

CHINA
DEVELOPMENT
FINANCIAL

Singapore O&G

(SOG SP/SINP.SI)

Looking a little pale

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- Singapore O&G (SOG) remains a key player among women's healthcare providers, with a relatively strong and stable market share since IPO. Its Obstetrics and Gynaecology (O&G) specialists continue to outperform, delivering close to 9% of all private hospital deliveries. The Group's O&G segment remains solid, contributing close to 55% of 2019 revenues.
- SOG currently has a total of 15 specialists, five of whom are senior doctors who contribute more than 50% of revenues. On top of this, we recognize that four are part of seven-man O&G team, while Dr Joyce Lim's dermatology practice has had to take an impairment charge in FY2019 as it faces headwinds due to an increasingly competitive landscape.
- We initiate on SOG with NEUTRAL, and a 12-month target price (TP) of S\$0.32. We highlight the key risks as a basis for our NEUTRAL rating despite the inherent upside, and will re-evaluate our forecasts after 1H20 results.

Financials & Key Operating Statistics					
YE Dec (\$ m)	2018	2019	2020F	2021F	2022F
Revenue	34,681	39,757	29,030	34,494	40,207
PATMI	9,148	(1,133)	7,915	9,401	10,952
EPS (cents)	1.92	(0.24)	1.66	1.97	2.30
EPS growth (%)	7.5	-	-	18.8	16.5
DPS (Sing cents)	1.7	0.6	0.8	1.6	1.8
Div Yield (Y%)	6.7%	2.4%	3.3%	6.2%	7.2%
Net Profit Margin (%)	26.4%	(2.8%)	27.3%	27.3%	27.2%
Net Gearing (%)	NC	NC	NC	NC	NC
Price P/B (x)	2.73	3.36	3.03	2.89	2.75
ROE (%)	20.5%	-3.1%	19.7%	22.4%	24.8%

Source: Company data, KGI Research

SOG's O&G, Paediatrics and Cancer-related segments continue to outperform YoY, with Paediatrics having almost quintupled in profits despite the team just doubling in FY2019. These are the synergies that have been developed as a result of expansions within the women's and children's healthcare vertical. We expect even greater results as inter-segment referrals climb, and as more parents choose private hospitals and specialists. These segments have also been less affected by Covid-19 as most of its services are considered to be essential, especially for mothers-to-be, and cancer patients undergoing treatments. Where possible, SOG has also encouraged tele-consultations with specialists, in an effort to provide as comprehensive a service as possible to its patients.

SOG's competitive advantage lies with many of its senior specialists who are accomplished veterans in their fields with decades of experience, trusted by many, as a result of their dedication to not only caring for their patients, but to continuously upskilling themselves and their successors. Some of SOG's doctors are also shareholders of the company, with five making up the twenty largest shareholders of the company, ensuring their alignment of interests.

Neutral - Initiation		Performance (Absolute)	
Price as of 2 Jul 20 (SGD)	0.26	1 Month (%)	24.4
12M TP (\$)	0.32	3 Month (%)	56.3
Previous TP (\$)	-	12 Month (%)	-30.9
Upside, incl div (%)	27.0	Perf. vs STI Index (Red)	
Trading data			
Mkt Cap (\$mn)	121		
Issued Shares (mn)	476		
Vol - 3M Daily avg (mn)	0.2		
Val - 3M Daily avg (\$mn)	0.0		
Free Float (%)	26.6%	Previous Recommendations	
Major Shareholders			
Heng Tung Lan	29.5%		
Lee Keen Whye	11.8%		
Joyce Lim	8.6%		

However, we note that a key risk lies with Dr Joyce Lim's dermatology practice that recognised an S\$11.9mn impairment in FY2019, or close to 50% of the total goodwill on SOG's balance sheet as at end-2018. With the closure of Singapore's borders to inessential medical tourism, we believe that the practice will be further impacted, and the risk of further impairment remains. This is especially so considering the downward trend in the segment's profits prior to the Covid-19 outbreak in Singapore and our neighbouring countries; FY2019 profits were less than half of that of FY2018.

We also note that birth rates have been on a general downward trend, and is unlikely to increase significantly in the short to medium term, mainly due to societal issues that are not only challenging to address, but resolve. While the Singapore Government has been directing a great deal of effort and resources toward encouraging couples to start families, from grants to increasingly generous parental leave, it has yet to see meaningful change or improvements in the last few years. In the larger scheme of things, we note that this could threaten SOG's core business strategy should it be unable to diversify and adapt to the changing medical landscape.

Valuation & Action: We initiate with NEUTRAL on SOG with a 12-month TP of S\$0.32, using a very conservative 16.0x P/E as compared to its 5-year average of 26.0x P/E, as we recognise that 2020's earnings will inevitably be affected by the Covid-19 situation in Singapore. This represents a total upside of 27.6%, including FY20's dividend yield of 3.8%.

Risks: Longer than expected recovery from Covid-19 disruptions, further impairments to goodwill relating to the dermatology segment, early retirement of key senior specialists.

