

Clearbridge revenue leaps 20 times as expansion strategy bears fruit in FY2018

- Clearbridge recorded revenue of S\$6.14 million in FY2018, an increase of more than 20 times compared to the previous financial year.
- Expects growth trajectory to continue into FY2019 as the Group prepares to add more medical clinics/centres to its regional portfolio.

SINGAPORE – 1 March 2019 – Clearbridge Health Limited (“Clearbridge” or the “Company” and together with its subsidiaries, the “Group”) (明策集团), has reaped the benefits of its expansion strategy as four consecutive quarters of growth propelled its revenue to S\$6.14 million for the 12 months ended 31 December 2018 (“**FY2018**”), or more than 20 times the S\$0.29 million it achieved in the corresponding period in 2017 (“**FY2017**”).

The sterling topline performance in FY2018 was a result of contributions from the medical clinics/centres that commenced operations and were acquired by the Group, following its December 2017 initial public offering (“**IPO**”). Together these clinics/centres generated combined revenue of S\$2.93 million, including S\$1.20 million from the Philippines, S\$1.27 million from Singapore and S\$0.46 million from Hong Kong.

In addition, the provision of laboratory testing services and renal care services garnered the Group S\$3.20 million in revenue in FY2018.

The Group’s revenue increase from S\$2.05 million in the three months ended 30 September 2018 (“**3Q2018**”) to S\$2.25 million in the three months ended 31 December 2018 (“**4Q2018**”).

Mr Jeremy Yee (余斌), Executive Director and Chief Executive Officer of Clearbridge, said: *“FY2018 was a game-changing year for Clearbridge as we marked several significant achievements on the financial and operational fronts. The four consecutive quarters of topline growth reflects the success of our regional expansion through an EBITDA-focused acquisition strategy, which has made us immediately revenue accretive. We expect this growth trajectory to continue as the Group expands in FY2019.”*

“The clinics/centres we’ve acquired are also a means to support our core business as a provider of precision medicine. We started with just two clinics at listing, but today we operate a sizable network across Singapore, Malaysia, Indonesia and the Philippines through which we can deploy our diagnostic tests, solutions and products to the region. We will be looking for more opportunities to strengthen this network,” **Mr Yee** added.

There was an increase in expenses in FY2018 as a result of overseas business expansion, including increased staff strength and employee benefits expense that rose to S\$7.42 million. Other operating expenses increased to S\$5.80 million and included non-recurring expenses of S\$1.41 million for professional fees and other miscellaneous expenses incurred pursuant to recent acquisitions, collaborations, establishment of multicurrency debt issuance programme and loan financing; as well as S\$0.85 million in consultancy fees and other administrative expenses for research and development activities, which has since been streamlined.

The Group incurred fair value losses totalling S\$7.58 million on other investments, associates and derivative financial instruments. Among other factors, this was mainly due to changes in the indicative valuation of its former associated company Biolidics Limited (previously known as Clearbridge BioMedics Pte. Ltd.) ahead of the latter's IPO in December 2018.

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of S\$18.45 million in FY2018.

Excluding the non-recurring operating expenses and fair value changes in other investments, associates and derivative financial instruments, the Group would have recorded a pre-tax loss of S\$8.89 million in FY2018, while adjusted EBITDAR loss would have been S\$6.13 million. The Group's adjusted EBITDAR loss quarter on quarter are as follows:

<i>(S\$'000)</i>	<i><u>FY2017</u></i>	<i><u>1Q2018</u></i>	<i><u>2Q2018</u></i>	<i><u>3Q2018</u></i>	<i><u>4Q2018</u></i>
<i>Revenue</i>	<i>288</i>	<i>377</i>	<i>1,456</i>	<i>2,052</i>	<i>2,250</i>
<i>Adjusted EBITDAR</i>	<i>(2,855)</i>	<i>(1,680)</i>	<i>(1,402)</i>	<i>(1,123)</i>	<i>(1,924)</i>

The higher expenses incurred in 4Q2018 is mainly due to the retrofitting of the Philippines' medical facility so as to revamp it into a first class medical centre, start-up costs in relation to the clinics in Malaysia and the Philippines, mandatory employee annual wages supplement paid in December and education campaign on precision medicine in Hong Kong, particularly for mainland Chinese clients.

