IHH Healthcare Berhad

BUY: SGD$2.75 (+26.6%)

NUS INVESTMENT SOCIETY

Equity Research Department | 28 October 2016

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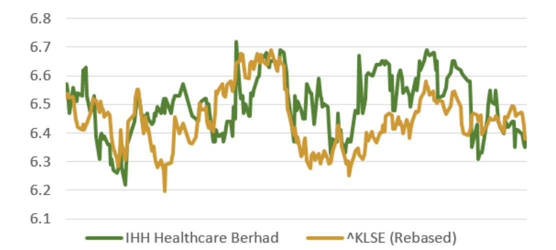
Basic Information

Last Closed Price	SGD$2.17
12M Target Price	SGD$2.75
+/- Potential	+26.6%
Bloomberg Ticker	IHH:SP
GICS Sector	Health Care
GICS Sub-Industry	Health Care Facilities

1Y Price v Relative Index



Company Description

International provider of premium healthcare services with a unique multi-market investment position. Operates in the following geographical segments: Asia, Central and Eastern Europe, the Middle East and North Africa (CEMEENA).

Key Financials

Market Cap (SGD)	17.286B
Basic Shares O/S	8.232B
Free Float	76.9%
52-Wk High-Low	SGD$2.00 - SGD$2.30
Fiscal Year End	31-Dec-15

(MYR$ M)	FY14A	F15A	FY16E	FY17E
Revenue	7339	8448	9132	9877
Gr Rate (%)	8.7	15.1	8.09	8.16
EBIT	1239	1311	1412	1713
Net Income	754	934	913	1142
Margin (%)	10.28	11.06	9.99	11.62
ROA(%)	2.63	2.63	2.55	22.19
ROE	3.59	4.19	3.67	4.45
EV/EBITDA	33.3	35.3	11.2	10.9
P/E Ratio	51.8	52	-	-
D/E (%)	8.44	8.08	11.3	0.22

Key Executives

Tan Sri Dato'	Chairman
Dr Tan See Leng	Chief Executive Officer
Low Soon Teck	Chief Financial Officer

Eyeing on a leading healthcare synergy

We are initiating coverage of IHH with a Buy rating and a $12M price target.

2Q16 Earnings Review

- Total growth for revenue and EBITDA up by 18% and 2% yoy; attributed to organic growth of most of its existing operations, the commencement of operations of new hospitals and acquisitions.
- Operating income increased by 169% yoy due to gain on disposal of 90% equity interest of Shenton Insurance Pte Lid (RM54.8m).
- PATMI up 8% due to recognition of RM54.8m gain from disposal of 90% equity interest of SIPL; recognition of exchange gain of RM7.5m on Acibadem Holdings' non-TL denominated borrowings.

Investment Thesis

- Strong market dominance is established in Asia and CEMEENA, coupled with integrated healthcare service continuum, align with the rise in consumer demand characterized by aging demographics. Hence, fueling its revenue growth.
- Overseas expansion surpasses limitations of the domestic market, creating sustainable new growth engines. The diverse portfolio would also reduce market risks in the vagaries of the economy.
- With focused efforts to pivot on consolidation and integration of new acquisitions, new operating synergies could be extracted and enhance productivity. Such a great potential should not be underestimated when the Group has emerged as the top 10 Overall Best Managed Companies in Asia in 2015.

Catalysts

- Capacity boost in Acibadem Atakent Hospital will contribute to robust organic growth as evidenced by increase in revenue after the successful expansion Acibadem Taksim Hospital.
- Penetration into new and emerging markets such as Myanmar is sustained with strong balance sheet and operating cash flows, creating immeasurable potential as new revenue engines.
- The trend towards premium healthcare, due to medical tourism, as more patients opt for specialised procedures and treatment in quaternary service, could boost the Group's revenue.

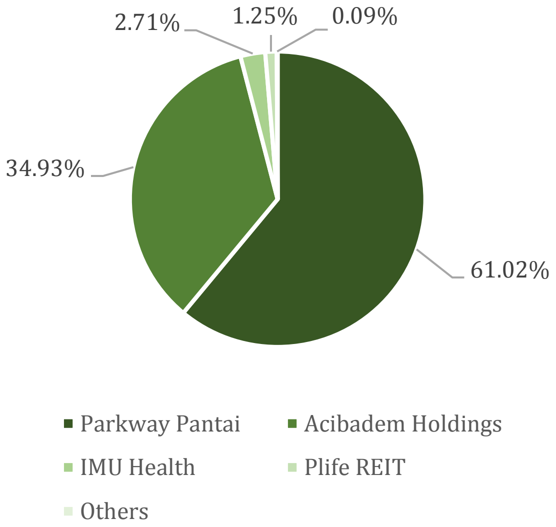
Valuations

Using a DCF analysis, we expect the price of stock to hit 2.75SGD, reflecting 26% upside. Due to expanding activates across APAC, healthy demand for healthcare services and future cost synergies, we believe that this huge upside is appropriate.

Investment Risks

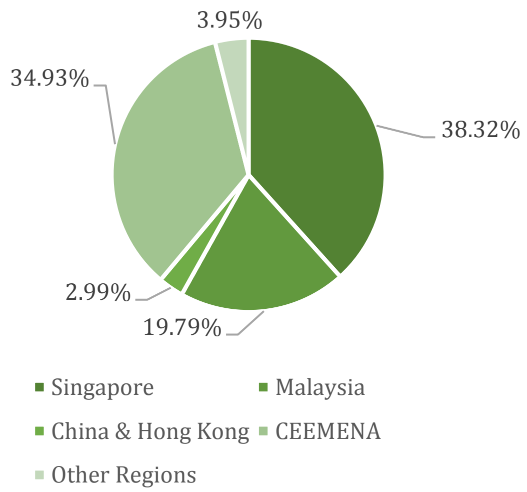
- Volatility in the foreign exchange currencies due to the geological footprints of the Group's operations might dilute profits and erode margins, leading to slower growth and expansion.
- Rising cost pressures would lead to higher salary packages, including rising costs of inventory and medical equipment driving overhead costs.
- IHH might need to take up future loans to further finance expansion plans, increasing IHH's exposure to interest rate risks.

