IHH Healthcare Berhad

FOR IMMEDIATE RELEASE
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IHH Healthcare Q4 2018 profit quadrupled to RM509.4 million; Recommends dividend of 3 sen per share for FY2018

HIGHLIGHTS:

Revenue, EBITDA post double digit gains despite stronger Malaysian Ringgit; PATMI (excluding exceptionals) up 88%;

- Q4 2018 revenue and EBITDA up YoY 10% and 18% respectively despite stronger Ringgit; On constant currency terms, revenue and EBITDA grew 28% and 33% respectively
- Headline PATMI grew 403% on stronger operational performance and forex gains from Acibadem's non-Lira loans; PATMI (excluding exceptionals) up 88%
- FY 2018 revenue and EBITDA up 3% and 9% respectively, Headline PATMI down 35% against high base in FY2017 that included one-off gain on disposal of Apollo Hospital stake; PATMI (excluding exceptionals) up a record 73%
- Proposed first and final dividend of 3 sen per share

Became controlling shareholder of Fortis Healthcare in Nov 2018; completed RHT acquisition in Jan 2019

- Completed preferential allotment of INR40 billion (approximately RM2.3 billion) to become the controlling shareholder of Fortis Healthcare in November 2018
- Fortis completed acquisition of all the Indian assets of RHT Health Trust in January 2019

Strong balance sheet with prudent cash management

- Net gearing of 0.10 times with RM7.8 billion cash position

GROUP RESULTS HIGHLIGHTS

Consolidated Financial Results for the period ended 31 December	Q4 2018 (RM million)	Q4 2017 (RM million)	Variance (%)	FY2018 (RM million)	FY2017 (RM million)	Variance (%)
Revenue	**3,165.3**	2,885.1	10	**11,520.9**	11,142.6	3
EBITDA	**724.1**	615.7	18	**2,477.7**	2,279.5	9
PATMI	**509.4**	101.3	403	**627.7**	970.0	(35)
PATMI *(less exceptional items)*	**341.5**	181.9	88	**1,027.6**	595.3	73

IHH Healthcare Berhad ("**IHH**" or the "**Group**"), a leading premium global healthcare provider, today announced earnings for the fourth quarter and full year ended 31 December 2018 ("**Q4 2018**" and

"**FY2018**" respectively). The Board of Directors recommended a first and final dividend of 3 sen per ordinary share for the full year[1].

For the three months ended 31 December 2018, the Group's revenue increased 10% year-on-year ("**YoY**") to RM3.2 billion. Earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items ("**EBITDA**") rose by 18% to RM724.1 million.

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. Amanjaya Specialist Centre and Fortis Healthcare ("**Fortis**"), acquired in October 2018 and November 2018 respectively, also contributed to the higher revenue and EBITDA. This was despite the 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 strongly by 28% and 33% respectively.

Headline PATMI for Q4 2018 increased 403% to RM509.4 million, mainly due to stronger operational performance and foreign exchange gains from Acibadem's non-Turkish Lira borrowings. PATMI (excluding exceptional items)[2] rose 88% from a year ago to RM341.5 million, due to stronger operational performance and foreign exchange gains from the stronger US Dollar on the Group's USD-denominated cash balances.

For the full year ended 31 December 2018, revenue increased 3% YoY to RM11.5 billion while EBITDA was up 9% YoY to RM2.5 billion. On constant currency terms, revenue and EBITDA growth were 19% and 21% respectively. Headline PATMI was RM627.7 million, compared to RM970.0 million in the previous corresponding period. This was mainly on higher net forex losses for Acibadem's non-Lira loans, and against a high base in FY 2017 that included a one-off gain on the disposal of its stake in Apollo Hospitals.

PATMI (excluding exceptional items) achieved a record high of RM1,027.6 billion for the full year 2018, up 73% YoY, boosted by foreign exchange gains arising from the stronger US Dollar on the Group's USD-denominated cash balances.

The Group maintained a strong financial position as at end-December 2018, with net cash generated from operating activities of RM1.9 billion and an overall cash balance of RM7.8 billion. Net gearing edged up to 0.10 times (31 Dec 2017: 0.03 times) on strategic investments including Fortis in India.

MANAGEMENT AND BOARD COMMENTS:

IHH Managing Director and CEO, Dr Tan See Leng, said: "While 2018 was a year marked with macro uncertainties, we delivered a strong financial performance reflecting the underlying strength of our business, and distinct progress in executing our strategy as we position for growth in the year ahead.

