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PHOTOS: RAFFLES MEDICAL GROUP, ST FILE



Raffles Medical to spend \$1 billion to expand in Asia

Singapore's biggest healthcare provider Raffles Medical Group will spend \$1 billion over the next three years to set up hospitals and clinics in Asia, group chairman and co-founder Loo Choon Yong said.

About \$600 million will be used to spur growth outside its Singapore base, particularly in China, where an ageing population and government reforms are expected to boost demand for medical care.

"Asia is growing," Dr Loo said in

an interview on Monday.

"Maybe we are talking slower growth but it is a plus compared with Europe and the United States. There is great demand in China and margins would not be inferior."

Raffles Medical's projected investment until 2019 compares with spending of \$158.4 million last year and \$209.2 million in 2014, according to its annual report.

It also owns hospitals, clinics and laboratories in Japan, Vietnam and

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

Expenditure on healthcare is expected to increase in China, driven by greater insurance coverage among a fast-ageing population, as well as a growing list of drugs that qualify for state reimbursement, according to industry data provider IMS Health.

The number of Chinese older than 65 years is expected to reach 156 million – or 11.3 per cent of the population – by 2018, according to data compiled by IMS Health.

Companies on the MSCI China Healthcare Index saw a year-on-year pre-tax margin of 6.2 per cent this year so far, compared with 6.1 per cent last year and 7.1 per cent in 2014, Bloomberg data shows.

Dr Loo said Raffles Medical's expansion will be funded mostly

through cash from existing operations and may include debt. The company had cash equivalents of \$86 million at the end of last year and no debt, according to data compiled by Bloomberg.

Dr Loo, who controls 48 per cent of the company, is open to acquisitions but says he expects sales to grow organically at about 11 per cent the next few years. Raffles Medical will report its second-quarter earnings on Monday. BLOOMBERG