



Q & M Dental Group (Singapore) Limited

# Investor Presentation



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# Agenda

1.

Q & M Overview

2.

Dental Healthcare Prospects

3.

Key Investment Highlights

4.

Growth Strategy

5.

Financial

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# Overview of Q & M



Q & M Dental Group (Singapore) Limited

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# Overview of Q & M

A fast growing leader in private dental healthcare across Asia

- ❖ 60 dental outlets.
- ❖ Serves more than **300,000** patients a year

**SINGAPORE**

- ❖ 4 dental outlets in Johor
- ❖ 1 dental outlet in Malacca
- ❖ 4 dental outlets in Kuala Lumpur

**MALAYSIA**



**CHINA**

- ❖ 3 dental hospitals and 4 dental clinics in Shanghai & Shenyang
- ❖ 1 dental supplies manufacturer in QHD.

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# Strong Competitive Position

An established, reliable dental healthcare provider since 1996, IPO on 26 Nov 2009

**Recognised brand** A reputable and widely recognised brand in Singapore's dental industry

**Widest network** 60 outlets located island wide near bus interchanges MRT stations, shopping malls. 9% of Spore clinics.

**Large patient base** Treated more than 600,000 patients  
25% of population who visits dentist at least once a year \*

**Full dental services** Multi-disciplinary expertise offering patients comprehensive scope of quality dental services

**Large dentist pool** Over 180 qualified and experienced dentists  
Around 11% of registered dentists in Singapore \*\*

**Strong leadership** Experienced management team who are practising dentists 17 Principal Shareholders signed 10 years service contract and shareholding moratorium until 2021



\*Based on 46% of Singapore's population of 5.08 million as extracted from the Statistics Singapore website (<http://www.singstat.gov.sg/stats/themes/people/hist/popn.html>). According to the Health Promotion Board's Oral Health Campaign, only 46% of adults visited the dentists once a year.

\*\*Based on 1,611 registered graduate dentists in Singapore as extracted from Singapore Dental Council Annual Report 2011



# Widely recognised in Singapore's dental industry

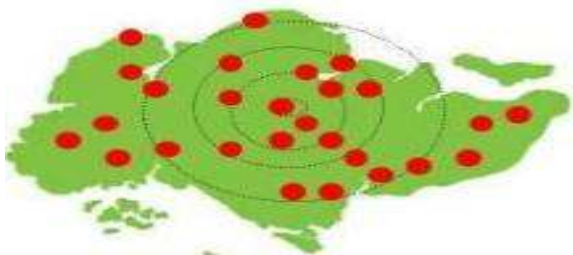
**Proven Track Record** Treated more than 600,000 patients in Singapore since December 2005



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# Largest Dental Network in Singapore

## Wide network of clinics



- ❖ Extensive reach across Singapore
- ❖ Strategically and conveniently located near amenities like bus interchanges and MRT stations
- ❖ Operate large scale dental centres in tandem with neighbourhood clinics
- ❖ Provides night and weekend dental clinics
- ❖ Provide training through Q & M Institute to attract qualified dentists and increase skills of dentists
- ❖ Corporate and loyalty programs help increase patient base and branding

## Large and stable patient base



- ❖ Operates 60 dental outlets
- ❖ This represents 9% of market share
- ❖ Owns 2 dental supplies and equipment distribution companies
- ❖ Treats 300,000 patients per year
- ❖ 600,000 patients pool represent 25% of the total patient-base island wide
- ❖ 6,000 new patients added to its database per month





# Multi-disciplinary expertise & comprehensive scope of dental services

## Dental centres in Singapore

### Operating Model

- ❖ Focus on specialist multi-disciplinary dental healthcare services at a single location
- ❖ Equipped with latest technology
- ❖ Capturing a larger share of the market for higher-value specialist dental healthcare services
- ❖ Able to offer a wider range of, and faster access to, dental healthcare services

### City Square Mall - Largest private dental centre in Singapore

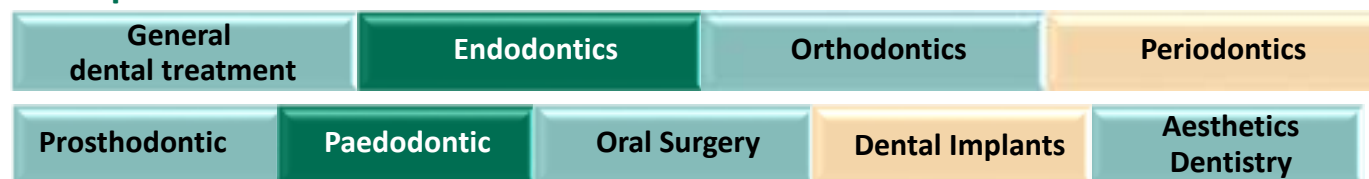
- ❖ 32 treatment rooms; total floor area of 12,000 sq ft

### The Centrepoint – Situated in prime shopping belt

- ❖ 16 treatment rooms; total floor area of 4,600 sq ft



### Full spectrum of dental services





## Qualified and experienced dentists and clinic staff

**A team of approximately 180 experienced dentists supported by 300 clinic staff**



**The Group has set up Q & M Dental Institute, which offers training to dentists for continuous improvement**



**Q & M in a better position than its competitors to hire foreign dentists. Under conditions laid down by SDC, dentists with overseas degrees must be supervised by a fully registered dentist approved by the SDC . Due to the larger pool of registered and experienced dentists within Q&M, the Group has a greater capacity to take in foreign dentists.**





