



Health
Management
International

Company Presentation

August 2017

Disclaimer

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GROUP OVERVIEW

Health Management International Ltd (“HMI”)

General description

- HMI is a private healthcare provider with presence in Singapore, Malaysia and Indonesia
- Established in 1998 and listed on the SGX Mainboard
- Started with 60-bed Singapore hospital in early 1990s and ventured into Malaysia in 1998
- Wholly owns and operates:
 - 2 tertiary care hospitals in Malaysia with 500 beds capacity
 - 1 healthcare training institute in Singapore
- ~ 200 specialists with ~ 1,600 employees serving close to 450,000 patients p.a.
- Core expertise in hospital management, strategy and business turnaround
- Won numerous medical tourism related awards and quality accreditations

Notable Awards and Accreditations



2015 & 2016 Frost & Sullivan Malaysia Medical Tourism Hospital of the Year



ASEAN Business Awards 2015:
AEC Priority Integration Sectors Excellence Award - Healthcare



Full four year accreditation for MSQH



The Brand Laureate SMEs Master Award 2013 for Best Hospital Brand



Ministry of Health Malaysia Award for Outstanding Achievement 2012
Highest Number of Healthcare Travelers in Southern Region



Health Industry Recognition Award 2009

Growing private healthcare provider with two tertiary hospitals in Malaysia

Extensive Regional Network



Mahkota Medical Centre
Malacca, Malaysia



Regency Specialist Hospital
Johor, Malaysia



HMI Institute of Health Sciences
Jurong East, Singapore



Corporate office
Suntec City, Singapore

Established referral network with 17 Patient Representative Offices (“ROs”) across Indonesia, Malaysia and Singapore

Value Proposition

- **Organic:** (1) Continuous recruitment of specialists, especially those with sub-specialty expertise. (2) Capacity expansion and new clinical services at both hospitals.
- **Inorganic:** Partnerships and synergistic acquisitions

Growth Mode

Comprehensive
Tertiary
Hospitals

- One-stop multi-disciplinary hospitals
- Centres of excellence in areas such as cardiology, oncology, woman & child etc.

- Management's collective ownership stake of ~ 40% aligns interests with minority shareholders
- Established track record with brownfield and greenfield hospitals

Committed
Management

Differentiated
Partnership
Model

- Successfully adapted Singapore's private healthcare model into Malaysia
- Specialists work in independent clinics and are supported in marketing and business development efforts
- No consultant who purchased a medical suite has left since 1999

Strong Brand
Equity

- Pioneer in Malaysia for medical tourism; >20% of patients are foreigners
- Over 30 years track record in healthcare industry
- Singapore Medisave approved hospitals since 2010

Mahkota Medical Centre (“Mahkota”)

General description

- Established in 1994, Mahkota is the largest private tertiary hospital in South Malaysia¹ with 340 bed capacity, serving almost 300,000 patients a year
 - Strategically located within historical city centre of Malacca
 - >120 specialists across comprehensive range of medical and surgical specialties & sub-specialties
- One of the highest EBITDA margins (~29%) and highest surgical workloads (>12,000 p.a.) amongst key domestic hospital peers
- A pioneer and leader of medical tourism in Malaysia
 - First mover in Indonesia (since 1999) with strong brand recognition today
 - c.10% market share of Malaysia’s medical tourists (with >80,000 foreign patients a year)
- Won close to 20 awards to date including the Frost & Sullivan “Malaysia Medical Tourism Hospital of the Year” in 2015 & 2016



One of the most established and profitable hospitals in Malaysia and the region

Regency Specialist Hospital (“Regency”)

General description

- Established in 2009, Regency is one of the fastest growing private hospitals in Malaysia with 218 bed capacity, serving >145,000 patients a year
 - First major tertiary hospital built in Johor in 20 years
 - 15 minutes drive after Singapore-Woodlands checkpoint and Johor Bahru City Centre
 - >70 specialists across a wide range of medical and surgical specialties
- Closest tertiary hospital to Pasir Gudang industrial area and new MYR 60 billion Petronas oil refinery-petrochemicals complex
 - Only private hospital in Malaysia to have 24-hour A&E staffed by emergency specialists
- Strong domestic patient load with growing foreign patient load
- To build extension block to become a 380-bed tertiary hospital with capacity to expand to an eventual 500-bed hospital



Aims to become a fully comprehensive care hospital for local & overseas patients

Comprehensive Range of Disciplines

Discipline	Mahkota	Regency
Aesthetics	✓	✓
Anaesthesiology	✓	✓
Breast Surgery	✓	
Cardiology	✓	✓
Cardiothoracic Surgery	✓	✓
Colorectal Surgery		✓
Emergency Medicine	✓	✓
Endocrinology	✓	
Ear, Nose, Throat Surgery	✓	✓
Gastroenterology & Hepatology	✓	✓
Geriatrics	✓	
Haematology & Haemo-Oncology	✓	✓
Hepatobiliary-Pancreato-Biliary Surgery	✓	✓
Infectious Disease	✓	
Internal Medicine	✓	✓
Dentistry – General	✓	
Dentistry – Orthodontics	✓	
General Surgery	✓	✓
Neonatology	✓	✓
Nephrology	✓	✓
Neurology	✓	

Discipline	Mahkota	Regency
Neurosurgery	✓	✓
Obstetrics & Gynaecology	✓	✓
Oral & Maxillofacial Surgery	✓	
Oncology – Medical	✓	✓
Oncology & Radiotherapy	✓	
Oncology – Gynae	✓	✓
Ophthalmology & Vitreo Retinal Services	✓	✓
Orthopaedic & Trauma Surgery	✓	✓
Plastic & Reconstructive Surgery	✓	✓
Palliative Medicine	✓	
Pathology	✓	
Paediatric	✓	✓
Paediatric Cardiology	✓	✓
Paediatric Neurology	✓	
Psychiatric	✓	
Radiology & Interventional Radiology	✓	✓
Reproductive Medicine	✓	
Respiratory Medicine	✓	✓
Spine Surgery	✓	✓
Urology	✓	✓
Vascular & Endovascular Surgery		✓

