



**HMI**  
GROUP  
新康集团

# FY19 Results Presentation

*19 August 2019*



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# Key FY19 Highlights

## Strong Financial Performance

	4Q19 YoY Growth	FY19 YoY Growth
Revenue	10.0%	8.9%
EBITDA	(2.5)%	0.7%
Core NPAT <sup>(1)</sup>	(37.3)%	(21.9)%
Core PATMI <sup>(1)</sup>	(25.7)%	(10.0)%

## Operational Update

- Total operational beds : 441 beds (↑ 0.9% YoY)
- Total patient load : 121.9K patients (↑ 5.9% YoY)
- Avg. inpatient bill size : MYR 8,269 (↑ 0.5% YoY)
- Avg. outpatient bill size : MYR 237 (↑ 5.0% YoY)

## Key Updates

- On 5 July 2019, the Company and PanAsia Health Limited (the “Offeror”) jointly announced the proposed acquisition of all the issued ordinary shares in the capital of the Company by the Offeror by way of a scheme of arrangement
- Renovations at ground floor unit of StarMed Specialist Centre have commenced which will provide the centre with frontage

## Outlook and Pipeline

- Expansion plans at both Mahkota & Regency are in progress along with the continuous recruitment of specialists & sub-specialists
- StarMed started soft launch of operations in Sep 2018; gestation start-up costs from its operations expected for potentially up to 3 years

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	4Q19	4Q18	%Δ	FY19	FY18	%Δ
<b>Revenue</b>	<b>131,100</b>	<b>119,198</b>	<b>10.0%</b>	<b>509,404</b>	<b>467,597</b>	<b>8.9%</b>
<b>EBITDA</b>	<b>28,297</b>	<b>29,023</b>	<b>(2.5%)</b>	<b>115,977</b>	<b>115,146</b>	<b>0.7%</b>
EBITDA margin (%)	21.6%	24.3%		22.8%	24.6%	
<b>Net profit after tax ("NPAT")</b>	<b>11,333</b>	<b>14,657</b>	<b>(22.7%)</b>	<b>41,004</b>	<b>60,042</b>	<b>(31.7%)</b>
NPAT margin (%)	8.6%	12.3%		8.0%	12.8%	
<b>Profit attributable to:</b>						
Equity holders ("PATMI")	13,505	15,206	(11.2%)	48,835	60,596	(19.4%)
Non-controlling interests	(2,172)	(549)	NM	(7,831)	(554)	NM
<b>Adjustments for non-operational and one-off items</b>						
Add: Forex loss/(gain)	(2,331)	151	NM	3,401	1,140	NM
Add: One-off Items <sup>1</sup>	605	505	NM	3,794	505	NM
<b>Core NPAT</b>	<b>9,607</b>	<b>15,313</b>	<b>(37.3%)</b>	<b>48,199</b>	<b>61,687</b>	<b>(21.9%)</b>
NPAT margin (%)	7.3%	12.8%		9.5%	13.2%	
<b>Core PATMI</b>	<b>11,779</b>	<b>15,862</b>	<b>(25.7%)</b>	<b>56,030</b>	<b>62,241</b>	<b>(10.0%)</b>
PATMI margin (%)	9.0%	13.3%		11.0%	13.3%	

<sup>1</sup>Notes 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 incurred in relation to the acquisition of shares in Plus Medical Holdings Pte Ltd, a chain of primary care clinics in Singapore. For more information, refer to SGXNet announcement dated 14 December 2018.

(3) 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.

- ❑ **FY19 revenue increased 8.9% YoY to MYR 509.4mn** due to rising patient load and average bill sizes
- ❑ **FY19 EBITDA increased 0.7% YoY to MYR 116.0mn**, EBITDA margin contracted 1.8 percentage points to 22.8% mainly due to gestation costs from StarMed
- ❑ **FY19 Core PATMI declined 10.0% YoY to MYR 56.0mn**
- ❑ **Excluding the impact of gestation costs from StarMed:**
  - ✓ 4Q19 EBITDA would have increased 7.0% YoY while Core PATMI would have increased by 4.0% YoY
  - ✓ FY19 EBITDA would have increased 8.9% YoY while Core PATMI would have increased by 14.2% YoY

