

# FY2024/25 INTERIM RESULTS

INVESTOR  
PRESENTATION

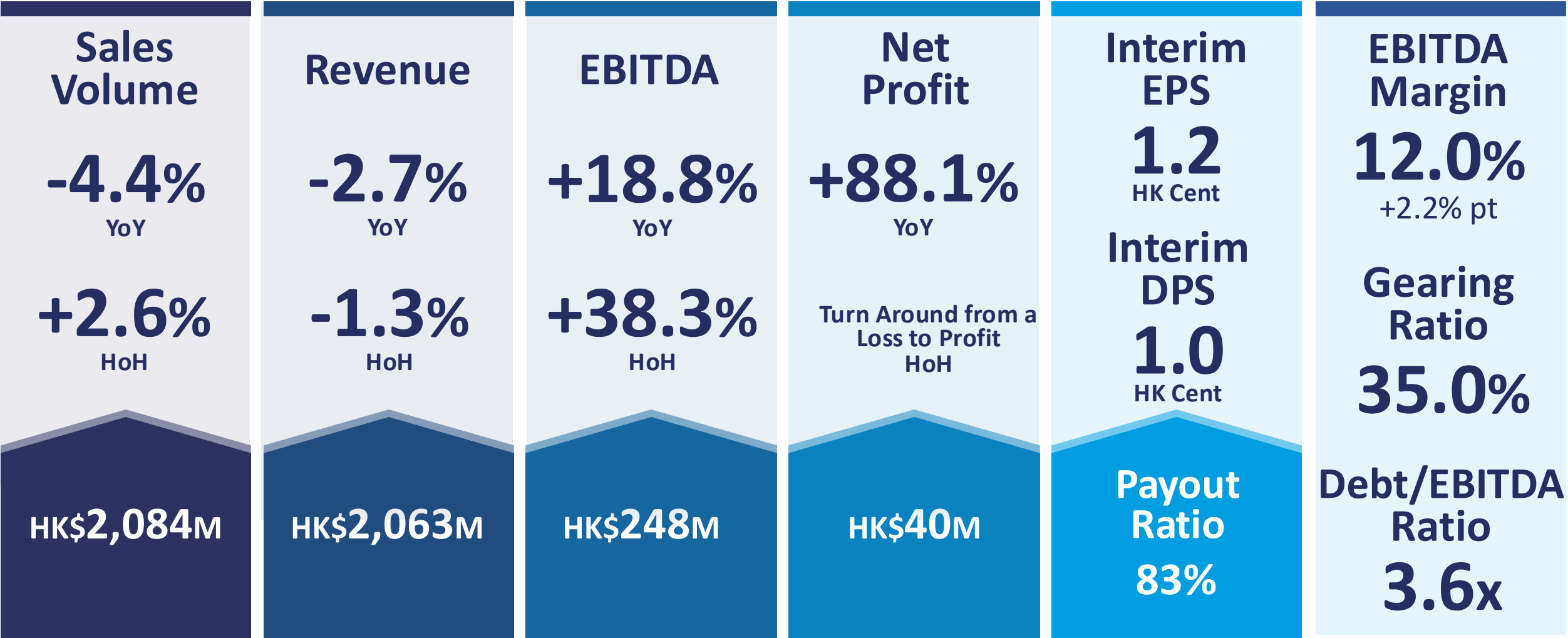
28 November 2024

# Financial Performance

## Key Financial Highlights

YoY: FY24 1H vs FY25 1H

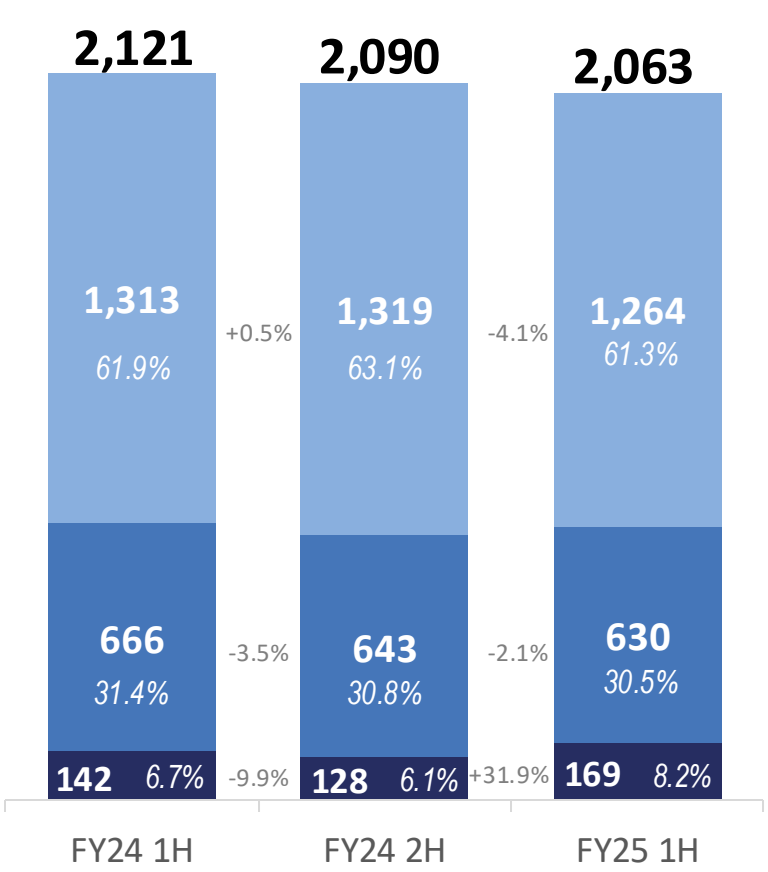
HoH: FY24 2H vs FY25 1H



## Revenue Mix

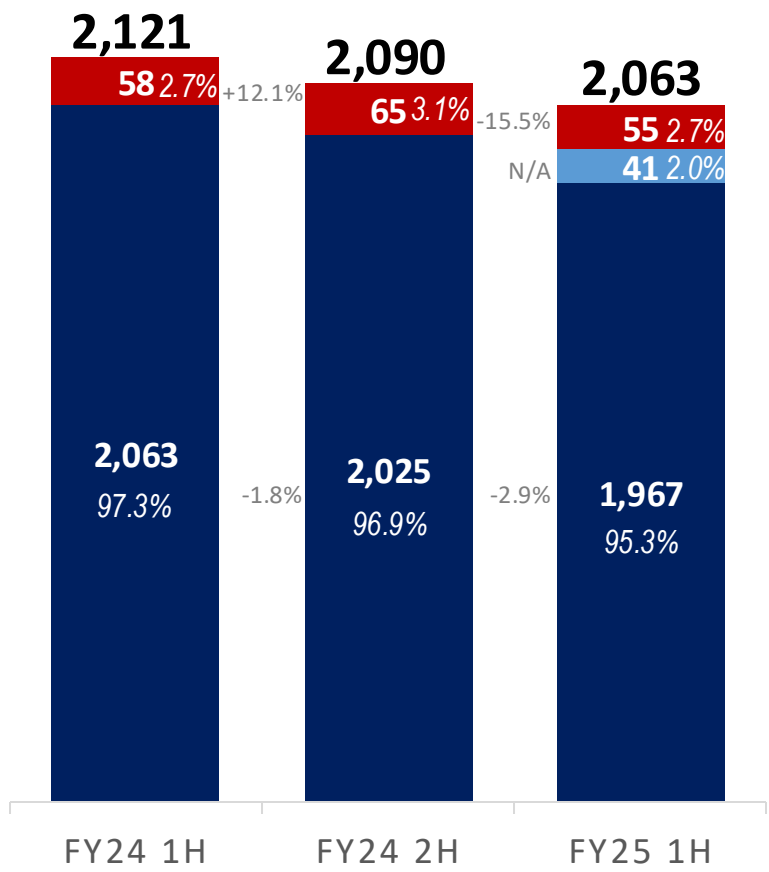
HK\$ M