Majority of consultants at HMI Hospitals are internationally trained or recognised

Procedure Cost Comparison

50th percentile bill sizes for certain elective procedures across various hospitals

Procedure	HMI Hospitals in Malaysia		Singapore	
	 MAHKOTA MEDICAL CENTRE 仁愛醫院	 REGENCY SPECIALIST HOSPITAL 立康专科医院	Restructured Hospitals ²	Private Hospitals
Angioplasty	SGD 9,153 (Four-bedded) (1 ALS)	SGD 7,316 (Four-bedded) (2 ALS)	SGD 22,617 (Four-bedded) (2.9 ALS)	SGD 29,268 (Four-bedded) (2 ALS)
Cataract surgery	SGD 1,016 (Phacoemulsification)	SGD 1,437 (1 ALS)	SGD 3,791 (1 ALS)	SGD 5,537 (1 ALS)
Delivery (Cesarean)	SGD 2,013 (Double-bedded) (2 ALS)	SGD 3,002 (Four-bedded) (2.5 ALS)	SGD 6,007 (Four-bedded) (3 ALS)	SGD 8,680 (Double-bedded) (3.1 ALS)
Delivery (Normal)	SGD 927 (Double-bedded) (1 ALS)	SGD 1,500 (Four-bedded) (1 ALS)	SGD 3,101 (Four-bedded) (1.9 ALS)	SGD 5,416 (Double-bedded) (2.2 ALS)
Gastroscopy (Day procedure)	SGD 273	SGD 531	SGD 816	SGD 1,548
Total knee replacement	SGD 6,330 (Four-bedded) (3 ALS)	SGD 7,156 (Four-bedded) (4 ALS)	SGD 17,429 (Four-bedded) (4.3 ALS)	SGD 16,790 (Four-bedded) (4.1 ALS)

On average, Mahkota and Regency bill sizes are 1/3 of Singapore private healthcare costs

Notes: (1) Based on FX of SGD 1.00 = MYR 3.15; (2) Based on private non-subsidised rates

Source: Ministry of Health, Singapore, hospital websites

Bed Cost Comparison

Mahkota room types



Deluxe Room

- SGD 126 per night
- Compared to SGD 789 to 859 in Singapore private hospitals



2 Bedded

- SGD 43 per night
- Compared to SGD 308 to 329 in Singapore private hospitals

Regency room types



VIP Suite

- SGD 130 per night
- Compared to SGD 789 to 859 in Singapore private hospitals



2 Bedded

- SGD 51 per night
- Compared to SGD 308 to 329 in Singapore private hospitals

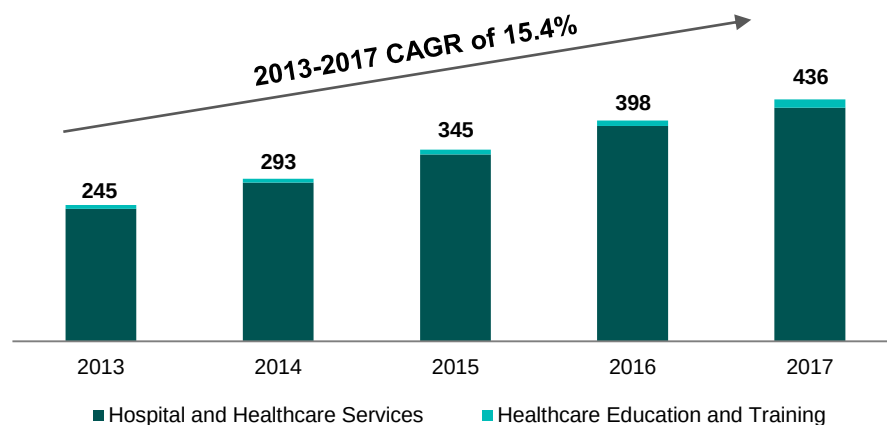
Mahkota and Regency room rates are ~15% of Singapore private healthcare costs



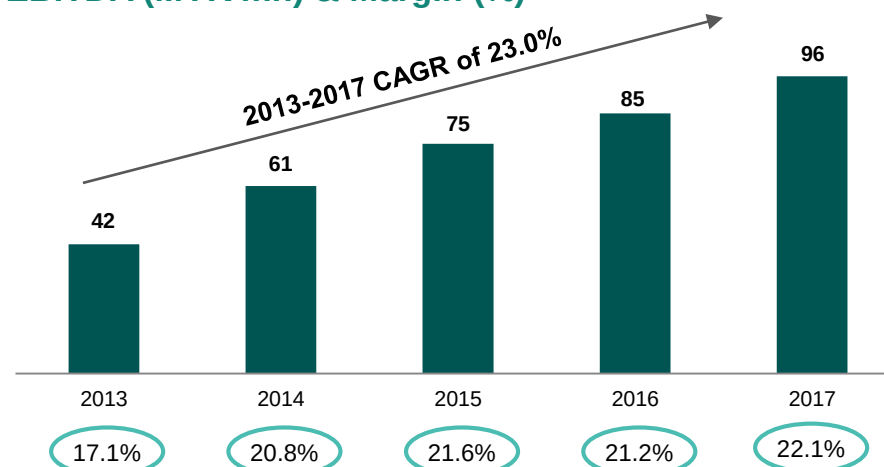
FINANCIAL PERFORMANCE

Group Financial Performance (FY13-FY17)

