

Proposed Acquisition of Island Hospital

Investor and Media Presentation

4 September 2024



IHH Healthcare

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Transaction Overview

- Pantai Holdings Sdn Bhd (a wholly-owned subsidiary of IHH Healthcare Berhad) has entered into definitive documentation with Comprehensive Care Sdn. Bhd. for an all-cash acquisition of 100% stake in Island Hospital Sdn. Bhd., a c.600 bed capacity hospital located in Penang Island
- Comprehensive Care Sdn. Bhd. is 78% owned by Affinity Equity Partners, 16% owned by Mark Wee (Founder of Island Hospital), and 6% owned by 41 other individual shareholders

Financial Evaluation of Offer

- Equity value of RM 3.9bn¹ in cash. This acquisition includes the vacant development land which is valued at RM 223mm
- Excluding the value of the vacant development land, the Enterprise Value of the transaction implies 19.2x 2024E EBITDA²
 - 2024E EBITDA represents c.45% year-on-year growth over 2023A and we expect growth momentum to continue into 2025E
- Value creation through synergies of >RM 200mm³ over the next 5 years with expected Year 1 synergies of RM 25mm³
- Transaction is expected to be EPS & ROE accretive from Year 2 (2026)

Financing Structure

- The Proposed Acquisition will be funded via internally generated funds and external borrowings, the proportions of which have yet to be finalised at this juncture.
- The funding mix will be determined at a later stage after taking into consideration the internal cash requirements, gearing level and interest costs of IHH Group



Strategic Rationale for IHH Healthcare



- 1 Island Hospital is a highly attractive asset with strong operations** (ACHS accredited + COEs)¹ – supported by largest specialist pool and clinical offerings with strong operational metrics
- 2 Penang is a fast-growing market – Island Hospital will allow IHH Malaysia to build on leadership position in Penang, providing a platform for future growth** with capacity expansion and greenfield opportunities
- 3 Creating a Medical Tourism (MT) powerhouse to support Malaysia’s aspirations – Island Hospital is the #1 MT hospital in Malaysia**, enabled by an established ecosystem developed over 3 decades
- 4 Demonstrates continued investment in IHH’s home market with strong growth**, leveraging on IHH Malaysia’s proven operating track record and successful M&As
- 5 Value creation through synergies of >RM 200mm over the next 5 years**, leading to value uplift to IHH shareholders
- 6 Attractive value proposition from financial standpoint** for IHH Malaysia; financially attractive with Y2 EPS & ROE accretive



1 Island Hospital is a Highly Attractive Asset with Strong Operations

Strong operations with 600 built bed capacity, c.500 operational beds, 9 COEs and expanding; ACHS accredited (with Cancer Care and Cardiology COEs)



Top 5 core specialties

Orthopaedic <ul style="list-style-type: none"> #1 in TKR, THR & spine surgeries 8 ortho doctors 	General Surgery <ul style="list-style-type: none"> 57% surgical mix vs medical 63% surgical cases from foreign patients 	Gastro <ul style="list-style-type: none"> #1 in Penang 4 gastro doctors 	Cardiology <ul style="list-style-type: none"> 2 Cath labs 9 cardiologists 	Oncology <ul style="list-style-type: none"> 2 LINACs 1 PET-CT 3 oncologists

	119 resident and visiting specialists with capacity to add new doctor / specialties
	88% of doctors are overseas trained with 24.4 years average medical practice
	Wide array of clinical offering – CONGO+S specialties ² with top specialties complementing Gleneagles Hospital Penang
	Performs c.16K surgeries per year which is a testament to its strong surgical mix
	Total built capacity of 600 beds of which c.500 are operational and significant ability to ramp up

Key Operational Metrics (FY24E)

