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## 3Q18 Results Presentation

9 May 2018

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# Key 3Q18 Highlights

## Strong Financial Performance

	3Q18 YoY Growth	YTD18 YoY Growth
Revenue	7.1%	7.5%
EBITDA	26.6%	19.5%
Core NPAT <sup>(1)</sup>	15.9%	7.3%
Core PATMI <sup>(1)</sup>	117.2%	114.6%

## Operational Update

- Total operational beds : 437 beds (↑0.9% YoY)
- Total patient load : 113.5K patients (↑2.7% YoY)
- Avg. inpatient bill size : MYR 7,650 (↑3.8% YoY)
- Avg. outpatient bill size : MYR 225 (↑9.0% YoY)

## Key Updates

- Increased patient load and average bill sizes for 3Q18
- Foreign patient load growth continues to outpace local patient load growth; c. 23-24% of patients now from overseas

## Outlook and Pipeline

- Continue to strengthen referral networks in key regions such as Malaysia, Indonesia and Singapore
- Capacity expansion plans at both hospitals remain on track
- Continued recruitment of skilled sub-specialists at both hospitals to enhance clinical excellence and broaden service offering

# Resilient Financial Performance

## Group Income Statement

In MYR'000	3Q18	3Q17	%Δ	YTD 18	YTD 17	%Δ
<b>Revenue</b>	<b>115,358</b>	<b>107,670</b>	7.1%	<b>348,399</b>	<b>324,034</b>	7.5%
<b>EBITDA</b>	<b>28,169</b>	<b>22,259</b>	26.6%	<b>86,123</b>	<b>72,087</b>	19.5%
<i>EBITDA margin (%)</i>	24.4%	20.7%		24.7%	22.2%	
<b>Net profit after tax ("NPAT")</b>	<b>15,878</b>	<b>4,628</b>	243.1%	<b>45,385</b>	<b>31,554</b>	43.8%
<i>NPAT margin (%)</i>	13.8%	4.3%		13.0%	9.7%	
<b>Profit attributable to</b>						
Equity holders ("PATMI")	15,880	(1,571)	NM	45,390	9,931	357.1%
Non-controlling interests	(2)	6,199		(5)	21,623	
<b>Adjustments for non-operational and one-off items</b>						
Add: Forex loss/(gain)	(471)	1,374		989	3,442	
Add: Professional fees <sup>1</sup>	0	7,291		0	8,234	
<b>Core NPAT</b>	<b>15,407</b>	<b>13,293</b>	15.9%	<b>46,374</b>	<b>43,230</b>	7.3%
<i>NPAT margin (%)</i>	13.4%	12.3%		13.3%	13.3%	
<b>Core PATMI</b>	<b>15,409</b>	<b>7,094</b>	117.2%	<b>46,379</b>	<b>21,607</b>	114.6%
<i>PATMI margin (%)</i>	13.4%	6.6%		13.3%	6.7%	

## Commentary

- 3Q18 revenue increased 7.1% YoY to MYR 115.4mn due to rising patient load and average bill sizes
- EBITDA increased 26.6% YoY to MYR 28.2mn, EBITDA margin expands 3.7 percentage points to 24.4% due to higher revenue intensity and effective cost management
- 3Q18 core PATMI grew 117.2% YoY to MYR 15.4mn, after adjusting for non-operational foreign exchange losses. Shareholders continue to benefit following the completion of the consolidation<sup>(1)</sup> as 100% of net income is attributable to shareholders

Note:

(1) The Group completed the consolidation of ownership of its two hospitals, the 48.9%-owned Mahkota and 60.8%-owned Regency to 100% each on 27 March 2017

# Strong Financial Position

## Key Balance Sheet Items

In MYR'000	As at 31-Mar-18	As at 30-Jun-17
Cash and cash equivalents	70,687	76,754
Trade and other receivables	42,046	39,776
Inventories	13,901	13,551
Other current assets	9,437	8,375
Property, plant and equipment	283,748	278,551
Trade and other payables	69,070	67,746
Total Debt	95,915	163,748
Net Debt	25,228	86,994