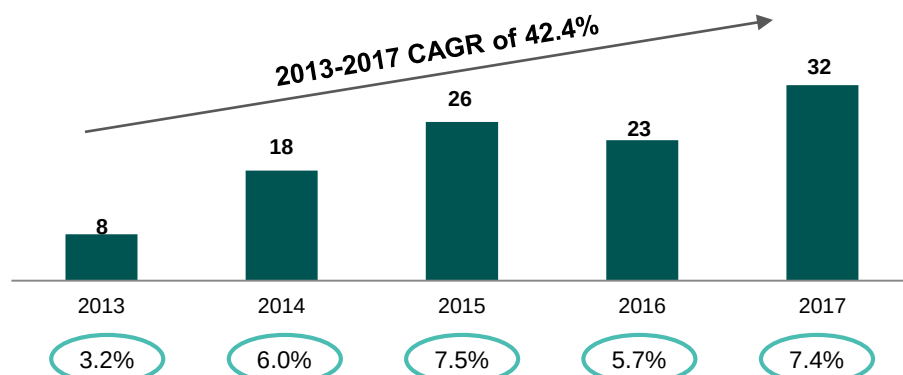
Revenue by Segment (MYR'mn)



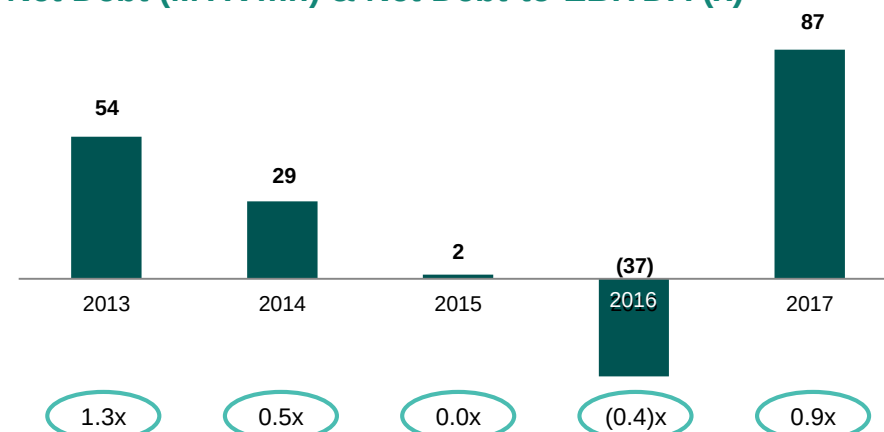
EBITDA (MYR'mn) & Margin (%)



Core PATMI² (MYR'mn) & Margin (%)



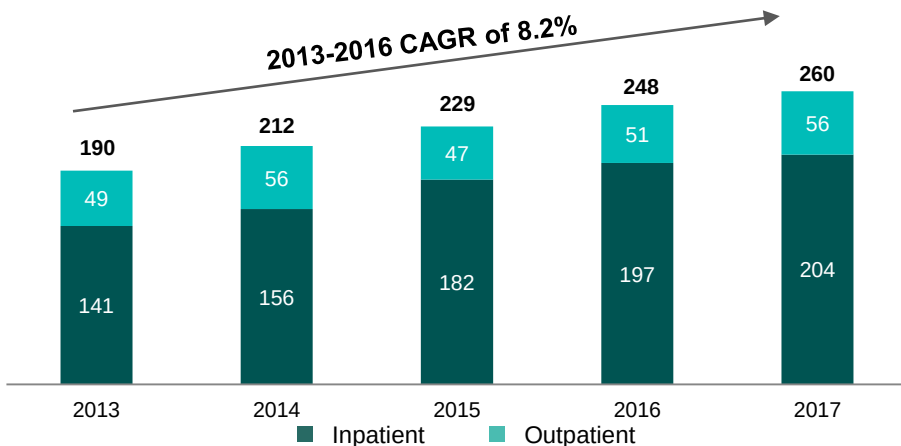
Net Debt (MYR'mn) & Net Debt-to-EBITDA (x)



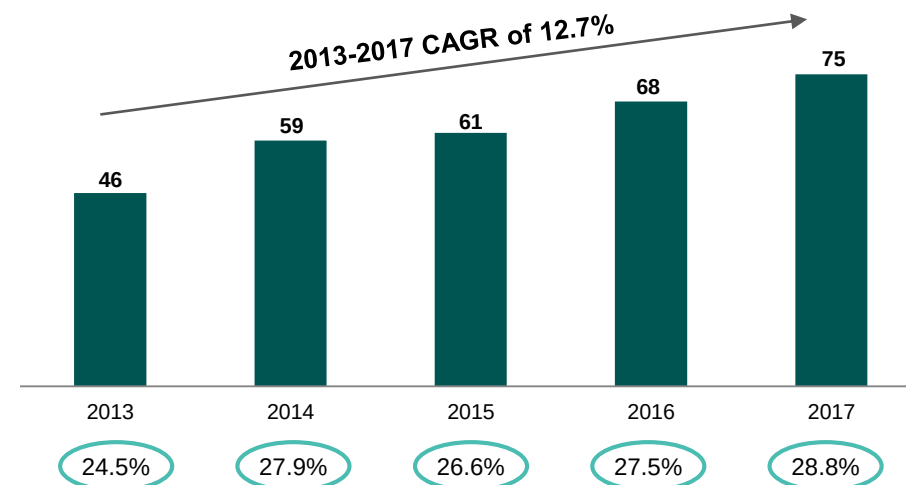
Note: (1) For year ended 30 June; (2) Core PATMI excludes FX gains/loss & exceptional items

Mahkota Performance (FY13-FY17)

