



IHH Healthcare Berhad

FOR IMMEDIATE RELEASE

Kuala Lumpur/Singapore, 27 November 2018

IHH Healthcare reports Q3 2018 core net profit of RM309.0 million

Q3 HIGHLIGHTS:

Resilient core performance: Revenue up 1% year-on-year to RM2.8 billion and EBITDA up 10% to RM616.8 million despite stronger Malaysian Ringgit; PATMI (excluding exceptionals) more than doubles

- Q3 2018 revenue up 1% year-on-year to RM2.8 billion and EBITDA grew 10% to RM616.8 million despite stronger Ringgit; On constant currency terms, revenue and EBITDA grew 18% and 23% respectively
- PATMI (excluding exceptionals) grew by 146% to RM309.0 million on stronger operational performance and foreign exchange gains
- Headline PATMI of negative RM104.1 million due to higher forex losses on Acibadem’s non-Lira loans; Announced increased stake in Acibadem and decisive actions will be taken to reduce its foreign currency debt post completion of the transaction

Strong balance sheet with prudent cash management

- Net gearing of 0.04 times with RM6.1 billion cash position

Focusing on stabilising performance at Fortis Healthcare – a unique opportunity that fits IHH’s core strategy to focus on key emerging markets

- Approval obtained from Competition Commission of India for proposed acquisition; have since concluded preferential allotment to become the controlling shareholder of Fortis Healthcare

GROUP RESULTS HIGHLIGHTS

Consolidated Financial Results for the period ended 30 Sep	Q3 2018 (RM million)	Q3 2017 (RM million)	Variance (%)	9M 2018 (RM million)	9M 2017 (RM million)	Variance (%)
Revenue	2,840.9	2,800.9	1	8,355.6	8,257.5	1
EBITDA	616.8	562.4	10	1,753.6	1,663.8	5
PATMI	(104.1)	82.1	NM	118.3	868.7	(86)
PATMI (less exceptional items)	309.0	125.4	146	686.0	413.4	66

*NM denotes not meaningful

IHH Healthcare Berhad (“IHH” or the “Group”), a leading premium global healthcare provider, today announced earnings for the third quarter (“Q3 2018”) ended 30 September 2018.



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For the three months ended 30 September 2018, the Group's revenue increased 1% year-on-year ("YoY") to RM2.8 billion. Earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items ("EBITDA") rose by 10% to RM616.8 million.

Both revenue and EBITDA improved on the sustained organic growth at existing operations and contribution from Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital, both of which opened in March 2017. This was despite offsetting translational effect from a stronger Malaysian Ringgit against the currencies of other countries in which IHH operates. On a constant currency basis, revenue and EBITDA grew by strong double digits: 18% and 23% respectively.

Headline PATMI for Q3 2018 was negative RM104.1 million, mainly due to recognising foreign exchange losses of RM752.5 million on Acibadem Holding's non-Turkish Lira denominated borrowings. However, PATMI (excluding exceptional items)¹ more than doubled from a year ago to RM309.0 million as a result of the stronger operational performance and forex gains from a stronger US Dollar on IHH's USD-denominated cash balances.

For the nine months ended 30 September 2018, revenue increased 1% YoY to RM8.4 billion while EBITDA was up 5% YoY to RM1.8 billion. Stripping out the translational effects of a stronger Malaysian Ringgit, revenue and EBITDA growth were 16% and 17% respectively. Headline PATMI was RM118.3 million, compared to RM868.7 million in the previous corresponding period. PATMI (excluding exceptional items) increased 66% YoY to RM686.0 million.

The Group maintained a strong financial position as at end-September 2018, with a cash balance of RM6.1 billion and net gearing of 0.04 times (31 Dec 2017: 0.03 times). Net cash generated from operating activities was RM1.3 billion.

MANAGEMENT COMMENTS:

IHH Managing Director and CEO, Dr Tan See Leng, said: "As long-term healthcare providers, we focus on delivering strong operational performance, which we continue to do in all our markets. We are encouraged by the operational resilience of our business, even when our net profit was affected by the forex volatility in Turkey.

"As we optimise existing operations, we continue to position the Group for growth. In India, we are excited to officially welcome Fortis Healthcare to the IHH family. Our immediate priority is to stabilise operations, improve operational metrics and ramp up performance to realise this transformational opportunity for the Group. We are confident that we have put the blocks in place to ensure IHH balances current returns with a long growth runway."

¹ Stripping out exceptional items provides a better gauge of underlying operational performance

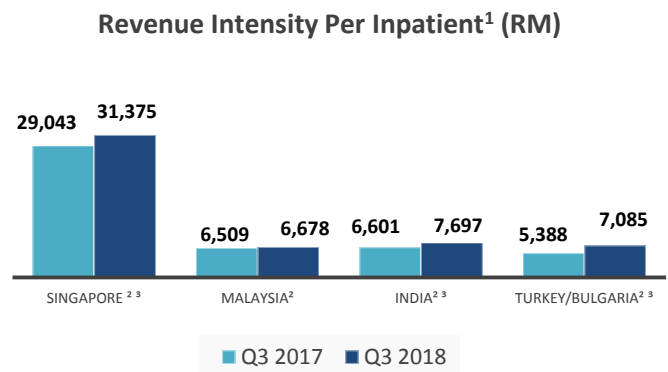
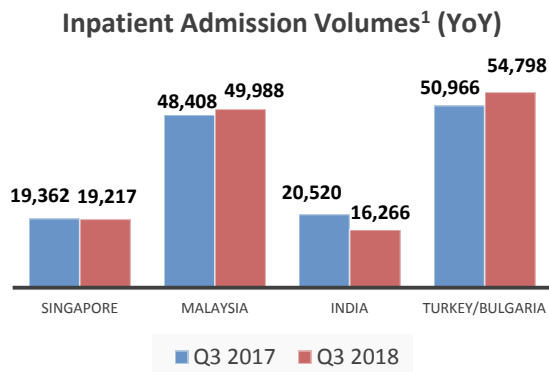


