57.2 million for Q1 2018; this was against a high base for Q1 2017 which was due to a one-off gain from the Apollo Hospitals divestment of RM313.4 million. PATMI (excluding exceptional items)* was 40% lower from higher depreciation, amortisation and finance costs from the new hospitals opened in 2017, as well as with the recognition of foreign exchange losses arising from the Group’s USD-denominated cash balances.

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

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The Group maintained a strong financial position as at end-March 2018, with a cash balance of RM6.1 billion and net gearing of 0.03 times (31 December 2017: 0.03 times).

MANAGEMENT COMMENTS:

IHH Managing Director and CEO, Dr Tan See Leng, said: "We continued to deliver strong operational performance for the Group in the first quarter of 2018. We saw solid growth in inpatient admission and revenue intensity across our home markets, underpinned by favourable population demographics. Although the Group's EBITDA growth was impacted by the start-up costs of the new hospitals in Hong Kong and Turkey, we are confident these new hospitals will drive future growth.

"Gleneagles Hong Kong is performing well with its EBITDA losses narrowing significantly in this first quarter. Gleneagles Chengdu is set to open by early 2019, and our Gleneagles Shanghai is progressing as planned. In India, our hospitals run one of the most extensive and successful multi-organ transplant and surgical gastroenterology programmes. These acquired assets, upon further synergisation, will create sustainable value as a long-term healthcare player in the country.

Looking ahead, we continue to be on the lookout for value-accretive opportunities to expand into all markets, as well as areas where we can leverage on technology to remain at the forefront of healthcare delivery in the future."

SEGMENTAL RESULTS OVERVIEW: Q1 2018

Segment	Revenue (RM million)			EBITDA (RM million)		
	Q1 2018	Q1 2017	Variance (%)	Q1 2018	Q1 2017	Variance (%)
Parkway Pantai	1,734.9	1,674.1	4	340.3	334.4	2
Acibadem Holdings	1,023.3	914.8	12	188.9	146.3	29
IMU Health	64.1	62.9	2	26.5	27.4	(3)
PLife REIT	32.7	32.5	1	66.8	69.0	(3)

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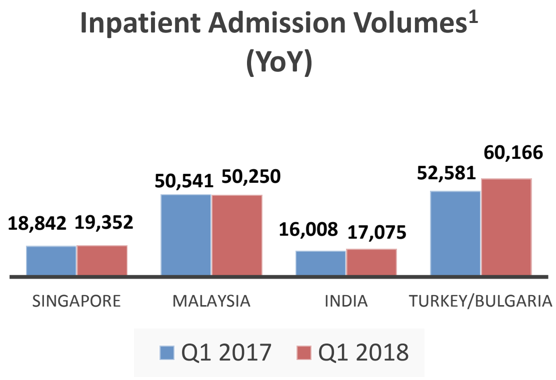

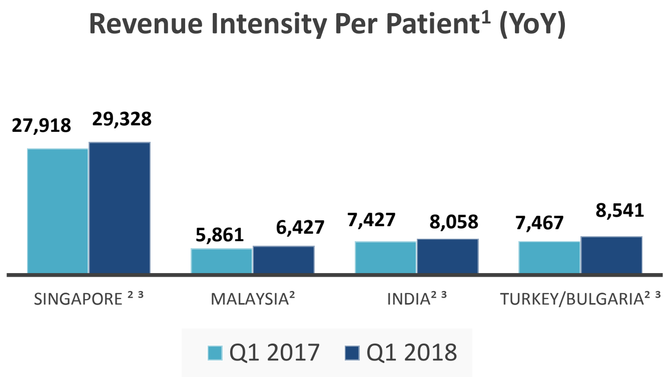

1. Based on Singapore, Malaysia, India and Acibadem Holdings hospitals only. Excludes hospitals operated by joint venture companies, hospitals under hospital management agreements and other international hospitals.
2. Specialist fees not included in Singapore's and Malaysia's average revenue per inpatient admission
3. Based on a uniform exchange rate throughout the periods shown (SGD: 2.97619; INR:0.06015; TL:0.98030)

Parkway Pantai, the Group's largest operating subsidiary, reported a 4% increase in revenue on sustained organic growth, continued ramp up of its newer hospitals in Malaysia and contribution from Gleneagles Hong Kong Hospital. EBITDA improved by 2% to RM340.3 million as Gleneagles Hong Kong Hospital narrowed its start-up losses as a result of operating leverage.

Inpatient admissions at its Singapore hospitals grew 2.7% to 19,352, driven predominantly by local patients. Average revenue per inpatient admission ("**revenue intensity**") rose 5.0% to RM29,328.

Inpatient admissions at its Malaysia hospitals decreased 0.6% to 50,250. However, revenue intensity improved by 9.6% to RM6,427 with more complex cases being undertaken.

In India, inpatient admissions grew 6.7% to 17,075 as IHH continued to ramp up and optimise its operations. Revenue intensity increased by 8.5% to RM8,058 as the higher volumes were met with corresponding improvement in case mix.

Acibadem Holdings, Turkey's leading private healthcare provider in which IHH owns a 60% majority stake, saw revenue grow by 12% on contribution from Acibadem Altunizade Hospital, which opened in 2017, and sustained organic growth across most hospitals. EBITDA increased by 29% on the improved revenue.

Inpatient admissions grew 14.4% to 60,166 on the contribution from Acibadem Altunizade and existing hospitals ramping up operations. Revenue intensity improved by 14.4% to RM8,541 from taking on more complex cases and receiving more foreign patients.

IMU Health, the Group's medical education arm, increased revenue by 2% as it shortened the semester for some courses. However, EBITDA fell by 3% on higher operating and marketing expenses.

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PLife REIT, with a portfolio of 50 healthcare-related properties as at 31 March 2018, saw its external revenue increase 1% after acquiring an elderly rehabilitation facility in Japan in Q1 2018. EBITDA declined by 3% mainly due to the depreciation of the Singapore Dollar against the Malaysian Ringgit.

OUTLOOK AND PROSPECTS

IHH continues to believe in the sustained demand for quality private healthcare in its home markets – Malaysia, Singapore, India and Turkey, and key growth market of Greater China. This is based on shifting favourable population demographics and a fast-growing middle and upper class in its home and key markets, as well as its centres of excellence in established medical hubs.

The Group will continue to draw on its rapid growth over the past few years to enhance service offerings at existing hospitals. It will also ramp up newer hospitals to further optimise operating leverage, consolidate acquired assets and prepare for the progressive opening of its slate of greenfield and expansion projects.

IHH is confident that it is well-positioned to capture opportunities with its strong balance sheet and operating cash flow. The experienced management team has a proven execution track record of establishing and operating an extensive network of hospitals and delivering long term value to all stakeholders.

For further information or to speak to an IHH spokesperson, please contact:

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About IHH Healthcare Berhad ("IHH")
IHH Healthcare Berhad is a leading premium integrated healthcare provider in markets where the demand for quality care is strong and growing. We are one of the largest healthcare groups 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 35,000 people and operating over 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 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.ihhhealthcare.com.