

Raffles Medical Group Ltd

Returning capital while waiting for China



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SINGAPORE | HEALTHCARE | 1H25 RESULTS

31 July 2025

- 1H25 revenue and PATMI were within our expectations at 48%/45% of our FY25e estimates respectively. Revenue growth was softer, largely driven by insurance services.
- We believe patient volumes were weak but supported by higher revenue intensity, especially in oncology and orthopaedics. Turnover in China contracted 2% YoY in 1H25 to S\$29.9mn, in part due to a 2.3% weaker renminbi. The turnaround in China is progressing. Collaboration with public hospitals will help raise the number of visiting specialists to Raffles Hospital in China.
- Our FY25e PATMI and DCF target price of S\$1.02 is maintained. We downgrade our ACCUMULATE recommendation to NEUTRAL due to the recent share price performance. Growth in Singapore will be tepid with upside from a turnaround in insurance profitability as loss ratios and claims are tightened. Cost pressures will rise with a salary increase for public healthcare workers on 1st July. Raffles is reiterating its dividend policy of at least 50% and share buyback up to 100mn shares over the next 2 years (30Jun25: Treasury shares 33.594mn).

Results at a glance

SGD mn	1H25	1H24	YoY (%)	Comments
Healthcare services	135.4	134.5	0.7	
Hospital services	147.0	143.2	2.6	
Insurance service	92.6	84.4	9.8	
Investment holdings	3.4	3.6	(5.8)	
Revenue	378.4	365.7	3.5	
EBITDA	63.3	58.6	8.0	Excl. impairments and FV.
Operating profit	41.6	41.3	0.8	
Profit Before Tax	43.9	43.4	1.1	
- Healthcare services	27.6	27.6	0.0	
- Hospital services	14.3	14.3	0.0	
- Insurance services	(6.4)	(6.4)	0.0	
- Investment holdings	11.8	11.8	0.0	
PATMI	32.1	30.6	4.8	
Adj. PATMI	33.5	31.2	7.2	Excl. impairments and FV.
Revenue				
- Singapore	340.0	327.5	3.8	
- China	29.9	30.5	(1.9)	Local currency up 0.4%

Source: Company, PSR

The Positive

+ Insurance closer to profitability. Insurance reported a narrower 1H25 loss of S\$3.1mn (1H24: -S\$6.5mn). The improved profitability in insurance is due to stricter assessment of claims. The industry is similarly tightening on fraud, waste, and abuse (FWA).

The Negative

- Slower revenue growth. We believe that the loss of foreign patients, particularly Indonesians, to local healthcare services and Malaysia medical hubs continues to affect revenue. The younger generation appears more willing and comfortable to travel to Malaysia for healthcare services.

Outlook

We expect stable revenue growth in FY25e. Driving revenues will come from increased revenue intensity from more complex procedures or raising prices to offset the expected rise in staff costs. China requires a larger volume of patients due to its large capacity. To increase the number of visiting specialists, Raffles is collaborating with Shanghai's Renji Hospital and Chongqing's First Affiliated Hospital

Downgrade to NEUTRAL from ACCUMULATE recommendation with unchanged TP S\$1.02

NEUTRAL (Downgraded)

LAST CLOSE PRICE	SGD 1.020
FORECAST DIV	SGD 0.026
TARGET PRICE	SGD 1.020
TOTAL RETURN	2.5%

COMPANY DATA

BLOOMBERG CODE	RFMD SP
O/S SHARES (MN) :	1,851
MARKET CAP (USDmn/SGDmn) :	1491.4 / 1906.5
52 - WK HI/LO (SGD) :	1.05 / 0.82
3M Average Daily T/O (mn) :	2.03

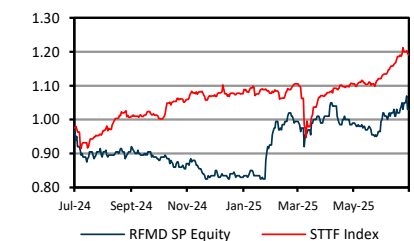
MAJOR SHAREHOLDERS

Raffles Medical Holdings Pte Ltd	38.9%
Loo Choon Yong	13.5%
Global Alpha Capital	7.8%

TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	8.9	5.5	25.4
STTF	7.4	12.2	13.8

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec (\$ mn)	FY23	FY24	FY25e	FY26e
Revenue	706.9	751.6	796.9	852.1
EBITDA	152.8	124.4	132.7	139.7
NPAT adj.	83.2	66.1	71.6	78.5
EPS adj. (Cents)	4.48	3.56	3.85	4.22
PER adj. (x)	22.8	28.7	26.5	24.2
P/BV (x)	1.8	1.8	1.8	1.7
DPS (Cents)	2.40	2.50	2.60	2.70
Div Yield	2.4%	2.5%	2.5%	2.6%
ROE	8.2%	6.4%	6.7%	7.2%

Source: Company, PSR

VALUATION METHOD

DCF (WACC: 8.0%; terminal g: 3.0%)

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Financials

Income Statement

Y/E Dec, SGD mn	FY22	FY23	FY24	FY25e	FY26e
Revenue	822.9	706.9	751.6	796.9	852.1
Operating expenses	(588.3)	(554.1)	(627.2)	(664.2)	(712.4)
Other operating income	8.0	16.7	2.5	3.0	2.0
EBITDA	234.6	152.8	124.4	132.7	139.7
Depreciation & Amortisation	(40.2)	(38.2)	(43.1)	(43.4)	(41.6)
EBIT	194.4	114.5	81.3	89.3	98.1
Associates & JVs	0.0	0.0	0.0	0.0	0.0
Net Finance (Expense)/Inc	(4.1)	3.7	4.5	5.5	5.7
PBT	191.3	119.4	87.0	94.7	103.8
Tax	(47.9)	(28.3)	(24.7)	(22.7)	(24.9)
PAT	143.4	91.1	62.3	72.0	78.9
Minority interest	(0.2)	(0.9)	(0.0)	(0.4)	(0.4)
PATMI	143.2	90.2	62.2	71.6	78.5
Net Income, adj.	161.5	83.2	66.1	71.6	78.5

Per share data

Y/E Dec, SG cents	FY22	FY23	FY24	FY25e	FY26e
EPS, reported	7.70	4.91	3.35	3.87	4.24
EPS, adj.	8.68	4.48	3.56	3.85	4.22
DPS	3.80	2.40	2.50	2.60	2.70
BVPS	54.59	55.34	56.42	57.77	59.39

Cash Flows

Y/E Dec, SGD mn	FY22	FY23	FY24	FY25e	FY26e
CFO					
PBT	191.3	119.4	87.0	94.7	103.8
Adjustments	66.5	30.4	46.4	37.9	35.9
WC changes	(32.5)	88.9	(21.2)	44.8	10.9
Cash generated from ops	225.4	238.8	112.1	177.5	150.6
Taxes paid, others	(29.1)	(49.5)	(25.8)	(22.7)	(24.9)
Cashflow from ops	196.2	189.3	86.3	154.7	125.7
CFI					
CAPEX, net	(24.9)	(20.0)	(18.2)	(23.9)	(25.6)
Acquisition, others	2.0	7.6	8.3	7.5	7.5
Cashflow from investing	(22.8)	(12.4)	(9.9)	(16.4)	(18.1)
CFF					
Share issuance	(18.3)	1.7	0.3	0.0	0.0
Loans, net of repayments	(94.4)	0.1	(13.8)	(5.0)	(5.0)
Dividends	(52.0)	(70.7)	(44.6)	(46.5)	(48.4)
Others	(19.0)	(16.6)	(16.5)	(2.5)	(2.3)
Cashflow from financing	(183.7)	(85.5)	(74.6)	(54.1)	(55.7)
Effects of exchange rates	0.0	(0.0)	(1.6)	0.0	0.0
Net change in cash	(10.3)	91.4	0.2	84.2	51.9
CCE, end	253.6	345.0	345.2	429.4	481.3