Figure 1. Revenue by Segment, FY15



Source: IHH Healthcare Berhad Annual Report 2015

Figure 2. Revenue by Geography, FY15



Source: IHH Healthcare Berhad Annual Report 2015

Figure 3. IHH Healthcare Services

Source: IHH Healthcare Berhad

Company Overview

The world's second largest healthcare operator by market capitalization, IHH Healthcare Berhad ("IHH") is also listed on the main markets of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Singapore Exchange Securities Trading Limited ("SGX-ST") since 2012.

Parkway Pantai Limited (PPL)
PPL is one of the APAC region's largest integrated private healthcare group with a network of 22 hospitals and more than 4000 beds throughout Asia. In Singapore, Parkway Pantai is the largest private healthcare provider with premium healthcare facilities. In Malaysia, Parkway Pantai is the second largest private healthcare provider with over 2000 beds across a network of 13 multi-disciplinary hospitals under the "Pantai" and "Gleneagles" brands.

Acibadem Hospitals Group
Acibadem Holding is Turkey's leading integrated private healthcare provider of high quality diagnostic and treatment services. It runs a network of 17 hospitals in the Middle East, and 12 outpatient clinics and a number of ancillary healthcare business providing clinical lab services.

IMU Health
IMU Health owns and operates the International Medical University, Malaysia's first private healthcare university, which offers a total of 17 academic programmes. This would both groom and attract high quality doctors and medial support staff to improve its healthcare services.

ParkwayLife REIT
ParkwayLife REIT is one of Asia's largest listed healthcare REITS with 47 properties which total to approximately S$1.6 billion as at 31 March 2015. IHH owns a 35.76% equity interest as at 31 March 2015.

2Q16 Earnings Review

- Total growth for revenue and EBITDA up 18% and 2% yoy; profit for the period rose by 6% yoy.
- Operating income increased by 169% yoy due to the gain on disposal of 90% equity interest of Shenton Insurance Pte Lid (SIPL) amounting to RM54.8m.
- PATMI up by 8% from a low base in 2Q15 due to recognition of RM54.8m gain from disposal of 90% equity interest of SIPL; recognition of exchange gain of RM7.5m on Acibadem Holdings' non-TL denominated borrowings.
- Earnings per share (EPS) increased by 8% yoy.

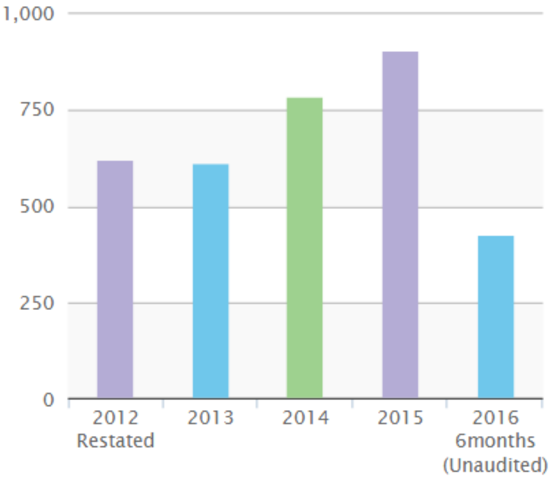
Industry Outlook

Surge in healthcare expenditure powers industry revenues

Population expansion and rising wealth are becoming strong drivers of healthcare expenditure in developing markets, especially in Asia and the Middle East. By 2019, the number of high-income households (those earning above $25,000 annually) will rise to over 540 million globally which would drive private spending on health care.

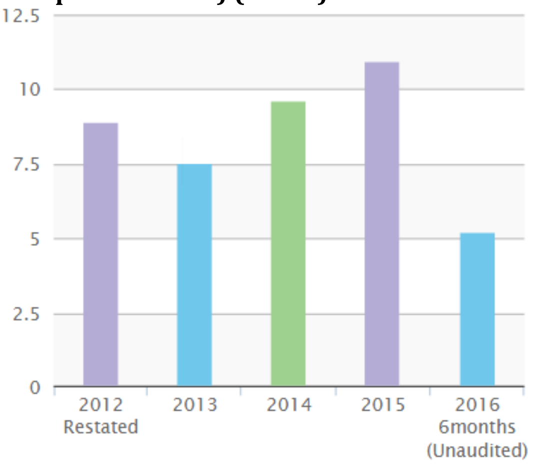
In Singapore, Healthcare expenditure to triple by 2030 with ageing demographics. Besides, the healthcare sector best performing sector in Singapore since Jan 2012. Its neighbour, Malaysia, on the other hand, was crowned "Medial Travel Destination of the Year" for the second consecutive year at the International Medical Travel Journal's Medical Travel Awards 2016. In 2015 alone, the medical tourism industry earned revenues of approximately USD350m, growth rates are above market average at 15% yoy. Hence, it is projected to receive large volumes of medical tourists with the current international wave of interest for wellness and traditional therapies. Domestically, it is projected that

Figure 4: PATMI (excluding exceptional items) (in RM mil)



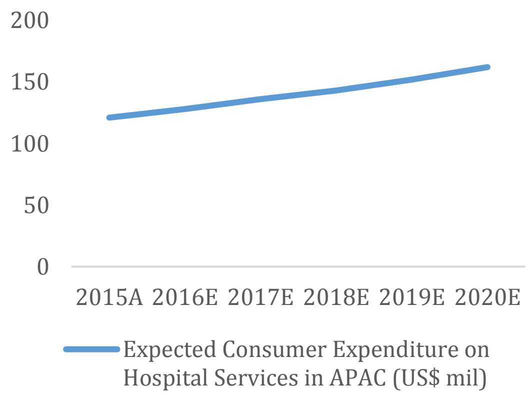
Source: IHH Healthcare Berhad

Figure 5: Basic Earnings Per Share (excluding exceptional items) (in sen)



Source: IHH Healthcare Berhad

Figure 6. Expected Consumer Expenditure on Hospital Services in APAC (US$ mil)



Source: Euromonitor.com

Malaysia's healthcare expenditure could rise as high as USD20bn by 2020 due to the rising incidences of chronic diseases, increasing healthcare costs due to urbanization and a weak ringgit.

