



IHH Healthcare reports Q1 2020 performance; Refreshed Strategy positions IHH to weather COVID-19 and deliver longer term growth

Revenue	EBITDA	PATMI (Excl EI*)	PATMI
RM3.6 billion	RM734.4 million	RM189.4 million	- RM319.8 million
(↓ 2%)	(↓ 10%)	(↑ 1%)	(↓ >100%)

*Excl EI: Excluding exceptionals, or Operational PATMI

“Like all businesses, we are impacted by the unprecedented global pandemic. Still, we delivered resilient operational performance in Q1 2020; Headline profits were affected by a thorough portfolio review and impairments of non-Fortis India investments made in 2015 and earlier.

Our focus is on maintaining prudent fiscal discipline, driving synergies and diversifying our income streams including with our global telemedicine rollout and enhanced diagnostics and lab capabilities. This will work in concert with our ongoing focus to deliver unrivalled care for patients and ensure the safety of our frontline workers who are going above their call of duty to serve their communities.

Looking ahead, our Refreshed Strategy gives us the resilience to weather the pandemic while positioning for longer-term growth. We will achieve this by doubling down on our vision to become the world’s most trusted healthcare services network and continuing to meet patients’ evolving needs.

Dr Kelvin Loh, IHH Managing Director and CEO

GROUP RESULTS HIGHLIGHTS

Q1 2020

- Revenue declined by 2% year-on-year (Y-o-Y) from a high base in Q1 2019, when the group recorded a one-off trustee management fee income of RM28.5 million. We had a strong start to the year but the month of March was impacted by the effects of the COVID-19 pandemic.
- EBITDA decreased 10% YoY on lower revenue and costs incurred to implement COVID-19 measures at the Group’s hospitals and healthcare facilities, partially mitigated by government grants and reliefs.
- Undertaken a thorough portfolio review of the non-Fortis India investments made in 2015 and earlier. Headline PATMI registered a loss due to impairment on the remaining goodwill of RM400.5 million from an investment made into Global Hospitals in India, and realisation of RM60.0 million foreign currency translation losses relating to Khubchandani Hospitals in India upon substantive liquidation.
- Despite COVID-19 impact, PATMI (excluding exceptional items) rose 1% to RM189.4 million on lower net interest expenses following the repayment of bank loans in H1 2019 and lower foreign exchange losses resulting from the Group’s ongoing forex management plan. It also increased from a lower



base last year when the Group recognised higher tax expense relating to one-off dividends from RHT disposal of assets.

- Balance sheet remained strong, with net cash generated from operating activities of RM463.3 million and an overall cash balance of RM5.4 billion.
- Net gearing edged up to 0.17 times (31 December 2019: 0.15 times) to finance working capital and capital expenditure.

COVID-19 IMPACT

- Since the pandemic began in late January 2020 in China, patients there have postponed non-essential treatment and visits to hospitals and healthcare facilities. From March 2020, the Group also saw lower foreign patient volumes and revenue due to the various travel restrictions implemented across the countries that it operates in.
- This was partially mitigated by IHH's provision of COVID-19-related services in partnership with governments and the public healthcare sector across its geographies, including:
 - Providing screening services and laboratory testing in Malaysia, Singapore, Turkey, India and Hong Kong;
 - Providing temperature screening at Singapore's borders;
 - Taking in COVID-19 patients decanted from public hospitals in Singapore; and taking in private walk-in COVID-19 patients at the Group's hospitals in Turkey and India
 - Taking in non-COVID-19 patients decanted from public hospitals including in Malaysia and Hong Kong
- In May, IHH rolled out telemedicine across all its key markets including Malaysia, Singapore, Turkey, India and Hong Kong. The integration of telemedicine with its existing healthcare services ranging from primary to quaternary care allows patients to receive more convenient access to IHH's full suite of services.

GEOGRAPHICAL OPERATIONAL AND FINANCIAL UPDATES

Singapore operations

- Revenue down 1% Y-o-Y to RM 1.0 billion; EBITDA down 5% to RM328.2 million.
- Inpatient admissions declined 9.6% to 17,278 while revenue intensity increased 10.9% to RM35,236.

