



# Corporate Presentation

August 2015



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ISEC Healthcare Ltd. (“ISEC” or the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 28 October 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”).

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# Table of Content



**Business Overview**

**Industry Overview**

**Business Strategy and Expansion Plans**

**Use of Proceeds and Corporate Developments**

**6M 2015 Financial Highlights**

The slide features a large, stylized graphic of interconnected hexagons in shades of blue and light green, creating a network-like structure. In the upper left, a smaller hexagonal frame contains a photograph of a man in a suit and a woman in a red top working together at a desk with a computer monitor. The text "Business Overview" is positioned in the upper right area of the slide.

# Business Overview

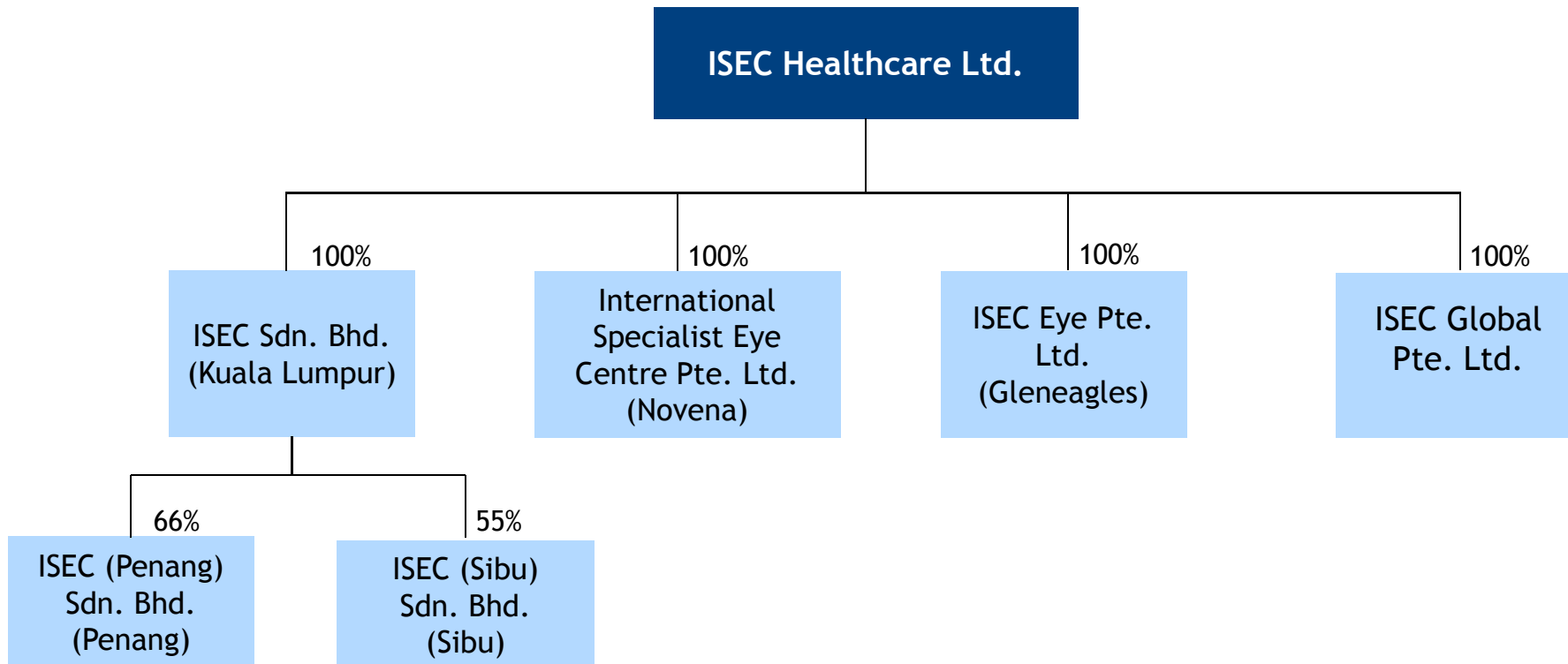
- ISEC is a comprehensive medical eye care service provider, with ambulatory surgical centres in Malaysia (Kuala Lumpur & Penang) and Singapore (Gleneagles Hospital & Mount Elizabeth Hospital, Novena)
- We specialises in the fields of cataract and refractive surgery (including LASIK), vitreoretinal diseases, corneal and external eye diseases, glaucoma, uveitis, oculoplastics, facial cosmetics and aesthetics surgery, adult strabismus and paediatric ophthalmology
- We have a strong team of 19 full-time specialist doctors, and most are also shareholders of the Company
- Our vision is to provide high quality, compassionate, world-class eye care at affordable level
- Listed on Catalist SGX-ST on 28 October 2014



ISEC stands for “International Specialist Eye Centre”