Greater attention drawn towards rising private healthcare sector to complement constraints of public healthcare services

Healthcare is one of the largest industries in the world, at close to 10% of global GDP as of 2016. However, challenging economic conditions are making it difficult for governments in many of the world's regions to devote the necessary financial resources to handle expanding healthcare demands, exacerbated with skyrocketing costs such as China, facing currency devaluation. Hence, prompting the increased use of public-private partnerships (PPP) to fund infrastructure, technology, and other operational improvements.

In India, private entities have contributed 70% of the country's hospital beds over the past decade. The growing presence of the private sector has led to "corporatization" in healthcare, with 10 large chains and approximately 250 hospitals. Similarly in China, the government is promoting private investment and competition to improve care quality and access to address the expanding demands of the country's growing middle class. Due to the struggling public health systems, private hospitals aid in covering these deficiencies to form a two-tier system of care delivery and funding mechanisms, especially in emerging economies with multiple national objectives.

In Singapore, private funding comprises 60% of healthcare expenditure while the government fund the remaining 40%. Implementation of Healthcare 2020 Masterplan and the issuance of Population White Paper which recognize the need to increase healthcare infrastructure (state-of-the-art and one of the top destinations for those from ASEAN who can afford and require medical services).

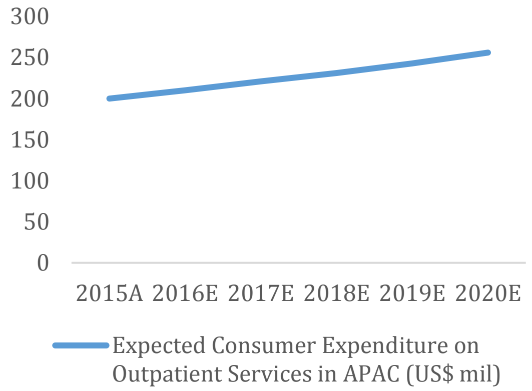
Opportunistic outlook for expansion-seekers into untapped, emerging hinterlands

Healthcare has recently became the main focus of the current Turkish government which launched the country's healthcare transformation programme. The country is a huge and mostly unsaturated consumer market with significant opportunities in the area of healthcare services, innovative medical device technologies, pharma and clinical diagnostics. The healthcare landscape in China is also a promising one with the removal of administrative approval for Chinese medical institutions applications for basic medical social insurance and improved affordability of private medical care.

Also one of IHH home markets, India holds 30% market share in APAC medical tourism revenues. Service focus in India is on "tertiary quaternary care" which is the area involving complex surgeries and organ transplants that is aligned with the quaternary service provision of IHH under the integrated healthcare continuum. Recently, IHH acquired Global Hospitals Group, India's fourth largest healthcare network, in one of the biggest M&A deals in the sector. India also serves as an attractive hotbed because of its competitive equipment costs and attractive government subsidies for land acquisition.

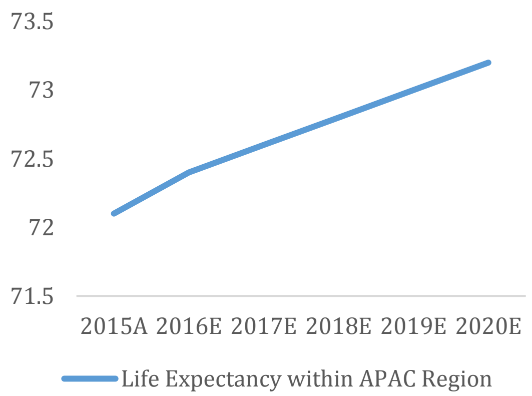
In emerging economies, greater access to better healthcare options has led to booming hospital admission rates in countries like China, India and Turkey, where CAGR 2005-2015 is between 6%-12% which are better performing than the industry modest growth at a CAGR of below 2%. In India, cardiac surgery costs about US$6,000 compared with $20,000 in Russia while robotic knee surgery costs US$10,000 in India but US480, 000 in Australia. India has already gained US$3bn from treating foreign patients annually. According to Frost & Sullivan, "The traditional markets like Thailand, India and Singapore are expected to

Figure 7. Expected Consumer Expenditure on Outpatient Services in APAC (US$ mil)



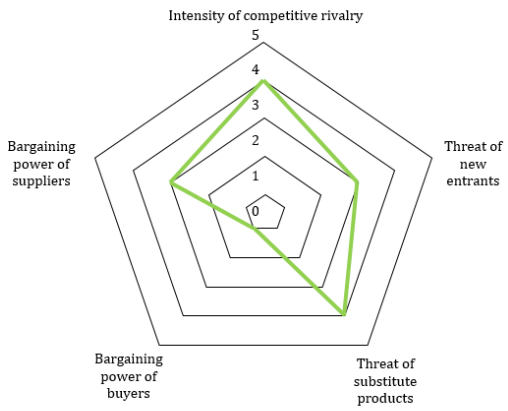
Source: Euromonitor.com

Figure 8. Life Expectancy within APAC Region



Source: Euromonitor.com

Figure 9. Porter's 5 Forces



Source: NUS Investment Society Estimates

grow at a steady pace, whereas Malaysia and South Korea are likely to experience stronger growth albeit from a lower revenue base."

Competition within the healthcare industry sets to intensify

Competition remains keen in this burgeoning industry. IHH has an Asset Turnover of 0.26, generating MYR26 of revenue on every MYR100 of asset at its disposal, which means that although IHH has operations in many APAC countries such as Singapore, Malaysia, China and Hong Kong, it is not as efficient as its smaller, more localised competitors such as Raffles Medical. Competition is also slated to shift from being country based to region-based, limiting success to competitors that have better economies of scale and international recognition. Despite fierce competition, IHH has emerged as the world's second largest healthcare provider.