"A key achievement for the Group was completing the acquisition of a controlling stake in India's Fortis. We have since assumed board control and completed the RHT acquisition as planned. Now, together with the Fortis management team, we are focused on implementing key initiatives we have jointly identified to restore its performance over the medium to long term.

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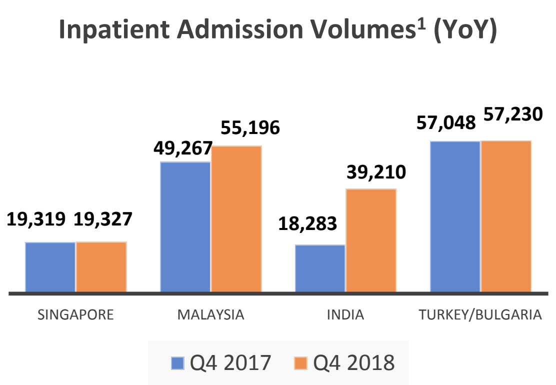
[1] Subject to shareholder approval at the upcoming Annual General Meeting
[2] Stripping out exceptional items provides a better gauge of underlying operating performance

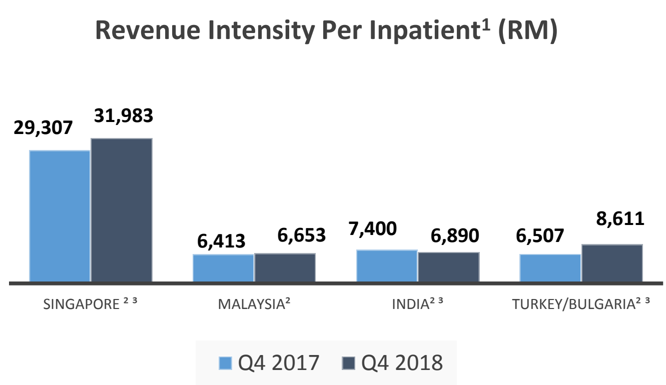
"In Turkey, we are working towards repaying US$250 million equivalent of existing non-Turkish Lira debt to manage the Turkish operations' forex exposure. We continue to focus on executing on the ramp up plans of our operations at Gleneagles Hong Kong while laying firm foundations for our upcoming hospital projects in Chengdu and Shanghai."

IHH Chairman, Dato' Mohammed Azlan Hashim, said: "IHH's solid performance in 2018 has allowed us to again recommend a dividend of 3 sen[3] for our shareholders, which represents a dividend payout ratio of 46%. The Board and Management look forward to 2019 as the Group continues to lay firm foundations to deliver opportunities for growth and create sustainable long-term value for shareholders, with a well-balanced portfolio of operations."

SEGMENTAL RESULTS OVERVIEW: Q4 2018

Segment	Revenue (RM million)			EBITDA (RM million)		
	Q4 2018	Q4 2017	Variance (%)	Q4 2018	Q4 2017	Variance (%)
Parkway Pantai	**2,125.8**	1,758.1	21	**431.9**	317.3	36
Acibadem Holdings	**940.0**	1,034.5	(9)	**180.2**	206.1	(13)
IMU Health	**64.4**	59.0	9	**9.6**	7.0	38
PLife REIT	**33.8**	32.9	3	**120.1**	74.5	61





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: 3.04044; INR:0.05871; TL:0.78024)
4. Q4 2018 includes contribution from Fortis, that was acquired on 13 November 2018

Parkway Pantai, the Group's largest operating subsidiary, reported a 21% increase in revenue on sustained organic growth from existing operations and the continued ramp up of hospitals in Malaysia and Hong Kong, as well as contribution from newly acquired Amanjaya and Fortis. EBITDA performance was further supported by the lower start-up losses at Gleneagles Hong Kong Hospital as it continues to

[3] Since 2014, the Group has adopted a dividend policy whereby not less than 20% of the Group's profit after tax and minority interests, excluding exceptional items, in respect of any financial year shall be distributed to its shareholders

execute on its ramp up plans. On constant currency terms, revenue and EBITDA grew by 25% and 39% YoY respectively.

Inpatient admissions at its Singapore hospitals was flat at 19,327 but average revenue per inpatient admission (“**revenue intensity**”) grew 9.1% to RM31,983.

Inpatient admissions at its Malaysia hospitals grew 12.0% to 55,196 while revenue intensity grew by 3.7% to RM6,653.

