



Media *The Business Times*

Date *1 December 2018*

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MEDINEX, a provider of professional support services to medical clinics, has priced its initial public offering (IPO) at S\$0.25 per share, ahead of a listing on the Catalist board of the Singapore Exchange.

The IPO will raise gross proceeds of S\$7.5 million, of which Medinex will receive S\$5.32 million in net proceeds. Based on the IPO price, Medinex will have a market cap of S\$32.8 million, which is 25 times its pro forma net profit of S\$1.3 million in 2017.

Medinex made a pro forma net profit of S\$1.3 million in the first half of 2018, on revenue of S\$4.9 million. In the first half of 2017, it made a S\$583,000 net profit on revenue of S\$1.1 million.

The IPO comprises a placement tranche of 30 million shares, comprising 26 million new shares and four million vendor shares. There is no public tranche and the placement closes on Dec 5; trading will commence at 9am on Dec 7.

In the first half of 2018, 67 per cent of pre-tax profit came from support services rendered to healthcare firms; 28 per cent came from professional fees collected from non-healthcare clients; and 5 per cent came from pharmaceutical services, under which Medinex assists clinics in buying drugs and other medical products in bulk.

Medinex helps clients oversee the setting up of clinics and facilitates applications for relevant clinic licences. It also offers accounting and tax agent services, human resource management services and corporate secretarial services.

Chief operating officer Bobby Lee said: "One of the biggest problems for doctors is that they don't know how much it costs to set up a clinic... The business consulting is very important for them to understand how will the whole clinic pan out over the next one to two years.

"Saturation is only in certain parts of Singapore, especially the mature estates. But at the same time there's a lot of growth areas, for example Bukit Batok, Woodleigh, Buangkok, even Tengah, Sengkang. These are some of the areas where we can help the GPs set up their clinics at the right rental."

Most of the clinics Medinex serves are specialist private clinics located in hospitals or medical centres, chief executive Jessie Lo said: "They make good profits and are good paymasters, that's why we are very strong in terms of cashflow."

Medinex does not have a fixed dividend policy but it intends to distribute at least 70 per cent of profit after tax as dividends for the 2018, 2019 and 2020 financial years.

Medinex intends to use S\$4 million of net proceeds to expand its marketing and business development team, and may also acquire human resources consulting services group Ark Leadership & Learning, owned by Ms Low's sister Valerie, for an undisclosed sum. Human resources and staff retention is one of the main struggles faced by doctors, Medinex's Ms Low said.

The remaining S\$1.3 million is earmarked as working capital.

Catalist-listed HC Surgical Specialists, a client of Medinex, invested in the company in 2017. It is selling four million shares in Medinex, which will reduce its direct stake from 32.76 per cent to 22.92 per cent post-placement.

Separately, HC Surgical will retain a 9.5 per cent stake in Medinex through HSN Healthcare.

Medinex's sponsor and issue manager is Novus Corporate Finance. UOB Kay Hian is the placement agent.

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