

RMG's Q3 earnings ride on higher patient load

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HIGHER patient load from an expanding clinic network has helped lift Raffles Medical Group's third quarter ended Sept 30, 2016 net profit by four per cent to S\$16.2 million, from S\$15.6 million a year ago.

The increase in hospital specialists and contribution from the newly acquired International SOS (MC Holdings) Pte Ltd and its subsidiaries also boosted revenue by 17.5 per cent to S\$119.3 million year-on-year. The group said all segments contributed positively to revenue growth with the healthcare services and hospital services division rising by 39.7 per cent and six per cent, respectively.

Still, the rise in revenue was offset by higher staff costs, inventories and consumables, which in turn were due to recruitment for the expansion of its business operations and the opening of the new medical centre at Raffles Holland V.

Earnings per share correspondingly grew 2.2 per cent year-on-year to 0.93 Singapore cents in Q3.

Net asset value per share went up 5.6 per cent to 36.92 Singapore cents, after accounting for the three-for-one share split in May this year.

As at end-September, the group continued to have a healthy cash position of S\$109 million, due to strong operating cash flows from various business units. This is after accounting for S\$15 million capital expendit-

ure and investment properties, as well as distribution of interim dividends of S\$8.9 million.

Speaking to the media on Monday, group executive chairman Loo Choon Yong said the group's foreign operations are still growing.

The group's core business remains in Singapore and if there is a recession, there will be some impact but it just means slower growth, he said.

This, as demand for healthcare services is still strong. "In a recession, some of the costs become lower and sometimes these help us to maintain our margins," said Dr Loo, who added that the group's 400-bed hospital in Shanghai is on target for completion by end-2018 and slated to open in mid-2019.

Raffles Medical Group

	Q3 FY16	Q3 FY15	Y-O-Y % CHANGE
	(\$ MILLION)		
Revenue	119.3	101.5	17.5
Net profit	16.2	15.6	4.0
EPS (¢)	0.93	0.91	

He added that its medical centre at Shaw Centre is expected to break even before the end of the year, while the recently opened medical centre at Holland Village is likely to do so some time next year.

The stock closed down half a cent at S\$1.505, after the results were released on Monday.