

## NMC Health plc Interim Management Statement

30 April 2013 - NMC Health plc (LSE:NMC) ('NMC'), the leading integrated healthcare provider operating across the United Arab Emirates, today issues its Interim Management Statement for the period from 1 January 2013 to 29 April 2013, including a summary of results for the 3 months to 31 March 2013.

### Summary of results for 3 months to 31 March 2013

	Revenue (US\$m)		Growth (%)	Healthcare Division Occupancy (%) (*)	
	2013	2012		2013	2012
<b>3 months to 31 March</b>					
Healthcare Division	70.4	63.4	11.0%	64.0%	55.7%
Distribution Division	77.3	69.8	10.7%		
Total Divisional Revenue (net of eliminations)	137.6	125.2	9.9%		
Management Services	1.4	-	-		
Total Group	139.0	125.2	11.0%		

**\*Note: Occupancy for Q1, 2013 is calculated including additional 13.5% bed capacity on stream in Q1, 2013**

### Highlights

- Total Consolidated Group Revenue increased 11.0% to US\$139.0m compared to Q1, 2012
- Healthcare division benefitting from increased demand for specialist clinical services
- Distribution division trading well in positive macro-economic conditions in the UAE
- Increased occupancy levels achieved on higher bed capacity
- Mussafah day patient medical centre will open shortly and other projects remain on track
- Group net debt of US\$85.0m in line with management expectations

**Dr B.R.Shetty, Chief Executive Officer, commented:**

“NMC Health has made a strong start to the year. Occupancy levels in the Healthcare division continue to increase driven by a strong demand for our services in the region. The Distribution division continues to perform well in good macro-economic conditions in the UAE.

We are looking forward to opening our day patient centre in Mussafah in the coming weeks and I am pleased with the progress we are making with our other capital projects”

**Contacts**

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**Analyst and shareholders call**

A conference call for analysts and investors will take place today, Tuesday 30 April 2013, at 12:00 noon (British Summer Time).

**Capital Markets visit**

A Capital Markets visit is being hosted in the UAE on 14<sup>th</sup> and 15<sup>th</sup> May 2013. The visit, which is open to investors and analysts, will include a management presentation and facility visits in Abu Dhabi on 14<sup>th</sup> May and an optional second day of visits to our facilities in Dubai on 15<sup>th</sup> May. Please contact Simon Watkins, Group Company Secretary, for further details.

## **Forward looking statements**

*Any forward looking statements made in this document represent management's best judgment as to what may occur in the future. However, the group's actual results for the current and future fiscal periods and corporate developments will depend on a number of economic, competitive and other factors, some of which will be outside the control of the group. Such factors could cause the group's actual results for future periods to differ materially from those expressed in any forward looking statements made in this document.*

## **Overview**

During the three month period ended 31 March 2013, NMC continued to perform well across each of its divisions. Group revenue (net of intercompany eliminations) increased by 11.0% on a like for like basis to US\$139.0m, compared to the same period in 2012.

## **Healthcare**

Revenue in the Healthcare division grew by 11.0% to US\$70.4m, compared with the three months to 31 March 2012.

Overall Healthcare division occupancy rates increased to 64.0% in the three months to 31 March 2013, compared to 55.7% for the first quarter of 2012 and compared to 60.5% for the 2012 financial year as a whole. This increase in occupancy occurred despite an additional 31 beds (an increase of 13.5% in bed capacity) becoming operational during the first quarter of 2013.

Whilst the Group does not report by individual facility, we can confirm that all of our existing Healthcare facilities have commenced the 2013 Financial Year well and are trading in line with our expectations at both Revenue and EBITDA levels.

The performance of the Healthcare division continues to benefit from the strategic decision to create Centres of Excellence in its Specialty Hospitals. This has resulted in the Group becoming well known for a number of specialist clinical areas in all its Specialty Hospitals attracting additional elements of the UAE population and therefore driving incremental inpatient and outpatient demand and an increase in patient added value services,

## **Distribution**

Revenue in the Distribution division increased by over 10% to US\$77.3m, compared with the three months to 31 March 2012. Gross margin levels remain as expected.

