

# RMG's prescription for growth sees positive results

## Deal to run International SOS clinics will lift earnings as well as expand its global presence

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Raffles Medical Group (RMG) is ramping up its focus on overseas markets as it looks to build a strong regional franchise on the back of its foundation in Singapore.

Its recent joint venture with International SOS to run 10 clinics in China, Vietnam and Cambodia will see an almost immediate increase in earnings contribution from expanded overseas operations for the main-board-listed company.

But these are just the first steps in a fresh drive abroad for RMG as it seeks to become a major hospital operator in China, senior director Mack Banner told The Straits Times in a recent interview.

"So far, in our 39 years of history, we have expanded our overseas foothold only to Hong Kong and Shanghai. But within the next two

decades, Raffles intends to replicate its success in Singapore and build a very meaningful presence (in Greater China), starting with the cities of Beijing, Shanghai and Shenzhen," he said.

"We want to build multiple hospitals across all major cities on China's east coast, before venturing to other cities opportunistically as they grow their population."

The first piece of the puzzle is already in place. Last month, RMG held the stone-laying ceremony for Raffles Hospital Shanghai, its joint venture project with Chinese property developer Shanghai Lujiazui.

Set to be completed in 2018, the 400-bed hospital in the Shanghai Free Trade Zone is RMG's first outside of Singapore, where the group has established itself as one of the biggest private healthcare operators with a hospital and 100 clinics.

Shareholders can, meanwhile,

look forward to a boost in RMG's revenue early next year, when the group completes the rebranding of 10 International SOS clinics it acquired in August.

The group of clinics is part of a global network run by International SOS, which provides medical and travel security services to travelling employees of member corporates.

The deal saw RMG buying 55 per cent of the 10 clinics for \$34.3 million, offering the company instant access to previously out-of-reach major Asian cities such as Beijing, Nanjing and Shenzhen in China as well as Ho Chi Minh City in Vietnam, and Phnom Penh in Cambodia, among others.

Mr Banner said: "The group of clinics currently generates a revenue of double-digit million (in US dollars). That will only grow as we expand their corporate membership business to become open market clinics that also serve the general public. We hope to finish this process in the early part of the first quarter next year."

For International SOS, which op-



International SOS medical director for Asia Philippe Barrault (far left) with RMG senior director Mack Banner. RMG aims to leverage on its clinic joint venture with International SOS to instantly expand its foothold in China. It also hopes the venture will bring more medical tourists to Raffles Hospital in Singapore through referrals.  
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erates one of its two global headquarters in Singapore, the partnership with RMG is a no-brainer.

Dr Philippe Barrault, International SOS group medical director for Asia, said the clinics were started in the 1980s, and "have been our fastest-growing clinics in Asia since".

"We have been working with Raffles for 20 years, it's a company that we trust and there is a bond. So when we started looking for partners to grow the clinics further, Raffles was our first choice."

RMG can, in turn, make the most of the International SOS clinics as an established healthcare brand among travellers and expatriates in China, where high-quality medical

services and facilities in the private sector are in high demand, Dr Barrault said.

He added: "For us, because of our DNA, we are after the traveller segment – they can be expatriates, business travellers and local employees of global corporations.

"As Raffles expands our business to offer services to the public, I think it's important that the clinics retain their membership niche, so we will still be providing privileged access to our members."

A third facet of the new joint venture is its potential to bring more medical tourists to Raffles Hospital in Singapore through referrals, Mr Banner and Dr Barrault agreed.

And even as it sets its plans for the Chinese market in motion, RMG has touched down in Japan with a new medical centre in Osaka, announced in September. The centre is a joint venture between RMG and Socion Healthcare Management.

The endgame of these bold moves is to transform RMG into a pan-Asia business, Mr Banner said.

"Right now, our group revenue is still predominantly based in Singapore. Our long-term plan is to expand our overseas revenue contribution to 50 per cent or more eventually," he added.

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