



Health
Management
International

Acquisition of a Majority Stake in StarMed Specialist Centre

14 May 2018

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StarMed Specialist Centre (“StarMed”)

Overview of StarMed

- StarMed is a new day-surgery and multi-disciplinary medical centre offering quality clinical services at competitive prices
 - First private one-stop ambulatory care centre; initial focus on cardio-vascular, digestive, minimally invasive surgeries and diagnostic services
 - Centre spans across 4 floors with combined floor area of close to 16,000sqft
- Highly accessible as it is strategically located right above Farrer Park MRT station; co-located with the 300 room Park Hotel Farrer Park
- Facilities include a multi-disciplinary medical centre, health screening centre, day surgery centre, diagnostic and interventional radiology centre, endoscopy suites, day care beds and private rooms
- Renovation is on-going and centre is expected to open in the second half of 2018



Transaction Overview

1

Transaction Rationale

- ✓ **Favorable Industry Trends** - taps into growing global trend towards procedures being done outside the hospital setting. Hip and knee replacements, which once required several days in a hospital, can now be performed overnight in ambulatory surgical centres
- ✓ **In-line with HMI's Regional Growth Strategy** - to enter the private healthcare services landscape in Singapore with a group of experienced specialists
- ✓ **Attractive Investment Proposition** - purchase consideration is at a discount to net asset value; centre is expected to start operations in second half of 2018

2

Purchase Consideration

- Total commitment of SGD40 million comprises:
 - ❑ Purchase consideration of SGD6.9 million for: (1) 62.5% equity stake in StarMed; and (2) an existing SGD10 million shareholder's loan
 - ❑ New shareholders loan of SGD1.9 million, pro rata to 62.5% equity ownership, to support start-up of the business
 - ❑ Proportionate guarantees limited to SGD31.2 million for loan obligations of StarMed including existing mortgage term loan and loans to fund purchase of medical equipment

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Sources of Funds

- Cash consideration of S\$8.8 million funded from proceeds of Heliconia Capital Management Pte Ltd's S\$11.0 million placement in November 2017

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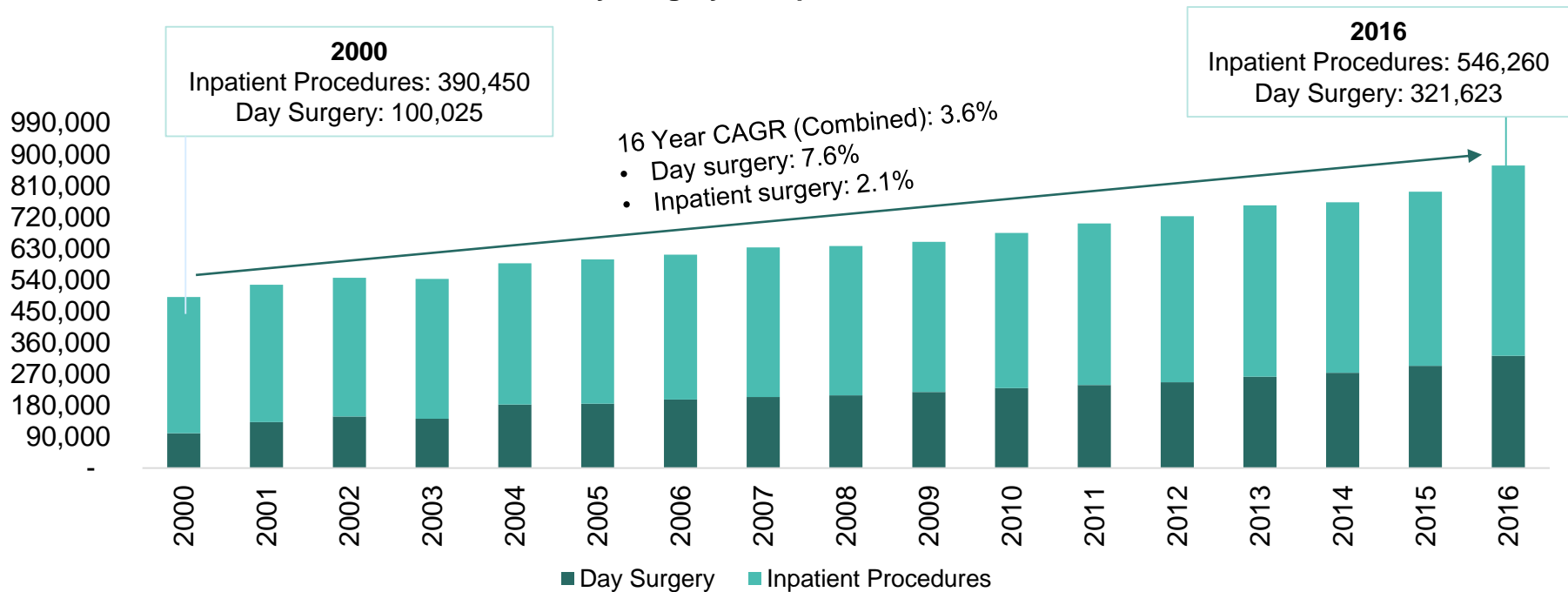
Others

