



# **Corporate Presentation**

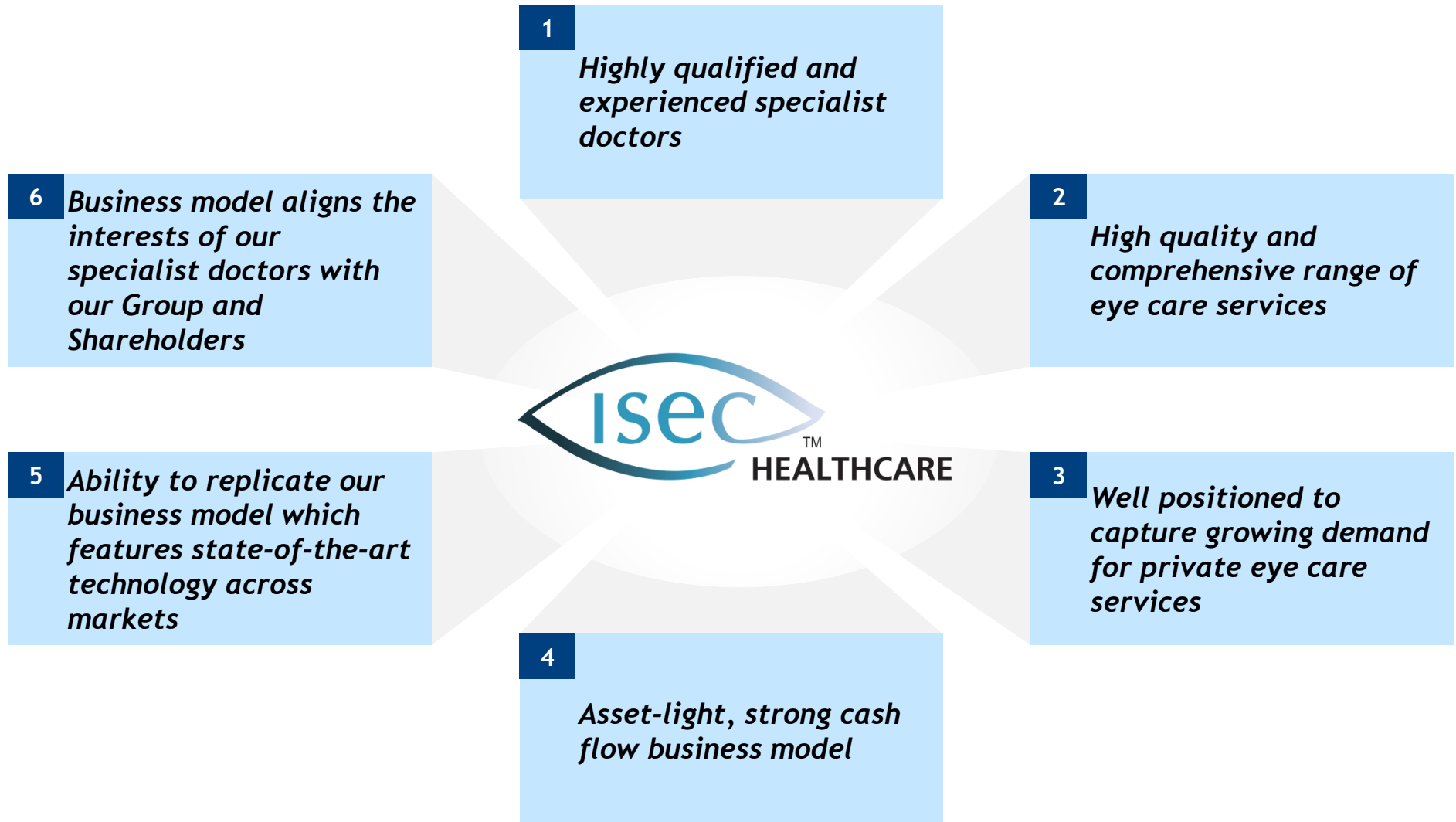
**January 2016**

- ISEC is a comprehensive medical eye care service provider, with ambulatory surgical centres in Malaysia (Kuala Lumpur, Penang & Malacca) and Singapore (Gleneagles Hospital)
- We specialise in the fields of cataract and refractive surgery (including LASIK), vitreoretinal diseases, corneal and external eye diseases, glaucoma, uveitis, oculoplastics, facial cosmetics and aesthetics surgery, adult strabismus and paediatric ophthalmology
- We have a strong team of 19 full-time specialist doctors, and most are also shareholders of the Company
- Our vision is to provide high quality, compassionate, world-class eye care at affordable level



ISEC stands for “International Specialist Eye Centre”

