HMI more than doubles net profit to RM10.7 million for 4Q2017 following the consolidation of its two hospitals

- Revenue rises 9.5% yoy to RM435.8 million for FY2017 driven by higher patient load and average bill size at the Group's two Malaysian hospitals
- The Board of Directors recommends a final dividend of RM1.0 cents per share (25.6% of core PATMI) to reward shareholders for their support

Financial Highlights	**4Q2017**	**4Q2016**	**Change**	**FY2017**	**FY2016**	**Change**
	RM'000	**RM'000**	**%**	**RM'000**	**RM'000**	**%**
Revenue	111,731	106,230	5.2	435,765	397,810	9.5
Gross Profit	36,893	35,134	5.0	143,754	129,777	10.8
EBITDA	24,024	19,630	22.4	96,111	84,531	13.7
EBITDA Margin (%)	21.5	18.5	3.0 pts	22.1	21.2	0.9 pts
PATMI	10,659	4,872	118.8	20,590	19,899	3.5
Core PATMI *(excluding non-operational & one-off items)*	10,464	6,388	63.8%	32,072	22,859	40.3

SINGAPORE – **24 August 2017** – **Health Management International Ltd** ("**HMI**" or the "**Group**"), a growing regional private healthcare provider that owns two tertiary hospitals in Malaysia, has announced its financial results for the fourth quarter ("**4Q2017**") and full year ("**FY2017**") ended 30 June 2017.

On 27 March 2017, the Group completed the consolidation of ownership of its two hospitals, 48.9%-owned Mahkota Medical Centre ("**Mahkota**") and 60.8%-owned Regency Specialist Hospital ("**Regency**"), to 100% each. As such, 4Q2017 represents the first quarter in which the Group reports a fully consolidated set of financial results. Accordingly, the Group's net profit attributable to shareholders ("**PATMI**") increased 118.8% year-on-year ("**yoy**") to RM10.7 million for 4Q2017. With the completion of the consolidation, 100% of net income is now attributable to HMI shareholders.

On a full year basis, the Group's revenue increased 9.5% yoy to a record RM435.8 million for FY2017. This was driven by higher patient loads and average bill sizes at the Group's two hospitals. The Group's education business registered a RM5.6 million rise in revenue due to an increase in student enrolment. In line with the growth in revenue, the Group's gross profit increased 10.8% yoy to RM143.8 million.

As a result of the consolidation exercise, the Group recorded RM8.2 million in one-off costs related to professional fees and other costs. This contributed to the bulk of the 20.2% yoy increase in administrative costs to RM78.4 million. Excluding the impact arising from the one-off professional fees as well as the non-operational foreign exchange losses during the year, the Group's core PATMI increased 40.3% yoy to RM32.1 million for FY2017.

The Group's robust core business operations continued to generate strong positive operating cash flows amounting RM74.4 million for FY2017. This contributed to balance sheet strength as cash and cash equivalents remained stable at RM76.8 million, after paying down RM41.2 million of the acquisition debt.

Commenting on the Group's full year results, **Chief Executive Officer Ms Chin Wei Jia** said, "We continue to build upon our track record with initiatives aimed at enhancing service delivery and operational excellence at our hospitals. This has translated to consistent growth in our local and overseas patient load. Post-consolidation, we are pleased to report that PATMI for 4Q2017 has more than doubled. Also, we are now able to leverage on an enlarged listed platform with greater operational flexibility and options for funding to position ourselves for the next phase of growth. We have embarked on expansion plans at both of our hospitals and strengthened our network of 17 patient representative offices to meet increasing healthcare demands in the region."

Operational Updates

The Group has seen consistent increases in local and overseas patient load on a quarter-on-quarter basis over the year. In 4Q2017, patient load grew 3.7% yoy despite Hari Raya falling in June.

To meet the growing demand for private healthcare, both hospitals continue to expand capacity. At Mahkota, operational bed capacity will be increased from 266 beds to 300 beds in FY2018, with further plans to progressively add capacity to a target of 340 beds in the future.

At Regency, operational bed capacity will be increased from 166 beds to 200 beds in FY2018. To cater to the growing number of patients, Regency will commence construction of a new hospital extension block adjacent to its existing hospital block in FY2018, pending necessary approvals. The new block will add more inpatient beds, clinical services, operating theatres, as well as clinic suites for sale or rental to doctors. The construction costs for the extension block is estimated at RM160 million and will be funded by debt and internal cash resources. With the new extension block, Regency will become a 380-bed tertiary hospital with capacity to expand to an eventual 500-bed hospital. The hospital extension block is targeted to be commissioned in FY2021.

Looking ahead

Government initiatives aimed at improving existing medical infrastructure has led to a burgeoning medical tourism sector in Malaysia. Recently, the Malaysia Healthcare Travel Council announced that the medical tourism industry in expected to grow 30.0% yoy to RM1.3 billion in 2017[1]. In the near-term,

[1] The Star, Medical tourism expected to hit RM1.3bil in revenue this year, 14 February 2017

Airasia is expected to commence direct flights to Guangzhou, Vietnam and Jakarta from Malacca which may boost medical tourism growth in Malacca. Further developments such as the RM40.0 billion Malacca Gateway project under the Belt and Road initiative and the proposed upgrading of the Malacca International Airport should benefit Mahkota in the mid-term. Structural growth drivers in the form of an ageing population, rising affluence, increasing prevalence of chronic diseases and an increase in demand for quality healthcare should provide additional tailwinds as the Group positions itself as a leading regional healthcare provider.

In view of the performance of the Group, the Board of Directors has recommended a final dividend of RM1.0 cents per share, representing 25.6% of FY2017 core PATMI.

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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 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 capacity 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 90,000 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 capacity 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.

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 over 110,000 individuals in healthcare and life-saving skills.

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

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