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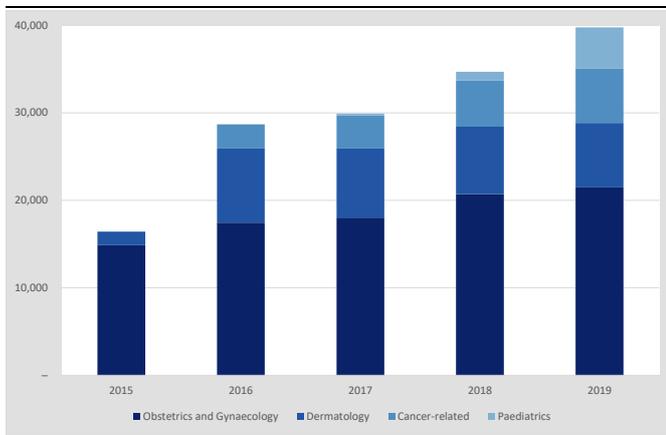
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Investment Thesis

O&G to remain as core revenue stream. Five years after its IPO, SOG's main source of revenues continue to be derived from its Obstetrics & Gynaecology (O&G) segment, making up 54% of total revenue in 2019. Despite the number of O&G specialists only inching up by two from five in 2015, and taking into consideration a declining birth rate in Singapore, it is promising that revenue has been able to climb fairly consistently since IPO.

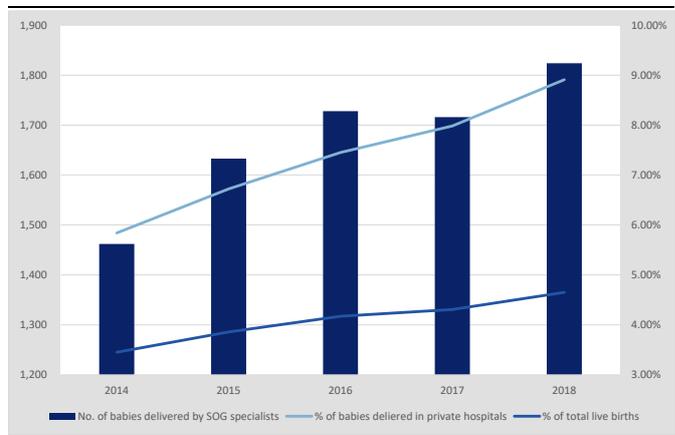
We believe that SOG's brand as a trusted women's healthcare provider is steadily gaining momentum, as it has been able to improve its market share of private hospital deliveries in Singapore. In 2015, SOG delivered just under 7% of all babies delivered in private hospitals, and in 2019, it delivered more than 1800 babies, representing close to 9% of the private hospital deliveries.

Figure 1: SOG segmental revenue breakdown (S\$'000)



Source: SOG, KGI Research

Figure 2: Number of babies delivered by SOG specialists



Source: SOG, KGI Research

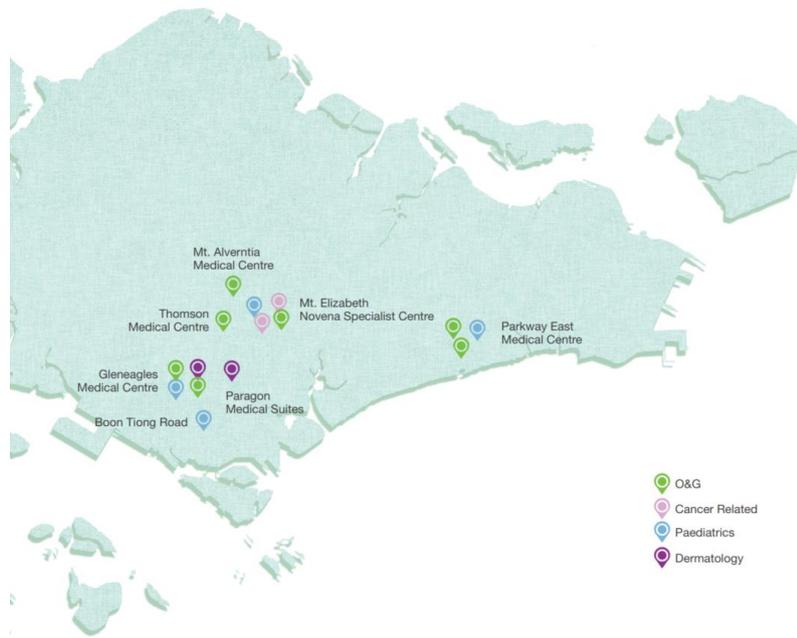
Going forward, we believe that O&G will continue to be SOG's core and stable revenue stream, especially if no exceptional inorganic growth takes place in its other segments. Most of its senior doctors in the O&G segment are also still in the pink of health, with many more years to retirement, which would allow for SOG's succession planning to fully develop.