BUSINESS REVIEW

In the Philippines, the Group's financial performance has improved significantly since the acquisition of the integrated ambulatory Medical Center in Quezon City. Following its strategic rebranding from Marzan Health Care Diagnostic Centre to Clearbridge Medical Centre, the facility is on track to implement concrete plans to start its multi-speciality outpatient clinics, dentistry diagnostics and medical laboratory tests and large scale corporate employee medical checks packages. Besides the established aesthetics clinic in the Philippines, the Group has also identified two other clinic locations in Metropolitan Manila, Valenzuela City and Cebu, Lapulapu City which are undergoing preliminary works and renovation. The improved facilities will enable the Group to offer a wider and more comprehensive range of diagnostic services, be in a better position for accreditation by the



Department of Health as an approved Overseas Foreign Workers screening facility and accreditation with other major Health Management Organisations for private corporate clients. Through our 3 branches in the Philippines, Clearbridge Medical Philippines has also established partnerships with the Department of Social Welfare and Development (DSWD) and together with “Clearbridge Pharmacies”, the entity is poised to serve over 2,000 state-sponsored Filipinos from different government hospitals and agencies. It is also currently serving 21 hospitals through a national healthcare programme such as the “Lingap sa Masa”.

In Indonesia, Clearbridge’s subsidiary PT Tirta Medika Jaya has contracts in place to offer renal care services in 34 hospitals in Indonesia as compared to 15 hospitals when the Group acquired it in April 2018. Of the 626 renal dialysis devices contracted to be installed over the duration of the agreements, only 267 have been installed and are operating to-date. In other words, only 42.7% of the contracts for the contracted 626 renal devices are currently contributing revenues while the rest of the 57.3% (359 devices) have yet to be operational. The Company expects the full installation of these devices in 2019. In addition, the Company expects new acquisition of contracts across Indonesia in 2019. There is also strong emphasis on medical subsidy coverage (BPJS) from the Indonesian Government and this we believe will benefit healthcare service providers.

Elsewhere in the region, Clearbridge’s two clinics in Singapore and one in Hong Kong, have been delivering satisfactory growth. Plans are also underway to expand its presence and product offerings in Singapore and Hong Kong. In Hong Kong, the clinic has tie-ups with insurance companies such as Prudential and Tai Ping. The Group has also recently started operations in Malaysia with the opening of a paediatric cum family clinic in Kuala Lumpur (primarily catering to the mother and child segment). While awaiting the final issuance of the MOH license, the clinic has attained partnerships with 12 GP clinics in the Klang Valley with an additional 6 branches shortlisted to be outlets contracted to provide our Hereditary Cancer Gene Test and Rightmed.

The Group’s laboratory testing services arm SAM Laboratory Pte. Ltd. (“**SAM Lab**”) continues to pursue collaborations with third-parties, which supports its asset-light strategy while tapping into the latest advancements in precision medicine. Consistent with the announcements the Group made on 23 August 2018 and 13 November 2018, the investment in PT Indo Genesis Medika (“**Indo Genesis**”) will be deemed as having direct vertical synergies with SAM Lab, a CAP accredited facility in Singapore.

FUTURE PLANS

In January 2019, Clearbridge announced plans to raise S\$11.00 million through the issuance of convertible bonds due in 2022 to corporate and private investors to finance its acquisitions and business opportunities.

The Group intends to use its newly fortified war chest to complete its proposed investment in Indo Genesis. The remaining funds raised from the convertible bonds issue will be deployed for suitable



mergers and acquisitions, joint ventures, strategic collaborations and/or investment as well as general working capital purposes.

Mr Yee said: *“The Group believes that population growth, coupled with an increase in life expectancy, is likely to lead to an ageing population, which will drive demand for more and better healthcare services that is relevant to treatments in the cancer and the chronic diseases space. This is likely to lead to sustained demand for laboratory testing services and also bodes well for the Group’s medical clinics/centres business.”*

Clearbridge will continue to enhance its internal capabilities and processes to achieve greater efficiencies and returns.

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About Clearbridge Health Limited

Clearbridge Health Limited is a healthcare company with a focus on the delivery of precision medicine in Asia. Its business comprises laboratory testing services, medical clinics/centres and strategic equity participation in complementary precision medical technology companies. Through the delivery of precision medicine in Asia, it seeks to empower clinicians and healthcare professionals to make more reliable and accurate diagnoses, provide insights to disease management, and tailor personalised prevention and timely treatment programmes for patients. It is executing the above strategies by way of primary healthcare and healthcare systems that reside in nexus of high demand.

For more information, please visit us at www.clearbridgehealth.com.

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This press release has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).



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