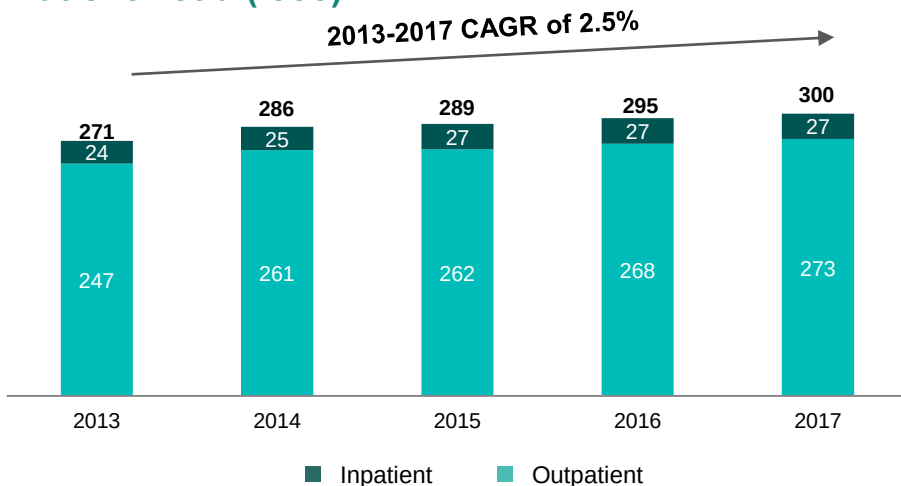
Net Revenue (MYR'mn)



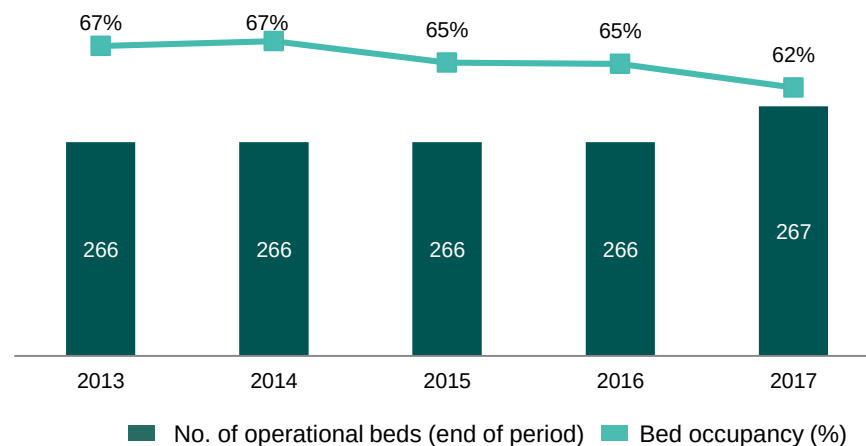
EBITDA (MYR'mn) & Margin (%)



Patient Load ('000)

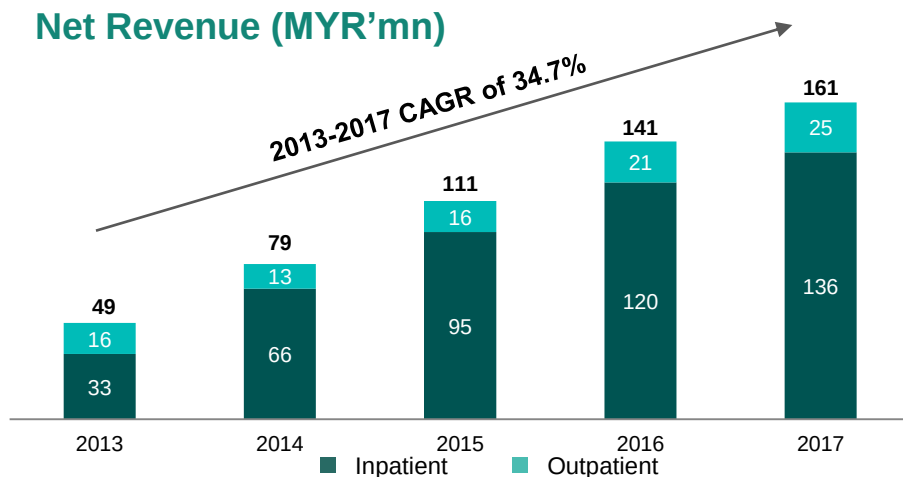


No. of Operational Bed and Bed Occupancy⁽²⁾

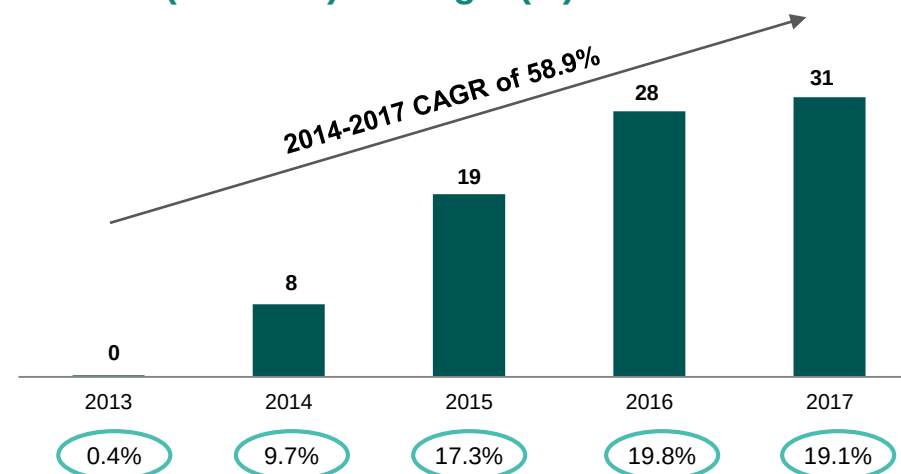


Regency Performance (FY13-FY17)

