



IHH Healthcare Berhad

IHH Continues Growth in Q2 2015

- Headline revenue, EBITDA and PATMI (less exceptional items) grew by 12%, 12% and 22% YoY respectively to RM2.1 billion, RM545.5 million and RM234.6 million
- Diversified operations, continued organic growth and higher revenue intensities drove growth, offsetting impact from currency movements and seasonality effects
- Newly-opened Gleneagles Kota Kinabalu commenced operations in May 2015; Continental Hospital acquisition completed

KUALA LUMPUR/SINGAPORE, 26 August 2015 – IHH Healthcare Berhad (“IHH” or the “Group”), a leading premium healthcare provider, today announced continued revenue increase and solid growth for the second quarter ended 30 June, 2015 (“Q2 2015”).

Headline revenue and earnings before interest, tax, depreciation, amortisation, exchange differences & other non-operational items (“EBITDA”) each grew 12% year-on-year (“YoY”) to RM2.1 billion and RM545.5 million respectively. Profit after tax and minority interests (“PATMI”) excluding exceptional items grew 22% to RM234.6 million.

Revenue and EBITDA growth were mainly driven by higher revenue recorded across all three of IHH’s home markets – Malaysia, Singapore and Turkey, continued organic growth and the contribution from recently opened hospitals: Acibadem Atakent Hospital in Turkey and Pantai Hospital Manjung in Malaysia, both of which opened in 2014, as well as Gleneagles Kota Kinabalu in East Malaysia, which recently opened in May 2015. The EBITDA growth in turn drove strong PATMI performance.

Stripping out the effects of PLife REIT*, the Group’s underlying operational EBITDA and PATMI (excluding exceptional items) achieved double-digit growth of 12% and 22% to RM488.4 million and RM218.6 million respectively.

The Group continued to benefit from its diversified operations of 39 hospitals across 10 countries as strengthening of the Singapore Dollar helped offset the impact of a weaker Turkish Lira upon its translation into the Malaysian ringgit, which is IHH’s reporting currency. IHH also recognised an exchange loss of RM22.0 million on the translation of Acibadem’s non-Lira borrowings for the quarter ended June 30, 2015.

* For a more accurate reflection of the Group’s **underlying operating performance**, the effects of the consolidation of PLife REIT, in which IHH owns a 35.8% indirect stake, as well as the impact from one-off exceptional items, should be stripped out.

For the six months ended June 30, 2015, IHH again demonstrated strong financial growth across key metrics. Headline revenue grew 13% YoY to RM4.1 billion, lifting EBITDA by 13% to RM1.1 billion. As a result, PATMI (excluding exceptional items) grew by 27% to RM461.9 million. The Group's underlying performance, which strips out the contribution from PLife REIT, was similarly robust with EBITDA up 15% to RM940.1 million and PATMI (excluding exceptional items) improving by 28% to RM432.9 million.

IHH's gearing stood at a healthy 0.12 times and the Group has on hand RM2.5 billion in cash and cash equivalents as at the end of June 2015.

IHH Managing Director and CEO, Dr Tan See Leng, said: "Our singular focus on providing quality healthcare, prioritising patient's clinical outcomes, improving operational efficiency, precise execution and sustaining growth has translated into robust financial performance for the Group.

The successful completion of the acquisition of Continental Hospitals in India has further widened our footprint in that key market. We will continue to explore opportunities in key high growth markets while keeping a firm hand on our diversified operations and pipeline of beds coming onstream."

Segmental review for Q2 2015

Parkway Pantai, the Group's largest operating subsidiary, saw revenue grow 17% YoY to RM1.3 billion while EBITDA gained 16% YoY to RM345.5 million. This was the result of the continued ramp-up of Mount Elizabeth Novena Hospital in Singapore as well contribution from its other hospitals and healthcare businesses. Mount Elizabeth Novena posted a 35% increase in revenue to RM109.8 million as compared to Q2 2014 and a 77% growth in EBITDA to RM32.1 million in Q2 2015 from greater operating leverage.

Parkway Pantai's Singapore hospitals saw 5.5% more patients YoY with 17,401 inpatient admissions, driven mainly by an increase in local patients and patients from the Middle East. Revenue intensity, or average revenue per inpatient also increased 4.9% YoY to RM24,529. While Malaysia hospitals saw a marginal 0.5% YoY decrease of inpatient admissions to 47,235 on the back of a general slowdown in consumption following the implementation of GST in April 2015, revenue intensity increased by a double digit 14.9% YoY to RM5,629. The increase in revenue intensity in both markets was due to more complex cases being undertaken and prices adjustments made to counter cost inflation

Parkway Pantai has also consolidated the results of Continental Hospitals in Q2 2015 following the acquisition in March 2015, with the hospital contributing RM13.6 million of revenue and RM0.3 million of EBITDA to the Group.

Acibadem Holdings, Turkey's largest private healthcare provider by registered beds, reported a 6% YoY growth in revenue to RM716.5 million and a 5% increase in EBITDA to RM130.0 million in Q2 2015. This was led by organic growth at its existing hospitals and the continued

ramping up of the 18-month old Acibadem Atakent Hospital, which contributed EBITDA of RM4.6 million compared to start-up losses of RM2.8 million in Q2 2014. Excluding the impact from the depreciation of the Turkish Lira, revenue and EBITDA would have both grown by 18% over last year, demonstrating strong underlying performance.