Expansion within the same vertical to pay off. Since 2015, SOG has expanded its core business segments from O&G and Cancer-related, to include Dermatology and Paediatrics. The Dermatology segment kicked off with the acquisition of Dr Joyce Lim's Skin & Laser Clinic in Paragon Medical Suites in 2016, while the Paediatrics segment commenced operations in 2017 with two specialists. As of 2019, SOG has a total of 15 specialists: 7 O&G specialists, 2 dermatologists, 3 cancer-related (breast and gynae-oncologists) specialists, and 4 paediatricians.

Being in the same vertical of women's health has allowed for inter-segment referrals, creating synergy across all specialties. For example, O&G patients may be referred to Dermatology segments should they encounter skin conditions due to pregnancy such as outbreak of pimples, eczema, blemishes, stretch marks and sudden skin allergies. O&G patients are also often referred to the Paediatrics segment, however the rate of referral has still not reached an optimum level due to the concentration of SOG's clinics that are currently mostly located in the Central and Eastern regions of Singapore, which may not be the most convenient for all its O&G patients.

In the longer term, we foresee the SOG brand providing a strong footing for it to continue growing, organically and inorganically, to eventually provide the full suite of services for all its patients.

Figure 3: SOG's network of specialist clinics

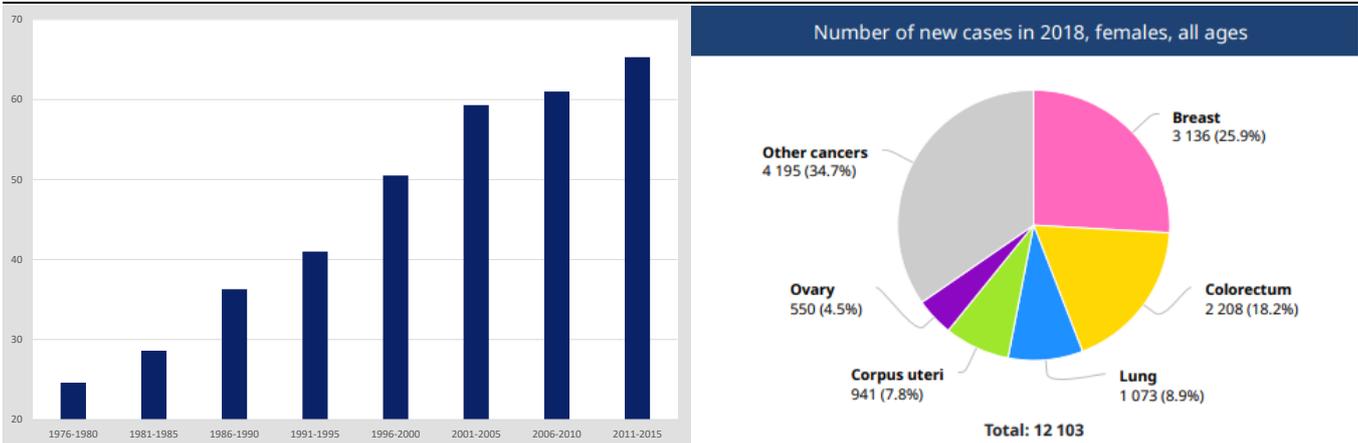


Source: SOG Annual Report 2019, KGI Research

Remaining essential during Covid-19. Being concentrated in the O&G, cancer-related and paediatrics segments where patients are generally still required to regularly have check-ups and treatments, should support relatively healthy levels revenues despite the two-month circuit breaker during April-early June. We expect to see the most impact only in the Dermatology segment, where many of its services may be considered to be elective, or non-essential. SOG has also been able to avoid any Covid-19 related complications, as it maintains stringent safety practices to ensure a safe environment for both its patients and doctors.

Keep an eye on cancer. Looking at breast cancer alone, the age-standardised incidence rate (ASIR) in women (per 100,000 population) has been increasing over the years, from an average of 59.3 in 2001-2005, to 65.3 in 2011-2015. Numbers seem to be increasing continuously with more than 3,000 new cases of breast cancer were reported among Singaporean women in 2018. While unfortunate, this phenomenon should support the Group's cancer-related segment in the medium term, especially as medical advancements continue to be made and incorporated into the specialists' treatment plans in order to best ensure and improve survival rates among cancer patients.

Figure 4: ASIR of breast cancer among women in Singapore, 1976-2015 (LHS); Breakdown of new cancer cases among women in Singapore, 2018 (RHS)



Source: Health Promotion Board (HPB), The Global Cancer Observatory KGI Research

A wealth of experienced and accomplished specialists. Three of SOG's O&G specialists, being Dr Lee Keen Whye, Dr Beh Suan Tiong, and Dr Hong Sze Ching, were the few pioneer gynaecologists to perform the High Intensity Focused Ultrasound (HIFU) procedure in Singapore. The HIFU Procedure is a new technology for the treatment of uterine fibroids, adenomyoma, adenomyosis and certain cancers. It is a non-invasive and organ-sparing surgery that uses focused ultrasound to generate highly localised heat to treat tumours, either benign or malignant.