- Transaction expected to complete in May 2018
- Transaction is not expected to have significant impact on net tangible assets or earnings per share of HMI for current financial year ending 30 June 2018

Day Surgeries in Singapore

In 2016, there were over 800,000 surgical procedures conducted in Singapore, with day procedures contributing ~37% of the total. Comparing to international (US & UK) rates of ~65% to 80% contribution, there is further growth potential for day procedures in Singapore

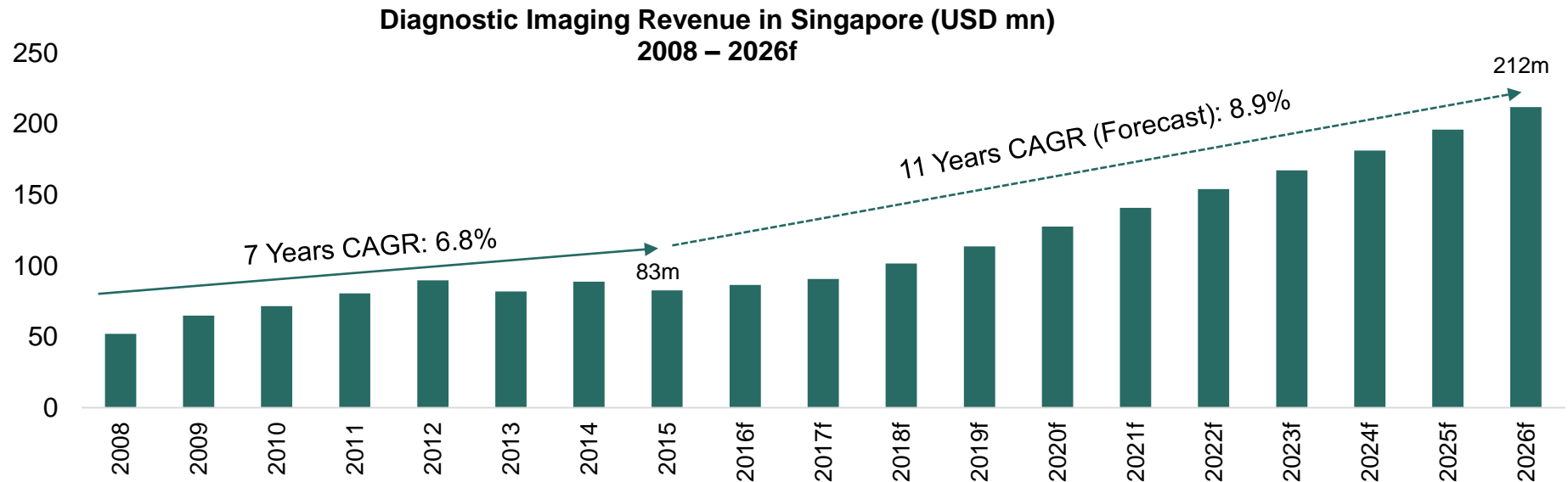
Day Surgery vs Inpatient Procedures



- The growth in day procedures outpaced inpatient procedures, with 16-year CAGR of 7.6% as compared to 2.1%, respectively.
- Factors driving day surgery growth in Singapore:
 - ✓ Many procedures in Restructured Hospitals (“RHs”) are subsidised at a flat rate by MOH
 - ✓ Increasing patient preference for convenience of same day discharge
 - ✓ Due to bed crunch, MOH and RHs have focused on increasing day surgery to reduce bed occupancy

Diagnostic Imaging in Singapore

There is a rise in the demand for diagnostic imaging services leading to ~7% CAGR from 2008 to 2015 in Singapore, and is expected to grow at ~9% CAGR from 2015 to 2026F