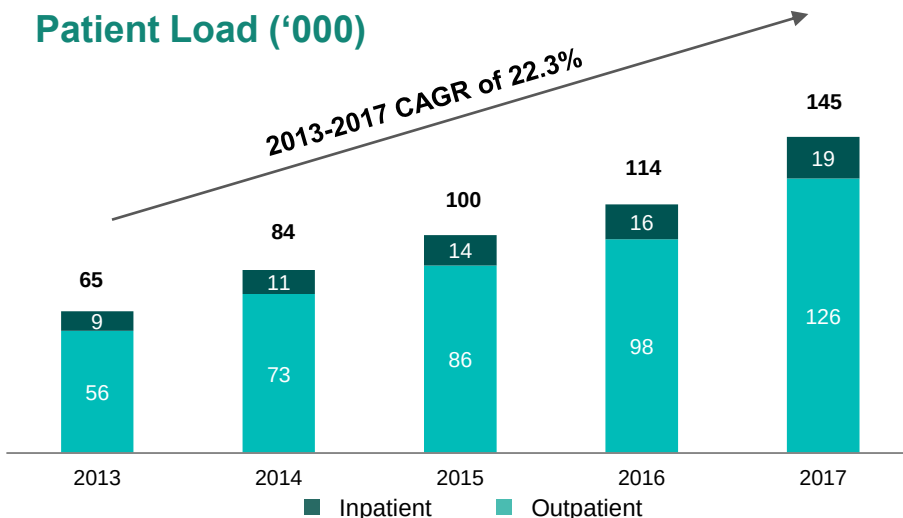
Net Revenue (MYR'mn)



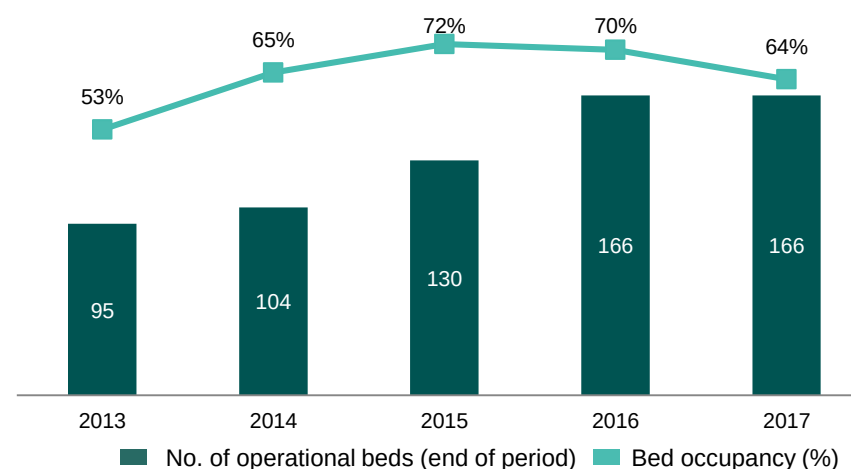
EBITDA (MYR'mn) & Margin (%)



Patient Load ('000)



No. of Operational Bed and Bed Occupancy⁽²⁾



Resilient Financial Performance

Group Income Statement

In MYR'000	4Q17	4Q16	%Δ	FY17	FY16	%Δ
Revenue	111,731	106,230	5.2%	435,765	397,810	9.5%
EBITDA	24,024	19,630	22.4%	96,111	84,531	13.7%
EBITDA margin (%)	21.5%	18.5%		22.1%	21.2%	
Net profit after tax ("NPAT")	10,659	10,483	1.7%	42,213	45,451	-7.1%
NPAT margin (%)	9.5%	9.9%		9.7%	11.4%	
Profit attributable to						
Equity holders ("PATMI")	10,659	4,872	118.8%	20,590	19,899	3.5%
Non-controlling interests	-	5,611	-100.0%	21,623	25,552	-15.4%
Adjustments for non-operational and one-off items						
Add: Forex loss/(gain) ¹	(195)	1,516		3,248	2,960	9.7%
Add: Professional fees ²	-	-		8,234	-	NM
Core NPAT	10,464	11,999	-12.8%	53,695	48,411	10.9%
NPAT margin (%)	9.4%	11.3%		12.3%	12.2%	
Core PATMI	10,464	6,388	63.8%	32,072	22,859	40.3%
PATMI margin (%)	9.4%	6.0%		7.4%	5.7%	

Note:

(1) Forex loss/(gain) due to exchange differences arising from MYR denominated borrowings/receivables and cash in MYR denominated bank accounts at HMI's company level account

(2) Fees relating to the consolidation in the ownership of Mahkota and Regency which was completed on 27th March 2017

Commentary

- FY17 revenue increased **9.5% YoY** to MYR435.8mn due to healthy patient load growth and revenue intensity
- EBITDA increased **13.7% YoY** to MYR96.1mn, EBITDA margin expands to 22.1%
- FY17 **Core PATMI** grew **40.3%** YoY to MYR32.1mn, after adjusting for non-recurring items such as forex loss¹, professional fees² and other costs relating to the consolidation transaction. Further, FY17 includes one quarter (4Q17) of fully consolidated financial results

Strong Financial Position

Key Balance Sheet Items

In MYR'000	As at 30-Jun-17	As at 31-Mar-17	As at 31-Dec-16
Cash and cash equivalents	76,754	120,889	94,488
Trade and other receivables	44,904	42,908	57,952
Inventories	13,551	13,067	12,984
Other current assets	3,247	4,179	3,386
Property, plant and equipment	278,551	280,858	181,446
Trade and other payables	67,746	78,115	85,550
Total Debt	163,748	210,800	39,771
Net Debt	86,994	89,911	(54,717)

Key Leverage Ratios

Total Debt / LTM EBITDA	1.7x	2.3x	0.4x
Net Debt / LTM EBITDA	0.9x	1.0x	(0.6x)
Net Debt / Equity ¹	0.5x	0.6x	(0.2x)

Commentary

- Maintained strong balance sheet with cash position of MYR76.8mn and net debt of MYR87.0mn
- Total debt declines 22.3% from 31 March 2017 to MYR163.7mn as at 30 June 2017 due to paydown of acquisition debt
- Net Debt / LTM EBITDA improves to 0.9x while gearing declines to 0.5x as at 30 June 2017

