

HEALTHCARE RESEARCH

Private Healthcare Services Market View



Source: Wikimedia Commons

Summary

Southeast Asia ("SEA") is expected to experience a higher growth rate than that of the world due to rising tech exports in the near-term and the continued shift of labour from agriculture to industry & services in the medium-term. The resultant rising GDP per capita in SEA, along with the regional ageing population and growing medical tourism, is expected to drive the growth of private healthcare expenditure in SEA.

While Singapore has been an established SEA medical hub due to its reputation for high healthcare standards, its position as the leading regional medical hub has been under threat from its neighbours in recent years. As higher-growth developing SEA countries have been catching up in infrastructure and capabilities, their lower costs have increasingly attracted medical tourists away from Singapore for more treatments (except those of higher complexity like cardiac surgery). Therefore, private healthcare expenditure in Singapore is expected to rise at a Compound Annual Growth Rate ("CAGR") of 5.7%, a slower growth rate than those in higher-growth developing SEA countries.

One rising regional medical hub is Malaysia. Besides the domestic ageing population and rising incidence of chronic diseases, the long waiting times in public healthcare facilities amid Malaysia's shortage of healthcare professionals are expected to draw high-income patients towards the use of private healthcare services. Malaysia's quality healthcare facilities and low cost of treatment has also been attracting medical tourists. Private healthcare expenditure in Malaysia is thus expected to rise at a CAGR of 8.1%.

Another rising regional healthcare market is Vietnam. Owing to the growth in disposable income which has been outpacing the growth in public healthcare infrastructure, private healthcare demand is expected to rise such that healthcare companies and private equity firms have been investing in Vietnam's private healthcare sector. Private healthcare expenditure in Vietnam is last expected to rise at a CAGR of 7.5%.

Listed private healthcare providers who have greater exposure to higher-growth developing SEA countries may thus be poised to benefit from the rise in regional private healthcare expenditure.

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GLOBAL & SOUTHEAST ASIA (“SEA”) ECONOMIC OUTLOOK

According to the International Monetary Fund (“IMF”), global real GDP growth is expected to be 3.2% in 2024 & 2025. IMF noted in October 2024 that “despite a sharp and synchronized tightening of monetary policy around the world, the global economy has remained unusually resilient throughout the disinflationary process” and avoided a recession. IMF added that with the “return of inflation to near central bank targets”, central banks in advanced economies have started to lower interest rates to support economic growth. However, IMF cautioned that downside risks to global growth remained, such as a deeper-than-expected contraction in China’s property market, rising protectionism and potential spikes in commodity prices due to “climate shocks, regional conflicts, or broader geopolitical tensions”.

One region that had and is expected to experience a higher growth rate than that of the world is SEA. After countries started easing COVID-19-related lockdowns, SEA recorded a higher growth rate than that of the world in 2022 & 2023 as shown in **Exhibit 1**. Based on projections provided by the Asian Development Bank (“ADB”) in December 2024 and the IMF in October 2024, SEA is also expected to experience a higher growth rate than that of the world in 2024 & 2025 as shown too in **Exhibit 1**.

ADB noted that SEA’s “manufacturing and trade sectors benefited from the global electronics upturn and shifts in global supply chains, with high-income tech exporters seeing gains from rising semiconductor sales”. ADB also mentioned that “stronger manufacturing exports and public capital spending in larger economies” are expected to improve SEA growth.

Exhibit 1: Actual (2021–2023) and Projected (2024–2025) Real GDP Growth

(in %)	Actual ⁽¹⁾			Projection ⁽²⁾	
	2021	2022	2023	2024	2025
Indonesia	3.7%	5.3%	5.0%	5.0%	5.0%
Malaysia	3.3%	8.9%	3.6%	5.0%	4.6%
Singapore	9.7%	3.8%	1.1%	3.5%	2.6%
Thailand	1.6%	2.5%	1.9%	2.6%	2.7%
The Philippines	5.7%	7.6%	5.5%	6.0%	6.2%
Vietnam	2.6%	8.1%	5.0%	6.4%	6.6%
Southeast Asia ("SEA")	3.4%	5.5%	4.1%	4.7%	4.7%
World	6.6%	3.6%	3.3%	3.2%	3.2%

Note: ADB did not state specifically whether its forecasts were for real or nominal GDP growth. However, we consider it likely that ADB provided real GDP growth forecasts as its “2019 Update” dataset was for “annual growth rates of GDP valued at constant market price, factor cost, or basic price”.

⁽¹⁾ Based on IMF data.

⁽²⁾ SEA countries and SEA region based on ADB data. World based on IMF data.