# Business Overview

## Group Structure



### Clinics in Malaysia:

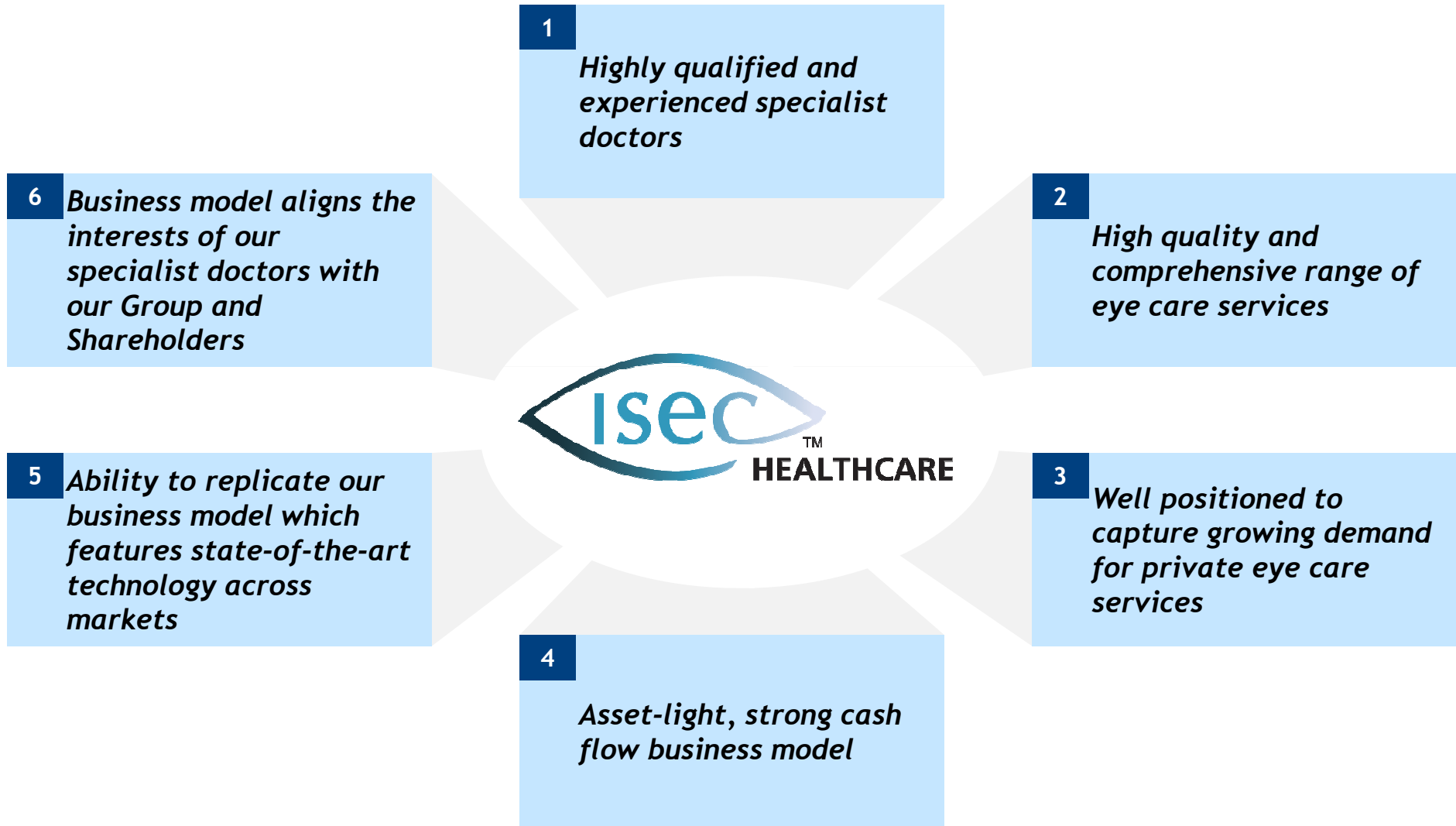
- 1) Mid Valley City, Kuala Lumpur (Main Branch)
- 2) Jalan Burma, Penang
- 3) Sibul, Sarawak (expected to commence operations in last quarter of 2015)

### Clinics in Singapore:

- 1) Gleneagles Hospital
- 2) Mount Elizabeth Hospital, Novena (expected to cease operations by December 2015) *Please refer to Slide 15 for details*

# Business Overview

## Competitive Strengths of the Group





# Industry Overview



# Industry Overview

## Key Drivers for Private Ophthalmology



**AGEING POPULATION** with large elderly patient group suffering from cataract, glaucoma, AMD, dry eyes or vitreoretinal diseases as these eye disorders are age-related

- 25.9% of population in Malaysia above 40 years old in 2013, expected to grow at CAGR of 1.7% from 2013 to 2018
- 48.0% of population in Singapore above 40 years old in 2013, expected to grow at CAGR of 4.6% from 2013 to 2018

**INCREASING AWARENESS** with information technology penetration will increase patients' propensity to seek timely and private medical treatment

- Internet penetration in Malaysia increase from 55.8 per 100 people in 2008 to 67.0 per 100 people in 2013, allowed patients to seek information about eye treatments online
- Number of internet users in Singapore increased from 69.0 per 100 people in 2008 to 73.0 per 100 people in 2013 allowing them to gain awareness over eye diseases from the internet

**RISING INCOME LEVEL** increases patients' affordability to engage private ophthalmology services

- Malaysian household monthly income rose from SGD 1,532 in 2009 to SGD 1,903 in 2012
- In Singapore, the median monthly household income from work increased from SGD 7,570 in 2012 to SGD 7,870 in 2013