## Experienced and proven management team

### Dr Ng Chin Siau

*Group Chief Executive Officer*

- ❖ More than 20 years of experience in the dental healthcare industry
- ❖ Received the *Best Entrepreneur Award*
- ❖ Named the top entrepreneur and winner of the Entrepreneur of the Year Award



### Dr Ng Jet Wei

*Deputy Chief Executive Officer*

- ❖ More than 18 years of experience in the dental healthcare industry
- ❖ Former Head of Dental Unit at Woodlands Polyclinic
- ❖ Fellow of the International Congress of Oral Implantologist



### Dr Ang Ee Peng Raymond

*Chief Operating Officer*

- ❖ More than 19 years of experience in the dental healthcare industry
- ❖ Chairman of the Singapore Dental Association ethics committee
- ❖ Presented with the SDA Meritorious Award by the SDA



**Actively involved in the day-to-day operations which enables the Group to respond to requirements of its patients and to make key management decisions promptly**



# Dental Healthcare Prospects



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# Singapore Dental Healthcare Prospects

Maintain growth momentum and market leadership in Q & M's dominant Spore market

Significant room for growth

46% of population visits the dentist at least once per year

Dentist to population ratio of 1:3,300 which is below developed nations ratio of 1:1,000

Increasing demand for private specialist dental healthcare services

Rising affluence and aging population have increased health awareness

Subsidies from enhanced Community Health Assist Scheme ("CHAS") & Pioneer Generation Scheme

Attractive medical tourism destination

Availability of advanced dental capabilities has successfully lured patients from the region

Foreign patients often seek high value added treatments



# Malaysia Dental Healthcare Prospects

Unique opportunity to extend geographical reach given stronghold in Singapore

## Strong growth potential from emerging market

**Population 28.5 million**

**23% of population visits the dentist at least once per year**

**Dentist to population ratio of 1:6,000**

## Focus on high consumer affluence territories

**Rising affluence has increased the demand for high quality private dental healthcare services**

**Leverage on strong brand in Singapore to expand patient base**

## Expanding pool of dentists

**13 universities producing 600 dental graduates a year - key catalyst for the development of the dental healthcare industry**



# China Dental Healthcare Prospects

**Rising affluence and demand for better quality dental healthcare services driving rapid growth in China dental market**

## Large addressable market size

**Population 1.34 billion**

**Dentist to population ratio of 1:10,000**

**8% of population visits the dentist at least once per year**

## Growing affluence

**Higher standards of living**

**Dental healthcare awareness to increase with higher affluence**

## Demand for private dental healthcare services

**Growing middle class in China**

**Drives demand for high value and differentiated services from government clinics**



# Key Investment Highlights



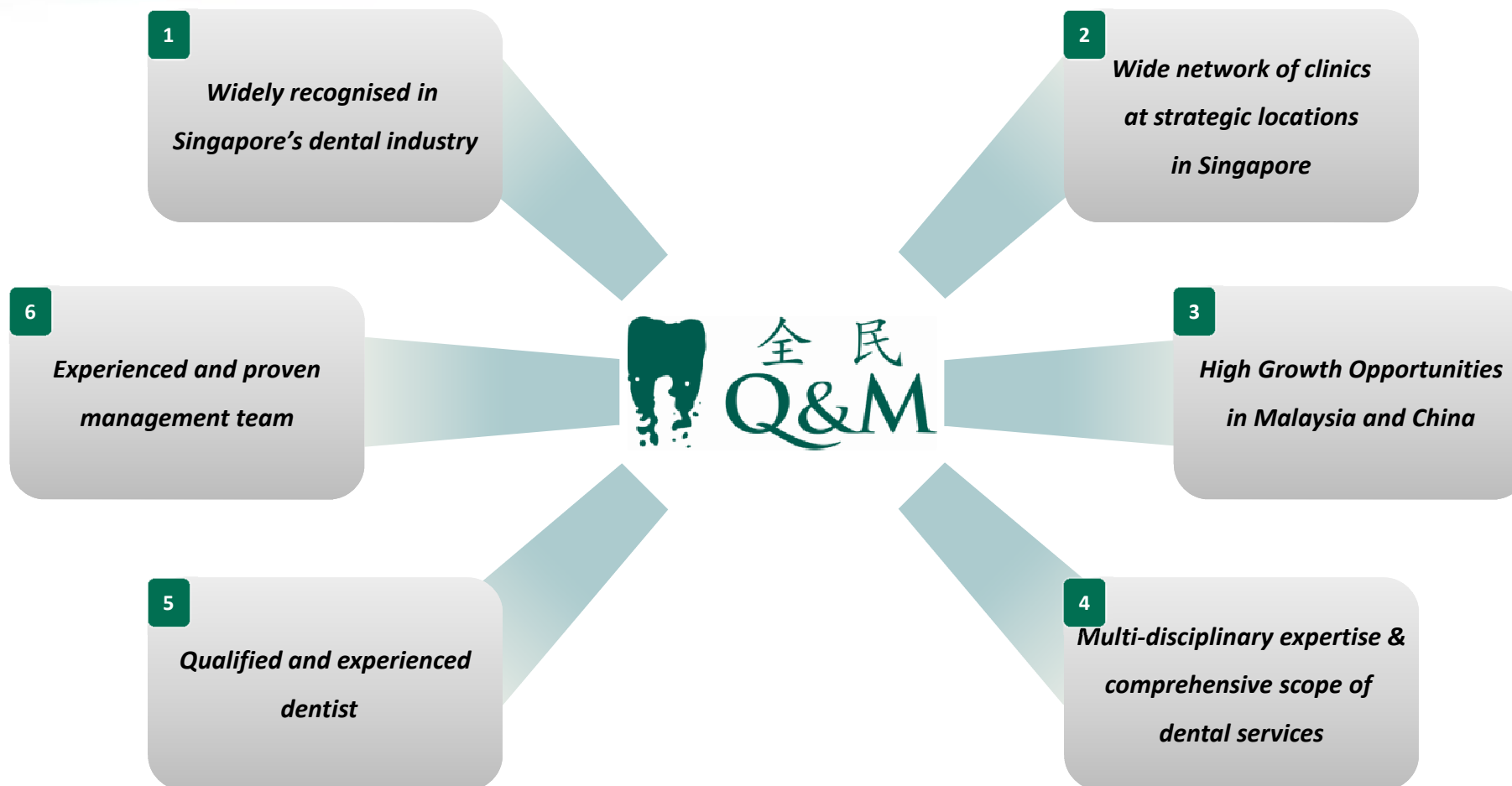
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## Key Investment Highlights



