



HMI
GROUP
新康集团

1Q20 Results Presentation

11 November 2019



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Key 1Q20 Highlights

Strong Financial Performance

	1Q20 YoY Growth
Revenue	14.3%
EBITDA	14.5%
Core NPAT ⁽¹⁾	13.7%
Core PATMI ⁽¹⁾	14.1%

Operational Update

- Total operational beds : 462 beds (1Q19: 437 beds)
- Total patient load : 130.6K patients (↑8.8% YoY)
- Avg. inpatient bill size : MYR 8,191 (↓0.5% YoY)
- Avg. outpatient bill size : MYR 242 (↑7.3% YoY)

Update on privatization

- On 5 July 2019, the Group and PanAsia Health Limited (the “Offeror”) jointly announced the proposed acquisition of all the issued ordinary shares in the capital of the Group by the Offeror
- The scheme has since been approved by shareholders and the Singapore High Court. Subject to the satisfaction (or where applicable, waiver) of all the conditions to the scheme, the scheme is expected to become effective and binding on 12 December 2019

Note: (1) Excludes non-operational and one-off items such as forex (gain)/loss, acquisition-related professional fees and other costs

Resilient Financial Performance

Group Income Statement

In MYR'000	1Q19	1Q20	% Δ
Revenue	124,931	142,756	14.3%
EBITDA	31,152	35,658	14.5%
EBITDA margin (%)	24.9%	25.0%	
Net profit after tax ("NPAT")	8,764	16,916	93.0%
NPAT margin (%)	7.0%	11.8%	
Profit attributable to:			
Equity holders ("PATMI")	10,648	19,126	79.6%
Non-controlling interests	(1,884)	(2,210)	17.3%
Adjustments for non-operational and one-off items			
Add: Forex loss/(gain)	3,499	(985)	NM
Add: One-off Items ¹	2,480	829	NM
Core NPAT	14,743	16,760	13.7%
NPAT margin (%)	11.8%	11.7%	
Core PATMI	16,627	18,970	14.1%
PATMI margin (%)	13.3%	13.3%	

¹Notes on One-off Items:

(1) The Group added back the accelerated amortization of RM2.5 million of capitalized expenses related to the acquisition loan which was fully repaid in 1Q2019

(2) The Group added back costs related to professional fees incurred on the scheme of arrangement exercise. For more information, refer to SGXNet on 5 July 2019

- ❑ **1Q20 revenue increased 14.3% YoY to MYR 142.8mn** mainly due to rising patient load
 - ❑ **1Q20 EBITDA increased 14.5% YoY to MYR 35.7mn**, EBITDA margin expanded 0.1 percentage points to 25.0%
 - ❑ **1Q20 Core PATMI increased 14.1% YoY to MYR 19.0mn**
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- ❑ **Excluding the impact of net gestation costs from StarMed:**
 - ✓ 1Q20 EBITDA would have increased 18.5% YoY while Core PATMI would have increased by 22.3% YoY

Strong Financial Position

Key Balance Sheet Items

In MYR'000	As at 30-Sep-19	As at 30-Jun-19
Cash and cash equivalents	94,377	81,907
Trade and other receivables	44,004	45,205
Inventories	15,037	14,616
Other current assets	5,702	5,677
Property, plant and equipment	593,524	593,197
Trade and other payables	104,226	101,289
Total Debt	330,020	340,701
Net Debt	235,643	258,794

Key Leverage Ratios

Total Debt / LTM EBITDA	2.7x	2.9x
Net Debt / LTM EBITDA	2.0x	2.2x
Net Debt / Equity ¹	0.8x	0.9x

- ❑ Maintained strong balance sheet with cash position of MYR 94.4mn and net debt of MYR 235.6mn as at 30 September 2019
- ❑ Total debt decreased from MYR 340.7mn to MYR 330.0mn as at 30 September 2019
 - ❑ Approximately 63% of the Group's debt relates to StarMed property mortgage, at c.20 years tenure
- ❑ Net Debt / LTM EBITDA decreased to 2.0x and Net Debt / Equity decreased to 0.8x

Note (1) Equity refers to the aggregate of Shareholder's Equity and Non-Controlling Interests.



APPENDICES

Income Statement - 1Q19 vs 1Q20

Income Statement

In MYR'000	1Q19	1Q20	% Δ
Revenue	124,931	142,756	14.3%
Cost of services	(80,771)	(90,770)	12.4%
Gross profit	44,160	51,986	17.7%
<i>Gross margin (%)</i>	<i>35.3%</i>	<i>36.4%</i>	
Interest income	402	389	-3.2%
Other gains/(losses), net	(1,866)	2,113	-213.2%
Distribution and marketing expenses	(1,744)	(1,718)	-1.5%
Administrative costs	(19,868)	(24,424)	22.9%
Finance costs	(5,675)	(3,121)	-45.0%
Share of results of associates	-	(429)	NM
Profit before tax	15,409	24,796	60.9%
Income tax expense	(6,645)	(7,987)	20.2%
Net profit after tax ("NPAT")	8,764	16,809	91.8%
<i>NPAT margin (%)</i>	<i>7.0%</i>	<i>11.8%</i>	
Profit/(loss) attributable to:			
Equity holders	10,648	19,126	79.6%
Non-controlling interests	(1,884)	(2,210)	17.3%

- ❑ **Revenue:** Increased 14.3% YoY to MYR 142.8mn driven by higher patient load for the Group's hospital services segment
- ❑ **Gross Margin:** Increased to 36.4% due to better cost management
- ❑ **Other gains/(losses), net:** Increase was mainly due to higher foreign exchange gains of MYR 1.0mn recorded in 1Q20
- ❑ **Administrative expenses:** Increased by MYR 4.6mn as compared to the previous financial period mainly due to administrative expenses incurred by StarMed
- ❑ **Finance costs:** Decreased by MYR 2.6mn mainly due to the one-off accelerated amortization of MYR 2.5mn of capitalized expenses relating to acquisition of non-controlling interests in Mahkota Medical Centre and Regency Specialist Hospital in 1Q2019



THANK YOU

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