HMI's 2Q2016 revenue grows 13% to RM 96.6 million

Highlights

- Growth underpinned by higher patient load and average bill sizes
- Profit before tax up 12% to RM 16.6 million for 2Q2016
- Construction of new medical block at Regency will add over 100 clinic suites, dedicated outpatient procedure areas and additional patient beds

FINANCIAL HIGHLIGHTS	**2Q2016**	**2Q2015**	**Change**
	RM'000	**RM'000**	**%**
Revenue	96,622	85,233	13
Gross Profit	30,590	26,767	14
Gross Profit Margin (%)	31.7	31.4	0.3 pts
Profit before Tax	16,627	14,792	12
Net Profit Attributable to Equity Holders	5,394	5,457	(1)
Basic Earnings per Share (cents)	0.93	0.95	(1)

SINGAPORE – **11 February 2016 - Health Management International Ltd** ("**HMI**" or the "**Group**"), a fast growing regional private healthcare provider, reported revenue of RM 96.6 million for the second quarter ended 31 December 2015 ("**2Q2016**"), up 13% from a year ago ("**2Q2015**"). Profit before tax for the quarter grew 12% year-on-year ("**y-o-y**") to RM 16.6 million while PATMI remained stable at RM 5.4 million.

The growth in revenue was underpinned by higher patient load and increased average bill sizes at both Mahkota Medical Centre ("**Mahkota**") and Regency Specialist Hospital ("**Regency**") in Malaysia. As one of the largest and most established tertiary hospitals in Malaysia, Mahkota in Malacca continues to perform strongly and grew its revenue for the quarter to RM 61.7 million, an increase of 9% y-o-y. Regency in Johor reported a 16% growth in revenue to RM 32.9 million for 2Q2016, reinforcing its position as one of the fast growing tertiary hospitals in Malaysia.

Despite increased costs from GST, healthy revenue growth and improving economies of scale resulted in the overall gross profit margin for the Group expanding slightly to 31.7% in 2Q2016, compared to 31.4% in 2Q2015. Administrative expenses increased by RM 3.8 million y-o-y to RM 14.9 million, mainly due to higher general operating costs, RM 1.0 million increase in depreciation expenses and higher share-based payment expenses of RM 0.3 million. Tax expense increased by RM 2.0 million mainly due to the utilisation of RM 1.4 million deferred tax assets by Regency in the current financial period.

Cashflow from operations before working capital changes grew 10% year-on-year to RM 23.3 million while the Group's balance sheet remained robust with cash and cash equivalents of RM 50.3 million.

Operational Updates

Mahkota Medical Centre

Mahkota, one of the largest and most established tertiary hospitals in Malaysia, is a well-regarded healthcare brand in the region. Earlier in 2015, it was conferred the "Malaysia Medical Tourism Hospital of the Year 2015" award by Frost & Sullivan, a testament to its consistent growth and performance and extensive services for medical tourists. There was continued growth in patient visits as well as increases in average bill sizes during the quarter. The hospital added a new day surgery unit in September 2015. Other expansion plans are progressing which includes the addition of more inpatient beds and a new PET/CT scanner at the Mahkota Cancer Centre.

Regency Specialist Hospital

Regency continues to demonstrate strong performance and healthy revenue growth. Although the hospital has only recently entered into its seventh year of operations, it already offers 19 medical and surgical specialties and has also recently started its open heart surgery programme. The new 10-storey medical block will add over 100 clinic suites, dedicated outpatient procedure areas and more patient beds. Construction is expected to commence in 2016 and be completed within two years. The estimated construction cost of RM 90.0 million will be funded by external debt and the Group's internal cash resources.

Looking ahead

Commenting on the Group's performance, HMI Group Chief Executive Officer, Ms Chin Wei Jia said, "Despite the increasing competition faced by both Mahkota and Regency, our hospitals continue to deliver strong revenue performance. We have commenced expansion plans at our hospitals to cope with increasing patient volumes as well as enhancing our healthcare services to provide a comprehensive suite of offerings. At the same time, we have also begun looking for investment opportunities to further drive the Group's next phase of growth."

A recent article by The Star also reported that Malaysia is one of the top three preferred destinations for healthcare travel in Asia. The Malaysia Healthcare Travel Council also expects more medical tourists seeking treatment in Malaysia, especially with Budget 2016 introducing incentives like the e-visa by mid-2016.[1]

Ms. Chin continued, "With the strong branding that Mahkota has already established amongst foreign patients, we aim to leverage this strength to increase our medical tourism receipts."

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About Health Management International Ltd

Health Management International Ltd ("**HMI**" or the "**Group**") is a fast growing private healthcare provider with presence in Singapore, Malaysia and Indonesia. The Group key assets comprise of two tertiary hospitals in Malaysia, the 288 bed capacity Mahkota Medical Centre ("**Mahkota**") in Malacca and the 218 bed capacity Regency Specialist Hospital ("**Regency**") in Johor. The Group also owns and operates the HMI Institute of Health Sciences in Singapore.

For more information, please refer to our website at www.hmi.com.sg.

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Disclaimer

This release may contain statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. You are cautioned not to place undue reliance on such statements, which are based on the current views of management on future developments and events.

[1] The Star – Medical tourism growing in Malaysia, 10 January 2016