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Singapore Medical Group completes the turnaround as net profit soars to a record S\$2.4 million for FY2016

- Revenue increases 34.3% yoy to a record S\$41.6 million driven by robust growth in the Group’s Healthcare and newly formed Diagnostic & Aesthetics segment
- Gross profit surges 54.2% yoy to S\$14.9 million while EBITDA rises 284.2% yoy to S\$4.5 million on the back of higher margins in the Diagnostic & Aesthetics segment
- Well-positioned for its next phase of growth as a pan-Asian specialist healthcare provider as the Group aggressively explores organic and inorganic growth opportunities in Singapore and SEA

Singapore – 27 February 2017, SGX-listed Singapore Medical Group (“SMG” or “the Group”), a multi-disciplinary specialist healthcare services provider with 29 clinics in Singapore has announced its financial results for the year ended 31 December 2016 (“FY2016”).

Financial Highlights

(S\$'000)	FY2016	FY2015	Change (%)
Revenue	41,580	30,967	34.3
Gross Profit	14,905	9,665	54.2
Gross Profit Margin (%)	35.8	31.2	4.6 pts
EBITDA	4,522	1,177	284.2
EBITDA Margin (%)	10.9	3.8	7.1
Profit (Loss) Attributable to Owners of the Company	2,423	(148)	n.m.
Net Profit Margin (%)	5.8	n.m.	n.m.
Earnings per Share - Fully Diluted (S\$ cents)	0.84	(0.05)	n.m.

n.m.: Not meaningful

In a monumental year, the Group’s revenue surged 34.3% year-on-year (“yoy”) to S\$41.6 million for FY2016. Growth in the Group’s topline was driven by the Healthcare segment which increased 35.0% yoy to S\$29.9 million. Similarly, the Group’s newly formed Diagnostic & Aesthetics segment increased 31.9% yoy to S\$11.2 million. This new segment was established following the acquisition of two of the Group’s subsidiaries, Novena Radiology Pte. Ltd. (“NRPL”) and Lifescan Imaging Pte. Ltd. (“LSI”) in 2016.

In line with the increase in revenue, the Group’s gross profit jumped 54.2% yoy to S\$14.9 million. Correspondingly, the Group’s gross profit margin expanded 4.6 percentage points to 35.8% for FY2016. This improvement was propelled by the robust profit margins in the Group’s Diagnostic & Aesthetics segment.

During a year of astute acquisitions, distribution and selling expenses increased 25.2% yoy to S\$2.5 million as the Group ramped up marketing activities to fuel growth. In addition, administrative expenses increased 30.3% yoy to S\$9.8 million as a result of a higher staff headcount following the acquisitions of NRPL and LSI.

Backed by strong operational execution, the Group's Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") surged 284.2% yoy to S\$4.5 million while its EBITDA margin improved 7.1 percentage points to 10.9% for FY2016.

Following the earnings accretive acquisition of LSI on 9 September 2016, the Group recorded a revaluation S\$1.6 million gain on the previously held equity interest in the joint venture entity. Conversely, the Group reported other losses amounting S\$0.9 million attributed mainly to one-off items such as the liquidation of a subsidiary and impairments resulting from joint ventures.

As a result of the above, the Group achieved its highest net profit attributable to shareholders since its initial public offering in 2009. Reversing from a net loss position in the previous year, the Group posted a record net profit attributable to shareholders amounting S\$2.4 million.

The Group's core business operations continued to generate strong positive operating cash flows amounting S\$4.5 million for FY2016 as compared to S\$0.4 million for FY2015. This strengthened the Group's cash and cash equivalents to S\$7.8 million as at 31 December 2016. After accounting for total borrowings of S\$3.6 million, the Group's net cash position stood at S\$4.2 million.

Speaking on the Group's record financial performance, Executive Director and CEO Dr. Beng Teck Liang commented, *"Driven by our core specialties and the newly formed Diagnostic Imaging business, our improved financial performance is the culmination of our efforts in reshaping the Group into a leading private specialist healthcare provider. However, this is just the beginning as our recent strategic initiatives will transform SMG into a pan-Asian healthcare specialist as we position ourselves for the next phase of growth."*

Since the start of 2017, the Group has embarked on several strategic initiatives to sustain the turnaround and continue its growth trajectory. This includes its foray into the Vietnamese healthcare market through an investment into Cityclinic Asia Investments on 5 January. Subsequently, on 8 February the Group completed the acquisition of the Astra Women's Specialists Group of clinics. This earnings accretive acquisition propelled the Group's O&G practice to one of the largest in the private healthcare space with a footprint and patient base that spreads across the heartlands. Additionally, the Group welcomed Korea's CHA Healthcare Co. Ltd. as a major strategic shareholder with a S\$15.0 million placement. Stemming from this collaborative agreement, the Group will jointly pursue strategic initiatives in Singapore, Vietnam and other key markets across Southeast Asia.

While elaborating on the Group's plans for its next phase of growth, Dr. Beng added, *"Over the past year, we have showcased our track record of turning around businesses and making them successful. Heading into 2017, we intend to aggressively explore inorganic growth opportunities that are value-driven and synergistic to the Group's existing specialties in Singapore and the Southeast Asian region."*

Our overarching growth strategy is to achieve market leadership positions in our key verticals. These include our developed specialisations in Oncology, Ophthalmology, Obstetrics & Gynaecology, and Diagnostic Imaging.

Leveraging on our extensive network of 24 specialties across 29 clinics, our unique ability to promote regional cross-selling opportunities should bode well for us in 2017 as we set forth on the Group's next phase of growth."

– 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 24 specialities, 29 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 Centre, Novena Specialist Centre, The Arcade, Gleneagles, Farrer Park Medical Centre @ Connexion, and other locations at Bishan, Hougang, Jurong, Raffles Place, and Redhill.

SMG Clinics: The Lasik Surgery Clinic, The Dental Studio, The Wellness Suite An SMG Clinic, Facedoctor Aesthetic & Laser, Dr L Dermatology Aesthetics & Facial Plastic Surgery, The Skin Specialist, Lifescan Medical Centre, Lifescan Imaging Centre, Singapore Vision Centre, 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 and the Astra Women's Specialists Group

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), Pain Management, Plastic and Reconstruction Surgery, Psychology, Radiology, Traditional Chinese Medicine (TCM), and Urology

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