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HC Surgical Specialists Reports 2QFY2019 Results

RESULTS HIGHLIGHTS

- **2QFY2019 Revenue rose 22.3% to S\$4.63 million principally due to increased contributions from its acquired and existing subsidiaries**
- **2QFY2019 Profit before tax grew 15.9% year-on-year to S\$1.83 million**
- **Declares interim dividend of 1.0 Singapore cents per ordinary share to shareholders**

Singapore, 08 January 2019 – Catalyst-listed HC Surgical Specialists Limited (SGX:1B1) (“HCSS”, or collectively with its subsidiaries and associated companies, the “Group”) today announced its financial results for the three months ended 30 November 2018 (“2QFY2019”).

During 2QFY2019, the Group recorded an increase of S\$0.84 million or approximately 22.3% in revenue as compared to the three months ended 30 November 2017 (“2QFY2018”), mainly due to increased revenue contributions from its new and existing subsidiaries. Increased revenue contributions from new subsidiaries include HMC Medical Pte Ltd (“HMC”) that was acquired in January 2018, Jason Lim Endoscopy and Surgery Pte. Ltd. (“JLES”) that commenced operations in August 2018, as well as Medical Services @ Tampines Pte. Ltd. (“MST”) of which an additional 50% equity interest was acquired in September 2018.

Financial Overview

S\$' million	2QFY2019	2QFY2018	Change %	1HFY2019	1HFY2018	Change %
Revenue	4.63	3.78	22.3	8.47	7.70	9.9
Gross Profit*	4.20	3.37	24.5	7.64	6.96	9.9
Profit Before Tax	1.83	1.58	15.9	3.16	3.28	(3.6)
Adjusted Profit Before Tax**	1.83	1.39	31.3	3.16	3.09	2.1
Profit After Tax	1.58	1.46	8.6	2.70	2.92	(7.5)
Profit Attributable to Owners of the Company	1.29	1.27	1.6	2.16	2.46	(11.9)
Earnings Per Share (\$ cents)	0.86	0.85	1.2	1.45	1.65	(12.1)

*Gross Profit is calculated as Revenue - change in inventories - inventories and consumables used.

** Adjusted Profit Before Tax is calculated as Profit Before Tax - One-Off Items (as defined below)

In addition, there was an increase of S\$0.38 million or approximately 29.6% of employee benefits expense in 2QFY2019 compared to 2QFY2018. S\$0.18 million was attributable to increased headcount from new subsidiaries acquired after 2QFY2018 and remaining S\$0.20 million increase was due to higher accrual of bonus and pay increment for the Group's existing staff.

In 2QFY2019, other expenses decreased by S\$0.36 million and the share of profits of an associate decreased by S\$0.63 million due to, respectively, an absence of allowance for impairment loss on doubtful investee non-trade receivables and an absence of bargain purchase on acquisition (collectively "One-Off Items") in 2QFY2019.

As a consequence of the above, the Group's profit before tax increased by S\$0.25 million or approximately 15.9% from S\$1.58 million in 2QFY2018 to S\$1.83 million in 2QFY2019. Henceforth, profit attributable to owners of the Company increased 1.6% year-on-year to S\$1.29 million in 2QFY2019.

Annotating on the Group's 2QFY2019 results, Executive Director and Chief Executive Officer of HCSS, Dr. Heah Sieu Min said: *"We are pleased with the strong performance delivered in this quarter as we continue to benefit from revenue contributions driven by our organic growth strategies across newly acquired clinics. Our strategic acquisitions have proven that we are on the right track and we will continue to keep a lookout for potential acquisitions or joint ventures locally and regionally. As we chart further growth in the year ahead, we are glad to declare an interim dividend of 1.0 Singapore cents per ordinary share to reward our valued shareholders."*

Moving Forward

During the current financial year, the Group has welcomed on board new subsidiaries - JLES and MST. The Group will continue its expansion efforts in getting more specialists on board and aims to expand its footprint regionally.

On 13 November 2018, the Ministry of Health ("MOH") announced on its site, fee benchmarks set for 222 common surgical procedures by private surgeons, as part of government measures to promote transparency and rein in rising healthcare costs. The Group is of the view that its business will not be affected by the ministry's disclosure of such fee benchmarks due to its competitive and reasonable pricing and will continue to focus on strengthening its core competencies to provide excellent services to its patients.

Dr. Heah Sieu Min added, *"While fuelling growth and expansion plans, patient care has always been placed at the forefront of our agenda. Amid fee benchmarks being unveiled, we are confident and believe that the quality healthcare services we offered all these while will retain patients' faith in us, be it existing or new patients. We are always on constant lookout to have best additions to our pool of specialists and healthcare treatment options, and strive to deliver premium healthcare at all times. As we garner momentum, nothing wavers our continuous efforts in pursuing new opportunities to strengthen our presence in the healthcare sector."*



Incorporated in the Republic of Singapore
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About HC Surgical Specialists Limited

HC Surgical Specialists Limited (“HCSS”) was incorporated on 1 September 2015 in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited on 3 November 2016. The Company and its subsidiaries and associated company (the “Group”) is a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures across a network of 16 clinics located throughout Singapore.

For more information, please visit HCSS’ website at www.hcsurgicalspecialists.com.

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