

Raffles Medical Q1 profit falls 13.7% on Chongqing hospital startup costs

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RAFFLES Medical Group on Monday morning reported a 13.7 per cent drop in its first-quarter net profit to S\$13.6 million from S\$15.8 million a year ago, due to startup costs for Raffles Hospital Chongqing.

The group's revenue for the three months ended March 31 increased 6.7 per cent year on year to S\$128.3 million.

Revenue for the healthcare services division grew 8.9 per cent, mainly because of an increase in premiums from existing and new insurance clients, the primary care network scheme and projects. Revenue from the hospital services division rose 3.2 per cent, due to higher utilisation of inpatient capabilities.

Earnings per share for Q1 was

0.76 Singapore cent, down from 0.89 Singapore cent in the previous year.

Net asset value per share was 45.52 Singapore cents as at March 31, up from 44.54 Singapore cents on Dec 31, 2018.

No dividend was declared for the first quarter ended March 31.

On a comparable basis, excluding the results of Raffles Hospital Chongqing, the group's net profit after tax would have grown by 2.1 per cent instead of a decrease of 11.2 per cent, while earnings before interest, tax, depreciation and amortisation (Ebitda) would have been S\$25.4 million, an increase of 9.3 per cent year on year, said the company.

It added that the gestation loss for Raffles Hospital Chongqing is within expectation. Since the hospital opened on Jan 2, 2019, it has conducted outreach programmes to compan-

Raffles Medical Group

	Q1 FY19	Q1 FY18	Y-O-Y % CHANGE
	(S\$ MILLION)		
Revenue	128.29	120.19	6.7
Net profit	13.65	15.81	(13.7)
EPS (c)	0.76	0.89	

ies, embassies and business associations, while also rolling out marketing campaigns to raise its brand awareness in Chongqing.

The group's net debt position increased from S\$10.5 million at the end of 2018 to S\$14.2 million as at March 31. This was primarily due to project expenditure incurred for Raffles Hospital Shanghai and Raffles Hospital Chongqing.

Construction of the Shanghai hospital in Pudong is underway, and prep-

atory works for the commissioning and operational phase has begun in Singapore, the group said.

Raffles Medical's business operations continued to generate strong operating cashflows, contributing to a cash position of S\$111.8 million as at March 31. This was after accounting for the S\$26.5 million payment for fixed assets under development as well as capital expenditure in the first quarter.

The group also said that Raffles Hospital Singapore officially opened its new block – Raffles Specialist Centre – in March 2019.

Based on the current economic conditions and barring unforeseen circumstances, Raffles Medical's board expects the group to grow its revenue and remain profitable in 2019, notwithstanding the expected gestation loss for Raffles Hospital Chongqing.

Shares of Raffles Medical Group closed flat at S\$1.07 on Monday.