Dr Hong Sze Ching is also an adjunct instructor of both NUS Yong Loo Lin School of Medicine and Duke-NUS Obstetrics and Gynaecology Academic Clinical Programme; Dr Clara Ong, also trained in HIFU, is an examiner for the MBBS degree held by the NUS Yong Loo Lin School of Medicine and a clinical lecturer for the NUS Yong Loo Lin School of Medicine. While all their specialists have had at least a decade of experience, Dr Heng Tung Lan has been practicing for more than three decades, while Dr Joyce Lim will also just be coming up on her third decade in 2021.

Alignment of interests. Some of SOG's doctors are also shareholders of the company, with five making up the twenty largest shareholders of the company, ensuring the alignment of interests to do what is right for the company and its shareholders, while also encouraging specialists to continuously improve their personal skills and abilities. As of December 2019, Dr Heng holds the largest share of 29.46%, a total of 140m shares. SOG has also announced the progressive use of share awards as remuneration in June 2020, and we believe that this will further help align the interest of those who do not already have holdings in the company.

Figure 5: SOG's network of specialist clinics

Specialist	Direct Interest	Deemed Interest	% Shareholding
Dr Heng Tung Lan	140,453,614	NIL	29.46
Dr Lee Keen Whye	25,600,356	56,104,524	17.13
Dr Beh Suan Tiong	24,008,452	24,472,000	10.17
Dr Joyce Lim Teng Ee	130,000	40,923,002	8.61
Dr Choo Wan Ling	34,899,278	NIL	7.32
Dr Chua Weilyn Natalie	2,191,800	NIL	0.46

Source: SOG Annual Report 2019, KGI Research

*As of December 2019

Management has also been clear that recruitment, or any M&A activities will only take place should there be a strong alignment of interests and values, and where doctors are able to be fully dedicated and committed to the Group's larger mission and visions.

Risks

Further impairment of goodwill of Joyce Lim Skin & Laser Clinic. In 2019, a total of S\$11.9mn of goodwill relating to Dr Joyce Lim's Clinic was impaired, as the recoverable amount was determined to be lower than its carrying amount. However, we believe that there could be a possibility of further impairment due to reduced revenues in 2020, up until Singapore's borders are reopened for non-essential medical tourism patients.

While the clinic was still open for essential services and procedures, most of the aesthetic dermatological services as well as those not considered to be life-threatening had to be put on pause for 2.5 months during the circuit breaker in Singapore in April, May, and half a month in June. Even with teleconsultations that were priced similarly to face-to-face consultations, we believe that a substantial amount of revenue would have been lost and will continue to be affected for as long as Covid-19 lasts.

We have not accounted for any further impairment losses on goodwill in our forecasts.

Retirement of key senior specialists. The handful of SOG's senior specialists currently make up more 50% of revenues. Should there be an early retirement or non-renewal of expiring service agreements, revenues could be severely impacted. However, we also note that of the senior specialists, four (being Dr Heng Tung Lan, Dr Lee Keen Whye, Dr Beh Suan Tiong and Dr Joyce Lim Teng Ee) are major shareholders of the company.

Inorganic growth is a key catalyst. While organic growth is definitely possible, it is more challenging to lock in high growth rates, especially with junior doctors who may not yet have sufficient experience. As a result, inorganic growth remains the key catalyst to growth for SOG. However, this may be hampered in the coming years as management may now be more hesitant due to their less-than-pleasant experience with respect to the impairment of Dr Joyce Lim's clinic. While being cautious is a merit, shareholders should expect that it may also further set back SOG's plans to expand regionally.

Slowing birth rates in Singapore. While SOG may continue to build market share, a declining birth rate will inevitably impact its long term business, should it continue to focus heavily on its O&G segments. However, we recognise that there may be growth opportunities in the Dermatology and Cancer-related segment, as a result of an ageing population, and should SOG look to and be able to expand these segments, growth

Valuation & Peer Comparisons

Our valuations have not taken into account any impact of further impairments nor acquisitions by SOG. We have forecasted for about two months of revenues to be impacted by the circuit breaker measures in April-June, as well as a pause on medical tourism until 2021.

We assigned 16x 2021 P/E based on c.40% discount to 5-year historical average and pegged to its peer averages, as we remain cautious about the extent of impact of Covid-19 on the Group's performance.

We have also forecasted for a drop in its dividend payout ratio to 50% from an average of 80% for FY2020, bringing the total upside (incl. div) to 27.6% based on a 31.6 Singapore cents target price.

We also recognize that current investor preferences lie in the medical supplies and consumables sector as compared to hospital and healthcare services, but we believe that this should rotate back once the Covid-19 situation normalises in the short to medium term.