## Key Leverage Ratios

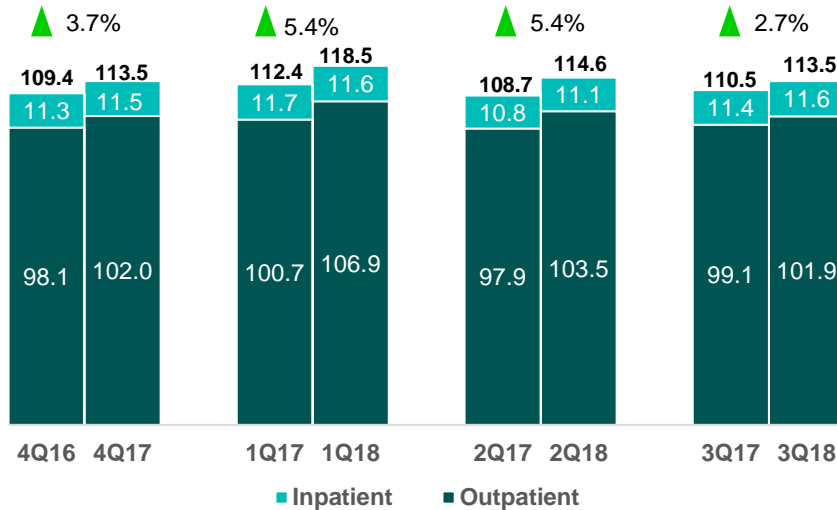
Total Debt / LTM EBITDA	0.9x	1.7x
Net Debt / LTM EBITDA	0.2x	0.9x
Net Debt / Equity <sup>1</sup>	0.1x	0.5x

## Commentary

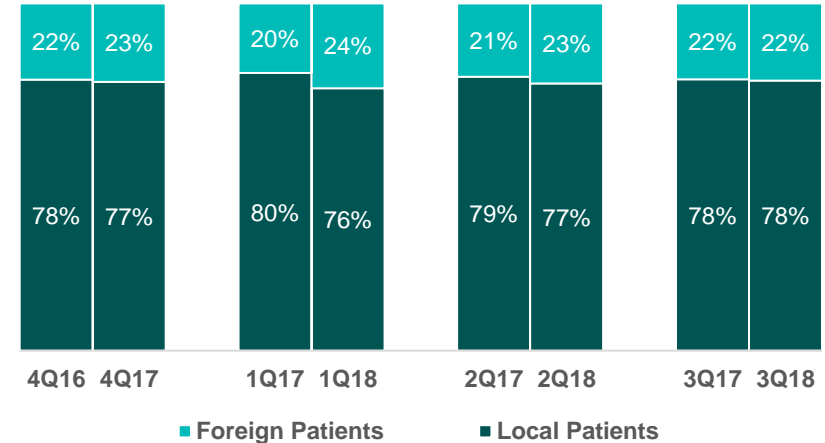
- Maintained strong balance sheet with cash position of MYR 70.7mn and net debt of MYR 25.2mn
- Total debt declines 41.4% from 30 June 2017 to MYR 95.9mn as at 31 March 2018 due to accelerated paydown of acquisition debt
- Net Debt / LTM EBITDA improves to 0.2x while net gearing declines to 0.1x as at 31 March 2018

# Consistent Patient Load Growth

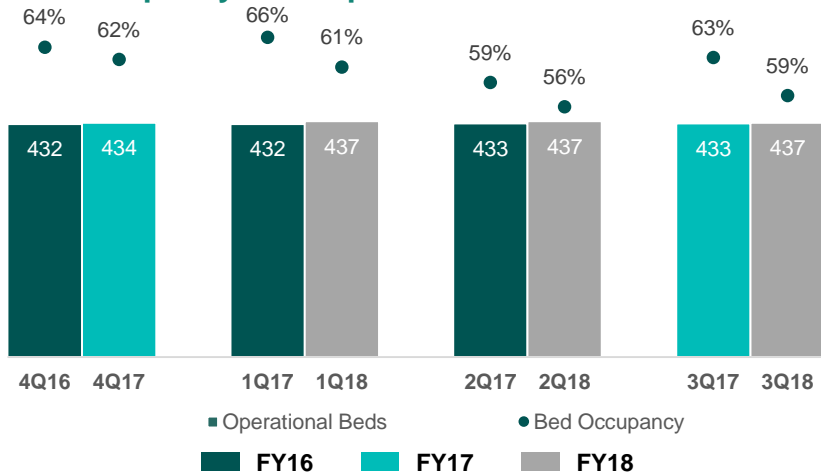
## Patient Load by Type ('000)