In India, inpatient admissions increased by 114.5% to 39,210 on the inclusion of Fortis’ inpatient admissions numbers since acquisition in November 2018. However, revenue intensity decreased by 6.9% to RM6,890 as Fortis’ current revenue intensity is generally lower than Parkway Pantai’s existing operations in India.

Acibadem Holdings, Turkey’s leading private healthcare provider in which IHH owns a 90% majority stake, saw revenue decline 9% while EBITDA decreased 13%. On constant currency terms, revenue and EBITDA were up 33% and 27% YoY as its existing hospitals and healthcare businesses continued to grow at a healthy pace operationally.

Inpatient admissions grew 0.3% to 57,230 on the contribution from Acibadem Altunizade Hospital and the sustained ramp up of its existing hospital operations including in Bulgaria. Revenue intensity improved by 32.3% to RM8,611 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 and EBITDA improve by 9% and 38% respectively 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 31 December 2018, saw its external revenue and EBITDA increase by 3% and 61% respectively. The strong EBITDA performance was mainly due to a higher revaluation gain on its investment properties over the previous year.

OPERATIONAL AND FINANCIAL UPDATES

On 1 October 2018, Parkway Pantai acquired a 100% interest in Amanjaya Specialist Centre in Sungei Petani, Kedah in Malaysia. This has allowed Parkway Pantai to cater to strong demand at Pantai Hospital Sungei Petani, which is operating at near full capacity, and expand its service offerings to the Kedah community.

In November 2018, the Group completed a transaction that simplified Acibadem’s shareholding structure and increased its stake in Acibadem to approximately 90% (from 60% previously). IHH is working to repay Acibadem’s existing non-Lira loans of US$250 million equivalent, and over the medium term will look to divest Acibadem’s non-core assets to further reduce its foreign debt obligations and deleverage its balance sheet. The Group’s clear plans will put Acibadem in a stronger position to manage volatility in the Turkish Lira.

Also in November 2018, IHH became the controlling shareholder in Fortis Healthcare after completing an INR40 billion (approximately RM2.3 billion) subscription to a preferential allotment of shares for a 31.1% interest in Fortis. It has since appointed five members to the Fortis Board and continues to work towards the launch of the open offer for up to an additional 26.0% interest in Fortis, at an offer price of INR170 per share subject to the Supreme Court of India's ruling passed on 14 December 2018.

In January 2019, Fortis completed the acquisition of RHT Health Trust's India assets for a total cash consideration of INR46,663 million (approximately RM2.7 billion). This consolidates Fortis's control over the RHT assets for a more focused and streamlined business operation, and will generate substantial cost savings as Fortis will no longer need to bear significant rental fees paid to the trust.

Further in February 2019, Fortis appointed Dr Ashutosh Raghuvanshi as its incoming CEO effective 18 March 2019. The same month, Fortis also appointed Mr Vivek Goyal as incoming CFO effective on or before 1 May 2019. Dr Ashutosh brings with him more than 26 years of clinical and senior management experience, while Mr Vivek has more than 25 years of experience across various finance, accounting and treasury roles. Together, they will play a pivotal role as IHH works closely with the new Fortis leadership to balance Fortis' short-term profitability with its long-term growth objectives, while continuing to deliver quality clinical care and outcomes to patients.

OUTLOOK AND PROSPECTS

As a leading healthcare operator, IHH continues to believe in the sustained demand for quality private healthcare in its home and growth markets and will adopt a multi-country portfolio strategy to diversify its earnings base in cashflow-generative markets such as Singapore and Malaysia, medium-term growth momentum from Turkey and long-term growth opportunities from India and Greater China.

The Group will increasingly leverage technology to increase our productivity and service offerings, including adopting more advanced medical treatments and to improve clinical outcomes. It is currently in a trial phase of using artificial intelligence to improve the accuracy of patient bill estimates through a predictive system and plans to implement this across its hospitals in phases.

IHH will also focus on ramping up its existing operations and integrating Fortis in the near to medium term. As part of its overall long-term strategy, the Group will look to power earnings growth across all the markets where it operates. Its 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.

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

Penelope Koh
t. +65 6307 7881
e. penelope.koh@ihhhealthcare.com

Josephine Chew
t. +65 9061 0353
e. jchew@we-watatawa.com

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 55,000 people and operating over 15,000 licensed beds across 82 hospitals in 11 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.
- **Fortis Healthcare Limited** is a leading integrated private healthcare provider in India. It operates across a network of 32 healthcare facilities and 378 diagnostic centres in India, Dubai, Mauritius and Sri Lanka. Fortis is listed on the Bombay Stock Exchange.
- **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.