

# Parkway Holdings Limited

## Full Year 2009 and 4<sup>th</sup> Quarter 2009 Financial Results

Tuesday 23<sup>rd</sup> February 2010



Parkway Holdings

# Disclaimer

*This is a presentation of general information relating to the current activities of Parkway Holdings Limited ("Parkway"). It is given in summary form and does not purport to be complete. In addition, the presentation may contain forward-looking statements relating to financial trends for future periods, compared to the results for previous periods. Some of the statements contained herein are not historical facts but are statements of future expectations relating to the financial conditions, results of operations and businesses and related plans and objectives. The information is based on certain views and assumptions and would thus involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support future business. Such statements are not and should not be construed as a representation as to the future of Parkway and should not be regarded as a forecast or projection of future performance. No reliance should therefore be placed on these forward-looking statements, which are based on the current view of the management of Parkway on future events. The presentation is also not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Parkway accepts no responsibility whatsoever with respect to the use of this document or any part thereof.*



Parkway Holdings

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# Group Financial Highlights

## PARKWAY REPORTS STRONG RESULTS FOR FY2009

- Full year revenue grew 7% to \$979.2 million on better performance in Singapore Healthcare segment and International Hospital operations.
- Full year PATMI excluding exceptional items jumped 29% to \$117.9 million
- Q4 revenue increased 7% to \$250.3 million; PATMI excluding exceptional items grew 14% to \$32.3 million.



## Performance At A Glance – YTD December

	31 December 2009	31 December 2008 <sup>^</sup>	Variance	
<b>Revenue* (\$'000)</b>	<b>979,207</b>	<b>914,823</b>	↑	7%
<b>EBITDAR (\$'000)</b>	<b>237,017</b>	<b>217,525</b>	↑	9%
<b>PATMI (\$'000)</b>	<b>118,876</b>	<b>38,049</b>	↑	NM
<b>PATMI (\$'000) (Excluding exceptional items (net of tax))</b>	<b>117,926</b>	<b>91,666</b>	↑	29%
<b>Basic EPS (cents)</b>	<b>10.54</b>	<b>3.77</b>	↑	NM
<b>Basic EPS (cents) (Earnings excluding exceptional items (net of tax))</b>	<b>10.45</b>	<b>9.07</b>	↑	15%
	31 December 2009	31 December 2008 <sup>^</sup>	Variance	
<b>NAV / share (\$)</b>	<b>1.29</b>	<b>1.19</b>	↑	9%
<b>NTA / share (\$)</b>	<b>1.05</b>	<b>0.93</b>	↑	13%

*Note:*

<sup>^</sup>: Comparatives have been restated for change in accounting policy during the year.

\*: Comparative revenue had been restated to present Pantai's specialist fee revenue on a net basis.

# Performance At A Glance – Q4 2009

	Q4 2009	Q4 2008 <sup>^</sup>	Variance	
Revenue* (\$'000)	250,280	233,230	↑	7%
EBITDAR <sup>1</sup> (\$'000)	55,088	62,850	↓	-12%
PATMI (\$'000)	24,817	(21,049)	↑	NM
PATMI (\$'000) (Excluding exceptional items (net of tax))	32,268	28,264	↑	14%
Basic EPS (cents)	2.20	-1.87	↑	NM
Basic EPS (cents) (Earnings excluding exceptional items (net of tax))	2.86	2.51	↑	14%

*Note:*

*1: In December 2008, the Group's Singapore operations took cost-cutting measures, by waiving staff's variable bonuses and directors' fees. This resulted in a \$9.3 million reversal of such expenses in Q4 2008.*

*The Group had since resumed recognising bonuses and directors' fees expense in the current year.*

*<sup>^</sup>: Comparatives have been restated for change in accounting policy during the year.*

*\*: Comparative revenue had been restated to present Pantai's specialist fee revenue on a net basis.*

