

Singapore Result Snapshot

Raffles Medical

Bloomberg: RFMD SP | Reuters: RAFG.SI

DBS Group Research . Equity

29 Apr 2008

A strong set of 1Q results

BUY S\$1.23

Price Target : S\$ 1.74

Reporting Period	Performance	Mkt Cap	FY	EPS (S cts)	EPS Gth Pre-Ex (%)	EPS Revision	PE (x)	PBV (x)	Net Dividend Yield (%)
1Q 2008	Marginally above	S\$635m	2007	4.54.5	30	-	27.1	3.2	2.0
		US\$466m	2008F	5.5	21	-	22.4	2.9	3.6
			2009F	7.0	27	-	17.6	2.8	4.5

Result Summary

FY Dec (\$\$ m)	1Q07	1Q08	yoy chg
P&L Items			
Sales	37.7	47.4	25.8
Other opg income	0.5	0.2	(64.0)
Inventories & consumables	(4.6)	(5.7)	22.4
Staff costs	(19.7)	(23.9)	21.4
Dep of PPE	(0.9)	(1.6)	76.9
Opg lease expenses	(1.9)	(1.1)	(62.2)
Other opg expenses	(5.1)	(7.3)	43.6
Operating profit	5.0	8.0	60.6
Pretax Profit	5.1	7.8	52.5
Net Profit	4.1	6.1	48.4
EPS – FD (S cts)	0.88	1.17	33.0
Operating Margin (%)	11.9	16.5	4.5

Comment on Results

1Q08 results were slightly above our expectations. This was largely due to lower operating lease expenses (as a result of its full ownership of its hospital) and lower staff costs as a percentage of sales (arising from operating efficiencies).

Revenue grew 25.8% to a record S\$47.4m while net profit surged 48.4% to S\$6.1m. The strong topline growth was contributed by both its Healthcare and Hospital Services divisions, which grew 16.9% and 30.5% respectively. Operating margins expanded by 4.5ppt y-o-y to 16.5% in 1Q08 as a result of its increased patient load, wider range of medical specialties and higher operating efficiencies. Thus, net profit grew by a larger percentage versus sales.

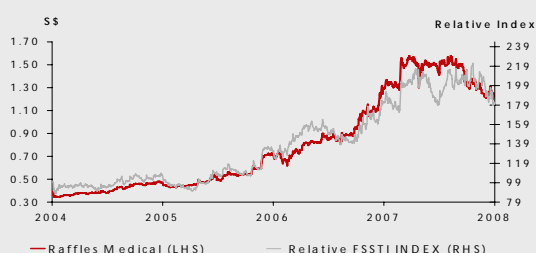
Recommendation

The outlook for Raffles Medical looks positive on the back of Singapore's positioning as a medical hub to attract foreign patients. In addition, with a licensed capacity to operate up to 380 beds, the Group would be able to add additional beds to its existing est. 200 beds without significant investment and lead-time. Furthermore, its Healthcare Services division, with the widest network of over 60 primary healthcare clinics in Singapore and over 5,500 corporate clients should continue to benefit from population growth and employment in the city state.

We maintain our BUY recommendation with a DCF-backed TP of S\$1.74 (WACC 7.2%, terminal growth 1%). Limited downside supported by its projected dividend yield of 3.6% in FY08F (assuming 80% payout ratio).

ANALYST: Andy Sim CFA +65 6398 7969 andysim@dbsvickers.com

Price Relative



Peer valuation table

Company	Curr	Last Px	Mkt cap US\$m	PE Curr Yr (x)	PE Nxt Yr (x)
Raffles Medical Group Ltd	SGD	1.23	467	20.8	17.1
Parkway Holdings Ltd	SGD	3.41	1,934	26.6	22.8
Thomson Medical Centre	SGD	0.65	140	15.9	13.8
Pacific Healthcare Holdings	SGD	0.355	72	17.5	11.7
Bangkok Dusit Medical Pcl	THB	34.75	1,331	28.4	22.7
Bumrungrad Hospital PCL	THB	32.5	748	19.2	17.3
Bangkok Chain Hospital PCL	THB	7.35	221	13.1	11.9
				20.2	16.8
				Simple average	

Source: Bloomberg, prices as of 28 April 2008

DBSV recommendations are based on an Absolute Total Return* Rating system, defined as follows:

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 (0-15% total return over the next 12 months for small caps, 0-10% 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

DBS Vickers Research is available on the following electronic platforms: DBS Vickers (www.dbsvresearch.com); Thomson (www.thomson.com/financial); Factset (www.factset.com); Reuters (www.rbr.reuters.com); Capital IQ (www.capitaliq.com) and Bloomberg (DBSR GO). For access, please contact your DBSV salesperson.

