

## NMC Health plc Interim Management Statement and Management Changes

28 October 2014 - NMC Health plc (LSE:NMC) ('NMC'), the leading integrated private healthcare network operator in the United Arab Emirates, today issues its Interim Management Statement for the period from 1 July 2014 to 27 October 2014, including a summary of results for the three months to 30 September 2014. A number of changes to the Senior Management Team are also being announced.

### Summary of results for three months to 30 September 2014

Detail	Revenue (US\$m)		
	2014	2013	Growth (%)
<b>3 months to 30 September</b>			
Healthcare Division	81.1	68.7	18.0%
Distribution Division	86.0	76.1	13.0%
Total Group Revenue (net of inter-company eliminations)	161.2	136.5	18.1%

### Financial and operational highlights

- Total Consolidated Group Revenue reached US\$ 161.2m, an 18.1% increase compared to Q3, 2013
- Healthcare division continues to benefit from increased demand for specialist clinical services
- Distribution division trading well in good macro-economic conditions in the UAE
- Occupancy levels increased to 72.8% in Q3 2014 from 60.2% Q3 2013
- Brightpoint Women's Hospital and NMC Dubai Investment Park General Hospitals opened in July 2014 and other projects remain on track.
- Group net debt reached US\$ 105.2m, as of Q3 2014 end, which was in line with management expectations

### Senior management changes

- Mr Binay Shetty to step down from his role as Chief Operating Officer as of 31 December 2014. Binay will be taking up a new role in the Shetty Family Investment Office and remain a Non-Executive Director of NMC Health plc
- Mr Prasanth Manghat, the current Chief Financial Officer of NMC, to be promoted to a new role of Deputy Chief Executive Officer starting 1 January 2015
- Mr Suresh Krishnamoorthy, currently Deputy CFO of NMC, to be promoted to the role of Chief Financial Officer on 1 January 2015

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

"We delivered a strong third quarter in 2014, with top-line growth 18% higher than in the same period last year. The UAE economy continues to see good growth, while NMC is expanding its service offering and operational presence across the market.

I am particularly pleased with the opening of Brightpoint Women's Hospital and NMC Dubai Investment Park General Hospital in early Q3, 2014. We expect these two major additions to our hospital portfolio to make a significant contribution to our future growth. Our other expansions, the 250 bed Khalifa City Hospital and Al Ain Medical Centre, remain on track to open in H1 2015 and by the end of 2014 respectively, as previously outlined.

I would like to congratulate Prasanth Manghat on his promotion to the role of Deputy CEO. Prasanth has worked within NMC related businesses for nearly 12 years and has been a driving force behind the growth of the business and NMC Health's IPO. Prasanth will work with me on strategic matters ensuring that the Group continues to grow and evolve successfully.

Binay has successfully led the work on the execution of our investment program, growth of addressable market, expansion of service/product offering and operational performance. Now that we have successfully opened the majority of our key development projects, Binay has decided that the time is right to take a more active role managing the Family Investment Office. The Board and I are pleased that he will remain as a Non-Executive Director of the Company and wish him very well in his new role."

Finally I would like to congratulate Suresh Krishnamoorthy on his promotion to the role of CFO and look forward to welcoming him to our Senior Management Team."

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## **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.*

## **Financial and operational review**

### **Overview**

During the three month period ended 30 September 2014, NMC Health recorded a strong performance across both its healthcare and distribution operating divisions. Group revenue (net of intercompany eliminations) reached US\$ 161.2m, implying an 18.1% increase compared to the same period in 2013.

### **Healthcare**

Revenue in the Healthcare division grew by 18.0% to US\$ 81.1m, compared with the three months to 30 September 2013.

Overall Healthcare division occupancy rates increased to 72.8% in the three months to 30 September 2014, compared to 60.2% for the third quarter of 2013. This increase in occupancy was recorded despite an additional 16 beds becoming operational during the first nine months of 2014 (an increase of 6.1% in operational bed capacity). NMC Health's total licensed capacity is 470 beds, out of which 277 (261 in Q3 2013) are now operational. The balance of 193 beds will be gradually phased into operations (27 in Al Ain Specialty Hospital, 6 in Dubai Specialty Hospital, 100 beds in Brightpoint Women's Hospital and 60 beds in NMC Dubai Investment Park Hospital). Both Brightpoint and DIP commenced initial outpatient operations in July with the aim to work towards full mobilisation of phase one by the end of 2014, which includes commencement of inpatient operations with availability of 50 and 30 beds respectively.

