IHH Healthcare Berhad

NEWS RELEASE

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IHH Healthcare reports firm recovery with Q3 2020 earnings exceeding Q3 2019

Revenue	EBITDA	PATMI (Excl EI*)	PATMI
RM3.5 b	RM832.7 m	RM238.4 m	RM310.0m
(↓ 7%)	(No change)	(↑ 18%)	(↑ 31%)

Q3 2020 Y-o-Y

**Excl EI: Excluding exceptionals, or Operational PATMI*

"The trust of our patients, combined with our efforts to capture new opportunities while keeping a tight control on costs enabled our earnings to return to profitability and even surpass Q3 2019.

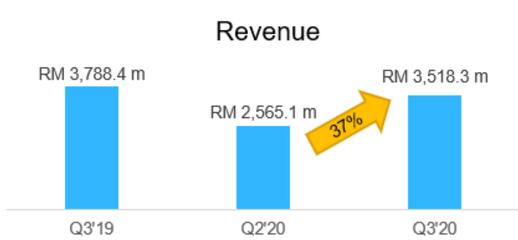
We continue to take decisive action to ensure resilience. We have reduced our forex exposure by paring down our debt in Acibadem. We have recently divested our stake in India's Apollo Gleneagles Hospital which allows us to recycle capital for more value accretive opportunities. In Malaysia, the addition of Prince Court Medical Centre boosts our metro cluster strategy by giving us a strong core of quality hospitals right in the heart of Kuala Lumpur, all done while ensuring we continue to have ample liquidity and debt headroom.

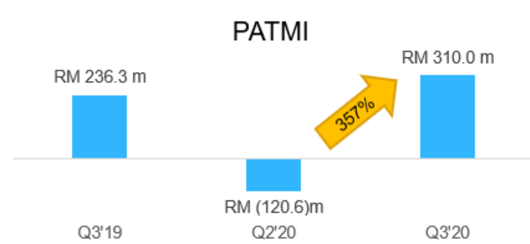
Our geographical footprint gives us earning resilience as some of our key markets are on the pandemic recovery path, even as others are experiencing a resurgence of COVID-19. Looking forward, we will remain nimble to meet the needs of our patients and help governments win the war against the pandemic to emerge stronger together."

Dr Kelvin Loh
Managing Director and CEO, IHH Healthcare

GROUP RESULTS HIGHLIGHTS

Q3 2020: Firm recovery in all markets, IHH back to profitability with earnings exceeding Q3 2019





- Quarter-on-quarter:
  - Reversal of downtrend across all key financial metrics.
- Year-on-year (Y-o-Y):
  - Revenue only saw a 7% decline as local patients including elective cases returned in strength, even as there remained restrictions on international travel.
  - Despite lower revenue, EBITDA was marginally higher on tight cost control as well as receipt of government grants and reliefs.

  - Headline PATMI grew 31% Y-o-Y on operational recovery and realisation of a one-off foreign currency translation reserve of RM193.5 million upon the substantive liquidation of IHH (Bharat) Limited.
  - PATMI (excluding exceptional items) increased 18% Y-o-Y as net interest expense was lower due to lower borrowing rates and loan quantum as compared to a year ago.

9M 2020: Strong balance sheet, ample liquidity and debt headroom

- Revenue and EBITDA declined 13% and 24% Y-o-Y respectively on the effects of COVID-19 (primarily in Q2 2020); PATMI registered a loss of RM130.5 million.
- PATMI (Excl EI) decreased 46% YoY to RM343.6 million. This was mitigated by lower net interest expense incurred from lower borrowing rates and repayment of loans in H2 2019.
- Balance sheet remained strong, with net cash generated from operating activities of RM1.7 billion and an overall cash balance of RM4.2 billion.
- Net gearing edged up to 0.21 times (31 Dec 2019: 0.15 times) due to drawdown of facilities to finance working capital, capital expenditure and the acquisition of Prince Court Medical Centre ("PCMC").

COVID-19 RECOVERY AND PROGRESS ON REFRESHED STRATEGY FOR LONGER TERM GROWTH

- IHH has seen occupancy in its home markets recover to between 50% and 65% in Q3 2020, about 70-90% of pre-COVID levels and turned PATMI positive in the quarter.
- To ensure ongoing recovery and resilience amid COVID-19, IHH will continue to:
  1) **Create new revenue streams by diversifying service offerings**
     - Continue to provide COVID-19 treatment and testing in support of the public healthcare sector.
  2) **Apply strict cost controls and cash and forex management**
     - Deferring non-critical purchases and capital expansion projects;
     - Proactively managing foreign currency exposure through cross currency swaps and prepayment of debt. In November 2020, IHH has reduced its gross non-Lira debt levels for its Turkey and Central and Eastern European operations to 92.0 million euros, from 288.0 million euros at the end of 2019. It continues to explore opportunities to further reduce its foreign currency exposure.
- The Group is also executing its Refreshed Strategy for longer-term growth which includes:
  - **Reviewing its portfolio and capital deployment to prioritise returns**
    - Given the Group's strategic intent of strengthening its existing healthcare operations across India, IHH has entered into a share purchase agreement to divest its entire 50% equity interest in its Apollo Gleneagles Hospital joint venture. The sale provides the Group with an opportunity to monetise its non-core asset. It will also allow IHH to recycle the capital towards higher-yielding opportunities to optimise returns for shareholders. The divestment is expected to be completed by 15 December 2020.
  - **Pursuing a metro cluster strategy for more efficient growth**
    - The Group completed its acquisition of Prince Court Medical Centre on 1 September 2020, which will be part of the Klang Valley cluster in Malaysia.