# Competitive Strengths of the Group

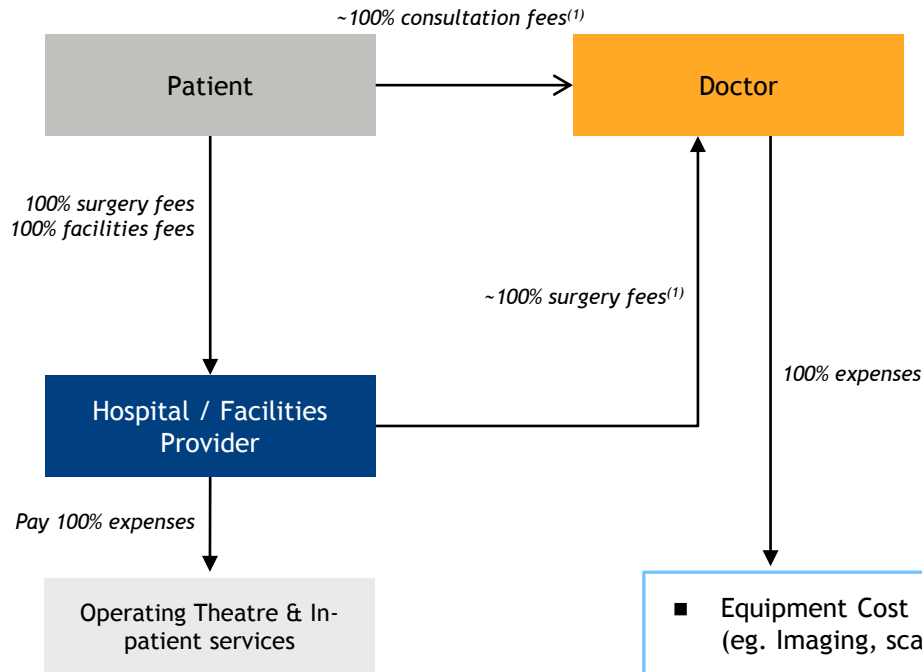


# Competitive Strengths of the Group

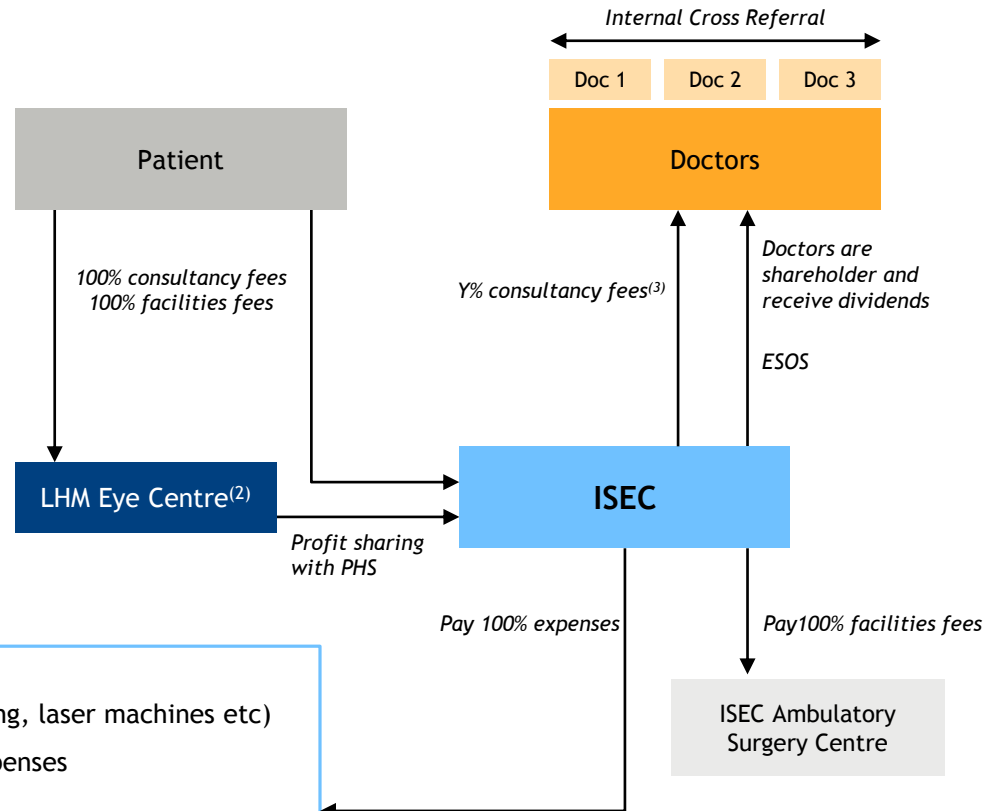
## 6. Business Model Aligns the Interests of Specialist Doctors with Our Group and Shareholders



### Typical Set-up



### ISEC Model



- Equipment Cost (eg. Imaging, scanning, laser machines etc)
- Overhead Rental Expenses
- Operating Cost (Nurses, Optometrist, Utilities etc)
- Administrative Expenses
- Marketing Expenses

- Doctors share consultancy fees<sup>(3)</sup>
- Doctors are shareholders, receive dividends and participate in ESOS
- Equipment, overhead and other operating costs are shared
- ISEC brand name assured patients flow, internal cross referral

Source: Company's information

Note:

(1) Hospital will typically deduct 2-3% administrative charges

(2) LHM Eye Centre was previously known as Parkway Eye Centre

(3) Except for executive directors

# Industry Overview

## Key Drivers for Private Ophthalmology



**AGEING POPULATION** with large elderly patient group suffering from cataract, glaucoma, AMD, dry eyes or vitreoretinal diseases as these eye disorders are age-related

- 25.9% of population in Malaysia above 40 years old in 2013, expected to grow at CAGR of 1.7% from 2013 to 2018
- 48.0% of population in Singapore above 40 years old in 2013, expected to grow at CAGR of 4.6% from 2013 to 2018

**INCREASING AWARENESS** with information technology penetration will increase patients' propensity to seek timely and private medical treatment

- Internet penetration in Malaysia increase from 55.8 per 100 people in 2008 to 67.0 per 100 people in 2013, allowed patients to seek information about eye treatments online
- Number of internet users in Singapore increased from 69.0 per 100 people in 2008 to 73.0 per 100 people in 2013 allowing them to gain awareness over eye diseases from the internet