- Medical
- Aesthetic Medical and Beauty and Wellness
- Other<sup>1</sup>




HK\$ M

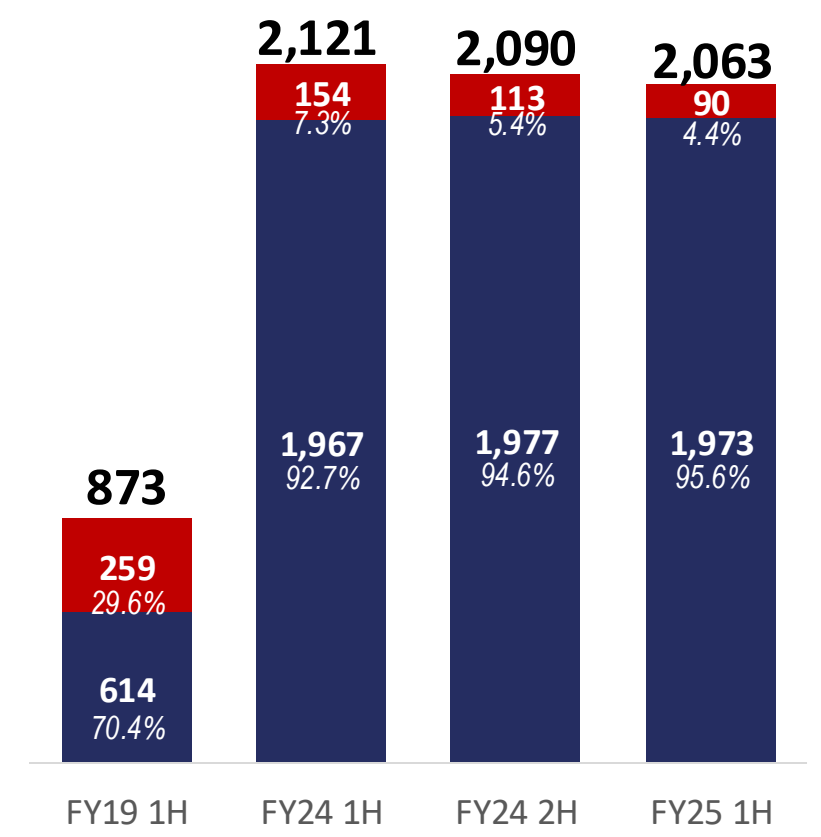
- Chinese Mainland
- Taiwan
- Hong Kong & Macau



HK\$ M

- Cross Border Mainland China Visitors (MCV) in HK & Macau<sup>2</sup>
- HK Locals, Macau Locals, Taiwan Locals & Chinese Mainland Locals