# Group Financial Highlights – YTD December

	YTD 31 December 2009 \$'000	YTD 31 December 2008^ S'000	Variance %
<b>REVENUE*</b>	<b>979,207</b>	<b>914,823</b>	<b>7%</b>
<b>OTHER OPERATING INCOME<sup>1</sup></b>	<b>24,254</b>	<b>18,090</b>	<b>34%</b>
<b>EBITDAR</b>	<b>237,017</b>	<b>217,525</b>	<b>9%</b>
REIT rental	(51,272)	(48,668)	-5%
Depreciation & amortisation	(54,870)	(49,258)	-11%
Finance costs <sup>2</sup>	(11,805)	(16,596)	29%
Interest income	9,457	4,909	93%
Foreign exchange (losses)/gains	(1,221)	1,056	NM
Share of profits of associates	23,852	11,127	NM
Exceptional items	3,881	(60,496)	NM
<b>PROFIT BEFORE TAX &amp; MI</b>	<b>155,039</b>	<b>59,599</b>	<b>NM</b>
Income tax	(30,175)	(16,182)	-86%
Minority interest	(5,988)	(5,368)	-12%
<b>PROFIT AFTER TAX &amp; MI</b>	<b>118,876</b>	<b>38,049</b>	<b>NM</b>
<b>NET PROFIT</b>			
<b>(Excluding exceptional items</b>			
<b>(net of tax))</b>	<b>117,926</b>	<b>91,666</b>	<b>29%</b>

Note 1: Other operating income excludes foreign exchange gains and interest income.

Note 2: Finance costs includes interest expense, bank charges, fees and the portion of fair value loss of financial instruments which are fair valued through the profit or loss.

^: Comparatives have been restated for change in accounting policy during the year.

\*: Comparative revenue had been restated to present Pantai's specialist fee revenue on a net basis.

# Group Financial Highlights – YTD December

	YTD 31 December 2009 \$'000	YTD 31 December 2008^ \$'000	Variance %
<b>NET PROFIT</b>	<b>118,876</b>	<b>38,049</b>	<b>NM</b>
Add-back / (less-off) exceptional items:			
- Allowance (reversed)/made for impairment loss on receivables <sup>1</sup>	(17,207)	34,414	
- Impairment loss on available-for-sale financial assets <sup>2</sup>	2,199	16,221	
- Gain on sale of available-for-sale financial assets <sup>2</sup>	(550)	-	
- Restructuring costs <sup>3</sup>	-	3,804	
- Impairment loss on intangible assets <sup>4</sup>	7,187	-	
- Loss on disposal and write-off of property, plant and equipment <sup>5</sup>	4,490	6,057	
Exceptional items	(3,881)	60,496	
Tax effects on exceptional items	2,931	(6,879)	
Exceptional items (net of tax)	(950)	53,617	
<b>OPERATIONAL NET PROFIT (EXCLUDING EXCEPTIONAL ITEMS (NET OF TAX))</b>	<b>117,926</b>	<b>91,666</b>	<b>29%</b>

Notes:

- 1: In Q4 2008, the Group made a full provision for receivables amounting to \$34.4 million, which were past due a specified number of days.  
A final settlement was reached during FY2009, and the Group reversed the excess allowance amounting to \$17.2 million.
- 2: The Group recognised impairment loss on its investment in Auric Pacific Group Limited, in accordance with the Singapore Financial Reporting Standards.  
In December 2009, the Group divested its 21.88% stake in Auric Pacific and recorded a gain on disposal of \$0.6 million.
- 3: This refers to the one-off costs associated with the reduction in workforce announced by the Group on 15 December 2008.
- 4: This relates to impairment on the intangible assets arising from Pantai's concessions, which will end in 2011 and 2012.
- 5: In FY2009, the Group wrote down various software applications that were no longer in use.  
In FY2008, there was a write-off on part of the Pantai Medical Centre in Bangsar, Kuala Lumpur, as it was demolished to make way for further development.
- ^: Comparatives have been restated for change in accounting policy during the year.