The good performance in the Healthcare division continues to be driven by an increase in the mix of more specialist and thus higher value added procedures. The Group does not report by individual facility, but we are able to confirm that all of our existing Healthcare facilities are trading in line with our expectations at both Revenue and EBITDA levels.

### **Distribution**

Revenue in the Distribution division increased by 13.0% to US\$ 86.0m, compared with the three months to 30 September 2013. Gross margin levels were maintained in line with management's expectations.

In addition to positive macro-economic conditions continuing to prevail in the UAE, the introduction and consolidation of new product lines coupled with improved sales and merchandising, supported NMC Health's good performance in the past quarter.

### ***Capital projects***

As previously announced, the Brightpoint Women's Hospital and NMC Dubai Investment Park General Hospital opened at the beginning of Q3, 2014.

All other Capital Projects remain on track for opening in accordance with the guidance provided in our results for the first six months of the 2014 financial year, and all are on budget.

### ***Financial position***

The Group had US\$ 186.9m of cash and bank deposits, and a total Group debt of US\$ 292.2m as at 30 September 2014, both are 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 30 September 2014 has continued in line with our expectations.

### **Senior management team changes**

#### ***Chief Operating Officer***

Mr Binay Shetty, Chief Operating Officer, will be stepping down from his role, in order to devote more of his time managing the Family Investment Office with the wider Shetty family interests and global investments. With the capital development projects announced at the time of the Company's IPO now open or nearing completion, Mr Shetty feels it is the appropriate time to leave his role with NMC. Mr Shetty will continue with the company in his current role during the transitional period until 31 December 2014, to help with the implementation of the revised management structure and ensure a seamless transition. Mr Shetty will serve as a Non-Executive Director of NMC Health plc going forward.

#### ***Deputy Chief Executive Officer***

Following Mr Binay Shetty's decision to step down, as COO, a new role of Deputy CEO is being created and the Board is delighted to announce that Mr Prasanth Manghat, currently a Director and the Chief Financial Officer of the Company, will be promoted to this role with effect from 1 January 2015. Prasanth Manghat has been a part of the NMC Group for nearly 12 years, and Chief Financial Officer of the NMC Health Group for over four years.

Mr Manghat spearheaded NMC Healthcare's successful listing on the Premium Segment of the London Stock Exchange in April 2012, the first UAE-based company to do so, raising US\$ 187 million and has played a major role in the growth of the NMC businesses both prior to and since IPO.

In addition to retaining an oversight role of the financial function of the Group, particularly in relation to strategic financial matters, in his new role Mr Manghat's responsibility will be extended to cover strategic operational matters and supporting the Chief Executive Officer with strategic planning and related execution in both NMC's Divisions. The operational heads of both of the Group's Divisions will report to Mr Manghat.

## **Chief Financial Officer**

### **Mr Suresh Krishnamoorthy**

As a result of Mr Manghat's new role, Mr Suresh Krishnamoorthy, currently Deputy CFO, is being promoted to the role of Chief Financial Officer and will join the Senior Management Team with effect from 1 January 2015. Mr Krishnamoorthy has been an integral part of NMC's finance team since joining the company in 2000. He will report to the new Deputy CEO.

Mr. Krishnamoorthy joined NMC in December 2000 as an Internal Audit Manager and he continued in this role until March, 2011.

Since April, 2011 Mr. Krishnamoorthy has worked as a senior member of NMC's finance team, having significant involvement in the Company's IPO and in the Company's major fund raising initiatives. He is currently responsible for the MIS and Corporate Planning portfolio including close involvement in the Group's Audit and other Audit Committee activities since its inception following IPO.

Prior to joining NMC, he worked as Assistant Finance Manager in Kerala Industrial Infrastructure Corporation (KINFRA), a Government agency involved in the development of infrastructure in the State of Kerala.

Mr. Krishnamoorthy qualified as a Chartered Accountant from the Institute of Chartered Accountants of India in Nov 1998. He has 16 years of experience in the field of audits, corporate finance, accounting and financial reporting activities

## **About NMC**

NMC Health plc group is the leading private sector healthcare operator in the United Arab Emirates, with a nation-wide network of hospitals and operations in the country since 1975. The Healthcare Division currently operates or manages seven hospitals, two day-care patient centres, one medical centre and eight pharmacies. The company received almost 2.1m patients in 2013. The group also operates a significant UAE wide Distribution business supplying product lines across several key market segments, including: Pharmaceutical, FMCG, Food and Scientific and Medical. NMC Health plc group reported revenues of US\$ 550.9m in 2013.

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 FTSE 250 Index.