 22,653   
  18,391   
  15,769   
  10,879  
 HK\$11.0K   
  HK\$8.4K   
  HK\$7.1K   
  HK\$8.3K



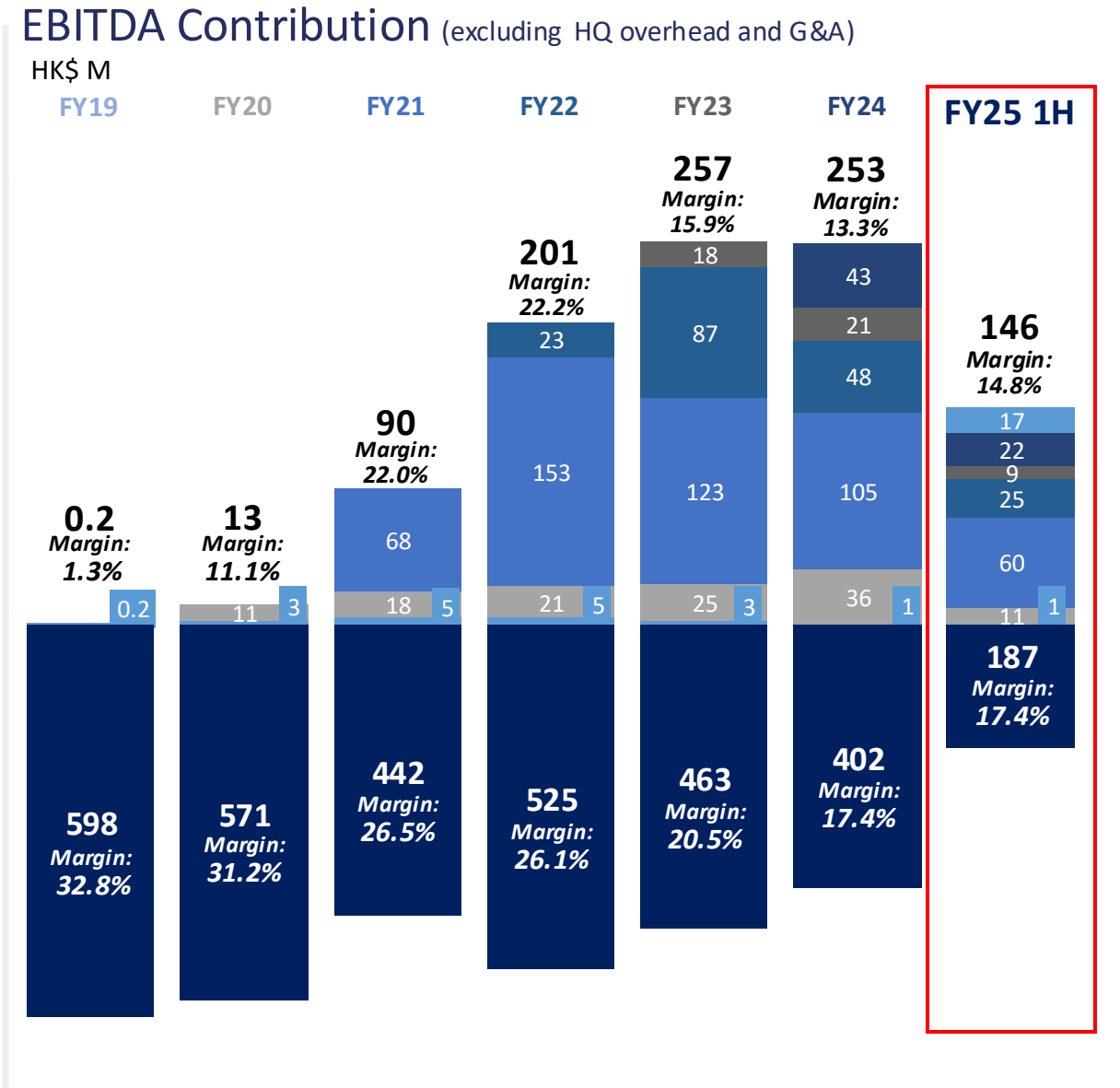
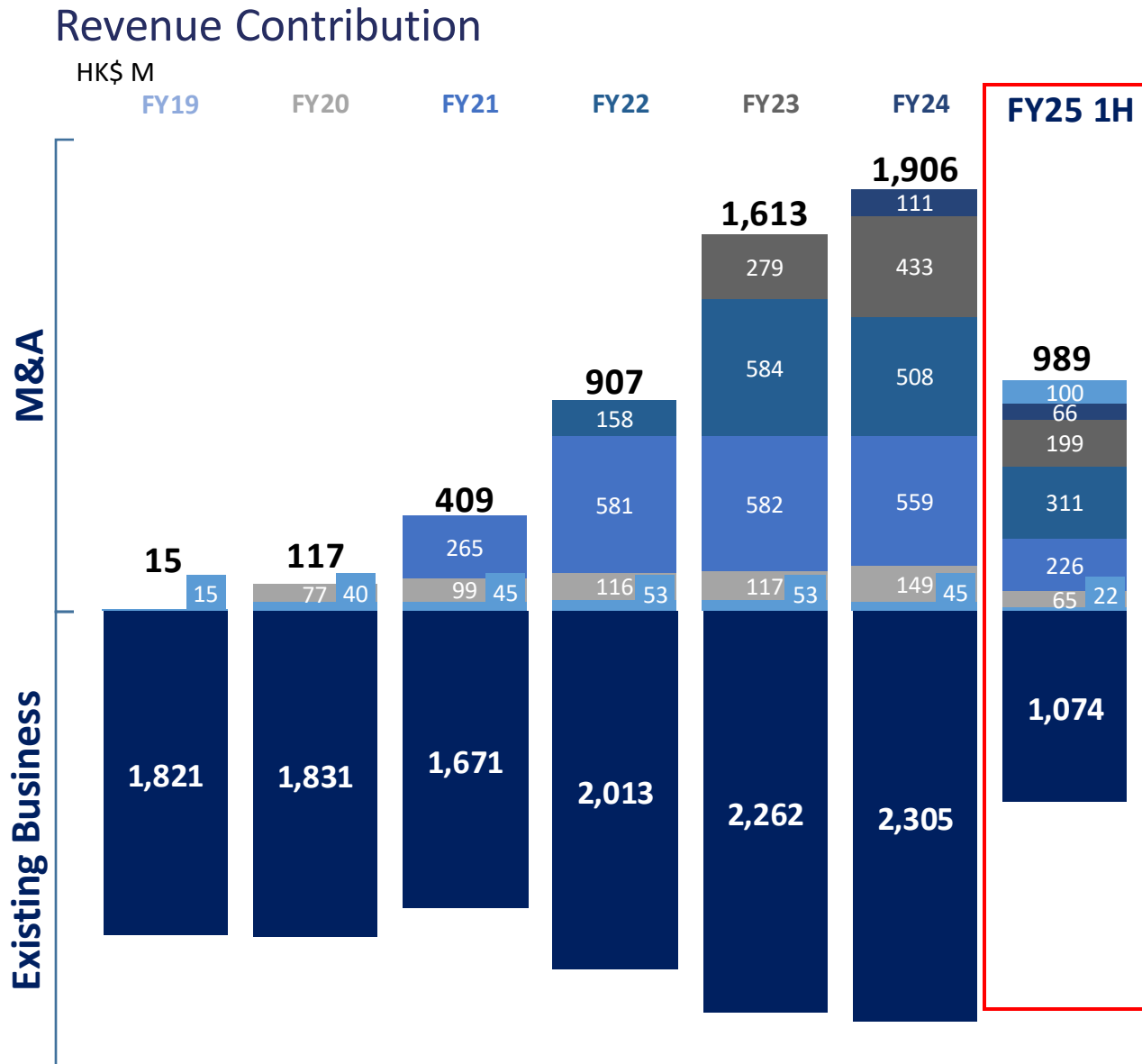
1. Including multi-channel networking and related services and veterinary services  
 2. MCV related data are among 32 retail brands