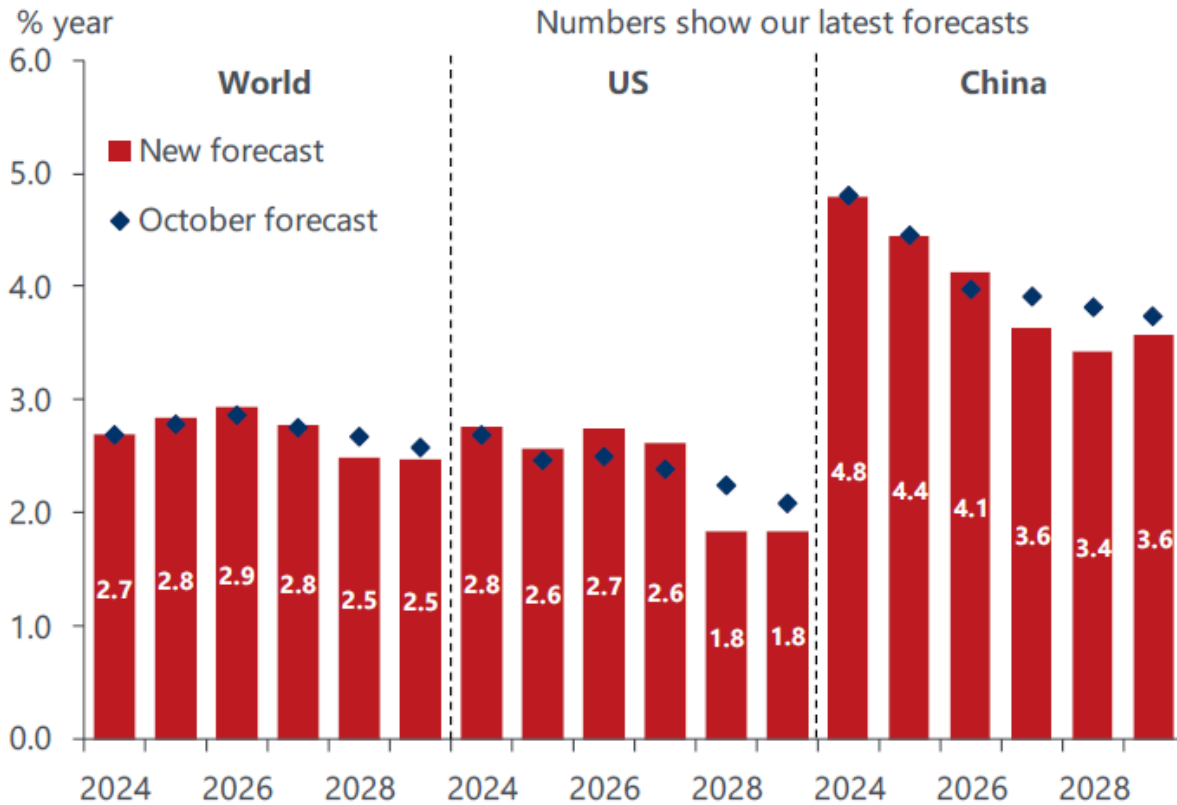
Source: ADB (dated December 2024), IMF (dated October 2024), FPA

In the medium-term, IMF expected global economic growth to slow from 3.3% in 2023 to 3.1% in 2029. IMF noted in October 2024 that contributing factors include a weakening outlook for China as well as for other regions like Latin America and the European Union. IMF also mentioned that challenges “such as population aging, weak investment, and historically low total factor productivity growth” are expected to continue limiting global economic growth.

Oxford Economics provided a more bearish forecast in November 2024 after Donald Trump’s U.S. election victory. Oxford Economics projected global GDP growth to fall to 2.5% in 2029 as shown in **Exhibit 2**, in line with worsening global trade especially as it expected the U.S. to implement targeted tariff hikes not just for China but also for Japan, South Korea and Vietnam.

Exhibit 2: Projected GDP Growth (2024–2029)

World: GDP revisions



Source: Oxford Economics/Haver Analytics

Source: Oxford Economics (published November 2024), Haver Analytics

While the IMF projected global GDP growth to moderate in the medium-term (2023–2029), the GDP of select¹ SEA countries is generally expected to rise faster than that of the world. Based on IMF’s data, the aggregate GDP of select SEA countries is expected to rise at a Compound Annual Growth Rate (“CAGR”) of 4.1% from 2023 to 2029 as shown in **Exhibit 3**, higher than the CAGR of 3.2% for world GDP in the same period.

Ageing population is expected to hamper the GDP growth of SEA countries. However, the GDP growth of developing SEA countries is generally expected to remain elevated (as compared to those of advanced economies) due to the continued shift of labour from agriculture (a sector with lower value-add per worker) to industry & services (sectors with higher value-add per worker) that has been ongoing since 1990 as shown in **Exhibit 4**.

Exhibit 3: Projected Real GDP Growth (2023–2029)

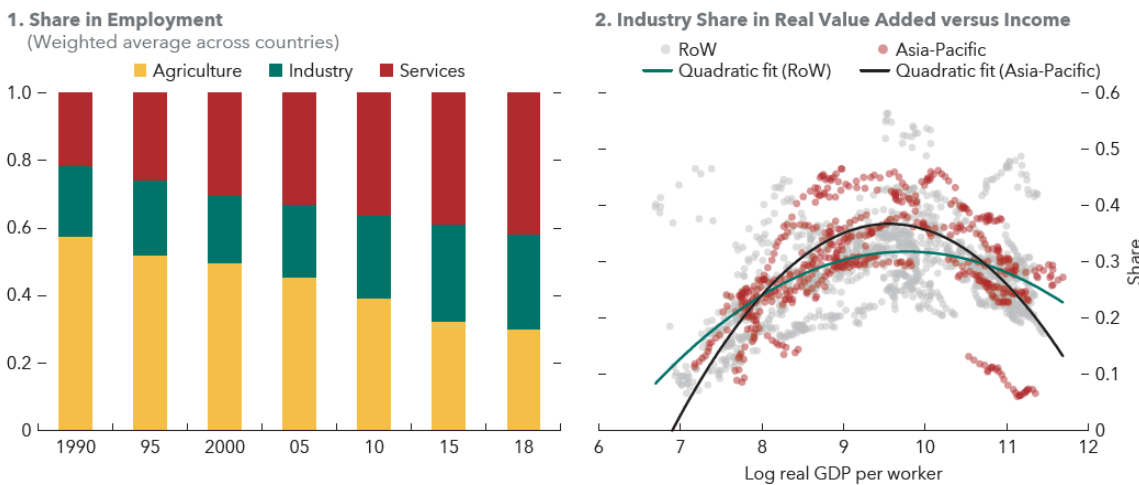
(in constant prices, US\$ billions)	Estimate			Projection	
	GDP ⁽¹⁾ (2014)	GDP ⁽¹⁾ (2023)	CAGR (2014 - 2023)	GDP ⁽¹⁾ (2029)	CAGR (2023 - 2029)
Indonesia	721.8	807.3	1.3%	1,030.0	4.1%
Malaysia	342.5	343.8	0.0%	459.5	5.0%
Singapore	324.5	396.4	2.2%	468.2	2.8%
Thailand	284.2	312.5	1.1%	365.5	2.6%
The Philippines	317.5	378.4	2.0%	525.6	5.6%
Vietnam	163.0	247.4	4.7%	320.1	4.4%
Aggregate (of selected countries)	2,153.6	2,485.9	1.6%	3,168.9	4.1%
World⁽²⁾	n.a.	n.a.	3.5%	n.a.	3.2%

n.a. = not available. ⁽¹⁾ As obtained by dividing IMF’s GDP (current prices, USD) data for each country over the respective GDP deflator data. ⁽²⁾ As collated from IMF’s global real GDP growth data.