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SEGMENTAL RESULTS OVERVIEW: Q3 2018

Segment	Revenue (RM million)			EBITDA (RM million)		
	Q3 2018	Q3 2017	Variance (%)	Q3 2018	Q3 2017	Variance (%)
Parkway Pantai	1,819.4	1,755.7	4	396.7	362.8	9
Acibadem Holdings	922.5	950.6	(3)	140.0	120.5	16
IMU Health	64.4	60.1	7	25.4	21.6	18
PLife REIT	33.6	34.0	(1)	67.6	69.4	(3)



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: 3.02572; INR: 0.05670; TL: 0.66905)

Parkway Pantai, the Group's largest operating subsidiary, reported a 4% increase in revenue on sustained organic growth from its existing operations, the continued ramp up of its hospitals in Malaysia and higher contribution from Gleneagles Hong Kong. EBITDA performance was also supported by the lower start-up costs for Gleneagles Hong Kong of RM49.4 million (Q3 2017: RM68.8 million). On constant currency terms, revenue and EBITDA grew by 8% and 13% YoY respectively.

Inpatient admissions at its Singapore hospitals were marginally down at 19,217 but average revenue per inpatient admission ("**revenue intensity**") grew 8.0% to RM31,375.

Inpatient admissions at its Malaysia hospitals grew 3.3% to 49,988 and revenue intensity grew by 2.6% to RM6,678 as the Group took on more complex cases. In India, inpatient admissions declined by 20.7% to 16,266 due to the departure of several key doctors in the third quarter, which IHH has addressed by hiring new anchor doctors. However, revenue intensity increased by 16.6% to RM7,697 as IHH continued to improve its case mix.



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Acibadem Holdings, Turkey's leading private healthcare provider in which IHH currently owns a 60% majority stake², saw revenue decline 3% whilst EBITDA increased 16%. Excluding the effects of the strengthening Ringgit on translation of Acibadem's results, revenue and EBITDA were up 38% and 66% YoY as its existing hospitals and healthcare businesses continued to grow at a healthy pace operationally.

Inpatient admissions grew 7.5% to 54,798 on the contribution from Acibadem Altunizade and the sustained ramp up of its existing hospital operations including in Bulgaria. Revenue intensity improved by 31.5% to RM7,085 on a combination of i) price adjustments for patients on private insurance and paying out-of-pocket, ii) taking on more complex cases and iii) an increase in foreign patients.

IMU Health, the Group's medical education arm, saw revenue go up by 7% and EBITDA increase by 18% on a higher student intake and population for certain courses over the year.

PLife REIT, with a portfolio of 50 healthcare-related properties as at 30 September 2018, saw its external revenue and EBITDA decrease by 1% and 3% respectively. On constant currency terms, revenue and EBITDA grew by 3% and 2% YoY respectively.

OPERATIONAL AND FINANCIAL UPDATES

On 1 October 2018, Parkway Pantai acquired a 100% interest in the 98-bed Amanjaya Specialist Centre in Sungei Petani, Kedah in Malaysia. The deal allows Parkway Pantai to cater to the strong patient demand at its existing 118-bed Pantai Hospital Sungei Petani, which is operating at near full capacity, and expand its service offerings to the local community.

Later that same month, the Group announced that it would increase its stake in Acibadem to 90% (from 60% currently), following a transaction that simplifies Acibadem's shareholding structure. Post completion, IHH will repay the existing subordinated loans of US\$250 million equivalent currently supported by Acibadem Holding's shareholders and look to divest Acibadem's non-core assets to significantly reduce its foreign currency debt obligations. The Group's proactive plans will put Acibadem in a stronger position to manage the volatility in the Turkish Lira, which has significantly depreciated against the USD, Euro and Ringgit - and has remained volatile - since the middle of 2018.

In November 2018, IHH received approval from the Competition Commission of India for its proposed acquisition of a controlling stake in Fortis Healthcare Limited ("**Fortis**"), comprising a INR40 billion subscription to a preferential allotment of shares for a 31.1% interest in Fortis and subsequent mandatory cash open offer for up to an additional 26.0% interest, at an offer price of INR170 per share. It has since concluded the preferential allotment exercise and appointed four members to the Fortis Board as it assumed operational control at Fortis, and continues to work towards the launch of the open offer pending further regulatory approval.

² Pending regulatory approval for a transaction that will increase IHH's equity interest in Acibadem to 90%, pursuant to the shareholders' agreement ("**SHA**") which was entered into in connection with IHH's acquisition of a 60% equity interest in Acibadem in 2011.



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OUTLOOK AND PROSPECTS

As a leading healthcare operator, IHH continues to believe in the long-term growth potential and sustained demand for quality private healthcare in its home markets of Malaysia, Singapore, India and Turkey, and key growth market of Greater China.

The Group will look to strengthen its service offerings and focus on building its Centres of Excellence, especially in high acuity services, to drive revenue intensity across all its hospitals. It will also ramp up newer hospitals to further optimise operating leverage, consolidate acquired assets and prepare for the progressive planned opening of its slate of greenfield and expansion projects.

IHH will focus on ramping up existing operations and integrating Fortis Healthcare in the short to medium term. As part of its long term strategy, the Group will look to power earnings growth across all the markets where it operates. The experienced management team has a proven execution track record of establishing and operating an extensive network of hospitals and expects to continue delivering long term value to all stakeholders.

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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 50 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 29 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 21 hospitals in Turkey, Macedonia and Bulgaria. 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.