



Health
Management
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1Q17 Results Presentation

10 November 2016

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Executive Summary

Financial Performance

- Robust financial performance driven by higher patient load and increased average bill size

1Q17 YoY Growth	
Revenue	16.3%
Gross Profit	17.5%
NPAT	74.7%
PATMI	346.1%

Increase in NPAT mainly due to:

- (i) Higher turnover from MMC and RSH due to higher patient load and average bill sizes;
- (ii) Better cost management for MMC and RSH; and
- (iii) Lower foreign exchange losses from weakening Malaysian ringgit

- Strong balance sheet with total cash and **net cash** of MYR 88.1m and MYR 47.3m respectively

Operational Update

- Increased patient load and average bill sizes in 1Q17
- Continued recruitment of consultants at both hospitals
- Mahkota Medical Centre (“**MMC**”) installed new PET CT and began marketing efforts; obtained license to start operations in 2Q17
- Regency Specialist Hospital (“**RSH**”) continues to add beds, increasing the Group’s total operational beds to 435 (up from 397 in Sep 2015)

Outlook and Pipeline

- Re-design of Regency’s Medical Outpatient Block to Hospital Expansion Block due to strong patient demand
- MMC to add new inpatient bed capacity in 2017
- The Group continues to assess investment opportunities in Malaysia and the region

Income Statement – 1Q17 vs 1Q16

Income Statement

In MYR'000	1Q17	1Q16	% Δ
Revenue	109,460	94,079	16.3%
Cost of services	71,632	61,895	15.7%
Gross profit	37,828	32,184	17.5%
<i>Gross margin (%)</i>	34.6%	34.2%	
Interest income	419	439	(4.6%)
Other gains/(losses), net	570	(3,293)	nmf
Distribution and marketing expenses	(682)	(574)	18.8%
Administrative costs	(17,844)	(15,482)	15.3%
Finance costs	(518)	(1,186)	(56.3%)
Share of results of associates	477	830	(42.5%)
Profit before tax	20,250	12,918	56.8%
Income tax (expense)/credit	(5,740)	(4,614)	24.4%
Net profit after tax ("NPAT")	14,510	8,304	74.7%
<i>NPAT margin (%)</i>	13.3%	8.8%	
Profit attributable to			
Equity holders	6,170	1,382	346.1%
Non-controlling interests	8,340	6,922	20.5%

Commentary

- **Revenue:** Increased by MYR 15.4m due to higher patient load and increase in average bill size at both hospitals
- **Gross margin:** Maintained due to higher revenue intensity, better cost management and economies of scale and offset by increase in input GST which could not be recovered¹
- **Other gains/(losses), net:** Improvement due to MYR 3.5m lower forex losses arising from weakening Malaysian ringgit.
- **Administrative costs:** Increased by MYR 2.4m mainly due to indirect labour costs
- **Finance costs:** Decreased by MYR 0.7m as a result of full settlement of amounts owing to associated companies during 4Q16
- **Income tax (expense)/credit:** Increased by MYR 1.1m mainly due to higher profitability of MMC and RSH and lower tax incentives available to MMC in 1Q17