Figure 6: SOG Valuation

Valuations (S\$)	Remarks
P/E multiple	16.0x Average of peers in healthcare services
2021F EPS	\$0.020 16x P/E is 38% discount to 5-year historical average
P/E Valuation	\$0.316
Upside	23.8%
Dividend yield	3.8%
Total upside (inc div)	27.6%

Source: KGI Research

Figure 7: SOG 5-year P/E (LHS) and P/B (RHS) ratios



Source: Bloomberg, KGI Research

Figure 8: SOG vs peers' 6-months and 1-year price performance

Company	Mkt Cap (US\$m)	6 Months Performance (%)	1 Year Performance (%)
HOSPITAL SERVICES			
IHH HEALTHCARE BHD	11,075	(4.3%)	(7.4%)
RAFFLES MEDICAL GROUP LTD	1,233	(7.8%)	(9.6%)
HEALTHCARE SERVICES			
TALKMED GROUP LTD	416	(13.7%)	(11.1%)
Q & M DENTAL GROUP SINGAPORE	251	(7.3%)	(10.1%)
OUE LIPPO HEALTHCARE LTD	121	(36.7%)	(40.6%)
ISEC HEALTHCARE LTD	113	(15.3%)	(15.3%)
SINGAPORE MEDICAL GROUP LTD	85	(18.3%)	(36.4%)
CORDLIFE GROUP LTD	62	(25.3%)	(32.7%)
SINGAPORE O&G LTD	87	(13.6%)	(32.9%)
HEALTHWAY MEDICAL CORP LTD	100	14.8%	3.3%
CONSUMABLES			
TOP GLOVE CORP BHD	11,183	276.0%	259.6%
TIANJIN ZHONG XIN PHARM CO-S	1,607	6.0%	(1.7%)
HAW PAR CORP LTD	1,584	(21.3%)	(30.4%)
RIVERSTONE HOLDINGS LTD	1,466	196.8%	192.1%
UG HEALTHCARE CORP LTD	190	885.4%	671.4%
MEDTECS INTERNATIONAL CORP	201	1175.0%	1788.9%
IX BIOPHARMA LTD	116	13.6%	4.2%
TRENDLINES GROUP LTD/THE	64	-	41.3%

Source: Bloomberg, KGI Research

Figure 9: Peer Comparison

Company	Bloomberg Ticker	Price (Lcl curr)	Mkt Cap (US\$m)	P/E (x) (hist)	P/E (x) (fwd)	P/B (x)	ROE (%)	ROE (%) (fwd)	EV/EBITDA (x) (ttm)	EV/EBITDA (x) (fwd)	EV/EBITDA (x) (fwd 2 yr)	Net Gearing (%)	Dvd Yld (%)	Beta
Singapore O&G	SOG SP	0.26	87	-	13.0	3.4	(3)	18	6.7	-	-	NC	2.4	0.9
HOSPITAL SERVICES														
IHH Healthcare	IHH SP	1.76	11,075	-	71.1	-	0	5	-	21.1	16.8	25.2	0.7	0.7
Raffles Medical Group	RFMD SP	0.94	1,226	28.1	33.4	2.0	7	7	17.1	19.7	16.4	5.7	2.7	0.7
HEALTHCARE SERVICES														
Talkmed Group	TKMED SP	0.44	416	16.2	22.0	7.0	46	34	11.2	14.7	14.4	NC	5.2	0.4
Q&M Dental Group	QNM SP	0.45	251	19.5	-	2.8	15	-	17.9	-	-	101.8	-	0.5
Int'l Healthway Corp	IHC SP	0.04	121	10.2	1.5	0.7	1	-	62.4	176.2	163.6	114.2	-	0.5
ISEC Healthcare	ISEC SP	0.31	113	24.0	-	2.2	10	-	11.3	-	-	NC	2.6	0.4
Singapore Medical Group	SMG SP	0.25	85	8.6	9.4	0.8	10	11	4.6	7.3	6.1	3.3	1.6	0.9
Cordlife Group	CLGL SP	0.34	62	13.3	13.6	0.7	5	4	-	-	-	NC	2.9	1.0
Healthway Medical Corp	HMED SP	0.03	100	-	-	0.8	(2)	-	15.2	-	-	NC	-	0.7
CONSUMABLES														
Top Glove Corporation	TOPG SP	5.78	11,163	-	38.9	-	18	59	-	27.4	14.1	NC	0.8	0.3
Tianjin Zhong Xin Pharmac	TIAN SP	0.89	1,601	7.9	6.9	0.9	11	13	-	12.8	11.3	NC	4.8	1.0
Haw Par Corp	HPAR SP	9.98	1,582	12.1	-	0.7	6	-	20.0	-	-	NC	3.0	0.7
Riverstone Holdings	RSTON SP	2.75	1,461	48.0	24.3	7.9	17	23	29.9	17.1	17.0	NC	0.9	0.7
UG Healthcare Corp	UGHC SP	1.35	190	129.2	33.8	6.2	5	24	77.7	24.6	13.4	87.1	0.2	-
Medtecs International	MED SP	0.51	201	173.0	-	3.2	2	-	26.2	-	-	-	-	0.1
IX Biopharma	IXBIO SP	0.25	116	-	-	10.7	(12)	-	-	-	-	NC	-	0.9
Trendlines Group	TTGL SP	0.11	64	-	-	0.6	(1)	-	56.9	-	-	NC	-	0.8
Average				40.8	25.5	3.2	7.6	19.9	27.5	35.7	30.3	56.2	2.3	

Source: Bloomberg, KGI Research

Company Overview

History and background

History. SOG was first incorporated in 2011 and listed on the Catalist exchange in 2015, as a leading healthcare service provider specializing in women’s and children’s health and wellness. At IPO, the group had seven physicians, comprising six O&G specialist medical practitioners, and one breast and general surgeon. The Group has since grown to 15 specialists – 7 O&G specialists, 2 Dermatology specialists, 2 Cancer-related specialists, and 4 Paediatrics specialists.

