

Health-care stocks in the pink of health

Sector boosted by demands of ageing population, medical breakthroughs

By GRACE LEONG

SINGAPORE'S health-care equipment and services stocks are in the pink of health, having generated a median total return of 12.3 per cent so far this year.

This is well above the sector's global median return of 2.5 per cent over the same period.

The sector has been doing well as Singapore's ageing population puts greater demands on health care, and because of new breakthroughs in medical technologies.

According to a report by the Singapore Exchange's My Gateway, the 17 SGX-listed health-care related stocks have a combined market capitalisation of \$22.5 billion.

The five largest capitalised health-care equipment and services stocks are IHH Healthcare, Raffles Medical Group (RMG), Biosensors International Group, Reli-

are Health Trust and TalkMed Group.

These companies have a combined market value of \$20.6 billion, with an average year-to-date total return of 21.6 per cent, and a median total return of 28.6 per cent.

UOB KayHian maintained a "buy" call on RMG for its "strong cash flow generation, resilient and visible long-term growth" and noted that it remains a "core holding for health-care exposure in Singapore".

RMG's first-half 2014 net profit was broadly within expectations, increasing 8 per cent year on year.

"The health-care segment performed well on new corporate clients, new clinics and more specialist consultants. Costs, particularly labour, were well contained," UOB KayHian analyst Andrew Chow said.



The chairman suite at Mount Elizabeth Novena Hospital, which is owned by IHH Healthcare, one of Singapore's five largest capitalised health-care equipment and services stocks. The company saw its second-quarter 2014 net profit growing 33 per cent year on year to RM209.1 million (S\$82.3 million). PHOTO: BLOOMBERG

OCBC Investment Research reiterated a "sell" rating on Biosensors International Group, saying

"its fundamentals would remain weak in the near term, given strong competition".

Its largest shareholder, Citic Private Equity Funds Management, said it has decided not to proceed with any takeover transactions at this point, but remains committed to working with the company to continue growing its business, analyst Andy Wong said.

DBS Group Research Equity maintained a "hold" call on IHH Healthcare, noting that "positive aspects of the counter have been priced in".

Analyst Andy Sim said the company's second-quarter 2014 net profit grew 33 per cent year on year to RM209.1 million (S\$82.3 million), with topline growth driven by more patients and contributions from the opening of two hospitals - Pantai Man-

jung and Acibadem Atakent.

According to My Gateway, the median 2014 year-to-date total return of the 1,226 health-care equipment and services stocks listed worldwide stood at 2.5 per cent, with a total market capitalisation of \$2 trillion.

Of these, 385 are primary-listed stocks from the Asia-Pacific, with a combined market capitalisation of \$317.7 billion.

Despite being home to half of the world's population, the primary-listed stocks in the Asia-Pacific constitute only 15.8 per cent of the total market capitalisation of the world's primary-listed health-care equipment and services stocks.

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Five largest capitalised SGX-listed health-care stocks

Company	Market capitalisation (\$million)	Total return (year to date) (% change)
IHH Healthcare	15,661.8	28.6
Raffles Medical Group	2,253.8	31.5
Biosensors International Group	1,240.3	-13.8
Religare Health Trust	729.7	25.8
TalkMed Group	683.4	35.9

Note: Data as of Wednesday

Source: BLOOMBERG