



IHH Healthcare

## NEWS RELEASE

Kuala Lumpur/Singapore, 29 AUGUST 2023

**IHH delivers strong revenue growth in Q2 2023 on robust patient volumes**

- Solid quarterly revenue of RM4.7 billion (+7% Y-o-Y) on higher volumes and revenue intensity
- Net Operating Income stable at RM315.0 million
- ROE at 8.0%; Excluding effects from MFRS 129, ROE is 9.0%
- Interim cash dividend of 3.5 sen per share to be paid out on 27 October 2023

*"Our operating performance continued its strong growth momentum into Q2 and H1 2023, with 18% higher topline and 10% higher EBITDA pre-MFRS 129. Reported earnings were lower but mainly because they were compared to a high base last year when we had exceptional gains. Moving ahead, we expect continued revenue and ROE growth. This will be achieved through a balance of organic expansion – adding close to 3,000 new beds; earnings-accretive acquisitions in line with our cluster strategy – such as Timberland Medical Centre in Sarawak; as well as ramping up new growth engines such as our lab business. Taken together, we will further improve patient care and create value for all stakeholders."*

Joe Sim

Group Chief Operating Officer, IHH Healthcare

**GROUP RESULTS - FINANCIAL HIGHLIGHTS**








The Group's headline performance includes the application of the MFRS 129<sup>1</sup> reporting standard. Stripping out the effect from MFRS 129 which are all non-cash, core underlying performance remained solid with revenue growth across all markets.

**Q2 2023 At A Glance (Y-o-Y change)**

Headline Financial Performance (Including MFRS 129 application)			
Revenue	EBITDA	Net Operating Income*	Net Income^
<b>RM4.7b</b>	<b>RM1.0b</b>	<b>RM315.0m</b>	<b>RM301.8m</b>
+ 7% ↑	+ 3% ↑	- 1% ↓	- 51% ↓
		*PATMI excluding exceptionals	^PATMI
Core Underlying Performance (Excluding MFRS 129 application)			
Revenue (ex MFRS 129)	EBITDA (ex MFRS 129)	Net Operating Income (ex MFRS 129)	Net Income (ex MFRS 129)
<b>RM5.1b</b>	<b>RM1.1b</b>	<b>RM401.6m</b>	<b>RM355.7m</b>
+ 18% ↑	+ 10% ↑	-10% ↓	- 37% ↓

<sup>1</sup> MFRS 129, *Financial Reporting in Hyperinflationary Economies*, relates to the Group's entities in Türkiye.

## H1 2023 At A Glance (Y-o-Y change)

Including MFRS 129 application (Headline Financial Performance)			
Revenue	EBITDA	Net Operating Income*	Net Income^
<b>RM9.8b</b>	<b>RM2.2b</b>	<b>RM0.6b</b>	<b>RM1.7b</b>
+ 15% 	+ 9% 	- 11% 	+ 53% 
		*PATMI excluding exceptionals	^PATMI
Core Underlying Performance (Excluding MFRS 129 application)			
Revenue (ex MFRS 129)	EBITDA (ex MFRS 129)	Net Operating Income (ex MFRS 129)	Net Income (ex MFRS 129)
<b>RM10.2b</b>	<b>RM2.3b</b>	<b>RM0.9b</b>	<b>RM1.7b</b>
+ 20% 	+ 12% 	0%	+ 62% 

## GROUP RESULTS - FINANCIAL SUMMARY

### Q2 2023: Strong underlying performance on higher patient volumes and improved case mix

- Revenue increased 7% year-on-year (“Y-o-Y”) as the Group saw more patients, accompanied by higher revenue intensity across its markets. EBITDA grew 3% mainly on the higher revenue.
- Net Income was 51% lower Y-o-Y, mainly as it was compared to a high base in Q2 2022 that had seen a positive effect of RM294.6 million from exceptional items, as well as due to foreign exchange losses following the Turkish Lira’s devaluation in June 2023.
- Net Operating Income, which reflects the Group’s core performance, was steady, declining 1% on higher net finance costs.
- The Board of Directors have declared an interim cash dividend of 3.5 sen per ordinary share for the financial year ending 31 December 2023 to be paid on 27 October 2023 to shareholders.