# Group Revenue – YTD December

\$'000

	Singapore	International	Group
Hospital	466,479	206,362	672,841
Healthcare	168,746	130,776	299,522
Non-Healthcare	6,838	6	6,844
<b>YTD 31 December 2009</b>	<b>642,063</b>	<b>337,144</b>	<b>979,207</b>
Hospital	473,610	158,112	631,722
Healthcare	150,814	123,485	274,299
Non-Healthcare	8,796	6	8,802
<b>YTD 31 December 2008*</b>	<b>633,220</b>	<b>281,603</b>	<b>914,823</b>
Hospital	-2%	31%	7%
Healthcare	12%	6%	9%
Non-Healthcare	-22%	0%	-22%
<b>YTD 31 December 2009 vs YTD 31 December 2008*</b>	<b>1%</b>	<b>20%</b>	<b>7%</b>

\*: Comparative revenue had been restated to present Pantai's specialist fee revenue on a net basis.

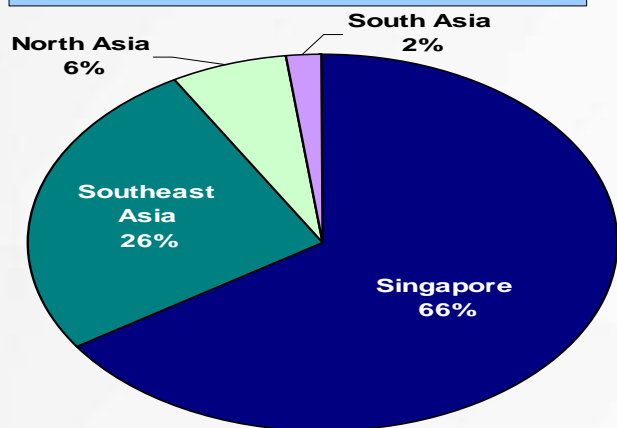
# Group EBITDAR – YTD December

\$'000

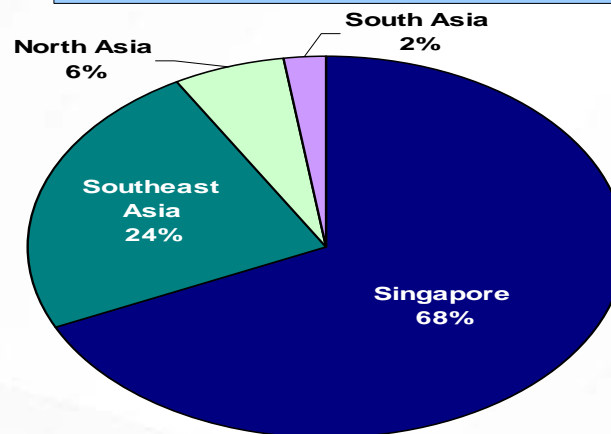
	Singapore	International	Group
Hospital	112,869	44,117	156,986
Healthcare	44,957	31,542	76,499
Non-Healthcare	3,599	(67)	3,532
<b>YTD 31 December 2009</b>	<b>161,425</b>	<b>75,592</b>	<b>237,017</b>
Hospital	121,557	33,918	155,475
Healthcare	31,094	27,163	58,257
Non-Healthcare	4,005	(212)	3,793
<b>YTD 31 December 2008</b>	<b>156,656</b>	<b>60,869</b>	<b>217,525</b>
Hospital	-7%	30%	1%
Healthcare	45%	16%	31%
Non-Healthcare	-10%	68%	-7%
<b>YTD 31 December 2009 vs YTD 31 December 2008</b>	<b>3%</b>	<b>24%</b>	<b>9%</b>

# Contribution of Business – YTD December

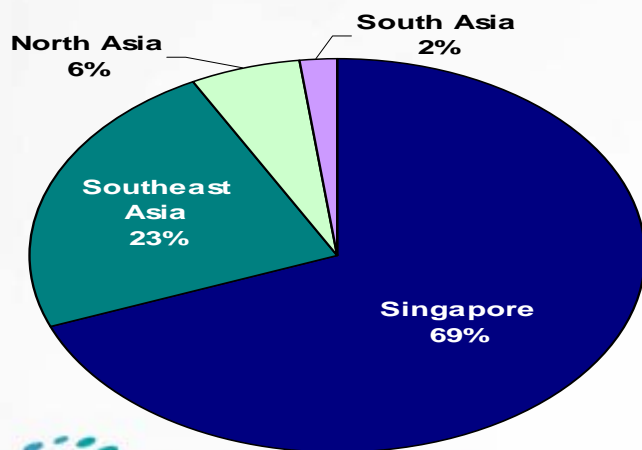
**Revenue Contribution**  
YTD 31 December 2009: \$979.2 million



