

Raffles Medical Group's Q2 profits marginally higher

Slowing medical tourism, higher costs affect earnings, which are up by 0.5%

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Private healthcare provider Raffles Medical Group's bottom line was affected by Singapore's slowing medical tourism environment and higher costs.

It posted net profit of \$16.8 million for the quarter to June 30, an increase of 0.5 per cent from the same period last year.

Revenue was \$120.1 million in the second quarter, up 1 per cent from \$119 million for the same period last year.

The company attributed its performance to lower income from the healthcare services division, as well as softer-than-expected demand from foreign patients.

While it recorded an increase in turnover, this was offset by higher staff costs which grew 3 per cent year-on-year to \$61.7 million.

The company attributed this to recruitment of more specialists, consultants, management and clinical staff ahead of the opening of an extension to Raffles Hospital in North Bridge Road, which will start operating in the last quarter of this year.

Investment property expenditure rose by \$71.2 million, largely on the Raffles Hospital extension but also because of spending on its hospitals in Shanghai and Chongqing.

Raffles Hospital Chongqing is targeted to be operational by the second half of next year, while Raffles Hospital Shanghai has a target operational date set for the second half of 2019.

Executive chairman Loo Choon Yong said it was a "rather challenging period for companies in Singapore", adding: "The opening of Raffles Hospital Extension as well as that of the Raffles hospitals in Chongqing and Shanghai will continue to provide growth opportunities for the group."

Earnings per share was 0.96 cent for the second quarter, unchanged from the same period a year earlier, while net asset value was 39.53 cents as at June 30, up from 38.12 cents as at Dec 31.

It declared an interim ordinary dividend of 0.5 cent for the financial year ending Dec 31, unchanged from last year. The dividend will be paid on Aug 31.

The firm noted that the Emergency Care Collaboration initiative with the Ministry of Health was extended in June for five more years. This allows Singapore Civil Defence Force ambulances to take patients to Raffles Hospital for treatment.

It is also looking for a boost from the Raffles Hospital extension, which will increase its bed and outpatient care capacity.

However, the company said it is anticipating an economic slowdown and greater regional competition for foreign patients.

Raffles Medical Group shares closed up one cent at \$1.285.

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AT A GLANCE

REVENUE:

\$120.1 million (+1%)

NET PROFIT:

\$16.8 million (+0.5%)

INTERIM DIVIDEND PER SHARE:

0.5 cent (unchanged)



Raffles Medical Group is expecting a boost from the extension to its Raffles Hospital, which will increase its bed and outpatient care capacity.
PHOTO: RAFFLES MEDICAL GROUP