# Operation Highlights - Cost Structure and Margin Recovery

	FY24 1H	FY24 2H	Margin Recovery	FY25 1H	Roll-up Strategies	FY25 2H	FY25
<b>Revenue (HK\$ M)</b>	<b>2,121</b>	<b>2,090</b>	<ul style="list-style-type: none"> <li>Disposing of under-perform assets</li> <li>Delivering medical services of higher value</li> </ul>	<b>2,063</b>	<ul style="list-style-type: none"> <li>TTIPP partnership</li> <li>Increasing GDP and medical expenditure</li> <li>Expedite M&amp;A assets integration and organic growth</li> </ul>	<b>1,969</b>	<b>4,032</b>
<b>Cost of inventories &amp; Consumables</b>	<b>15.7%</b>	<b>16.0%</b>	<ul style="list-style-type: none"> <li>M&amp;A of consumable distribution businesses kicking in</li> <li>Inflation on medical consumables</li> </ul>	<b>17.8%</b>	<ul style="list-style-type: none"> <li>Central procurement to offset inflationary pressure</li> <li>Upstream supplier partnership and integration</li> </ul>	<b>19.8%</b>	<b>18.8%</b>
- Service segment	14.6%	15.2%		14.7%		14.7%	14.7%
- Distribution segment	49.8%	38.1%		54.7%		58.0%	56.0%
<b>Rental &amp; related expenses *</b>	<b>10.1%</b>	<b>10.4%</b>	<ul style="list-style-type: none"> <li>Consolidation service space from 657,000 sq ft in FY24 to 619,000 sq ft as of 30 Sep 2024</li> </ul>	<b>9.2%</b>	<ul style="list-style-type: none"> <li>Consolidating overlapping &amp; synergetic service points</li> <li>Ramping-up new stores before further expansion</li> </ul>	<b>9.0%</b>	<b>9.1%</b>
<b>Marketing &amp; advertising expenses</b>	<b>5.1%</b>	<b>4.8%</b>	<ul style="list-style-type: none"> <li>Stringent control on the return of investment in social media and advertising costs</li> </ul>	<b>4.5%</b>	<ul style="list-style-type: none"> <li>CRM to enhance CLV</li> <li>Outsourcing supporting functions</li> </ul>	<b>5.3%</b>	<b>4.9%</b>
<b>Employee benefit expenses</b>	<b>25.2%</b>	<b>24.3%</b>	<ul style="list-style-type: none"> <li>Reduction of headcount by 469 from FY23 baseline operation</li> <li>Lift up talents productivity per headcount</li> </ul>	<b>23.0%</b>	<ul style="list-style-type: none"> <li>Shift HK back-office staff to Shenzhen Headquarters</li> <li>Workflow optimization and AI automation</li> </ul>	<b>22.3%</b>	<b>22.6%</b>
<b>Registered practitioner expenses</b>	<b>27.8%</b>	<b>27.8%</b>	<ul style="list-style-type: none"> <li>Optimize practitioner terms</li> <li>Enhance doctors' productivity by roster optimization</li> </ul>	<b>26.3%</b>	<ul style="list-style-type: none"> <li>Ramping up of new clinic</li> <li>TTIPP strategies execution</li> <li>Commercial terms optimization</li> </ul>	<b>26.6%</b>	<b>26.5%</b>
<b>Administrative &amp; other expenses</b>	<b>5.1%</b>	<b>5.3%</b>	<ul style="list-style-type: none"> <li>One-off expenses in service points relocation</li> <li>One-off legal fee in connection with different transactions</li> </ul>	<b>6.1%</b>	<ul style="list-style-type: none"> <li>Productivity focus</li> <li>Outsourcing of non-core admin function</li> <li>Stringent cost control</li> </ul>	<b>6.8%</b>	<b>6.5%</b>
<b>EBITDA Margin</b>	<b>9.8%</b>	<b>8.6%</b>		<b>12.0%</b>		<b>16.9%**</b>	<b>14.4%**</b>
<b>Depreciation of owned PP&amp;E</b>	<b>4.0%</b>	<b>4.4%</b>	<ul style="list-style-type: none"> <li>Remained stable due to disciplined capital expenditure management</li> </ul>	<b>4.5%</b>	<ul style="list-style-type: none"> <li>Assume limited organic expansion</li> </ul>	<b>4.3%</b>	<b>4.4%</b>
<b>Amortisation of IA</b>	<b>2.4%</b>	<b>2.8%</b>	<ul style="list-style-type: none"> <li>Increase with M&amp;A transactions</li> </ul>	<b>2.8%</b>	<ul style="list-style-type: none"> <li>Assume no M&amp;A execution</li> </ul>	<b>2.8%</b>	<b>2.8%</b>
<b>Finance costs</b>	<b>1.9%</b>	<b>2.9%</b>	<ul style="list-style-type: none"> <li>Optimizing cost of capital</li> </ul>	<b>2.4%</b>	<ul style="list-style-type: none"> <li>Interest rate at peak in 1H FY25</li> </ul>	<b>2.2%</b>	<b>2.3%</b>
<b>Net Margin</b>	<b>1.0%</b>	<b>-0.3%</b>		<b>2.0%</b>		<b>8.1%</b>	<b>5.0%</b>
<b>Minority Interest</b>	<b>0.7%</b>	<b>1.0%</b>	<ul style="list-style-type: none"> <li>Increase with M&amp;A transactions</li> </ul>	<b>1.3%</b>	<ul style="list-style-type: none"> <li>Implement new recharge model to M&amp;A assets</li> </ul>	<b>0.9%</b>	<b>1.1%</b>