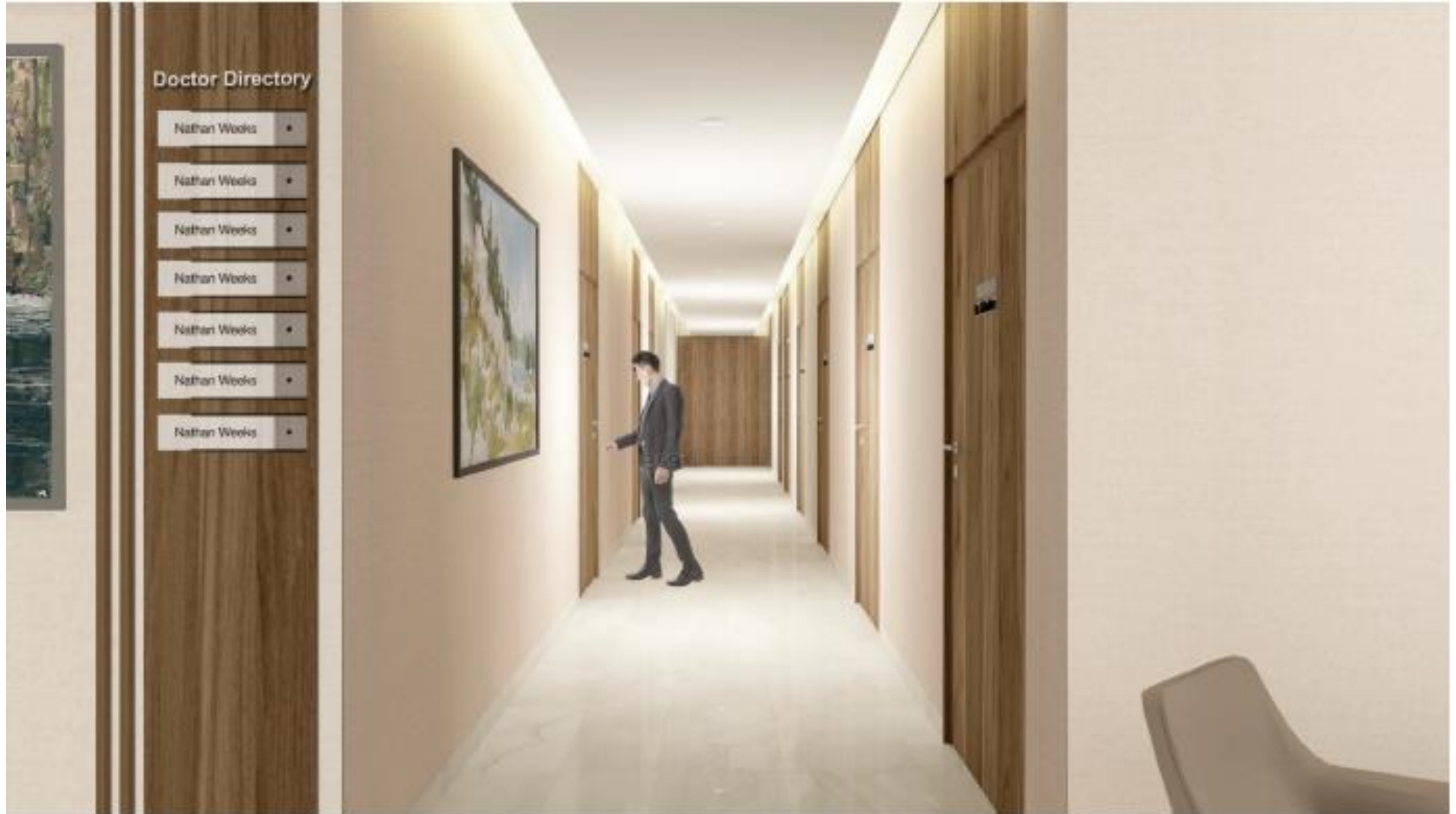


- ❑ Globally, highest growth in diagnostic imaging is expected to be in Asia Pacific countries. Singapore is expected to grow healthily at ~9% CAGR to USD 212mn in 2026.
- ❑ Key drivers for growth include:
 - ✓ Increasing per capita healthcare spending
 - ✓ Increasing government investment in healthcare infrastructure
 - ✓ Aging population
 - ✓ Expanding insurance coverage
- ❑ Further penetration of diagnostic imaging to be supported by doctors' and patients' preference for early diagnosis and less invasive procedures

Artist Impression of the Main Lobby



Artist Impression of the Medical Suites



Artist Impression of the Recovery Area





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THANK YOU

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