Investment Thesis

1. Leveraging its market leader position to capture revenue from increasing consumer demand

- IHH's dominance is manifested in its market position as the largest private hospital group in the APAC region with close to 10,000 licensed beds in 49 hospitals, its goal of 10,000 licensed beds achieved 2 years in advance from stipulated deadline of 2017.
- Meanwhile, consumer expenditure on hospital services is projected to increase by 34% from 2015 to 2020 within the APAC region. Another significant feature of this healthcare landscape is the rising proportion of ageing population with an expected increase of 23% in the same forecast period.
- Owing to its large market share, IHH would be able to capture a larger proportion of the increase in consumer expenditure.
- This is further aided by expansions on existing hospitals: Ramp-up at centres of excellence in areas such as spine, cardiology and oncology in Malaysia, leading to an increase in the average revenue per inpatient in Malaysia by 9.7% in 2015. As at 26 May 2016, revenue increased 24% year-on-year to MYR 2.5 billion on sustained organic growth at existing hospitals.
- While Singapore continues as main revenue contributor as Parkway Pantai Singapore contributes about 38% of the group's overall revenue and 51% of the group's total PATAMI, Singapore's supportive national insurance policies provides an added advantage. It allows utilisation of a person's cumulative insurance premium to partly fund the treatments in private hospitals.
- Such efficiency gains from ramping up will allow more hospitals to serve more people without having to build more facilities.

2. Increase in geological footprint, using market-specific strategies, generate prospective sustainable growth

- Overseas expansion surpass limitations of the saturated domestic market, creating sustainable new future growth engines backed by adept market invasion strategies.
- The diverse portfolio would also hedge against market risks in the vagaries of the economy such as the development of a 350-bed greenfield Parkway Health Chengdu Hospital in China with a 70:30 controlling stake with JV, slated to be completed 1H17.
- Expansion is in line with the Chinese Government's plan to lower the barriers to foreign healthcare service providers. The Group can also tap on the rising middle income demographic in China accompanied with greater demand for specialised services, which are expected to be highly demanded given China's lift on the one-child policy. The new hospital will serve a total population catchment of 148 million residents in the region.
- IHH is also tapping into growing emerging markets such as the development of a 250-bed hospital in Yangon, Myanmar, as Parkway

Figure 10: Myanmar Health Vision 2030

Source: Parkway Pantai

Pantai's first hospital in Myanmar, slated to be completed in 2020, providing high-quality healthcare to the locals.

- The development of the hospital would be in line with Myanmar's national health policy, Health Vision 2030, which aims to deliver world-class healthcare outcomes, research and services, and improve the health of the citizens of Myanmar. According to the Ministry of Health, the government's health expenditure increased from $7.6 million in 2000 to $652.7 million in 2015 and is expected to continue increasing steadily to meet the demand for quality healthcare.
- One of the market-specific strategies adopted in China is to partner local and well-connected firms, such as the State Owned Enterprises. This is evident when a 455 million yuan ($70 million) Parkway Health Shanghai International hospital will be built by a 70:30 joint venture with Shanghai Hongxin Medical Investment Holding and is expected to open in 2020.

3. Impressive cost management system extracts cost and operational synergies which create value for shareholders

- With focused efforts to pivot on consolidation and integration of new acquisitions, new operating synergies could be extracted and enhance productivity.
- Such a great potential should not be underestimated when the Group has emerged as the top 10 Overall Best Managed Companies in Asia in 2015.
- The Group adopts a disciplined approach to cost management. IHH expects to mitigate cost pressures from the rising wage inflation and the implementation of the goods and service tax imposed by the Malaysian government by focusing on medical procedures which cost more, and tight cost control measures.
- These are done by expanding presence in India, leading to gain on further business synergies, cost savings and operating leverage through centralized procurement, optimized backroom functions.
- Besides, common branding and marketing strategy, sharing of doctors and better utilization of facilities have increased the efficiency of the Group.
- Cost pressures were mitigated on the back of higher revenues and operating leverage from higher patient volumes, particularly from Parkway Pantai in facilities such as Novena Hospital.
- Synergy from existing and new Acibadem facilities would provide IHH with the platform to benefit from the cost savings and pooling of resources.
- Furthermore, increasing the geographical presence reduces market risks, and increases revenue potential, as well as provides economies of scale, and a stronger base to leverage in business negotiations.

Catalysts

- High revenue potential attributed to capacity boosts of existing hospitals compounded with efficiency gains.
- The quaternary care service under the entire integrated healthcare continuum has been burgeoning with the trend towards premium healthcare and medical tourism.
- With the strong network of hospitals and branding, there is a great likelihood of successful penetration into new promising frontiers which could create future revenue engines.

Financial Analysis

Operating Segments

IHH Behard reports its earning by its subsidiaries. Reliable revenue pools and future cost synergies, especially when many competitors are facing rising cost, makes it an attractive defensive stock.

Figure 10: New Twin Bedded Room

Source: Gleneagles Singapore

Parkway Pantai
Parkway Pantai is the Group's largest operating subsidiary and contributes the most to its overall earnings. Revenue growths continue to grow despite in-patient growth volume slowing down. This growth is mainly driven by patients demanding more complex operations.

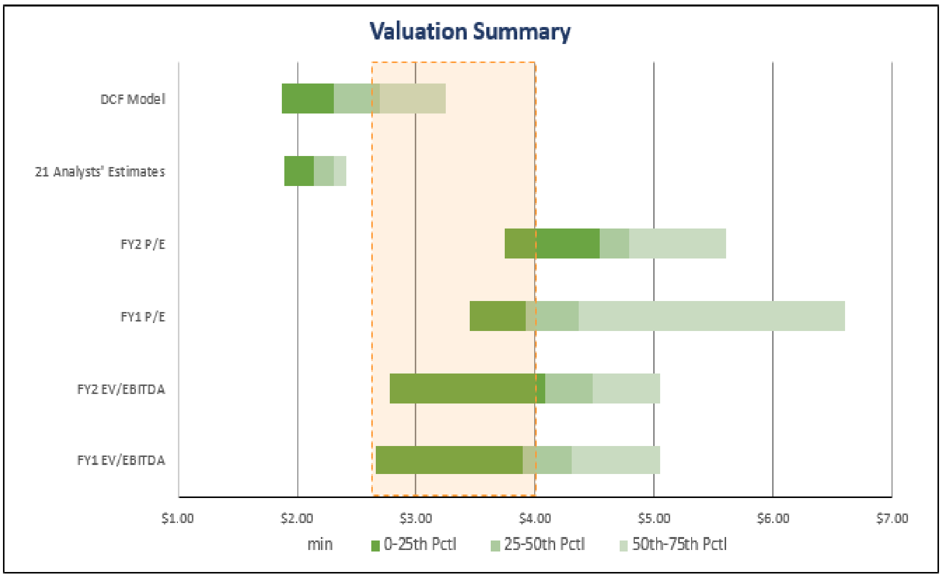
Acibadem
Boasting some of the most advanced biomedical technology and equipment in the region Acibadem contributed to 34% of IHH's total revenue and 24% of the group's EBITDA. Acibadem expects to see a continued increase in patient volumes and revenue, in line with growing affluence of the population and concomitant demand for quality private healthcare despite geopolitical uncertainties.