\* Including depreciation of right-of-use assets

\*\* Projected FY25 2H and FY25 including pro-form impact of a gain of disposal of HK\$330M from the divestment of New Medical Centre Limited and Hong Kong Medical Advanced Imaging (TST) Limited to AIA Group Limited (1299 HK)



# Financial Performance - M&A Strategy & EBITDA to Net Profit Waterfall

HK\$ M	FY19	FY20	FY21	FY22	FY23	FY24	FY25 1H	DISCIPLINED CAPITAL RECYCLING
M&A	0.2	13	90	201	257	253	146	
Existing Business (recap)	598	471	442	525	463	402	187	<p>▲ JUN / 2024 Disposal of obstetric &amp; gynaecology business in HK</p>
Sub-total	598	584	532	726	720	655	333	
HQ Overhead and G&A	88	124	135	190	283	267	85	
Impairment	7	-	-	-	7	-	-	<p>▲ SEP / 2024 Disposal of physiotherapy business in HK</p>
Reported EBITDA	503	460	397	536	430	388	248	
Amortisation	13	13	32	71	98	109	57	<p>▲ NOV / 2024 Announced disposal of specialty poly clinic and imaging center to strategic partner in HK</p>
Depreciation	49	70	78	96	137	177	93	
Finance Cost	3	18	24	49	64	101	49	
Net Profit	385	310	226	270	107	16	40	

## M&A Strategy



**LONG TERM PARTNERS**



**NON-100% BUYOUT**




**STABLE BUSINESS**




**HIGH EBITDA MARGIN**

Goodwill <b>HK\$986M</b>	Weighted Avg. % stake <b>62%</b>	Weighted Avg. PS multiple <b>1.5x</b>	Number of fully integrated M&As <b>12/23</b>	Weighted Avg. remaining useful life of IA as of 1H FY25 <b>6.2 years</b>	▲ UPSTREAM
Intangible Assets <b>HK\$594M</b>	Weighted Avg. PE multiple <b>9.7x</b>	Weighted Avg. net profit guarantee period <b>3.8 Years</b>			▼ DOWNSTREAM