**RISING INCOME LEVEL** increases patients' affordability to engage private ophthalmology services

- Malaysian household monthly income rose from SGD 1,532 in 2009 to SGD 1,903 in 2012
- In Singapore, the median monthly household income from work increased from SGD 7,570 in 2012 to SGD 7,870 in 2013

**INCREASE IN PRIVATE INSURANCE COVERAGE** encourages more people to seek private medical services, including ophthalmology-related medical procedures that are subsidized by insurance

- Medical and personal accident insurance market in Malaysia increase at a CAGR of 13.6% from 2013 to 2018
- The annual premium growth in Singapore between 2013 to 2020 is expected to be 11.8%

# Industry Overview

## Key Drivers for Private Ophthalmology (cont'd)

**GOVERNMENT SUPPORT IN PROMOTING MEDICAL TOURISM** leading to generation of additional demand for medical services including ophthalmology services

- Medical tourism based healthcare expenditure forecast to grow at 26.7% CAGR from 2009 to 2018 in Malaysia
- Medical tourism based healthcare expenditure forecast to grow at 13.6% CAGR from 2009 to 2018 in Singapore. Ophthalmology is the second most popular medical procedures amongst medical tourist coming to Singapore

**RISING INCIDENCE OF DIABETES** can in turn increase one's chances of getting an eye disorder such as diabetic retinopathy, cataract and glaucoma

- 12% of Malaysian are suffering from diabetes, and this would subsequently contribute to the growth of more eye patients who suffer from diseases such as diabetic retinopathy, cataract and glaucoma

***The ophthalmology industry is underserved by qualified ophthalmologist:***

|                          |   |
|--------------------------|---|
| Malaysia                 | 0.01 ophthalmologist per 1,000 population |
| Singapore                | 0.04 ophthalmologist per 1,000 population |
| World average            | 0.036 per 1,000 population                |
| Other modernized nations | 0.05-0.11 per 1,000 population            |



**P**ETALING JAYA — Doctors say there is a crying need for more eye specialists, especially in rural areas, to ease the huge backlog of cataract cases nationwide which stood at 600,000 at last count.

At the opening of the Sixth Ophthalmology Symposium in Kota Baru yesterday, ophthalmology specialist Dr Elias Hussein said a nationwide survey conducted last year indicated those awaiting correction to their vision were mostly aged 50 and above.

By Haresh Deol  
haresh@mmail.com.my

## TOP NEWS

# More specialists needed to ease cataract backlog

PETALING JAYA — Doctors say there is a crying need for more eye specialists, especially in rural areas, to ease the huge backlog of cataract cases nationwide which stood at 600,000 at last count.

At the opening of the Sixth Ophthalmology Symposium in Kota Baru yesterday, ophthalmology specialist Dr Elias Hussein said a nationwide survey conducted last year indicated those awaiting correction to their vision were mostly aged 50 and above.

The number was expected to increase by 30 per cent by 2030.

There is a dire need of more specialists, especially in government service," said Dr Elias Hussein, senior consultant ophthalmologist at

Selayang Hospital.

"We tend to focus on urban areas but it is the rural areas which are in dire need of experts. We have to fly our specialists to the interior areas of Sabah and Sarawak to help the villagers there enjoy proper sight."

He said efforts were already underway to bring down the number of cataract cases.

"About three years ago, we carried out 20,000 cataract operations a year. Today, we do about 40,000. The number of operations have increased, thanks to several initiatives."

Among the initiatives are the introduction of the 1Malaysia Cataract Clinic (KK1M) and a transit cataract surgical centre.

It was reported in June that KK1M successfully conducted surgery on 124 patients during a two-week stint at Serian Hospital in Sarawak. They are currently operating on patients from Simunjan Hospital before seeing patients from Sarawak General Hospital Heart

Centre (Sept 28-Oct 8), Lundu Hospital (Oct 19-29) and Bau Hospital (Nov 16-26).

"The number of cases continue to grow on a daily basis. We are trying our level best."

He acknowledged patients had often complained of the long waiting time.

"Those in the Klang Valley should visit the Federal Territories Islamic Religious Council's (Maiwp) Cataract Surgery Centre at Jalan Ipoh. The waiting time there is just two weeks. More of such centres will be opened soon."

A cataract surgery at the centre costs RM103 while a similar operation at a private clinic or hospital could go up to RM3,500, depending on the severity of the case and other charges.

However, several doctors said the backlog was just "too big a number" and that immediate steps must be taken to address the situation.

There were some 2.3 million senior citizens

nationwide last year, with the figure expected to rise to 3.2 million (9.5 per cent of the population) in 2020 and about 15 per cent in 2030.

"In some government hospitals, it is just too top-heavy (too many specialists in administrative posts). That's wasted resources," said an eye specialist who wished to remain anonymous.

"It would help if they found a balance between administrative work and operating time. We need to reduce the doctor-patient ratio."

Another eye doctor said: "Perhaps the government should consider working closely with private hospitals to help ease the backlog. This could only work in urban areas."

"Better still, the government should increase the pay and perks of their doctors to ensure the good and dedicated remain in the service. This would benefit the people, especially the poor," he said.



## Understanding cataract





is a dire need to train more specialists to treat people seeking relief from cataract. — File picture

## 'Waiting time just too long'

Earl Lee and Azdee Amir  
mmnews@mmail.com.my

JAYA — A septuagenarian, who eight years for cataract surgery at a government hospital, was eventually able to have it done at a private hospital. The patient, 70, was first referred to a hospital in Kuala Lumpur in 2005 after she began experiencing "floaters", blurring and flashes and spots and got worse. The doctor said I had cataracts and was still not 'ripe' and told me to

wait. He said my name will go on a waiting list, but there was no guarantee the surgery would take place anytime soon."

