



## NEWS RELEASE

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**IHH Healthcare reports 28% jump in Q4 2020 operational PATMI; on track to achieving goal of doubling ROE over 5 years**

Revenue	EBITDA	PATMI (Excl EI*)	PATMI
RM3.8 b	RM1.0 b	RM371.8 m	RM419.4m
(↓ 2%)	(↑ 16%)	(↑ 28%)	(↑ 933%)

Q4 2020 Y-o-Y

\*Excl EI: Excluding exceptionals, or Operational PATMI

*“Our steady recovery is reflected in our strong Q4 2020 and resilient FY 2020 performance. Our focus on operational efficiencies, increasing bed occupancy and revenue intensity, along with tight cost controls continue to bear fruit. As we are navigating the challenges of the pandemic, we stay disciplined in delivering our Refreshed Strategy through extracting synergies from our international network to drive sustainable earnings growth.*

*We are on track to double our ROE in five years despite the impact of COVID-19. To ensure we meet our goals, we have set a clear strategy for each market to grow efficiently and improve care for our patients. Furthermore we will continue to build on our strong foundation of trust to ensure long term sustainability.*

*In the year ahead, IHH’s diversified operations gives us earnings resilience despite ongoing shorter term challenges from the pandemic. The fight against COVID-19 has not been won yet, and our priority is to continue working hand in glove with the public healthcare systems to win this war, whether with vaccinations or any other care needed.*

**Dr Kelvin Loh**  
Managing Director and CEO, IHH Healthcare

**GROUP RESULTS HIGHLIGHTS****Q4 2020: Continued recovery across all markets with increased occupancy and revenue intensity**

- Quarter-on-quarter (Q-o-Q):
  - Revenue, EBITDA and PATMI (Excl. EI) grew 7%, 25% and 56% respectively.
  - Continued upward recovery trend in all markets.
  - Lockdowns and travel restrictions implemented in the countries that the Group operates have gradually eased to varying extent since Q3 2020.
  - Patients, including elective cases, have increasingly returned to the Group’s hospitals.
- Year-on-year (Y-o-Y):
  - Revenue saw a 2% decline due to postponement of elective and non-urgent treatment amid COVID-19 and fall in foreign patient volumes as international travel restrictions remained.
  - EBITDA grew 16% due to proactive actions to tighten costs, higher revaluation gains on the REIT’s investment properties as well as receipt of government grants and reliefs. EBITDA grew especially from our India, Central Eastern and European (“CEE”) and Hong Kong operations.
  - PATMI grew 933% Y-o-Y from a lower base due to one-off items in the previous period and proactive management to reduce non-lira debt borrowing exposure.



- PATMI (excluding exceptional items) increased 28% Y-o-Y due higher EBITDA, better operational efficiency and lower finance costs.
- The Board of Directors declared and maintained a first and final dividend of 4 sen per share at the back of strong Q4 performance for the full year 2020.

### **FY 2020: Strong balance sheet, ample liquidity and debt headroom**

- Revenue, EBITDA, PATMI (Excl EI) declined 10%, 13% and 22% Y-o-Y respectively due to the effects of COVID-19 (especially in Q2 2020).
- Balance sheet remained strong, with net cash generated from operating activities of RM2.4 billion and an overall cash balance of RM4.2 billion.
- Net gearing edged up to 0.20 times (31 Dec 2019: 0.15 times).

### **REFRESHED STRATEGY GOALS: DOUBLE RETURN ON EQUITY (“ROE”) OVER FIVE YEARS FROM 2020-2024 WITH TARGETED STRATEGY PER MARKET**

- **For FY2021**, IHH will continue to execute on its Refreshed Strategy:
  - 1) Extract synergies from IHH’s international network**
    - Sharpen strategy in each market to deliver greater value for patients
    - Drive RM100 million cost savings with Group procurement synergy programme
    - Enhance operational efficiency as one IHH network by integrating systems
  - 2) Drive efficient growth across the business**
    - Deepen cluster strategy execution
    - Remain focused on capital efficiency to prioritise achieving higher returns
    - Review and calibrate asset portfolio by addressing non-core or underperforming assets
  - 3) Develop sustainable platforms**
    - Respond to patient needs through innovation and digitalisation
    - Focus on value-driven outcomes to drive sustainability in provision of healthcare services
- Reflecting different market conditions, IHH has set strategic plans for each market to deliver greater value for patients:
  - **Singapore:** Continued focus on driving revenue intensity as “super” specialisation hub
  - **Malaysia:** Drive bed occupancy, grow via cluster strategy and extend reach to still fast-growing middle-income segments
  - **Turkey:** Grow via cluster strategy, de-risk growth by expanding euro contribution
  - **India:** Continue to drive cost savings and ramp up productivity
  - **Greater China:** Target for Gleneagles Hong Kong Hospital to EBITDA breakeven; minimise start up costs from new China hospitals