GENERAL DISCLOSURE/DISCLAIMER

This document is published by DBS Vickers Research (Singapore) Pte Ltd ("DBSVR"), a direct wholly-owned subsidiary of DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") and an indirect wholly-owned subsidiary of DBS Vickers Securities Holdings Pte Ltd ("DBSVH"). [This report is intended for clients of DBSV Group only and no part of this document may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of DBSVR.]

The research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate legal or financial advice. DBSVR accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. DBSVH is a wholly-owned subsidiary of DBS Bank Ltd. DBS Bank Ltd along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. DBSVR, DBSVS, DBS Bank Ltd and their associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

DBSVUSA does not have its own investment banking or research department, nor has it participated in any investment banking transaction as a manager or co-manager in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

ANALYST CERTIFICATION

The research analyst primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst also certifies that no part of his/her compensation was, is, or will be, directly, or indirectly, related to specific recommendations or views expressed in this report. As of 29 Apr 2008, the analyst and his / her spouse and/or relatives who are financially dependent on the analyst, do not hold interests in the securities recommended in this report ("interest" includes direct or indirect ownership of securities, directorships and trustee positions).

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Vickers Securities (Singapore) Pte Ltd and its subsidiaries do not have a proprietary position in the securities recommended in this report as of 25-Apr-2008.
2. DBSVR, DBSVS, DBS Bank Ltd and/or other affiliates of DBS Vickers Securities (USA) Inc ("DBSVUSA"), a U.S.-registered broker-dealer, may beneficially own a total of 1% or more of any class of common equity securities of the subject company as of 29 Apr 2008.
3. Compensation for investment banking services:
DBSVR, DBSVS, DBS Bank Ltd and/or other affiliates of DBSVUSA have received compensation, within the past 12 months, and within the next 3 months may receive or intends to seek compensation for investment banking services from Raffles Medical.

DBSVUSA does not have its own investment banking or research department, nor has it participated in any investment banking transaction as a manager or co-manager in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is being distributed in Australia by DBSVR and DBSVS, which are exempted from the requirement to hold an Australian financial services licence under the Corporation Act 2001 ["CA"] in respect of financial services provided to the recipients. DBSVR and DBSVS are regulated by the Monetary Authority of Singapore ["MAS"] under the laws of Singapore, which differ from Australian laws. Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.
Hong Kong	This report is being distributed in Hong Kong by DBS Vickers (Hong Kong) Limited which is licensed and regulated by the Hong Kong Securities and Futures Commission.
Singapore	This report is being distributed in Singapore by DBSVR, which holds a Financial Adviser's licence and is regulated by the MAS. This report may additionally be distributed in Singapore by DBSVS (Company Regn. No. 198600294G), which is an Exempt Financial Adviser as defined under the Financial Advisers Act. Any research report published by any foreign DBS Vickers entities is distributed in Singapore only to "institutional investors" as defined under the Securities and Futures Act. Distribution of research reports published by a foreign-related corporation of DBSVR/DBSVS to "Accredited Investors" as defined under the Financial Advisers Regulations is provided pursuant to the approval by MAS of research distribution arrangements under Paragraph 11 of the First Schedule to the FAA.
United Kingdom	This report is being distributed in the UK by DBS Vickers Securities (UK) Ltd, who is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Services Authority. Research distributed in the UK is intended only for institutional clients.
United Arab Emirates	This report is being distributed in United Arab Emirates by DBS Bank Ltd, Dubai (PO Box 506538, 3 rd Floor, Building 3, Gate Precinct, DIFC, Dubai, United Arab Emirates) and is intended only for wholesale clients. DBS Bank Ltd, Dubai is regulated by the Dubai Financial Services Authority.
United States	Neither this report nor any copy hereof may be taken or distributed into the United States or to any U.S. person except in compliance with any applicable U.S. laws and regulations.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Vickers Research (Singapore) Pte Ltd – 8 Cross Street, #02-01 PWC Building, Singapore 048424
Tel. 65-6533 9688, Fax: 65-6226 8048
Company Regn. No. 198600295W