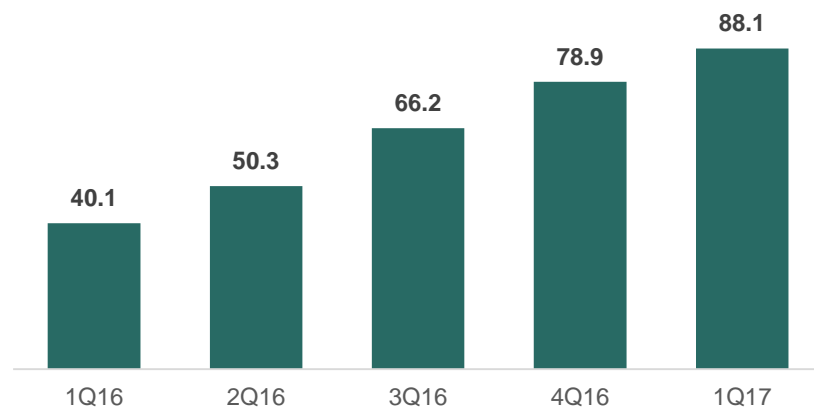
Balance Sheet

Key financial metrics

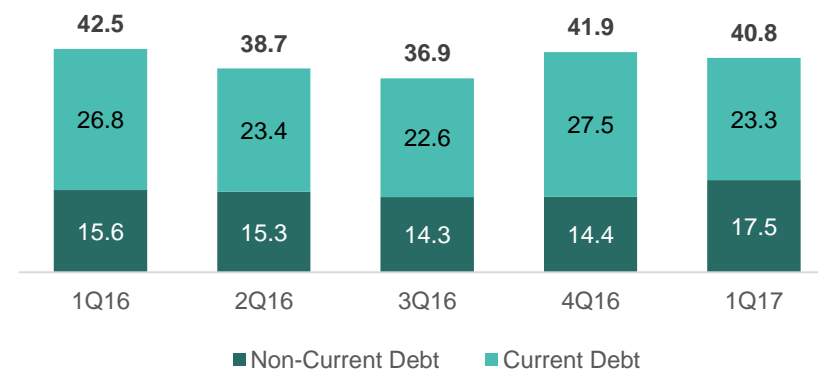
	As at 30 Sep 2016	As at 30 Jun 2016	As at 30 Sep 2015
	(MYR'000)	(MYR'000)	(MYR'000)
Cash and cash equivalents	88,085	78,928	40,068
Trade and other receivables	61,565	57,521	87,557
Inventories	13,219	14,050	13,860
Other current assets	3,735	4,167	5,137
Property, plant and equipment	182,107	177,867	182,500
Trade and other payables	96,236	97,550	120,365
Borrowings (Total)	40,768	41,857	42,474

Capital Structure and Leverage

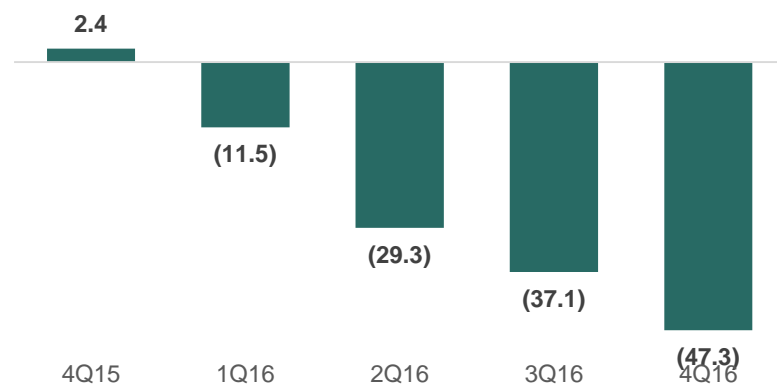
Total Cash (MYRm)



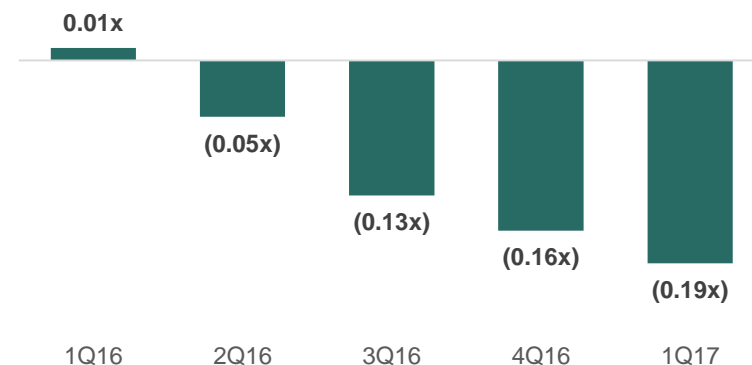
Total Debt (MYRm)



Net Debt (MYRm)



