AT A GLANCE

REVENUE:
$118.95 million (+19.8%)

NET PROFIT:
$16.67 million (+4.5%)

DIVIDEND PER SHARE: 0.5 cent (unchanged)

The group's first property venture, Raffles Holland V mall (left), opened last month. PHOTO: COURTESY OF RAFFLES MEDICAL GROUP

Raffles Medical's Q2 earnings up 4.5%

Net profit rises to $16.67 million due to higher revenue from its healthcare and hospital divisions

Wong Siew Ying

Higher revenue from the healthcare and hospital services divisions lifted second-quarter earnings at Raffles Medical Group (RMG).

Net profit for the three months to June 30 rose 4.5 per cent to $16.67 million, up from $15.95 million a year earlier, the firm reported yesterday.

Turnover for the second quarter jumped 19.8 per cent to $118.95 million, boosted by higher contributions from all divisions.

RMG said revenue from its healthcare services division increased 42.2 per cent while hospital services turnover climbed by 7.9 per cent.

The firm attributed the healthy growth mainly to higher patient load, an expanding Raffles Medical clinic network, increased revenue from more specialist consultants, as well as the newly acquired International SOS (MC Holdings) and its subsidiaries known as MCH.

Excluding the revenue contribution from MCH, group turnover would have grown by 8.7 per cent, the firm added.

"At 19.8 per cent (revenue growth), I think with the economic climate as such, it is not too bad and we are making a lot of headway in China and other branches in the region. As you know, we are now in 13 cities in Asia," RMG executive chairman Loo Choon Yong told a briefing yesterday.

RMG operates medical facilities in 13 cities in China, Japan, Vietnam, Cambodia and Singapore.

However, the higher revenue was offset by greater operating expenses and supplies used, plus additional staff costs due to recruitment for the opening of a 9,000 sq ft medical centre at Raffles Holland V mall, which is RMG's first property venture.

About 60 per cent of the retail space in the mall – which opened last month – had been leased as at July 25 with a further 30 per cent under negotiation. RMG said the average monthly rent at the mall is about $12 to $15 per square foot.

The group declared an interim dividend of 0.5 cent per share for the financial year ending Dec 31 to be paid on Aug 31.

Quarterly earnings per share was 0.96 cent, up from 0.94 cent in the previous year, while net asset value per share came in at 36.32 cents as at June 30, compared with 34.96 cents at end of December last year.

RMG is expected to invest $1 billion over the next few years to spur growth in Asia, with $600 million earmarked for building three hospitals in China.

Dr Loo said the group is in talks over new hospitals in Beijing and Shenzhen, while its Shanghai hospital is expected to be operational by the end of 2018.

Construction to extend Raffles Hospital in Bugis is also on track and is due to be completed next year. This will add a further 220,000 sq ft in gross floor area, which will help its expansion in tertiary medical care, healthcare training and clinical research.

Despite the weaker economic outlook, the group remains optimistic about growth prospects.

"Over time, not just China but our regional expansion as well, I think the revenue would at some point overtake Singapore's revenue... certainly China has a lot of upsides. It is a big country and people are underserved," Dr Loo added.

Singapore contributed to most of its revenue, while China accounted for just 3 to 5 per cent of turnover.

RMG shares closed 5.5 cents lower at $1.565 yesterday, after the earnings were announced.

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