OUTLOOK

- Overall, the Group remains optimistic of a progressive recovery, and is encouraged that patient volumes have recovered strongly since June.
- IHH has diversified earnings across 10 markets, giving it earnings resilience as its key markets are at different phases of the pandemic, with some able to contribute more while in recovery, even as others experience a resurgence of COVID-19 with its appropriate movement restrictions.
- In the short term, however, it expects continued impact from COVID-19 for FY2020, especially if there are further disruptions from subsequent outbreaks and renewed lockdowns.
- IHH will continue to mitigate the impact by creating new revenue streams including COVID-19 related services, improving case mix, keeping tight cost and capital discipline while supporting governments.
- It remains in a strong financial position with ample liquidity and cash flow, even post-acquisition of PCMC, and is well-prepared to ride out this pandemic and deliver long-term growth by continuing to deliver on its Refreshed Strategy.

GEOGRAPHICAL OPERATIONAL AND FINANCIAL UPDATES

Malaysia operations

Significant recovery from previous quarter

- Quarter-on-quarter:
    - Revenue improved by 33% to RM578.9 million as local patients returned since the lifting of the Movement Control Order in June; EBITDA more than doubled to RM159.5 million.
    - Inpatient admissions increased 37% to 40,864; Revenue intensity grew to RM8,852 on the corresponding improved case mix.
    - For the third quarter, average occupancy has recovered to around 50%.
- Year-on-year:
    - Revenue fell 4% and EBITDA was lower by 10%.

Singapore operations

Strong revenue recovery in Q3

- Quarter-on-quarter:
    - Revenue grew 24% to RM1.0 billion as local patients have returned since June 2020 post circuit breaker, and EBITDA was up 56% to RM350.7 million.
    - Inpatient admissions increased 26% to 16,330; Revenue intensity down 6.0% to RM33,115 due to loss of revenue intense foreign patients.
    - For the third quarter, average occupancy was at 52%.
- Year-on-year:
    - Revenue fell 8%; EBITDA was lower by 2%.

Turkey and Central and Eastern European ("CEE") operations

Approaching "business as usual"

- Quarter-on-quarter:
  - Revenue improved 50% to RM922.7 million as both domestic and foreign patients returned; EBITDA tripled to RM224.1 million.
  - Inpatient admissions increased 27% to 45,456; Revenue intensity increased 8.1% to RM9,888 as more complex procedures were undertaken and foreign patient volumes to Turkey recovered.
  - For the quarter, average occupancy rebounded to 65%.
- Year-on-year:
  - Revenue increased 1%; EBITDA increased 20%.

India operations

Steady recovery continues in the quarter, with tight cost control

- Quarter-on-quarter:
  - Revenue grew 67% to RM694.4 million on return of local patients and treating of COVID-19 patients; EBITDA swung from a loss to a positive RM89.7 million.
  - Inpatient admissions increased 37% to 64,984; Revenue intensity increased 18.7% to RM7,607 as more COVID-19 patients were admitted.
  - For the quarter, average occupancy increased to 59%.
- Year-on-year:
  - Revenue fell 21%; EBITDA was lower by 29%.

Others

- IMU Health's revenue decreased 16% Y-o-Y to RM54.0 million, mainly due to changes in academic calendar for certain courses due to disruptions from COVID-19, hence affected the timing of their revenue recognition. EBITDA fell 48% Y-o-Y to RM12.0 million, mainly from lower revenue, implementation of COVID-19 measures, as well as pre-operating costs incurred for the new IMU Hospital under development.
- PLife REIT's external revenue increased by 10% Y-o-Y to RM38.9 million; EBITDA increased 3% Y-o-Y to RM73.6 million due to rent contribution from properties acquired in Q4 2019.

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 80 hospitals in 10 countries worldwide.

Our vision is to become the world's most trusted healthcare services 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 31 hospitals throughout the region, including Malaysia, Singapore, India, Greater 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 28 hospitals and 415 diagnostic centres in India, Dubai 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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APPENDIX

Financial Performance
(Including PLife REIT)

IHH Healthcare Berhad

Total Group Results

	QTD Sep			YTD Sep		
RM'mil	2020	2019	Variance	2020	2019	Variance
Revenue	**3,518.3**	**3,788.4**	-7%	**9,638.6**	**11,076.4**	-13%
EBITDA	**832.7**	**828.9**	0%	**1,834.7**	**2,416.2**	-24%
PATMI	**310.0**	**236.3**	31%	**(130.5)**	**510.8**	-126%
PATMI (Excl EI)	**238.4**	**202.3**	18%	**343.6**	**630.8**	-46%