**INCREASE IN PRIVATE INSURANCE COVERAGE** encourages more people to seek private medical services, including ophthalmology-related medical procedures that are subsidized by insurance

- Medical and personal accident insurance market in Malaysia increase at a CAGR of 13.6% from 2013 to 2018
- The annual premium growth in Singapore between 2013 to 2020 is expected to be 11.8%

# Industry Overview

## Key Drivers for Private Ophthalmology (cont'd)



**GOVERNMENT SUPPORT IN PROMOTING MEDICAL TOURISM** leading to generation of additional demand for medical services including ophthalmology services

- Medical tourism based healthcare expenditure forecast to grow at 26.7% CAGR from 2009 to 2018 in Malaysia
- Medical tourism based healthcare expenditure forecast to grow at 13.6% CAGR from 2009 to 2018 in Singapore. Ophthalmology is the second most popular medical procedures amongst medical tourist coming to Singapore

**RISING INCIDENCE OF DIABETES** can in turn increase one's chances of getting an eye disorder such as diabetic retinopathy, cataract and glaucoma

- 12% of Malaysian are suffering from diabetes, and this would subsequently contribute to the growth of more eye patients who suffer from diseases such as diabetic retinopathy, cataract and glaucoma

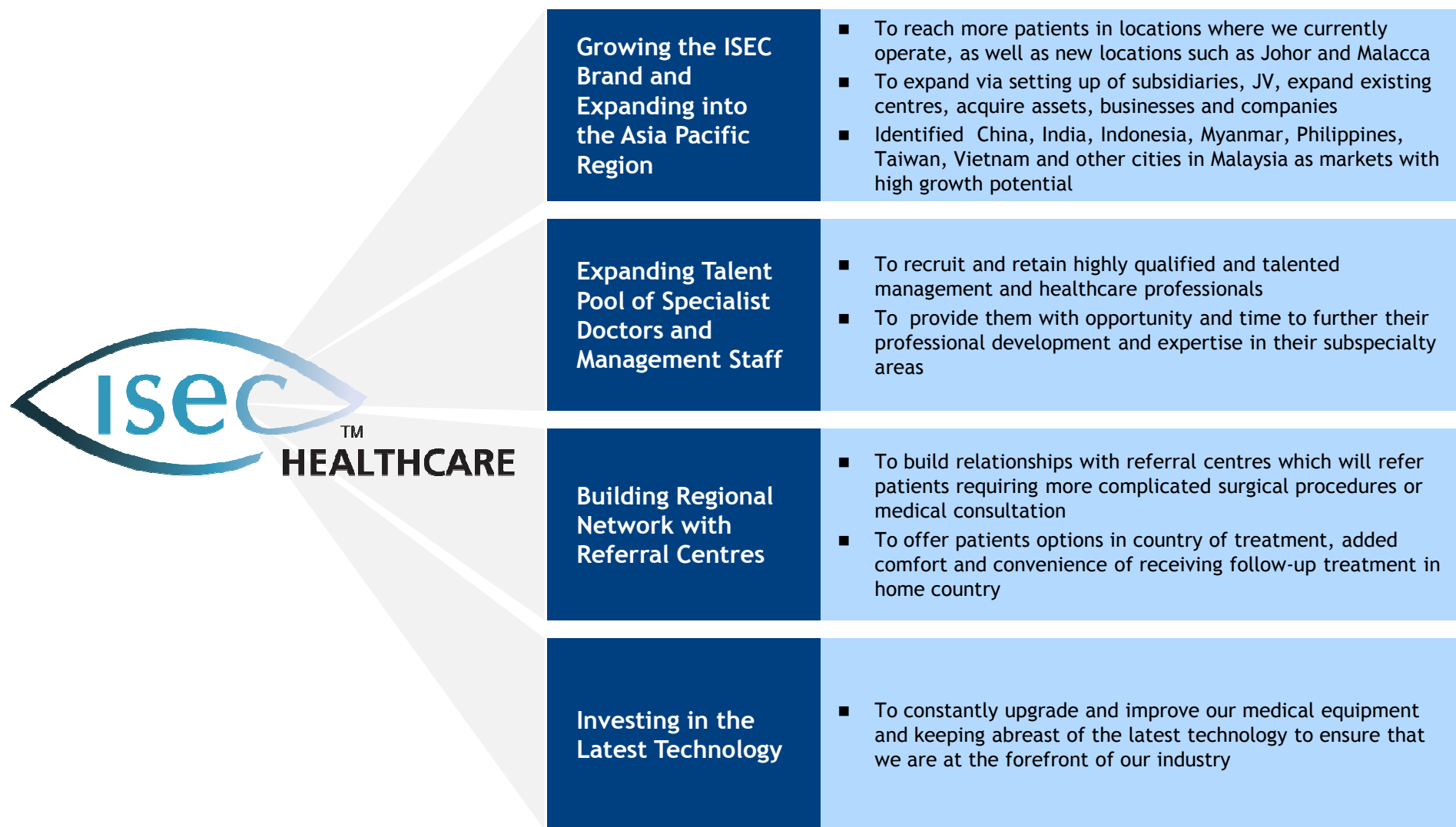
### ***The ophthalmology industry is underserved by qualified ophthalmologist:***

