

10 in 10 – OUE Healthcare Limited (SGX Code: 5WA)

10 Questions in 10 Minutes with SGX-listed companies



10 Questions for OUE Healthcare

Company Overview

OUE Healthcare Limited (OUEH) is a regional healthcare group focused on building a sustainable healthcare ecosystem in Asia anchored on Singapore’s medical excellence. Currently, OUEH’s regional network comprises healthcare operations in Singapore, China and Myanmar, as well as in Japan and Indonesia through its listed healthcare real estate investment trust, First REIT. OUEH continually seeks to grow its healthcare businesses in Asia via its three-pronged strategy of forming strategic partnerships, asset-light business model and focus on markets in Asia-Pacific. OUEH is the healthcare arm of OUE Limited, which is one of the leading real estate and healthcare groups based in Singapore. Link to [Stock Screener company page](#).

SGX Code: 5WA	BBG: OUEHC SP	RIC: OUEE.SI
Market cap (S\$m)		115.5
Price (S\$)		0.026
52 wk high/low (S\$)		0.038 - 0.025
12m ADTV (S\$)		25,155
Shares Outstanding (m)		4,443.1
Float		10.3%
P/E (LTM)		14.4
P/B (LTM)		0.5
Dividend Yield		N.A.

Source: Bloomberg (13 May 2024)

1. OUE Healthcare focuses on building a sustainable healthcare ecosystem, can you elaborate on this ecosystem?

- OUE Healthcare (OUEH) is committed to building a comprehensive healthcare ecosystem that spans the key markets in the Asia-Pacific region based on Singapore's globally recognised medical excellence. Currently, the Group operates hospitals, medical centres, clinics and nursing homes in Singapore, China, Myanmar, Japan, and Indonesia.
- Through this expansive network, OUEH endeavours to provide a holistic spectrum of healthcare services, ranging from primary care to specialised treatments and ancillary services, catering to the diverse healthcare needs of communities across the region. The OUEH ecosystem will provide an environment to enhance the scope and reach of each OUEH healthcare business unit by facilitating and fostering collaboration, innovation, and knowledge exchange within its network. More about OUEH’s healthcare ecosystem can be found on page 5 of its [Annual Report 2023](#).

2. What is OUEH’s vision and how are you achieving this?

- The Group’s vision is to be the trusted healthcare service provider of choice in the communities we serve. This vision is guided by a patient-centred approach and our three-pronged strategy, read more at page 4 of [Annual Report 2023](#).
 - *Strategic Partnerships* – OUEH aims to create synergistic collaborations that leverage our partners’ local expertise and resources, thereby enhancing the quality and accessibility of healthcare services.
 - *Asset-light model* – Ventures with higher margins and scalability are prioritised, ensuring financial efficiency while fostering innovation and growth. This optimises resource allocation and mitigates financial risks, enabling OUEH to remain agile and responsive in a dynamic healthcare landscape.
 - *Regional expansion* – This allowed OUEH to diversify geopolitical risks and capitalise on emerging opportunities with strategic partners. By expanding its footprint across Asia, OUEH aims to tap into burgeoning healthcare markets while delivering exemplary patient care anchored on Singapore's medical excellence.

3. OUEH's joint venture recently commissioned a hospital in Changshu, how has the business been and what are some challenges operating it?

- We commissioned the Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital (Changshu Hospital) in May 2023. This is Changshu's first private obstetrics & gynaecology hospital, and it provides a full spectrum of premium obstetrics and gynaecology healthcare services. The 100-bed hospital is strategically positioned in one of the most economically vibrant and pro-business areas in China.
- Changshu Hospital, despite its strategic positioning, faces challenges in the form of demographic shifts and economic fluctuations in China. The country's declining birth rates and weakened consumer spending sentiments post-pandemic present significant hurdles to the hospital's growth trajectory.
- However, OUEH remains steadfast in its commitment to overcoming these challenges by intensifying marketing efforts, refining business strategies, and leveraging its partnership with China Merchants Group. By proactively addressing these challenges and capitalising on growth opportunities, OUEH aims to position Changshu Hospital for sustained success and continued contribution to the healthcare needs of its community.
- Embracing a holistic approach, Changshu Hospital diversified its services to cater to the entire patient life cycle, which includes providing comprehensive care spanning pediatrics, confinement services, medical aesthetics, and postpartum wellness.



Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital in Changshu, Jiangsu Province, China



Medical brands under the O2 Healthcare Group

4. OUEH has formed medical partnerships with three respiratory and cardiothoracic specialist groups for regional growth, what are some key developments since then?

- Since the establishment of O2 Healthcare Group, OUEH has made significant strides in enhancing its medical partnerships, expanding its roster of specialist doctors, and refining its service offerings. As at 31 December 2023, O2 Healthcare Group increased its group of specialist doctors from 10 to 11 respiratory physicians and from one to two cardiothoracic surgeons. Through a concerted focus on organic growth, the company has intensified marketing efforts and explored opportunities for mergers and acquisitions to further strengthen its position in the market.
- Moreover, OUEH is actively pursuing synergies within the healthcare ecosystem, including collaborations with Healthway Medical Corporation Limited (HMC), to drive mutual growth and innovation. These strategic partnerships not only enhance OUEH's service offerings but also foster knowledge exchange and resource sharing.

5. How does First REIT fit into OUEH's healthcare ecosystem?

- OUEH has a direct holding of approximately 33% in First REIT, which serves as our capital recycling platform and enable us to receive a recurring and stable income and cash flow via its distributions. Through its direct holdings in First REIT, OUEH gains enhanced financial flexibility, enabling it to reinvest capital into strategic healthcare ventures while maintaining a stable cash flow.
- The recent divestment of nursing homes in Japan to First REIT exemplify OUEH's asset-light strategy, enhancing its financial position and enabling further expansion of its regional healthcare portfolio. Furthermore, OUEH's holdings in First REIT provide a platform for strategic partnerships and collaborations, fostering innovation and growth within the healthcare industry.

6. OUEH's latest acquisition of Healthway Medical Corporation has enabled OUEH to have a larger presence in Singapore. What is the outlook for Singapore's healthcare landscape and how will it fit into OUEH's healthcare ecosystem?

- The addition of HMC into OUEH's healthcare ecosystem marks a significant milestone in OUEH's expansion strategy, as it amplifies OUEH's presence in Singapore's dynamic healthcare market. With over three decades of experience and a vast network of clinics and medical centres, HMC brings invaluable expertise and resources to the table, complementing OUEH's existing operations and service offerings.
- This addition of HMC also fosters synergies and cost-saving opportunities through streamlining operations and economies of scale. By leveraging its partnership with HMC, OUEH aims to capitalise on the growing demand for private healthcare services in Singapore, thereby driving growth and innovation in the healthcare landscape in Singapore.



Healthway Screening Centre @ Capitol & Cura Day Surgery Centre @ Camden

7. What are some risks faced by OUEH in the various markets it operates in and how do you contend with those risks?

- Geopolitical instability poses a persistent risk to OUEH's operations, potentially impacting market volatility and regulatory environments across its Asian markets. To mitigate these risks, OUEH adopts a proactive approach, diversifying its geographical presence and cultivating strategic partnerships with local stakeholders.
- Additionally, OUEH's asset-light business model provides a buffer against market fluctuations, ensuring resilience and adaptability in the face of uncertainty. By leveraging local expertise and maintaining a balanced portfolio, OUEH aims to navigate geopolitical challenges effectively while capitalising on growth opportunities across its regional healthcare network.

8. What are OUEH's key considerations when expanding into a new market or business verticals?

- OUEH's expansion strategy is underpinned by meticulous considerations, prioritising markets with favorable demographic trends, regulatory environments, and growth prospects.
- While OUEH remains focused on strengthening its presence in existing markets, it also explores opportunities for strategic expansion across Asia, guided by its asset-light strategy and a focus on strategic partnerships.
- Key considerations include regulatory environment, political stability, demographics, healthcare market potential, economic growth, and sustainable GDP growth, which allows OUEH to make informed decisions as it seeks to cultivate a robust and diversified healthcare portfolio.



