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SMG reports S\$8.7 million net profit for FY2020 despite the impact from COVID-19

- Revenue declines 7.7% yoy to S\$87.3 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
- Due to the impact from COVID-19, the Group recognised a non-cash impairment loss on goodwill amounting to S\$3.0 million as a result of the projected decline in earnings of the Paediatrics Business Unit
- Backed by a net cash position of S\$15.8 million as at 31 Dec 2020 (31 Dec 2019: S\$5.1 million), the Board of Directors recommends a final dividend of 0.4 cents per share (FY2019: 0.4 cents per share)
- The Group continues to chart both organic growth in Singapore through the hiring of new specialists and the opening of new clinics while expansion initiatives in key overseas markets continue to garner momentum

Singapore, 19 February 2021 – 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 full year ended 31 December 2020 (“**FY2020**”).

Financial Highlights (S\$'000)	FY2020	FY2019	Change (%)
Revenue	87,340	94,672	(7.7)
Gross Profit	38,040	43,241	(12.0)
Gross Profit Margin (%)	43.6	45.7	(2.1 pts)
Profit Attributable to Owners of the Company	8,730	13,661	(36.1)
Net Profit Margin (%)	10.0	14.4	(4.4 pts)
Earnings per Share – Basic (S\$ cents)	1.81	2.83	(36.0)

The Group’s revenue declined 7.7% year-on-year (“**yoy**”) to S\$87.3 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 12.0% yoy to S\$38.0 million. Correspondingly, gross profit margin declined 2.1 percentage points to 43.6%.

Due to the impact from COVID-19, the Group recognised a non-cash impairment loss on goodwill amounting to S\$3.0 million as a result of the projected decline in earnings of the Paediatrics Business Unit which was acquired in 2017.

Despite the challenging market conditions and a severe curb of medical tourists which account for 15% to 20% of the Group's revenue, the Group reported a net profit of S\$8.7 million for FY2020, representing a 36.1% yoy decline.

The Group's core business operations continued to generate strong positive operating cash flows amounting to S\$20.1 million for FY2020 as compared to S\$26.1 million for FY2019. Accordingly, the Group maintained a healthy cash balance of S\$25.6 million as at 31 December 2020. After accounting for total borrowings amounting to S\$9.8 million, the Group reported a net cash position of S\$15.8 million (31 Dec 2019: S\$5.1 million).

The Board of Directors has recommended a final dividend of 0.4 cents per share, maintaining its dividend from the preceding financial year.

Commenting on the Group's results, Executive Director and CEO Dr. Beng Teck Liang said, *"FY2020 was a challenging year as the impact from COVID-19 weighed on our operations. While our diversified business model remained resilient, we were fortunate to have benefitted from governmental wage and rental support.*

As a result of structural and regulatory shifts across the paediatrics landscape in Singapore, we took a prudent approach to recognise a non-cash impairment loss on goodwill on our Paediatrics Business Unit as the outlook has become increasingly challenging and uncertain.

Despite the headwinds, we were encouraged by the strong demand for our Aesthetics, Lasik, Dental and Health Screening services as consumer discretionary spending continued to hold during the year."

Notwithstanding the challenging business conditions, the Group continues to chart organic growth initiatives in Singapore through the hiring of new specialists and the opening of new clinics.

Outside of Singapore, expansion initiatives in key overseas markets continue to garner momentum with the recent opening of a third medical centre in the prime District 1 of Ho Chi Minh City, Vietnam and a second Ciputra SMG Eye Clinic in Surabaya, Indonesia.

– 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, Bedok, Punggol and Tampines

SMG Clinics: LSC Eye Clinic, The Dental Studio, Lifescan Medical Centre, Lifescan Imaging, The Cancer Centre, The Obstetrics & Gynaecology 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, The Breast Clinic and SMG Diabetes, Thyroid & Endocrine 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.*

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