Raffles Medical net profit up 49% at $84.9m

Jump attributed to higher revenue, gain on sale of subsidiary

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RAFFLES Medical Group's (RMG) net profit for the 12 months ended Dec 31, 2013 surged 49.3 per cent to $84.89 million, boosted by higher revenue and a gain on disposal of a subsidiary.

Revenue increased 9.4 per cent to $340.99 million as revenue from its hospital services and its healthcare services grew 12.4 per cent and 6.2 per cent, respectively. These were on the back of higher patient loads and greater patient acuity, more specialist consultants, increased contributions from overseas operations, as well as provision of more healthcare insurance services.

Revenue from investment holdings fell as the tenancy leases for Thong Sia Building at Bideford Road were progressively ended ahead of the disposal of the group's subsidiary, Raffles Medical Management (RMM), now known as Orchard Investment Holdings, on Oct 31.

The group divested itself of RMM – which owned the units in the commercial podium of Thong Sia Building – after it failed to secure the necessary government approvals for a specialist medical centre.

Excluding the $20.4 million gain from the disposal of RMM and the $3.9 million fair value gain on investment properties, the proforma increase in post-tax net profit would have been 14.5 per cent to $61 million.

Earnings per share rose to 15.43 cents from 10.53 cents previously.

RMG did not release earnings figures for its fourth quarter.

Dr Loo: *'Other than the projects in Singapore, we are expanding our operations in China. These translate into a pipeline of growth for the group for many years to come.'* ST FILE PHOTO

The group's directors are recommending a final dividend of four cents per share which, including the interim dividend of one cent, takes the total dividend payout for the financial year to five cents per share.

Loo Choon Yong, executive chairman of RMG, said: "Other than the projects in Singapore, we are expanding our operations in China. These translate into a pipeline of growth for the group for many years to come."

CIMB analyst Gary Ng said in a research note: "We see its entry into China's private healthcare industry with strong JV (joint venture) partners as a sign of its regional ambitions. Rising healthcare consumption, local expansion and successful JVs to develop integrated international hospitals in China are stock catalysts, in our view. Furthermore, there could be asset-unlocking in the longer term."

Cash and cash equivalents stood at $265.9 million as at end-December, up from $102.4 million a year earlier, boosted by the proceeds from the disposal, as well as cashflow generated from operations.

The counter closed unchanged at $3.31 yesterday.