

# Group CEO's Message



This year, IHH has exceeded all financial and operational expectations, while delivering on our purpose to touch lives and transform care. Moving forward, our ACE Framework will refine the next steps for us to deliver optimal outcomes, improve stakeholder value, and increase efficiencies as a healthcare leader.

**Dr Prem Kumar Nair**

Group Chief Executive Officer

## Dear Stakeholders,

2023 has been a pivotal year for IHH, marking my transition to Group Chief Executive Officer in October. Having previously led IHH Singapore, this new role has been both a privilege and a profound journey of learning and reflection.

To understand the business from a wider lens, I have been actively engaging with both internal and external stakeholders across our markets. During these interactions, I was deeply impressed by our respective local management teams, clinicians, medical professionals, and healthcare administrators who are dedicating their lives to the betterment of healthcare. Their unwavering commitment to advancing healthcare is truly remarkable.

Our meaningful interactions have formed the basis for a refined group strategy via the ACE Framework, which I will elaborate further, to deliver optimal health outcomes, improve stakeholder value and operate more efficiently – all the essential blocks that will define IHH as a healthcare leader as we dive into the next chapter.

During this time, I have also been reminded of why our aspiration to ‘Care. For Good.’ has resonated with me so strongly all these years. While all of us at IHH come from a diversity of backgrounds and cultures, there is one thing that we all have in common – our purpose in touching lives and transforming care.

Our shared vision of healthcare is at once inspiring and motivating. It is also a core reason for IHH to have earned the trust of our patients and the public around the world – trust is a cornerstone of our business that we must never take lightly.

## 2023 in Review

Looking back on the past year, I am happy to report that IHH has again delivered a stellar performance both operationally and financially, and all the while uncompromising on our sustainability agenda.

Across all markets, we have seen robust growth in local and foreign patients returning to seek treatment at IHH’s hospitals. The Group’s revenue and EBITDA saw double-digit growth on higher patient volumes and improved case mix. FY2023 revenue and EBITDA increased 16% and 15% respectively over FY2022. The Group’s FY2023 PATMI increased 91% to RM3.0 billion. ROE remains a key focus for us. It gives me great delight to share that our ROE has moved into the double-digits, at 10.7% as at end December 2023.

However, numbers alone do not paint the whole picture of our success. We are proud to have achieved these operational milestones in our respective markets.

## Malaysia

As we had announced earlier, IHH completed the sale of IMU in the first quarter of 2023 at RM1.2 billion.

This divestment is a continuation of the Group’s execution of its strategy to drive capital-efficient growth. The majority of the gains have been fully distributed as special dividends to our shareholders.

Additionally, we are expanding our footprint in East Malaysia with the acquisition of Timberland Medical Centre in Sarawak, Kuching. The 82-bed private medical centre is renowned in Borneo for its wide range of medical, surgical and hospital services, further strengthening IHH’s position as a leading healthcare provider in Sarawak by scaling up Timberland’s operation via a new 200-bed tertiary hospital to be constructed in central Kuching.

As part of our corporate social responsibility efforts to reduce disease burden on the community, IHH will once again be providing complimentary cancer treatments to some 500 patients nominated by the Ministry of Health Malaysia in 2024, a public-private partnership that started in 2022.

## Singapore

In May 2023, Mount Elizabeth Novena Hospital became the first private hospital in Southeast Asia to provide proton beam therapy, a highly precise form of radiation therapy, that effectively destroys cancer cells and causes significantly less damage to nearby healthy tissues.

Meanwhile, we launched our first ambulatory care facility in Singapore, Parkway MediCentre Woodleigh, which provides convenient and comprehensive outpatient care to serve community healthcare needs.

Mount Elizabeth Hospital has embarked on an extensive three-year refurbishment project to retrofit and rejuvenate the facility. The hospital is not only undergoing a modern facelift, but also reorganising its departments.

As part of our strategy to decant lower-acuity departments to adjacent buildings to free up hospital space for higher intensity acute treatments, we have moved selected healthcare services out of our hospitals. For example, the Mount Elizabeth Haematology and Stem Cell Transplant Centre has been relocated to The Heeren in November 2023. The centre provides a comfortable ambulatory setting for patients, while being situated steps away from the acute-care facilities of Mount Elizabeth. This also increases hospital bed availability for higher-acuity patients.

## Group CEO's Message



**My focus is set on elevating IHH as a Group, dedicated to achieving profitable growth and healthy return on equity while upholding commitment to do right by all our stakeholders.**



### Türkiye

In February 2023, Acibadem acquired Kent Health Group, the largest private hospital operator in Izmir, the third largest city in Türkiye. This makes Acibadem the operator of Izmir's largest private hospital, which houses 340 beds and has a cancer centre. It also runs two other medical centres within the city.

Since the country's fateful earthquake in November 2022, our Acibadem staff have tirelessly aided the wounded and displaced. To date, we have served more than 300,000 earthquake victims, and the wider IHH Group has collectively contributed close to US\$5 million to aid in disaster relief.

### India

In line with our growth strategy in India, we increased our stake in Gleneagles Healthcare India Private Limited (formerly known as Ravindranath GE Medical Associates Private Limited) (GHIPL) to 98.2% from 73.6% – GHIPL owns Global Hospitals, a leading tertiary and quaternary healthcare chain in the country. This increase in stake not only solidifies IHH's position as a leader in this healthcare category, including multi-organ transplants, but sets the stage for a significant rebranding. In March 2024, Gleneagles Global Hospitals underwent a rebranding exercise to become Gleneagles Hospitals for greater brand equity.