## OUTLOOK

- Overall, the Group is encouraged that patient volumes have been recovering since June 2020. We remain optimistic of continued recovery even if there are short term headwinds.
- IHH has diversified earnings across 10 markets, giving it resilience as its markets are at different phases of the pandemic, with some able to contribute more while in recovery, while as others experience a resurgence of COVID-19 with its appropriate movement restrictions.
- IHH has set a targeted strategy and outlook for each market factoring in the continued impact from COVID-19, and anticipating any further disruptions from subsequent outbreaks and renewed lockdowns.
- IHH will continue to take proactive steps to mitigate the impact of the pandemic by diversifying into new revenue streams including COVID-19 related services, improving case mix, keeping tight cost and capital discipline while supporting public health obligations.
- The Group remains in a strong financial position with ample liquidity and cash flow and is well-placed to ride out the pandemic. IHH is confident that its longer term growth trajectory remains intact as it executes on its Refreshed Strategy.

## GEOGRAPHICAL OPERATIONAL AND FINANCIAL UPDATES

### Malaysia operations

#### Continued recovery from previous quarter

- Quarter-on-quarter:
  - Revenue improved by 7% to RM618.5 million from COVID-19 related services and contribution from Prince Court Medical Centre; EBITDA grew 10% to RM174.8 million.
  - Inpatient admissions fell 6% due to Conditional Movement Control Order in November; Revenue intensity grew 5.1%.
  - For the quarter, average occupancy was at 45%.
- Year-on-year:
  - Revenue was flat and EBITDA was up by 2%.

### Singapore operations

#### Firm recovery of local patient volume for inpatient admission in Q4

- Quarter-on-quarter:
  - Revenue grew 6% to RM1.1 billion as local patients, including elective cases, have returned since June 2020 post circuit breaker.
  - EBITDA was up 30% to RM456.4 million due to cost containment measures.
  - Inpatient admissions increased 7%; Revenue intensity increased 0.2% .
  - For the quarter, average occupancy was at 55%.
- Year-on-year:
  - Revenue fell 4%; EBITDA increased by 7%.



## Turkey, Europe and Central and Eastern European (“CEE”) operations

### Solid profitability trend for Turkey, Europe and CEE operations

- Quarter-on-quarter:
  - Revenue improved 5% to RM969.9 million as both domestic and foreign patients returned; EBITDA grew 25% to RM280.2 million.
  - Inpatient admissions increased 9%; Revenue intensity increased 7.5% as more complex procedures were undertaken. Foreign patient revenue also exceeded the previous quarter with the lifting of the travel restrictions.
  - For the quarter, average occupancy was at 75%.
- Year-on-year:
  - Revenue fell 2%; EBITDA increased 14%.

## India operations

### Progressive recovery of non-COVID inpatient admissions

- Quarter-on-quarter:
  - Revenue grew 14% to RM794.1 million on contribution from COVID-related services and recovery of non-COVID inpatient admissions; EBITDA rose 28% to RM115.2 million.
  - Inpatient admissions increased 14%; Revenue intensity increased 0.5% as there was higher mix of non-COVID patients including elective surgeries.
  - For the quarter, average occupancy was at 64%.
- Year-on-year:
  - Revenue fell 3%; EBITDA increased 28%.

## Others

- IMU Health’s revenue increased 19% Q-o-Q to RM64.1 million as lessons resumed via online and through face-to-face lessons from October 2020; EBITDA rose 4% Q-o-Q to RM12.4 million, mainly from higher revenue and offset higher expenses mainly on IT and renewals of Library and Resources subscriptions.
- PLife REIT’s external revenue held at RM38.8 million; EBITDA increased 24% Q-o-Q to RM91.6 million due to revaluation gains from investment properties.



## **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 65,000 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](http://www.ihhhealthcare.com).

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

Penelope Koh  
Vice President, Investor Relations  
t. +65 9820 8973  
e. [penelope.koh@ihhhealthcare.com](mailto:penelope.koh@ihhhealthcare.com)

Josephine Chew  
Managing Director (WATATAWA Consulting)  
t. +65 9061 0353  
e. [jchew@we-watatawa.com](mailto:jchew@we-watatawa.com)