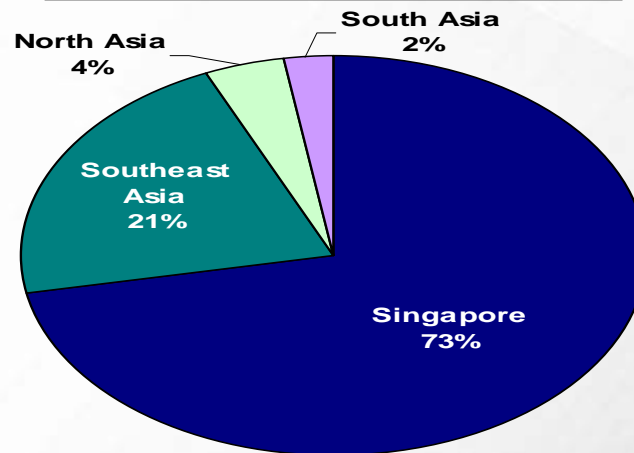
**EBITDAR Contribution**  
YTD 31 December 2009: \$237.0 million



**Revenue Contribution**  
YTD 31 December 2008: \$914.8 million



**EBITDAR Contribution**  
YTD 31 December 2008: \$217.5 million



# Gearing

<b>Balance Sheet</b>	<b>31/12/09</b> <b>\$'mil</b>	<b>31/12/08<sup>^</sup></b> <b>S'mil</b>
Total Assets	3,102	2,988
Total Liabilities	<u>(1,565)</u>	<u>(1,575)</u>
Total Equity	1,537	1,413
Total Debt <sup>1</sup>	(1,194)	(1,223)
Total Cash	<u>610</u>	<u>542</u>
Net Debt	<u>(584)</u>	<u>(681)</u>
<b>Net Debt / Equity Ratio</b>	<b><u>0.38</u></b>	<b><u>0.48</u></b>

*Note 1: Total debt includes*

*(a) \$500m due in July 2011*

*(b) \$560m due in July 2013*

*<sup>^</sup>: Comparatives have been restated for change in accounting policy during the year.*

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# Performance Review: Group Hospital Operations<sup>^</sup>

	Singapore	International	Group
<b>No of Hospitals</b>	<b>3</b>	<b>13</b>	<b>16</b>
<b>Admissions</b>			
- Q4 2009	20,850 *	42,948	63,798
- Q4 2008	20,332 *	40,932	61,264
<b>Average Occupancy (%)</b>			
- Q4 2009	57.6%	64.2%	62.7%
- Q4 2008	57.6%	66.2%	64.0%
<b>Operational Beds</b>			
- As at 31 Dec 2009	734	2,253	2,987
- As at 31 Dec 2008	729	2,131	2,860

<sup>^</sup>: The information presented below is only for hospitals owned by the Group only.

Excludes hospitals managed by the Group on behalf of third parties.

\*: Includes total inpatient admissions and day cases for Singapore hospitals only.

# Performance Review: Group Healthcare Operations

## Singapore Healthcare

### Number of Clinics:

#### Shenton Clinics

- Retail clinics (including partnership clinics)
- Inhouse clinics
- Executive health screening centres
- Japanese clinics

#### Medi-rad Clinics

	As at 31/12/09	As at 31/12/08
	21	20
	18	18
	5	4
	1	2
	45	44
	7	7
	52	51

## International Healthcare

### North Asia

#### Number of Clinics:

##### *Comprising:*

- Specialty and Inpatient Centre (Includes inpatient facility with 20 beds)
- Gleneagles Medical and Surgical Centre (Includes 3 beds for recovery suites)
- Shanghai Centre Medical and Dental Centres
- Hong Qiao Medical Centre
- Jin Qiao Medical Centre
- Mandarin City Medical Centre