Source: IMF (published November 2024), FPA

Exhibit 4: Reallocation of Labour from Agriculture to Industry & Services (1990–2018)

Figure 4. Reallocation out of Agriculture and Industrialization in Asia-Pacific, 1990-2018



Sources: GGDC/UNU-WIDER Economic Transformation Database; and IMF staff calculations.
Note: See Annex A for definition of sectors.

Sources: GGDC/UNU-WIDER Economic Transformation Database; Penn World Table version 10.01; and IMF staff calculations.
Note: RoW denotes rest of the world. Quadratic fit refers to a second-order polynomial fit.

Source: IMF (published November 2024)

¹ We select SEA countries that we find more promising based on the factors we discuss in this report.

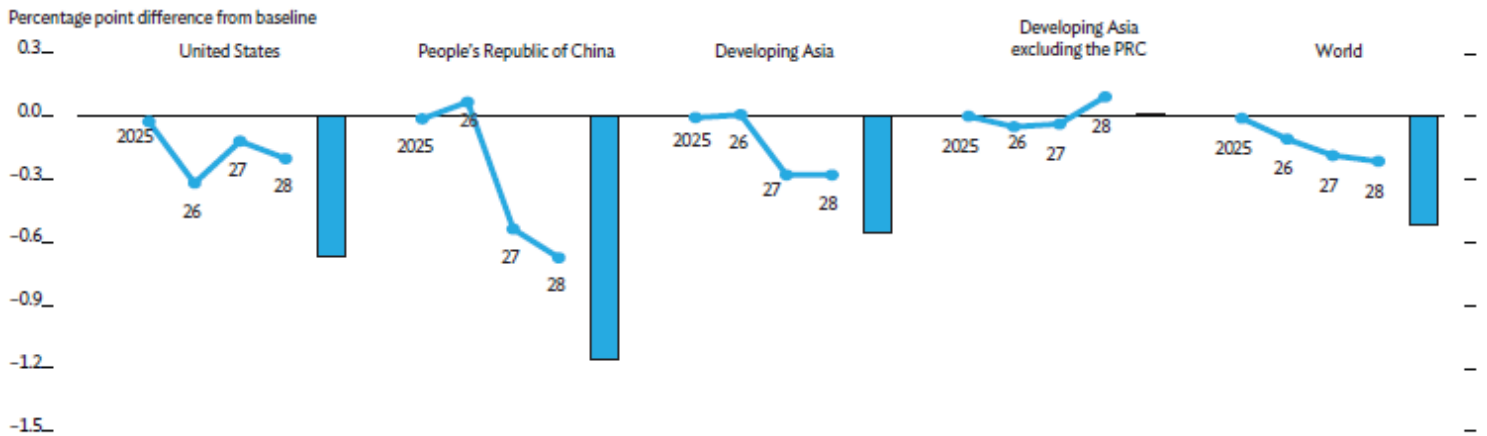
Even if U.S. President-elect Donald Trump implements higher tariffs, “more restrictive” immigration policies and “more expansionary” fiscal policy than expected, ADB noted that the projected growth of developing Asia (excluding the People’s Republic of China) from 2025 to 2028 would be minimally impacted as shown in **Exhibit 5**.

In fact, ADB noted that South Asian and SEA countries would “benefit from the US-PRC trade disputes as trade diversion and production relocation open new opportunities”, such that the “overall cumulative impact on growth in developing Asia excluding the PRC is marginally positive”.

Exhibit 5: Impact of “Harsher” Trump Policies on Developing Asia (excluding the People’s Republic of China; 2025–2028)

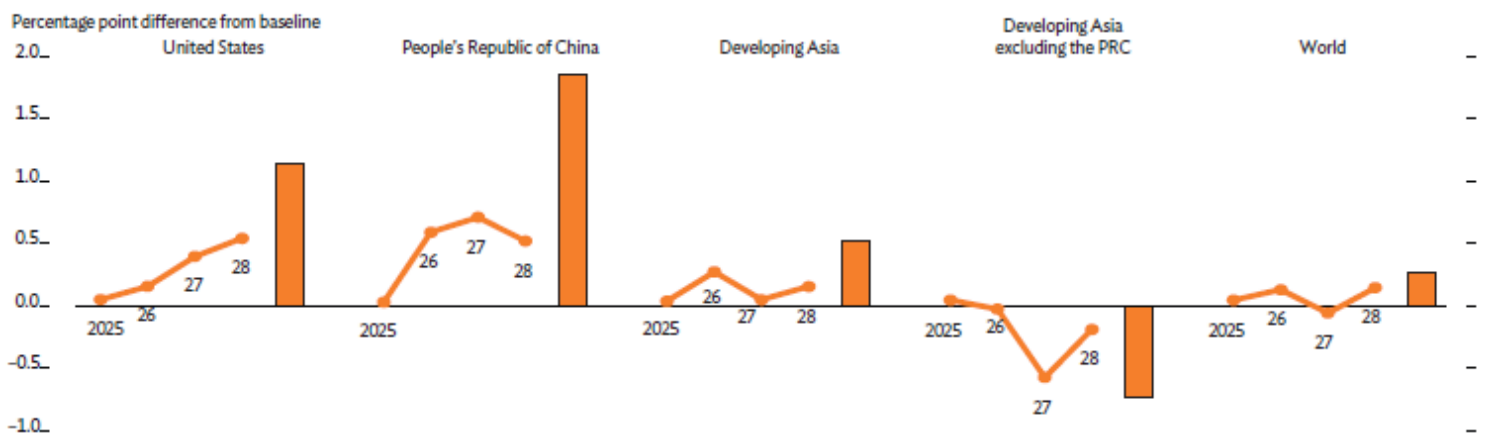
A. GDP Growth Impacts

The negative effects on growth are limited, with the PRC and the US primarily affected.