>42,000
Inpatient admissions

c.RM 12,000
Average revenue per inpatient admission

>430,000
Outpatient visits

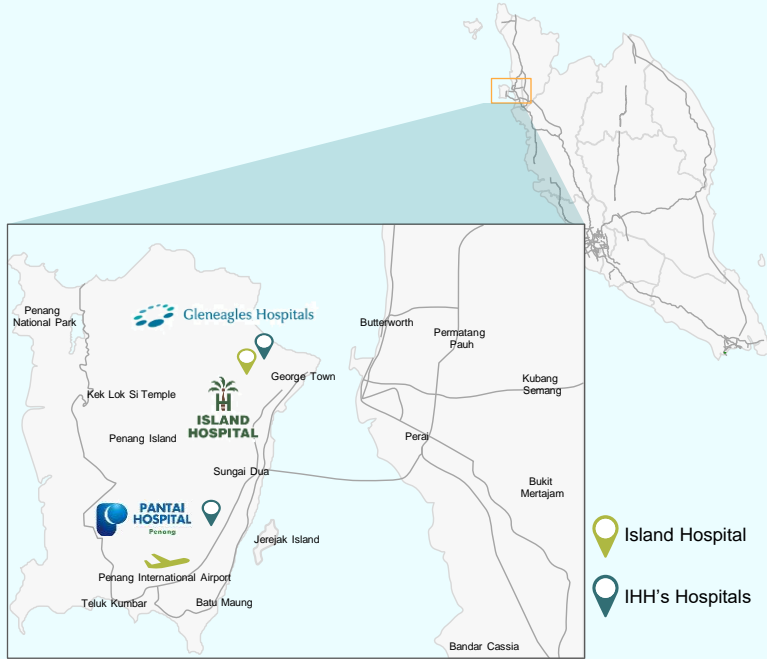
c.2.3 days
Average Length of Stay



2 Island Hospital Is The Second Largest Private Hospital Player in Penang

Acquisition allows IHH Malaysia to build on leadership position in Penang, providing a platform for future growth

Penang Is An Integral Part of IHH Malaysia's Cluster Strategy for Growth



Strategic Location of Island Hospital and Leading Medical Tourism Player Aligns with IHH's Growth Plans for Malaysia



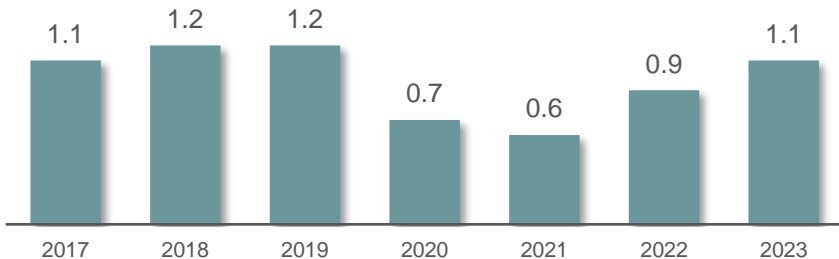
- ✓ Island Hospital is **strategically located on Penang Island**, 2km (or a 5-min drive) away from Gleneagles Hospital Penang
- ✓ **Penang draws patients from Indonesia** and other northern states such as Perlis, Kedah and Perak **increasing its effective catchment area**
- ✓ As **Penang is IHH's second largest cluster in Malaysia**, adding Island Hospital which is the largest private hospital in the state, will **allow IHH to build on its leadership position in Penang and provides a platform for future growth**

3 Creating a Medical Tourism Powerhouse to Support Malaysia's Medical Tourism Aspirations

Malaysia has the #1 market share of inbound Indonesian healthcare travellers globally

With acquisition of Island Hospital, IHH Malaysia will extend its leading position in medical tourism with increased access to the Indonesian catchment area

Healthcare tourists volume travelling to Malaysia
(*millions)

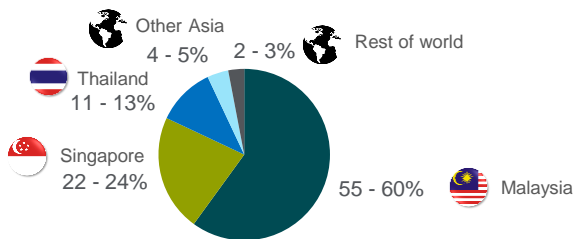


Creating a Medical Tourism Powerhouse with the Addition of Island Hospital

Over 1 in 3
Medical tourists will be utilizing IHH Malaysia's network of hospitals