### South Asia

#### Number of Clinics:

##### *Comprising:*

- Apollo Gleneagles PET-CT Centre
- Apollo Gleneagles Heart Centre

	6	6
	2	2

# Performance Review of Q4 2009: Singapore Hospitals

	Q4 2009	Q4 2008		Change %
<b>Inpatient Admissions</b>	11,706	11,623	↑	0.7%
<b>Day Cases</b>	9,144	8,709	↑	5.0%
<b>Total Inpatient Admissions and Day Cases</b>	20,850	20,332	↑	2.5%
<b>Net Revenue PAPD - All Facilities (\$)</b> <i>(Per adjusted Patient Day)</i>	1,811	1,800	↑	0.6%
<b>Average Length of Stay (Days)</b>	3.32	3.32	-	0.0%
<b>Average Occupancy (%)</b>	57.6%	57.6%	-	0.0%

# Performance Review of Q4 2009: Singapore Hospitals

- Inpatient admissions and day cases in Q4 2009 rose by 0.7% and 5.0% respectively
- Net revenue per adjusted patient day increased by 0.6%
- Growth in admissions is largely attributed to local patients
- Parkway Cancer Centre continued to perform well, and volume has increased for both local and foreign patients
- Since the launch of the fixed-price packages in April 2009, more than 4,000 packages have been sold



# Performance Review of Q4 2009: International Hospitals

## Southeast Asia

	Q4 2009	Q4 2008		Change %
<b>Admissions</b>	37,698	36,393	↑	3.6%
<b>Net Revenue PAPD - All Facilities (\$)</b> <i>(Per adjusted Patient Day)</i>	552	521	↑	6.0%
<b>Average Length of Stay (Days)</b>	2.76	2.86	↓	-3.5%
<b>Average Occupancy (%)</b>	61.9%	65.4%	↓	-3.5%

# Performance Review of Q4 2009: International Hospitals

## South Asia

	Q4 2009	Q4 2008		Change %
<b>Admissions</b>	5,250	4,539	↑	15.7%
<b>Net Revenue PAPD - All Facilities (\$)</b> <i>(Per adjusted Patient Day)</i>	252	223	↑	13.0%
<b>Average Length of Stay (Days)</b>	5.56	5.72	↓	-2.8%
<b>Average Occupancy (%)</b>	74.2%	69.6%	↑	4.6%

# Operations Review of Q4 2009: Singapore

- Re-accreditation of Mount Elizabeth and Gleneagles Hospitals with Joint Commission International (JCI), re-affirming Parkway's commitment to patient safety and quality clinical outcomes
- Parkway's Singapore hospitals achieved a perfect 5 score for 2009 for our Clinical Quality Scorecard consisting of 8 globally recognised clinical indicators
- Completion of upgrading of maternity ward and public access areas at Gleneagles Hospital
- Completion of upgrading of HDU/NICU and laboratories at Mount Elizabeth Hospital
  - Upgraded HDU employs a newer, more advanced patient monitoring system. Mount Elizabeth Hospital is the first hospital in Asia to utilise this system
  - Upgraded HDU also utilises a new ceiling-mounted system for medical devices



# Operations Review of Q4 2009: Singapore

- Picture of upgraded HDU at Mount Elizabeth Hospital:



# Operations Review of Q4 2009: Singapore

- More than 4000 fixed-price packages sold (as at 31 Dec 2009)
- New PET-CT unit at Mount Elizabeth Hospital has begun operations
- Parkway Shenton opened clinic at Changi Business Park and Executive Health Screening centre at Novena Medical Centre
- Parkway Shenton offered H1N1 vaccines to the public, and donated 1,000 doses to charity
- Parkway College trained healthcare officials from Kazakhstan in healthcare management and healthcare accreditation in Q4 2009
  - Total of 105 officials from Kazakhstan received training in 2009
- Parkway College conducted healthcare management training for healthcare executives and leaders from Kunming, China in Dec 2009, and for Korean students from Daedong College, Pusan