B. Inflation Impacts

Price pressures rise in the US and the PRC.



PRC = People’s Republic of China, GDP = gross domestic product, US = United States.

Notes: The bars represent the cumulative differences from 2025–2028.

Sources: Oxford Economics Global Economic Model; authors’ calculations.

Source: ADB (dated December 2024), Oxford Economics (cited by ADB in December 2024)

DRIVERS OF HEALTHCARE EXPENDITURE IN SEA

(I) RISING GDP PER CAPITA

Based also on the World Bank's population data, the aggregate real GDP per capita of select SEA countries is expected to rise at a CAGR of 3.5% from 2023 to 2029 as shown in **Exhibit 6**, a faster pace compared to the CAGR of 2.3% for that of the world.

Healthcare expenditure per capita generally increases with GDP per capita as shown in **Exhibit 7**. Therefore, the aggregate healthcare expenditure per capita of select SEA countries may grow faster than that of the world from 2023 to 2029.

Exhibit 6: Projected Real GDP Per Capita Growth (2023–2029)

(in constant prices, USD)	Estimate			Projection	
	GDP per capita ⁽¹⁾ (2014)	GDP per capita ⁽¹⁾ (2023)	CAGR (2014 - 2023)	GDP per capita ⁽¹⁾ (2029)	CAGR (2023 - 2029)
Indonesia	2,788.4	2,871.2	0.3%	3,503.7	3.4%
Malaysia	11,156.4	9,787.7	(1.4%)	12,230.1	3.8%
Singapore	59,333.0	66,984.2	1.4%	76,555.2	2.3%
Thailand	4,048.2	4,358.7	0.8%	5,124.4	2.7%
The Philippines	3,059.9	3,293.7	0.8%	4,362.1	4.8%
Vietnam	1,777.9	2,465.2	3.7%	3,084.9	3.8%
Aggregate (of selected countries)⁽²⁾	3,840.9	4,080.7	0.7%	5,004.2	3.5%
World⁽³⁾	n.a.	n.a.	2.4%	n.a.	2.3%

⁽¹⁾ As obtained by dividing GDP (constant prices, USD) data for each country over the respective population data for each country. The estimation method for GDP (constant prices, USD) is elaborated upon under footnote 1 of **Exhibit 3**. ⁽²⁾ As obtained by dividing the aggregate GDP (constant prices, USD) estimates & projections from **Exhibit 3** over the aggregate population estimates & projections obtained from World Bank's data. ⁽³⁾ Where g = global real GDP growth rate as shown in **Exhibit 3** and r = global population growth rate as estimated from World Bank's data, global real GDP per capita growth is estimated by $(\frac{1+g}{1+r})$.

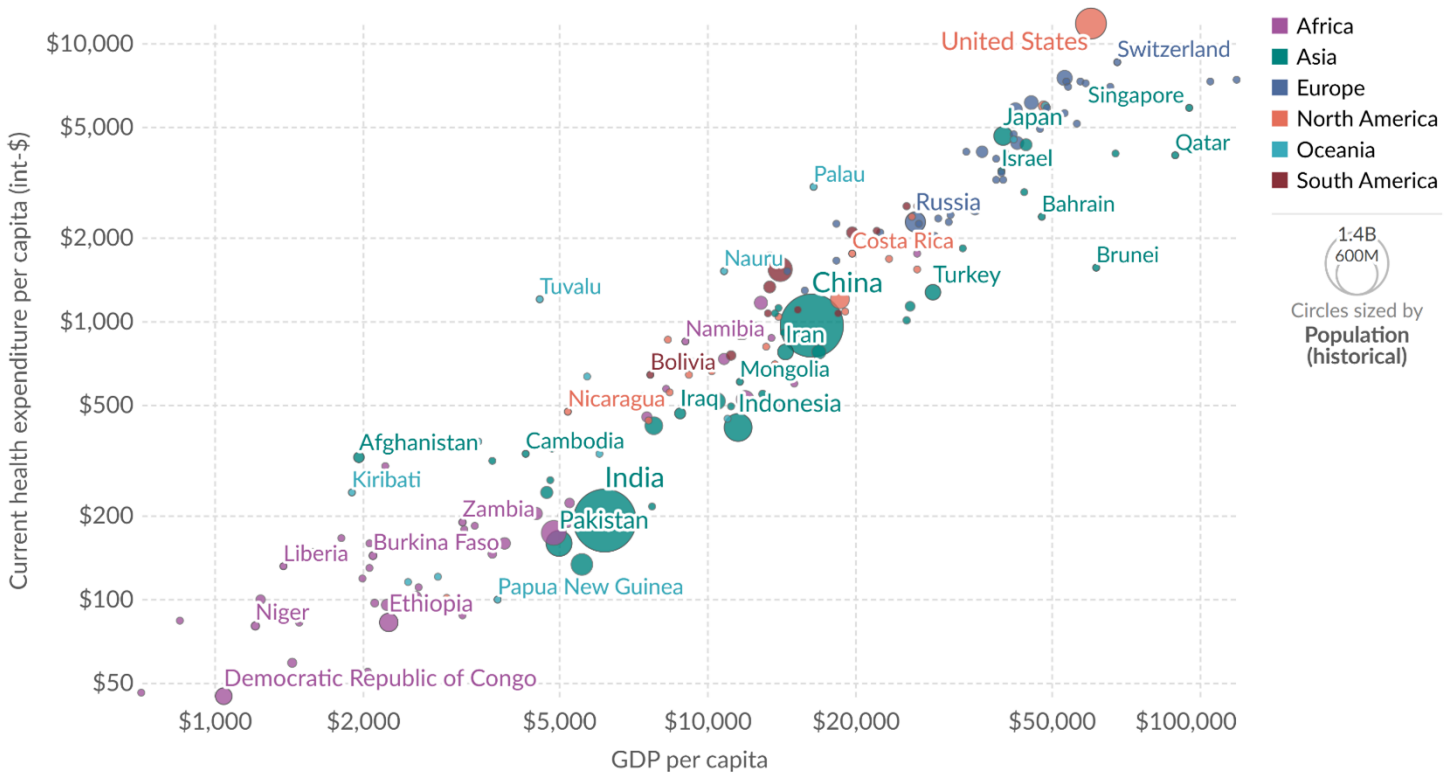
Source: IMF (published November 2024), World Bank, FPA