In addition to positive macro-economic conditions continuing to prevail in the UAE, the introduction and consolidation of new product lines, which led to improved performance in the second half of 2012, continue to contribute to the positive growth in the Distribution division.

## **Management services**

The role out of additional services provided at the Sheikh Khalifa General Hospital is progressing as expected. Management services fees of US\$1.4m have been earned in the three month period to 31 March 2013.

## **Review of Pharmaceutical Pricing**

The UAE Ministry of Health (MOH) have recently announced a change in pricing structure in relation to the sale of pharmaceuticals across the UAE. The sale of such products is licensed by the MOH and retail prices, as well as pharmacy and distributor mark-ups, are regulated by the MOH. The MOH have implemented a number of changes which will be effective from June 2013:

- The retail price of specific pharmaceuticals has been reduced
- The pricing structure has moved to a US\$ only basis of pricing with other currencies excluded
- The regulated Distributor mark-up has reduced from 20% to 15%
- The previous Pharmacy mark-up of 20% will be replaced by a sliding scale based on the price of specific pharmaceuticals.

We have undertaken an initial analysis of the effect that the MOH announcement may have on both the Pharmacy and Distribution businesses. Based on the relative sizes of both the Distribution division and the Pharmacy business, we expect that this new pricing structure will have a minimal effect on Group EBITDA.

## **Capital Projects**

All Capital Projects remain on Budget.

### *Brightpoint Women's Hospital*

There have been no additional delays in relation to the construction of this facility which is due to open in Q3, 2013.

### *Mussafah day patient medical centre*

We have experienced some final regulatory delays in the opening of the new Mussafah facility, and we now expect to receive our first patients at this facility shortly.

### *Dubai Investment Park General Hospital*

Construction work has commenced on the fit out of the new DIP General Hospital. The Project remains on track to be finalised by the end of 2013.

### *Khalifa City Specialty Hospital*

Construction Groundwork at the site of the new Khalifa City Specialty Hospital is progressing well and the project timeline remains on track for the facility to be open by end 2014.

## **Financial position**

The Group had US\$217.6m of cash and bank deposits, and a total Group debt of US\$302.6m as at 31 March 2013, both broadly in line with management expectations. There were no other material events or transactions that impacted the Group's financial position during the period.

## **Current Trading**

Current trading for the period since 31 March 2013 has continued in line with our expectations.

## **Annual Report**

The Company's printed 2012 Annual Report has today been posted to shareholders and can be viewed online at [www.nmc.ae](http://www.nmc.ae). The Annual General Meeting will be held on 27<sup>th</sup> June 2013 at Allen & Overy LLP, One Bishops Square, London E1 6AD and the Notice of Meeting will be circulated to shareholders during May 2013.

As announced on 26<sup>th</sup> February 2013, a final dividend of 4.1p per share has been declared and, subject to shareholder approval at the forthcoming AGM, will be paid on 4<sup>th</sup> July 2013 to those shareholders on the Company's share register on 31<sup>st</sup> May 2013.

## **About NMC**

NMC Health plc group is the leading integrated healthcare provider with operations in the United Arab Emirates. NMC Healthcare commenced operations in 1975 and has grown over that period to become the only private sector healthcare provider with a broad UAE presence. The Healthcare Division currently operates or manages five hospitals, one day-care patient centre, one medical centre and eight pharmacies. The group also operates a significant Distribution business supplying product lines to UAE customers across the Pharmaceutical, FMCG, Food, Scientific and Medical and Educational and Veterinary sectors.

In April 2012 NMC Health plc was listed on the Premium Segment of the London Stock Exchange. At the time of its IPO, the group raised funds to enable it to pursue a further growth plan with a number of capital projects for new healthcare facilities in Abu Dhabi and Dubai. NMC Health plc is a constituent of the FTSE250 Index.