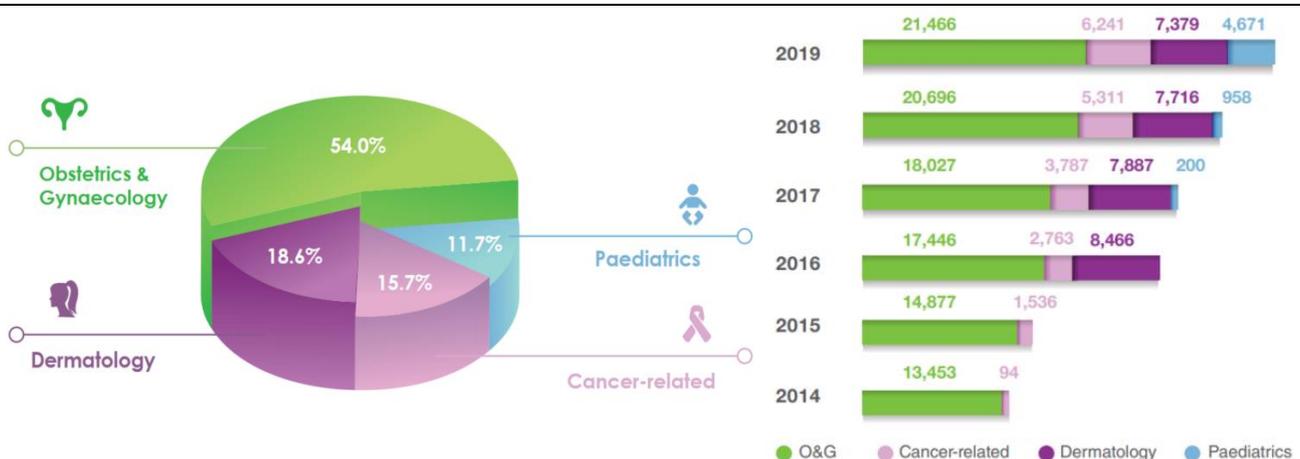
Today, the group has expanded its offerings within the business verticals to provide gynaecological and breast cancer, skin and aesthetics, as well as paediatrics services. All its segments are complementary, and synergistic with its core O&G services, proving its commitment to providing a comprehensive, and superior, suite of services for women and children. Its mentorship programmes between senior and junior doctors support the Group’s sustainability and ensure that its doctors are continuously building on their skills and experiences.

Figure 10: SOG’s specialisations

 <p>Obstetrics & Gynaecology</p>	General obstetrics, labour & delivery	Medical problems during pregnancy	Obstetrical complication & its management	High Intensity Focused Ultrasound (“HIFU”) treatment
	General gynaecology	Gynaecological surgery	Female pelvic medicine / Urogynaecology & reconstruction surgery	
 <p>Cancer-related</p>	Gynae-oncological surgery	Breast & general surgery		
 <p>Dermatology</p>	General skin care	Aesthetics & dermatological procedures	Dermatological surgery & laser surgery	
 <p>Paediatrics</p>	Newborn & well-baby checks	Common childhood conditions	Childhood immunisation routine & vaccinations	
	Child nutrition, growth and developmental assessment	Gastrointestinal conditions & endoscopic procedures	Respiratory and behavioural sleep conditions	

Source: Company Annual Report 2019, KGI Research

Figure 11: Revenue contribution by operating segments, 2019 (LHS); Revenue breakdown by operating segments (S\$’000), 2014-2019 (RHS)



Source: Company Annual Report 2019, KGI Research

Specialist Medical Practitioners

SEGMENT	DOCTOR/LOCATION	SPECIALISATIONS
O&G	<p>Dr Beh Suan Tiong SOG-Beh Clinic for Women, Thomson Medical Centre</p> 	<ul style="list-style-type: none"> - Advanced reproductive surgeries and minimally invasive surgery (key hole surgery), namely laparoscopic and hysteroscopic surgery; - High Intensity Focused Ultrasound (“HIFU”) treatment
	<p>Dr Choo Wan Ling SOG-Choo Wan Ling Clinic for Women, Gleneagles Medical Centre</p> 	<ul style="list-style-type: none"> - Antenatal care and risk assessment, vaginal assisted and caesarean delivery, and treatment of gynaecological issues such as endometriosis, fertility challenges and ovarian cysts
	<p>Dr Natalie Chua Weilyn SOG-Natalie Chua Clinic for Women, Parkway East Medical Centre; SOG-Heng Clinic for Women, Cassia Crescent</p> 	<ul style="list-style-type: none"> - Obstetric care: preconception health screening, antenatal care and delivery - Gynaecological cancer screening and prevention, and the management of common gynaecological problems
	<p>Dr Heng Tung Lan SOG-Heng Clinic for Women, Parkway East Medical Centre & Cassia Crescent</p> 	<ul style="list-style-type: none"> - Pregnancy care and delivery, menopause and female wellness enhancement