Exhibit 7: Comparison of Healthcare Expenditure Per Capita vs GDP Per Capita (2021)

Healthcare expenditure vs. GDP per capita, 2021

Our World in Data

Current healthcare expenditure per capita is adjusted for differences in the cost of living between countries but not for inflation. GDP per capita is adjusted for inflation and differences in the cost of living between countries.



Data source: Multiple sources compiled by World Bank (2024); World Bank (2023)

OurWorldinData.org/financing-healthcare | CC BY

Note: GDP per capita is expressed in international-\$¹ at 2017 prices.

1. International dollars: International dollars are a hypothetical currency that is used to make meaningful comparisons of monetary indicators of living standards. Figures expressed in international dollars are adjusted for inflation within countries over time, and for differences in the cost of living between countries. The goal of such adjustments is to provide a unit whose purchasing power is held fixed over time and across countries, such that one international dollar can buy the same quantity and quality of goods and services no matter where or when it is spent.

Source: Our World in Data

(II) AGEING POPULATION

Another driver of the expected rise in healthcare expenditure in SEA is the regional ageing population. Based on the World Bank’s data, the aggregate population of people aged 65 and above in select SEA countries is expected to grow at a CAGR of 4.5% from 2023 to 2029 as shown in **Exhibit 8**, faster than the CAGR of 3.1% for that of the world in the same period. According to a study on lifetime healthcare costs, yearly average healthcare cost rises faster from the early-50s as shown in **Exhibit 9**.

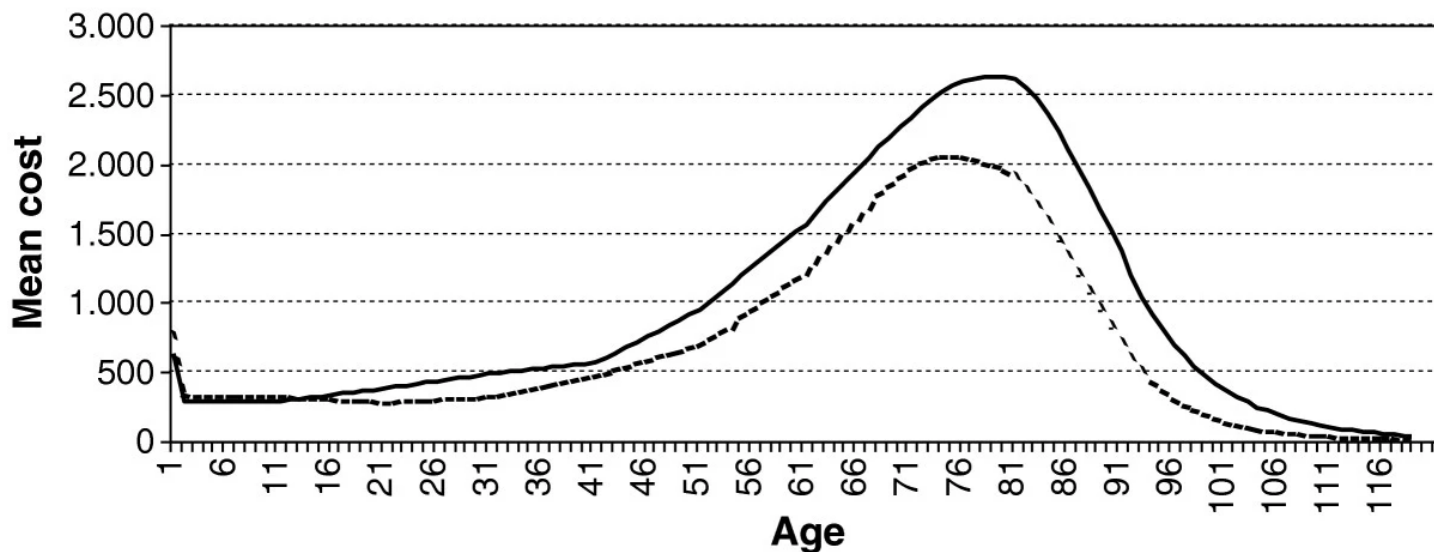
As the aggregate population of people aged 65 and above is expected to rise faster in select SEA countries than that of the world, the aggregate healthcare expenditure per capita for select SEA countries may likewise rise faster than that of the world.

Exhibit 8: Projected Growth of Population Aged 65 and Above (2023–2029)

(population aged ≥ 65)	Actual / Estimate					Projection		
	Total (2014)	≥ 65 y/o as % of population	Total (2023)	≥ 65 y/o as % of population	CAGR (2014 - 2023)	Total (2029)	≥ 65 y/o as % of population	CAGR (2023 - 2029)
Indonesia	15,639,665	6.0%	19,819,797	7.0%	2.7%	25,469,450	8.7%	4.3%
Malaysia	1,702,114	5.5%	2,617,322	7.5%	4.9%	3,474,004	9.2%	4.8%
Singapore	469,087	8.6%	774,938	13.1%	5.7%	1,000,312	16.4%	4.3%
Thailand	6,947,364	9.9%	10,553,348	14.7%	4.8%	13,360,381	18.7%	4.0%
The Philippines	3,759,875	3.6%	6,045,772	5.3%	5.4%	7,975,388	6.6%	4.7%
Vietnam	5,759,641	6.3%	8,651,529	8.6%	4.6%	11,740,634	11.3%	5.2%
Aggregate (of selected countries)	34,277,746	6.1%	48,462,706	8.0%	3.9%	63,020,169	10.0%	4.5%
World	594,036,013	8.1%	804,475,697	10.0%	3.4%	968,273,272	11.4%	3.1%

Source: World Bank, FPA

Exhibit 9: Lifetime Distribution of Healthcare Costs



Yearly mean cost (€). Females: Continuous line. Males: Dotted line.

