

# Alliance Healthcare Group Limited

## Capitalising on digitalisation

16 February 2022

### SINGAPORE | HEALTHCARE | 1H22 RESULTS

- PATMI almost doubled to S\$1.68mn, while revenue increased 23% YoY, mainly driven by higher revenue contribution from mobile and digital healthcare services.
- Strong operating cash flow of S\$4.7mn, underpinning robust cash position of S\$18.4mn and higher net cash of S\$12.3mn.

#### Results at a glance

SGD '000	1H22	1H21	YoY
<b>Revenue</b>	<b>28,568</b>	<b>23,076</b>	<b>23.8%</b>
- Managed healthcare solutions	2,642	2,286	15.6%
- GP clinics	8,428	6,621	27.3%
- Specialist care	4,767	4,792	-0.5%
- Pharmaceutical services	6,348	7,531	-15.7%
- Mobile and digital health services	6,378	1,845	245.7%
<b>Profit before tax</b>	<b>2,788</b>	<b>1,351</b>	<b>106.4%</b>
- Managed healthcare solutions	-167	-126	32.5%
- GP clinics	1,317	480	174.4%
- Specialist care	631	497	27.1%
- Pharmaceutical services	412	718	-42.6%
- Mobile and digital health services	1,262	24	n.m.
PATMI	1,683	895	88.1%
PATMI margins	5.9%	3.9%	2 ppts
EPS (Scts)	0.81	0.43	88.4%

Source: Company, PSR

#### The Positives

**+ Huge growth in mobile and digital health services.** Revenue more than tripled, while pretax profit increased from S\$24k in 1H21 to US\$1.2mn in 1H22. Higher revenue was due to Jaga-Me's involvement in provision of Covid-19 related medical services, including home swabs, onsite vaccines and telemedicine consultations for home recovery programme.

**+ GP clinics recorded steady growth.** Revenue from GP clinics increased 27%, while pretax profit more than doubled. The easing of Covid-19 restrictions resulted in more patient visits at GP clinics.

#### The Negatives

**- Managed healthcare services recorded net loss.** Net loss in 1H22 deepened to S\$167k, from S\$126.3k, as patient volume has yet to return to pre-Covid level.

**- Decreased revenue and profit contribution from pharmaceutical services.** There was reduced demand for medical supplies from certain hospitals, after the stocking in 1H21.

#### Outlook

Alliance Healthcare is committed to strengthening its digital technology capabilities to remain in the forefront of an increasingly digitalised healthcare sector, especially in a post-Covid world. Digitalisation in healthcare provides cost-effective, time-saving and quality healthcare.

#### NON-RATED

CLOSING PRICE	SGD 0.175
FORECAST DIV	N.A.
TARGET PRICE	N.A.
TOTAL RETURN	N.A.

#### COMPANY DATA

Bloomberg CODE:	AHG SP
O/S SHARES (MN):	207.9
MARKET CAP (USD mn / SGD mn):	27 / 36
52 - WK HI/LO (SGD):	0.18 / 0.16
3M Average Daily T/O (mn):	0.01

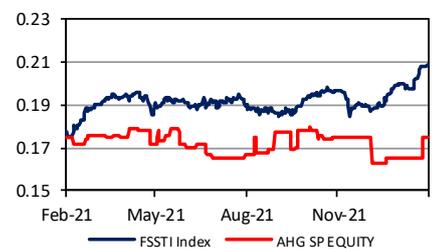
#### MAJOR SHAREHOLDERS

Thng Lip Mong	67.8%
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#### PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	6.1	0.0	7.4
STI RETURN	4.4	6.0	20.7

#### PRICE VS. STI



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Jun, SGD (mn)	FY19	FY20	FY21
Revenue	36.5	42.8	46.4
EBITDA	2.4	5.7	5.5
PATMI	0.3	2.3	1.5
EPS (SGD cents)	0.2	1.1	0.7
P/E (X)	114.5	15.6	23.8
Dividend Yield	0.0%	1.9%	1.3%
ROE	1.9%	12.1%	7.5%
ROA	0.9%	5.1%	3.1%

Source: Company, PSR

#### VALUATION METHOD

N.A.

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## Financials

### Income Statement

Y/E Jun, SGD '000	FY19	FY20	FY21	1H22
<b>Revenue</b>	<b>36,512</b>	<b>42,784</b>	<b>46,416</b>	<b>28,568</b>
Other gains	354	1,981	2,138	793
Consumables and medical supplies used	(10,516)	(14,594)	(15,968)	(8,267)
Employee benefits expense	(18,608)	(21,088)	(23,681)	(14,969)
Depreciation and amortisation expense	(841)	(2,435)	(2,860)	(1,419)
Other expenses	(5,459)	(3,373)	(3,396)	(1,770)
<b>EBIT</b>	<b>1,382</b>	<b>3,277</b>	<b>2,612</b>	<b>2,908</b>
Finance costs	(131)	(279)	(263)	(119)
<b>Profit before tax</b>	<b>1,250</b>	<b>2,998</b>	<b>2,349</b>	<b>2,788</b>
Taxation	(476)	(404)	(337)	(193)
Minority interest	457	260	480	912
<b>PATMI</b>	<b>318</b>	<b>2,335</b>	<b>1,532</b>	<b>1,683</b>