Malaysia	<i>0.01 ophthalmologist per 1,000 population</i>
Singapore	<i>0.04 ophthalmologist per 1,000 population</i>
World average	<i>0.036 per 1,000 population</i>
Other modernized nations	<i>0.05-0.11 per 1,000 population</i>



# **Business Strategy And Expansion Plans**

# Our Business Strategies



Source: Company's information

# Expansion Plans



**Business expansion  
in the Asia Pacific  
region  
(including Malaysia  
and Singapore)**

★ Target Countries



# **Use of Proceeds And Corporate Developments**

## Use of Proceeds

As at 12 August 2015



Use of proceeds	Amount allocated S\$'000	Amount allocated pursuant to reallocation of unutilized listing expenses S\$'000	Amount utilised S\$'000	Balance S\$'000
Business expansion in Asia Pacific region (including Malaysia and Singapore)	13,800	14,100	-	14,100
General working capital	2,500	2,500	(2,500)*	-
Total	16,300	16,600	(2,500)	14,100

\* Amount utilized for:

General working capital	S\$'000
Cost of sales	1,028
Administrative expenses	1,378
Selling and distribution expenses	94
Total	2,500

### ***July 2015 - Cessation of Eye Clinic in Mount Elizabeth Novena Specialist Centre***

International Specialist Eye Centre Pte. Ltd. (“ISEC Singapore”) will be ceasing its eye clinic operation from December 2015.

- ISEC Singapore had been loss-making since its commencement of business operation in August 2014 and is expected to be loss-making for the financial year ending 31 December 2015
- Together with the three doctors (the “Partner Doctors”), the management of the Company (the “Management”) had explored various options in recent months to reduce ISEC Singapore’s operating expenses but the Partner Doctors in ISEC Singapore have not reached any agreement with the Management to continue their professional practice in ISEC Singapore based on proposed revised remuneration terms
- The Partner Doctors had tendered their resignation on 30 June 2015
- In connection to the aforesaid and taking into consideration of the challenging business prospects and existing high cost structure in ISEC Singapore, the Board of Directors of ISEC Healthcare Ltd. is of the view that it is in the best interest to cease the business operations of ISEC Singapore





# 6 Months Financial Highlights

for the period ended 30 June 2015

## Basis of Preparation of Financial Information



	2014			2015	
	1Q2014	2Q2014	3Q2014 onwards		January 2015 onwards
ISEC Group results	ISEC Mal	ISEC Mal + ISEC Sing	ISEC Mal + ISEC Sing + ISEC Eye		
Description		ISEC Sing was transferred to ISECH	ISEC Sing started operations in Aug 2014	Acquisition of ISEC Eye on 26 Sept 2014	

ISEC Group - ISEC Healthcare Ltd. (“ISECH”) and its subsidiary companies

ISEC Mal - ISEC Malaysia consists of ISEC Sdn Bhd and its subsidiaries

ISEC Sing - International Specialist Eye Centre Pte. Ltd.

ISEC Eye - ISEC Eye Pte. Ltd.

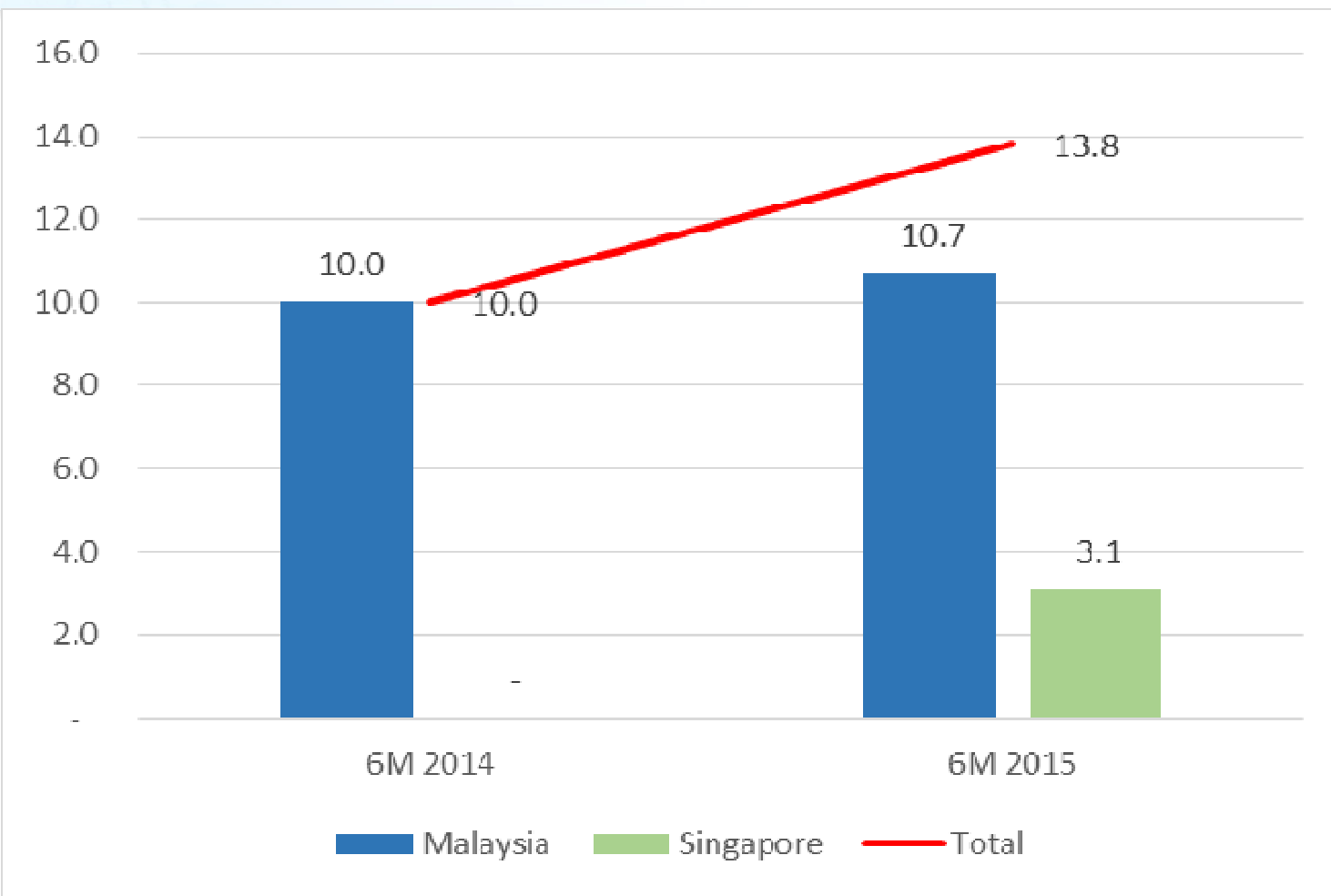
## Basis of Preparation of Financial Information (Cont'd)



