



HMI posts 12% growth in earnings to RM 8.7 million for 3Q2016

Highlights

- Healthy revenue growth on the back of higher patient load and average bill sizes
- Strong performance and better cost management pushes gross profit margin to 33.7%

FINANCIAL HIGHLIGHTS	3Q2016	3Q2015	Change
	RM'000	RM'000	%
Revenue	100,879	82,911	22
Gross Profit	34,039	24,355	40
Gross Profit Margin (%)	33.7	29.4	4.3 pts
Profit before Tax	19,881	11,115	79
Net Profit Attributable to Equity Holders (PATMI)	8,669	7,725	12
Basic Earnings per Share (cents)	1.50	1.34	12

SINGAPORE – 12 May 2016 - Health Management International Ltd (“HMI” or the “Group”), a fast growing regional private healthcare provider, today reported a 12% increase in PATMI to RM 8.7 million for the three months ended 31 March 2016 (“**3Q2016**”), on the back of 22% year-on-year (“**y-o-y**”) growth in revenue to RM 100.9 million. Profit before tax for the quarter increased 79% y-o-y to RM 19.9 million.

Driven by higher patient load and average bill sizes at Mahkota Medical Centre (“**Mahkota**”) and Regency Specialist Hospital (“**Regency**”) in Malaysia, the Group’s healthcare business grew by RM 17.6 million in revenue to RM 98.7 million in 3Q2016, while its education business increased by RM 0.4 million on higher student headcount in the same quarter.

Strong operational performance and better cost management that were slightly offset by non-recoverable input GST, led to a robust improvement in the Group’s overall gross profit margin from 29.4% for the three months ended 31 March 2015 (“**3Q2015**”) to 33.7% in 3Q2016. The strengthening of the Malaysian ringgit during the quarter resulted in unrealised foreign exchange gains of RM 2.3 million.

Administrative expenses increased by RM 3.9 million y-o-y to RM 17.1 million, mainly due to higher general operating costs. Tax expense increased by RM 3.2 million in line with the utilisation of deferred tax assets recognised by Regency and reversal of deferred tax liabilities in 3Q2015.

Cashflow from operations before working capital changes grew 64.3% y-o-y to RM 25.6 million while the Group’s balance sheet remains robust with cash and cash equivalents growing to RM 66.2 million as at 31 March 2016 as compared to RM 39.1 million as at 30 June 2015.

Operational Updates**Mahkota Medical Centre**

Mahkota continued to display strong performance with consistent growth in patient load and average bill sizes. For the second consecutive year, the hospital was conferred the “Malaysia Medical Tourism Hospital of the Year 2016” award by Frost & Sullivan, further enhancing its image as a quality healthcare service provider and its strong brand recognition amongst medical tourists. To cater to a growing number of patients, the hospital added a new day surgery unit and expanded its cancer programme at the Mahkota Cancer Centre through the addition of a new PET CT scanner.

Regency Specialist Hospital

Revenue growth at Regency in Johor was underpinned by an increase in patient load and higher average bill sizes. Into its seventh year of operations, Regency continues to expand its suite of specialist healthcare offerings. Construction of the new medical block at Regency is expected to commence in 2017 and be completed in two years. Once commissioned, this will add over 100 clinic suites, as well as outpatient procedure areas and more patient beds to augment Regency’s capacity.

Looking ahead

Although the healthcare landscape in Malaysia remains competitive with the emergence of new hospitals, a healthy rising trend in domestic insurance penetration, ageing demographics and increasing regional connectivity are expected to contribute to the growth of private healthcare services. A recent New Straits Times article reported that medical tourism in Malaysia is also expected to grow as more foreigners are travelling to seek a variety of treatments across the cost spectrum. Malaysia remains an attractive destination for medical tourists, attributable to the availability of competent medical staff and high quality facilities in the country.¹

HMI Group Chief Executive Officer, Ms Chin Wei Jia, said, “Both Mahkota and Regency continue to attract increasing number of patients due to the comprehensive range of quality healthcare services being offered. With increasing occupancy in our hospitals, we have commenced our expansion plans in order to allow the Group to accommodate future growth.”

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About Health Management International Ltd

Health Management International Ltd (“HMI” or the “Group”) is a fast growing private healthcare provider with presence in Singapore, Malaysia and Indonesia. The Group key assets comprise of two tertiary hospitals in Malaysia, the 288 bed capacity Mahkota Medical Centre (“Mahkota”) in Malacca and the 218 bed capacity Regency Specialist Hospital (“Regency”) in Johor. The Group also owns and operates the HMI Institute of Health Sciences in Singapore.

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

¹ New Straits Times, “Meeting nation’s healthcare needs”, 28 April 2016

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