IHH Healthcare Berhad

FOR IMMEDIATE RELEASE
Kuala Lumpur/Singapore, 30 May 2019

IHH Healthcare Reports Q1 2019 Core Net Profit of RM188.4 million

HIGHLIGHTS:

Strong double-digit gains in revenue and EBITDA on sustained organic growth and improved operational performance; PATMI (excluding exceptionals) up 56%

- Q1 2019 revenue and EBITDA up YoY 28% and 34% respectively; On constant currency terms and excluding impact from MFRS 16 *Leases*[1], revenue and EBITDA grew 40% and 31% respectively
- Both headline PATMI and PATMI (excluding exceptionals) up 56% on stronger operational performance
- Paid down US$250 million equivalent of non-Lira debt for Acibadem in April as part of ongoing plan to reduce the exposure to Turkish Lira volatility and strengthen Acibadem's balance sheet

Robust balance sheet with prudent cash management

- Net gearing of 0.16 times with RM6.1 billion cash position

GROUP RESULTS HIGHLIGHTS

Consolidated Financial Results for the period ended 31 Mar	Q1 2019 (RM million)	Q1 2018 (RM million)	Variance (%)
Revenue	**3,642.7**	2,855.0	28
EBITDA	**813.7**	608.9	34
PATMI	**89.5**	57.2	56
PATMI *(less exceptional items)*	**188.4**	120.5	56

IHH Healthcare Berhad ("**IHH**" or the "**Group**"), a leading premium global healthcare provider, today announced earnings for the first quarter ended 31 March 2019 ("**Q1 2019**").

For the three months ended 31 March 2019, the Group's revenue increased 28% year-on-year ("**YoY**") to RM3.6 billion. Earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items ("**EBITDA**") rose by 34% to RM813.7 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 opened in March 2017. Amanjaya Specialist Centre ("**Amanjaya**") and Fortis Healthcare ("**Fortis**"), acquired in October 2018 and November 2018 respectively, also contributed to the higher revenue and EBITDA. The Group's Q1 2019

[1] IHH adopted MFRS 16 *Leases* with effect from January 1, 2019. This change will boost the Group's Q1 2019 EBITDA since the Group does not recognises operating lease expenses but instead depreciation on "right-of-use" assets.

revenue included a one-off RM28.5 million trustee management fee income from RHT relating to its sale of RHT assets.

Headline PATMI for Q1 2019 increased 56% to RM89.5 million. PATMI (excluding exceptional items)[2] rose 56% from a year ago to RM188.4 million, mainly due to stronger operational performance.

The Group maintained a strong financial position as at end-March 2019, with net cash generated from operating activities of RM423.2 million and an overall cash balance of RM6.1 billion. Net gearing edged up to 0.16 times (31 December 2018: 0.10 times) on strategic investments including Fortis in India.

MANAGEMENT COMMENTS:

IHH Managing Director and CEO, Dr Tan See Leng, said: "We demonstrated the soundness of our strategy with another strong set of financial results for Q1 2019. Our disciplined execution of operational excellence across all our markets will continue to anchor performance and growth for the Group.

"In India, we are already working with Fortis' new leadership to execute its turnaround and are beginning to see some operational improvements to the business. In fact, in its recently released Q4 2019 results, Fortis has for the first time reported operational profit before tax, while also achieving cost savings and increased revenue. This transformational acquisition positions us for growth in one of the world's fastest growing markets for healthcare, and we expect Fortis to continue to be accretive to IHH in years to come.

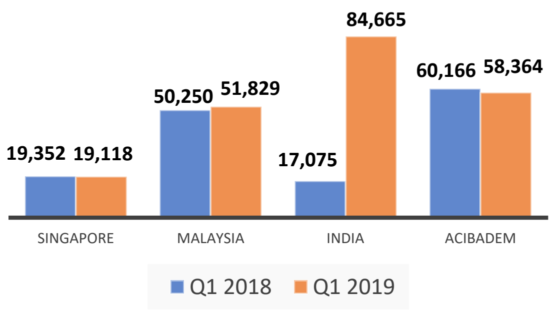
"Our decisive actions in Turkey to pare down US$250m of non-Lira debt last month will reduce forex volatility on earnings from the second quarter onwards. In Greater China, we ramped up operations in Gleneagles Hong Kong with new service offerings catering to demand, while the development of Gleneagles Chengdu and Gleneagles Shanghai continues on track."