- 6M 2014 figures only consist of financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia then;
- 6M 2015 figures consist of financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia, and financial results of ISEC Healthcare Ltd., International Specialist Eye Centre Pte. Ltd. (which was set up in August 2014) and ISEC Eye Pte. Ltd. (the acquisition of which was completed on 26 September 2014) in Singapore

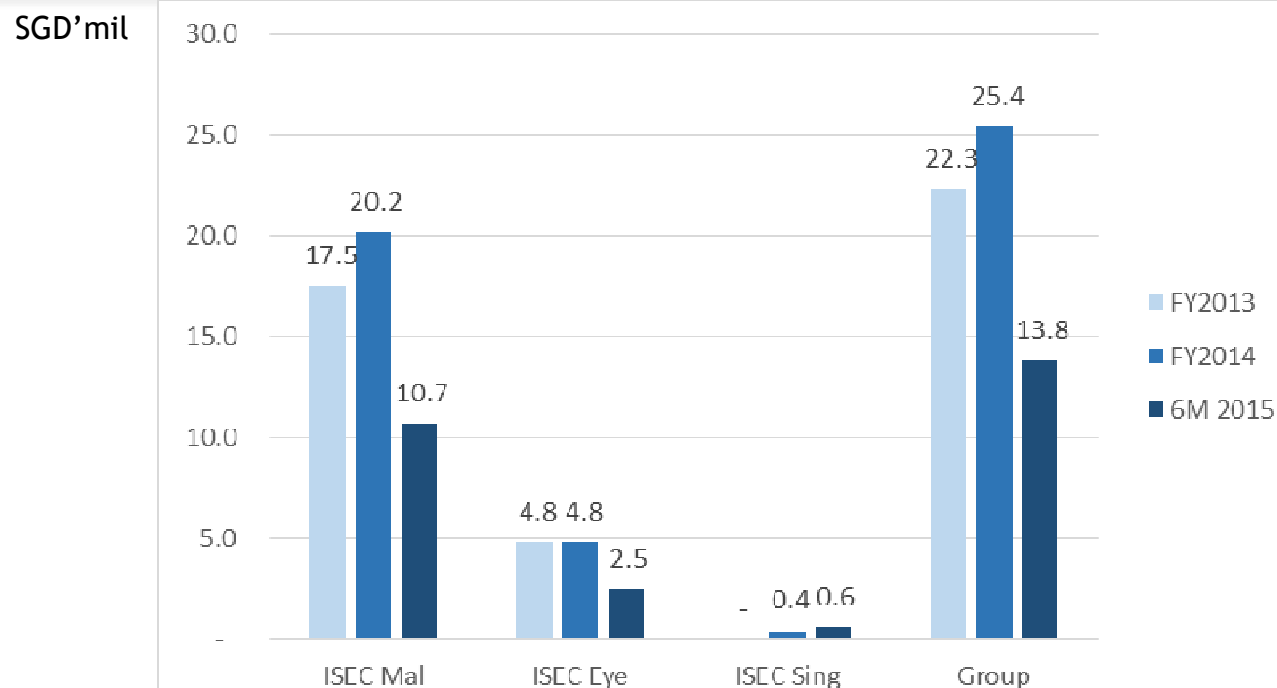
# Revenue

SGD'mil



- 6M 2015 vs 6M 2014 revenue was higher mainly due to revenue contribution from Singapore operations included in 6M 2015 and higher revenue from Malaysia operations due to increased number of patient visits

