

Raffles Medical's Q2 earnings edge up

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SINGAPORE-LISTED Raffles Medical Group achieved a one per cent year-on-year growth in second-quarter revenue to S\$120.1 million despite softer-than-expected demand from foreign patients.

But operating profit for the three months ended June 30, 2017, fell 1.9 per cent to S\$19.6 million, despite a 7.9 per cent drop in "other" operating expenses to S\$7.8 million, due in part to the expansion costs of its flagship hospital. Still, net profit attributable to equity-holders inched up 0.5 per cent to S\$16.8 million. Tax expense was down 13.9 per cent.

The quarter saw a rise in consumables used and higher staff costs, the latter due to the recruitment of more specialist consultants, management and clinical staff in preparation for the opening of the Raffles Hospital extension in the fourth quarter this year.

Raffles Medical continued to register higher patient load. The hospital services division's revenue edged up 0.3 per cent while revenue from the healthcare services division dipped 1.1 per cent.

Earnings per share for the quarter came in unchanged at 0.96 Singapore cent, while net asset value per share was 3.7 per cent higher than six months earlier at 39.53 cents.

The group said that it had a healthy cash position of S\$112.4 million as at June 30. This was after accounting for distribution of a final dividend of S\$5.5 million and payment of S\$53.6 million for investment properties under development.

The directors announced an interim dividend of 0.5 Singapore cent per share, same as for the year-ago period. This would be paid on Aug 31.

For the first six months of the year, net profit attributable to equity-holders was up 0.3 per cent at S\$32.3 mil-

lion even though revenue was down 0.3 per cent at S\$235 million.

In Q2, the group continued to expand its network of clinics with the opening of a new clinic at Hillion Mall, while existing ones at Asia Square, Clementi and Nex were either relocated or refurbished.

Four new clinics are slated to open in Q3 this year – two at Changi Airport Terminal 4 and two in-house clinics in Dover and Tampines. The Northpoint City clinic is to re-open in September after the mall refurbishment.

Meanwhile, the hospital's emergency care collaboration with the Ministry of Health was extended in June this year for another five years. Under the agreement, SCDF ambulances bring patients to the group's hospital for subsidised care.

Over in China, the 700-bed hospital in Chongqing and 400-bed in Shanghai are expected to be operational by the second half of 2018 and later half of 2019, respectively.

Executive chairman Loo Choon Yong noted that Singapore was one of the biggest investors in China.

He also made the point that while Singapore was proving to be expensive for some foreign patients now that the Singapore dollar had strengthened, the promise of safer and quality care still attracted these medical tourists. "The regional economy is not strong, Singapore economy also not strong...when (the) economy picks up, then I think all of us in healthcare will do better."

Raffles Medical shares ended trading on Monday up one cent at S\$1.285 on a cum-dividend basis, after the results were released.

Raffles Medical

	Q2 FY17	Q2 FY16	Y-O-Y % CHANGE
	(S\$ MILLION)		
Revenue	120.1	119	1
Net profit	16.8	16.7	0.5
EPS (c)	0.96	0.96	
DPS (c)*	0.5	0.5	

*interim



Dr Loo says although Singapore is proving to be expensive for some medical tourists, they still like the promise of safer and quality care.