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SMG sets an all-time high in half-yearly revenue while net profit more than doubles to a record S\$7.2 million for 1H2021

- Revenue increases 27.6% higher yoy and 11.3% higher than 1H2019 (pre-COVID19) to a record S\$49.7 million driven by a rise in demand across the Group’s Health and Diagnostic and Aesthetics business segments
- Backed by strong positive operating cash flows of S\$9.8 million, the Group’s balance sheet strengthened to a net cash position of S\$18.1 million (31 Dec 2020: S\$15.8 million) while maintaining a low gearing ratio of 4.1% (31 Dec 2020: 6.4%)
- Despite uncertainty surrounding the pandemic, the Group continues to chart organic growth in Singapore through the hiring of new specialists, opening new clinics and increasing capacity within existing facilities
- Overseas investments continue to gain traction as expansion initiatives in Vietnam, Indonesia and Australia drove a turnaround and return to profitability of the Group’s share of results of joint venture entities and associates

Singapore, 3 August 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 six months ended 30 June 2021 (“1H2021”).

Financial Highlights (S\$'000)	1H21	1H20	YoY Change (%)	1H19*	1H21 vs 1H19 Change (%)
Revenue	49,682	38,945	27.6	44,643	11.3
Gross Profit	22,277	15,913	40.0	20,702	7.6
Profit Attributable to Owners of the Company	7,190	3,454	108.2	6,843	5.1
Earnings Per Share – Basic (Sing Cents)	1.49	0.72	106.9	1.42	4.9

*1H19 results are included to showcase a pre-COVID19 comparison

The Group’s total revenue increased 27.6% year-on-year (“yoy”) to a half-yearly record of S\$49.7 million for 1H2021. Significantly, the Group’s revenue for 1H2021 was a 11.3% increase over the revenue for 1H2019’s pre-COVID19 levels.

This rise was mainly attributed to a rise in demand for the Group’s Health and Diagnostics and Aesthetics services for 1H2021 as compared to 1H2020 where operations were significantly curtailed due to the Circuit Breaker (“CB”) period in Singapore from April to June 2020.

Revenue from the Group’s Diagnostic and Aesthetics segment surged 76.5% yoy to S\$19.8 million driven by rising demand for aesthetics, LASIK and diagnostic imaging related services. Similarly, the Group’s Health segment recorded topline growth of 8.7% yoy to S\$30.5 million despite the severe curb of medical tourism which historically accounted for 15% to 20% of the Group’s overall revenue.

Despite the challenging market conditions brought about by COVID-19, the Group reported a 108.2% yoy increase in net profit to a record S\$7.2 million for 1H2021. The record half-yearly profit for 1H2021 was also 5.1% higher as compared to pre-COVID19 levels in 1H2019.

The Group's core business operations continued to generate strong positive operating cash flows of S\$9.8 million for 1H2021. Accordingly, the Group maintained a healthy cash balance of S\$24.7 million as at 30 June 2021. After accounting for total borrowings amounting to S\$6.5 million, the Group's net cash position improved to S\$18.1 million (31 Dec 2020: S\$15.8 million) while the Group maintained a healthy gearing ratio of 4.1% (31 Dec 2020: 6.4%).

Commenting on the Group's 1H2021 results, **Executive Director and CEO Dr. Beng Teck Liang** said, *"Following a challenging 2020, we continued to face uncertainty amid the pandemic and the various phases of restrictions. Furthermore, we continued to be weighed down by the absence of medical tourism. Nevertheless, the diversified nature of our operations today ensured that we were able to take advantage of structural shifts in demand for key specialist verticals such as diagnostics and aesthetics."*

Accordingly, the business has been firing on all cylinders and has culminated in us achieving new records of half-yearly financial performance. Backed by our strengthened balance sheet, this is just the beginning as we are looking to emerge stronger from the pandemic via both organic and inorganic growth strategies.

We are very grateful for the trust that our shareholders have placed in us, and are pleased to report such a positive set of results."

Organic Growth Initiatives

Notwithstanding the uncertain business conditions, the Group continues to chart organic growth initiatives in Singapore through the hiring of new specialists, the opening of new clinics and increasing capacity within existing facilities.

In particular, the Group is looking to strengthen its position as a leading private specialist healthcare provider within the women's and children's space through the hiring of new O&G specialists and paediatricians in addition to the opening new clinics to further strengthen the Group's hub and spoke model. Today, the Group's flagship women's health centre is located at Mount Elizabeth Specialist Centre in Novena with a network of 14 specialist clinics which extend across the heartlands.

On the organic front, the Group has also increased the capacity of its diagnostic services with the addition of a new Magnetic Resonance Imaging ("MRI") machine at its Novena imaging centre which effectively increases the Group's MRI capacity by more than 20% as of 1 May 2021.

Dr Beng added, *"We will continue to focus on the suburban expansion of our specialist services especially in key verticals where we see strong demand. In addition to our growing women's and children's vertical, our aesthetics segment has experienced overwhelming demand. Plans are in motion to capture opportunities for growth, expand our existing footprint and further solidify our leadership position in the aesthetics market."*

Overseas Investments

Two of the Group's overseas entities, CityClinic Asia Investments Pte. Ltd. in Vietnam and PT Ciputra SMG in Indonesia have been impacted by record numbers of COVID-19 cases and lockdowns within both countries. While these two exciting and high-growth markets have been identified as key drivers of future growth, challenging business conditions are expected to persist in the near term as both countries grapple with the pandemic.

Despite the inability to travel which has slowed the due diligence process associated with inorganic growth opportunities, the Group's partnership with CHA Healthcare and City Fertility, one of Australia's largest IVF & fertility service groups has continued to gain traction. Having identified an opportunity to strengthen the partnership's leadership position in Australia, City Fertility is in the final stages of closing an earnings accretive acquisition which will expand its footprint in Western Australia where City Fertility currently has no presence.

In spite of the challenging market conditions, the Group reported a turnaround of its share of results of joint ventures amounting to S\$0.2 million for 1H2021 as compared to a loss of S\$20,000 for 1H2020. The turnaround was driven by rising levels of profitability in Australia and Indonesia offset by losses incurred in Vietnam.

– The End –

About Singapore Medical Group Limited (“SMG”)

Incorporated in 2005 and listed on the Singapore Exchange since 2009, SMG is a private specialist healthcare provider with an extensive network of more than 45 owned and associated clinics covering over 25 medical specialties. The Group has a growing regional presence in Ho Chi Minh City in Vietnam, Jakarta and Surabaya in Indonesia and across multiple cities in Australia following several investments and joint ventures with strategic partners.

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 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, The Breast Clinic and SMG Diabetes, Thyroid and Endocrine Clinic.

For more information, please visit <https://smg.sg/>

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