She said the doctor had offered to refer her to another government hospital. She took up that offer and went to one that was closer to her home. There, she was informed she had to return for a further check-up but there was also no guarantee she could have the operation soon.


"I opted to undergo surgery at a private hospital instead as I could not wait any longer. The ophthalmologist was shocked when she found out I had been waiting for such a long time as my cataract was

at a government hospital. I just could not wait. They told me it could take up to six months," said the 62-year-old.

Shireen Chan, 45, said she spoke to cataract patients at Selayang Hospital during her visit there recently and was told they had to wait between three and six months to get their vision corrected.

"They said it depends on the severity. Frankly, the waiting line at government hospitals is just too long. So those who can afford it rather go to private hospitals. Anthony Maria Danker, 73, was told to wait for a year for surgery.

"I went to a hospital in Petaling Jaya four



### Understanding cataract

#### What is cataract?

It is a clouding of the lens in the eye which affects vision. Most cases of cataract are related to ageing and it is very common in older people. A cataract can occur in either one or both eyes but it cannot spread from one eye to another.

#### What causes cataract?

The lens lies behind the iris and the pupil. It works just like a camera and focuses light onto the retina at the back of the eye, where an image is recorded. The lens is made mostly of water and protein. Some protein may clump together and start to cloud a small area of the lens as we age and this is a cataract. Over time, a cataract will grow larger and cloud more of the lens, making it harder to see. Research shows that smoking and diabetes are also causes of cataract.

#### What are some of the symptoms?

Cloudy or blurry vision, poor night vision, glare, double vision or multiple images, frequent prescription changes in eyeglasses or contact lenses.

#### How is it treated?

Symptoms of early cataract may be relieved with brighter lighting, new eye-glasses or contact lenses.



# Our Business Strategies



Source: Company's information

# Expansion Plans



Business expansion  
in the Asia Pacific  
region  
(including Malaysia  
and Singapore)

★ Target Countries

## ***January 2015 - Sibü, Sarawak Malaysia***

Proposed incorporation of joint venture company, ISEC (Sibu) Sdn. Bhd.

- ISEC Sdn. Bhd. shall hold 55% of the shares in ISEC (Sibu) Sdn. Bhd.
- ISEC (Sibu) Sdn. Bhd. shall operate and administer an ophthalmology centre of excellence in the city of Sibü, State of Sarawak in Malaysia
- The joint venture partners, Professor Dr Chua Chung Nen (“Dr Chua”) and Dr Ngo Chek Tung (“Dr Ngo”) shall practice in ISEC (Sibu) Sdn. Bhd.
- Sibü is strategically located northeast of Kuching, capital of Sarawak to serve the underserved patients from this part of Sarawak, East Malaysia as well as the West and North Kalimantan
- Both Dr Chua and Dr Ngo are well trained Senior Ophthalmologist in their field of sub-specialty with established patient base

## ***April 2015 - Vietnam***

Entered into a Memorandum of Understanding with Cao Thang Corp (“CTC”) and Mr. Nguyen Danh Khoi to operate and administer eye hospitals, ophthalmology centres and eye clinics in Vietnam

- CTC was founded in 2001 in Ho Chi Minh City, Vietnam and operating a private eye hospital known as Cao Thang Eye Hospital (“CTEH”) and clinics
- CTEH is ISO 9001:2000 compliant and was awarded Joint Commission International accreditation since 2009
- ISEC Healthcare Ltd. shall hold effective interest of 51% in the joint stock company to be set-up
- Vietnam had a population of approximately 90 million people with around 69.8% of its population aged between 15 to 64 years  
*(source: en.m.wikipedia.org)*
- CTEH offers comprehensive range of medical eye treatment such as corneal and refractive surgery, paediatric, presbyopia, glaucoma, vitreo-retina, cataract surgery and oculoplastics surgery
- CTEH is one of the largest private ophthalmology group in Vietnam with over 10 full time ophthalmologist and over 20 visiting ophthalmologist



**December 2015 - Acquisition of 100% equity interest in Southern Specialist Eye Centre Sdn. Bhd. (“SSEC”) by ISEC Sdn Bhd (“Purchaser”)**

### *Summary of the acquisition*

- Purchase consideration - RM37.1 million, approximately 12.43 times multiples of unaudited and normalized profit after tax of ophthalmology business segment for FY2014 of approximately RM2.98 million of KC Yeo Eye Specialist Clinic Sdn. Bhd. which was transferred to SSEC effective from 1 January 2015
- The purchase consideration was satisfied by cash of RM15,767,500 and consideration shares of ISEC Healthcare Ltd. equivalent to RM21,332,500
- Dr Yeo, Dr Wong and Dr Liu (collectively the “CS Recipients”) created in favour of the Purchaser charge over 100% of their respective consideration shares portion, as continuing security for the performance of each CS Recipients
- 20% of the respective consideration shares proportion shall be released if no breach has occurred on or before the expiry of a 12-month period and this shall be repeated for the next 48 months
- All the 3 doctors entered into fixed term contracts for 5 years with SSEC

## December 2015 - Acquisition of 100% equity interest in SSEC by ISEC Sdn Bhd (Cont'd)

### *Rationale for the acquisition*

- The acquisition will expand the Group's eye specialist clinics footprint in Malacca, serving health tourists from Southern Sumatra and the Riau Bintang Islands
- To tap into affluent local market and Singapore patients
- KC Yeo Eye Specialist Clinic Sdn. Bhd. had been operating for last 9 years under the professional team of eye surgeons of SSEC
- SSEC is one of the largest and reputable Malaysia private ophthalmology practice south of Kuala Lumpur