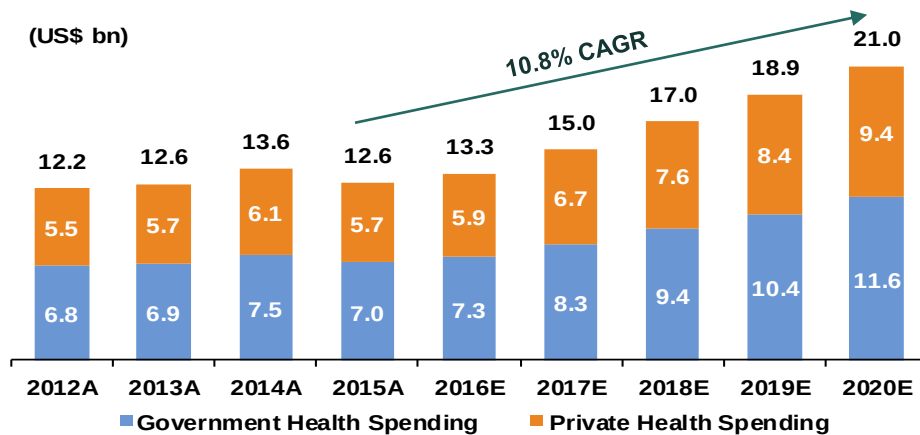


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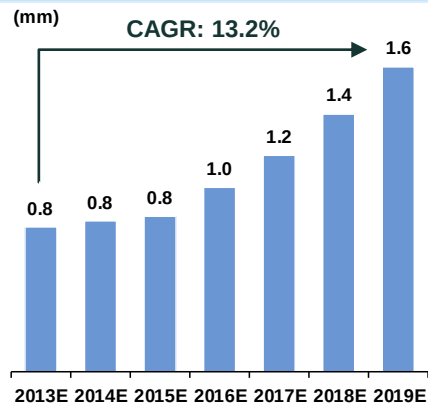
OUTLOOK & GROWTH STRATEGY

Healthcare Landscape in Malaysia

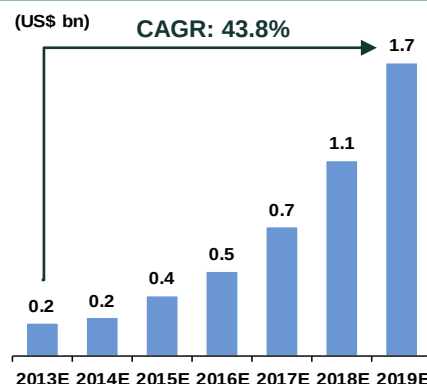
Government and Private Healthcare Spending¹



Number of Medical Tourists²



Medical Tourism Revenue²



Key Observations

- Private healthcare expenditure in Malaysia projected to grow at **12.3% CAGR** driven by rising GDP per capita, increase in insurance coverage and medical tourism
 - ▶ Growing insurance uptake expected to drive shift from public to private healthcare
- Top 5 hospital groups by beds are KPJ Healthcare (3,000 beds), IHH (2,200 beds), Columbia Asia (1,000 beds), Ramsay Sime Darby (900 beds) and HMI (560 beds)
- Malaysia medical tourism industry receives strong government support with Medical Health Tourism Council ("MHTC") promoting Malaysia as a medical tourism destination
 - ▶ Key competitive advantage includes lower costs with high quality offerings and regional accessibility with transport infrastructure in place
 - ▶ Penang, Melaka and Johor have been identified by the government as medical tourism hubs

Mahkota and Regency's Growth Plans

Mahkota Medical Centre

Expanding Bed Capacity & Services to become a major referral hospital



Increasing bed capacity from 266 to 300 in FY2018 with eventual capacity of 340 beds



First and only hospital in Malacca with a Positron Emission Tomography ("PET") scanner



New Day Surgery Unit with two minor operating rooms and day beds

Other Growth Initiatives

- Development of Mahkota Centres of Excellence
 - ▶ Most comprehensive equipped cancer center south of Kuala Lumpur with full suites of treatment and diagnostic facilities
- Land bank available for future potential development services

