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## SMG reports S\$3.5 million net profit for 1H2020 despite the impact from COVID-19

- Revenue declined 12.8% yoy to S\$38.9 million due to falling patient loads as a result of the deferment of non-essential medical services and temporary clinic closures during the Circuit Breaker period from April to June 2020 as well as the significant decline in medical tourism
- Gross profit margin declined 5.5 percentage points to 40.9% mainly due to a change in sales mix within the Health segment and the impact from COVID-19 on the Diagnostic & Aesthetics segment
- Remained in growth mode through organic initiatives with the onboarding of a new IVF doctor in 3Q2020, a new O&G doctor in 4Q2020 and the opening of a new Women’s Health and Paediatric clinic in the Eastern Region of Singapore in 4Q2020
- Overseas ventures continue to gain traction as SMG seeks to expand its footprint in Vietnam with the opening of a third medical centre in Ho Chi Minh City and a second SMG Ciputra eye clinic in Surabaya, Indonesia by the end of 2020

**Singapore, 6 August 2020** – SGX-listed Singapore Medical Group (“SMG” or “the Group”), a multi-disciplinary specialist healthcare services provider with a growing regional network of healthcare facilities has announced its financial results for the first half ended 30 June 2020 (“1H2020”).

Financial Highlights (S\$'000)	1H2020	1H2019	Change (%)
Revenue	38,945	44,643	(12.8)
Gross Profit	15,913	20,702	(23.1)
Gross Profit Margin (%)	40.9	46.4	(5.5 pts)
Profit Attributable to Owners of the Company	3,454	6,843	(49.5)
Net Profit Margin (%)	8.9	15.3	(6.4 pts)
Earnings per Share – Basic (S\$ cents)	0.72	1.42	(49.3)

The Group’s revenue declined 12.8% year-on-year (“yoy”) to S\$38.9 million due to falling patient loads as a result of the deferment of non-essential medical services and temporary clinic closures during the Circuit Breaker period implemented in Singapore from April to June 2020 to curb the COVID-19 pandemic. The decrease in topline was also attributed to a significant decline in medical tourism over the period due to travel restrictions stemming from the pandemic.

In line with the decline in revenue, gross profit decreased 23.1% yoy to S\$15.9 million while gross profit margin contracted 5.5 percentage points to 40.9%. This decline was mainly due to a change in sales mix within both the Health segment and the Diagnostic & Aesthetics segment. The Group’s Diagnostic & Aesthetics segment was also more negatively affected by the COVID-19 pandemic.

Despite the challenging market conditions and a severe curb of medical tourists which account for an estimated 15% to 20% of the Group’s revenue, the Group reported a net profit of S\$3.5 million for 1H2020, representing a 49.5% yoy decrease.

The Group's core business operations continued to generate strong positive operating cash flows amounting to S\$9.8 million for 1H2020 as compared to S\$10.9 million for 1H2019. In addition, the Group maintained a healthy cash balance of S\$20.3 million as at 30 June 2020. After accounting for total borrowings amounting to S\$9.1 million, the Group maintained a net cash position of S\$11.2 million (31 December 2019: S\$5.1 million).

Commenting on the Group's 1H2020 performance, Executive Director and CEO, Dr. Beng Teck Liang said, *"We witnessed a slowdown from the strong momentum we were garnering up until the period before the onset of COVID-19. Despite the impact, the Group's business operations showed strong resilience while the management team focused on cost controls and improving operational efficiency."*

*Looking ahead into 2H2020, we have seen pent up demand returning for elective procedures and aesthetics. However, uncertainty remains on whether this momentum will continue and if medical tourism will return to pre-COVID-19 levels in the near term.*

*Nevertheless, we remain confident in emerging from this pandemic as a stronger organisation. Further consolidation within the industry should present itself and we remain poised to capture opportunities for growth, leveraging on the strong fundamentals of our business and track record of profitability."*

The Group remains in growth mode, pursuing organic initiatives with the onboarding of a new IVF doctor in 3Q2020, a new O&G doctor in 4Q2020 and the opening of a new Women's Health and Paediatric clinic in the Eastern Region of Singapore in 4Q2020.

Overseas, the Group continues to gain traction as SMG seeks to expand its footprint in Vietnam with the opening of a third medical centre in Ho Chi Minh City and a second SMG Ciputra eye clinic in Surabaya, Indonesia by the end of 2020.

**– The End –**

### **About Singapore Medical Group Limited**

Incorporated in 2005 and listed on the Singapore Exchange Securities Trading Limited (SGX) since 2009, Singapore Medical Group (SMG) is a private specialist healthcare provider with a comprehensive range of multidisciplinary specialties and an extensive network of Specialist and Associate doctors situated across clinics in Singapore. The Group is committed to its promise of providing patient centred medical care and experience to every individual.

SMG's practices are strategically and conveniently located at Paragon Medical Centre, Mount Elizabeth Medical Centre, Mount Elizabeth Novena Specialist Centre, Novena Medical Center, OUE Downtown Gallery, Gleneagles Medical Centre, Farrer Park Medical Centre @ Connexion, and other locations at Bishan, Hougang, Jurong, Toa Payoh, Tiong Bahru, Bedok and Punggol.

SMG Clinics: LSC Eye Clinic, The Dental Studio, Lifescan Medical Centre, Lifescan Imaging, The Cancer Centre, The Obstetrics & Gynaecology Centre, SMG Specialist Centre, SMG Urology Centre with Beng Surgery, Wellness & Gynaecology Centre by Dr Julinda Lee, Astra Women's Specialists, Kids Clinic, Astra Laparoscopic & Robotic Centre for Women and Fertility, Cardiac Centre International, SW1 Clinic and The Breast Clinic.

SMG Specialties: Aesthetic Medicine, Age Management, Anaesthesiology, Cardiology, Cardiothoracic Surgery, Dentistry, Dermatology, Endocrinology, General Medicine & Health Screening, Gastroenterology, General Surgery Infectious Diseases, Medical Oncology, Neurosurgery, Obstetrics & Gynaecology, Ophthalmology, Orthopaedic and Sports Surgery, Otorhinolaryngology (ENT), Paediatric Medicine, Pain Management, Plastic and Reconstruction Surgery, Psychology, Radiology, Traditional Chinese Medicine (TCM), and Urology.

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*This press release has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release. The contact person for the Sponsor is Ms. Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*