

## Singapore Medical Group reports S\$4.0 million net profit for 1H2017 as organic and inorganic growth strategies fire on all cylinders

- Revenue jumps 57.5% yoy to S\$30.7 million driven by the Group's burgeoning Healthcare segment
- EBITDA surges 312.1% yoy to S\$5.9 million while EBITDA margin improves to 19.3% as the Group continued to streamline operations and derive cost synergies from acquisitions
- Robust balance sheet bolstered by a S\$11.6 million net cash position provides the impetus for the Group to aggressively scale key segments and pursue value-driven investment opportunities

**Singapore, 14 Aug 2017** – SGX-listed Singapore Medical Group ("SMG" or "the Group"), a multi-disciplinary specialist healthcare services provider with 35 clinics in Singapore has announced its financial results for the six months ended 30 June 2017 ("1H2017").

| Financial Highlights (S\$'000)               | 1H2017 | 1H2016 | Change  |
|----------------------------------------------|--------|--------|---------|
| Revenue                                      | 30,663 | 19,473 | 57.5%   |
| Gross Profit                                 | 13,288 | 6,495  | 104.6%  |
| Gross Profit Margin (%)                      | 43.3   | 33.4   | 9.9 pts |
| EBITDA                                       | 5,909  | 1,434  | 312.1%  |
| Profit Attributable to Owners of the Company | 4,012  | 633    | 533.8%  |
| Net Profit Margin (%)                        | 13.1   | 3.3    | 9.8 pts |
| Earnings per Share – Basic (S\$ cents)       | 1.03   | 0.23   | 347.8%  |

Posting a 57.5% year-on-year ("yoy") surge in revenue to S\$30.7 million for 1H2017, the growth was spearheaded by its cornerstone Healthcare segment which increased 42.3% yoy to S\$21.9 million. Adding further fuel to topline growth was the Group's burgeoning Diagnostic & Aesthetics segment which increased 125.7% yoy to S\$8.6 million.

Along with the increase in revenue, the Group's gross profit rose 104.6% yoy to S\$13.3 million. Correspondingly, the Group's gross profit margin expanded 9.9 percentage points 43.3%, driven by improved margins from the Healthcare segment.

The Group's administrative expenses increased 64.6% yoy to S\$7.2 million as the Group increased its staff headcount as a result recent acquisitions and expansion plans. Similarly, the Group's distribution and selling expenses increased 18.6% yoy to S\$1.4 million as it ramped up targeted marketing and branding initiatives to increase patient load.

While executing its regional growth strategy, the Group continued to streamline operations while deriving cost synergies from recent acquisitions. This translated to significant growth in Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA"), which increased 312.1% yoy to S\$5.9 million. Correspondingly, the Group's EBITDA margin improved to 19.3%.

Stemming from the above factors, the Group reported a 533.8% yoy increase in net profit to S\$4.0 million, a record performance over the course of 6 months.

The Group's robust core business operations continued to generate strong positive operating cash flow amounting S\$4.0 million for 1H2017. Coupled with S\$15.5 million proceeds from the issuance of new shares to CHA Healthcare Group and the exercise of employee share options, the Group's balance sheet strengthened as cash and cash equivalents increased to S\$24.3 million as at 30 June 2017. After accounting for borrowings amounting S\$12.8 million, the Group's net cash position improved to S\$11.6 million as at 30 June 2017 (31 December 2016: S\$4.2 million).

Commenting on the Group's first half results, Executive Director and CEO Dr. Beng Teck Liang said, *"During the first half of the year, excellent operational execution of our inorganic and organic growth strategies has culminated in another record set of results. Accelerating our growth roadmap through acquisitions, one of our specialist disciplines dedicated towards women's health and wellness is now one of the largest in the private sector. To complement this fast-growing Obstetrics & Gynaecology ("O&G") segment, we intend to aggressively scale our newly acquired paediatrics division to promote cross-selling opportunities and synergies within the Group.*

*Our acquisitions are precedent on the ability to achieve further organic growth. On this front, we have brought two O&G specialists on board and will continue to hire additional specialists in the near-term. Additionally, to meet the intense demand for our diagnostic imaging services, we have commenced the construction of a new diagnostics centre at Novena Medical Centre. Spanning 5,500 square feet, our new facility will strengthen our foothold in a fast growing medical hub while offering a comprehensive range of cross-disciplinary radiology services.*

*Heading into the second half of the year, a key focus will be on integrating our newly acquired entities while driving operational efficiencies in areas such as staffing, marketing and space utilisation. This should bode well for the Group as we strive to improve our profit margins by deriving cost and revenue synergies from our acquisitions while allowing doctors to focus on what matters most – providing our patients with the highest quality of care.*

*Despite the high levels of growth, this is just the beginning of our journey as a pan-Asian healthcare provider. Overseas, our Ciputra eye clinic in Jakarta is showing signs of growth and profitability while initiatives in Vietnam have begun to gain traction as our proactive approach to exporting quality healthcare out into the region garners momentum. Closer to home, we are actively pursuing value-driven investment opportunities that will complement and strengthen our extensive network of specialties. Backed by our net cash position and robust balance sheet, we remain well-positioned to capture prevailing industry trends in order to enhance long-term shareholder value."*

**– 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 an extensive network of 25 specialties, 35 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 Centre, Mount Elizabeth Novena Specialist Centre, Novena Medical Center, Novena Specialist Center, 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, Singapore 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, 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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