IMU HEALTH
IMU Health's revenue and EBITDA grew 5% to RM229.3 million and RM80.6 million respectively in 2015. Both revenue and EBITDA were driven by higher student intake and tuition fees. IMU Health continues to be a strategic asset for IHH as it provides a steady stream of skilled healthcare professionals to meet the needs of IHH's healthcare facilities and business units.

Parkway Life Reit
As at 31 December 2015, it owned a portfolio of 47 properties making it one of Asia's largest listed healthcare REITs by asset size. Through acquisition of seven Japanese in the last two years , the strengthened Japan portfolio powered REIT's year-on-year external revenue to grow by 12% to RM105.6 million. By terming out all its maturing long-term debt facilities Plife Reit has a well spread out debt maturity profile till 2021 with no immediate long-term refinancing needs till 2017.

Valuations

Valuation Price Target: **$2.75**



DCF Model
An unlevered DCF analysis was used to determine IHH Berhad's intrinsic share price. The model is forecasted over a 5 year period to account for the company's short term and long term goals.

Our Model is driven by healthcare service provision in their current key markets of Singapore, Malaysia and Turkey(Acibadem). A bulk of the

Figure 11. WACC Buildup

Cost of equity	**7.9%**
Beta	0.757
Cost of debt	**4.1%**
Tax rate	**19%**
Market cap (USD 'm)	54,327.6
Total debt (USD 'm)	6,887
WACC	**7.4%**

Source: Bloomberg, Damodaran, NUS Investment Society Estimates

expenses arise from staff costs and inventory costs which is modelled to grow consistently with their revenue. For Capex, we expect IHH Berhad to slow down its acquisition and expansion, taking the next two years to focus on extracting synergies. Subsequently, IHH will make plans to continue its growth into other markets that are highlighted as key markets outside of home.

The DCF Model for IHH Berhad is sensitive to the following items:

WACC
The WACC value is taken from Bloomberg as it it a close estimate to ours. Beta is estimated via a linear regression of IHH's stock price against the FTSE Bursa Malaysia KLCI Index. The results reveal a beta of 0.78 and an alpha of 0.327.

Revenue / Expense Growth
In modelling IHH Berhad, their revenue streams are broken down into the major components with Healthcare service the biggest component. We analyse it further by going down into the major geographies where IHH Berhad operates in. The revenue in the healthcare service revenue segment is driven by mainly the rise in admissions where we take the country's population growth. For the expected increase in expenditure, we take an average growth rate from the past four years. On the cost side, we noticed that the bulk of cost drivers have been consistent with revenue over the past four years, as such, we factor in the average into our model.

Terminal Growth
Long term growth rate is pegged at 2% as markets become more saturated. This value is equal to expected inflation accounted for in the DCF analysis

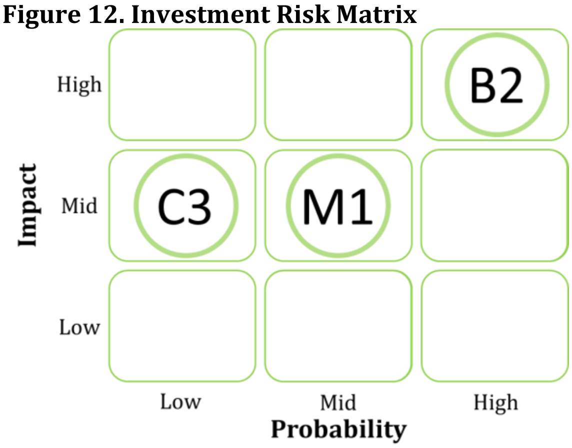
Relative Valuation

Name	Mkt Cap (MYR)	FY1 EV/EBITDA	FY2 EV/EBITDA	FY1 P/E	FY2 P/E	FY1 P/BV
KPJ Healthcare Bhd	4.42B	15.3x	13.3x	30.6x	26.9x	2.8x
Phoenix Healthcare Group Co Lt	5.91B	22.1x	15.2x	34.7x	29.5x	5.2x
Bumrungrad Hospital PCL	15.11B	22.4x	20.4x	36.7x	33.6x	8.7x
Apollo Hospitals Enterprise Lt	11.75B	24.0x	19.6x	52.8x	38.9x	5.0x
Bangkok Dusit Medical Services	39.69B	24.8x	22.2x	38.7x	34.5x	5.7x
Vibhavadi Medical Center PCL	4.36B	26.7x	24.2x	34.7x	32.7x	5.7x
Fortis Healthcare Ltd	5.16B	29.0x	21.5x	59.1x	40.3x	2.1x
Aier Eye Hospital Group Co Ltd	21.51B	36.0x	27.6x	58.5x	43.5x	11.9x
Mitra Keluarga Karyasehat Tbk	13.62B	47.2x	39.9x	63.2x	54.5x	12.0x

Source: Bloomberg

Using future P/B , P/E, EV/EBITDA valuation ratios, IHH is significantly under price relative to its peers. Despite cost challenges the sector is facing, we remain optimistic about IHH outperforming its peers. Using comparables as sanity checks, IHH having low or neutral growth prospects is significantly undervalued compared to peers. We believe that the DCF target price is a fair value.

Figure 12. Investment Risk Matrix



Source: NUS Investment Society Estimates

Investment Risks

Market Risks (M1)
M1: Volatility in the foreign exchange currencies due to the geological footprints of the Group's operations compounded with depreciation of the Turkish lira (TL) against the MYR might dilute profits and erode margins, leading to slower growth and expansion. In YTD 2016, the Group recorded a net foreign currency translation loss as a result of the depreciation of foreign currencies against RM. However, the strong Singapore Dollar served to buffer some of the unrealized accounting losses in Turkish operations.

