



HMI increases net profit to a record RM60.6 million for FY2018

- Revenue rises 7.3% yoy to RM467.6 million driven by rising patient loads and average bill sizes across the Group's two hospitals
- EBITDA increases 19.1% yoy to RM115.1 million while EBITDA margin expands 2.4 percentage points due to higher revenue intensity and effective cost management
- Board of Directors recommends a final dividend of RM1.0 cents per share, bringing total dividends to RM2.0 cents per share for FY2018 (FY2017: RM1.0 cents)

Financial Highlights	4Q2018	4Q2017	Change	FY2018	FY2017	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	119,198	111,731	6.7	467,597	435,765	7.3
Gross Profit	41,029	36,893	11.2	165,808	143,754	15.3
EBITDA	29,023	24,779	17.1	115,146	96,710	19.1
EBITDA Margin (%)	24.3	22.2	2.1 pts	24.6	22.2	2.4 pts
PATMI	15,206	10,659	42.7	60,596	20,590	194.3
Core PATMI (<i>excluding non-operational and one-off items</i>)	15,862	11,213	41.5	62,241	32,664	90.5

SINGAPORE – 27 August 2018 – Health Management International Ltd (“HMI” or the “Group”), a growing regional healthcare provider with operations in Malaysia and Singapore, has announced its financial results for the fourth quarter (“4Q2018”) and full year (“FY2018”) ended 30 June 2018.

The Group reported a 7.3% year-on-year (“yoy”) increase in revenue to RM467.6 million for FY2018. The increase was driven by rising patient loads and average bill sizes at the Group's two hospitals in Malaysia, Mahkota Medical Centre (“Mahkota”) and Regency Specialist Hospital (“Regency”). Underpinned by higher revenue intensity and effective cost management, the Group's EBITDA increased 19.1% yoy to RM115.1 million. Correspondingly, the Group's EBITDA margin expanded 2.4 percentage points to 24.6%.

For FY2018, the Group reported a net profit attributable to shareholders (“PATMI”) of RM60.6 million, a 194% increase from the prior year. This large increase is mainly due to the one-off impact of the consolidation exercise completed on 27 March 2017¹, whereby 100% of net income is now attributable to HMI shareholders.

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

A Group rebranding exercise was completed in 4Q2018 and the Group continued to increase marketing efforts during the year locally and regionally. In May 2018, the Group completed the 62.5% acquisition of StarMed @ Farrer Square².

Following the Group's interim dividend of RM1.0 cents per share, the Board of Directors has recommended a final dividend of RM1.0 per share, bringing total dividends to RM2.0 cents per share for FY2018 (FY2017: RM1.0 cents).

Operational Updates

The Group registered growth from both foreign and local patients as total patient load increased 3.8% yoy to 462K for FY2018. In addition, average outpatient bill sizes increased 9.0% yoy to RM222 while average inpatient bill sizes increased 5.6% yoy to RM7,916. This was mainly attributed to higher revenue intensity. During the quarter, the Group's operational bed occupancy declined from 62.5% to 58.4%, while the total number of operational beds remained stable at 437.

To cope with the growing number of patients at its hospitals and rising demand for private healthcare, the Group has embarked on expansion plans to capture growth opportunities. At Regency, the planned new hospital block is in the tender preparation 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 Singapore, StarMed Specialist Centre, the Group's new one-stop ambulatory care centre, comprising of specialist clinics, operating theatres, endoscopy suites and radiology facilities, has received the relevant Ministry of Health licenses to commence operations. Renovation at the site has been completed and operations remain on track to officially begin in FY2019.

Outlook

The total healthcare industry spending in Malaysia, which stood at RM52 billion at end-2017, is expected to reach about RM80 billion by 2020, fuelled by increasing demand for healthcare services and emergence of new care models beyond traditional hospital settings, according to business consulting firm Frost & Sullivan³.

In addition, the Malaysian Healthcare Travel Council ("MHTC") announced that it expects revenue contribution from medical tourism to reach RM2.0 billion annually⁴, up from the previous estimate of RM1.2

² Refer to SGX announcement "HMI to acquire 62.5% ownership of StarMed @ Farrer Square Pte Ltd" on 14 May 2018

³ Malaysia Healthcare Travel Council, Malaysia's healthcare industry to grow to RM80b by 2020 — Frost & Sullivan, 1 March 2018

⁴ Malaysia Healthcare Travel Council, Revenue to Exceed RM2 billion, 15 March 2018

billion. In addition, the MHTC estimates that there will be around 1.1 to 1.2 million medical tourist arrivals by 2020. Key markets such as Indonesia, Vietnam, China and India were identified. This comes after the government's announcement in October 2017 that it would allocate RM30 million to boost the nation's healthcare travel industry, 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.

Amid rising demand for healthcare across the region, Mahkota continues to build its brand equity as a pioneer in Malaysian medical tourism and first mover in the Indonesian market since 1999. Similarly, at Regency, a broadening number of specialist disciplines have led to increasing foreign patient loads.

Speaking on the Group's record year, Chief Executive Officer Ms Chin Wei Jia said, "FY2018 was a good year for us as we continued to deliver strong financial performance, expanded our geographical footprint in Singapore and adopted a new unified brand across the Group. Against the backdrop of rising demand for healthcare across the region, we remain focused to grow market share and attract more patients to our hospitals. At the same time, we are continuing to grow through the continuous recruitment of specialists and capacity expansion at both of our hospitals.

In Singapore, we are excited to commence operations at StarMed Specialist Centre. In light of rising demand for day surgeries and diagnostic imaging in Singapore, this new ambulatory care centre presents a unique value proposition of providing quality and affordable healthcare at competitive pricing. Continuing with our mission of improving lives through quality healthcare, we look forward to driving new initiatives in the years ahead."

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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 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 340-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 majority stake in StarMed Specialist Centre (“**StarMed**”), a new one-stop ambulatory care centre, comprising of specialist clinics, operating theatres, endoscopy suites and radiology facilities 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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