**Q&M Is Strategically Positioned To Capture Growth Opportunities  
In the Fast Growth Markets Across Asia**

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# High Growth Opportunities in Malaysia and China

	Malaysia	China
Population	28.5m	1.34bn
Number of Registered Dentists	4,800	136,000
Dentist to population ratio	6,000	10,000
% of Population Visiting the Dentist At Least Once per Year	23%	8%

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# Expanding the “Q & M” Brand Presence in Malaysia

Expansion through acquisitions, joint ventures and strategic alliances



- ❖ An important pillar of the Group’s expansion plan
- ❖ Currently, Q & M operates 9 clinics including 4 in Johor Bahru, 4 in Klang Valley and 1 in Malacca
- ❖ Targets to have more than 15 dental clinics in Malaysia by 2015



- ❖ Acquired 70% stake in Q & M Dental Surgery (Molek) Sdn Bhd, Johore, in November 2010
- ❖ Acquired 70% stake in D & D Dental Sdn Bhd KL, in Feb 2013
- ❖ Acquired 70% stake in AR Dental Supplies Sdn Bhd in July 2013, a leading Malaysian dental supplies and equipment distribution company holding exclusive distributorships for many dental materials and equipment

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# High Growth Dental Opportunities in China

Expansion through acquisitions, joint ventures and strategic alliances



- ❖ Target acquisitions of larger and established hospitals & dental material manufacturers
- ❖ Enhance Q & M presence in North Eastern China
- ❖ To achieve a public listing in Hong Kong, China or Spore

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## Newly Completed Acquisitions

### Newly completed acquisition - Shenyang Aoxin Stomatology Group in Shenyang, China

- ❖ US\$17.0 million to acquire 60% stake
- ❖ Involve the acquisition of three dental hospitals and three dental clinics and a training centre owned by Aoxin Stomatology Group
- ❖ Aoxin employs over 100 dentists and approximately 100 nurses and supporting staff.
- ❖ Profit guarantee that Q&M will receive dividends of at least US\$20.9 million over 12 years. 1<sup>st</sup> year PG of US\$1.79 million.

### Newly completed acquisition - Aidite a specialized dental ceramics manufacturer in Qinhuangdao, Hebei Province China

- ❖ US\$12 million to acquire 51% stake
- ❖ Involve the acquisition of a manufacturer in zirconium oxide blocks used in CAD/CAM machines in fabricating dental prosthesis
- ❖ Profit guarantee from sellers that Q&M will receive dividend of at least US\$25.9 million over 12 years. 1<sup>st</sup> year profit of US\$2.44 million.