Business Risks (B2)
B2: Rising cost pressures due to increased shortage of trained healthcare personnel and professionals would lead to wage inflation, including rising costs of inventory and medical equipment driving overhead costs.

Credit Risk (C3)
C3: IHH might need to take up future loans to further finance expansion plans, especially with the opening of its in China. Hence, this increases IHH's exposure to interest rate risks. The net financing costs of the Group has increased as more borrowings and loans are taken and cash are used up for working capital, capital expenditure, acquisitions as well as purchase of investment properties.

Disclaimer

	Income Statement (in MYR m)			2012A	2013A	2014A	2015A	2016E	2017E	2018E	2019E	2020E	2
X	Revenue	Revenue Tab		6,959	6,752	7,339	8,448	9,132	9,878	10,685	11,573	12,530	
	+ Other Operating Income			359	231	267	329	329	329	329	329	329	
	- Operating Expenses	Expenses Tab		6,272	5,919	6,367	7,466	8,032	8,494	9,245	9,975	10,733	
X	Operating Income (Loss)			1,046	1,064	1,239	1,311	1,430	1,713	1,770	1,927	2,126	
	- Non-Operating (Income) Loss			143	267	105	217	253	271	305	332	372	
	+ Interest Expense			180	117	120	158	191	183	183	165	146	
	- Interest Income			29	40	49	64	84	110	144	189	248	
	+ Other Investment (Inc) Loss			(3)	(4)	(5)	(8)	(8)	(8)	(8)	(8)	(8)	
	+ Foreign Exch (Gain) Loss			(22)	(205)	38	183	0	0	0	0	0	
	+ (Income) Loss from Affiliates			(14)	(2)	(10)	(14)	(14)	(14)	(14)	(14)	(14)	
	+ Other Non-Op (Income) Loss			31	401	11	(38)	-	-	-	-	-	
X	Pretax Income (Loss), Adjusted			902	797	1,134	1,094	1,177	1,443	1,465	1,595	1,754	
	- Abnormal Losses (Gains)	Avg	(113)	(156)	(85)	(87)	(124)	(113)	(113)	(113)	(113)	(113)	
X	Pretax Income (Loss), GAAP			1,058	882	1,221	1,218	1,290	1,556	1,578	1,708	1,867	
X	- Income Tax Expense (Benefit)			198	148	278	165	244	295	299	324	354	
	+ Current Income Tax	Avg	18.95%	201	160	262	207	244	295	299	324	354	
	+ Deferred Income Tax			(3)	(12)	16	(42)	-	-	-	-	-	
X	Income (Loss) from Cont Ops			860	734	943	1,052	1,045	1,261	1,279	1,384	1,513	
	- Minority Interest			109	103	189	118	118	118	118	118	118	
X	Net Income, GAAP			751	631	754	934	927	1,143	1,160	1,266	1,395	
						10.28%	11.06%	10.15%	11.57%				
	Total Cash Common Dividends			-	-	245	247	278	343	348	380	419	
	% of NI					32.53%	26.42%	30.00%	30.00%	30.00%	30.00%	30.00%	

Cash Flow Statement	2012A	2013A	2014A	2015A	2016E	2017E	2018E	2019E	2020E	2
Cash from Operating Activities										
+ Net Income	751	631	754	934	927	1,143	1,160	1,266	1,395	
+ Depreciation & Amortization	509	601	607	689	688	654	832	828	856	
less gains Accounts & Notes Receiv	-	-	-	-	(62)	(91)	(99)	(109)	(117)	
less gains Inventories	-	-	-	-	(12)	(10)	(0)	(21)	(22)	
less gains Other ST Assets	-	-	-	-	0	0	0	0	0	
Add Gains Payables & Accruals	-	-	-	-	394	261	282	311	335	
Add Gains Other ST Liabilities	-	-	-	-	4	5	6	6	7	
Cash from Operating Activities	1,170	1,241	1,558	1,864	1,939	1,962	2,181	2,282	2,453	
Cash from Investing Activities										
Capex	-	-	-	-	757	(227)	(1,160)	(1,267)	(1,384)	
Cash from Investing Activities	(1,852)	(1,612)	(802)	(3,451)	757	(227)	(1,160)	(1,267)	(1,384)	
Cash from Financing Activities										
+ Dividends Paid	-	-	(164)	(247)	-278	-343	-348	-380	-419	
+ Cash From (Repayment) Debt	(4,062)	958	(143)	1,352	-184	-351	-406	-491	-590	
+ Cash (Repurchase) of Equity	5,017	160	83	88	-	-	-	-	-	
+ Other Financing Activities	(54)	(182)	(172)	(197)	-125	23	116	127	138	
Cash from Financing Activities	901	935	(396)	996	-588	-671	-638	-744	-870	
Effect of Foreign Exchange Rates	43	18	(36)	96	96	96	96	96	96	
Net Changes in Cash	262	583	325	(494)	2,108	1,063	384	271	199	