Inpatient admissions fell by 1.1% YoY to 32,636 due to the start of the Ramadan period in mid-June 2015 as compared to the start of Ramadan period end June 2014. More importantly, revenue intensity witnessed a substantial growth of 24.3% to RM10,420 as a result of taking on more complex cases and adjusting prices to take into account inflation.

IMU Health, the Group's medical education arm, posted a 1% growth in revenue to RM58.0 million while EBITDA declined by 17% to RM19.7 million. The revenue growth from a higher student intake was offset by higher expenses incurred to cope with the larger pool of students, as well as by higher marketing and promotional expenses.

PLife REIT, which has a portfolio of 47 healthcare-related properties as at 30 June 2015, reported a 4% increase in external revenue despite a weakening Japanese yen, on higher contribution from a portfolio of nursing homes acquired in 2014 and 2015. EBITDA grew 7% due to higher rental income from its Singapore properties, which were leased to Parkway Pantai.

Outlook and Prospects

The Group expects to have sufficient capacity to meet increasing demand for quality private healthcare across its home markets, which will in turn drive revenue growth. Our capacity will reach more than 10,000 beds before 2017 with the expansion of existing facilities, through new developments and selective acquisitions.

IHH expects cost pressures from wage inflation given the increased competition for trained healthcare personnel as well as from the implementation of 6% Goods and Services Tax (GST) in Malaysia. We aim to mitigate the impact through higher revenue intensity procedures and tight cost controls. At the same time, as the Group expects pre-operating costs and start-up costs of new operations to partially erode profitability in the initial stage, we target to achieve optimal operating leverage by growing patient volumes in tandem with phasing in the opening of new wards at these new facilities.

As IHH extends its footprints across Asia as well as the Central and Eastern Europe, Middle East and North Africa ("CEEMENA"), the Group is cognizant of its exposure to currency volatility in the countries in which it operates, as well as the macroeconomic uncertainties and corresponding risks to the business. IHH is proactively working towards mitigating any potential impact.

IHH's geographically diversified operations spreads currency risks arising from translating differences in the Group's balance sheet and income statement. Where possible, the Group minimises most of its currency risk by borrowing in the functional currency of the operating entity or borrowing in the same currency as its foreign investment. With the exception of

Acibadem Holdings with Euro- and US-denominated borrowings, it hedges its cash flows by conserving hard currency receipts from medical travellers to service the debts and interest payments of its non-TL denominated loans 12 months before it falls due.

As IHH continues to drive growth both organically and through acquisitions, the Group expects the drawdown of more loans and utilise its cash for capital and acquisition expenditures. It continues to be prudent and disciplined in its capital management and maintains a robust balance sheet.

The Group is confident that its strong brands and network of hospitals, backed with its strong balance sheet and operating cash flows, would enable it to tide through the competitive environment expected for the remaining year.

IHH Chairman, Tan Sri Dato' Dr Abu Bakar bin Suleiman, said: "We are confident our sustained growth path will continue, creating further long-term value for our shareholders. We remain committed to delivering on our business strategy while always ensuring we contribute to the markets in which we operate by providing superior healthcare options and clinical assistance to those in need."

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About IHH Healthcare Berhad ("IHH")

IHH Healthcare Berhad is a leading premium healthcare provider in markets where the demand for quality care is strong and growing. We are the second largest healthcare group in the world by market capitalisation and are listed on the Main Market of Bursa Malaysia and Main Board of SGX-ST. Our companies offer the full spectrum of integrated healthcare services from clinics to hospitals to quaternary care and a wide range of ancillary services including medical education. We are the leading player in our home markets of Singapore, Malaysia and Turkey, and key markets of the People's Republic of China (PRC), Hong Kong and India. We are also present in Vietnam, Brunei, the UAE, Macedonia and Iraq. We employ more than 25,000 people and operate over 7,000 licensed beds across 39 hospitals worldwide. Our "Mount Elizabeth", "Gleneagles", "Pantai" and "Acibadem" brands are among the most prestigious in Asia and Central and Eastern Europe, with a growing presence in the Middle East and North Africa. www.ihhhealthcare.com

APPENDIX**Financial Results Highlights**

Unaudited condensed consolidated statements of comprehensive income for the financial period ended 30 June 2015

Headline Group performance

	2nd Quarter ended			YTD (H1 ended)		
	<u>30 June 2015</u>	<u>30 June 2014</u>	Variance	<u>30 June 2015</u>	<u>30 June 2014</u>	Variance
	RM million		%	RM million		%
Revenue	2,093.4	1,865.1	12	4,096.3	3,622.7	13
EBITDA	545.5	488.0	12	1,050.8	925.9	13
PATMI	228.1	209.1	9	399.6	368.2	9
PATMI (excluding exceptional items)	234.6	191.9	22	461.9	364.7	27

Core Group performance

(adjusted to exclude contribution from PLife REIT and exceptional items)

	2nd Quarter ended				YTD (H1 ended)			
	<u>30-Jun-15</u>	<u>30-Jun-14</u>	Variance	Variance (@ constant currency)	<u>30-Jun-15</u>	<u>30-Jun-14</u>	Variance	Variance (@ constant currency)
	RM million				RM million		%	%
Revenue	2,067.8	1,840.4	12	14	4,048.1	3,575.1	13	14
EBITDA	488.4	434.9	12	13	940.1	820.8	15	14
PATMI	212.2	195.9	8	4	370.6	342.8	8	4
PATMI (excluding exceptional items)	218.6	178.7	22	20	432.9	339.3	28	25