# Dental Hospitals in China





# Dental Hospitals in China





# Dental Hospitals in China







# Dental Hospitals in China





# Aoxin Q & M Children Dental Centre





# Liaoning Medical University



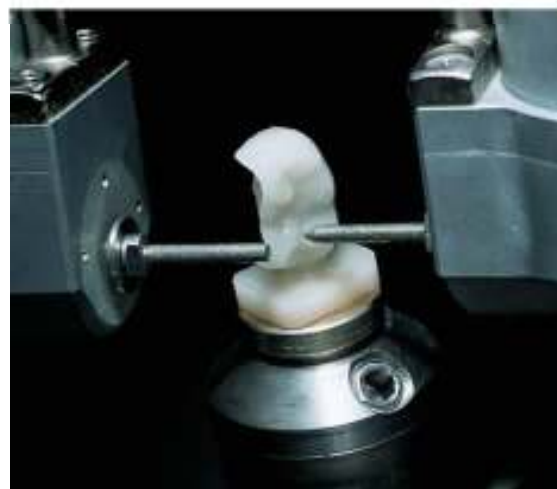
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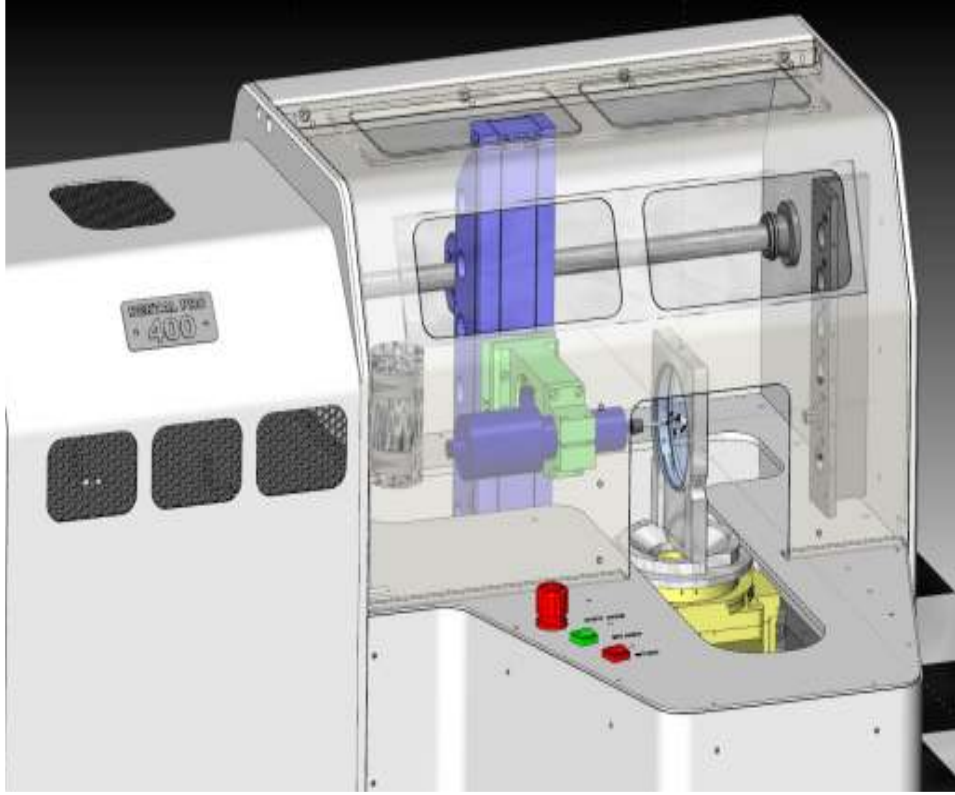
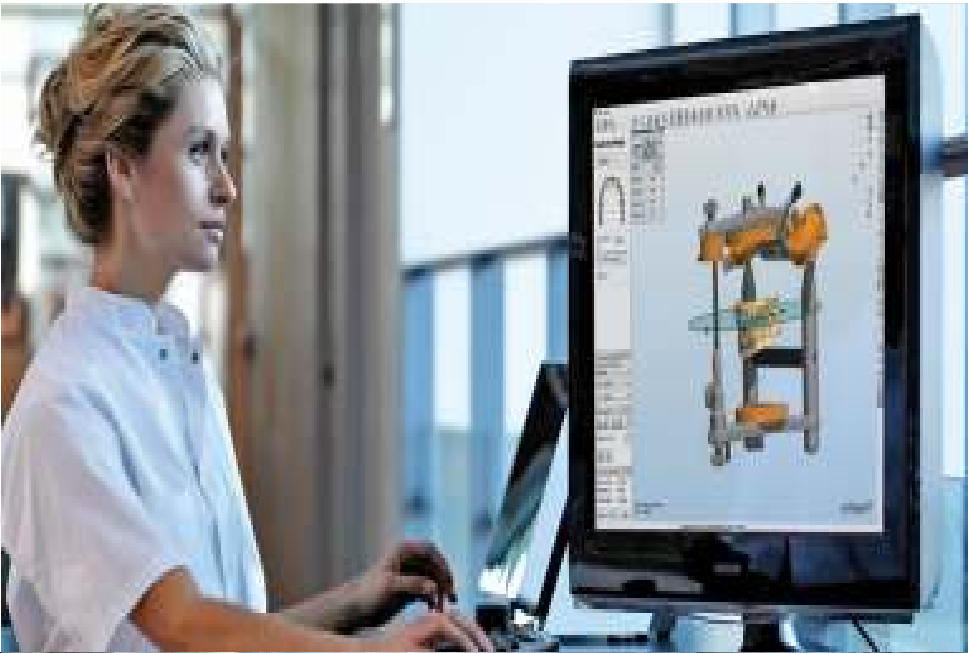
# Cad-Cam Technology in Dentistry

## Before



## After







# Aidite





## MOU With Dental Hospitals

### MOU to acquire a Dental Hospital & Dental Polyclinic in Weihai, Shandong Province China

- ❖ US\$2.8 million to acquire 51% stake
- ❖ Involve the acquisition of 1 dental hospital & 1 dental polyclinic situated in Weihai
- ❖ The hospital and polyclinic employ over 28 dentists
- ❖ Profit guarantee that Q&M will receive dividend of at least US\$5.7 million over 12 years. 1<sup>st</sup> year profit guarantee of US\$0.5 million.

### MOU to acquire the largest dental hospital in Donggang, China

- ❖ US\$4.7 million to acquire 60% stake
- ❖ Involve the acquisition of two dental hospitals operated and owned by Dr Sun Zhizong, situated in Donggang City and Dandong City respectively.
- ❖ The hospitals employ over 40 dentists and more than 60 nurses and support staff
- ❖ Profit guarantee that Q&M will receive dividend of at least US\$9.5 million over 12 years. 1<sup>st</sup> year profit guarantee of US\$0.5 million.