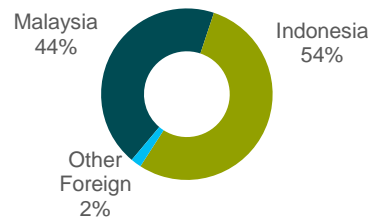
>2x
Transaction doubles down on IHH Malaysia's medical tourism revenues

2023 country destinations of Indonesian health tourists by country
(in %)

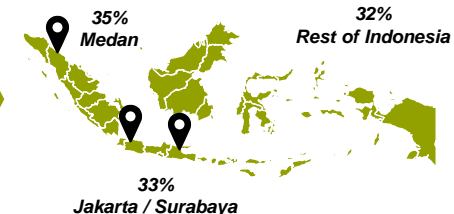


Diversified Funnel of Indonesian Medical Tourists

(Geographical mix)¹



(Indonesia breakdown)¹



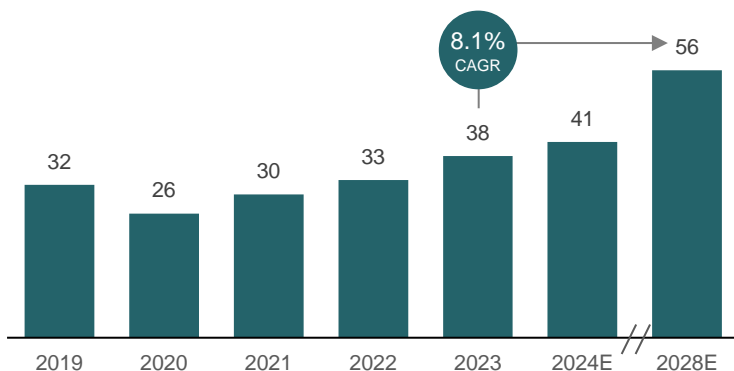
Source: MHTC, Statista, Desktop research, Expert interviews
Note: (1) Based on FY23 gross patient revenues.

Sustainable Organic Growth with Upside Potential from Transformational Expansion

With land and approvals secured, Island Hospital will be one of the largest hospitals in our Network

Sustainable Organic Growth...

Private Healthcare Expenditure in Malaysia (RM bn)



Drivers of growth for private healthcare market in Malaysia



Rise in aging population
Expected to make up 15% of Malaysia's population by 2030



Growing per capita income
Growth of 6% p.a. by 2025



Increasing prevalence of non-communicable diseases



Increasing private health insurance penetration
from 4% in 2022 to 5% by 2026



3%-4% increase in private health insurance premium per capita



...with Upside from Greenfield Opportunity



Denotes land which could be redeveloped in future

Island Hospital holds valuable landbank, with approvals secured for future development with GFA of >120,000 sqm

Additional Hospital Wing

Potential to add additional capacity of c.400 beds, bringing total # of beds to >1,000 beds at Island Hospital, which will future proof IHH's growth in the region to meet increasing healthcare demand from both the local and foreign patients



5 Value Creation from Synergies Unlocked From Transaction

Total Potential Synergies >RM 200mm¹ over the next 5 years leading to value uplift for IHH shareholders

Revenue Synergies



**Cross Referral
Across IHH
Network**



**Leverage
Marketing Best
Practices to
increase Medical
Tourism
Penetration**

Cost Synergies



**Group
Procurement**



**Process
Optimisation**



Note: (1) Increase in EBITDA due to synergies is expected to be >RM 200mm on a cumulative basis over the next 5 years.

