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## **SMG reports an all-time high half-yearly revenue of S\$54.1 million for 1H2022 driven by organic growth and the return of medical tourism; headwinds in the form of rising costs to persist in 2H2022**

- Revenue increases 8.9% yoy to a half-year record of S\$54.1 million driven by capacity expansion, new clinic openings, organic growth, and the return of medical tourism
- Backed by strong positive operating cash flows of S\$10.2 million, the Group's balance sheet strengthened to a net cash position of S\$24.6 million as at 30 June 2022 (31 Dec 2021: S\$22.9 million) while further pairing down its gearing ratio to 1.5% (31 Dec 2021: 2.2%)
- Overseas investments in Vietnam, Indonesia and Australia continue to garner strong momentum as the Group's share of results of joint ventures and associates more than triples yoy from S\$0.2 million for 1H2021 to S\$0.8 million for 1H2022
- However, gross profit margin declines 3.2 percentage points yoy to 41.6% due to an increase in certain doctors' remuneration in accordance with their contractual agreements
- Net profit attributable to shareholders declines 12.9% yoy from S\$7.2 million for 1H2021 to S\$6.3 million for 1H2022 mainly due to the increase in doctors' remuneration, staff costs and the absence of wage credits
- Despite headwinds from rising operational costs and macroeconomic uncertainty which may potentially impact the demand for private specialist healthcare services, the Group continues to chart organic and inorganic growth initiatives in Singapore and across the region

**Singapore, 11 August 2022** – SGX-listed Singapore Medical Group ("SMG" or "the Group"), a multi-disciplinary specialist healthcare services provider with a growing regional network of healthcare facilities in Australia, Indonesia and Vietnam, has announced its financial results for the six months ended 30 June 2022 ("1H2022").

<b>Financial Highlights (S\$'000)</b>	<b>1H2022</b>	<b>1H2021</b>	<b>Change (%)</b>
<b>Revenue</b>	54,099	49,682	8.9
<b>Gross Profit</b>	22,515	22,277	1.1
<b>Gross Profit Margin (%)</b>	41.6	44.8	(3.2) pts
<b>Profit Attributable to Owners of the Company</b>	6,266	7,190	(12.9)
<b>Earnings Per Share – Basic (Sing Cents)</b>	1.29	1.49	(13.4)

The Group's total revenue increased 8.9% year-on-year ("yoy") to a half-yearly record of S\$54.1 million for 1H2022. This rise was mainly attributed to increases in capacity within the Diagnostic segment, new clinic openings, organic growth of existing clinics, and the return of medical tourism.

Revenue from the Group's Health segment increased 7.5% yoy to S\$32.8 million while the Diagnostic and Aesthetics segment rose 11.4% yoy to S\$22.1 million.

The Group reported a marginal 1.1% yoy increase in gross profit to S\$22.5 million while gross profit margin declined 3.2 percentage points to 41.6%. This decline was attributed to a change in sales mix within the

Health and Diagnostic and Aesthetics segments. In addition, the decline was the result of changes to certain doctors' remuneration in accordance with their contractual agreements.

Similarly, administrative expenses rose 16.0% yoy to S\$13.4 million due to the opening of new clinics, salary adjustments in line with market adjustments across the healthcare industry, rising recruitment costs and the absence of wage credits amounting to S\$0.5 million in 1H2021 stemming from the government's Job Support Scheme during the pandemic.

Overseas, the Group's entities, CityClinic Asia Investments Pte. Ltd. in Vietnam, PT Ciputra SMG in Indonesia and CHA SMG (Australia) Pte. Ltd. in Australia have continued to garner strong growth momentum as their economies emerged from the pandemic. Accordingly, the Group reported a 252.0% yoy increase in the share of profits from joint ventures and associates from S\$0.2 million for 1H2021 to S\$0.8 million for 1H2022.

As a result of the above factors, the Group reported a 12.9% yoy decline in net profit attributable to owners of the Company from S\$7.2 million for 1H2021 to S\$6.3 million for 1H2022.

The Group's core business operations continued to generate strong positive operating cash flows of S\$10.2 million for 1H2022. Accordingly, the Group maintained a healthy cash balance of S\$27.2 million as at 30 June 2022. After accounting for total borrowings amounting to S\$2.6 million, the Group's net cash position improved to S\$24.6 million (31 Dec 2021: S\$22.9 million) while the Group's gearing ratio declined to 1.5% (31 Dec 2021: 2.2%).

Commenting on the Group's 1H2022 results, **Executive Director and CEO Dr. Beng Teck Liang** said, *"While organic growth initiatives coupled with the return of medical tourism supported the growth of our topline, our profitability was impacted by structural changes in operational costs relating to rising remuneration packages and salary adjustments across the healthcare industry."*

### **Organic & Inorganic Growth Initiatives**

Notwithstanding the challenging business conditions and macroeconomic uncertainty, the Group continues to chart organic growth initiatives in Singapore through the hiring of new specialists, the opening of new clinics, as well as increasing capacity within existing facilities.

In particular, the Group is looking to further 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.

On the inorganic front, backed by its strong balance sheet, the Group continues to explore acquisition opportunities that may accelerate the Group's growth trajectory, capture growth opportunities in new specialist verticals and enhance long-term shareholder value.

**Dr. Beng Teck Liang** added, *"Despite the headwinds, we remain cautiously optimistic heading into the second half of the year as we look to welcome new specialists to SMG while continuing to build upon our proven track record of executing both organic and inorganic growth strategies."*

**– The End –**

### **About Singapore Medical Group Limited ("SMG")**

Incorporated in 2005 and listed on the Singapore Exchange since 2009, SMG is a private specialist healthcare provider with an extensive network of more than 45 owned and associated clinics covering over 25 medical specialties. The Group has a growing regional presence in Ho Chi Minh City, Vietnam, Jakarta and Surabaya in Indonesia and across multiple cities in Australia following several investments and joint ventures with strategic partners.

SMG's practices are strategically and conveniently located at Paragon Medical Centre, Mount Elizabeth Medical Centre, Mount Elizabeth Novena Specialist Centre, Novena Medical Center, Royal Square Medical Centre, OUE Downtown Gallery, Gleneagles Medical Centre, Farrer Park Medical Centre @ Connexion, Mount Alvernia Medical Centre, and other locations at Bishan, Hougang, Jurong, Toa Payoh, Bedok, Punggol and Tampines.

SMG Clinics: LSC Eye Clinic, The Dental Studio, Lifescan Medical Centre, Lifescan Imaging, The Cancer Centre, The Obstetrics & Gynaecology Centre, SMG Specialist Centre, SMG Urology Centre with Beng Surgery, Wellness & Gynaecology Centre by Dr Julinda Lee, Astra Women's Specialists, Kids Clinic, Astra Laparoscopic & Robotic Centre for Women and Fertility, Cardiac Centre International, SW1 Clinic, The Breast Clinic and SMG Diabetes, Thyroid and Endocrine Clinic.

For more information, please visit <https://smg.sg/>

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**For investor or media enquiries, please contact [investor.relations@smg.sg](mailto:investor.relations@smg.sg)**

*This press release has been prepared by Singapore Medical Group Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this press release.*

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