In April 2023, Fortis Healthcare entered into an agreement to acquire Medeor Hospital in Manesar, Gurugram. The hospital, with a capacity of about 350 beds, will be operational by end of 2024. The acquisition makes Fortis the second largest healthcare provider in Gurugram, with a total of over 850 beds.

In the same month, Fortis Gurugram was the first in India to launch a state-of-the-art digital PET CT machine for advanced cancer imaging. Such diagnostic tools will aid medical teams and patients in early disease detection and reduce cancer-related mortality.

Separately, we have divested Fortis Arcot Road Hospital and Fortis Malar Hospital, as part of our ongoing assets review exercise.

### Hong Kong

IHH has also expanded into ambulatory care in Hong Kong with the opening of Gleneagles Healthcare Wong Chuk Hang clinic in 2023 and Gleneagles Healthcare South Horizons clinic in 2024. The clinics offer a range of services including general and specialist outpatient consultations, health screenings, vaccinations, diagnostic imaging and more, to meet the Southern District's diverse healthcare needs. The clinics are dedicated to offering high-quality and holistic primary care services with hotel-standard customer service that cater to different healthcare needs.

Gleneagles Hong Kong Hospital (GHK) has also been actively enhancing its clinical offerings, such as with the reopening of its Chemotherapy Centre as a day centre for cancer patients, and launch of the Gynaecological Oncology Centre to introduce

novel and advanced surgical technologies. Also, GHK and med-tech organisation Varian have jointly established a regional radiotherapy reference centre, the first of its kind in the private healthcare sector in Hong Kong.

## China

In February 2023, we celebrated the soft opening of the Parkway Shanghai Hospital, located in the Shanghai New Hongqiao International Medical Zone. The 450-bed multi-specialty tertiary hospital will leverage IHH's existing network of Parkway primary care clinics in Shanghai to provide high-quality integrated care for nearby residents and beyond.

Subsequently in November, we launched the Parkway Shanghai Hospital Oncology Center and Parkway International Refractory Oncology Consultation Center in partnership with Professor Ding Gang, renowned oncologist and founder of Sharehereon Health. This collaboration unifies the resources and expertise of both healthcare organisations to deliver better oncology diagnosis and treatment for cancer patients.

## Our Commitment to Quality Care and Improved Outcomes

To be deserving of the trust that our patients have placed in us, we are continually and holistically reviewing and tracking our performance in areas ranging from clinical excellence to service excellence.

We made good progress in expanding our clinical quality indicators and Value-Driven Outcomes (VDO), in addition to improving accuracy of billing estimates in our core markets. IHH will continue to invest in our people, by providing training opportunities to optimise processes and operations, and hence deliver better care. In 2024, we will also introduce an AI-powered workforce application to amplify nursing efficiencies across the Group.

## The ACE Framework

Insights from my visit to the various markets have been instrumental in the inception of IHH Healthcare's newly defined ACE Framework (more details on page 3), which will allow us to strive for healthcare leadership that benefits our patients and people, while providing sustainable investor returns.

The framework does not deviate from our existing growth plan and strategy, but provides refinement and guidance for our next steps. It will anchor, unify and elevate as one IHH Group. ACE simply stands for **Align**, ensuring that profitable growth has to be in line with our aspiration to Care. For Good.; **Challenge**, the willingness to transform and improve as individuals, teams and as an organisation to achieve efficiencies and better care; and **Empower**, giving local teams stronger mandates to excel by leveraging on our scale and depth of expertise across the network to maximise performance and optimise operations.

With this framework, we are working towards organic growth such as expanding inpatient capacities and facilities upgrading, inorganic growth through capturing earnings-accretive assets, and expanding our services across the healthcare continuum. We are also developing new growth engines, with an eye on turning our laboratories into a core business. Lastly, we will turnaround underperforming assets to maximise their value potential, by improving performance and operations.

We are placing particular focus on India and Greater China in driving growth for the Group. Our twin engines of growth in India include the nearly 100% IHH-owned Gleneagles Hospitals, which operates six hospitals in the country, and Fortis Healthcare, one of India's largest healthcare providers.

In Greater China, we have made the decision to reposition our clinics and invest resources in the new Parkway Shanghai Hospital. Along with IHH's brand repute, our regional network will serve us well in long-term profitability.

## The Way Forward

Once again, my focus is set on elevating IHH as a Group, dedicated to achieving profitable growth and healthy return on equity while upholding commitment to do right by all our stakeholders. As we put ACE into action, I am confident of our financial and operational outlook. We fully expect to continue delivering topline expansion while offering healthy returns to our shareholders.

We are pleased to announce the appointment of Mr. Dilip Kadambi as the Group Chief Financial Officer. Dilip joined IHH in 2020 as the Group Head of Business Transformation and has assumed various roles, including in corporate finance and treasury. He was also the interim Head of Group Procurement. With his extensive experience and demonstrated leadership, we have full confidence that he will continue to drive financial excellence for IHH.

Additionally, I cannot overstate the importance of our people in making IHH a highly trusted healthcare network, across all our markets. As we move forward, I hope for everyone to keep the spirit of excellence alive and to challenge ourselves and those around us to always stay nimble and adaptable in a volatile global environment.

To our people, thank you for your hard work, dedication and excellence. To our shareholders, thank you for your continued support. To our patients, thank you for your unwavering trust and belief in IHH.

We all have a unique role to play in building IHH's collective future. I look forward to journeying with everyone in the years ahead.

## Dr Prem Kumar Nair

Group Chief Executive Officer