

[FOR IMMEDIATE RELEASE]



BOCI Initiates Research Coverage on EC Healthcare with “BUY” rating & Target Price HK\$14.33

(13 Sep 2021, Hong Kong) **EC Healthcare** (the “Company”, which together with its subsidiaries is referred to as the “Group”, SEHK stock code: 2138), the largest non-hospital medical group in Hong Kong*, is pleased to announce that the BOCI released initiation report for the Group with target price of HKD14.33 and “BUY” rating.

BOCI states that EC Healthcare (ECH) is the leading aesthetic medical service provider in HK market and is targeting to expand its market share from currently 2.5% to 10% of medical service and aesthetic medical service in HK in the long term. Margins are improving with the recovery from the pandemic. The re-opening of the borders will also be a strong catalyst for the rebound of the aesthetic medical segment. BOCI forecast sales and net profit will grow by 28.3% and 48.9% CAGR during FY2021-24E.

- Being the leading aesthetic medical service group in HK, ECH has a clear development plan in HK and Mainland China. In the HK market, ECH plans to expand its market to the long-term target of 10% of the private segment through both acquisition and organic expansion. The long-term expansion will be in both aesthetic medical service and medical service. Focusing on the Greater Bay Area, ECH’s expansion strategy would centre on aesthetic medical service at the first stage.
- Thanks to its asset-light business model on renting properties, expansion is easier. ECH’s strong know-how allows it to build a new clinic/centre within 75 days. Clinic/centers in Mainland China can reach breakeven within three to six months, and to get back the investment within twelve to eighteen months. ECH aims to become the largest one-stop aesthetic medical brand in the Greater Bay area by 2025. For the medical service segment, acquisition would make quick expansion possible. ECH learns from the experience and creates a four-step acquisition to get the ongoing performance of the acquired centre hooked with the interest of ECH.
- Consolidation is well executed. One key element is to enhance productivity of doctors by leveraging ECH’s resources. At present, its doctor fee scheme is competitive in HK market. Moreover, ECH has been issuing shares to the property developers in HK in order to secure the good locations for future expansions.
- BOCI forecast sales to grow by 35.1%, 25.3%, and 24.8% YoY in FY22-24E, net profit to rise by 91.6%, 36.5%, and 26.2% YoY in FY22-24E.

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About EC Healthcare

EC Healthcare is Hong Kong's largest non-hospital medical service provider*, leveraging its core businesses of preventive and precision medicine, and committed to developing medical artificial intelligence by integrating its multi-disciplinary medical services. The move, which is supported by the Group's high-end branding and quality customer services, is aimed at offering customers safe and effective healthcare and medical services with professionalism.

The Group principally engages in the provision of one-stop medical and health care services in Greater China. The Group provides a full range of services and products under its well-known brands, including those of its one-stop aesthetic medical solutions provider DR REBORN which has ranked first in Hong Kong by sales for years, primary care clinics jointly established with Tencent Doctorwork, chiropractic services centre SPINE Central, New York Spine and Physiotherapy Center NYMG, health management centre re:HEALTH, a vaccine centre Hong Kong Professional Vaccine HKPV, a comprehensive dental centre UMH DENTAL CARE, a diagnostic and imaging centre HKAI, an oncology treatment centre reVIVE, a day procedure centre HKMED, a specialty clinic SPECIALISTS CENTRAL and NEW MEDICAL CENTER, obstetrics and gynaecology specialist ZENITH MEDICAL CENTER AND PRENATAL DIAGNOSIS CENTRE, specialists central, a paediatric center PRIME CARE, cardiology center HONG KONG INTERNATIONAL CARDIOLOGY CENTER, PathLab Medical Laboratories, a professional hair care center HAIR FOREST, Ophthalmology Center VIVID EYE and EC Veterinary Hospital and Imaging Center.

*According to independent research conducted by Frost and Sullivan in terms of revenue in 2019 and 2020

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