

Raffles Medical Group posts 11.3% rise in Q3 profit

Growth in healthcare, hospital services behind higher revenue; says expansion of Raffles Hospital to start by year-end

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PRIVATE healthcare operator Raffles Medical Group's (RMG) net profit rose 11.3 per cent year on year to S\$15.43 million for the third quarter ended Sept 30, lifted by higher revenue.

In an update on its plans to expand Raffles Hospital, the group said that groundbreaking will take place by year-end. The development, which takes place on a site next to the existing hospital, will add a further 220,000 square feet of gross floor area to its existing 300,000 sq ft.

Plans are also underway to expand several specialist centres and the existing emergency department as it seeks to boost capabilities ahead of the expanded hospital which is expected to be ready in two years.

For the quarter under review, revenue increased 11.1 per cent year on year to S\$94.49 million on the back of growth in both healthcare services – which grew in the double digits – and hospital services. Revenue from

healthcare services expanded by 16.4 per cent, thanks to an increased patient load and wider clinic network. Meanwhile, hospital services revenue rose 7.3 per cent as new specialists joined and the group saw more inpatient admissions. This contributed to a higher operating profit of S\$18.15 million, up 8.1 per cent.

Earnings per share for Q314 worked out to 2.74 Singapore cents, up from 2.51 cents in Q313.

Meanwhile, construction of its five-storey commercial building in Holland Village is underway. The project has a total gross floor area of 65,000 square feet, of which some 9,000 sq ft will be used to expand medical and specialist services to treat local and expatriate patients.

The group also expects RafflesMedical and RafflesDental to continue to benefit from the Community Health Assist Scheme with the Pioneer Generation package kicking in from September. RMG has 55 CHAS-accredited clinics.

Commenting on outlook, RMG pointed to an increasingly competi-

tive landscape with new public and private hospitals, as well as medical suites, in Singapore and the region at a point where sourcing talent remains a challenge.

“The more measured pace of economic growth in China, Hong Kong and Singapore may have a dampening effect on healthcare demand in general,” said the group, adding, however, that its investments in Raffles Hospital and Raffles Holland Village, as well as its healthy cash flow, puts it in good stead for the future.

CIMB analyst Gary Ng wrote in a report: “Given the ongoing initiatives and expansion of the flagship hospital and the neighbourhood area, this is an exciting time for the group.

“Other than the projects in Singapore, RMG is considering the possibility of expanding its operations in China. This would translate into earnings growth pipeline for many years to come. We view its intention of entering China's private healthcare market with strong JV partners as a sign of its regional ambition.”

Shares in RMG closed at S\$3.93 on Monday, up six cents.

Raffles Medical Group

	Q3 FY14	Q3 FY13	Y-O-Y %
	(S\$ million)		change
Revenue	94.49	85.05	11.1
Net profit	15.43	13.87	11.3
EPS (cents)	2.74	2.51	9.2

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