

# Raffles Medical's Q1 profit up 3.7%

Revenue climbs 23%, driven by healthcare and hospital services divisions

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## Singapore

LIFTED by strong revenue growth, private healthcare provider Raffles Medical Group's net profit for the first quarter rose 3.7 per cent year-on-year to S\$15.5 million.

The profit attributable to equity-holders for the three months ended March 31, 2016, translated to earnings per share of 2.7 Singapore cents, up from 2.65 cents a year ago. Group net asset value per share as at March 31 was S\$1.0761.

Revenue for the quarter went up 23 per cent to S\$116.9 million, driven by increases in revenues from both the healthcare and hospital services divisions.

Healthcare services revenue grew 36.3 per cent while hospital services revenue climbed 15.2 per cent, mainly attributable to increased patient load, greater patient medical needs, higher revenue from more specialist consultants, as well as the newly acquired International SOS (MC Holdings) Pte Ltd and its subsidiaries. Excluding the contribution from MCH, group revenue would have grown by 11.6 per cent.

Still, the impact of the strong

## Raffles Medical Group

	Q1 FY16	Q1 FY15	Y-O-Y % CHANGE
	(S\$ MILLION)		
Revenue	116.9	95	23
Net profit	15.5	15	3.7
EPS (S¢)	2.7	2.65	

group revenue growth was partly offset by the jump in higher staff costs, inventories and consumables used, as well as operating lease and other operating expenses. In particular, staff costs rose 27.5 per cent to S\$61.6 million due to recruitment of more specialists and staff in preparation for the opening of new facilities, as well as higher staff costs at MCH.

Operating profit climbed 6 per cent to S\$18.7 million. Excluding the performance of MCH, the group's operating profit would have risen 7.8 per cent.

Raffles Medical on Monday said it continued to generate strong operating cash flows from various business units and has maintained a cash position of S\$110.6 million as at end March 2016, after accounting for the payment of S\$10.5 million for investment in Raffles Holland V and the Raf-

flles Hospital extension.

Raffles Holland V, the five-storey commercial building with three basements, obtained the temporary occupation permit in March and is scheduled to open for business in June 2016, the group said, adding that its medical centre at the mall would offer family medicine, health screening, dental and specialist care, among other services.

The extension of its flagship hospital in Bugis is also progressing according to schedule and is expected to complete by 2017.

Loo Choon Yong, executive chairman of the group, said the MCH clinics have been successfully rebranded in China and Cambodia.

He said the group would seek to expand its business in more cities in China, and in the next few years, it would also explore possibilities of setting up hospitals in Shenzhen and Beijing.

"We are interested in going to the coastal cities first, then the big metropolis where there's a strong demand and where the patients can afford to pay for quality international healthcare," Dr Loo shared, adding that the group is targeting the top 20 per cent of population in the Yangtze River Delta area in China.

When asked about succession



**Dr Loo says the group would seek to expand its business in more cities in China, and explore possibilities of setting up hospitals in Shenzhen and Beijing.**

planning, he said "Raffles is constantly renewing ourselves" with "a whole generation of teams of successors". "We have not yet got a successor, but we're preparing the succession generation to take over the responsibility and continue the work of the previous generation."

While there is no clear frontrunner at the moment, Dr Loo said "we do have a few people who can easily step into my shoes". He added that there has to be a strong team in place before he "can ride off into the sunset".

The stock closed down four Singapore cents at S\$4.55 on Monday, after the pre-market results announcement.