Regency Specialist Hospital

New Hospital Extension Block to more than double existing capacity

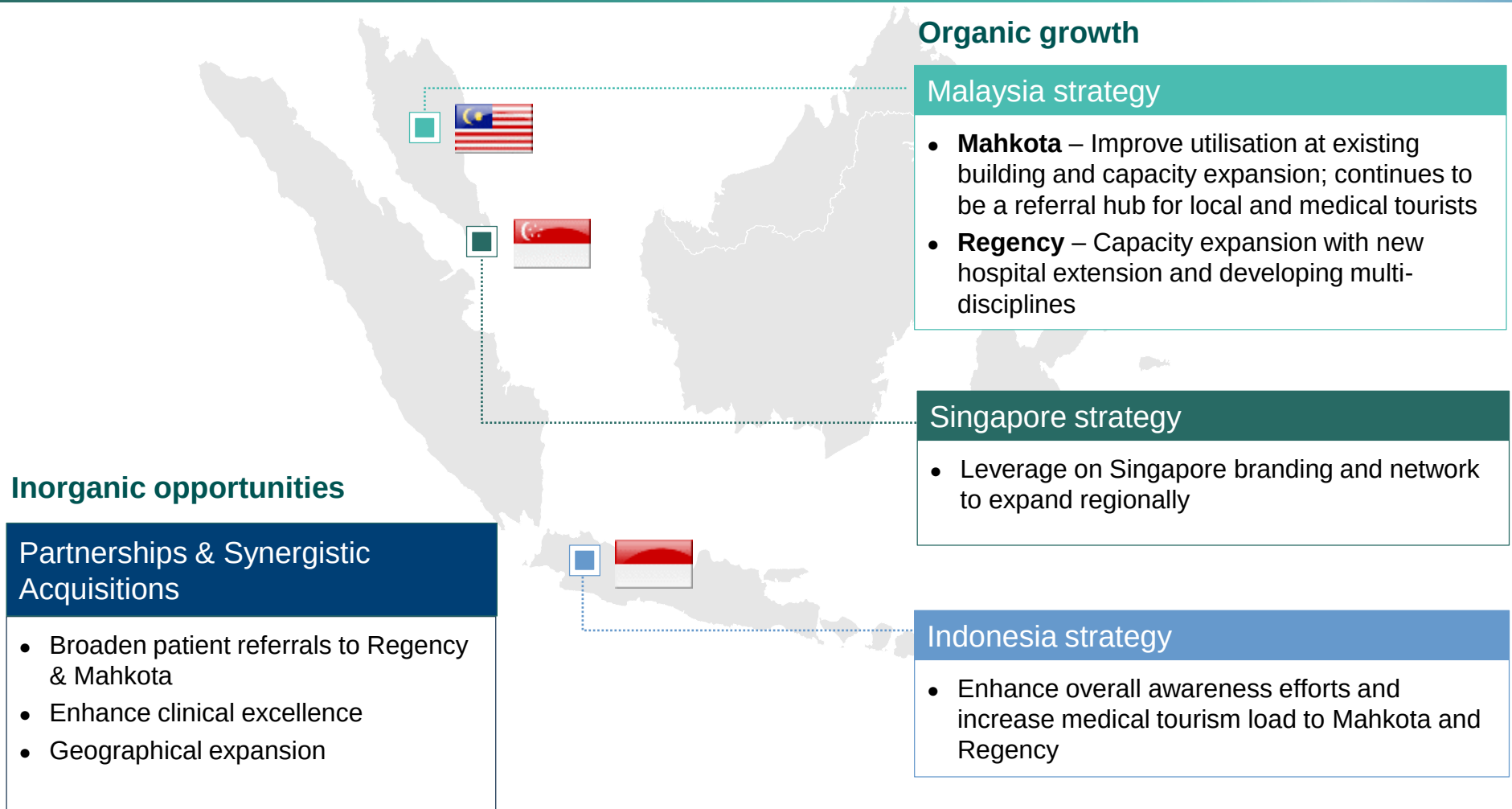


- To build extension block to become 380-bed tertiary hospital with capacity to expand to an eventual 500-bed hospital
- Construction to commence in FY2018 and expected to be commissioned by FY2021, subject to necessary approvals
- Estimated construction cost of MYR 160 mm

Other Growth Initiatives

- Development of cancer centre to provide radiotherapy and enhanced suite of oncology services
- Joint overseas marketing with Mahkota to attract Indonesian patients
- Emergency specialists capable of handling critical A&E cases

Our Growth Strategy – Organic & Inorganic





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APPENDIX

Key Management



Dr Gan See Khem
Chairman

- >30 years of experience in healthcare, management, strategic planning, and public services
- Former Nominated Member of Parliament of the Republic of Singapore



Ms Chin Wei Jia
Group CEO

- >15 years of experience in healthcare-related strategic planning, business development and hospital management
- Led the setting up of healthcare education arm in Singapore and previous CEO of RSH



Mr Chin Wei Yao
Group CFO

- >8 years of private equity and investment banking experience in South East Asia
- Previously with KV Asia Capital, Sindicatum and Credit Suisse



Mr Stanley Lam
Mahkota CEO

- >10 years in Pantai Group with last appointment as Deputy CEO of Pantai Hospital Kuala Lumpur (“**PHKL**”)
- Led PHKL to achieve significant accreditations which include JCI, MSQH and ISO



Mr Gan Boon San
Regency CEO
Director, Technology & Strategic Development

- ~30 years of experience in leading global and regional technology companies such as Microsoft, Oracle and Sun Microsystems prior to joining the Group
- Will help drive use of appropriate technology at HMI subsidiaries as well



Mr Tee Soo Kong
IHS General Manager

- >20 years of experience in the management and delivery of healthcare training
- Previously served as Head, Medical Training Development and Evaluation Centre at SAF Medical Training Institute

