

FOR IMMEDIATE RELEASE

Thomson Medical Group's Kiat Lim Leads Acquisition of Vietnam's FV Hospital in Largest Healthcare Deal in SEA since 2020

- *The acquisition is the largest-ever transaction in Vietnam's healthcare sector*
- *This investment paves way for the Group's expansion across SEA*

Singapore, 12th July 2023 – SGX Mainboard-listed healthcare group Thomson Medical Group Limited (“TMG” or the “Group”), announced today that it has agreed to acquire Vietnam's FV Hospital for up to US\$381.4 million (or approximately S\$517.1 million), marking the country's biggest healthcare transaction to-date and Southeast Asia's largest healthcare acquisition since 2020. The deal highlights the growing significance of Vietnam's burgeoning healthcare market and TMG's continued commitment to expand its footprint in the region.

Under the terms of sales and purchase agreement, TMG has agreed to acquire 100% of Far East Medical Vietnam Limited (“FEMV”). FEMV operates a range of healthcare facilities in Vietnam, including the multi-disciplinary tertiary FV Hospital and a network of primary and specialist clinics.

Based on the Initial Consideration of approximately US\$359.6 million (or approximately S\$487.5 million and after price adjustments, this translates into an enterprise value (“EV”) of US\$328.5 million (or approximately S\$445.3 million). Based on the FY2022 EBITDA of US\$19.5 million, this translates into an EV/ EBITDA of 16.8x. The purchase will be funded via the Group's internal resources and external borrowings from financial institutions and debt capital markets.

“The acquisition of FV Hospital deepens our commitment to the Southeast Asian healthcare sector, expanding our Group's presence across three of the region's most important geographies in healthcare. FV Hospital provides a strategic foothold for us in Vietnam and a gateway to grow and focus on future investments in this fast-growing market,” said Kiat Lim, TMG's Executive Vice-Chairman, who first initiated discussions with FV Hospital some six months ago.

FV was founded by Dr Jean-Marcel Guillon in 2003 with a group of French physicians who shared the vision of bringing world class healthcare to Vietnam. Located in the burgeoning District 7 of Ho Chi Minh City, FV Hospital has evolved into a full-service, one-stop provider of quality healthcare for patients locally, as well as from Cambodia.

FV Hospital was the first Joint Commission International (“JCI”) accredited hospital in South Vietnam, and has been accredited twice over, a testament to its commitment to clinical quality and patient centric service across its decades-long history.

FV Hospital provides care across over 30 medical specialties, including oncology, cardiology, ophthalmology, orthopaedics, maternity, and gastroenterology. It has close to 200 operating beds as at 31 December 2022 and is currently undertaking an expansion which will entail a 7-floor structure appended to the existing FV Hospital building (“H Building”). The H Building will house the extension of the cancer centre with the addition of advanced capabilities like PET scan, a CyberKnife and a bone marrow transplant unit. It will also be home to new activities like IVF and dialysis, and the extension of outpatient services in cardiology, urology, maxillo-facial and gastroenterology.

The FV Group currently has over 1,600 staff, which includes more than 200 Vietnamese and expatriate doctors. FV Hospital also operates, since 2013, an outpatient clinic known as FV Saigon Clinic at the heart of District 1, Ho Chi Minh City’s traditional business district. The American Chiropractic Clinic Ltd (“ACC”) business consists of a network of four clinics across Vietnam, which was acquired in 2022 to allow for expansion into chiropractic services and the development of sports medicine.

“We would like to express our appreciation for the support and collaborative partnership we have had with Quadria. Together, we have embarked on a journey that has helped propel FV to its current position as a leading healthcare provider in Vietnam. With the support of Thomson Medical moving forward, I am incredibly excited for the next phase of FV’s growth journey. Together, we will continue to chart a path of continued success and shape the future of healthcare in Vietnam,” said Dr Jean-Marcel Guillon, Founder and CEO at FV Hospital.

Strategic Asset That Opens Up Lucrative Vietnam Market

As TMG’s largest strategic acquisition, FV Hospital unlocks the sizeable Vietnamese opportunity for the Group, paving the way for further inroads into one of Southeast Asia’s fastest-growing healthcare markets.

Vietnam’s growing private healthcare market has been driven by favourable macroeconomic tailwinds with a significant growth potential in healthcare expenditure. Vietnam is one of the fastest growing economies in Southeast Asia fuelled by strong inflow of foreign direct investment given its geographical and competitive advantages, which underpins the strong growth in healthcare expenditure. Vietnam has recorded strong historical gross domestic product growth at around 8.6%¹ compounded annual growth rate (“CAGR”) for 2017A – 2022A, with healthcare expenditure growth at around 9.2%¹ CAGR for 2017A – 2022A.

Accelerating healthcare demand in Vietnam is fuelled by a rising middle class, an ageing population, as well as an expanding expatriate population. The country is well on its way towards its goal of becoming an upper-middle-class country by 2035, and a high-income country by 2045, given that the nation has the seventh-fastest growing middle class globally, and will add 36 million to its middle class by 2030². The Vietnamese population also officially entered an ageing phase in 2017, and is among the most rapidly ageing countries in the world.

