

Raffles Medical Group posts \$14.4m Q2 profit

Quarterly revenue up 12.9% at a record \$86.8m

By LYNN KAN

MORE specialists and patients drove Raffles Medical Group's net profit for the second quarter 15.9 per cent higher to \$14.4 million from \$12.4 million in the same quarter last year.

Quarterly revenue also hit a new high at \$86.8 million, up 12.9 per cent from \$76.9 million.

Earnings per share for the second quarter came to 2.63 cents, up from 2.31 cents last year.

For the first six months of 2013, Raffles Medical Group's net profit increased 16 per cent to \$27.9 million from \$24 million, on the back of revenue that rose 12 per cent to \$167.9 million from \$149.9 million.

The group declared an interim dividend of one cent per ordinary share, unchanged from the corresponding period last year.

Raffles Medical Group CEO Loo Choon Yong said that higher patient numbers "have made the whole enterprise more efficient". "There're a lot of fixed costs; even if there are more patients, salaries are the same. So all overheads . . . will become more efficient."



Dr Loo: 'Hong Kong is competitive while China's regulatory environment is not used to private medical services, although they're gradually changing the rules and getting used to the idea.' BT FILE PHOTO

Both domestic and foreign patients registered strong increases year on year. Dr Loo noted that foreign patients increased by double digits as they seek out "curative" services such as heart, cancer and fertility treatments.

"Very often, during recessions, discretionary treatments like aesthetic or cosmetic surgery will be affected. But through many crises, foreign patients coming for curative services

continue to grow," said Dr Loo.

Raffles Medical Group's cash balance stands at \$126.4 million as at June 30, 2013, increasing from \$102.6 million at the end of March 2013.

The group will start work on its new extension at its hospital premises once it irons out technical issues related to engineering and building.

It also plans to add three more clinics in Singapore by the year's end.

Foreign expansion is also in the works. Dr Loo said that the group wants to establish a hospital in China, but is looking for the right joint venture partner which is "like-minded, can agree (with you) and can see eye-to-eye".

In the meantime, outpatient medical centres in Hong Kong and Shanghai will continue to expand. These centres account for less than 5 per cent of the group's revenue, but the hope is to get them to contribute at least 10 per cent eventually, said Dr Loo.

"Hong Kong is competitive while China's regulatory environment is not used to private medical services, although they're gradually changing the rules and getting used to the idea. They are beginning to understand the role that private capital can play in the Chinese healthcare system."

In the stock market yesterday, Raffles Medical Group rose four cents to finish at \$3.12.