## Revenue - By location/clinic



### Notes:

- 1) ISEC Mal consist of revenue from ISEC Kuala Lumpur and ISEC Penang
- 2) ISEC Eye - revenue from Lee Hung Ming Eye Centre
- 3) ISEC Sing - revenue from ISEC Singapore
- 4) Revenue from ISEC Eye included in FY2013 and FY2014 was based on the assumption that the acquisition of ISEC Eye by ISEC Healthcare Ltd. had occurred on 1 January 2013

### ISEC Mal

- Revenue from Malaysia increased by approximately 15.4% from S\$17.5 million in FY2013 to S\$20.2 million in FY2014 and in the 6 months ended 30 June 2015, revenue was S\$10.7 million

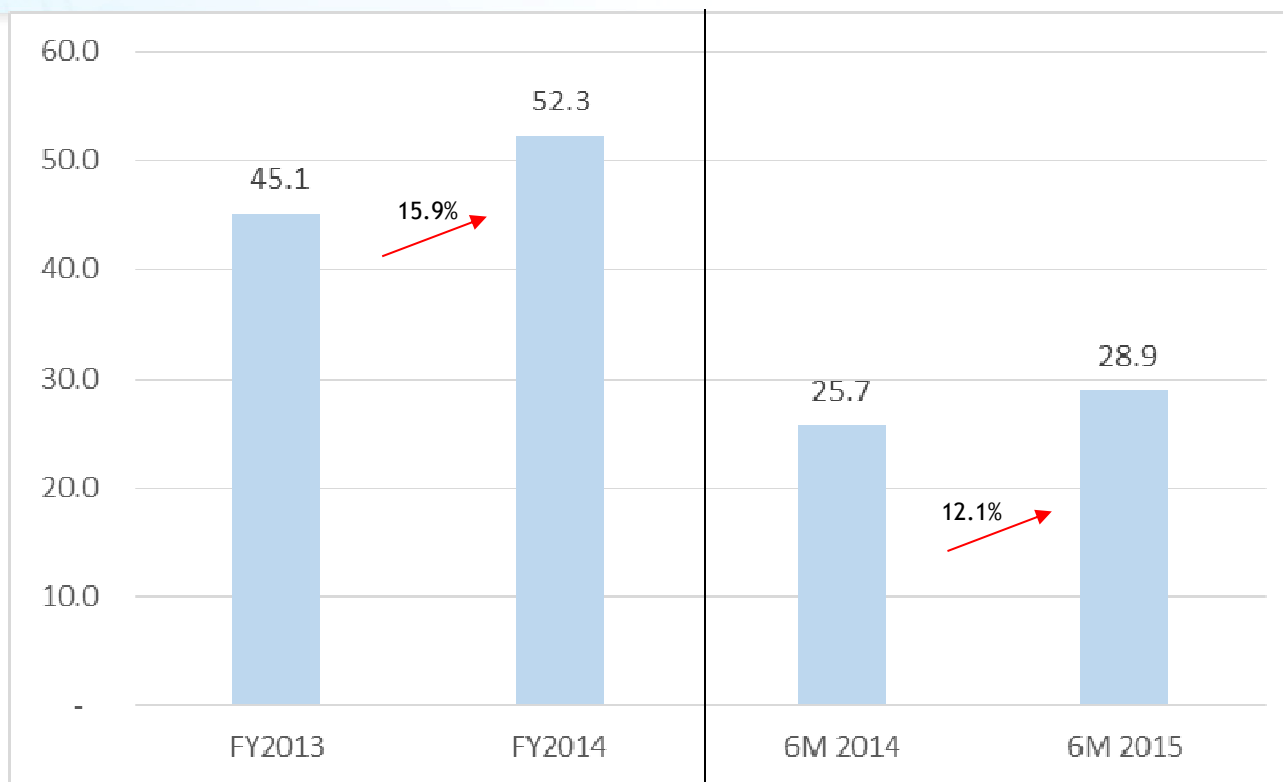
### ISEC Eye

- Revenue from ISEC Eye in the 6 months ended 30 June 2015 was S\$2.5 million

Group revenue increased by 13.9% from of S\$22.3 million in FY2013 to S\$25.4 million in FY2014 and revenue recorded in the 6 months ended 30 June 2015 was S\$13.8 million, mainly due to increased number of patient visits in our clinics