¹ Euromonitor International Macro Model

² <https://www.sourceofasia.com/rising-middle-class-in-vietnam-driving-new-trends-of-consumption/>

Life expectancy extends to 75.4 years³, and senior citizens could account for more than 17% of Vietnam's population by 2030⁴. In terms of expats, the country boasts approximately 101,550 in 2021⁵, up from an estimated 83,500 in 2019⁶, according to Ministry of Labour statistics.

Further underpinning the industry's robust outlook is Vietnam's rise as a medical tourism destination, thanks to solid demand from neighbouring countries that include Cambodia, Laos and Myanmar. Medical tourism in the country is estimated to generate annual revenues of approximately US\$2 billion a year, with recent years seeing an influx of about 300,000 foreign tourists annually for medical checkups and treatments, 40% of whom are concentrated in Ho Chi Minh City⁷. Ho Chi Minh City⁸ and the Mekong Delta⁹ together make up approximately 30% of Vietnam's estimated 97 million population.

Acquisition Builds on TMG's Expertise and Broadens Regional Footprint

TMG's significant strategic acquisition also builds upon the Group's deep expertise as a successful regional healthcare operator. The Group successfully grew its Malaysian operations under TMC Life Sciences ("TMCLS") after the 2010 acquisition – TMCLS reported revenue of RM243.8 million for the year ended 30 June 2022¹⁰, following a change in its financial year end, reflecting a more than four-fold increase from RM56.1 million for the year ended 31 December 2010¹¹.

Coupled with its strong heritage and brand equity, FV Hospital's well-established track record in the market – it recently celebrated its 20th anniversary – complements TMG's strengths in Singapore and Malaysia, effectively bringing three of Southeast Asia's top medical hubs under the Group.

"FV Hospital has been extremely successful in the past two decades in establishing itself as a premium general hospital. As part of TMG, we hope to work together to take their growth plans to the next level – moving in-step with the domestic and medical tourism market momentum in Vietnam," added Kiat Lim.

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³ https://britchamvn.com/wp-content/uploads/2021/12/BritCham-Vietnam_Healthcare-Sector-Report.pdf

⁴ <https://www.mckinsey.com/featured-insights/future-of-asia/the-new-faces-of-the-vietnamese-consumer>

⁵ <https://www.raconteur.net/global-business/what-its-like-to-live-and-work-in-vietnam/#:~:text=According%20to%20Ministry%20of%20Labour,a%20population%20of%2098.2%20million>

⁶ <https://www.itourvn.com/blog/statistics-about-expats-in-vietnam>

⁷ <https://en.nhandan.vn/ho-chi-minh-city-promotes-medical-tourism-in-2023-post126411.html>

⁸ <https://www.macrotrends.net/cities/22458/ho-chi-minh-city/population>

⁹ <https://www.vietnam-briefing.com/news/investment-environment-mekong-delta.html/>

¹⁰ https://disclosure.bursamalaysia.com/FileAccess/apbursaweb/download?id=219764&name=EA_FR_ATTACHMENTS

¹¹ <https://www.tmclife.com/wp-content/uploads/2019/05/TMC-Quarterly-Results-Q42010.pdf>

About Thomson Medical Group Limited

Listed on the Mainboard of the Singapore Exchange, Thomson Medical Group Limited (SGX: A50) is one of the leading listed healthcare players in the South-East Asian region with operations in Singapore and Malaysia.

Established in 1979, the Group's Thomson Medical Pte Ltd is one of the largest private provider of healthcare services for women and children in Singapore. It owns and operates the iconic Thomson Medical Centre and a network of specialist medical clinics and facilities providing outpatient women and children healthcare services and service offerings in diagnostic imaging, health screening, gynaecological oncology, dentistry, specialist dermatology, traditional Chinese medicine, musculoskeletal and sports medicine.

The Group's operations in Malaysia under TMC Life Sciences Berhad is a multi-disciplinary healthcare company listed on Bursa Malaysia. It operates Thomson Hospital Kota Damansara, a tertiary hospital located in Kota Damansara, and the award-winning TMC Fertility Centre which is the industry leader in assisted reproduction in Malaysia. It also owns the proposed Thomson Iskandar Medical Hub in Johor Bahru, Malaysia.

The Group also owns a prime 9.23 ha freehold waterfront land, strategically located in Johor Bahru's City Centre, with a proposed long-term plan to build an integrated healthcare city to meet the growing healthcare needs of the people in the region.

For more information, please visit: www.thomsonmedical.com

For media enquiries, kindly contact:

Thomson Medical Group Limited

Corporate Communications

comms@thomsonmedical.com

Motley Crew Consulting

Michelle Tham / Jennifer Tan-Stanisic

+65 96384209 / +65 97904288

Michelle.Tham@motleycrewconsulting.com / Jen.Tanstanisic@motleycrewconsulting.com