

Singapore Medical Group acquires hospital-based paediatric clinic for S\$7.9 million to expand specialty offering

- With this latest acquisition adding the third paediatric specialist to the Group, it also bolsters depth to existing offering with sub-specialty focus on neonatology
- Earnings accretive acquisition with compelling valuation of approximately 7.6x price-to-earnings multiple; net profit after tax for latest completed financial year was approximately S\$1.0 million
- Total consideration to be funded via issuance of 6,336,221 new shares at approximately S\$0.62/share and approximately S\$3.95 million cash over three tranches
- Momentum for organic growth revs up with four specialists joining the Group by 1Q2018 in the disciplines of Paediatrics, Obstetrics & Gynaecology and Cardiology

Singapore, 19 Oct 2017 – SGX-listed Singapore Medical Group (“SMG” or “the Group”), a multi-disciplinary specialist healthcare services provider has announced its latest acquisition of a paediatric clinic, Babies and Children Specialist Clinic Pte. Ltd. for S\$7.9 million, expanding the Group’s portfolio of clinics to 36.

Furthering the Group’s foray into the paediatrics discipline with two paediatric clinics located at heartland areas, Toa Payoh and Bishan, this represents the first hospital-based clinic for the Group at Mount Alvernia Hospital. Notwithstanding the geographical expansion, this latest paediatrician brings on-board a sub-specialty focus on neonatology that targets newborn infants, particularly the ill or premature. The Group will also have a consultancy agreement of at least a five-year tenure with the renowned senior neonatologist where efforts would be committed to grow the Group’s paediatric practice, identify and mentor talented paediatricians.

The earnings accretive acquisition carries a total consideration of S\$7.9 million, to be funded via the issuance of 6,336,221 new shares at S\$0.62/share¹ and S\$3.95 million in cash over three tranches². Based on the latest completed financial year, the clinic achieved net profit after tax of approximately S\$1.0 million. As such, this acquisition commands an undemanding price-to-earnings multiple of approximately 7.6 times.

Commenting on the Group’s latest acquisition, Executive Director and CEO Dr. Beng Teck Liang, *“We are pleased to welcome our latest paediatrician who adds both breadth and depth to our existing specialty offering. Apart from expanding our footprint locally to have a presence at the hospital, neonatology is a sub-specialty that would value-add our existing capabilities and propel us up the value chain.*”

Shortly after initiating our entry into the paediatric discipline in April this year, we have rapidly grown to three paediatricians and will add a fourth specialist by 1Q2018. Led by an uptick in growth momentum within the Women’s Health and Wellness segment, it has also driven the need for us to bring on-board a senior O&G specialist, who will join the Group during the first quarter of next year to help charter synergistic growth. During the same period, we are also expanding our organic growth aggressively beyond these disciplines and will be welcoming two cardiologists to the Group. With the addition of an interventionist and electrophysiologist, we are well empowered to kickstart our specialty practice in Cardiology.

As part of our Group’s overarching growth strategy, we continue to set sights on inorganic and organic pursuits. Our track record of striking earnings accretive acquisitions has developed springboards for our subsequent organic growth in order to drive long-term earnings sustainability.”

¹ Based on the volume weighted average price of S\$0.6234 on 16 October 2017.

² S\$1.4 million upon completion; S\$1.4 million on the first anniversary of the completion date; S\$1.1 million on the second anniversary of the completion date.

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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, Novena Specialist Centre, OUE Downtown Gallery, Gleneagles Medical Centre, Farrer Park Medical Centre @ Connexion, and other locations at Bishan, Hougang, Jurong, Toa Payoh, and Tiong Bahru

SMG Clinics: The Lasik Surgery Clinic, The Dental Studio, The Wellness Suite An SMG Clinic, 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, and the Astra Women's Specialists Group, Kids Clinic and Children's 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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