Balance Sheet			2012A	2013A	2014A	2015A	2016E	2017E	2018E	2019E	2020E
Total Assets											
+ Cash, Cash Equivalents & STI			1,623	2,145	2,468	1,978	4,086	5,149	5,533	5,804	6,004
+ Accounts & Notes Receiv			773	876	910	1,056	1,119	1,210	1,309	1,418	1,535
+ Inventories			137	153	172	226	237	247	247	268	290
+ Other ST Assets			205	227	191	1,390	1,390	1,390	1,390	1,390	1,390
Total Current Assets			2,738	3,401	3,741	4,651	6,832	7,997	8,479	8,880	9,218
+ Property, Plant & Equip, Net			10,278	11,288	11,923	12,338	10,893	10,466	10,794	11,233	11,761
+ Property, Plant & Equip			12,830	14,217	15,349	16,526	15,769	15,996	17,156	18,422	19,807
- Accumulated Depreciation			2,551	2,928	3,426	4,188	4,876	5,530	6,361	7,190	8,045
+ LT Investments & Receivables			15	13	17	2,982	2,982	2,982	2,982	2,982	2,982
+ Other LT Assets			12,616	12,558	12,960	15,527	15,527	15,527	15,527	15,527	15,527
Total Noncurrent Assets			22,910	23,860	24,900	30,847	29,403	28,976	29,304	29,742	30,270
Total Assets			25,648	27,261	28,640	35,498	36,235	36,972	37,783	38,622	39,489
Liabilities & Shareholders' Equity											
+ Payables & Accruals			1,512	1,508	1,637	2,803	3,196	3,457	3,740	4,050	4,385
+ ST Debt			335	291	677	374	520	562	608	659	713
+ Other ST Liabilities	Avg	51	55	44	44	60	64	69	75	81	88
Total Current Liabilities			1,901	1,843	2,358	3,236	3,780	4,089	4,423	4,790	5,186
+ LT Debt			3,501	4,170	3,593	6,323	5,992	5,599	5,147	4,606	3,961
+ Other LT Liabilities			1,070	1,325	1,376	1,702	1,577	1,600	1,716	1,842	1,981
Total Noncurrent Liabilities			4,572	5,495	4,969	8,025	7,569	7,198	6,862	6,448	5,942
Total Liabilities			6,473	7,338	7,327	11,261	11,349	11,287	11,285	11,238	11,128
+ Share Capital & APIC			15,946	16,127	16,238	16,374	16,374	16,374	16,374	16,374	16,374
+ Retained Earnings			1,062	1,682	2,278	2,961	3,610	4,409	5,222	6,108	7,084
+ Other Equity			123	266	936	2,821	2,821	2,821	2,821	2,821	2,821
Equity Before Minority Interest			17,131	18,075	19,452	22,156	22,805	23,605	24,417	25,303	26,280
+ Minority/Non Controlling Interest			2,045	1,848	1,862	2,081	2,081	2,081	2,081	2,081	2,081
Total Equity			19,176	19,923	21,313	24,237	24,886	25,686	26,498	27,384	28,361
Total Liabilities & Equity			25,648	27,261	28,640	35,498	36,235	36,972	37,783	38,622	39,489

		Long Term Growth								
		1.00%	1.20%	1.40%	1.60%	1.80%	2.00%	2.20%	2.40%	2.60%
WACC	6.00%	3.09	3.20	3.32	3.46	3.60	3.76	3.94	4.14	4.36
	6.20%	2.96	3.07	3.18	3.30	3.43	3.57	3.73	3.91	4.11
	6.40%	2.85	2.94	3.04	3.15	3.27	3.41	3.55	3.71	3.88
	6.60%	2.74	2.83	2.92	3.02	3.13	3.25	3.38	3.52	3.68
	6.80%	2.64	2.72	2.81	2.90	3.00	3.11	3.23	3.36	3.50
	7.00%	2.55	2.62	2.70	2.79	2.88	2.98	3.09	3.20	3.33
	7.20%	2.46	2.53	2.60	2.68	**2.77**	**2.86**	**2.96**	3.06	3.18
	7.40%	2.38	2.44	2.51	2.58	**2.66**	**2.75**	**2.84**	2.94	3.04
	7.60%	2.30	2.36	2.42	2.49	**2.57**	**2.64**	**2.73**	2.82	2.92
	7.80%	2.23	2.28	2.34	2.41	2.48	2.55	2.63	2.71	2.80
	8.00%	2.16	2.21	2.27	2.33	2.39	2.46	2.53	2.61	2.69
	8.20%	2.10	2.15	2.20	2.25	2.31	2.37	2.44	2.51	2.59
	8.40%	2.04	2.08	2.13	2.18	2.24	2.30	2.36	2.42	2.49
	8.60%	1.98	2.02	2.07	2.12	2.17	2.22	2.28	2.34	2.41
	8.80%	1.92	1.96	2.01	2.05	2.10	2.15	2.21	2.26	2.32
	9.00%	1.87	1.91	1.95	1.99	2.04	2.09	2.14	2.19	2.25

x Revenue RM'000	2012	2013	2014	2015	2016	2017	2018	2019	2020
Healthcare services income	5,414,173	6,383,391	6,936,791	7,993,929	8,617,986	9,301,600	10,051,088	10,873,465	11,776,524
Education services income	183,091	203,223	223,403	233,730	243,079	252,802	262,914	273,431	284,368
Rental income	147,240	149,640	165,696	206,063	247,276	296,731	341,240	392,426	431,669
Management fees	4,999	16,007	13,442	13,878	14,572	15,300	16,066	16,869	17,712
Dividend income	3,363	4,190	4,687	7,868	9,442	11,330	13,596	16,315	19,578
Total	5,752,866	6,756,451	7,344,019	8,455,468	9,132,354	9,877,764	10,684,904	11,572,506	12,529,852
Growth					8.01%	8.16%	8.17%	8.31%	8.27%

x Healthcare services income	2012	2013	2014	2015	2016	2017	2018	2019	2020
Inpatient	2,931,275	3,147,037	3,642,256	4,130,002	4,599,501	5,122,376	5,704,695	6,353,216	7,075,466
Singapore:	1,074,300	1,267,825	1,505,133	1,849,855	2,059,259	2,292,367	2,551,863	2,840,734	3,162,305
No. of Admissions	55,251	59,258	64,723	67,917	68,732	69,557	70,391	71,236	72,091
Average spend	19.444	21.395	23.255	27.237	30	33	36	40	44
Malaysia:	728,651	766,883	907,610	100,293	112,088	125,269	140,001	156,465	174,865
No. of Admissions	158,990	170,684	185,000	18,265	18,557	18,854	19,156	19,462	19,774
Average spend	4.583	4.493	4.906	5.491	6	7	7	8	9
Acibadem:	1,128,323	1,112,329	1,229,513	1,401,851	1,562,082	1,740,628	1,939,582	2,161,277	2,408,310
No. of Admissions	112,394	120,083	131,176	130,429	132,125	133,842	135,582	137,345	139,130
Average spend	10.039	9.263	9.373	10.748	12	13	14	16	17
India:				778,002	866,072	964,112	1,073,249	1,194,741	1,329,986
No. of Admissions				109,270	110,581	111,908	113,251	114,610	115,985
Average spend				7.120	8	9	9	10	11
Others	2,482,898	3,236,354	3,294,535	3,863,927	4,018,484	4,179,224	4,346,393	4,520,248	4,701,058