	<p>Dr Lee Keen Whye SOG-K W Lee Clinic for Women, Gleneagles Medical Centre</p> 	<ul style="list-style-type: none"> - Endoscopic work – especially hysteroscopy, laparoscopy and vaginal rejuvenation - High Intensity Focused Ultrasound (“HIFU”) treatment
	<p>Dr Hong Sze Ching SOG-SC Hong Clinic for Women, Mount Alvernia Medical Centre</p> 	<ul style="list-style-type: none"> - Obstetric care, management of general gynaecological conditions, laparoscopic surgery and colposcopy - High Intensity Focused Ultrasound (“HIFU”) treatment
	<p>Dr Clara Ong SOG-Clara Ong Clinic for Women, Gleneagles Medical Centre</p> 	<ul style="list-style-type: none"> - Pregnancy care, menopausal care, family planning, management of general gynaecological conditions and colposcopy - High Intensity Focused Ultrasound (“HIFU”) treatment
SEGMENT	DOCTOR/LOCATION	SPECIALISATIONS
Cancer-related	<p>Dr Lim Siew Kuan SOG-SK Lim Breast & General Surgicare, Mount Elizabeth Novena Specialist Centre; SOC-SC Hong Clinic for Women, Mount Alvernia Medical Centre</p> 	<ul style="list-style-type: none"> - Management of both benign and malignant breast conditions, breast cancer management, breast oncoplastics and reconstructive surgery, minimally invasive breast surgery and partial or full breast reconstruction

	<p>Dr Pang Yi Ping Cindy SOG-Cindy Pang Clinic for Women & GynaeOncology, Mount Elizabeth Novena Specialist Centre</p> 	<ul style="list-style-type: none"> - Antenatal care to expectant mothers and manages a wide range of conditions related to the female reproductive system - Main sub-specialty in gynaecological cancers and complex pelvic surgeries
SEGMENT	DOCTOR/LOCATION	SPECIALISATIONS
Dermatology	<p>Dr Joyce Lim Teng Ee Joyce Lim Skin & Laser Clinic, Paragon Medical Suites</p> 	<ul style="list-style-type: none"> - Dermatology and laser surgery
	<p>Dr Liew Hui Min SOG-HM Liew Skin and Laser Clinic, Gleneagles Medical Centre</p> 	<ul style="list-style-type: none"> - Children and women's dermatology, genital dermatology and general medical adult dermatology
SEGMENT	DOCTOR/LOCATION	SPECIALISATIONS
Paediatrics	<p>Dr Lim Xue Yan SOG Clinic for Children, Parkway East Medical Centre</p> 	<ul style="list-style-type: none"> - General paediatrics which includes newborn and baby screening, children immunisation, developmental assessment and behavioural care advice, nutrition and growth advice, and management of common childhood conditions

<p>Dr Irene Teo Ai Ngee SOG Clinic for Children, Boon Tiong Road</p> 	<p>- General paediatrics which includes newborn and baby screening, children immunisation, developmental assessment and behavioural care advice, nutrition and growth advice, and management of common childhood conditions including skin conditions</p>
<p>Dr Christina Ong SOG-Christina Ong Clinic for Children and Gastroenterology</p> 	<p>- Management of children with gastrointestinal conditions and performing endoscopic procedures, as well as treating children with general medical conditions</p>
<p>Dr Petrina Wong Poh Chen SOG-Petrina Wong Clinic for Children Respiratory and Sleep, Gleneagles Medical Centre</p> 	<p>- Management of children with respiratory and sleep conditions like pneumonia, childhood wheezing, asthma, allergic rhinitis, snoring, sleep apnea, parasomnias and behavioural sleep problems as well as treating children with general medical conditions</p>

