

SPH makes foray into healthcare as population ages

\$164m purchase of nursing home operator comes as need for eldercare grows

Yasmine Yahya
Assistant Business Editor

Singapore Press Holdings (SPH) is entering the healthcare sector with the purchase of nursing home operator Orange Valley Healthcare for \$164 million.

The media and property group noted that increasing demand for eldercare services from an ageing society, coupled with the perennial problem of insufficient nursing home beds, made it an attractive long-term business strategy.

SPH chief executive Alan Chan said in a statement: "The investment gives us an opportunity to contribute to the healthcare needs of our ageing community."

He said SPH looks forward to partnering the management and staff of Orange Valley to provide "caring, competent and compassionate service to the elderly and caregivers".

"We also look forward to working with the Ministry of Health and the regional healthcare systems to improve the accessibility and quality of aged care in Singapore," added Mr Chan.

Deputy chief executive Anthony Tan said the acquisition offers a source of stable revenues for SPH.

"It meets our need to broaden and make our revenue base a bit more resilient so that we are able to, in a way, make sure that our core media business can go on and fulfil our objectives," he said.

SPH reported earlier this month that net profit for the second quarter dipped 1.2 per cent while recurring earnings from day-to-day operations were 22.2 per cent lower, mainly due to weakness in its media business. The property business, including malls such as Paragon and The Clementi Mall, fared better.

Orange Valley, which has about 500 employees, runs five nursing homes in Changi, Clementi, Marsiling, Simei and Sims Avenue. It has more than 900 beds in total, making it one of the largest private nursing home operators in Singapore.

Other private players in the scene, which is dominated by voluntary welfare organisations, include Pacific Healthcare, Econ Healthcare and NTUC Health.

Orange Valley, which had a net asset value of about \$71 million as at March 31, owns five subsidiaries. These operate meal and catering, home care, physiotherapy and rehabilitation services, and the supply of medical, nursing and healthcare equipment and consumables.

The deal taps a growing market, with the proportion of those aged above 65 expected to double by 2030 to 900,000, making one in four Singaporeans an elderly person.

Add to that the rising trend of sin-



Orange Valley Healthcare runs five nursing homes in Changi, Clementi, Marsiling, Simei and Sims Avenue. It has more than 900 beds in total, making it one of the largest private nursing home operators in Singapore. PHOTOS: ORANGE VALLEY HEALTHCARE



(From left) Mr Tony Mallek, SPH chief financial officer; Mr Mahanthran Krishnan, Orange Valley group chief financial officer and senior vice-president of business development; Ms Janice Wu, executive vice-president of corporate development and group strategy and analytics at SPH; Dr Chan Kay Fei, Orange Valley CEO; Mr Anthony Tan, SPH deputy CEO; Ms Lyn Edel Yip, Orange Valley deputy CEO and chief of nursing; Ms Mable Chan, SPH executive vice-president of human resources, administration and Times Properties; and Ms Irene Lee, SPH vice-president of human resources. Orange Valley's Dr Chan and his management team will continue running the firm.

gle-person households and increasing affluence, and the demand for quality aged-care services will only increase, said Orange Valley chief executive Chan Kay Fei.

He and his management team will continue running the firm.

"A tsunami of change is coming in our demographics and I would say that what we have right now is an incomplete ecosystem because there are changing expectations of what a modern nursing home should be like," he said.

A big player like SPH entering the industry is a game-changer, he said, as it has the financial firepower and

clout to introduce new models of eldercare to Singapore and the region. He added: "With SPH's ownership, we could put together new models of care, so we can serve the person along the way and they can age in place and gracefully over time."

SPH's Mr Tan said the group will look for further opportunities to grow its new healthcare business.

"In the local market, we will continue to try to grow the business... by bidding for plots of land from the Government designated for aged care services," he said. "We may look at adjacent businesses and growing some of these, including

home care rehabilitation services."

SPH, which owns The Straits Times, will also look at other acquisition opportunities in adjacent fields and expand regionally, he added, noting that there is increasing demand for eldercare services in neighbouring countries too.

Orange Valley was established in 1993, and sold to private equity firm KV Asia Capital in April 2014.

SPH shares ended two cents higher at \$3.45 yesterday. The deal was announced after the stock market closed.

yasminey@sph.com.sg

Demand for elderly care facilities on the rise

Chia Yan Min
Economics Correspondent

Singapore Press Holdings' (SPH) acquisition of private nursing home provider Orange Valley Healthcare taps into the long-term trends of rising healthcare needs and an ageing population, industry watchers said.

But amid these opportunities, the sector is grappling with many challenges, including a shortage of beds and maintaining care standards with limited manpower.

To meet rising demand, the number of nursing home beds in Singapore has increased from 9,000 in 2011 to more than 12,000. Most – about 60 to 70 per cent – are in facilities run by voluntary welfare organisations.

Other private nursing home providers include Econ Healthcare Group and Pacific Healthcare. The Health Ministry aims to have 17,000 beds in Singapore by 2020.

"There will be strong demand for aged and elderly care facilities and services. The Government is aiming for people to age in place and make use of home care rather than building more beds, but there's room in the market for a range of options for people with different abilities to pay," said Dr Loke Wai Chiong, healthcare sector leader at Deloitte South-east Asia.

"Orange Valley is a major private-sector player and is in a good position to take advantage of these trends."

SPH's move comes as the number of those aged above 65 here is set to double by 2030 to 900,000. This means one in four Singaporeans will be elderly, spelling hefty demand for aged care services in the next decade.

But there is still a pressing shortage, with an average wait of several months to be placed in a home.

A report out last year found that despite a 30 per cent jump in capacity since 2010, Singapore still had fewer nursing home beds per 1,000 people aged 65 and above in 2015 – 26.1 beds – than in 2000 when it was 27.9 beds.

The study, commissioned by the Lien Foundation and Khoo Chwee Neo Foundation, also found that in countries such as the United States, Australia and Finland, about 5 per cent of the elderly population live in some form of residential aged care facility.

Going by this, about 50,000 seniors here will need such facilities by 2030. But there are only about 12,000 nursing home beds now.

Dr Loke said Orange Valley is among the operators looking to put greater emphasis on patient rehabilitation instead of just residential care.

There are also prospects for regional expansion, said Orange Valley chief executive officer Chan Kay Fei. "The ageing issue is not just affecting Singapore but also countries across the region... It's an Asian problem, so whatever good model of care we can develop for Singapore will be relevant for the region."

chiaym@sph.com.sg