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Singapore Medical Group more than triples net profit to a record S\$8.5 million for FY2017

- Revenue jumps 63.5% yoy to an all-time high of S\$68.0 million driven by growth across the Group's Healthcare and Diagnostic & Aesthetics segments
- Gross profit surges 94.4% yoy to S\$29.0 million while gross margin expands 6.8 percentage points to 42.6% fueled by margin improvement in the Group's Healthcare segment
- Robust core business operations generate strong positive operating cash flows of S\$12.8 million, providing the impetus to aggressively scale organically while continuing to pursue accretive value-driven investment opportunities to accelerate growth trajectory
- Remains poised to scale its pan-Asian specialist healthcare platform in markets such as Vietnam, Indonesia, Malaysia and Australia
- Proposes a renounceable non-underwritten rights issue of one rights share for every 20 existing shares at an issue price of S\$0.48 to raise up to S\$10.8.0 million; strengthens balance sheet to support the Group's high-growth trajectory led by inorganic and organic growth initiatives¹

Singapore, 1 March 2018 – SGX-listed Singapore Medical Group (“SMG” or “the Group”), a multi-disciplinary specialist healthcare services provider with 36 clinics in Singapore and an expanding regional network of specialist healthcare facilities has announced its financial results for the twelve months ended 31 December 2017 (“FY2017”).

Financial Highlights (S\$'000)	FY2017	FY2016	Change
Revenue	68,001	41,580	63.5%
Gross Profit	28,974	14,905	94.4%
Gross Profit Margin (%)	42.6	35.8	6.8 pts
EBITDA	12,852	4,522	184.2%
Profit Attributable to Owners of the Company	8,499	2,423	250.8%
Net Profit Margin (%)	12.5	5.8	6.7 pts
Earnings per Share – Basic (S\$ cents)	2.02	0.84	140.5%

Following a monumental year in which SMG transformed into one of the largest specialist practitioners dedicated towards women's health and wellness, the Group reported a 63.5% year-on-year (“yoy”) increase in revenue to an all-time high of S\$68.0 million. This growth in topline was driven by the Healthcare segment which increased 68.9% yoy to S\$50.5 million following the completion of three acquisitions² during FY2017. Adding further fuel to growth was the Group's Diagnostic & Aesthetics segment which rose 52.1% yoy to S\$17.1 million.

In line with the increase in revenue, gross profit surged 94.4% yoy to S\$29.0 million. Correspondingly, gross profit margin improved 6.8 percentage points to 42.6% led by the Healthcare segment. Similarly, the Group's

¹ For more information, please refer to the accompanying SGXNet announcement on the proposed rights issue dated 1 March 2018

² The Group completed the acquisition of (1) The Astra Women's Specialist group on 8 February 2017, (2) the Children's Clinic and Kids Clinic on 1 July 2017 and (3) the Babies and Children Specialist Clinic on 1 November 2017. For more information, please refer to the respective SGXNet announcements.

EBITDA increased 184.2% yoy to S\$12.9 million while EBITDA margin expanded 8.0 percentage points to 18.9%, backed by continuous efforts to streamline operations while deriving cost synergies from recent acquisitions.

The Group's administrative expenses increased 63.5% yoy to S\$16.0 million arising primarily from the increase in staff headcount from acquisitions. In addition, distribution and selling expenses increased 17.2% yoy from S\$2.5 million for FY2016 to S\$2.9 million for FY2017, driven mainly by the increase in revenue.

As a result, the Group reported a 250.8% yoy increase in net profit attributable to shareholders of S\$8.5 million, setting a new record in profitability for the Group.

The Group's core business operations continued to generate strong positive operating cash flows amounting S\$12.8 million. This contributed to balance sheet strength as cash and cash equivalents increased to S\$21.3 million as at 31 December 2017 (31 December 2016: S\$7.8 million).

In order to maintain its high-growth trajectory, the Group has proposed a renounceable non-underwritten rights issue of one rights share for every 20 existing shares at an issue price of S\$0.48, to raise up to S\$10.84 million. The strengthening of the Group's balance sheet will support the execution of its inorganic and organic expansion initiatives. Shareholder approval of the rights issue will be determined at an Extraordinary General Meeting to be convened.

Commenting on the Group's FY2017 results, Executive Director and CEO Dr. Beng Teck Liang said, *"This year's financial performance was the result of strong operational execution of our organic and inorganic growth strategies. While we have achieved a record setting year, this is just the beginning for SMG as we have laid the foundation for growth not just in Singapore, but in the region."*

As a leader in women's health and wellness, we are charting growth by adding new doctors and establishing new specialist verticals which are complementary to our existing practices. Our multiple acquisitions which led to the formulation of SMG's paediatrics division this year is testament of our desire to follow our patient's journey from cradle and beyond. While we have grown through acquisitions, we constantly strive to develop a new generation of specialist leaders. In the first quarter of 2018, a senior Obstetrics & Gynaecology doctor will be joining the Group and we have also added our fourth paediatrician. Looking ahead, we intend to aggressively scale our women's health segment while continuing to reap cross-selling opportunities within our network of specialties in areas such as aesthetics.

On the organic front, we have opened our new 5,500 square feet diagnostic centre at Novena Medical Centre. Fully operational since February 2018, this new centre is fully equipped and offers a comprehensive range of cross-disciplinary radiology services in a fast growing medical hub. In addition, we opened another diagnostics centre at OUE Downtown Gallery in light of rising demand for convenient access to imaging and radiology services in the central business district. At both locations, we hope to replicate the success of our flagship diagnostic centre at Paragon, which has been at maximum capacity for the greater part of 2017. To further spur organic growth, we will also be introducing two new cardiologists to kickstart our specialist practice in Cardiology.

Our transformation into a pan-Asian healthcare player has catapulted us into new markets that provide enormous opportunities for growth. Our mindset has always been to export the best of Singapore's healthcare out into the region. We are doing so in countries such as Vietnam and Indonesia, two underserved markets with huge potential. Further out into countries such as Australia where we have expanded our footprint, we have created a leading specialist IVF platform to actively pursue growth opportunities throughout the Asia-Pacific region. While tapping on the expertise of our renowned partners, our enlarged patient pool gives us the ability to leverage on cross-border synergies to drive referrals in countries such as Vietnam.

Heading into the new financial year, we continue to focus on driving operational efficiency in areas such as staffing, marketing and space utilisation so as to maintain the improvement in our profitability margins. In a similar light, we continue to explore accretive value-driven acquisition opportunities that will accelerate our growth and profit trajectory. Having laid a strong foundation, we foresee setting new records in 2018.”

– 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 an extensive network of 25 specialities, 36 clinics and SMG Associates clinics. 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 Center, Mount Elizabeth Novena Specialist Centre, Novena Medical Center, OUE Downtown Gallery, Gleneagles Medical Centre, Farrer Park Medical Centre @ Connexion, Mount Alvernia Hospital and other locations at Bishan, Hougang, Jurong, Toa Payoh, and Tiong Bahru

SMG Clinics: The Lasik Surgery Clinic, The Dental Studio, Lifescan Medical Centre, Lifescan Imaging, SMG Vision Centre, The Cancer Centre, The Obstetrics & Gynaecology Centre, SMG Specialist Centre, SMG Orthopaedic Group, SMG Urology Centre with Beng Surgery, Wellness & Gynaecology Centre by Dr Julinda Lee, the Astra Women's Specialists Group and Kids 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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