**Suppliers**



**Distribution**

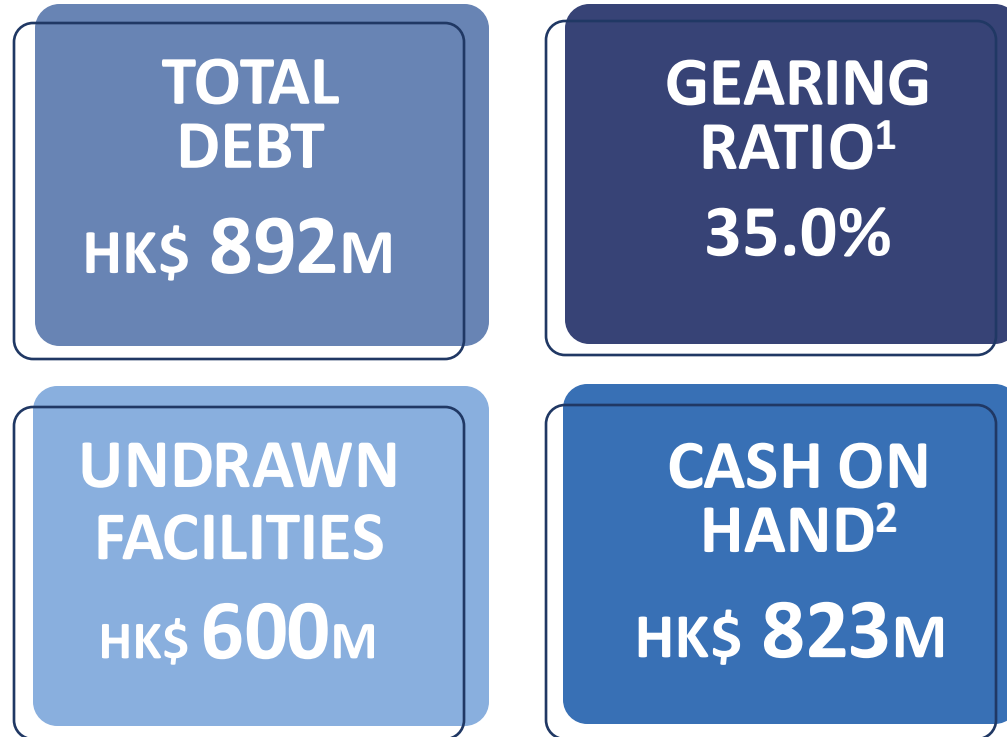


**Customer**



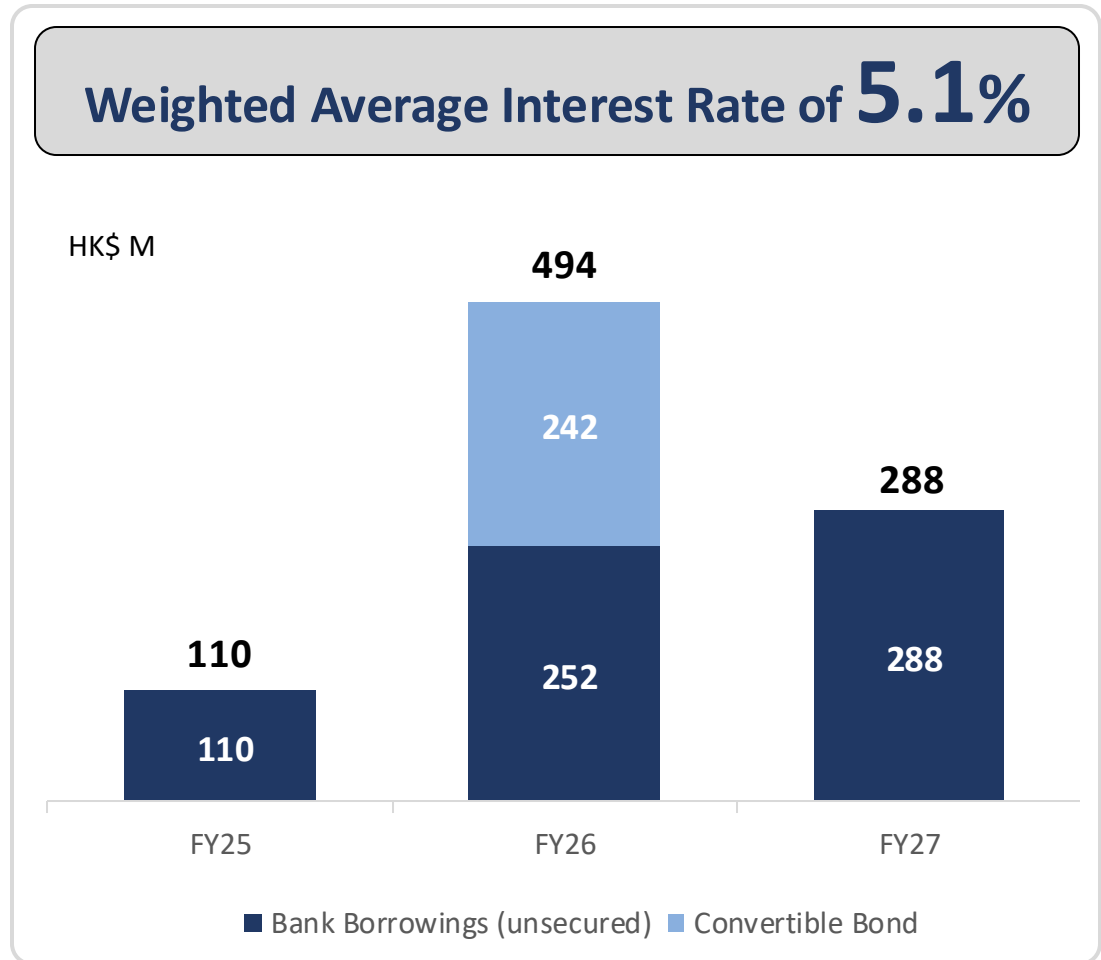
## Capital Management

### Capital Structure as at 30 Sep 2024



1. Total debt excluding lease liabilities relating to properties leased for own use divided by total equity  
2. Cash and equivalents

### Debt Maturity Profile as at 30 Sep 2024





# Operation Highlight



No. of Service Points  
**171**



No. of Specialist Discipline & Veterinary Discipline  
**39 + 6**

Repurchase Rate <sup>2</sup>  
**75.7%**



Existing Customer Revenue Contribution <sup>3</sup>  
**71.1%**

Total GFA  
-11.3% YoY  
**619,000**  
sq ft



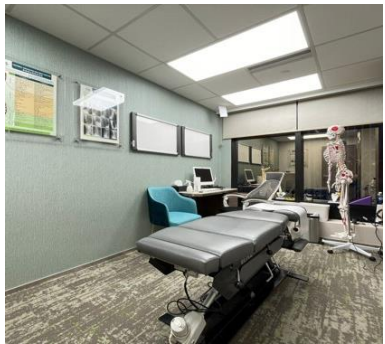
Registered Doctors & Vets  
**325 + 59**



Customers' Satisfaction Rate <sup>4</sup>  
**99.98%**



No. of Customer Visit <sup>1</sup>  
**820,298**



Avg. Spending per Customer Visit <sup>1</sup>  
**HK\$2,348**



Number of Lifetime Cross Brand Customers <sup>5</sup>  
**38.9%**

1. Based on sales volume for period among 37 brands, excluding non-retail brands

2. Customers of FY24 contribution in FY25 divided by the total revenue in FY24

3. Revenue contribution by existing customers to the total revenue for the year

4. 100% minus the percentage of material unfavourable feedback of total revenue for the year

5. Number of unique customers purchased services from more than 1 brand divided by total number of unique customers since 2018 among 34 brands

# FY23 Baseline Operation Cost Structure Rationalization

- Excluding new M&A from FY23 / 24
- Excluding new organic expansion in FY23 / 24
- Surecare & new distribution business
- AMAH Vet Hospital



## 1 Registered Practitioner & Employee Benefit Expenses

- Total Headcount reduction: **469**
  - Back-office (219);
  - Front-line (250)

1H FY25  
Vs 1H FY23

**HK\$97M**

- Full year effect from FY25 headcount reduction
- Factored in salary increase & additional manpower to ramp up baseline operation

**HK\$185M**



## 2 Rental & Related Expenses

- Rent reduction: ~**123,000 sq ft**
- Space returned: ~**125,000 sq ft**  
Returned service points:
  - Medical (14);
  - Aesthetics & Beauty (8);
  - Dental (5);
  - Pain Management: (4);
  - Vet (1);
  - Warehouse (6);
  - Office (3)

**HK\$22M**

- Full year effect from previous rental rates & space reduction
- Rent reduction: **123,000 sq ft**
- Space return: **165,000 sq ft**

**HK\$57M**



## 3 Cost of Goods Sold

- Service Mix
- Cost Optimization
- Implementation centralized procurement

**No Savings**

- Kick start centralized procurement with inflation pressure

**HK\$0M**



## 4 Administrative & Other Expenses

- Stringent governance on ad-hoc expenditure
- BPR & automation

**HK\$9M**

- Pressing on tight cost control with inflation pressure
- Scaling up digital transformation with strategic outsourcing