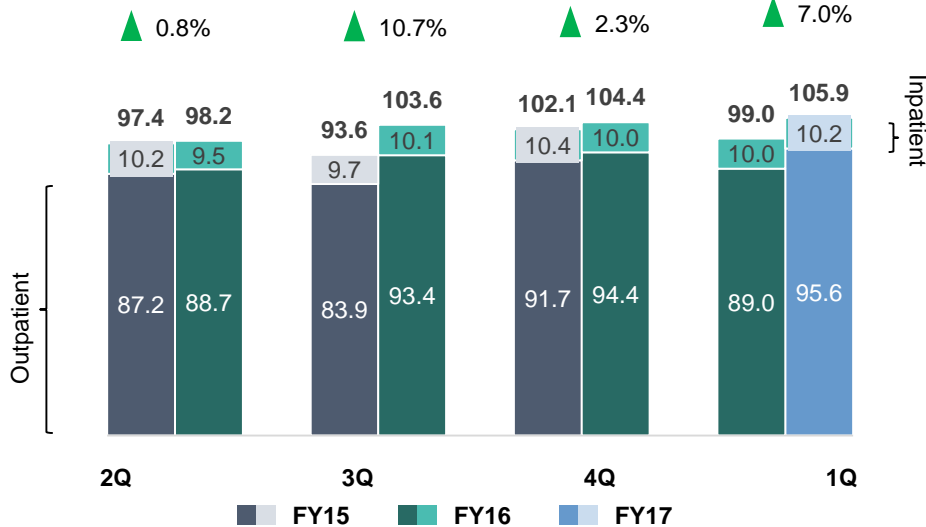
Net Debt to Equity¹ (x)



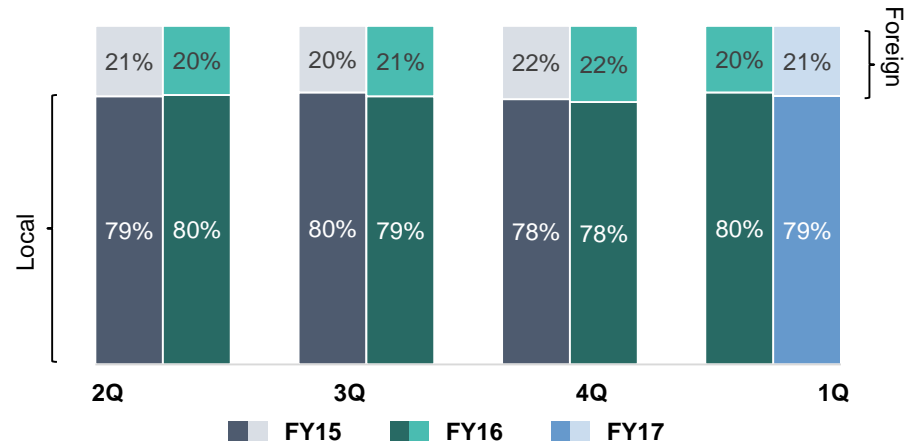
Note: 1. Equity refers to the aggregate of Shareholder's Equity and Non-Controlling Interests

Hospital Operational Metrics

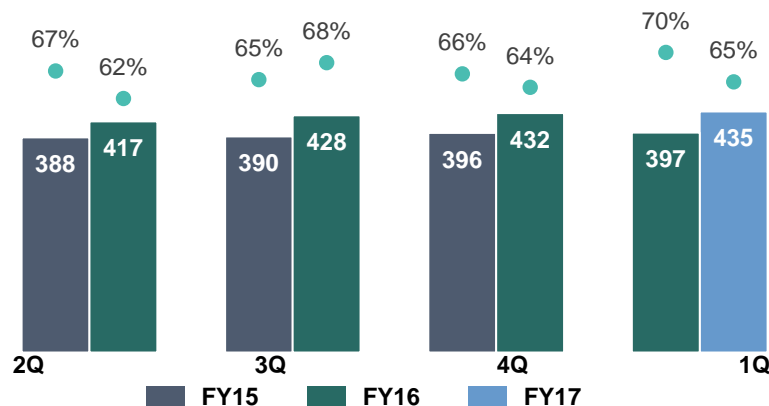
Patient Load by Type ('000)



Patient Load by Nationality (%)



