



SINGAPORE MEDICAL GROUP LIMITED

(Company Registration No.: 200503187W)

CORPORATE AND BUSINESS UPDATE

The Board of Directors (the “**Board**”) of Singapore Medical Group (“**SMG**” or the “**Group**”) wishes to provide an update to shareholders of SMG (“**Shareholders**”) on its corporate and business developments, organic growth initiatives and the Group’s overseas investments, especially in light of the impact of COVID-19.

Record quarterly revenue and profit despite the impact of COVID-19

Singapore entered into Phase 3 of its reopening on 28 December 2020 where the Government of Singapore allowed for the further reopening of the community and resumption of additional activities. During this period the Group’s operations were fully operational while adhering to safe management practices and social distancing measures in line with the guidelines from the Ministry of Health (“**MOH**”).

Driven by rising demand from the reopening, the Group recorded a 7.6% year-on-year (“**yoy**”) increase in revenue to a quarterly record of S\$24.8 million for the quarter ended 31 March 2021 (“**1Q2021**”).

This rise in topline to an all-time quarterly high was mainly attributed to an increase in the Group’s Diagnostic & Aesthetics business segment which saw a surge in demand for aesthetics, LASIK and diagnostic imaging related services.

In addition, the Group recorded a 22.2% yoy increase in net profit to a record S\$3.8 million for 1Q2021 as compared to S\$3.1 million for 1Q2020 and S\$3.3 million for 1Q2019.

During 1Q2021, the Group’s core business operations continued to generate strong positive operating cash flows amounting to S\$3.9 million while maintaining a healthy cash balance of S\$26.5 million as at 31 March 2021. After accounting for total borrowings amounting to S\$8.1 million, the Group’s net cash position improved to S\$18.4 million (31 Dec 2020: S\$15.8 million) while the Group maintained a healthy gearing ratio of 5.1% (31 Dec 2020: 6.4%).

Commenting on the Group’s 1Q2021 financial performance, **Executive Director and CEO Dr. Beng Teck Liang** said, *“While the Group was impacted by the significant decline in medical tourism, we have a diversified business model and we were able to take advantage of structural shifts in demand. For example, we were well placed to benefit from the surge in demand for diagnostic and aesthetic related services.*

While the outlook for medical tourism remains uncertain, we expect domestic demand for diagnostics and aesthetics to continue rising and we are well poised to capture opportunities for growth within these verticals.

Looking ahead, we remain in growth mode focusing on the expansion of key specialist verticals within our Diagnostic & Aesthetics business segment. Within the Health segment, we remain cautiously optimistic as demand continues to be resilient. Accordingly, we are furthering organic growth initiatives within our key healthcare verticals such as women’s and children’s health to ensure we emerge stronger from the pandemic.”

Reintroduction of stricter COVID-19 measures

As announced on 4 May 2021, Singapore has reintroduced a tightening of curbs on social gatherings and stricter border measures from 8 May 2021 to 30 May 2021. During this period, the Group’s operations will continue to remain fully operational with the relevant enhanced safe management practices and social distancing measures from MOH implemented across all of its clinics.

However, the Group continues to be impacted by the lack of medical tourism. Historically, medical tourism has accounted for approximately 15% to 20% of the Group’s revenue.



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 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.

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.

Overseas investments

In Vietnam, the Group's overseas entity, CityClinic Asia Investments Pte. Ltd. of which the Group owns an effective interest of 26%, continues to gain traction with rising patient loads amid increasing demand for specialist healthcare in the country. Despite the pandemic, the Group's operations in Vietnam which operate under the CarePlus Vietnam brand, continue to grow following the opening of a third medical centre in the prime District 1 of Ho Chi Minh City.

In Indonesia, the Group operates two eye centres in Jakarta and Surabaya via a joint venture with Ciputra Group, one of the largest and most diversified property developers in Indonesia. For 1Q2021, the Group's 40% owned joint venture entity, PT Ciputra SMG reported significant increases in revenue and profitability following the newly opened eye centre in Surabaya in August 2020.

In Australia, the Group's partnership with CHA Healthcare and City Fertility, one of Australia's largest IVF & fertility service groups garnered significant momentum during the quarter. With a 13% effective stake in the joint venture, the Group benefited from rising patient volumes while revenue and profitability increased substantially for 1Q2021.

As a result, the Group reported the first turnaround of its share of results of joint venture entities and associates amounting to S\$0.2 million for 1Q2021 as compared to a loss of S\$12,000 for the quarter ended 31 March 2020.

Enhancing shareholder value

The Board would like to reiterate that it continues to explore various avenues to enhance shareholder value, including possible corporate actions that can unlock value for shareholders.

Any material developments on future corporate actions will be announced to shareholders accordingly via SGXNet.

By Order of the Board

Dr Beng Teck Liang
Executive Director & Chief Executive Officer

10 May 2021

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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