# Strong Financial Position

## Key Balance Sheet Items

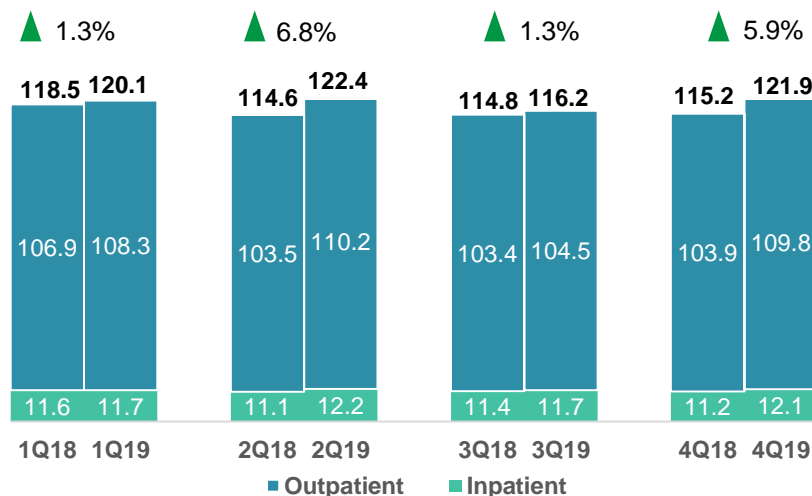
In MYR'000	As at 30-Jun-19	As at 30-Jun-18
Cash and cash equivalents	81,907	58,891
Trade and other receivables	45,205	44,234
Inventories	14,616	14,029
Other current assets	5,677	10,820
Property, plant and equipment	593,197	459,165
Trade and other payables	102,028	110,026
Total Debt	340,701	196,378
Net Debt	258,794	137,487
<b>Key Leverage Ratios</b>		
Total Debt / LTM EBITDA	2.9x	1.7x
Net Debt / LTM EBITDA	2.2x	1.2x
Net Debt / Equity <sup>1</sup>	0.9x	0.6x

- ❑ Maintained strong balance sheet with cash position of MYR 81.9mn and net debt of MYR 258.8mn as at 30 June 2019
- ❑ PP&E increased due to the acquisition of additional units at Farrer Square, where StarMed is located
- ❑ Total debt increased from MYR 196.4mn to MYR 340.7mn as at 30 June 2019
  - ❑ Approximately 61% of the Group's debt relates to StarMed property mortgage, at c.20 years tenure
- ❑ Net Debt / LTM EBITDA increased to 2.2x while Net Debt / Equity increased to 0.9x

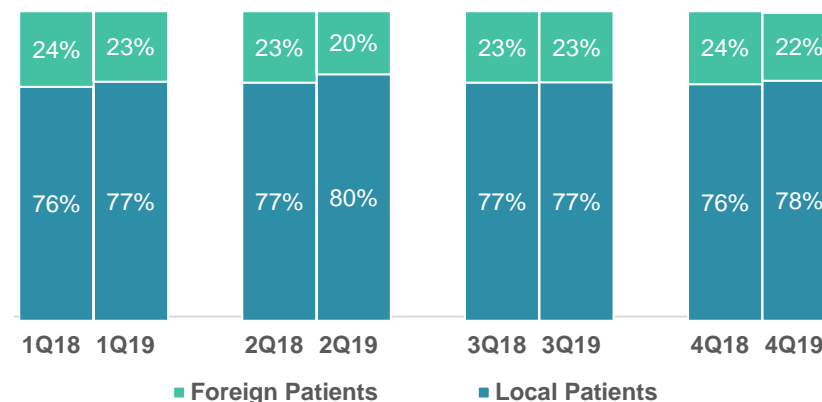
Note (1) Equity refers to the aggregate of Shareholder's Equity and Non-Controlling Interests.