Bed Occupancy¹ and Operational Bed Count



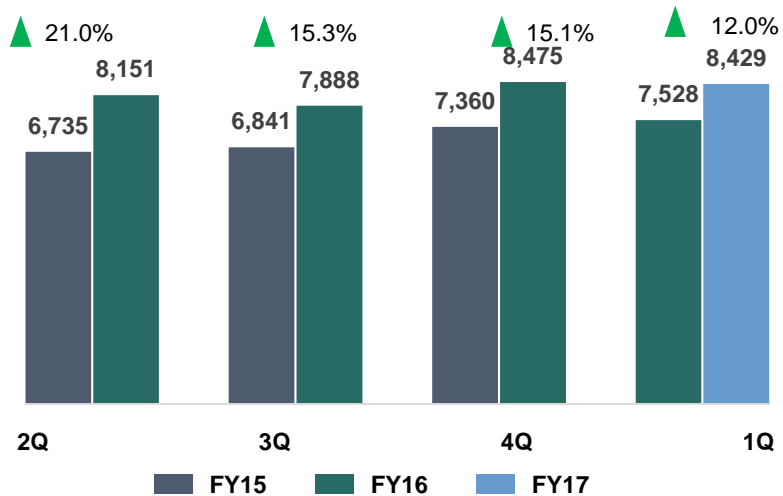
Commentary

- Patient load increased by 7.0% y-o-y in 1Q17, registering a continued healthy growth for both local and foreign patients
- Fairly consistent foreign patient mix across past few quarters
- Manageable occupancy rates due to increase bed capacity

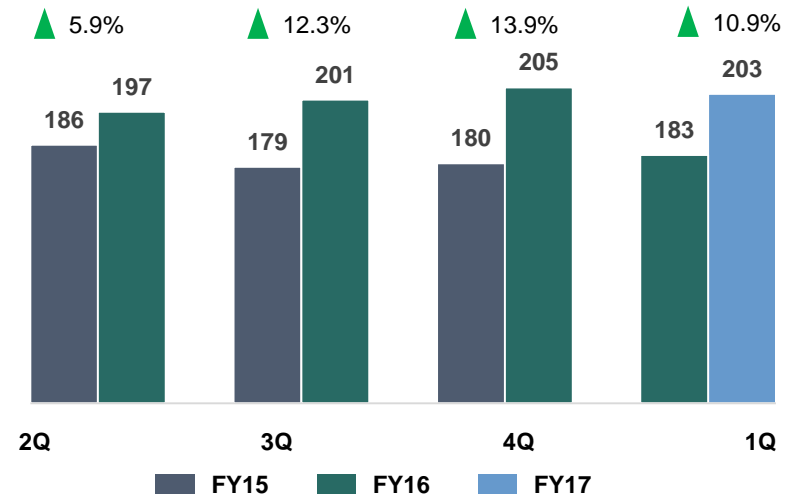
Note: 1. Based on midnight census

Hospital Financial Metrics

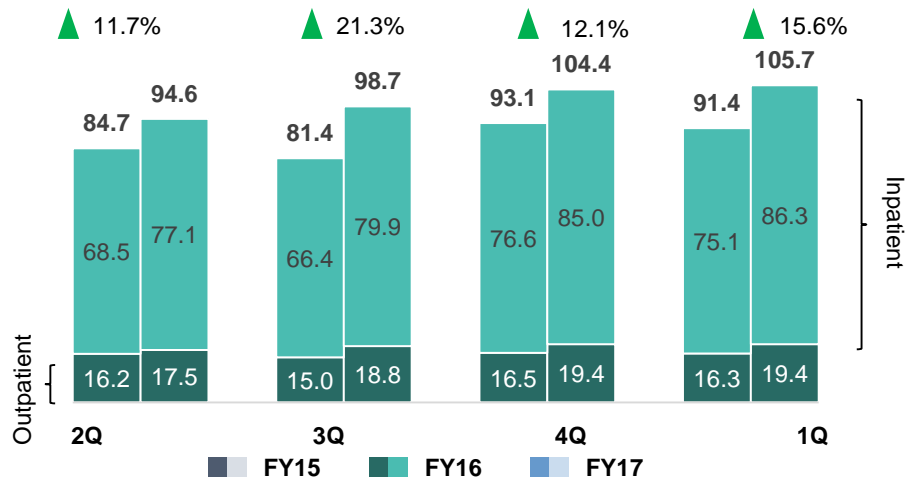
Average Inpatient Bill Size (MYR)



Average Outpatient Bill Size (MYR)



Total Hospital Revenue by Type (MYRm)



Commentary

- Inpatient and outpatient average bill sizes increased by 12.0% and 10.9% in 1Q17 (vs 1Q16) respectively primarily driven by increased revenue intensity & increased complexity of surgeries
 - Recruitment of sub-specialty consultants at MMC
 - Strong growth in number of open heart surgery cases at RSH since launch in mid 2015
- Total hospital revenue increased by 15.6% year-on-year in 1Q17 (vs 1Q16) driven by higher patient load and increased average bill sizes



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THANK YOU