**HK\$5M**

**Executed Saving  
1H FY23  
Baseline**

**VS**

**1H FY25**

**HK\$ 128M**

**Projected FY25  
vs FY23**

**HK\$ 247M**

vs target HK\$225M

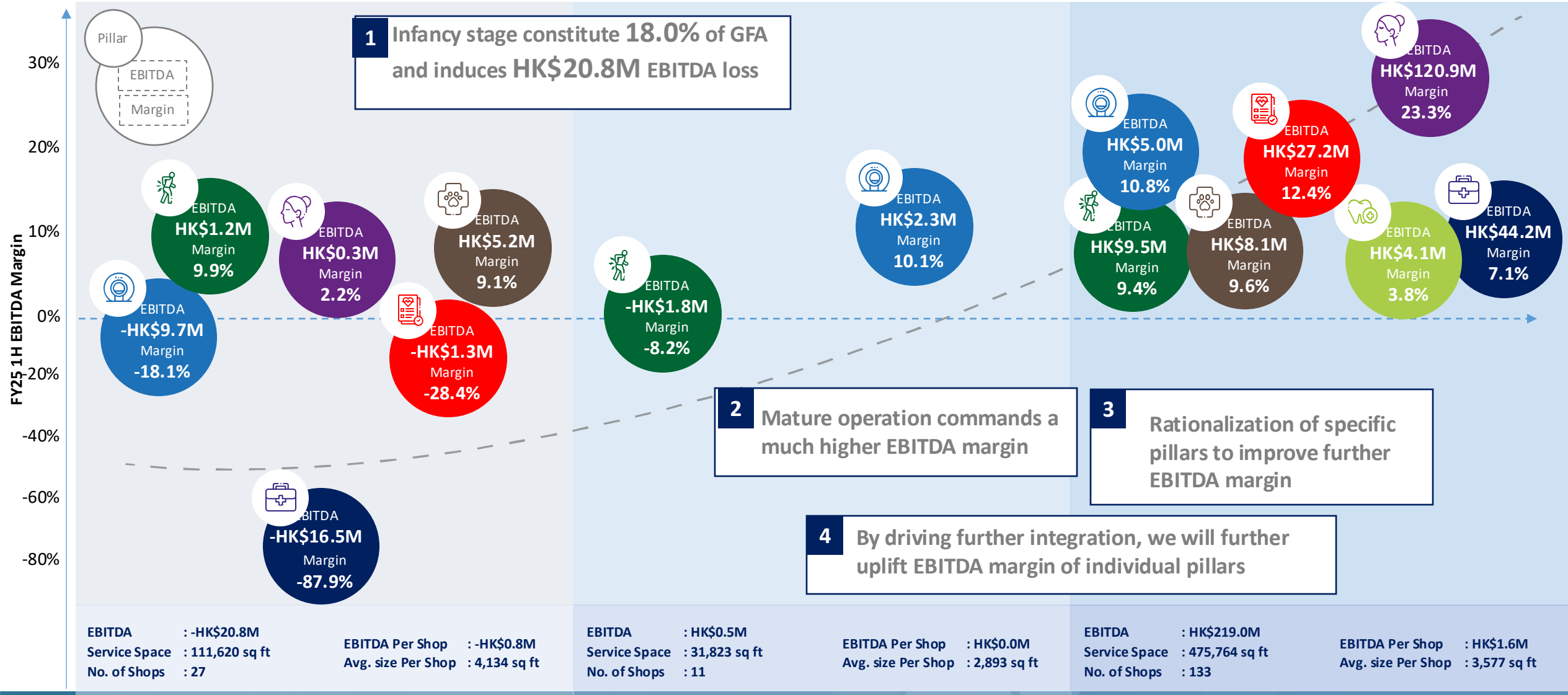
# Key Sub-Pillar Business Performance (Including HQ Overhead and G&A)



## INFANCY (0 – 24 months)

## DEVELOPING (25 – 48 months)

## MATURE (Beyond 48 months)



\* Excluding non-retail 5 BUs with HK\$161M revenue

# Key Sub-Pillar Business Half-on-Half Performance (Including HQ Overhead and G&A)

1H FY25 vs. 1H FY24	INFANCY (0 – 24 months)	DEVELOPING (25 – 48 months)	MATURE (Beyond 48 months)
Change in	EBITDA (HK\$M) YoY	EBITDA (HK\$M) YoY	EBITDA (HK\$M) YoY
Aesthetic Medical	2 +3.9	-	3 -18.3
Dental	-	-	+10.1
Health Screening & Lab	+0.9	-	+20.8
Imaging	-1.3	-0.7	+2.7
Medical Specialty	-1.2	-	+0.1
Pain Management	-2.4	-1.3	-5.1
Veterinary	+11.0	-	1.2
	<b>+10.9</b>	<b>-2.0</b>	<b>+11.5</b>
1	<b>Operating EBITDA increased <u>HK\$20.5M</u></b>		

1 Vast Improvement of HK\$20.5M if we compared 1H FY25 vs 1H FY24

2 Overall operations in infancy stage achieved satisfactory ramp up

3 Mature Medical shops also see further improvement with business development, consolidation and operation optimization

\* Excluding non-retail 5 BUs with HK\$161M revenue

## 1 Business Development

- 2022-2023 Hong Kong's medical expenditure represents a HK\$284B, spanning across public, insurance, corporate medical and direct customers.
- Leverage on our comprehensive proposition, invested in capacity building with one-stop service model to gain larger market share

## 2 Operational Excellence

- Scalability & Productivity-Focused
- Leverage on technology to step up integration and consolidation of overlapping & synergetic operations in proximity

## 3 Digital Transformation

- Leverage data and digital tech to optimize customer services and operational processes
- Co-create innovative service and products via stronger connectivity with TTIPP partners

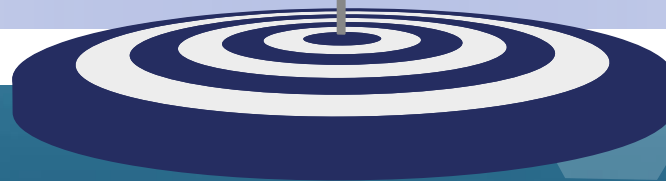
## Approach

Gaining momentum with >40% medical revenue contribution from B2B, B2I, B2G

- B2C Cross-Pillar Product Proposition to enhance CLV
- B2B (Corporate) 24x7 self-service booking, wellness and medical
- B2I (Insurance) Strategic partnership with digital integration
- B2G (Government) 21 programs and tenders

