

23 January 2026

Consumer Non-cyclical | Healthcare

Raffles Medical (RFMD SP)

Buy (Maintained)

Earnings Growth To Sustain After Returning In 2H25

Target Price (Return): SGD1.15 (13.4%)
 Price (Market Cap): SGD1.01 (USD1,448m)
 ESG score: 3.1 (out of 4)
 Avg Daily Turnover (SGD/USD) 1.36m/1.05m

- **Keep BUY and SGD1.15 TP (13% upside), c.3% yield.** Raffles Medical offers exposure to a high-quality Singapore healthcare compounder with improving earnings visibility. We expect a return to growth in 2H25 and mid-teens expansion in 2026–2027, driven by a Singapore hospital recovery, an easing China drag, and stronger insurance earnings. Market efficiency initiatives and an iEdge Next 50 inclusion should support institutional demand, alongside buybacks and dividends. Meanwhile, the Government’s Integrated Shield Plan (IP) rider reset should improve affordability and claims discipline.
- **Expectations for 2025 results.** RFMD will announce its 2025 results on 23 Feb (morning). After two years of decline, we expect a return of growth, with 16% YoY core PATMI growth in 2H25 driven by: i) Continued recovery at the Singapore hospital and ii) narrowing of the drag from its China operations. We expect momentum to extend into 2026–2027 with core PATMI growth of 14% and 17% respectively, supported by improving contribution from its China operations and a gradual return to sustained profits in the insurance business. Our 2026–2027 forecasts are above consensus.
- **MOH IP rider changes and RFMD’s hospital business.** From [1 Apr 2026](#), new IP riders cannot cover MOH-set minimum deductibles and must carry a co-payment cap of at least SGD6,000 (excluding the minimum deductible), while the minimum 5% co-payment remains. This could be a mild headwind for RFMD’s hospital volumes, particularly for lower acuity and more discretionary cases, as patients face higher out-of-pocket costs. That said, the tighter rider structure should curb claims-led cost inflation, supporting private healthcare affordability and, by extension, demand sustainability over the medium term.
- **New IP rider and RFMD’s insurance business.** For Raffles Health Insurance (RHI), the revised rider framework should improve underwriting quality for new customers by curbing claim frequency and low-value utilisation. However lower rider premiums mean the growth focus will shift to policy count and mix. This also creates a differentiation opportunity: The market has noted [RHI’s ability to hold rider premiums flat for two consecutive years](#), and in the new regime, disciplined claims management and stronger provider network governance should support retention and new business momentum.
- **Catalysts:** i) Evidence of progress towards EBITDA breakeven at its China hospitals, including improving utilisation and revenue traction; ii) incremental clarity on the Vietnam hospital acquisition timeline and potential contribution profile; iii) confirmation that Singapore hospital revenue recovery trend stays intact in 2H25; and iv) any signal that insurance losses are sustainably contained as product and claims discipline tighten.

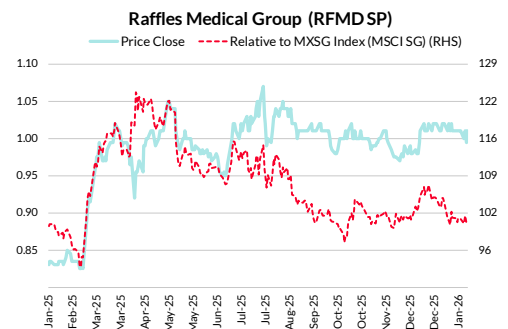
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(1.0)	0.0	1.0	(2.9)	21.7
Relative	(2.3)	(2.1)	(1.2)	(8.6)	2.2
52-wk Price low/high (SGD)	0.83 – 1.07				



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (SGDm)	707	752	797	865	950
Recurring net profit (SGDm)	75	61	68	78	91
Recurring net profit growth (%)	(45.7)	(18.7)	12.6	13.9	16.6
Recurring P/E (x)	25.68	32.29	28.67	25.16	21.58
P/B (x)	1.9	1.9	1.8	1.8	1.7
P/CF (x)	10.11	22.68	39.48	15.04	14.05
Dividend Yield (%)	3.6	2.3	2.4	2.5	2.6
EV/EBITDA (x)	9.23	11.45	11.15	9.79	8.35
Return on average equity (%)	8.8	6.0	6.5	7.2	8.1
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

Overall ESG Score: 3.1 (out of 4)

E Score: 3.0 (GOOD)

S Score: 3.0 (GOOD)

G Score: 3.3 (EXCELLENT)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis

Raffles Medical reported Scope 1 and 2 emissions data for the first time in 2023, making it the baseline year. It is working towards tracking Scope 3 emissions data. RFMD reported a decline in Scope 1 and Scope 2 emissions in 2024. Although the absolute electricity consumption has increased, the electricity consumption intensity improved in 2024. However, we noticed a deterioration in water consumption intensity in 2024, similar to in 2023.

Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1	na	1,645	1,198	na
Scope 2	na	17,489	17,000	na
Scope 3	na	-	-	na
Total emissions	na	19,134	18,197	na

Source: Company data, RHB

Latest ESG-Related Developments

RFMD aims to reduce the levels of Scope 1 and Scope 2 emissions by 5% in the medium term (ie during 2031 and 2040) and reduce it by 10% in the long-term (ie beyond 2040).

It is also aiming for 5% reduction in energy consumption intensity, 5% reduction in water consumption intensity and 5% reduction in waste generation intensity by 2035.

ESG Unbundled

Overall ESG Score: 3.1 (out of 4)

Last Updated: 7 April 2025

E Score: 3.0 (GOOD)

RFMD has invested in a food waste digester at its Singapore hospital to reduce food waste disposal. The Raffles Specialist Centre in Singapore is a Platinum Green Mark-verified building – a recognition of its commitment to environmental sustainability. To reduce electricity consumption, it will be implementing IoT sensors in critical systems that consume high energy.

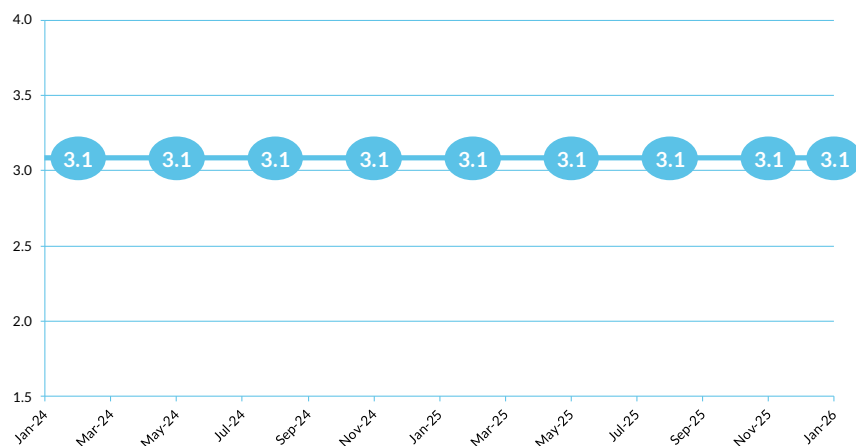
S Score: 3.0 (GOOD)

The Asian Medical Foundation, RFMD’s philanthropic arm, identifies support needs of voluntary welfare organisations through employee volunteer initiatives. It continues to provide clinical training to staff, and internships to students from various educational institutions.

G Score: 3.3 (EXCELLENT)

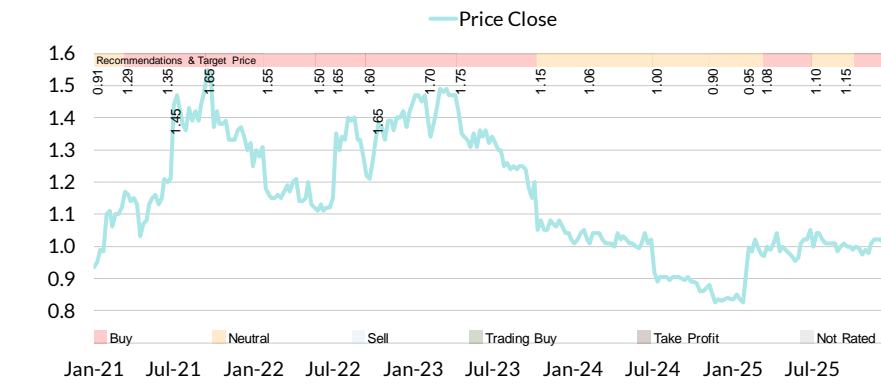
It has not had any material data security or privacy issues over the past few years. 55% of the Board of Directors are independent and 18% of the board members are women.

ESG Rating History



Source: RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-11-02	Buy	1.15	0.99
2025-07-29	Neutral	1.10	1.03
2025-04-08	Buy	1.08	0.96
2025-02-25	Neutral	0.95	0.91
2024-12-04	Neutral	0.90	0.89
2024-07-29	Neutral	1.00	1.00
2024-06-04	Neutral	1.06	1.02
2024-02-26	Neutral	1.06	1.01
2023-11-07	Neutral	1.15	1.01
2023-05-09	Buy	1.75	1.46
2023-02-27	Buy	1.70	1.50
2022-11-01	Buy	1.65	1.34
2022-10-13	Buy	1.60	1.24
2022-08-01	Buy	1.65	1.20
2022-06-19	Buy	1.50	1.12

Source: RHB, Bloomberg

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Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
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Not Rated:	Stock is not within regular research coverage

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