Strong Q1 growth for Raffles Medical

Traditionally weakest quarter reaps 16% growth in net profit

By **ANDREA SOH**

INCREASED patient numbers, plus having more specialist consultants and medical specialities, continued to drive growth at Raffles Medical Group (RMG) for the first quarter of this year.

Net profit attributable to shareholders rose 16 per cent from a year ago to $13.5 million for the three months ended March 31.

Revenue grew 11.2 per cent to $81.1 million over the same period, up from $72.9 million.

"Q1 traditionally is the weakest of the four quarters, because of the holidays – New Year, Chinese New Year. So a double-digit topline growth like this, we're happy," said its chairman Loo Choon Yong.

Explaining the main revenue drivers in Q1, he said: "As we get better known in the region, we get more patients, and the patients come with more acute problems. So each patient ends up spending more money because they need more to be done."

"The other factor is, as we bring in more and more specialists to the team, we'll be able to manage more patients. So that's also contributing to the topline."

With the group's fixed costs spread over higher patient numbers, improved operating efficiencies have also contributed to a higher profit margin.

Earnings per share rose from 2.17 cents last year to 2.47 cents.

The hospital services division, which grew 16.4 per cent, added new consultant specialists in the areas of cardiology, endocrinoloy and diagnostic radiology in the first quarter. It will continue to bring more specialists and add specialities going forward, such as radiation oncology.

Its healthcare services division grew by 4 per cent, due to renewals of contracts in the aviation, hotel, food & beverage and financial sectors, the firm said.

Despite the dismal global economic outlook, Dr Loo is confident about RMG's economic prospects, as the population in Singapore will continue to grow.

The ageing population, as well as new technologies which will enable the hospital to do more for its patients, also puts the hospital in good stead, he added.

RMG's plans to convert part of a commercial property at 30 Bideford Road into a medical centre – to expand its specialist clinic practice to the Orchard Road area – were turned down by the authorities for the second time in March. It had paid $92 million for the seven-storey freehold podium block in 2011.

The group said it is exploring various options for the property. OSK-DMG analyst Lynette Tan said that, given the rise in property prices and rentals, "this investment is a positive one for the group".

Outside Singapore, the group, which already has four medical centres in Hong Kong and Shanghai, is beginning to look at other parts of China.

Dr Loo said RMG is "progressing along" in its plans to build a hospital in Shekou, Shenzhen. The firm had signed a letter of intent with China Merchants Group in February to develop an integrated international hospital there.

"China may not be growing at double digit anymore. . .but in terms of good quality health care, there is very big demand. It's not an easy market, but we have been studying and exploring opportunities actively," said Dr Loo.

In Hong Kong, where the group was unsuccessful in its tender submission to develop a private hospital, RMG will wait for other opportunities, either in the form of new land released by the government or potential acquisitions, he added.

The counter gained 3 cents after the results announcement yesterday to close at $3.44.

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– Dr Loo