# Donggang Dental Hospital



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# Donggang Dental Hospital



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# Donggang Dental Hospital



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# Wei Hai Hospital





# Growth Strategy



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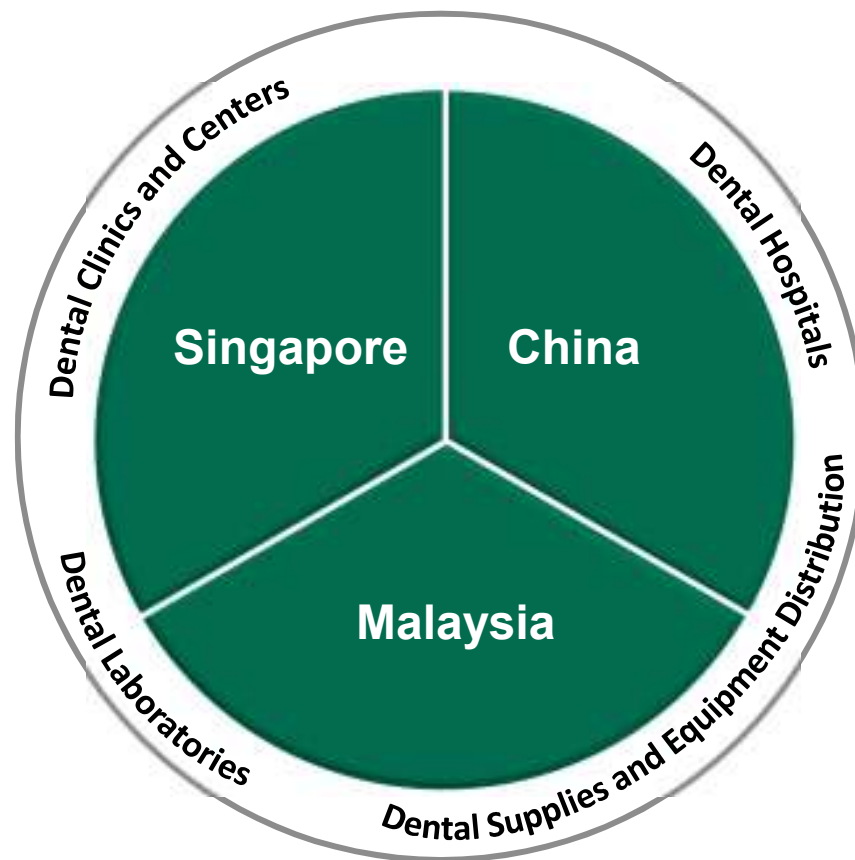
# Execution of Growth Strategy





# Building The Leading Integrated Dental Healthcare Company In Asia

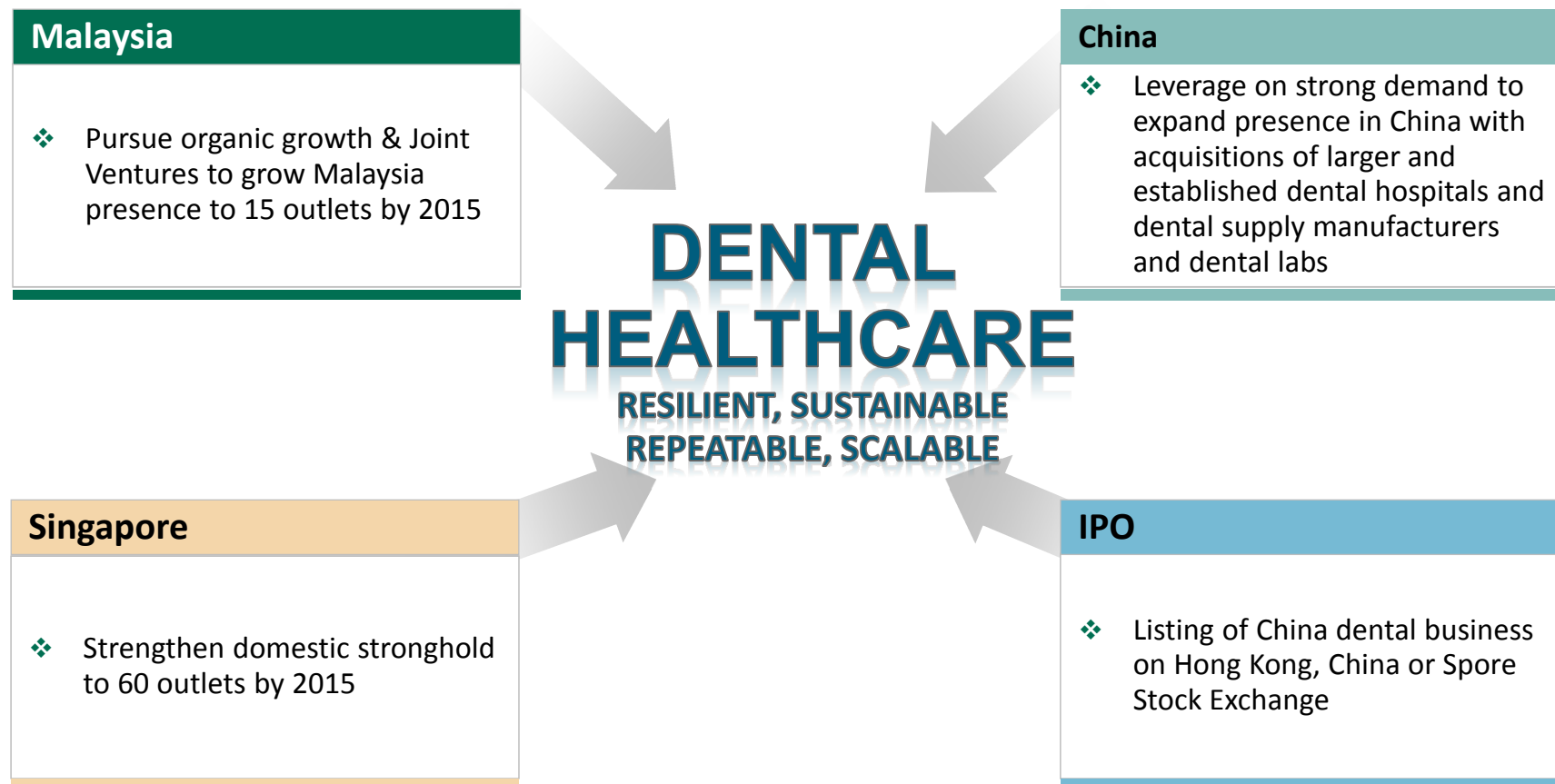
Poised for expansion and growth in Singapore, Malaysia and China