Financial Forecasts

FYE 31 December					
INCOME STATEMENT	2018	2019	2020F	2021F	2022F
Revenues	34,681.0	39,757.0	29,029.9	34,494.3	40,206.6
Other operating income	1,425.0	449.0	290.3	344.9	402.1
Consumables and medical supplies used	(4,873.0)	(6,466.0)	(4,354.5)	(5,174.2)	(6,031.0)
Employee remuneration expenses	(13,544.0)	(16,481.0)	(11,612.0)	(13,797.7)	(16,082.6)
Depreciation	(554.0)	(2,207.0)	(1,625.7)	(1,931.7)	(2,251.6)
Other operating expenses	(3,482.0)	(2,503.0)	(2,322.4)	(2,759.5)	(3,216.5)
Profit from operation	13,653.0	12,549.0	9,405.7	11,176.2	13,026.9
Impairment of goodwill	(2,800.0)	(11,900.0)	-	-	-
Finance income	78.0	153.0	129.9	149.9	168.1
Finance expenses	-	(183.0)	-	-	-
Net finance (expense)/income	78.0	(30.0)	129.9	149.9	168.1
Profit before income tax	10,931.0	619.0	9,535.6	11,326.0	13,195.1
Income tax expense	(1,783.0)	(1,752.0)	(1,621.1)	(1,925.4)	(2,243.2)
Profit	9,148.0	(1,133.0)	7,914.6	9,400.6	10,951.9
BALANCE SHEET	2018	2019	2020F	2021F	2022F
Cash and cash equivalents	21,546.0	25,985.0	29,972.8	33,623.4	37,919.5
Other current assets	4,639.0	5,547.0	4,584.6	5,065.5	5,568.2
Total current assets	26,185.0	31,532.0	34,557.4	38,688.9	43,487.7
Property, plant and equipment	1,412.0	1,595.0	469.3	(962.4)	(2,713.9)
Intangible assets	24,130.0	12,230.0	12,230.0	12,230.0	12,230.0
Other non-current assets	1.0	3,701.0	3,701.0	3,701.0	3,701.0
Total non-current assets	25,543.0	17,526.0	16,400.3	14,968.6	13,217.1
Total assets	51,728.0	49,058.0	50,957.8	53,657.6	56,704.8
Trade and other payables	4,738.0	6,412.0	4,354.5	5,174.2	6,031.0
Loans and contract liabilities	437.0	613.0	613.0	613.0	613.0
Other current liabilities	1,823.0	3,308.0	3,308.0	3,308.0	3,308.0
Total current liabilities	6,998.0	10,333.0	8,275.5	9,095.2	9,952.0
Lease liabilities	-	2,381.0	2,381.0	2,381.0	2,381.0
Other non-current liabilities	140.0	134.0	134.0	134.0	134.0
Total non-current liabilities	140.0	2,515.0	2,515.0	2,515.0	2,515.0
Total liabilities	7,138.0	12,848.0	10,790.5	11,610.2	12,467.0
Unitholders' funds and reserves	44,590.0	36,210.0	40,167.3	42,047.4	44,237.8
Total liabilities and equity	51,728.0	49,058.0	50,957.8	53,657.6	56,704.8
CASH FLOW STATEMENT	2018	2019	2020F	2021F	2022F
Profit before tax	10,931.0	619.0	9,535.6	11,326.0	13,195.1
Adjustments	3,277.0	14,224.0	1,495.8	1,781.8	2,083.5
Operating cash flows before WC changes	14,208.0	14,843.0	11,031.4	13,107.9	15,278.5
Change in working capital	374.0	955.0	(1,095.1)	338.8	354.2
Income tax paid	(1,180.0)	(1,709.0)	(1,621.1)	(1,925.4)	(2,243.2)
Cash flows from operations	13,402.0	14,089.0	8,315.2	11,521.2	13,389.5
Capital expenditure	(294.0)	(949.0)	(500.0)	(500.0)	(500.0)
Acquisition of subsidiaries	-	-	-	-	-
Others	70.0	148.0	129.9	149.9	168.1
Cash flows from investing	(224.0)	(801.0)	(370.1)	(350.1)	(331.9)
Lease payments	-	(1,419.0)	-	-	-
Dividends paid	(8,058.0)	(7,247.0)	(3,957.3)	(7,520.5)	(8,761.5)
Interest paid	-	(183.0)	-	-	-
Other financing cashflow	-	-	-	-	-
Cash flows from financing	(8,058.0)	(8,849.0)	(3,957.3)	(7,520.5)	(8,761.5)
FX Effects, Others	-	-	-	-	-
Net increase in cash	5,120.0	4,439.0	3,987.8	3,650.6	4,296.1
Beginning Cash	16,426.0	21,546.0	25,985.0	29,972.8	33,623.4
Ending cash	21,546.0	25,985.0	29,972.8	33,623.4	37,919.5
KEY RATIOS	2018	2019	2020F	2021F	2022F
DPS (SGD cents)	1.70	0.62	0.83	1.58	1.84
Dividend yield (%)	6.7	2.4	3.3	6.2	7.2
NAV per share (SGD cents)	9.4	7.6	8.4	8.8	9.3
Price/NAV (x)	2.7	3.4	3.0	2.9	2.7
Profitability					
EBITDA Margin (%)	41.0	37.1	38.0	38.0	38.0
Net Margin (%)	26.4	(2.8)	27.3	27.3	27.2
ROE (ex. Property FV gain) (%)	17.7	(2.3)	15.5	17.5	19.3
ROA (ex. Property FV gain) (%)	20.5	(3.1)	19.7	22.4	24.8
Financial Structure					
Interest Coverage Ratio (x)	NA	68.6	NA	NA	NA
Gearing Ratio (%)	NC	NC	NC	NC	NC

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