# Financial Highlights

# Basis of Preparation of Financial Information

|                    | 2014     |                                    |  |   | 2015                 |
|--------------------|----------|------------------------------------|--|---|----------------------|
|                    | 1Q2014   | 2Q2014                             | 3Q2014 onwards                           |   | January 2015 onwards |
| ISEC Group results | ISEC Mal | ISEC Mal + ISEC Sing               | ISEC Mal + ISEC Sing + ISEC Eye          |   |                      |
| Description        |          | ISEC Sing was transferred to ISECH | ISEC Sing started operations in Aug 2014 | Acquisition of ISEC Eye on 26 Sept 2014 |                      |

ISEC Group - ISEC Healthcare Ltd. (“ISECH”) and its subsidiary companies

ISEC Mal - ISEC Malaysia consists of ISEC Sdn Bhd and its subsidiaries

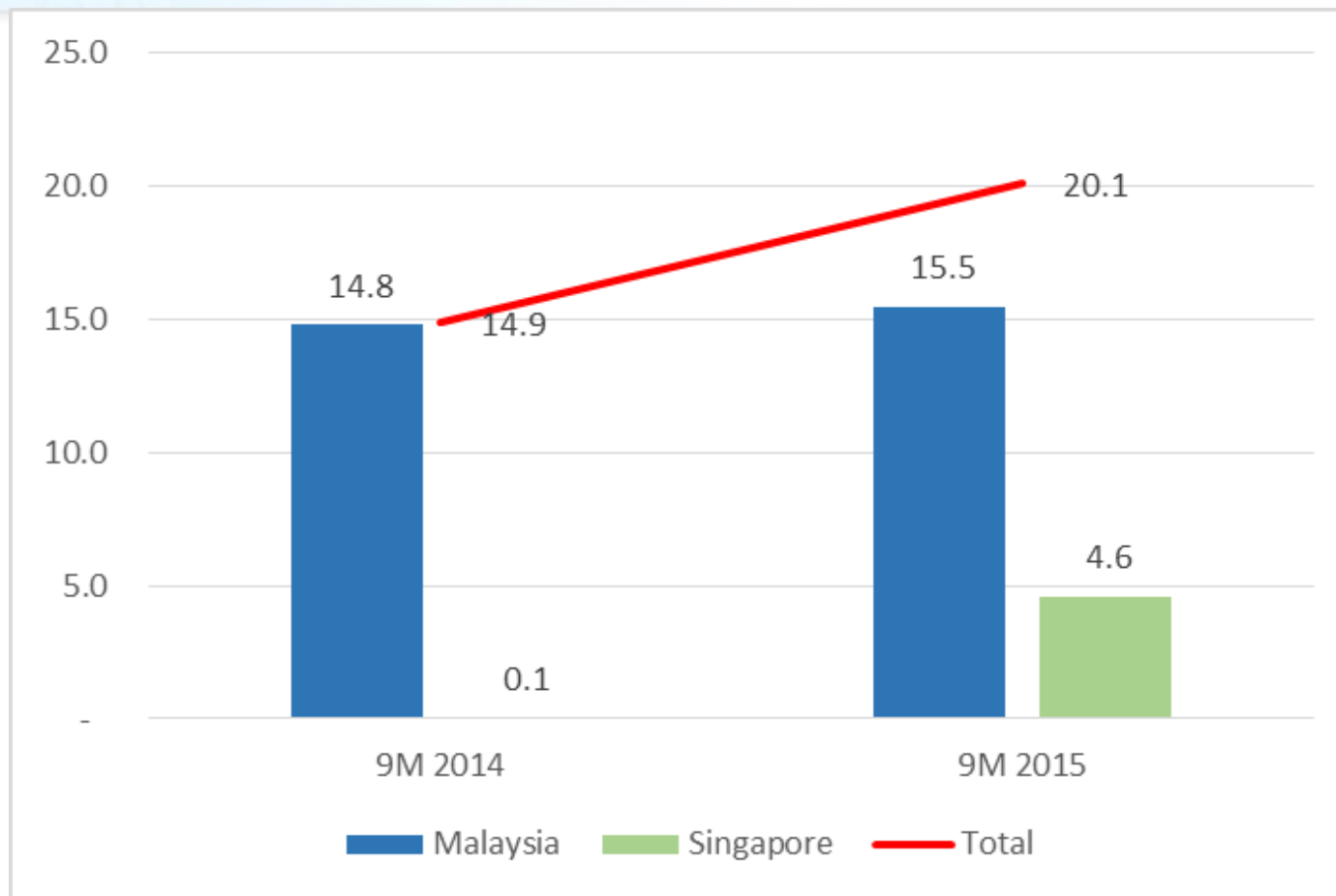
ISEC Sing - International Specialist Eye Centre Pte. Ltd.

ISEC Eye - ISEC Eye Pte. Ltd.