## Patient Load by Nationality (%)



## Bed Occupancy<sup>1</sup> and Operational Bed Count



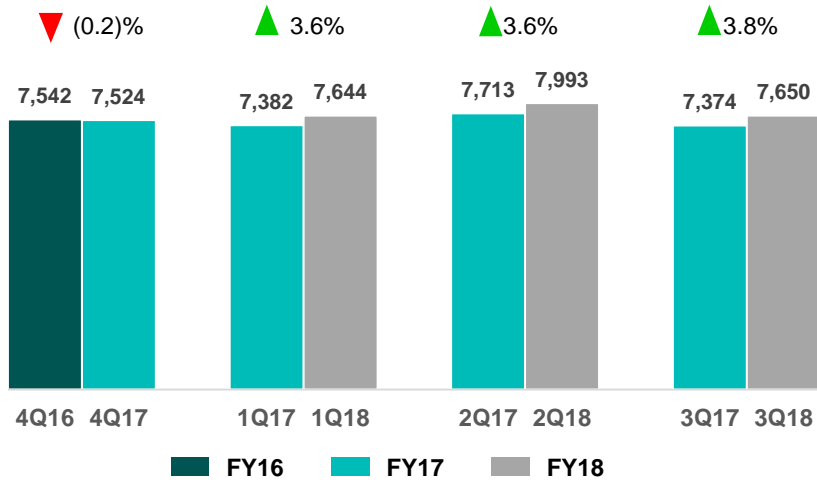
## Commentary

- 3Q18 patient load grew 2.7% YoY to 113.5k patients
- Increase in patient load driven by growth in both inpatients and outpatients
- Growth in foreign patient load continues to outpace the growth in local patient load
- Total bed occupancy and number of operational beds remained stable at 59% and 437 respectively

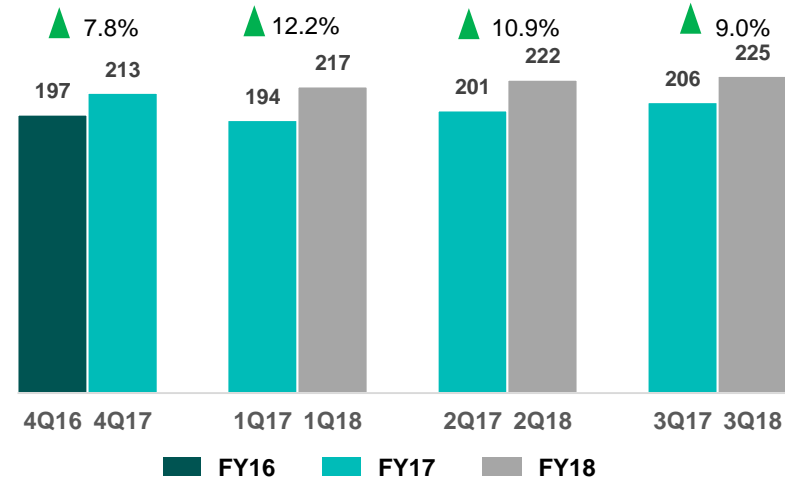
Note: 1. Based on midnight census

# High Revenue Intensity Per Patient

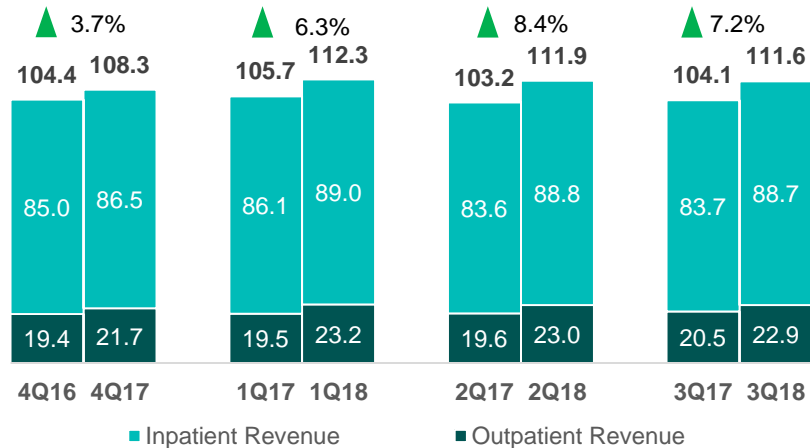
## Average Inpatient Bill Size (MYR)



## Average Outpatient Bill Size (MYR)



## Total Hospital Revenue by Type (MYRm)



## Commentary

- Total hospital revenue increased 7.2% YoY to MYR 111.6mn for 3Q18 due to higher patient load and revenue intensity
- The YoY growth in average outpatient bill size at 9.0% outpaced the growth in average inpatient bill size at 3.8% to MYR 225 and MYR 7,650 respectively

# Outlook and Pipeline

## Updates on Mahkota

- Continued development of Mahkota's Centres of Excellence
  - Introduction of new consultants (Colorectal Surgeon, Obstetrician & Gynaecologist, Radiotherapist & Oncologist, Dental Officer)
- New ward 9B opened, using this opportunity to refurbish older wards over time
- Ongoing construction of a small extension to the East Wing for more clinical space for radiology and other departments

## Updates on Regency

- Continued development of Regency's Centres of Excellence
  - Introduction of new consultants (Paediatric Surgery, Urology and Neurologist)
- Planned new hospital block currently in the approval process

