Raffles Medical Group's hale and hearty 2014 report

RAFFLES Medical Group has outperformed the healthcare service provider sector this year, and is up by about 30 per cent over the past year as of mid-last week.

It was Singapore's first healthcare services provider to go public. At that time, in 1997, the only other major player was Parkway Holdings, which was far larger in size and used to have property assets.

Through the years, the company has done well for its shareholders. Without counting dividends, Raffles Medical's total return, tracked monthly, from end-June 1997 to end-March 2014 was 350 per cent, or over 9 per cent a year.

Zoom in on the last 10 years and the numbers look more impressive – end-April 2004 to end-March 2014 total price returns are 830 per cent, or more than 25 per cent a year.

Raffles Medical started out as a takeover of two central business district clinics in 1976. It took on its current name in 1980, based on Raffles Institution, the alma mater of founding partners Loo Choon Yong and Alfred Loh.

The healthcare group grew over time, adding dental services, laboratory and radiology services, a day surgery centre, and its first overseas clinic in Hong Kong in 1995. Raffles Hospital was developed in the late 1990s and began operations in 2001.

Today, in addition to the hospital, Raffles Medical has 74 clinics in Singapore, three medical centres in Hong Kong, and one in Shanghai.

Vibrant pulse: *Raffles Medical's total return, tracked monthly, from end-June 1997 to end-March 2014 was 350 per cent, or over 9 per cent a year.* PHOTO: BLOOMBERG

In 2013, revenue grew over 9 per cent to hit $341 million due to more specialist services provided, more patients, higher contributions from overseas units and growth in its health insurance line.

Net profit was about $85 million, or about $61 million after stripping out the gains from the sale of the Thong Sia Building in Orchard. Without the gains, core net profit grew about 15 per cent year on year.

The company has essentially two main segments: healthcare services, which bring in a third of revenue, and hospital services, which bring in two-thirds.

Hospital services refer to the group's provision of specialised medical services, the running of Raffles Hospital, and its medical lab and imaging centre.

The segment reported nearly $220 million in revenue last year after adjusting for inter-segment revenue. It is also growing fast, with double digit percentage growth rates in the last three years.

Healthcare services contributed more than $120 million in revenue last year.

The segment includes the company's medical clinics, many of which are located in shopping malls and provide family medicine services, dental services, check-ups and others.

Revenue from providing health insurance, trading in pharmaceutical and nutraceutical products and diagnostic equipment, and provision of management and consultancy services, also falls under this segment.

Most analysts are positive on the company, though a couple are turning cautious after a strong run-up in its shares.

A Bloomberg search last Thursday turned up eight "buys", three "holds" and one "sell".

OCBC Investment Research was among the "buys", projecting 12 per cent core profit after tax and minority interest growth for this year and the next. Its target price of $3.90 was based on 30 times blended 2014 and 2015 earnings.

However, key risks cited include further depreciation of the Indonesian rupiah. This would hit the spending power of Indonesians, an important source of foreign healthcare patients for Raffles Medical, it said.