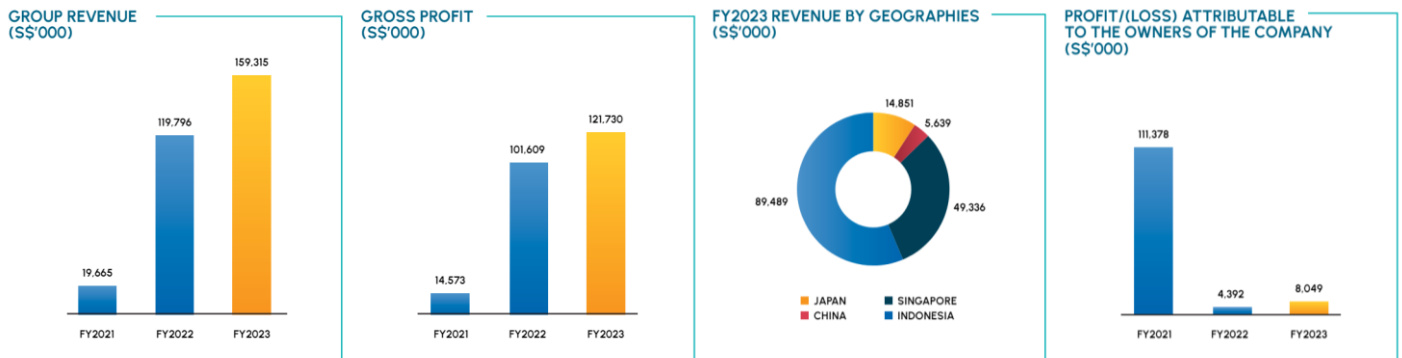
OUEH's Asian presence across Singapore, China, Myanmar, and Japan and Indonesia via First REIT

9. Environmental, Social and Governance (ESG) has increasingly been a key focus globally, what are some of OUEH's key priorities and how is OUEH addressing them?

- ESG is integral to OUEH's sustainability agenda, and we recognise that ESG factors have a significant impact on its operations, assets, and investments, and thus place a strong emphasis on maintaining robust sustainability governance structures. The establishment of a Sustainability Steering Committee (SSC) underscores OUEH's commitment to ESG principles, providing oversight and guidance on sustainability initiatives.
- The SSC is tasked with developing and implementing a sustainability roadmap and action plan, in accordance with industry guidelines. OUEH is also actively aligning with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), with the aim of fully complying with all TCFD recommendations by the year 2027. Through these initiatives, OUEH seeks to integrate ESG considerations into all aspects of its business operations, thereby fostering sustainable growth and creating long-term value for its stakeholders.

10. Moving forward, what are some potential investment themes we can expect from OUEH that help you achieve your vision of building a sustainable healthcare ecosystem?

- OUEH's investment strategy is guided by emerging trends and industry shifts within the healthcare sector, with a focus on driving innovation, enhancing patient experience, and improving overall healthcare quality.
- One prominent theme is the shift towards patient-centered preventive healthcare models, driven by initiatives such as Singapore's 'Healthier SG' programme. OUEH recognises this theme and is actively positioning to capitalise on creating new opportunities within the private healthcare sector.
- OUEH also remains vigilant of market dynamics and technological advancements, continuously fine-tuning its strategies to adapt to evolving economic conditions and healthcare landscapes. OUEH's operational strengths and regional presence position it as one of the leading players in the Singapore healthcare industry, offering investors a unique opportunity to participate in a diversified portfolio that aligns with favourable mega-trends such as demographic shifts, fast-growing middle-class populations, increased urbanisation, and technological innovations.



OUEH's 3-year financial highlights



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Designed to be a short read, 10 in 10 provides insights into SGX-listed companies through a series of 10 Q&As with management. Through these Q&As, management will discuss current business objectives, key revenue drivers as well as the industry landscape. Expect to find wide-ranging topics that go beyond usual company financials.

This report contains factual commentary from the company's management and is based on publicly announced information from the company.

For more, visit sgx.com/research.

For more company information, www.ouehealthcare.com
Click [here](#) for OUE Healthcare's FY2023 results.



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