



## Q & M REPORTS EARNINGS OF \$3.6 MILLION FOR 1Q19

- Revenue continues to grow increasing by 4% to \$29.9 million for 1Q19 with higher revenue from dental outlets in Singapore
- Plans for dental artificial intelligence (AI) and dental education projects on track with commencement expected in FY19
- Intensive growth strategy ongoing for Singapore and Malaysia, with Group eyeing favourable dynamics in other regional markets

Singapore, 14 May 2019 – Q & M Dental Group (Singapore) Limited (“Q & M” or the “Group”), a leading private dental healthcare group in Asia, reported a net profit attributable to owners of the parent of \$3.6 million for the three months ended 31 March 2019 (“1Q19”).

Financial Highlights	1Q19 \$'000	1Q18 \$'000	% Change
Revenue	29,908	28,692	4
Key Operating Expenses <sup>1</sup>	24,068	23,113	4
Other Expenses	1,817	1,524	19
Share of Profit from Equity-Accounted Associates	488	1,276	(62)
Other Gains - Net	784	620	26
PATMI	3,580	4,499	(20)
<i>PATMI Margin</i>	12%	16%	-
PATMI Excluding Share of Profit from Equity-Accounted Associates	3,092	3,223	(4)

<sup>1</sup>Key Operating Expenses include Consumables & Supplies Used, Dental Equipment & Supplies Distribution, Employee Benefits Expense and Rental Expense/Depreciation of Right-Of-Use Assets

Revenue from the Group’s dental and medical clinics, increased by 3% to \$27.5 million for 1Q19 from \$26.7 million for 1Q18, attributed to higher revenue from the Singapore operations.

As at 31 March 2019, the Group had a total of 74 dental outlets and 4 medical outlets in operations in Singapore, 18 dental outlets in Malaysia and 1 dental outlet in the People’s Republic of China (“PRC”); compared to 69 dental outlets and 4 medical outlets in Singapore, 14 dental outlets in Malaysia and 1 in the PRC as at 31 March 2018.

Revenue contribution from the dental equipment and supplies distribution business, increased by 20% to \$2.4 million for 1Q19 from \$2.0 million for 1Q18, with higher revenue coming in from Malaysia.

As at 31 March 2019, the Group maintained its distribution of dental equipment and supplies capabilities with two distribution and supplies companies in Singapore and one in Malaysia.

Total key operating expenses for 1Q19 increased by 4% to \$24.1 million for 1Q19. The increase in key operating expenses were in line with revenue increase.

Other expenses increased by 19% to \$1.8 million for 1Q19 from \$1.5 million in 1Q18 mainly due to increased legal and professional fees for Singapore and Malaysia.

Other gains - net for 1Q19 amounted to \$0.8 million compared to \$0.6 million for 1Q18. The increase in 1Q19 was mainly due to the recognition of profit guarantee vendors/shareholders of acquired companies.

Share of profit from equity-accounted associates decreased by 62% to \$0.5 million for 1Q19 from \$1.3 million for 1Q18, due to lower share of profit from Aidite and share of loss from Aoxin Q & M. Profit from Aidite has decreased due to increase in employee benefits expense because of increase in workforce. Aoxin Q & M suffered losses during this period mainly due to gestation losses from new hospitals and clinics opened or to be opened in 2018/2019 and loss incurred in an existing polyclinic.

The Group reported a profit excluding share of profit from equity-accounted associates attributable to owners of the parent of \$3.1 million for 1Q19 compared to \$3.2 million for 1Q18.

As at 31 March 2019, the Group had cash and cash equivalents of \$25.0 million.

**Dr Ng Chin Siau, Group Chief Executive Officer** said, *“The year began on a good note with the kick-off of the development of our dental AI technology. We are looking to raise the bar on treatment quality and planning in the region, which will help us capture more of our core market and further enhance our regional growth prospects.*

*As we proceed to our next phase of growth, it is heartening to know that we have the support of our senior founding dentists who reaffirmed their commitment to the Group, having extended their service agreements with the Group until January 2030.”*

The Group intends to add at least 10 dental clinics each in Singapore and Malaysia for 2019. Year-to-date, the Group has opened one clinic at The Poiz Centre, Singapore and three clinics in Malaysia. Rental agreements have also been signed to open one dental new clinic in Paya Lebar, Singapore

which will commence operations in 3Q19 and six new dental clinics in Malaysia in 2019. In the PRC, the Group is actively working on opportunities to acquire established dental institutions and dental supplies manufacturers.

Two wholly-owned subsidiaries, Q & M Dental AI Pte. Ltd. (“**QMDAI**”) and Q & M College of Dentistry Pte. Ltd. (“**QMCD**”), were established in end-2018 as part of the Group’s ventures in dental AI and dental education. QMDAI expects to roll-out the first prototype of the AI in the fourth quarter of 2019 and QMCD aims to offer a post-graduate dental diploma programme with the college expected to take in the first batch of students in the middle of 2019.

*This news release is to be read in conjunction with the Group’s announcement posted on SGXNET on 14 May 2019.*

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