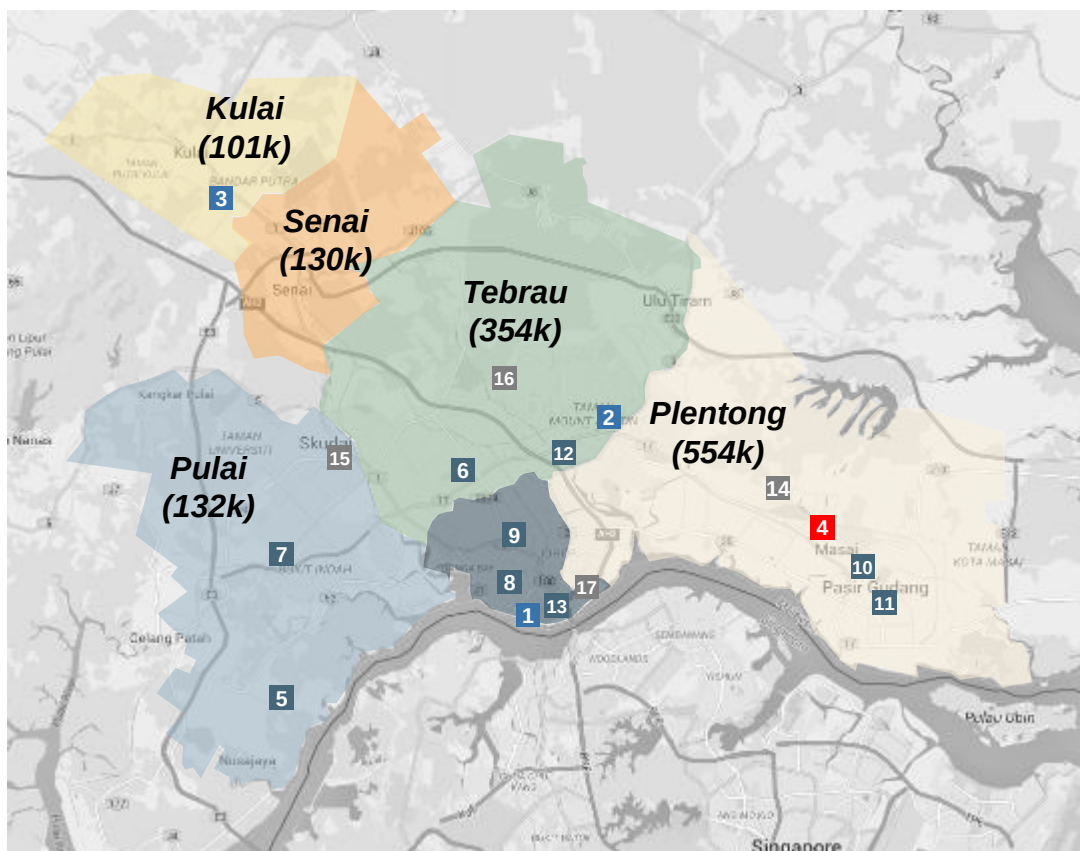
Mahkota's Strategic Location



Attraction of medical tourists underpinned by good infrastructure

Johor Hospital Landscape

Hopital landscape in Johor Bahru (2016)



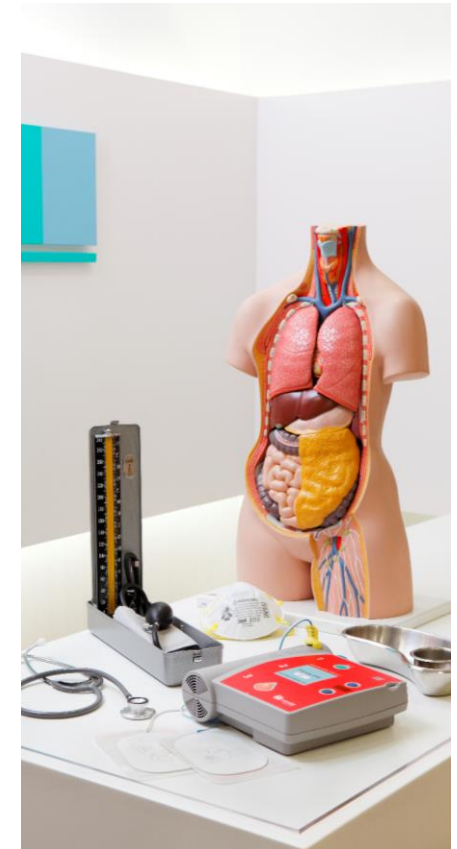
Hospital name	Beds
Public hospitals	
1 Hospital Sultanah Aminah	989
2 Hospital Sultan Ismail	704
3 Kulai Hospital	93
Private Hospitals	
4 Regency Specialist Hospital	218 (expanding)
5 Gleneagles Medini	60 (300E)
6 Kempas Medical Centre	130
7 Columbia Asia Hospital	81
8 KPJ Johor Specialist	236
9 KPJ Puteri Specialist	158
10 KPJ Pasir Gudang	36
11 Penawar Pasir Gudang	70
12 Penawar Pandan City	20
13 Medical Specialist Centre	45
Announced New Hospitals	
14 Pasir Gudang Public Hospital	300E
15 KPJ UTM	150E
16 KPJ Bandar Dato Onn	150E
17 Thomson Iskandar	272E

Johor is currently under-served with a 1.6 bed-to-population ratio, which is below Malaysia average of 1.9

HMI Institute of Health Sciences

General description

- HMI Institute of Health Sciences (“**IHS**”) is the first dedicated private provider of healthcare training and education in Singapore
 - Appointed by Singapore Workforce Development Agency as a Continuing Education & Training Centre to conduct Workforce Skills Qualifications (“**WSQ**”) for the healthcare sector
 - Provides nationally accredited nursing education and healthcare vocational skills training and courses on emergency life support (“**ELS**”)
- To date, IHS has trained more than 3,500 healthcare graduates as well as ~100,000 people benefiting from the ELS short courses
- Shifted operations to a purpose-built training facility at Devan Nair Institute and adding new courses and curriculum as part of expansion plans



Provider of WSQ certified healthcare and emergency life support courses

History and Milestones

FY1998

- Incorporation of HMI
- Operated the 60 bed Balestier Hospital in Singapore



FY2007

- Acquired a 35% equity stake in Regency Specialist Hospital, an empty hospital building
- Raised interest in Mahkota to 49%

FY2017

- Consolidation of non-controlling interests in Regency and Mahkota for consideration of S\$183.2 million

FY2000

- Completed acquisition of 20% interest in Mahkota

FY2003

- Acquired 2-year management contract for Grand Hospital Bengkalis, Indonesia

FY2009

- Official opening of Regency

FY2014

- Regency achieved first full year of profitability

FY2001

- Achieved turn-around of Mahkota after years of losses
- Raised interest in Mahkota to 40%

FY2008

- Commissioned Regency
- Raised interest in Regency to 61%
- HMI upgraded to SGX-Mainboard

FY2015

- Commenced capacity expansion plans at Mahkota and Regency

FY1999

- Listing of HMI on SGX-Sesdaq
- Obtained agreement to manage loss making Mahkota Medical Centre



FY2005

- Shift of core business in Singapore to healthcare education and training

FY2010

- HMI hospitals approved for use of Medisave overseas for hospitalisation & day surgeries