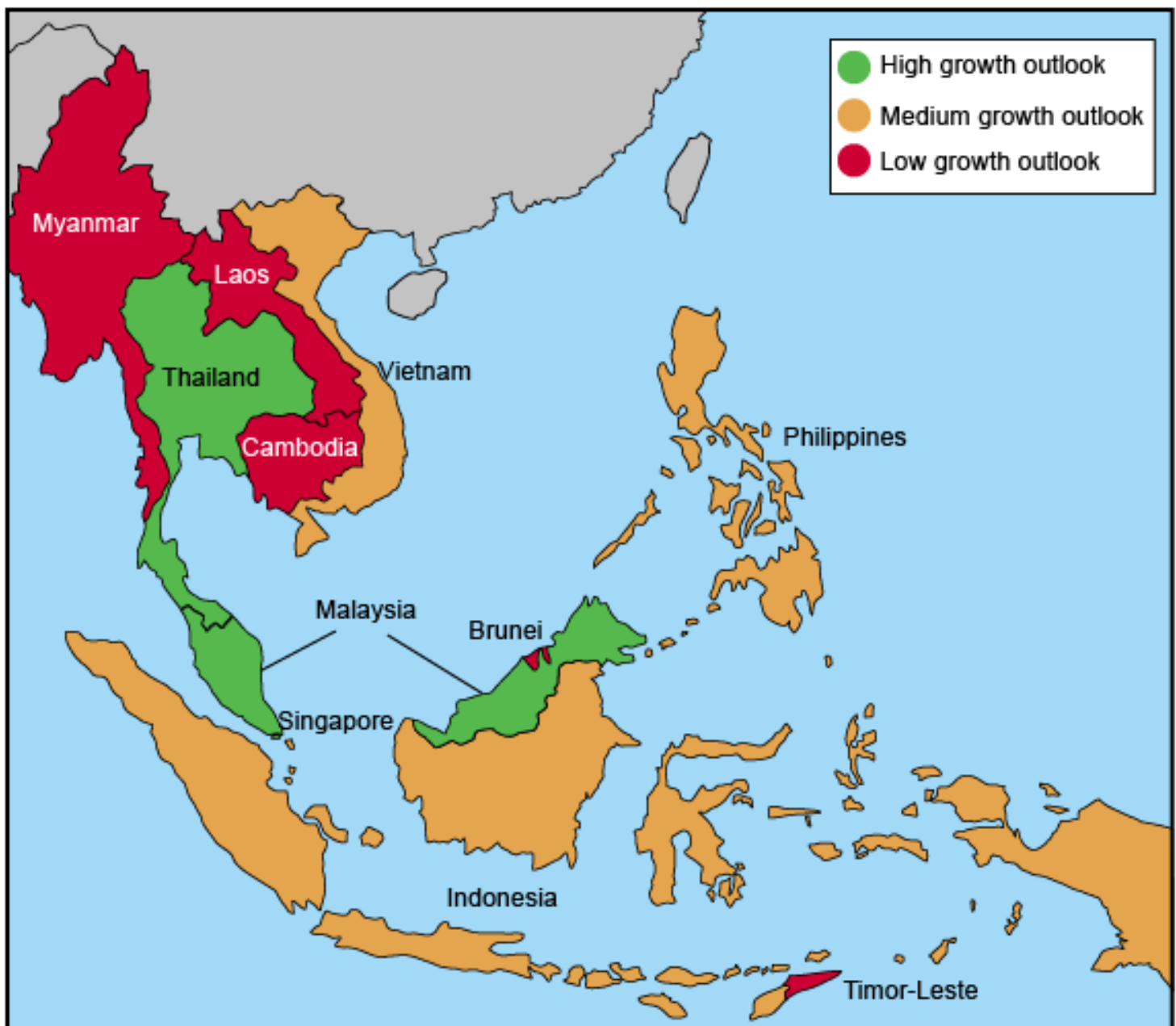
Note: Based on data relating to the population of the county of Baix Empordà in Catalonia, Spain for the period from 2004 to 2007. Source: Carreras, M., Ibern, P., Coderch, J. et al. Estimating lifetime healthcare costs with morbidity data. BMC Health Serv Res 13, 440 (2013).

(III) GROWING MEDICAL TOURISM

Fitch Solutions also noted in December 2022 that SEA would become a medical tourism hub “due to its low cost yet high-quality standard of care”. Fitch Solutions commented that the “increased public and private health expenditure” would “improve health facilities”, thereby raising the attractiveness of Malaysia for medical tourism. Fitch Solutions also commented that government initiatives and healthcare infrastructural improvements would help Indonesia, the Philippines and Vietnam “emerge as medical tourism hubs in the medium term”.

Fitch Solutions provided its medical tourism outlook for SEA countries as shown in **Exhibit 10**.

Exhibit 10: Medical Tourism Outlook for Southeast Asian Countries



Source: Fitch Solutions (published December 2022)

REVIEW OF SEA HEALTHCARE MARKETS

Next, we take a closer look at three SEA healthcare markets: Singapore, Malaysia and Vietnam.

(I) SINGAPORE

According to Fitch Solutions (as cited by the U.S. International Trade Administration and other sources), Singapore's healthcare market was expected to grow (at a CAGR of 9.7%) from US\$21.4 billion in 2020 to US\$49.4 billion in 2029. The U.S. International Trade Administration noted that the increase would be "largely attributed to rising government spending on healthcare, as well as the local population's consumption of healthcare services, given the aging population and a trend towards earlier diagnosis of chronic conditions, close monitoring and follow-up".

However, Fitch Solutions noted that private healthcare expenditure would rise at a slower pace (CAGR of 5.7%) from US\$8.2 billion in 2020 to US\$13.5 billion in 2029.