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# Sustainable Business Model With Multiple Growth Drivers





## Building A War Chest For Growth

### Strategic investment of US\$15 million by IFC & MTN Line of US\$160 million

- ❖ US\$10 million senior loan
- ❖ US\$5 million convertible loan which has already being converted into Q&M shares
- ❖ MTN line of US\$160m
- ❖ IFC also provides support Q & M's expansion plans in the China by sharing industry knowledge with the Group
- ❖ To facilitate the Group's expansion plans and help widen access to high quality dental care in China

### Funding high growth expansion strategy in Singapore, Malaysia and China

- ❖ To fund expansion plans in Singapore, Malaysia, China
- ❖ Target to own and operate larger and established institutions beside clinics, dental laboratories and supplies manufacturers in China
- ❖ Aim to list China dental businesses in Hong Kong, China or Spore
- ❖ To broaden and diversify the Group's shareholders base





# Financial Highlights



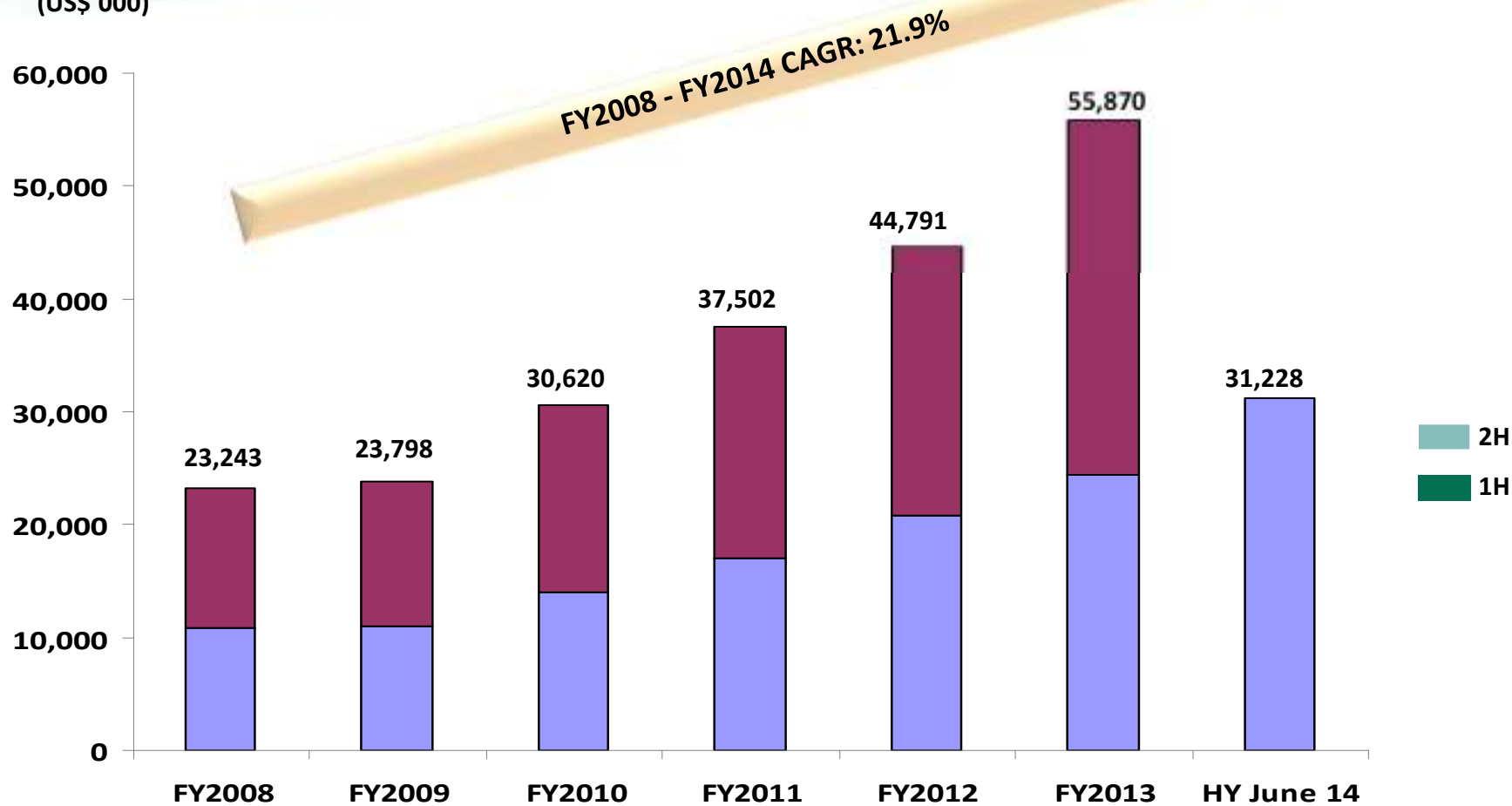
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# Revenue