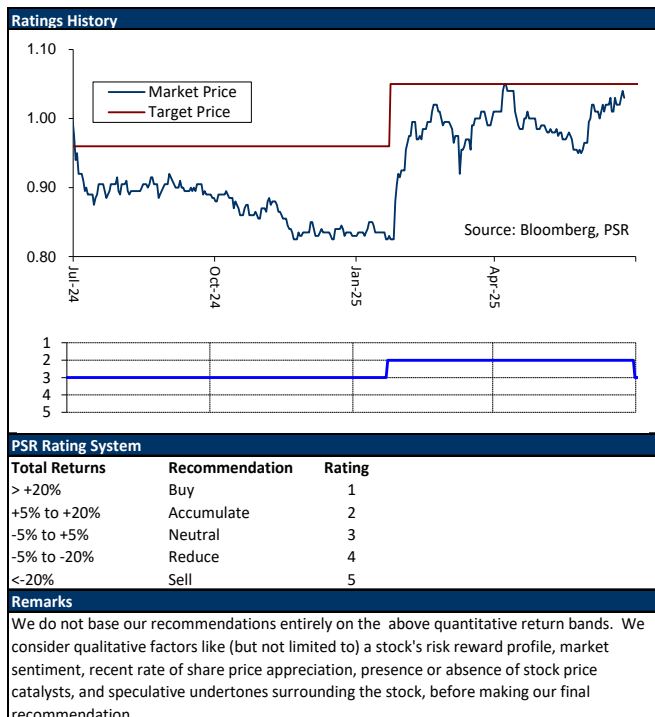
Source: Company, Phillip Securities Research (Singapore) Estimates Note #SFRS 17 Insurance Contract accounting adopted from FY22 onwards.

Balance Sheet

Y/E Dec, SGD mn	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
PPE	739.1	768.3	748.2	730.3	715.8
Intangibles	20.3	18.8	15.5	14.4	13.4
Investment properties	273.4	246.1	246.1	246.1	246.1
Others	4.7	10.3	4.6	4.6	4.6
Total non-current assets	1,037.4	1,043.5	1,014.5	995.5	980.0
Trade & other receivables	190.7	80.3	101.6	76.4	81.7
Cash balance	253.1	343.6	343.7	427.9	479.8
Others	50.5	60.8	71.1	72.5	73.5
Total current assets	494.3	484.7	516.3	576.9	635.1
Total Assets	1,531.8	1,528.2	1,530.8	1,572.4	1,615.1
LIABILITIES					
Short-term debt	9.7	16.0	6.9	1.9	(3.1)
Trade and other payables	208.8	210.7	218.5	239.6	256.7
Others	144.6	152.7	156.6	156.6	156.6
Total current liabilities	363.0	379.4	381.9	398.0	410.2
Long-term debt	63.4	54.6	49.1	49.1	49.1
Others	77.7	50.3	34.8	34.8	34.8
Total non-current liabilities	141.1	105.0	83.9	83.9	83.9
Total Liabilities	504.0	484.4	465.8	481.9	494.1
EQUITY					
Minority interest	15.4	16.1	15.2	15.6	16.0
Shareholder Equity	1,012.4	1,027.7	1,049.8	1,074.9	1,105.0
Total Equity	1,027.8	1,043.9	1,065.0	1,090.5	1,121.0

Valuation Ratios

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/E (X), adj.	11.8	22.8	28.7	26.5	24.2
P/B (X)	1.9	1.8	1.8	1.8	1.7
EV/EBITDA (X)	7.6	11.0	13.4	11.9	10.9
Dividend Yield	3.7%	2.4%	2.5%	2.5%	2.6%
Growth & Margins					
Growth					
Revenue	13.7%	-14.1%	6.3%	6.0%	6.9%
EBITDA	46.0%	-34.9%	-18.6%	6.7%	5.3%
EBIT	60.2%	-41.1%	-29.0%	9.8%	9.9%
Net Income, adj.	80.6%	-48.5%	-20.5%	8.3%	9.6%
Margins					
EBITDA margin	28.5%	21.6%	16.5%	16.6%	16.4%
EBIT margin	23.6%	16.2%	10.8%	11.2%	11.5%
Net Profit Margin	19.6%	11.8%	8.8%	9.0%	9.2%
Key Ratios					
ROE	16.4%	8.2%	6.4%	6.7%	7.2%
ROA	10.5%	5.4%	4.3%	4.6%	4.9%
Interest coverage (X)	4.8	3.0	1.9	2.1	2.4
Net gearing (X)	Net cash	Net cash	Net cash	Net cash	Net cash



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