



13 APR, 2020

No slowing down for TMC Life

The Edge, Malaysia

No slowing down for TMC Life

BY SUPRIYA SURENDRAN

The Covid-19 pandemic has not deterred the expansion plans of healthcare group TMC Life Sciences Bhd, which operates its flagship Thomson Hospital Kota Damansara and six fertility centres nationwide under the "TMC Fertility" brand.

In a recent interview with *The Edge*, TMC Life group CEO Nadiah Wan maintains that the group — backed by major shareholder Thomson Medical Group Ltd, which is listed on the Singapore Exchange — is on a sustainable growth path, pandemic notwithstanding.

"We are still targeting double-digit [percentage] growth in revenue every year. There is increased capacity coming for our fertility centres this year, and increased capacity for our hospital next year, so there is definitely headroom for more growth, and we will continue to try to achieve our [annual revenue growth] target," she says.

The group's expansion plans entail the expansion of its Kota Damansara hospital from a 205-bed facility to a larger building with 600 beds, 10 operating theatres, 154 outpatient clinics, 11 delivery suites, two catheterisation laboratories and a cancer centre. Construction is expected to be completed by year-end, and the enlarged hospital is targeted to be operational by the first half of next year.

"As for our preparations for Covid-19, the Ministry of Health (MoH) has already indicated that we will work together, both the public and private sectors, to manage the situation. If the situation [worsens], perhaps the private sector will need to take on some of the load of non-Covid-19 cases while the public sector focuses on the Covid cases. So, we are preparing for that," Nadiah explains.

"We may also see an increase in costs, as we need to safeguard our doctors and nurses, and therefore require full personal protective equipment (PPE). Unfortunately, the cost of these things is increasing, as there is a worldwide shortage."

Thomson Hospital is also one of the few private healthcare facilities that offer drive-through testing for Covid-19 at its premises, but this is not expected to be a major contributor to profit.



Nadiah: Though we are seeing dramatically fewer visits from local patients due to the Covid-19 outbreak, our load factor is still at 80% of the usual amount, which is all right

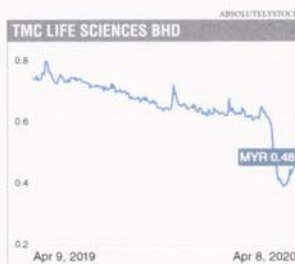
"The price we charge is enough to cover lab costs, PPE and also professional fees paid to the medical staff for performing the procedure. We are offering the testing at cost to support the MoH in its effort to expand community testing," Nadiah says.

Before the onset of Covid-19, the hospital saw a surge in patients in January, owing to the Influenza A outbreak.

"Unlike Covid-19, which was unexpected, influenza is a cyclical thing during the winter months, when people do a lot of travelling because it is the school holidays. So, we did have a massive jump in January because of influenza," Nadiah says.

Global restrictions on travel have put a dampener on medical tourism, which does not bode well for TMC Life because some 15% of its patients are international, with Indonesia, China and Singapore among its largest markets. However, efforts are underway to attract local patients.

"The virus outbreak has impacted medical tourism but we have ramped up our marketing efforts to target the local market. For example, our Chinese New Year fertility package with traditional Chinese medicine did very well with



the locals," says Nadiah.

On whether fertility procedures could be put on the back burner, given the Movement Control Order (MCO), Nadiah agrees that the procedure is elective. But, she adds, it is also time-sensitive.

"Therefore, while we do see some decline during the MCO period, we do not expect it to continue, as patients know that delaying the procedure for too long will impact the success rate.

"Having said that, we are doing what we can to ensure that patients are taken care of, including tele-consultation, medication delivery and implementing safety measures to ensure that our patients and staff are protected."

Nadiah adds that with the fertility clinics being a major contributor to revenue, things balance out when there is a slowdown in the other healthcare services that the company provides.

"Though we are seeing dramatically fewer visits from local patients due to the Covid-19 outbreak, our load factor is still at 80% of the usual amount, which is all right.

"We don't know how long the Covid-19 outbreak will continue, but we expect to see either an upsurge in the number of patients — if the virus gets out of control and [the public sector] focuses on just managing Covid-19 — or the cases going down and normal life resuming."

Thomson Iskandar Medical Hub on track but RTS remains uncertain

On the development of the Thomson Iskandar Medical Hub, which is part of the RM5 billion Vantage Bay Healthcare City project in Johor Baru, Nadiah says piling

works for the 600-bed Hospital Iskandariah have been completed and the group is confident of obtaining all the relevant regulatory approvals for the integrated hub.

"We are still awaiting approval from the local council there but I think, for us, the main uncertainty is the future of the Johor Baru-Singapore rail transit system (RTS) project. For us, part of the value of the business proposition [for the Thomson Iskandar Medical Hub] was to have Singaporeans use their [Central Provident Fund] Medisave for healthcare services in Malaysia. We see that happening at our fertility clinic in Johor Baru, where almost half of our patients are from Singapore — either working there or are Singaporeans.

"The RTS connection is very important to us because there are already a number of private hospitals in Johor. We are confident of regulatory approvals for the medical hub but, for the RTS, we will have to wait and see. If the rail project is confirmed, we are committed to completing the hospital within two to three years after the RTS is fully operational," says Nadiah.

Bukit Chagar, which is located near the medical hub and Woodlands Causeway, will be the main transport centre for Johor Baru if the RTS goes through. The project is supposed to be completed by 2024, but it has fallen behind schedule and is reported to be suspended until end-April.

If the project gets back on track, it will be a huge boost for TMC Life's growth. The company recently changed its financial year-end from Aug 31 to June 30 to coincide with that of Thomson Medical Group, which controls 70% of it.

In FY2019, TMC Life reported a net profit of RM21 million, down 25% year on year, owing mainly to the utilisation of brought-forward capital allowances, higher investment tax allowance utilisation, over-provision for deferred tax in previous years and the effects of a higher Real Property Gains Tax in 2019. Revenue rose 15% year on year to RM195 million.

The across-the-board decline on Bursa Malaysia due to the Covid-19 pandemic has pushed down TMC Life's share price 23% year to date, reducing the company's market capitalisation to below the RM1 billion mark. It closed at 48.5 sen last Wednesday, putting TMC Life's worth at RM845 million. ■



13 APR, 2020

No slowing down for TMC Life

The Edge, Malaysia



Page 2 of 2

SUMMARIES

The Covid-19 pandemic has not deterred the expansion plans of healthcare group TMC Life Sciences Bhd, which operates its flagship Thomson Hospital Kota Damansara and six fertility centres nationwide under the "TMC Fertility" brand.