## Revenue - Malaysia

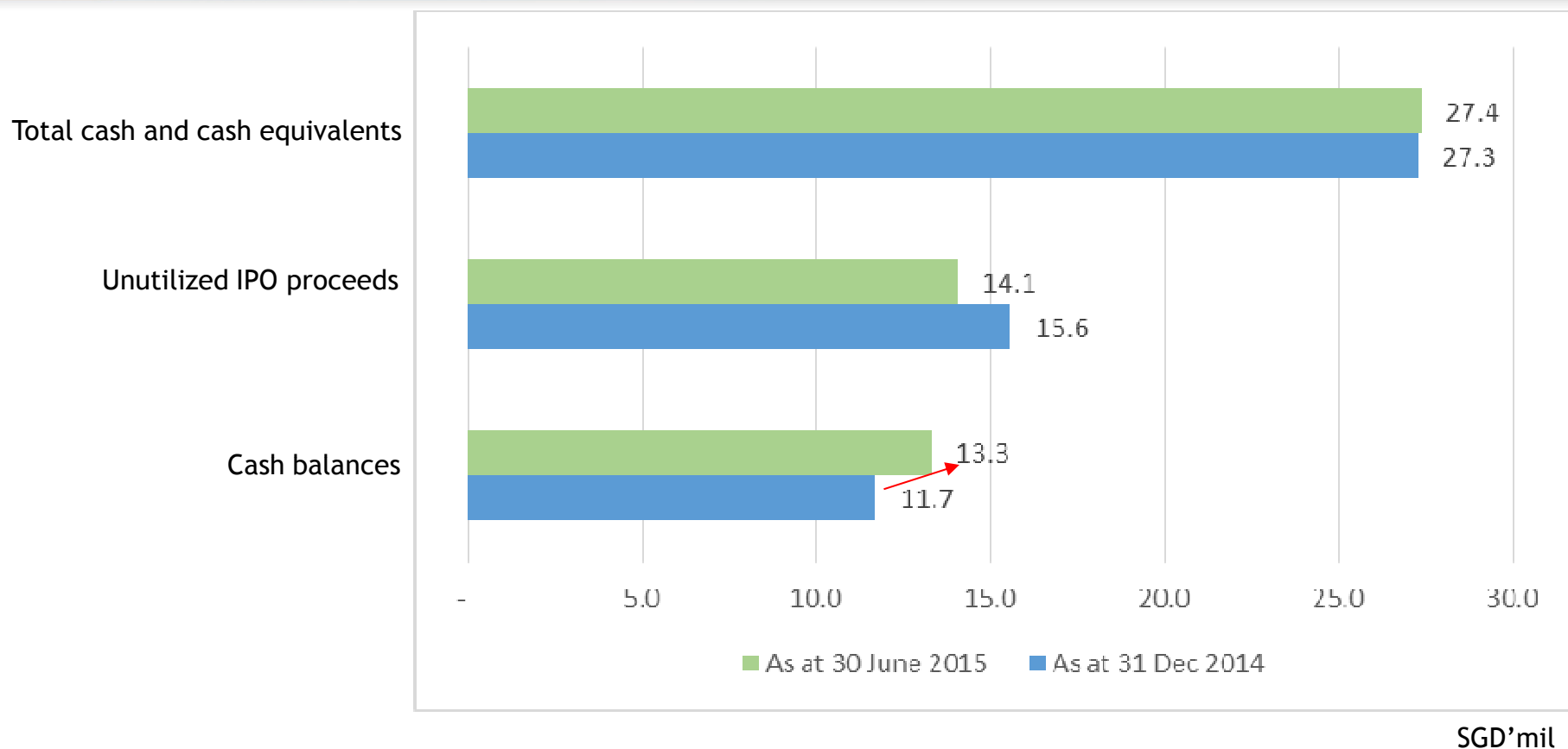
RM'mil



- Revenue contribution from Malaysia operations in Ringgit Malaysia was RM45.1 million in FY2013 and RM52.3 million in FY2014, up by approximately 15.9%, mainly due to upward revision in selling price and increased number of patients visits
- For 6M 2015, revenue was RM28.9 million, up 12.1% from RM25.7 million in 6M 2014 mainly due to increased number of patients visits

