

IHH outlines ACE framework for profitable growth; Exceeds expectation with double-digit growth across key metrics for Q3 2023

- To create value for all stakeholders, IHH will focus on an “ACE” framework to:
 - **Align** all operations on shared aspiration to *Care. For Good.* to propel **profitable growth**
 - **Challenge** ourselves to transform and future-proof the organisation
 - **Empower** markets, operations and functions with stronger mandates to excel
- **Q3 2023: Stellar performance with strong double-digit growth in revenue and EBITDA; Net Income more than doubles on higher patient volumes and improved case mix**
- **Interim cash dividend of 3.5 sen per share paid on 27 October 2023**

*“Our impressive performance in Q3 2023 clearly reflects IHH’s robust growth trajectory. As we step into our second decade as a listed company, our focus is set on elevating IHH as a Group. We are dedicated to achieving profitable growth and healthy return-on-equity (ROE) while upholding our commitment to do right by all our stakeholders. Our approach is encapsulated in our “ACE” framework that will see us **Align, Challenge and Empower** our people, processes and operations.*

*The “ACE” framework is more than a strategy; it will allow us to **align** and unite as one IHH, strive for healthcare leadership that benefits our patients, people and community, and give good returns for our investors. This framework will propel us to **challenge**, push for transformation and future-proof ourselves by harnessing synergies and enhancing efficiencies. We will ensure every market and employee is **empowered** with stronger mandates to seize opportunities and excel.”*

Dr Prem Kumar Nair
Group Chief Executive Officer, IHH Healthcare

IHH Group will reposition itself to:

“A” **Align** on shared aspiration to *Care. For Good.* to propel profitable growth

- The Group will ensure all IHH operations align on its aspiration to **Care. For Good.** and co-create a sustainable healthcare system.
- It will **deliver profitable growth** as a Group by:
 - Continuing organic expansion, including adding close to 4,000 beds in the next five years
 - Expanding across the healthcare continuum, such as ambulatory and primary care
 - Developing new growth engines including the laboratory and diagnostics business
 - Evaluating value-accretive assets in existing and new markets
 - Turning around underperforming assets to maximise their value potential

“C”**Challenge ourselves to transform and future-proof the organisation**

- The Group will seek to challenge itself to drive transformation; future-proofing the organisation.
 - This will include extracting greater synergies – people, tech, processes – across IHH’s network
- It will also roll out projects to enhance process efficiencies in markets and across the Group.

“E”**Empower to excel and grow with stronger mandates**

- Markets, operations and functions will have greater responsibility to chart and drive their own growth trajectories as aligned with national healthcare agendas, while continuing to create quality care and outcomes for patients.

GROUP RESULTS – FINANCIAL HIGHLIGHTS¹**Q3 2023 key metrics (Y-o-Y) change**

Revenue	EBITDA	Net Operating Income*	Net Income*
RM5.8b	RM1.4b	RM368.9m	RM532.1m
+27%	+42%	+17%	+111%

9M 2023 key metrics (Y-o-Y) change

Revenue	EBITDA	Net Operating Income*	Net Income*
RM15.6b	RM3.6b	RM1.0b	RM2.2b
+19%	+20%	-3%	+64%

*Net Operating Income denotes PATMI (excluding exceptionals); Net Income denotes PATMI

Q3 2023: Stellar performance on higher patient volumes and improved case mix

- Revenue increased as more patients seen and on higher revenue intensity across all markets.
- EBITDA grew 42% y-o-y; double-digit growth across all home markets.
- Net Income more than doubled, boosted by excellent operational growth from higher patient volumes and revenue intensity from higher acuity treatment.
- Net Operating Income, which reflects core performance, was up 17%.
- Interim cash dividend of 3.5 sen per ordinary share paid on 27 October 2023.

¹ The Group’s headline performance includes the application of the MFRS 129 accounting standard (*Financial Reporting in Hyperinflationary Economies*) relating to its entities in Türkiye.

9M 2023: Strong financial position and performance

- Revenue and EBITDA were up on higher patient volumes and revenue intensity.
- Net Income included one-off gains from the sale of International Medical University.
- Net Operating Income was down 3% on higher net finance costs.
- Return on Equity (“ROE”) was 8.9% as at end-September 2023; reflecting a strong commitment to drive shareholder value.
- Balance sheet remained strong: net cash generated from operating activities at RM2.9 billion; overall cash balance at RM3.3 billion.
- Net gearing decreased to 0.23x (from 0.27x as at September 2022).

GROUP OPERATIONAL SUMMARY (FOR QUARTER ENDED 30 SEPTEMBER 2023)



Occupancy
(for Q3 2023)
70%



Inpatient Admissions
(for Q3 2023)
222,211(+7% yoy)



Operational Beds
(as at 30 September 2023)
12,146



Lab Tests
(for Q3 2023)
25.5 million (+10% yoy)

GROUP OUTLOOK

- The Group is confident of its growth trajectory and will anchor on its ACE framework to:
 1. Grow organically and manage cost efficiently by:
 - Expanding bed capacity – adding close to 4,000 new beds (+33%) across Malaysia, India, Hong Kong, Türkiye and Europe in the next five years;
 - Driving inpatient volume growth
 - Upgrading facilities and equipment to provide better patient care, cater to demand and enhance revenue intensity
 2. Expand across the healthcare continuum, including ambulatory and primary care.
 3. Develop new growth engines such as its laboratory and diagnostic businesses while investing into digital health services and innovative technologies.
 4. Evaluate value-accretive assets in existing and new markets, backed by its healthy balance sheet and aligned with its cluster strategy.
 5. Turn around underperforming assets to maximise value potential.
- Overall, the Group expects continued revenue growth and double-digit ROE, while maintaining prudent capital management and mitigating inflationary and interest rates pressures.

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ABOUT IHH HEALTHCARE BERHAD (“IHH”)

A world-leading integrated healthcare provider, IHH believes that making a difference starts with our aspiration to Care. For Good.

Our team of 65,000 people commit to deliver greater good to our patients, people, the public and our planet, as we live our purpose each day to touch lives and transform care.

Through our portfolio of trusted brands – Acibadem, Mount Elizabeth, Prince Court, Gleneagles, Fortis, Pantai and Parkway – we offer our patients comprehensive and personalised care ranging from primary to quaternary, and even ancillary services such as laboratory, diagnostics, imaging and rehabilitation.

With our scale and reach in 10 countries, we continue to raise the bar in healthcare in our key markets of Malaysia, Singapore, Türkiye, India, Greater China (including Hong Kong) and beyond.

In partnership with our stakeholders, we will co-create a sustainable future for all as we work towards our vision to become the world’s most trusted healthcare services network.

More information can be found at www.ihhhealthcare.com.

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