Malaysia operations

- Revenue grew 3% to RM555.4 million; EBITDA lower by 8% to RM149.6 million.
- Inpatient admissions decreased 3.6% to 49,772 while revenue intensity grew 4.2% to RM7,231.

India operations

- Revenue declined 8% to RM750.6 million; EBITDA up 1% to RM69.1 million
- Inpatient admissions decreased 3.0% to 83,723 in Q1 2020, while its revenue intensity decreased 0.1% to RM6,476.



Greater China operations

- Gleneagles Hong Kong Hospital saw only a slight increase in losses even with higher operating and staff costs as it continues to ramp up because it did not see any decline in inpatient volume.
- Gleneagles Chengdu Hospital, which commenced operations in late October 2019, saw its ramp up hampered by the ongoing pandemic in the first quarter.

Turkey and European operations

- Revenue decreased 1% to RM955.8 million; EBITDA declined 7% to RM217.3 million due to the weaker Lira against the Ringgit, and partially offset by COVID-19 related services provided.
- Inpatient admissions decreased 4.4% to 55,699 while revenue intensity grew 14.8% to RM9,098, on price adjustments for inflation and more complex cases being undertaken.

Others

- IMU Health's revenue increased 9% to RM67.3 million, due to higher student intake for some courses and higher seminar income from a major conference organised by IMU Health. IMU Health's EBITDA increased 11% to RM28.5 million mainly as a flow through from the increase in revenue.
- PLife REIT's revenue rose 11% to RM37.7 million; EBITDA increased 2% to RM70.4 million due to rent contribution from properties acquired in Q4 2019.

GROUP OUTLOOK AND PROSPECTS

- There continues to be impact from COVID-19 pandemic for FY2020. A prolonged fallout from subsequent waves of COVID-19 outbreaks and renewed lockdowns may further dampen the Group's performance.
- The impact is partially mitigated by diversifying into new revenue streams through planned growth in areas including diagnostics, laboratory testing and telemedicine; improving case mix and enforcing cost controls and capital discipline including by deferring all non-critical capital expansion projects.
- IHH will do the needful to support governments in the global fight against COVID-19.
- With the gradual easing of movement restrictions starting in June, the Group has started to see the strong recovery of domestic patient volumes and expects overall patient volumes to recover progressively.
- The Group's Refreshed Strategy is built on trust, a strong execution track record and robust capital structure that will position it well to be resilient to weather the ongoing challenges.
- The Group maintains its focus on long-term growth and will execute its Refreshed Strategy to continue to drive efficient growth, unlock intrinsic value and drive cost savings through global shared services and procurement.

ABOUT IHH HEALTHCARE BERHAD (“IHH”)

As a leading international healthcare operator, IHH believes in the sustained demand for quality private healthcare in its home and growth markets. We are key players in our home markets of Malaysia, Singapore, Turkey and India, and key growth market of Greater China (including Hong Kong). We employ over 55,000 people and operate over 15,000 licensed beds across 77 hospitals in 10 countries worldwide.

Our vision is to become the world’s most trusted healthcare network and we will continue to make healthcare services more convenient and transparent to our patients. We offer our patients a full spectrum of integrated healthcare services from clinics to hospitals to quaternary care and a wide range of ancillary services across our portfolio which comprises of premium-brand healthcare assets, collectively representing a unique multi-market investment position in the healthcare sector.

- **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 and Brunei. “Mount Elizabeth”, “Gleneagles”, “Parkway” and “Pantai” are among the most prestigious brands in Asia.
- **Acibadem Holdings** is Turkey’s leading private healthcare provider, offering integrated healthcare services across 21 hospitals in Turkey, Macedonia, Bulgaria and the Netherlands. 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 27 hospitals and 415 diagnostic centres in India and Sri Lanka. Fortis is listed on the National Stock Exchange of India Ltd and 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.

More information can be found at www.ihhhealthcare.com.

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