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Singapore Medical Group acquires earnings accretive paediatric clinics for S\$25.3 million

- Five-year profit guarantee of minimum S\$2.3 million per year provides clear earnings visibility
- Total consideration of S\$25.3 million carries an implied valuation of 11.0x P/E, funded via the issuance of new shares at S\$0.54/share and the payment of S\$13.9 million in three tranches
- Welcomes two reputable paediatricians along with two paediatric clinics in Toa Payoh and Bishan, strengthening the Group's focus on bringing top quality specialist care that is conveniently located and available for patients to access
- In the near-term, SMG will add two additional O&G specialists to its existing team of eight with further plans to aggressively scale the newly acquired paediatrics division in Singapore and Vietnam

Singapore – 20 April 2017, SGX-listed Singapore Medical Group (“SMG” or “the Group”), a multi-disciplinary specialist healthcare services provider with 29 clinics in Singapore has announced that it has entered into agreements to acquire two paediatric clinics.

The acquisition marks the Group's initial foray into paediatrics, a highly complementary specialist vertical that will provide synergies and cross-selling opportunities to the Group's burgeoning Obstetrics & Gynaecology (“O&G”) segment. Coupled with the Group's eight existing O&G doctors, the addition of two paediatricians will make SMG one of the largest specialist practitioners in the private sector dedicated towards women's health and wellness, and now babies and children.

Pursuant to the agreements, the Group will acquire the Children's Clinic in Toa Payoh and the Kids Clinic located in Bishan. Led by the established Dr Heng Siok Kheng and Dr Oh Meng Choo respectively, the two paediatric clinics are located conveniently in prominent heartland locations. Both doctors will serve six year service agreements and are committed to identifying and mentoring talented paediatricians as the Group looks to grow this segment in the near-term.

For a total consideration of S\$25.3 million, this earnings accretive acquisition will be funded via the issuance of approximately 21,024,931 new shares at S\$0.54/share¹ and the payment of S\$13.9 million in cash over three tranches². The deal also provides clear earnings visibility with a five-year minimum S\$2.3 million per year profit guarantee.

Based on the profit guarantee of S\$2.3 million per year, the acquisition carries an implied Price-to-Earnings ratio of 11.0.

Commenting on the Group's latest initiative, Executive Director and CEO Dr. Beng Teck Liang said, *“For the first time, we are starting to crystallise our intent to address key milestones in our patient's journey from cradle and beyond. Starting with birth and paediatrics to areas such as health screening and specialist fields, our overall strategy is starting to take shape as we intend to address and follow our patients' lifelong journey in health and wellness.”*

¹ Based on the volume weighted average price of S\$0.5415 on 19 April 2017

² S\$5.4 million upon completion expected to take place on 30 June 2017; S\$5.4 million on the first anniversary of the completion date; S\$3.1 million on the second anniversary of the completion date

As we strive to be a leading pan-Asian healthcare provider, paediatrics is a natural progression for the Group and propels us up the value chain in providing our O&G patients with comprehensive care for their children. This acquisition will provide us with an established base with reputable doctors who will focus on grooming the next generation of paediatricians.

In line with our strategy to grow the number of O&G specialists under our wing, we have received commitments from two doctors who will be joining us in the coming months. As we aim to double our current team of eight O&G specialists, it is inevitable that we will need to expand our paediatrics arm. As such, we intend to aggressively add additional paediatric clinics and paediatricians in the near-term. This strategy extends into the region as we have also hired a paediatric leader in Vietnam to spearhead growth initiatives at our clinics in Ho Chi Minh City, Careplus Vietnam.

Furthering our previous acquisition of Astra, which bears the hub and spoke model via its flagship clinic in Novena and outreach into prominent heartland locations, our two paediatric clinics will provide us with access to a larger patient pool. Additionally, this value-driven acquisition presents us with tremendous cross-selling opportunities within the full suite of ambulatory care services we provide in areas such as dermatology, aesthetics, orthopedic, diagnostic, radiology and other specialist services.”

The cash consideration of S\$13.9 million will be funded by internal resources, bank facilities, and the net proceeds of S\$15.0 million from the placement of shares to Korea’s leading O&G specialist, CHA Healthcare Co. Ltd. on 15 March 2017.

– 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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