### H1 2023:

- Revenue and EBITDA increased 15% and 9% YoY respectively, mainly on patient volume growth.
- Net Income was up 53%, including one-off gains from the sale of IMU.
- Net Operating Income was at RM644.9 million primarily due to higher net finance costs and MFRS 129-related adjustments.
- Return on Equity (“ROE”) was 8.0% as at end-June 2023. Excluding the effects from MFRS 129, ROE would be 9.0%.
- Balance sheet remained strong, with net cash generated from operating activities of RM1.5 billion and an overall cash balance of RM3.6 billion.
- Net gearing increased to 0.24x (from 0.18x as at June 2022).

## GROUP RESULTS – OUTLOOK

- IHH will continue its organic growth path by:
  - Expanding bed capacity by around 25% - adding close to 3,000 new beds across Malaysia, India, Türkiye and Europe over the next three years;
  - Driving productivity and operational efficiencies by increasing occupancy rates, improving procurement synergies and investing into innovation; and
  - Reconfiguring portfolio to improve returns, with a focus on removing underperforming assets.
- Concurrently, the Group will seek earnings-accretive opportunities to acquire assets across Asia and Europe, backed by its healthy balance sheet.
- IHH is also expanding its service offerings and developing new growth engines such as its laboratory business while investing into complementary digital health services and innovation.
- Overall, the Group expects continued revenue and ROE growth and will maintain a tight rein on costs and leverage operational synergies to mitigate inflationary and interest rates pressures.

## GROUP – OPERATIONAL SUMMARY (FOR QUARTER ENDED 30 JUNE 2023)



Occupancy  
(for Q2 2023)  
**67%**



Inpatient Admissions  
(for Q2 2023)  
**220,976**



Operational Beds  
(as at 30 June 2023)  
**12,236**



Lab Tests  
(for Q2 2023)  
**22.6 million**

## GROUP – KEY UPDATES SINCE Q2 2023

- **IHH Group:**
  - Recognised for its strong leadership and excellence in engaging with investors, receiving six accolades in Institutional Investor’s 2023 All-Asia (ex-Japan) Executive Team rankings. IHH was in the top 3 across all seven categories for Asia: “Best CEO”, “Best CFO”, “Overall ESG”, “Best Investor Relations”, “Best IR team”, “Company Board of Directors”, and “IR Professional”.

- **Malaysia:**
  - Acquiring Timberland Medical Centre (“TMC”) in Kuching, Sarawak to strengthen its position in East Malaysia. It will scale up TMC’s operations via a new 200-bed tertiary hospital in Central Kuching with a further investment of approximately RM400 million.
  - Pantai Premier Pathology rebranded as Premier Integrated Labs; to be leading provider of specialised testing services and grow across Southeast Asia and where IHH operates.
- **India:**
  - Increased its majority stake in Gleneagles Global Hospitals chain as the Group continues to pursue its growth strategy in India.
  - Fortis Healthcare agreed to sell its hospital business operations at Fortis Arcot Road Hospital, Chennai to Sri Kauvery Medical Care (India) Limited for Rs 152 crore.

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## **ABOUT IHH HEALTHCARE BERHAD (“IHH”)**

A world-leading integrated healthcare provider, IHH believes that making a difference starts with our aspiration to Care. For Good.

Our team of 65,000 people commit to deliver greater good to our patients, people, the public and our planet, as we live our purpose each day to touch lives and transform care.

Through our portfolio of trusted brands – Acibadem, Mount Elizabeth, Prince Court, Gleneagles, Fortis, Pantai and Parkway – we offer our patients comprehensive and personalised care ranging from primary to quaternary, and even ancillary services such as laboratory, diagnostics, imaging and rehabilitation.

With our scale and reach in 10 countries, we continue to raise the bar in healthcare in our key markets of Malaysia, Singapore, Türkiye, India, Greater China (including Hong Kong) and beyond.

In partnership with our stakeholders, we will co-create a sustainable future for all as we work towards our vision to become the world’s most trusted healthcare services network.

More information can be found at [www.ihhhealthcare.com](http://www.ihhhealthcare.com).

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*For more information or to speak to an IHH spokesperson, please contact:*

Penelope Koh  
Investor Relations, IHH Healthcare  
t. +65 9820 8973  
e. [penelope.koh@ihhhealthcare.com](mailto:penelope.koh@ihhhealthcare.com)

Melissa Sim  
WATATAWA Consulting  
t. +65 9380 2938  
e. [msim@we-watatawa.com](mailto:msim@we-watatawa.com)