# Consistent Patient Load Growth

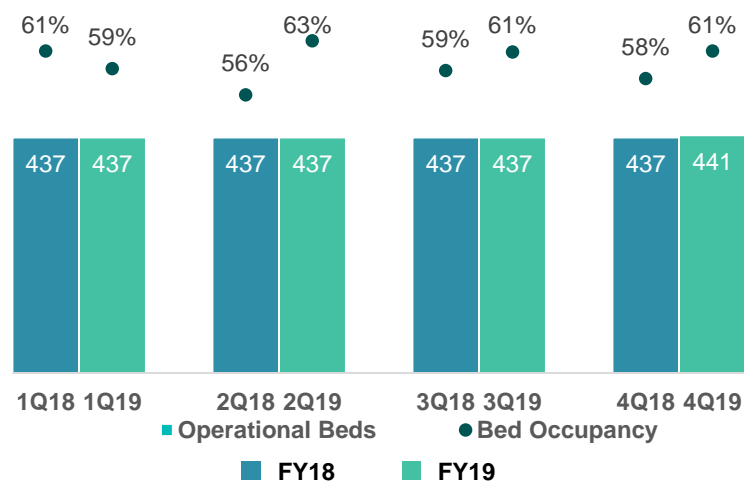
**Patient Load by Type ('000)**



**Patient Load by Nationality (%)**



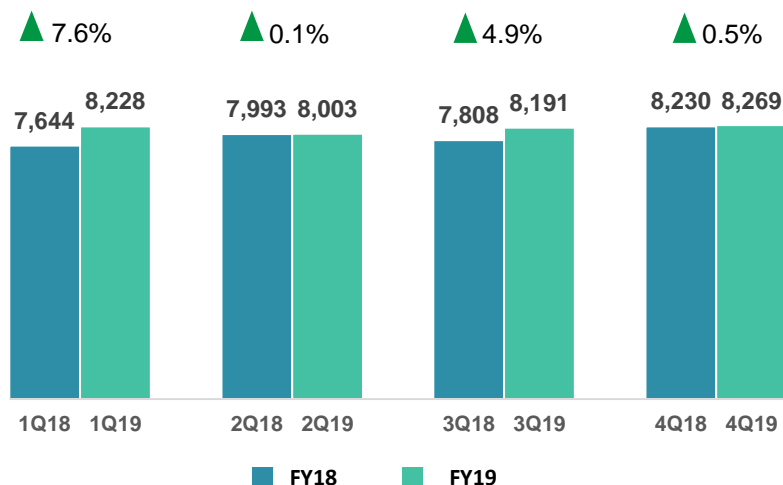
**Bed Occupancy and Operational Bed Count**



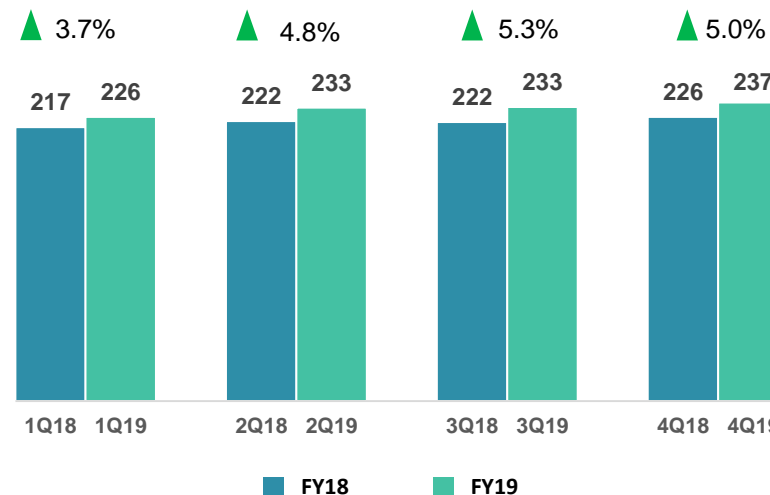
- ❑ 4Q19 patient load grew 5.9% YoY to 121.9K patients
- ❑ Overall increase in patient load for FY19 driven by growth in both outpatient load and inpatient load
- ❑ Domestic and foreign patient mix remained stable in FY19
- ❑ Total bed occupancy increased to 61% while number of operational beds increased marginally to 441

# High Revenue Intensity Per Patient

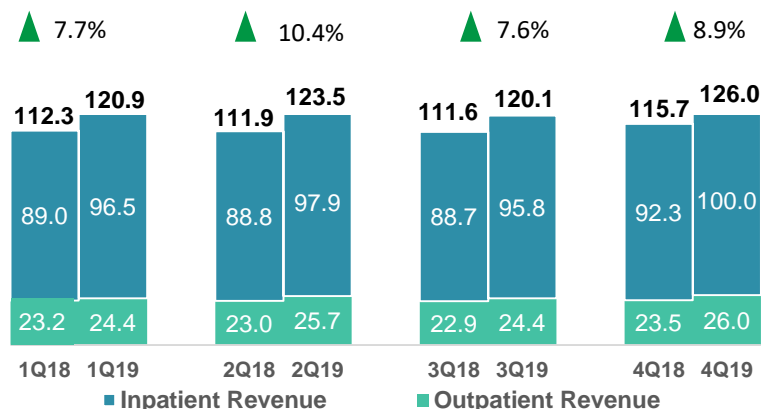
## Average Inpatient Bill Size (MYR)



## Average Outpatient Bill Size (MYR)



## Total Hospital Revenue by Type (MYRm)



- ❑ Total hospital revenue increased 8.9% YoY for 4Q19 due to higher patient load and average bill sizes
- ❑ Average outpatient bill sizes increased 5.0% YoY to RM237 while average inpatient bill sizes increased marginally to RM8,269

# Outlook and Pipeline

## Updates on Mahkota

- Focusing on further development of COEs
- Continues to progressively refurbish older wards
- Introduced Tomotherapy Radixact X7, the latest state-of-the-art equipment, for more precise cancer treatment