## Operations Review of Q4 2009: Southeast Asia

- Accreditation of Pantai Hospital Kuala Lumpur with Joint Commission International (JCI). The hospital is also accredited with the Malaysian Society for Quality in Health (MSQH)
- Spine and Joint Surgery Centre has begun operations at Pantai Hospital Kuala Lumpur
- Pantai Hospitals has formalised the master collaboration agreement with a Malaysian property developer to jointly build and lease a hospital in Manjung, Perak
- Construction of 200-bed extension at Gleneagles Penang has been approved



## Operations Review of Q4 2009: South Asia

- Apollo Gleneagles Hospital, Kolkata continued to perform well
- Average occupancy, number of surgeries and patient days continue to show steady, positive trends
- Construction tender process for the ParkwayHealth Khubchandani Hospital, Mumbai is underway and is expected to begin by March 2010
  - Hospital design and planning works are in progress



## Operations Review of Q4 2009: North Asia

- New equipment at Shanghai clinics
  - Ultraviolet phototherapy machine, laser dermatology machine

## Operations Review of Q4 2009: Middle East

- Design works for the Danat Al Emarat Women & Children's Hospital, Abu Dhabi are in progress and hospital construction work is expected to begin in Q1 2010
  - The hospital will have 150 beds spread over 10 floors when it opens, with room for expansion



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## Updates: New Hospital at Novena

- Project progressing according to schedule
- Building plan approval from BCA received
- Strata title approval from Strata Titles Board
- Main construction tender scheduled to be awarded by April 2010
- Phase 1 of sale of medical suites to begin shortly
  - Strong expressions of interest received from specialists



## Updates: Use of Proceeds from Rights Issue

- In Q4 2009, approximately \$15 million of the \$755.6 million raised from the Rights Issue, which was completed in June 2008, has been used to fund the construction of the new hospital at Novena (being one of the specified uses for the Rights Issue proceeds)

## Updates: Other Developments

- Parkway Holdings Limited will appoint Dr Tan See Leng as its new Chief Executive Officer (CEO) with effect from 16 April 2010.
- Dr Tan is currently the Executive Vice President of Singapore and Malaysia Operations.



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# Moving Forward

- Post-surgical complications insurance scheme launched on 21 January 2010 and commenced on 1 February 2010
  - 21 cases signed up from 1 to 21 February 2010
- Parkway Shenton has opened a new clinic at Resorts World Sentosa and is opening another at The Pinnacle@Duxton
- Parkway Shenton partners with major insurance providers to act as a Third Party Administrator for corporate clients seeking TCM treatment
- Parkway College to offer Radiology, Intensive Care and Operating Theatre courses, and will be training more officials from Kazakhstan
- Parkway Group Healthcare Pte. Ltd. entered into an agreement with Mitsui & Co., Ltd to sell a 49% stake in its wholly-owned subsidiary, Gleneagles CRC Pte. Ltd. on 14 Jan 2010



## Moving Forward

- Medisave scheme available for overseas treatment at 9 Pantai hospitals in Malaysia and Gleneagles Intan Medical Centre, Kuala Lumpur from 1 March 2010
- The final selection phase of architects/masterplanners for a new hospital project in the Medini, Iskandar region underway
- Pantai Education will sign a MOU with Liverpool's John Moores University in end-February to collaborate on nursing programmes
- Piling at Gleneagles Penang's 200-bed extension has commenced
- Gleneagles Hospital KL has commenced collaborative work with a Malaysian property fund to lease part of a proposed RM130.0 million mixed-development on a 2.02 ha piece of land next to its current medical centre at Jalan Ampang.



## Moving Forward

- Apollo Gleneagles Cancer Centre, a comprehensive facility for oncology, is under commissioning and will be operational by March 2010
- ParkwayHealth China has signed deal with Chevron to provide medical support for expatriate employees in Chengdu
- New clinics in Shanghai to open in April (Jin Mao Tower) and May (World Expo Village)



# Thank You

For more information, please view: [www.parkwayholdings.com](http://www.parkwayholdings.com)



Parkway Holdings