Growth Rate		2013	2014	2015	2016	2017	2018	2019	2020
Inpatient									
Singapore:									
No. of Admissions	Population Growth Rate	7.25%	9.22%	4.93%	1.20%	1.20%	1.20%	1.20%	1.20%
Average spend		10.03%	8.69%	17.12%	10%	10%	10%	10%	10%
Malaysia:									
No. of Admissions	Population Growth Rate	7.36%	8.39%	-90.13%	1.60%	1.60%	1.60%	1.60%	1.60%
Average spend		-1.96%	9.19%	11.92%	10%	10%	10%	10%	10%
Acibadem:									
No. of Admissions	Population Growth Rate	6.84%	9.24%	-0.57%	1.30%	1.30%	1.30%	1.30%	1.30%
Average spend		92.27%	1.19%	14.67%	10%	10%	10%	10%	10%
India:									
No. of Admissions					1.20%	1.20%	1.20%	1.20%	1.20%
Average spend					10%	10%	10%	10%	10%
Others		30.35%	1.80%	17.28%	4%	4%	4%	4%	4%

X Education services income	2012	2013	2014	2015	2016	2017	2018	2019	2020
Growth Rate		11.00%	9.93%	4.62%	4%	4%	4%	4%	4%

X Rental income	2012	2013	2014	2015	2016	2017	2018	2019	2020
Growth Rate		1.63%	10.73%	24.36%	20%	20%	15%	15%	10%

X Management fees	2012	2013	2014	2015	2016	2017	2018	2019	2020
Growth Rate		220.20%	-16.02%	3.24%	5%	5%	5%	5%	5%

X Dividend income	2012	2013	2014	2015	2016	2017	2018	2019	2020
Growth Rate		24.59%	11.86%	67.87%	20%	20%	20%	20%	20%

	Expense'000			2012A	2013A	2014A	2015A	2016E	2017E	2018E	2019E	2020E
X	Operating Expenses			6,272	5,919	6,367	7,466	8,032	8,494	9,245	9,975	10,733
	Staff Costs			2,197	2,541	2,822	3,256	3,421	3,731	3,980	4,341	4,644
	Inventories and consumables			1,084	1,126	1,224	1,423	1,565	1,722	1,894	2,083	2,291
	Depreciation and Amortisation			442	532	541	629	688	654	832	828	856
	Purchases and Contracted Services			528	723	669	760	869	994	1,137	1,300	1,486
	Other Operating Expenses			730	671	753	904	994	1,093	1,203	1,323	1,455
	Rest of Opex			1,291.067	327	358	495	495	300	200	100	0
X	Staff Costs			2,197	2,541	2,822	3,256	3,421	3,731	3,980	4,341	4,644
	% of Expenses	Avg	39.41%	33.23%	40.93%	42.23%	41.26%	40.93%	41.87%	41.61%	41.76%	42.03%
	% of revenue	Avg	36.55%	31.56%	37.63%	38.45%	38.54%	37.46%	37.77%	37.25%	37.51%	37.06%
X	Wages, salaries and others			2,084	2,423	2,689	3,081	3,288	3,556	3,847	4,166	4,511
	Contribution to defined contribution plans			105	127	105	127	105	127	105	127	105
	Equity-settled share-based payments			28	48	28	48	28	48	28	48	28
X	Staff Costs Growth Rate											
	Wages, salaries and others							36%	36%	36%	36%	36%
X	Inventories and consumables			1,084	1,126	1,224	1,423	1,565	1,722	1,894	2,083	2,291
	% of Expenses			17.28%	19.03%	19.23%	19.06%					
X	Growth Rate				3.91%	8.71%	16.22%	10%	10%	10%	10%	10%
X	Depreciation and Amortisation			442	532	541	629	688	654	832	828	856
	% of Expenses			7.05%	8.98%	8.49%	8.42%					
X	Purchases and Contracted Services			528	723	669	760	869	994	1,137	1,300	1,486
	% of Expenses			8.43%	12.22%	10.51%	10.18%					
X	Growth Rate				36.84%	-7.48%	13.65%	14%	14%	14%	14%	14%
X	Other Operating Expenses			730	671	753	904	994	1,093	1,203	1,323	1,455
	% of Expenses			11.64%	11.33%	11.83%	12.10%					
X	Growth Rate				-8.10%	12.30%	19.96%	10%	10%	10%	10%	10%

x	Working Capital			2012A	2013A	2014A	2015A	2016E	2017E	2018E	2019E	2020E
x	**Current assets less Cash**			1,116	1,256	1,273	2,673	2,746	2,847	2,946	3,075	3,215
	Inventories			137	153	172	226	237	247	247	268	290
	Accounts & Notes Receiv			773	876	910	1,056	1,119	1,210	1,309	1,418	1,535
	Other Short Term Assets			205	227	191	1,390	1,390	1,390	1,390	1,390	1,390
	Change in CA				141	17	1,400	74	101	99	129	139
	Growth Rates											
	Inventories	Avg	2.31%	1.97%	2.27%	2.34%	2.67%	2.60%	2.50%	2.31%	2.31%	2.31%
	Accounts & Notes Rece	Avg	12.25%	11.11%	12.98%	12.40%	12.51%	12.25%	12.25%	12.25%	12.25%	12.25%
x	**Current liabilities**			**1,901**	**1,843**	**2,358**	**3,236**					
	Trade and other payables			1,512	1,508	1,637	2,803	3,196	3,457	3,740	4,050	4,385
	ST Debt			335	291	677	374	520	562	608	659	713
	Other ST Liabilities			55	44	44	60	64	69	75	81	88
	Change in CL				(58)	515	879	544	309	334	367	396
	Growth Rates											
	Trade and other payabl	Avg	24.88%	21.72%	22.33%	22.30%	33.18%	35.00%	35.00%	35.00%	35.00%	35.00%
	ST Debt	Avg	5.69%	4.81%	4.31%	9.22%	4.43%	5.69%	5.69%	5.69%	5.69%	5.69%
	Other ST Liabilities	Avg	0.69%	0.79%	0.66%	0.60%	0.71%	0.70%	0.70%	0.70%	0.70%	0.70%