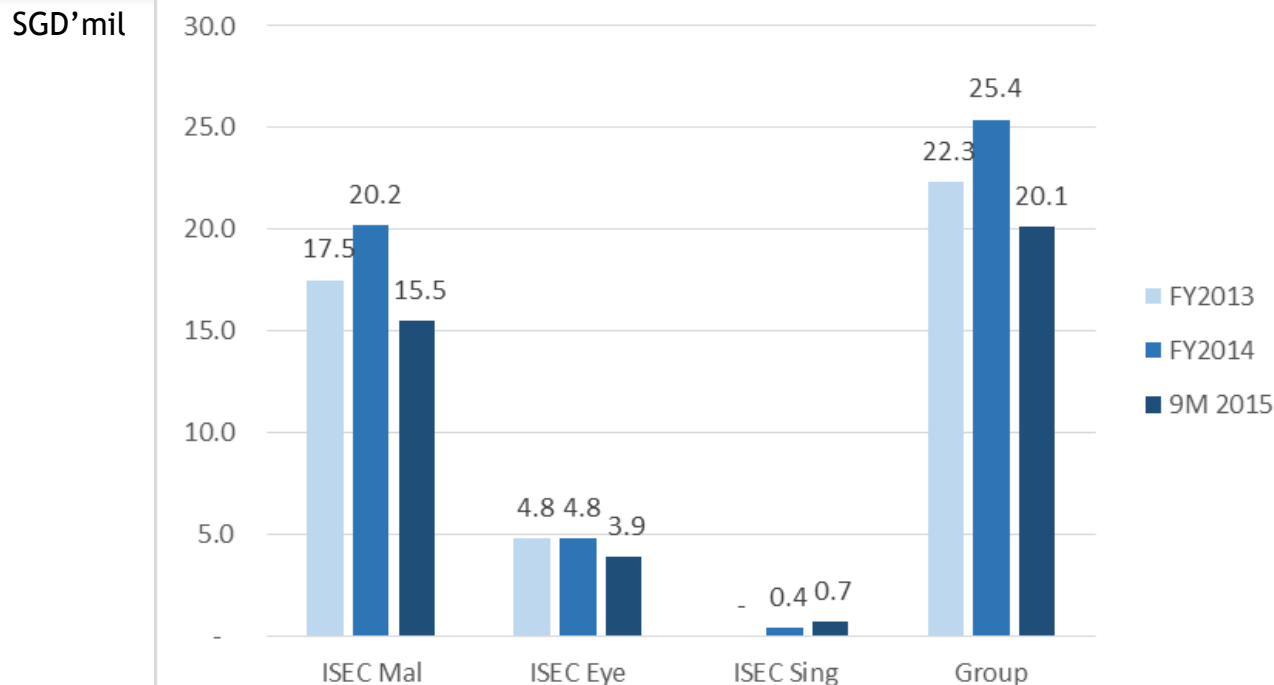
# Revenue

SGD'mil



- **9M 2015 vs 9M 2014** revenue was higher mainly due to additional revenue contribution from Singapore operations and increased number of patient visits in Malaysia operations. In 9M 2014, revenue contribution from Singapore was negligible since ISEC Singapore only commenced operations in August 2014 and the recognition of ISEC Eye revenue contribution commenced from 27 September 2014 onwards.

## Revenue - By location/clinic



### Notes:

- 1) ISEC Mal consists of revenue from ISEC Kuala Lumpur and ISEC Penang
- 2) ISEC Eye - revenue from Lee Hung Ming Eye Centre
- 3) ISEC Sing - revenue from ISEC Singapore
- 4) Revenue from ISEC Eye included in FY2013 and FY2014 was based on the assumption that the acquisition of ISEC Eye by ISEC Healthcare Ltd. had occurred on 1 January 2013

### ISEC Mal

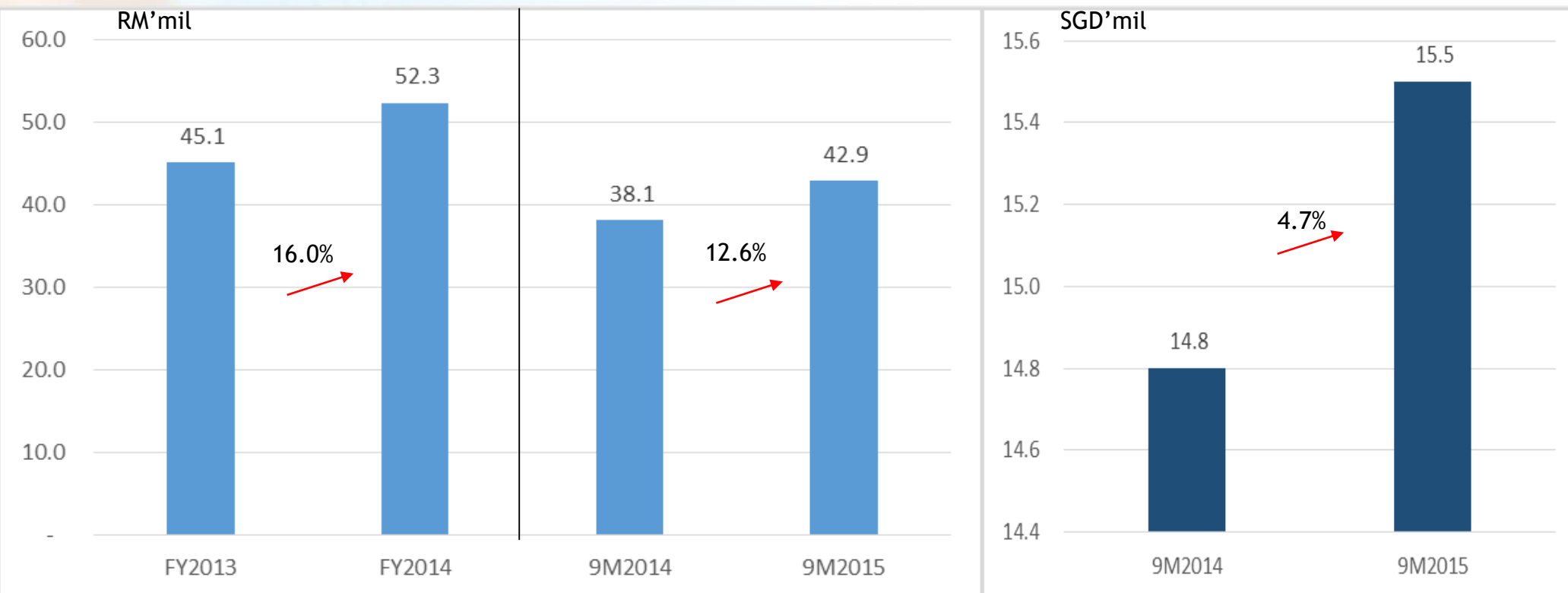
- Revenue from Malaysia increased by approximately 15.4% from S\$17.5 million in FY2013 to S\$20.2 million in FY2014 and in the 9 months ended 30 September 2015, revenue was S\$15.5 million