Appendix



Overview of Island Hospital

Founded in 1996, Island Hospital is a 600-bed capacity tertiary care provider with 119 resident and visiting specialists across 9 Centres of Excellence

Island Current Infrastructure

Macalister Wing



Peel Wing








	Macalister Wing	Peel Wing
Built year	1996	2022
Area	8 floors / 300k sq ft	12 floors / 373k sq ft
# Bed	c.300 (operational)	305 capacity (c.200 operational)
# Clinic	50	53
# OT	8	6
Specialty	Spine, Heart, ENT, Fertility, O&G, Paeds & ICON cancer center	Gastro, Onco, Health screening, Day surgery, Rehab & physio

Notes: (1) Based on medical equipment over RM500k.

9 COEs and Still Expanding

Top 5 Core Specialties

				
Orthopaedic <ul style="list-style-type: none"> #1 in TKR, THR & spine surgeries 8 ortho doctors 	Gastro <ul style="list-style-type: none"> #1 in Penang 3x higher rev vs GPG 4 gastro doctors 	Cardiology <ul style="list-style-type: none"> 2 Cath labs 9 cardiologists 	Oncology <ul style="list-style-type: none"> 2 LINACs 1 PET-CT 3 oncologists 	General Surgery <ul style="list-style-type: none"> 57% surgical mix vs medical 63% surgical cases from foreign patients

Key Medical Equipment



2 Cath Labs
(both added in end 2023)



2 LINACs
(2nd being installed currently)



3 MRIs
(3rd MRI expected in 1Q25)



PET-CT + 3 CTs
(3rd CT expected in 4Q24)

- Over 70% (>RM65m) of new medical equipment capex incurred as of Q1'24
- Average remaining useful life of 6 years¹ (typically average useful life is 7-10 years)

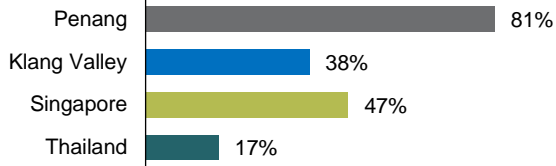
Penang is an Attractive Destination for Inbound Healthcare Travellers

Multiple factors and a long track record cement Penang's position as the #1 destination for inbound healthcare travellers to Malaysia, especially from the Indonesia catchment areas

A Branding

Highest Brand Awareness and Reputation Among Indonesian Healthcare Travellers

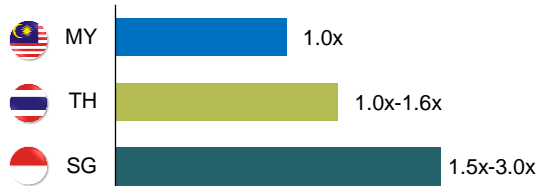
Indonesian Healthcare Travellers' Willingness to Visit, by Location (2023)



D Affordability


Significant Cost Advantage vs. Other Key Medical Tourism Destinations


Medical Procedure Cost Comparison⁽¹⁾




B Cultural Affinity

Similarities with Indonesia in Culture, Food, Spoken Languages and Religion

 **Food:** Wide selection of Halal cuisines **61 out of 127** Michelin Restaurants in Malaysia reside in Penang


 George Town, Penang **UNESCO Historic Site**


 **Languages:** Specialists can communicate in Bahasa, Mandarin, Hokkien and English

E Insurance Coverage

Increasing Cross-border Insurance Penetration Allowing Direct Cashless Bill Malaysia

 **Insurers favouring Malaysia vs. other more expensive destinations** like Singapore


 Indonesian insurers increasingly **covering MY hospitals under basic insurance plans**

 Island pioneered the first of its kind **direct payment program** with a foreign insurer in ID

C Service Quality

Highly Mature Ecosystem Covering End-to-end Patient's Journey


 **End-to-End Service** including medical triage, visa arrangements, hotel & flight bookings, medical concierge and on-demand airport transfers

 **Multiple ACHS/JCI/MSQH accredited hospitals** within 30 mins journey from Penang Airport

F Flight Connectivity

Direct and Frequent Flight Connectivity from Penang to Key Cities in Indonesia and Other International Destinations

 **>40% daily flights** from medical tourist origin countries to Penang Airport

 Monthly international flights are only at **95% of 2019** (pre-COVID) levels