HMI more than doubles net profit to RM13.8 million for 1Q2018

- Revenue increases 6.9% yoy to RM117.1 million driven by rising patient loads and average bill sizes across the Group's two hospitals
- EBITDA rises 11.0% yoy to RM28.7 million underpinned by higher revenue intensity and effective cost management
- Post consolidation of its two hospitals, HMI registered a 123.4% increase in PATMI
- Robust positive operating cash flow generation of RM31.0 million builds balance sheet strength; continues to pare down debt as net gearing ratio improves to 0.3x (0.5x as at 30 Jun 2017)

Financial Highlights	**1Q2018**	**1Q2017**	**Change**
	RM'000	**RM'000**	**%**
Revenue	117,054	109,460	6.9
Gross Profit	40,628	37,828	7.4
EBITDA	28,696	25,848	11.0
EBITDA Margin (%)	24.5	23.6	0.9 pts
PATMI	13,786	6,170	123.4
Core PATMI *(excluding non-operational & one-off items)*	15,873	7,315	117.0

SINGAPORE – **13 November 2017** – **Health Management International Ltd** ("**HMI**" or the "**Group**"), a growing regional private healthcare provider that owns two tertiary hospitals in Malaysia and a healthcare training centre in Singapore, has announced its financial results for the first quarter ("**1Q2018**") ended 30 September 2017.

Driven by higher patient load and average bill sizes at Mahkota Medical Centre ("**Mahkota**") and Regency Specialist Hospital ("**Regency**"), the Group's revenue increased 6.9% year-on-year ("yoy") to RM117.1 million. In line with the growth in revenue, the Group's gross profit increased 7.4% yoy to RM40.6 million. Backed by rising revenue intensity and effective cost management, the Group's EBITDA rose 11.0% yoy to RM28.7 million while EBITDA margin expanded 0.9 percentage points to 24.5%.

As a result of the consolidation exercise completed on 27 March 2017, 100% of net income is now attributable to HMI shareholders. Coupled with strong operational performance, the Group's net profit attributable to shareholders ("**PATMI**") increased 123.4% yoy to RM13.8 million. This is despite a RM1.6 million increase in finance costs for 1Q2018 due to the term loan facility related to the consolidation exercise.

The Group's core business operations generated strong positive operating cash flows amounting RM31.0 million during the quarter. This contributed to a strengthening balance sheet as cash and cash equivalents remained stable at RM78.3 million. Additionally, the Group continued to pare down debt as total borrowings declined RM19.1 million to RM144.6 million as at 30 September 2017. Correspondingly, the Group's net gearing ratio improved to 0.3x (30 June 2017: 0.5x).

The Group's Chief Executive Officer Ms Chin Wei Jia said, "Leveraging on our strong brand equity and affordability, we continue to see rising patient loads at both our hospitals. While charting steady growth, we remain focused on delivering quality healthcare and broadening our specialist offerings in order to provide our patients with a comprehensive range of services. Concurrently, we are optimising utilisation within our existing buildings and streamlining operations to manage costs. This has translated to improvements in our profitability while ensuring our patients receive the highest quality of care."

Operational Updates

The Group registered growth from both foreign and local patients as total patient load increased 5.4% yoy to 118,511. In addition, average outpatient bill sizes increased 12.2% yoy to RM217 while average inpatient bill sizes increased 3.6% yoy to RM7,644. This was mainly attributed to higher revenue intensity and increasingly complex surgeries. During the quarter, the Group's operational bed occupancy remained stable at 61.3%.

In light of the rising demand for healthcare across the region, the Group has embarked on expansion initiatives to capture growth opportunities. At Mahkota, the Group's plan to increase operational bed capacity from 266 beds to 300 beds in FY2018 remains on track.

At Regency, pending relevant approvals, a new hospital extension block will commence construction in FY2018. 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. The Group will fund the expected RM160 million construction cost by debt and internal cash resources. Upon its targeted commissioning in FY2021, Regency will become a 380-bed tertiary hospital, with potential to expand capacity to 500 beds. In the near term, Regency is increasing its operational bed capacity from 166 beds to 200 beds in FY2018.

Outlook

On 27 October 2017, the Malaysian government announced that it would allocate RM30.0 million to boost the nation's healthcare travel industry[1]. This is in line with its national economic blueprint where healthcare travel has been identified as one of the National Key Economic Areas set to drive the country towards a high-income nation by 2020. With the new budget, Malaysia plans to promote itself as one of the "Fertility and Cardiology Hubs of Asia" with expanded medical tourism packages, special incentives and tax allowance for healthcare facilities promoting medical tourism.

Against this backdrop, Mahkota, a pioneer in medical tourism and first mover in the Indonesian market since 1999, won the Fertility Service Provider of the Year award at the Global Health and Travel Awards

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[1] Malaysia Healthcare Travel Council, MHTC receives well the 2018 Budget Allocation Announcement

2017. More recently, new technologies at its In-Vitro Fertilisation ("IVF") laboratory were also introduced. Into its 8th year of operations, Regency has also seen a rising foreign patient load.

Elaborating on the Group's future, **Ms Chin** said, "To capture opportunities within medical tourism, we continue to leverage on our 16 patient referral offices across Indonesia, Malaysia and Singapore. We have also taken the initiative to broaden patient referrals to Regency and Mahkota through joint overseas marketing initiatives. Looking ahead, we remain well poised to grow our market share and attract more foreign patients to our hospitals."

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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 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.

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.

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

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