Non-profit trade association MedicalTourism.com ranked Singapore second on its 2020–2021 Medical Tourism Index, as evaluated "across three metrics, including Destination Attractiveness, Safety, and Quality of Care". MedicalTourism.com noted that patients "from the Middle East, Europe, and North America often choose Singapore for complex surgical procedures and specialized treatments" partly because Singapore offers "excellent patient safety standards, seamless service, and a high level of professionalism". MedicalTourism.com added that treatments for which Singapore was "highly sought" included cardiac surgery, oncology, orthopaedics and cosmetic surgery.

The Straits Times ("ST") noted in March 2024 though that fewer foreign patients have been visiting Singapore for medical treatment in recent years. ST mentioned that regional competition for medical tourism has been intensifying as healthcare providers from Malaysia and Thailand "can carry out standard procedures for a much lower fee than what is charged" in Singapore.

Accordingly, ST noted that Singapore would need to focus on higher-complexity cases. For instance, ST noted that proton therapy, a "newer mode of radiation treatment that delivers less radiation than conventional radiotherapy and is costlier", has been attracting foreign patients to Singapore.

The Business Times ("BT") added in December 2024 that an appreciating Singapore dollar has also made Singapore more expensive, thus "directing patient flows towards cheaper markets" especially when regional countries have been "doubling down on medical tourism with incentives". BT noted that industry players have thus been expanding to regional markets. For instance, Thomson Medical Group ("TMG") acquired a hospital in Vietnam in December 2023. BT also cited Healthway Medical as having "acquired a dental chain in Indonesia".

(II) MALAYSIA

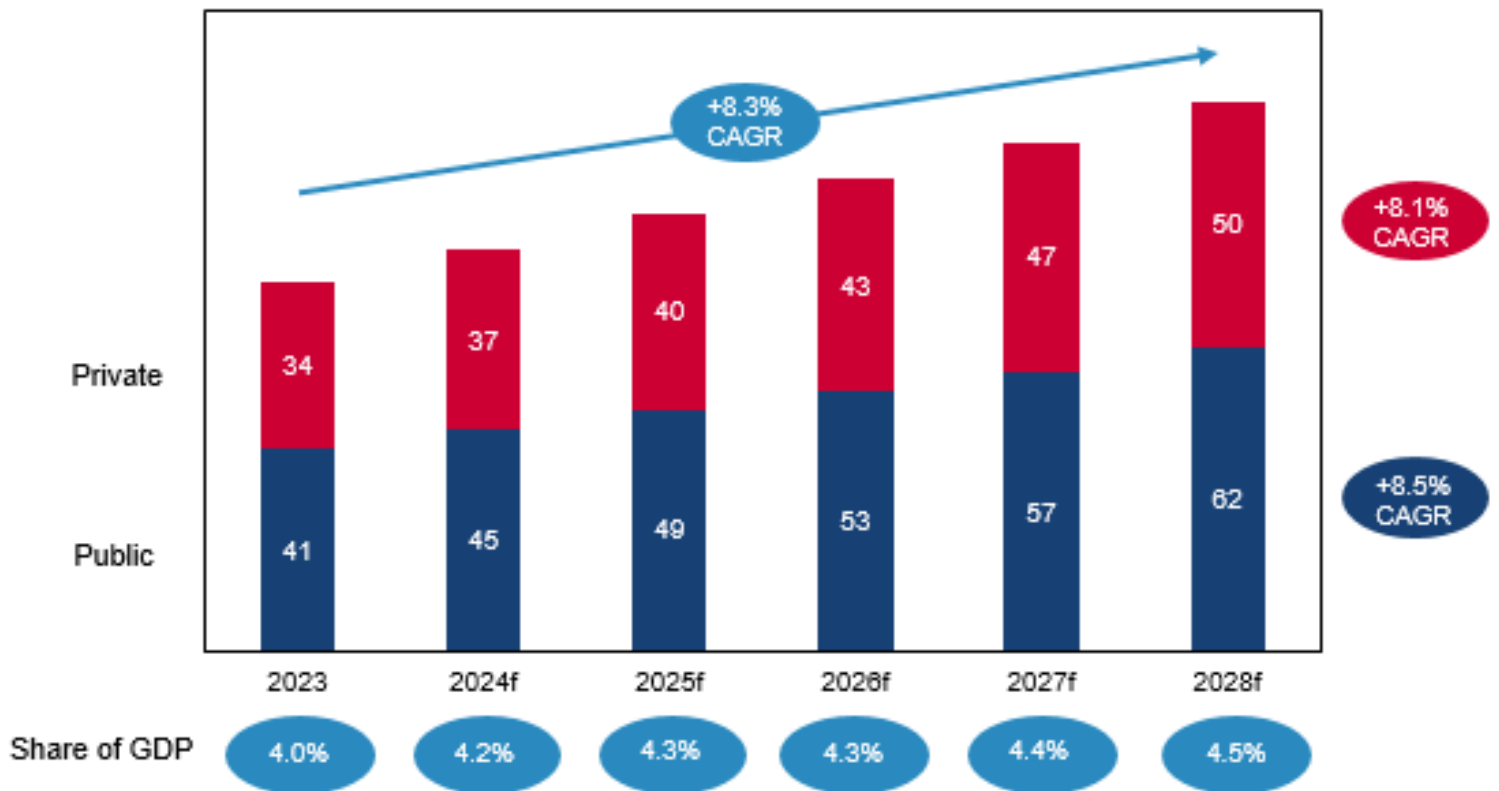
One rising medical hub in SEA has been Malaysia.

According to Fitch Solutions, healthcare expenditure is expected to rise at a CAGR of 8.3% from 2023 to 2028 as shown in **Exhibit 11**. Fitch Solutions commented in June 2024 that “ageing population, growing burden of chronic diseases and efforts to enhance public health infrastructure and improve access for underserved communities” would drive public healthcare expenditure.