## Outlook and Prospects

- Leveraging on a network of 16 patient referral centers in Indonesia, Malaysia and Singapore, the Group continues to attract foreign patients as foreign patient growth outpaces local patient growth
- Management will build on the Group's success and growth over the past years by:
  - Focusing on people development & technology
  - Enhancing service delivery
  - Continued recruitment of specialists and development of new clinical services
  - Managing cost pressures such as rising purchasing costs and staff costs





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# APPENDICES

# Income Statement – 3Q18 vs 3Q17

## Income Statement

In MYR'000	3Q18	3Q17	%Δ
<b>Revenue</b>	<b>115,358</b>	<b>107,670</b>	<b>7.1%</b>
Cost of services	(73,989)	(73,334)	0.9%
<b>Gross profit</b>	<b>41,369</b>	<b>34,336</b>	<b>20.5%</b>
<i>Gross margin (%)</i>	<i>35.9%</i>	<i>31.9%</i>	
Interest income	205	489	-58.1%
Other gains/(losses), net	1,863	(268)	-795.1%
Distribution and marketing expenses	(1,349)	(632)	113.4%
Administrative costs	(18,476)	(24,829)	-25.6%
Finance costs	(1,536)	(669)	129.6%
Share of results of associates	-	499	-100.0%
<b>Profit before tax</b>	<b>22,076</b>	<b>8,926</b>	<b>147.3%</b>
Income tax expense	(6,198)	(4,298)	44.2%
<b>Net profit after tax (“NPAT”)</b>	<b>15,878</b>	<b>4,628</b>	<b>243.1%</b>
<i>NPAT margin (%)</i>	<i>13.8%</i>	<i>4.3%</i>	
<b>Profit/(loss) attributable to</b>			
Equity holders	15,880	(1,571)	NM
Non-controlling interests	(2)	6,199	NM

## Commentary

- **Revenue:** Increased 7.1% YoY to MYR 115.4mn driven by higher patient load, an increase in average bill sizes at both hospitals
- **Gross Margin:** Improved to 35.9% from 31.9% for 3Q18 as a result of higher revenue intensity in both hospitals and better cost management
- **Other gains/(losses), net:** Other gains of MYR 1.9mn was recorded in 3Q18 compared to a loss of MYR 0.3 mn in 3Q17. This was mainly due to the strengthening of the Malaysian ringgit during the quarter which resulted in foreign exchange gains of MYR 0.5mn whilst foreign exchanges losses of MYR 1.4mn were recorded in 3Q17.
- **Finance costs:** Increased to MYR 1.5mn as a result of the drawdown of SGD 53.0mn from the term loan facility for the purposes of the acquisition of noncontrolling interests in Mahkota and Regency<sup>1</sup>

# Income Statement – 9M18 vs 9M17

## Income Statement

In MYR'000	YTD 9M18	YTD 9M17	%Δ
<b>Revenue</b>	<b>348,399</b>	<b>324,034</b>	<b>7.5%</b>
Cost of services	(223,620)	(217,173)	3.0%
<b>Gross profit</b>	<b>124,779</b>	<b>106,861</b>	<b>16.8%</b>
<i>Gross margin (%)</i>	<i>35.8%</i>	<i>33.0%</i>	
Interest income	897	1,406	-36.2%
Other gains/(losses), net	1,666	619	169.1%
Distribution and marketing expenses	(3,307)	(2,169)	52.5%
Administrative costs	(53,721)	(59,678)	-10.0%
Finance costs	(6,845)	(1,668)	310.4%
Share of results of associates	(1)	1,330	-100.1%
<b>Profit before tax</b>	<b>63,468</b>	<b>46,701</b>	<b>35.9%</b>
Income tax expense	(18,083)	(15,147)	19.4%
<b>Net profit after tax (“NPAT”)</b>	<b>45,385</b>	<b>31,554</b>	<b>43.8%</b>
<i>NPAT margin (%)</i>	<i>13.0%</i>	<i>9.7%</i>	
<b>Profit attributable to</b>			
Equity holders	45,390	9,931	357%
Non-controlling interests	5	(21,623)	-100%

## Commentary

- **Revenue:** Increased 7.5% YoY to MYR 348.4mn driven by higher patient load, an increase in average bill sizes at both hospitals, and contribution from the education business
- **Gross Margin:** Improved to 35.8% from 33.0% for 9M18 as a result of higher revenue intensity in both hospitals and better cost management
- **Other gains/(losses), net:** Other gains of MYR 1.7mn was recorded in 9M18 compared to MYR 0.6mn in 9M17. The increase was mainly due to MYR 1.9mn lower foreign exchange losses and offset by one-off gains recorded from sale of medical suites recorded in the previous financial period.
- **Finance costs:** Increased to MYR 6.8mn as a result of the drawdown of SGD 53.0 mn from the term loan facility for the purposes of the acquisition of noncontrolling interests in Mahkota and Regency<sup>1</sup>



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**THANK YOU**

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