### ISEC Eye

- Revenue from ISEC Eye in the 9 months ended 30 September 2015 was S\$3.9 million

Group revenue increased by 13.9% from of S\$22.3 million in FY2013 to S\$25.4 million in FY2014 and revenue recorded in the 9 months ended 30 September 2015 was S\$20.1 million, mainly due to increased number of patient visits in our clinics

## Revenue - Malaysia

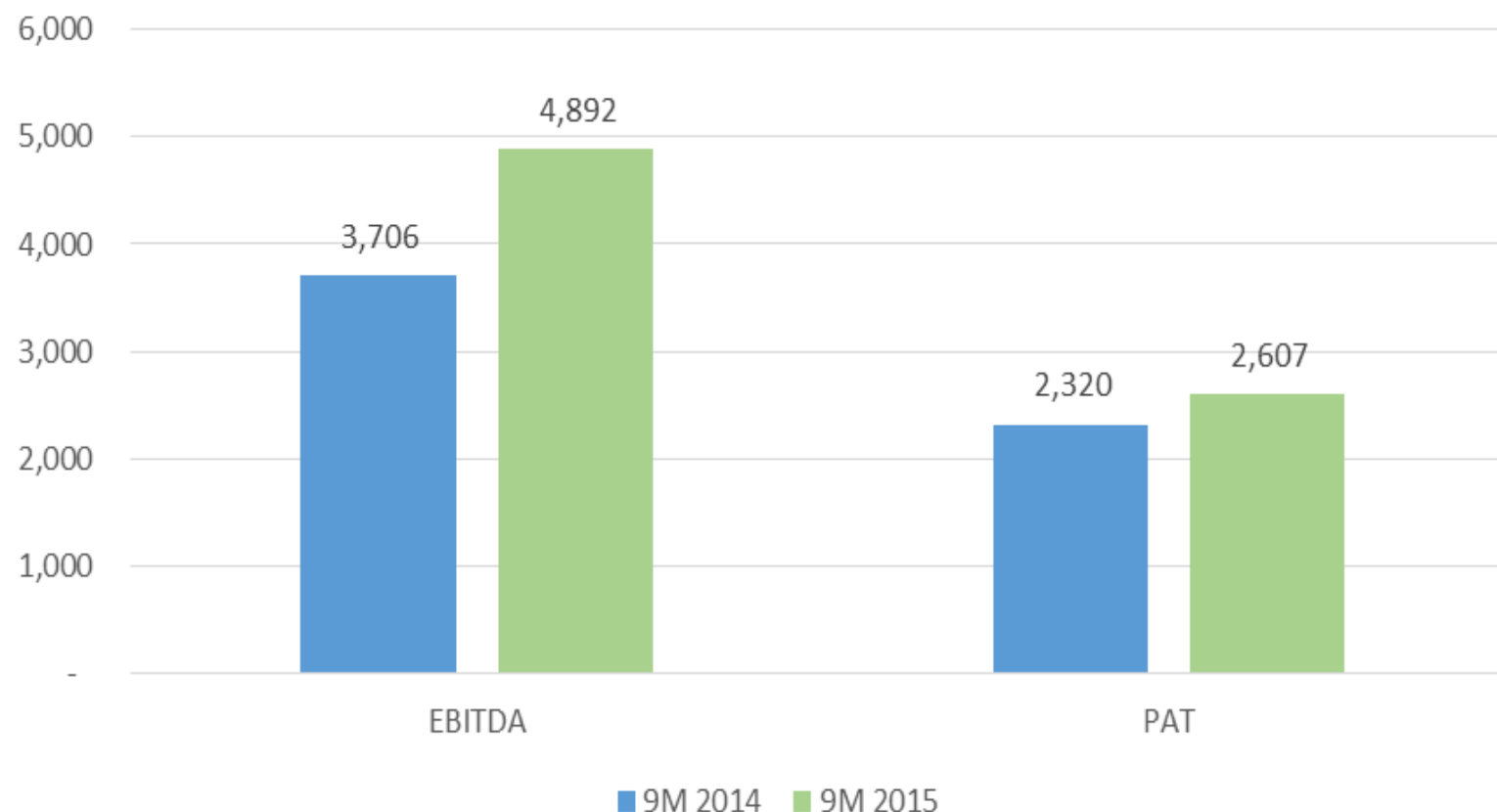


- Revenue contribution from Malaysia operations in Ringgit Malaysia was RM45.1 million in FY2013 and RM52.3 million in FY2014, up by approximately 16.0%, mainly due to upward revision in selling price and increased number of patients visits
- For 9M 2015, revenue was RM42.9 million, up 12.6% from RM38.1 million in 9M 2014 mainly due to increased number of patients visits