- Talent Productivity Cost per service/ customers
- Asset Utilization Rent & Equipment (Imaging, Lab, Procedure Centre)  
Day
- Cost Efficiency Centralization
- Process Efficiency Automation, Business Process Re-engineering
- Governance Operational Standard, Safety & Data Privacy

- Omni-Channel Marketing Personalization, speed to market, lower cost of acquisition / conversion
- Procurement Centralized inventory, warehouse & procurement
- Human Resources Centralized payroll, roster and employee benefit management



Technology

Telecommunication

Insurance

Property

Pharmaceutical



FUNG HOUSE



EC HEALTHCARE TOWER  
(Central)

- “Fung House” located at 19-20 Connaught Road, Central, Hong Kong has been renamed as the “EC Healthcare Tower (Central)” on 1 June 2024, signifies the Group’s first step in strategic positioning in Hong Kong’s four key prime medical districts



KERRY  
LOGISTICS  
嘉里物流

- KERRY LOGISTIC launched phase 1 of centralised warehouse, inventory and logistics management





# Strategy & Outlook




## 1 Strong Discipline in Post-M&A integration

-  Diligent post-M&A integration of maturing assets into EC Healthcare's one-stop healthcare service platform via corporatization strategy
-  Strong governance to manage synergy creation across financial, operation & customer proposition.
-  Stringent management and disposal of non-core, underperforming assets or misaligned partners

## 2 Clear Focus on Capital Recycling & Allocation towards Upstream Investments

-  Seek investments with positive valuation carry.
-  Target investments that are EBITDA margin accretive (higher than the group level).
-  Prioritize investments with clear post-M&A consolidation opportunity with scalability
-  Create synergetic value for the group's existing business and acquired assets, such as cost savings on consumables.

## 3 Distribute Excess Cash as Dividends

-  Return surplus cash to shareholders through dividend payouts



**Leading market consolidator with strong earning growth in medium term**

**2020.05**

Acquisition of  
New Medical Centre Limited



Tsim Sha Tsui

**Finance**

- Financial Planning
- Cost Efficiency Enhancement
- Capital Management



**Sales**

- Pre-payment Model
- 1v1 VIP Sales
- Corporate Sales Team
- Sales Force Sharing



**Marketing**

- Omni Channel
- Multi-Branding
- Go-to-Market



**CS**

- 24 x 7 Call Centre
- Concierge Service
- Digitalized Journey



**IT**

- Operation System
- Digital Transformation
- B2C Touchpoints



**HR**

- Talent Strategy
- Staff Development
- Company Culture



**Operation**

- Product Matrix
- Business Expansion
- Risk Management
- Best Practice Sharing



**2024.11**

**Valuation Up 4x to HK\$858M**

**36%**  
Exit IRR

**HK\$330M**  
Disposal Gain



**Additional Value from Long-Term Strategic Partnership**



**Professional Exit with Strong Partnerships Spirit to our Partners**

## Highlight Sub-pillars which could be attractive to Strategic Partners:

Scalable	Rising insurance penetration	Rising digitalisation data	Growing demand
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## Categorized 23 assets with brands into 8 sub-pillars since FY19

Aesthetic Medical		Dental		Health Screening & Lab		Imaging	
	HK\$203M Investment cost		HK\$145M Investment cost		HK\$527M Investment cost		HK\$12M Investment cost
Distribution	HK\$328M Historical valuation	 	HK\$250M Historical valuation		HK\$706M Historical valuation		HK\$12M Historical valuation
Medical Specialty		Pain Management		Veterinary		Non-core	
	HK\$333M Investment cost		HK\$52M Investment cost		HK\$119M Investment cost		HK\$25M Investment cost
	HK\$604M Historical valuation		HK\$102M Historical valuation		HK\$223M Historical valuation	Multi-Channel Networking	HK\$42M Historical valuation

Unlock ECH Platform & Asset Values TTIPP Partners

Tech	Telecom	Insurance	Pharmaceutical	Property

Total Investment Cost **HK\$1,416M**

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Total Historical Valuation **HK\$2,267M**

## Chairman Message

**Market Remains Lucrative in Long-Run Amid Local Economic and Global Uncertainties**



**Increasing Policy Support**



**Growing Demand for Healthcare**



**Infrastructure Expansion**



**Talent & Practitioner Cost Efficiency**

# Appendix

# Key Financial Metrics

	For the six months ended 30 September		
	FY24 1H	FY25 1H	Changes
<b>Basic Earnings per share (HK cents)</b>	<b>0.6</b>	<b>1.2</b>	<b>+100%</b>
EBITDA margin	9.8%	12.0%	+2.2 p.pt
Net profit margin	1.0%	2.0%	+1.0 p.pt
<b>Dividend per share for the year (HK cents)</b>	<b>0.5</b>	<b>1.0</b>	<b>+100%</b>
Return on equity <sup>1</sup>	1.8%	1.6%	-0.2 p.pt
Return on average total assets <sup>2</sup>	0.4%	1.5%	+1.1 p.pt
<b>Financial position</b>	<b>31 Mar 24</b>	<b>30 Sep 24</b>	
Current ratio	0.92x	1.08x	+17.4%
Gearing ratio (Debt <sup>3</sup> divided by equity)	38.3%	35.0%	+3.3 p.pt
Quick ratio	0.85x	0.99x	+16.5%
<b>Cash Conversion Cycle (days)</b>			
Average creditors' turnover days	41	42	+2.4%
Average debtors' turnover days	21	27	+28.6%
Average inventory turnover days	53	62	+17.0%

**Notes:**

1. Profit for the period (annualised) or year divided by total equity
2. Profit for the period (annualised) or year divided by average of total asset at the beginning of the financial year and end of the period
3. Total debt excluding lease liabilities relating to the properties leased for own use

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