

Singapore Result Snapshot

Raffles Medical

Bloomberg: RFMD SP | Reuters: RAFG.SI

DBS Group Research . Equity

29 Apr 2011

No surprises for the year's start

HOLD S\$2.24
Price Target : S\$ 2.32

Reporting Period	Performance	Mkt Cap	FY	EPS (\$ cts)	EPS Gth Pre-Ex (%)	EPS Revision	PE (x)	PBV (x)	Net Dividend Yield (%)
1Q 2011	Within expectations	S\$1,182m	2010A	8.6	18	-	26.0	4.1	1.6
		US\$961m	2011F	9.8	14	-	22.8	3.7	1.8
			2012F	10.5	7	-	21.3	3.3	2.0

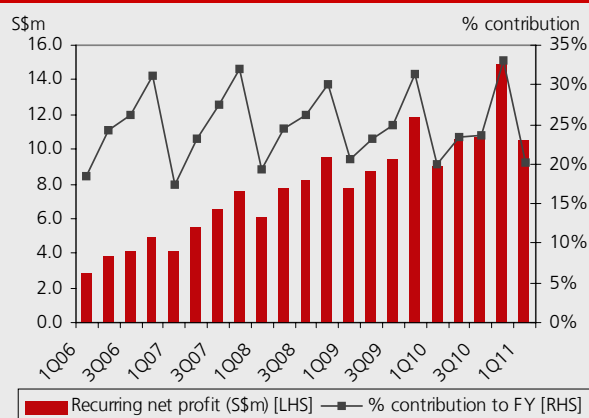
Result Summary

FY Dec (\$\$ m)	1Q2010	1Q2011	yoy chg
P&L Items			
Sales	56.2	64.4	14.7
Gross Profit	56.2	64.4	14.7
EBIT	11.1	12.8	15.2
Exceptional Gain/(Loss)	0.0	0.0	N/A
Pretax Profit	11.1	12.9	16.1
Net Profit	9.1	10.5	15.6
EPS (\$ cts)	1.74	1.99	14.4
EBIT Margin (%)	19.8	19.9	0.1ppt

Price Relative



Quarterly Net Profit trend (as % of full year)



Source: Company, DBSVickers

At a Glance

- **1Q11 results in line; forming 20% of our FY11F forecasts**
- **EBIT margins remained relatively stable as revenue and costs rose largely in tandem**
- **Thong Sia Building acquisition completed; operations expected to commence in 2012**
- **Hold recommendation maintained with TP of S\$2.32**

Comment on Results

1Q11 results within expectations. Net profit grew by 15.6% to S\$10.5m on the back of a 14.7% increase in revenue to S\$64.4m. Topline growth was driven by both Healthcare (+14.4% yoy) and Hospital divisions (+15% yoy) on higher patient load and wider medical specialties. Seasonally slower 1Q's net profit formed c.20.3% of our FY11F forecasts compared to c.19-21% of full year results in previous years.

1Q11 EBIT margins remained stable at 19.9% vs 19.8% in 1Q10, as costs grew relatively in tandem with revenue. Its highest cost component - staff costs - increased by 14.6%, just a tad below topline growth, reflecting its tight rein on costs, in our view.

Thong Sia Building acquisition completed, funded internally. The acquisition of the property located off Orchard Road was completed on 15 Apr. Management expects to commence operations on a portion of the total area (43.7k sq ft) sometime in 2012, and gradually increase its operating area, as existing leases expire up till 2013. The acquisition has been funded by internal cash, which stood at S\$92.8m as of 1Q11.

Recommendation

Maintain Hold and TP of S\$2.32. Despite the robust operations, the counter is not a steal at c.23x FY11F PE in our view. As such, we maintain our Hold recommendation with an unchanged TP of S\$2.32, based on 24x FY11F PE, +0.5 s.d. above its historical trading average.

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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