



HMI reports net profit of RM10.6 million for 1Q2019

- Revenue rises 6.7% yoy to RM124.9 million driven by rising patient loads and average bill sizes
- EBITDA increases 9.0% yoy to RM31.2 million while EBITDA margin expands 0.5 percentage points underpinned by higher revenue intensity and effective cost management
- Core PATMI declines 10.2% yoy to RM14.1 million as the Group incurred start-up costs in relation to its new one-stop ambulatory care centre, StarMed

Financial Highlights	1Q2019	1Q2018	Change
	RM'000	RM'000	%
Revenue	124,931	117,054	6.7
Gross Profit	44,160	40,628	8.7
EBITDA	31,152	28,579	9.0
EBITDA Margin (%)	24.9	24.4	0.5 pts
PATMI	10,648	13,786	(22.8)
Core PATMI (<i>excluding non-operational and one-off items</i>)	14,147	15,756	(10.2)

SINGAPORE – 13 November 2018 – Health Management International Ltd (“HMI” or the “Group”), a growing regional healthcare provider that owns two tertiary hospitals in Malaysia, a healthcare training institute as well as Singapore’s first private one-stop ambulatory care centre has announced its financial results for the first quarter (“1Q2019”) ended 30 September 2018.

The Group reported a 6.7% year-on-year (“yoy”) increase in revenue to RM124.9 million for 1Q2019. This increase was driven by rising patient loads and average bill sizes at the Group’s two hospitals, Mahkota Medical Centre (“Mahkota”) and Regency Specialist Hospital (“Regency”).

Underpinned by higher revenue intensity and effective cost management, the Group’s EBITDA increased 9.0% yoy to RM31.2 million. Correspondingly, the Group’s EBITDA margin expanded 0.5 percentage points to 24.9%.

The Group reported a 22.8% yoy decline in net profit attributable to shareholders (“PATMI”) to RM10.6 million. Excluding the impact from non-operational items such as foreign exchange losses of RM3.5 million, the Group’s core PATMI declined 10.2% yoy to RM14.1 million.

The Group’s PATMI for this quarter were impacted by two additional factors. The first factor being gestation start-up costs at StarMed Specialist Centre (“StarMed”) of RM3.1 million attributable to equity holders of the Group. The second factor is due to the accelerated amortization of RM2.5 million of capitalized

expenses related to the term loan facility which was fully repaid in 1Q2019. The term loan partially funded the consolidation of ownership of the Group's two hospitals¹, as part of the Group's strategy to build a platform for growth.

The Group's gearing ratio remained stable at 0.6x while Net Debt / LTM EBITDA increased marginally from 1.2x as at 30 June 2018 to 1.3x as at 30 September 2018.

Operational Updates

The Group's total patient load increased 1.3% yoy to approximately 120,000 for 1Q2019. In addition, average outpatient bill sizes increased 3.7% yoy to RM226 while average inpatient bill sizes increased 7.6% yoy to RM8,228. This was mainly attributed to higher revenue intensity and the increasing complexity of surgeries.

To cope with the growing number of patients at its hospitals and rising demand for private healthcare, the Group has embarked on expansion initiatives to capture growth opportunities. At Regency, the planned new hospital block is in the tender stage. Pending the relevant approvals, this new block will more than double existing capacity with additional inpatient beds, clinical services, operating theatres and clinical suites for sale or rental to doctors. Upon its targeted commissioning in 2021, Regency will become a 380-bed tertiary hospital, with potential to expand capacity to 500 beds.

In this quarter, StarMed obtained its licences and commenced operations. StarMed houses a multi-disciplinary medical centre, radiology centre, day surgery centre and endoscopy centre. Equipped with the latest medical technology and a team of experienced specialists, this new ambulatory care centre presents a unique value proposition of providing quality and personalised healthcare at competitive pricing. The Group expects to incur gestation start-up costs from its operations for potentially 2 to 3 years.

The Group's Chief Executive Officer Ms Chin Wei Jia said, "Amid rising demand for healthcare in the region, our expansion plans at both hospitals remain on track. Our efforts are also focused on continuing to enhance service delivery and broaden our specialist offerings in order to provide our patients with a comprehensive range of services."

In Singapore, the Group will leverage on the increasing trend towards day surgeries and rising demand for diagnostic imaging at its new one-stop ambulatory care centre. **Ms Chin said**, "We are delighted to have commenced operations at StarMed Specialist Centre, our new growth driver. In October this year, the Group has also increased its ownership stake in StarMed to 70% and committed to purchase additional space with naming rights to the building so as to position ourselves for future growth."

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¹ Refer to SGX announcement "HMI to consolidate its ownership in Mahkota Medical Centre and Regency Specialist Hospital" on 11 November 2016 for details

About Health Management International Ltd

Health Management International Ltd (“HMI” or the “Group”) is a growing regional private healthcare provider with presence in Singapore, Malaysia and Indonesia. The Group owns two tertiary hospitals in Malaysia, a healthcare training centre in Singapore and Singapore’s first private one-stop ambulatory care centre, StarMed Specialist Centre. The Group also operates a network of representative offices in Indonesia, Malaysia and Singapore.

Established in 1994, Mahkota Medical Centre (“**Mahkota**”) is HMI’s flagship hospital located in the heart of Malacca, a UNESCO World Heritage Site and a popular destination for medical care and leisure. The 288-bed hospital is the largest private tertiary hospital in South Malaysia, offering a comprehensive suite of healthcare services and the first and only hospital in Malacca to offer nuclear medicine services. It is also a leader in Malaysia medical tourism, serving close to 100,000 international patients per year and named the “Malaysia Medical Tourism Hospital of the Year” by Frost & Sullivan in 2015 and 2016.

The Group’s second hospital, Regency Specialist Hospital (“**Regency**”) operational since 2009, is one of the fastest growing private tertiary hospitals in Malaysia. Strategically located within the fast developing and vibrant Iskandar Malaysia, the special economic zone in the state of Johor, the 218-bed Regency is easily accessible via land, sea or air from Singapore, Indonesia and the region. It is the only private hospital in Malaysia with a 24-hour Emergency & Trauma Centre, providing round the clock specialist attention and medical care to both local and international patients.

The Group holds a controlling stake in StarMed Specialist Centre (“**StarMed**”), a new one-stop day-surgery and multidisciplinary medical centre that offers quality clinical services at competitive private sector prices. The centre is conveniently situated above Farrer Park MRT station and co-located with the 300-room Park Hotel Farrer Park. StarMed spans approximately 16,000 square feet across four floors.

HMI’s healthcare training centre, the HMI Institute of Health Sciences, is a Skills Future Singapore accredited Continuing Education and Training Centre for the healthcare support sector. It has trained more than 4,500 healthcare professionals and 160,000 individuals in Emergency life-saving skills since 2001 and 2010 respectively.

For more information, please refer to our website at www.hmi.com.sg.

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