## Updates on Regency

- Construction of the new hospital extension block has begun; ongoing renovation at existing block to create more clinical space
- Upon its targeted commissioning in 2021, Regency will become a 380-bed tertiary hospital, with potential to expand capacity to 500 beds

## Updates on StarMed

- StarMed started soft launch of operations in Sep 2018; official launch expected in FY2020
- Renovations at ground floor unit of StarMed Specialist Centre have commenced which will provide the centre with frontage
- Continuous recruitment of specialists and continued marketing and awareness events to introduce StarMed to the community





## APPENDICES



# Income Statement - 4Q18 vs 4Q19

## Income Statement

In MYR'000	4Q19	4Q18	%Δ
<b>Revenue</b>	<b>131,100</b>	<b>119,198</b>	<b>10.0%</b>
Cost of services	(87,850)	(78,169)	12.4%
<b>Gross profit</b>	<b>43,250</b>	<b>41,029</b>	<b>5.4%</b>
<i>Gross margin (%)</i>	<i>33.0%</i>	<i>34.4%</i>	
Interest income	388	302	28.5%
Other gains/(losses), net	2,914	881	NM
Distribution and marketing expenses	(2,705)	(1,653)	63.6%
Administrative costs	(21,619)	(18,155)	19.1%
Finance costs	(3,176)	(2,022)	57.1%
Share of results of associates	(81)	-	100.0%
<b>Profit before tax</b>	<b>18,971</b>	<b>20,382</b>	<b>(6.9%)</b>
Income tax expense	(7,638)	(5,725)	33.4%
<b>Net profit after tax ("NPAT")</b>	<b>11,333</b>	<b>14,657</b>	<b>(22.7%)</b>
<i>NPAT margin (%)</i>	<i>8.6%</i>	<i>12.3%</i>	
<b>Profit/(loss) attributable to:</b>			
Equity holders	13,505	15,206	(11.2%)
Non-controlling interests	(2,172)	(549)	NM

- ❑ **Revenue:** Increased 10.0% YoY to MYR 131.1mn driven by higher patient load and average bill sizes for the Group's hospital services segment
- ❑ **Gross Margin:** Declined to 33.0% as a result of impact from the Group's new ambulatory care centre, StarMed Specialist Centre ("SSC") which started operations in 1Q19
- ❑ **Other gains/(losses), net:** Increase was mainly due to higher foreign exchange gains of MYR 2.6mn recorded in 4Q19
- ❑ **Administrative expenses:** Increased by MYR 3.5mn as compared to the previous financial period mainly due to administrative expenses incurred by SSC
- ❑ **Finance costs:** Increased by MYR 1.2mn mainly due to mortgage financing costs incurred by SSC

# Income Statement - FY18 vs FY19

## Income Statement

In MYR'000	FY19	FY18	%Δ
<b>Revenue</b>	<b>509,404</b>	<b>467,597</b>	<b>8.9%</b>
Cost of services	(333,709)	(301,789)	10.6%
<b>Gross profit</b>	<b>175,695</b>	<b>165,808</b>	<b>6.0%</b>
<i>Gross margin (%)</i>	<i>34.5%</i>	<i>35.5%</i>	
Interest income	1,533	1,199	27.9%
Other gains/(losses), net	1,717	2,547	-32.6%
Distribution and marketing expenses	(8,096)	(4,960)	63.2%
Administrative costs	(87,659)	(71,876)	22.0%
Finance costs	(14,372)	(8,867)	62.1%
Share of results of associates	(196)	(1)	NM
<b>Profit before tax</b>	<b>68,622</b>	<b>83,850</b>	<b>(18.2%)</b>
Income tax expense	(27,618)	(23,808)	16.0%
<b>Net profit after tax ("NPAT")</b>	<b>41,004</b>	<b>60,042</b>	<b>(31.7%)</b>
<i>NPAT margin (%)</i>	<i>8.0%</i>	<i>12.8%</i>	
<b>Profit attributable to:</b>			
Equity holders	48,835	60,596	(19.4%)
Non-controlling interests	(7,831)	(554)	NM

- ❑ **Revenue:** Increased 8.9% YoY to MYR 509.4mn driven by higher patient load and average bill sizes for the Group's hospital services segment
- ❑ **Gross Margin:** Declined marginally to 34.5%
- ❑ **Distribution and marketing expenses:** Increased by MYR 3.1mn mainly due to increased marketing and branding efforts
- ❑ **Administrative expenses:** Increased by MYR 15.8mn mainly due to administrative expenses incurred by SSC
- ❑ **Finance costs:** Increased by MYR 5.5mn mainly due to mortgage financing costs incurred by SSC



**THANK YOU**

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