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Singapore Medical Group reports a 32.0% year-on-year rise in net profit to S$3.4 million for 2Q2018

- Revenue surges 29.9% yoy to S$21.6 million as the Group's "acquire and grow" strategy of scaling and aggressively growing acquired businesses continues to garner momentum; key verticals record double-digit growth driven by organic growth strategies across newly acquired clinics
- Gross profit jumps 34.0% yoy to S$9.7 million while gross margin expands 1.4 percentage points to 44.8% fueled by a change in sales mix across the Healthcare and Diagnostic & Aesthetics segments
- Growth set to continue into the second half of 2018 as organic growth initiatives both locally and overseas are in place to aggressively scale in key verticals such as Obstetrics and Gynaecology, Paediatrics and other specialist verticals

Singapore, 13 August 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 second quarter ended 30 June 2018 ("2Q2018").

Financial Highlights (S$'000)	2Q2018	2Q2017	Change	1H2018	1H2017	Change
Revenue	21,595	16,630	29.9%	40,824	30,663	33.1%
Gross Profit	9,680	7,224	34.0%	18,597	13,288	40.0%
Gross Profit Margin (%)	44.8%	43.4%	1.4 pts	45.6%	43.3%	2.3 pts
EBITDA	5,293	3,577	48.0%	10,235	5,909	73.2%
Profit Attributable to Owners of the Company	3,406	2,580	32.0%	6,827	4,012	70.2%
Net Profit Margin (%)	15.8%	15.5%	0.3 pts	16.7%	13.1%	3.6 pts
Earnings per Share – Basic (S$ cents)	0.73	0.61	19.7%	1.48	1.03	43.7%

Driven by organic growth across newly acquired clinics, the Group's revenue surged 29.9% year-on-year ("yoy") to S$21.6 million. Growth in top line was underpinned by the Healthcare segment which rose 28.1% to S$15.6 million. Similarly, the Group's Diagnostic & Aesthetics segment increased 36.8% yoy to S$6.0 million.

In line with the increase in revenue, gross profit increased 34.0% yoy to S$9.7 million. Correspondingly, gross profit margin improved 1.4 percentage points to 44.8% as a change in sales mix across both segments led to margin improvements. Similarly, the Group's EBITDA increased 48.0% yoy to S$5.3 million while EBITDA margin expanded 3.0 percentage points to 24.5%, underpinned by continuous efforts to streamline operations while deriving cost synergies from recent acquisitions.

The Group's administrative expenses increased 38.3% yoy to S$4.9 million arising primarily from higher depreciation and an increase in staff as the Group continued to expand its operations. In addition, distribution and selling expenses increased 26.8% yoy from S$0.7 million for 2Q2017 to S$0.9 million for 2Q2018, mainly attributable to the increase in revenue.

As a result, the Group reported a 32.0% yoy increase in net profit attributable to shareholders of S$3.4 million.

Commenting on the Group's 2Q2018 results, Executive Director and CEO Dr. Beng Teck Liang said, *"Our "acquire and grow" strategy, where profitable businesses were acquired with the intent to scale through further organic growth initiatives continues to garner momentum. Across key verticals such as obstetrics & gynaecology ("O&G"), paediatrics and diagnostic imaging, we registered double-digit growth while additional scale and continued improvements to operational efficiency have translated to consistent improvements to profitability margins.*

Heading into the second half of the year, our growth is set to continue as we intend to hire additional specialists and open new clinics. This will start with a new dental clinic in Bishan. In addition, driven by rising demand at our radiology centres, we will hire additional radiologists in the third quarter. Similarly, to further the growth of our women's and children's segment, we will be opening a new paediatrics clinic in the northern part of Singapore to strengthen our hub and spoke model which extends into the heartlands. Our vision of being the leading specialist provider of women's health and wellness care in Singapore continues to unfold.

Overseas, we continue to execute various growth initiatives at our two clinics in Ho Chi Minh City, Vietnam. Against the backdrop of rising demand for premium healthcare, we are well-poised to capture growth opportunities with a team of 60 multidiscipline specialists and six paediatricians. As we continue to see strong growth at both clinics, we will explore the possibility of increasing our stake in this joint venture once the entity reaches profitability. With our other joint venture in Indonesia continuing to show growth and profitability, our core belief in exporting Singapore's best healthcare practices out into the region is taking effect. Already, we are in the advanced stages of plans to scale our Aesthetics platform, SW1, overseas with Vietnam and Indonesia identified as a natural progression given our existing footprint.

While charting steady growth, patient care has always been placed at the forefront of our agenda. In this light, we have taken a proactive approach in enhancing patient connectivity and services through the use of technology. We are developing a proprietary specialist telemedicine platform that both local and patients across the region will use to consult with our specialists throughout their treatment cycle. Having laid a strong foundation, this new initiative is another monumental step in our growth story."

– 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 and Bedok

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, Astra Women's Specialists, Kids Clinic, Astra Laparoscopic & Robotic Centre for Women and Fertility, Cardiac Centre International and SW1 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 not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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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