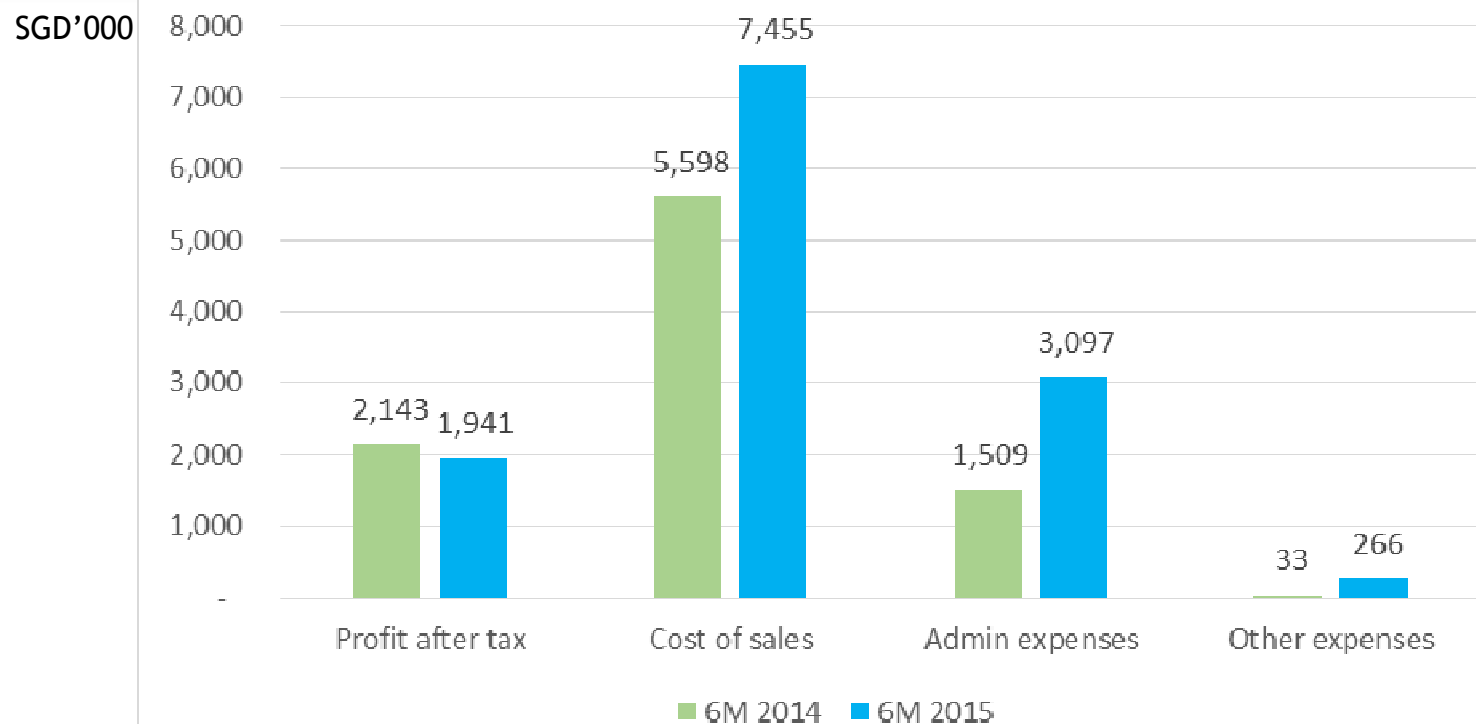
However, the higher revenue contribution from Malaysian operations to the Group was only S\$10.7 million in 6M 2015 from S\$10.0 million in 6M 2014 up by approximately 7.0% (refer to Slide 19) when reported in Singapore Dollar due to weaker Ringgit Malaysia

## Cash Position



- Total cash and cash equivalents as at 30 June 2015 was S\$27.4 million. No debts.
- Cash balances (exclude unutilized IPO proceeds) increased from S\$11.7 million as at 31 Dec 2014 to S\$13.3 million as at 30 June 2015

## Profit After Tax



- **6M 2015 vs 6M 2014** Profit after tax of S\$1.9 million in 6M 2015 was slightly lower when compared to profit after tax of S\$2.1 million in 6M 2014 as higher revenue generated in the period was off-set mainly by higher cost of sales (addition of new doctors and depreciation of medical equipment in ISEC Singapore) and higher administrative expenses (addition of new staff to support the growing business activities of the Group, rental of new corporate office in Singapore and Kuala Lumpur, rental of new clinic in Singapore, depreciation on renovation, furniture and office equipment thereon) and amortisation charge of intangibles assets of S\$266,000 arising from acquisition of ISEC Eye which was non operating related
- Other expenses in 6M 2015 consisted of amortisation of intangible assets while other expenses in 6M 2014 related to loss on disposal of a subsidiary



### 6M 2015 vs 6M 2014

- Gross profit was flat despite higher revenue mainly due to doctors salary incurred in ISEC Singapore (wef. August 2014) and doctor salary in ISEC Eye (Dr Lee Hung Ming's remuneration prior to 26 Sept 2014 was mainly paid as dividend from ISEC Eye)
- Profit after tax was lower in 6M 2015 mainly due to losses in ISEC Singapore as a result of slower sales take off in Singapore, being in a competitive and mature market, rental and administrative cost in ISEC Healthcare Ltd. (office start-up since June 2014), new staff in Malaysia and Singapore to support the increase in Group's activities and amortisation charge relating to intangible assets arising from the acquisition of ISEC Eye (wef. October 2014)
- ISEC Singapore which started operations for approximately 10 months since late August 2014 had faced tough competition as Singapore is a mature market. The Board is of the view that it is in the Company's interest to cease its business operations, as announced on 10 July 2015

## Statement of Financial Position



S\$'000	30 June 2015	31 December 2014
<b>Key Assets</b>		
Plant and equipment	4,379	4,285
Intangible assets <sup>^</sup>	13,111	13,219
Trade and other receivables	2,366	2,570
Cash and cash equivalents	27,357	27,267
<b>Key Liabilities</b>		
Trade and other payables	2,029	2,498
<b>Equity</b>		
Shareholders equity	44,816	43,680

<sup>^</sup> - Arose mainly from the acquisition of ISEC Eye Pte. Ltd. (Intangible assets arose from contractual relationship of S\$5.2 million and goodwill of S\$8.0 million)

	6 months ended 30 June 2015	Year ended 31 December 2014
Per Share Data* (Singapore cents)		
Net Asset Value per share	9.77	9.53
Earnings per share	0.42	0.43
Dividend per share	0.22	0.11
Dividend payout <sup>^</sup>	52.2%	25.6%

\* Based on 458,500,000 shares issued

<sup>^</sup> Based on Group's profit attributable to owners of the parent



**Thank You**