### Per share data

Y/E Jun	FY19	FY20	FY21	1H22
EPS (SGD cents)	0.15	1.12	0.74	0.81
DPS (SGD cents)	0.00	0.34	0.23	n.a.
BVPS (SGD cents)	8.03	9.15	9.52	10.10

### Cash Flow

Y/E Jun, SGD '000	FY19	FY20	FY21	1H22
<b>CFO</b>				
<b>Profit before tax</b>	<b>1,250</b>	<b>2,998</b>	<b>2,349</b>	<b>2,788</b>
Adjustments	2,260	2,375	2,845	1,183
WC changes	(314)	(882)	(252)	1,155
<b>Cash generated from ops</b>	<b>3,196</b>	<b>4,491</b>	<b>4,942</b>	<b>5,126</b>
Income tax paid	(261)	(320)	(230)	(392)
<b>Cashflow from ops</b>	<b>2,935</b>	<b>4,171</b>	<b>4,712</b>	<b>4,735</b>
<b>CFI</b>				
CAPEX, net	(2,371)	(1,024)	(934)	(161)
Others	-	(1,316)	(2)	(930)
<b>Cashflow from investments</b>	<b>(2,371)</b>	<b>(2,340)</b>	<b>(936)</b>	<b>(1,091)</b>
<b>CFF</b>				
Loans, net of repayments	1,092	1,817	(661)	(402)
Dividends paid	-	-	(707)	(478)
Others	3,802	(1,629)	(2,011)	(1,065)
<b>Cashflow from financing</b>	<b>4,893</b>	<b>188</b>	<b>(3,379)</b>	<b>(1,945)</b>
Net change in CCE	5,458	2,019	397	1,699
<b>CCE, end</b>	<b>14,292</b>	<b>16,311</b>	<b>16,709</b>	<b>18,408</b>

Source: Company, Phillip Securities Research (Singapore)

### Balance Sheet

Y/E Jun, SGD '000	FY19	FY20	FY21	1H22
<b>ASSETS</b>				
Cash	14,292	16,336	16,734	18,433
Trade and other receivables	9,880	9,810	13,569	11,784
Inventories	1,427	2,849	2,268	2,379
<b>Total current assets</b>	<b>26,226</b>	<b>29,710</b>	<b>33,192</b>	<b>33,283</b>
PPE	2,699	6,010	5,868	5,797
Right-of-use assets	-	2,873	3,067	3,088
Intangible assets	2,699	6,010	5,868	5,797
<b>Total non-current assets</b>	<b>9,252</b>	<b>15,846</b>	<b>15,945</b>	<b>16,273</b>
<b>Total Assets</b>	<b>35,479</b>	<b>45,555</b>	<b>49,137</b>	<b>49,556</b>
<b>LIABILITIES</b>				
Trade and other payables	13,507	14,880	17,658	16,803
Loans and borrowings	1,150	2,100	1,798	1,597
Others	461	2,222	2,462	2,342
<b>Total current liabilities</b>	<b>15,118</b>	<b>19,202</b>	<b>21,918</b>	<b>20,742</b>
Loans and borrowings	4,013	5,482	5,008	4,572
Lease liabilities	-	1,374	1,556	1,584
Others	23	139	115	103
<b>Total non-current liabilities</b>	<b>4,037</b>	<b>6,994</b>	<b>6,679</b>	<b>6,259</b>
<b>Total Liabilities</b>	<b>19,155</b>	<b>26,196</b>	<b>28,597</b>	<b>27,001</b>
<b>Net assets</b>	<b>16,324</b>	<b>19,360</b>	<b>20,540</b>	<b>22,554</b>
<b>Represented by:</b>				
Share capital	14,684	14,684	14,684	14,684
Retained earnings	6,658	8,993	9,818	11,023
Other reserves	(4,654)	(5,180)	(5,241)	(5,241)
Non-controlling interest	(365)	862	1,279	2,089
<b>Total Equity</b>	<b>16,324</b>	<b>19,360</b>	<b>20,540</b>	<b>22,554</b>

### Valuation Ratios

Y/E Jun	FY19	FY20	FY21	1H22
P/E (X)	114.55	15.58	23.75	15.68
P/B (X)	2.18	1.91	1.84	1.73
EV/EBITDA (X)	11.33	4.84	4.83	4.43
Dividend Yield	0.0%	1.9%	1.3%	n.a.

### Growth & Margins

	FY19	FY20	FY21	1H22
<b>Growth</b>				
Revenue	8.0%	17.2%	8.5%	23.8%
EBITDA	-31.8%	137.3%	-4.1%	47.9%
EBIT	-60.8%	137.2%	-20.3%	94.7%
PATMI	-89.7%	635.1%	-34.4%	88.1%
<b>Margins</b>				
EBITDA margin	6.6%	13.3%	11.8%	15.1%
EBIT margin	3.8%	7.7%	5.6%	10.2%
Net profit margin	0.9%	5.5%	3.3%	5.9%

### Key Ratios

	FY19	FY20	FY21	1H22
ROE	1.9%	12.1%	7.5%	7.5%
ROA	0.9%	5.1%	3.1%	3.4%
Net Gearing (%)	Net cash	Net cash	Net cash	Net cash

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