(US\$'000)



<b>Number of dental outlets in Singapore</b>	<b>35</b>	<b>38</b>	<b>42</b>	<b>50</b>	<b>55</b>	<b>56</b>	<b>56</b>
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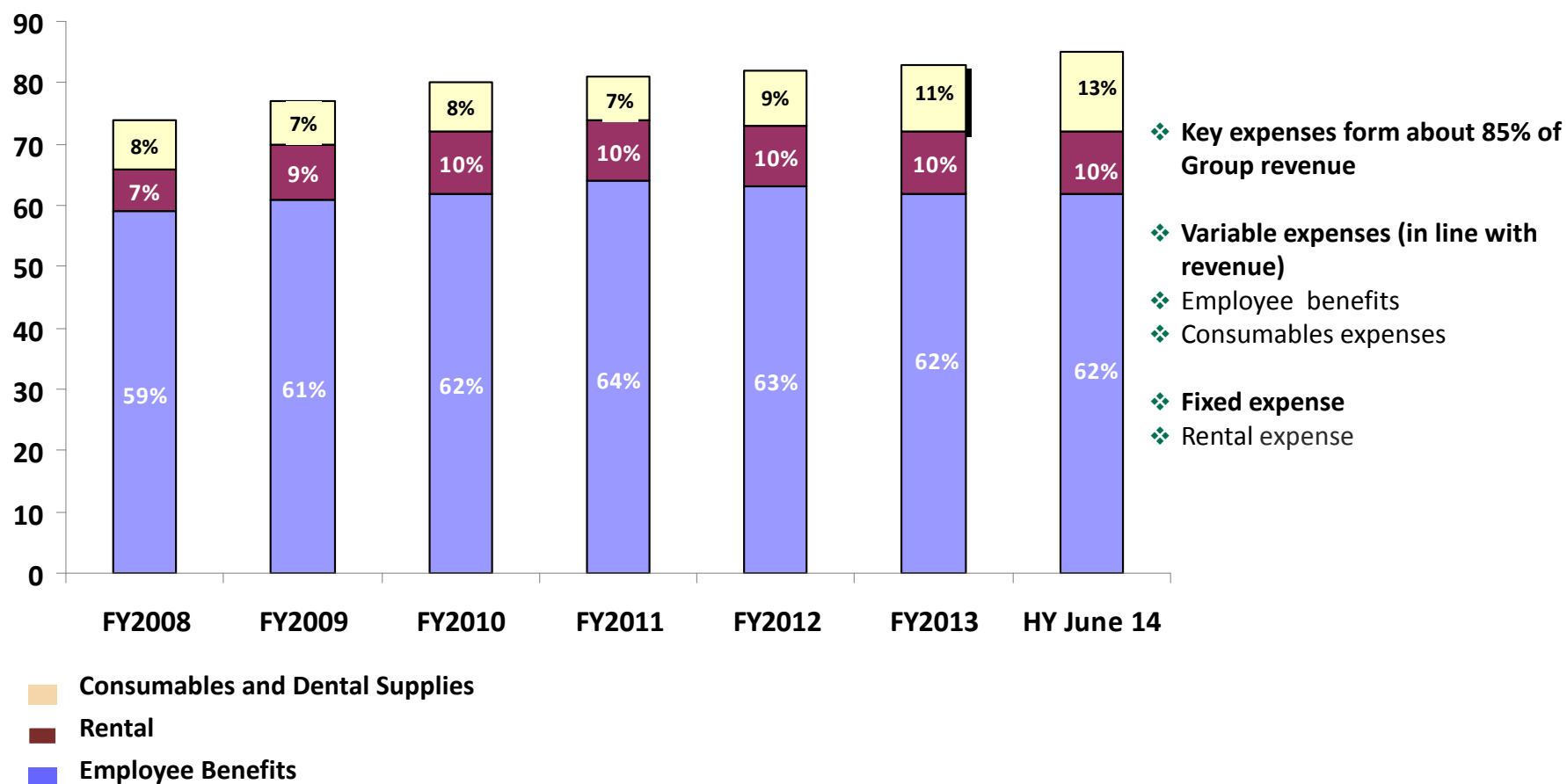
Financial years ending 31 December