However, the higher revenue contribution from Malaysian operations to the Group was only S\$15.5 million in 9M 2015 from S\$14.8 million in 9M 2014 up by approximately 4.7% when reported in Singapore Dollar due to weaker Ringgit Malaysia

# Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) and Profit After Tax (PAT)

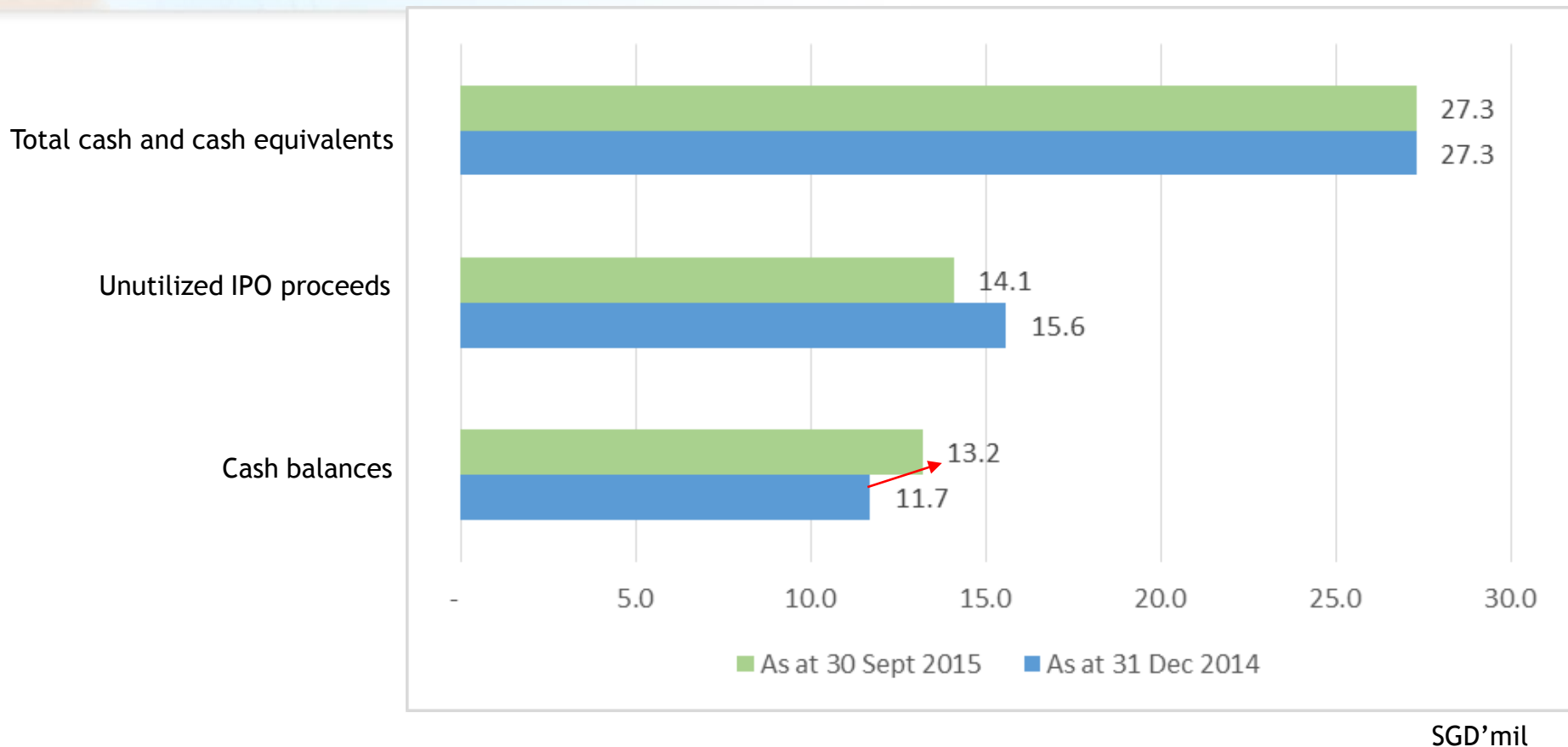
SGD'000



- EBITDA was S\$4,892,000 for 9M 2015 as compared to S\$3,706,000 for 9M 2014 mainly due to higher revenue contribution from Singapore operations, ISEC Eye
- Higher depreciation charge for the period, S\$613,000 in 9M 2015 (S\$406,000 in 9M 2014), higher amortisation charge, S\$417,000 in 9M 2015 (S\$18,000 in 9M 2014) and higher income tax provision, S\$1,249,000 (S\$929,000 in 9M 2014) contributed to PAT for the 9M 2015 of S\$2,607,000 (S\$2,320,000 in 9M 2014)



# Cash Position



- Total cash and cash equivalents as at 30 September 2015 was S\$27.3 million. No debts.
- Cash balances (exclude unutilized IPO proceeds) increased from S\$11.7 million as at 31 Dec 2014 to S\$13.2 million as at 30 September 2015



# Thank You

**Disclaimer:**

ISEC Healthcare Ltd. (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 28 October 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”).

This presentation has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this presentation.

This presentation has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this presentation, including the accuracy, completeness and correctness of any of the information, statements or opinions made or reports contained in this presentation.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.