SEGMENTAL RESULTS OVERVIEW: Q1 2019

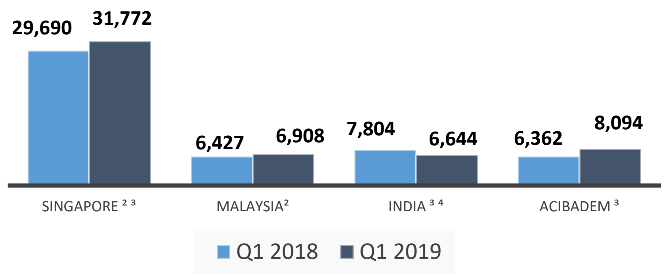
Segment	Revenue (RM million)			EBITDA (RM million)		
	Q1 2019	Q1 2018	Variance (%)	Q1 2019	Q1 2018	Variance (%)
Parkway Pantai	**2,578.9**	1,734.9	49	**503.5**	340.3	48
Acibadem Holdings	**967.1**	1,023.3	(5)	**233.7**	188.9	24
IMU Health	**61.7**	64.1	(4)	**25.7**	26.5	(3)
PLife REIT	**34.0**	32.7	4	**69.3**	66.8	4

[2] Stripping out exceptional items provides a better gauge of underlying operating performance

Inpatient Admission Volumes[1] (YoY)



Revenue Intensity Per Inpatient[1] (RM)



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: 3.01296; INR:0.05893; TL:0.73028)
4. Q1 2019 includes contribution from Fortis, that was acquired on 13 November 2018

Parkway Pantai, the Group's largest operating subsidiary, reported a 49% increase in revenue on sustained organic growth from existing operations and the continued ramp up of Gleneagles Hong Kong Hospital, as well as contribution from newly acquired Amanjaya and Fortis. EBITDA was boosted by lower start-up losses at Gleneagles Hong Kong Hospital as it continued to ramp up operations. The increase in revenue also included a one-off RM28.5 million trustee management fee income from RHT relating to the sale of the RHT assets. On constant currency terms and excluding the effects of adopting MFRS 16 *Leases*, revenue and EBITDA grew by 50% and 35% YoY respectively.

Inpatient admissions at its Singapore hospitals decreased 1.2% to 19,118, but average revenue per inpatient admission ("**revenue intensity**") grew 7.0% to RM31,772.

Inpatient admissions at its Malaysia hospitals grew 3.1% to 51,829 while revenue intensity grew by 7.5% to RM6,908.

In India, inpatient admissions increased by 463% to 84,665 on the inclusion of Fortis' inpatient admissions numbers since its acquisition in November 2018. Revenue intensity decreased by 14.9% to RM6,644 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% stake, saw revenue decline 5%; however, EBITDA increased 24% as its existing hospitals and healthcare business grew. On constant currency terms and excluding the effects of adopting MFRS 16 *Leases*, revenue and EBITDA were up 28% and 39% YoY.

Inpatient admissions decreased 3.0% to 58,364 but revenue intensity grew 27.2% to RM8,094 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 decrease by 4% and 3% respectively mainly due to lower student intake and population for some of its courses.

PLife REIT, with a portfolio of 50 healthcare-related properties as at 31 March 2019, saw its external revenue and EBITDA both increase by 4%. This was mainly due to contribution from a nursing rehabilitation facility acquired in February 2018.

OPERATIONAL AND FINANCIAL UPDATES

In January 2019, Fortis successfully completed the acquisition of RHT Health Trust's India assets for a total cash consideration of INR46,663 million (approximately RM2.7 billion). With this, Fortis now has control over the RHT assets, allowing it to streamline operations and generate substantial cost savings as significant clinical establishment fees are no longer required to be paid to the trust.

The new senior management at Fortis, comprising Dr Ashutosh Raghuvanshi as CEO and Mr Vivek Goyal as CFO, were onboarded in March and May 2019 respectively. They are now working closely with Fortis' reconstituted Board to deliver on its long-term growth objectives, while ensuring patients continue to receive quality clinical care and outcomes.

In April this year, as part of its plan to put Acibadem in a stronger position and reduce its exposure to the Turkish Lira volatility, the Group paid down US$250 million equivalent of its non-Lira debt for Acibadem.

OUTLOOK AND PROSPECTS

As a leading international healthcare operator, IHH continues to believe in the sustained demand for quality private healthcare in its home and growth markets. We 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.

IHH will focus on ramping up its existing operations and integrating Fortis in the near to medium term. The Group will also increasingly leverage technology to increase its productivity and service offerings, including adopting more advanced medical treatments and to improve clinical outcomes.

Given the Group's geopolitical footprint across Asia and CEEMENA, the Group is susceptible to geopolitical risks and currency volatility. In particular for Turkey, we expect the ongoing political uncertainty to weigh on the economic activity of the country, which will result in currency fluctuations.

As part of its overall long-term strategy, the Group will look to drive 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.

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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 55,000 people and operating over 15,000 licensed beds across 83 hospitals in 12 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 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 22 hospitals in Turkey, Macedonia, Bulgaria and Amsterdam. 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.