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# Key Expenses

## Key operating expenses as a percentage of Group revenue

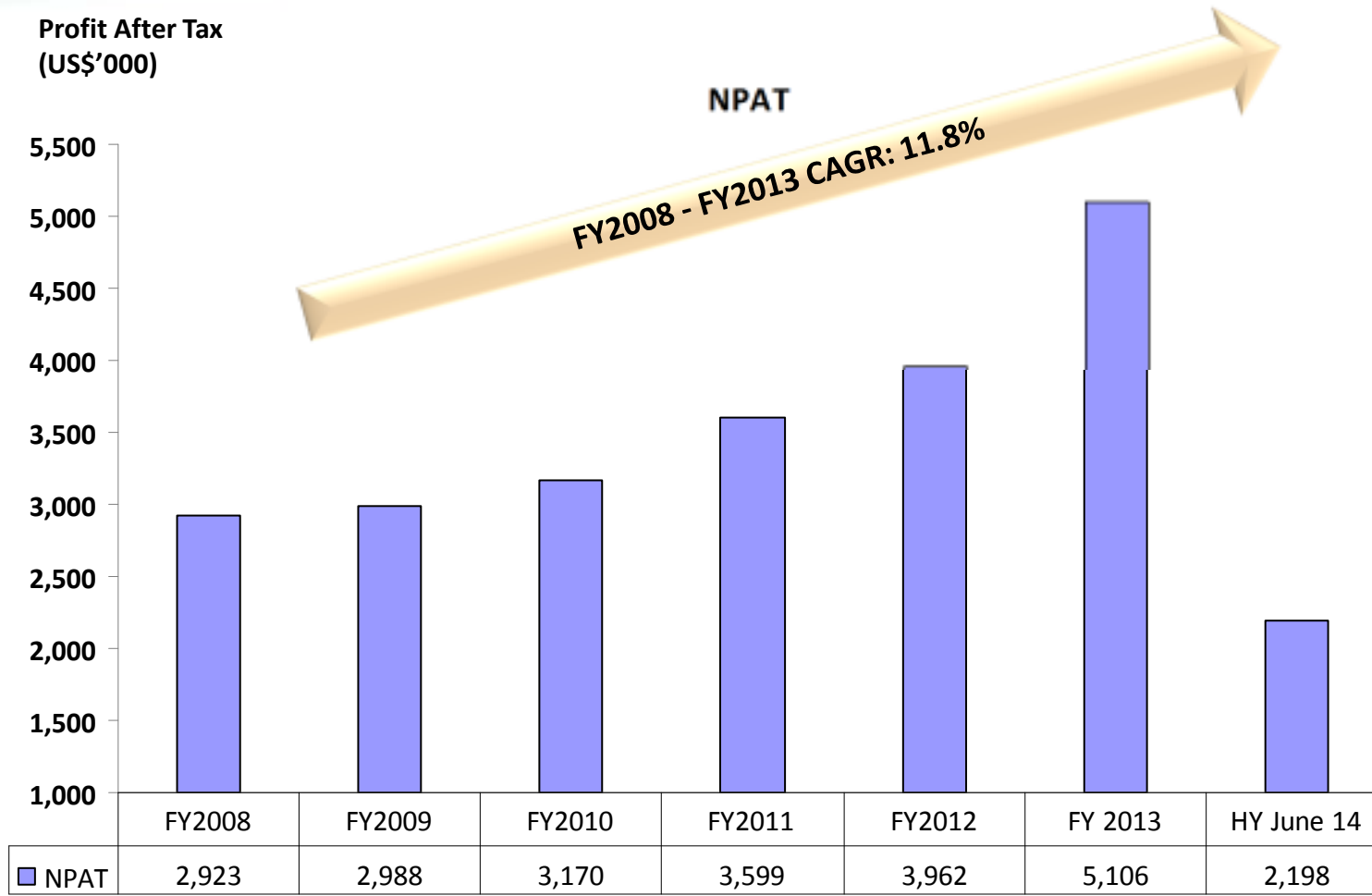


Financial years ending 31 December

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# Net Profit and NP Margin



*Group incurred professional fees and expenses in relation to its public listing of US\$509,595 and US\$391,030 in FY2008 and FY2009 respectively. Substantial expenses incurred from 2010 onwards for PRC expansion plans and setting up PRC management office in Shanghai.*



## Balance Sheet

(US\$ million)	HY June 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
<b>Key Assets</b>				
Trade and Other Receivables (short-term)	13.8	6.0	4.4	5.5
Cash and Cash Equivalents	11.2	22.5	14.5	10.7
Property, Plant and Equipment	22.1	12.1	13.5	6.5
<b>Key Liabilities</b>				
Trade and Other Payables	7.3	8.5	7.8	4.9
Bank Loan and Finance Leases	16.1	7.0	7.3	1.4
<b>Equity</b>				
Shareholders' Equity	35.1	36.2	22.6	21.4



## Key Financial & Financial Ratio

Key Financial Figures	HY June 2014	FY2013	FY2012	FY2011
EBITA	US\$3.3 million	US\$7.3 million	US\$5.6 million	US\$4.9 million
Net Asset Value Per Share (cents)	5.8	6.0	4.1	7.8
Earnings Per Share (cents)	0.35	0.84	0.71	0.65
Financial Ratios	HY June 2014	FY2013	FY2012	FY2011
Net Gearing (times)	0.14	Net Cash	Net Cash	Net Cash
Return on Equity	6.1%	14.0%	17.3%	16.8%
Current Ratio (times)	4	3.8	2.5	2.9
Dividend Per Share (cents)	HY June 2014	FY2013	FY2012	FY2011
Interim	0.32	0.5000	0.2400	0.4700
Final	-	0.5200	0.3100	0.5900
<b>Total</b>	<b>0.32</b>	<b>1.0200</b>	<b>0.5500</b>	<b>1.0600</b>

*\*Based on total number of shares issued of 275,226,497 shares as at 31 December 2011  
Listing Date: 26 November 2009. 1 for 2 share split in May 2012*

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# Thank You

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