Fitch Solutions also noted that private healthcare expenditure is expected to rise at a CAGR of 8.1% from 2023 to 2028 as shown in **Exhibit 11**. Fitch Solutions mentioned that private healthcare providers would “continue to attract patients with higher incomes including medical tourists and domestic patients looking to avoid long waiting times in public healthcare facilities amid Malaysia’s shortage of physicians and nurses”. Malaysia’s healthcare expenditure growth is thus expected to “outpace regional peers such as Singapore, Thailand, the Philippines and Indonesia over the medium term”.

One factor for the forecasted rise in private healthcare expenditure may be the growth in medical tourism. Fitch Solutions commented that Malaysia remained an “attractive destination for foreign healthcare patients with its availability of high-quality healthcare facilities equipped with modern medical products alongside cost-effective healthcare”.

Exhibit 11: Forecasted Rise in Healthcare Expenditure (2023–2028)



Source: Fitch Solutions (published June 2024)

ST reported in November 2024 that “Malaysia has been stepping up efforts to pull in medical tourists hailing from south-west Africa to neighbouring Indonesia”. For instance, ST noted that “the High Commission of Malaysia in Windhoek, Namibia, hosted a health and tourism expo on Nov 20 to pitch the country as a place for world-class yet affordable medical care”.

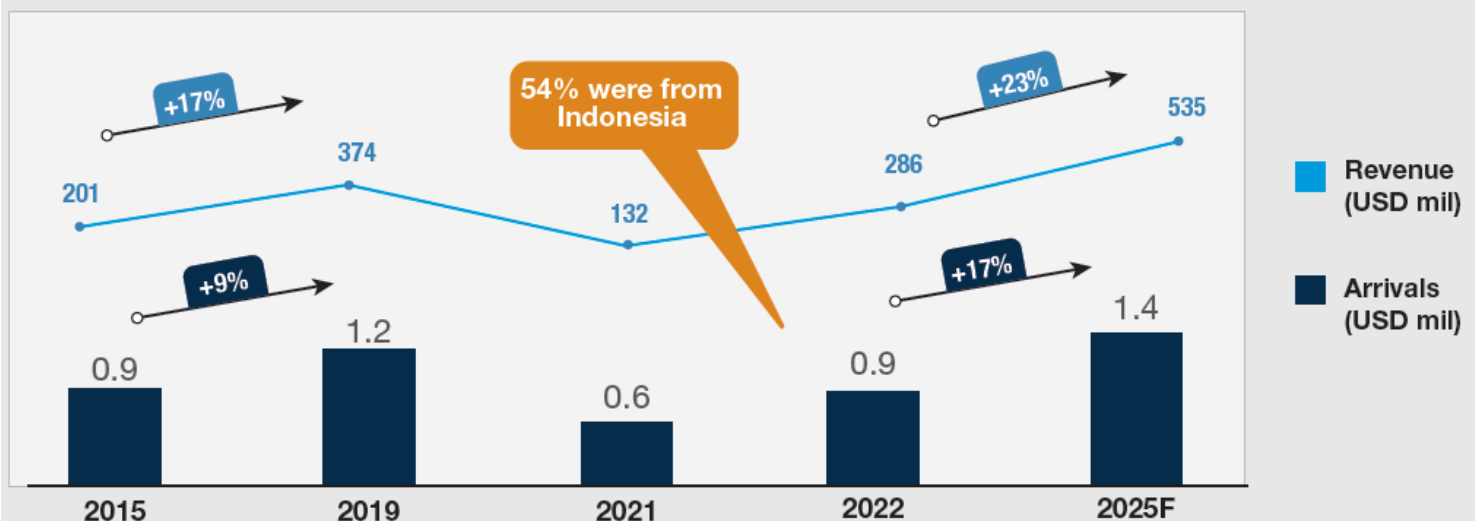
BT also reported in December 2024 that “Penang and the Klang Valley, including Kuala Lumpur and Selangor, remain key hubs for medical tourism, drawing patients with their state-of-the-art facilities and affordable treatment options”. BT added that “Malaysia’s medical tourism sector rebounded strongly from the slump caused by the pandemic, attracting 1.4 million visitors and generating RM2.25 billion (S\$680 million) in revenue – surpassing its pre-pandemic peak of nearly RM1.7 billion” in 2023.

Alvarez & Marsal (“A&M”), a “global professional services firm that provides advisory, business performance improvement and turnaround management services” (as cited from A&M’s LinkedIn), noted in April 2024 that medical tourism revenue is expected to rise at a CAGR of around 23% from US\$286 million in 2022 to US\$535 million in 2025 as shown in **Exhibit 12**. A&M mentioned that most of the medical tourists were (and may be expected to be) “high-income Indonesians” who “seek treatment overseas due to a lack of trust” in the Indonesian healthcare system as they perceive the system to suffer from a “lack of doctor supply and poor quality of doctors, infrastructure and facilities”.

A&M also noted that government support (such as efforts by the Malaysia Healthcare Travel Council or “MHTC”) and the low cost of treatment has helped Malaysia compete against regional medical tourism hubs as shown in **Exhibit 13**.

Exhibit 12: Forecasted Medical Tourism Volume and Revenue (2022–2025)

Medical Tourism Volume and Revenue in Malaysia, 2015–2025F



Note: Figures based on MYR to USD conversion rate of 0.22

Source: MHTC statistics

Source: A&M (published April 2024)

Exhibit 13: Comparison Between Medical Tourism Destinations

RELATIVE PERFORMANCE VS INDONESIA				
Indicative Metric	MALAYSIA	THAILAND	SINGAPORE	INDONESIA
Promotions/ Awareness	●	◐	◑	NA
Hospital advertising, promotion and customer relations	Govt support (i.e. MHTC, State gov initiatives), concierge, tax allowances	Visa support, private sector	Little- to- no govt support, largely private	
Healthcare Quality	◐	◑	●	◑
JCI-accredited hospitals (per million population)	0.5	0.9	2.2	0.1
Licensed hospital beds (per 10,000 population)	19	21	24	10
Proximity and Ease of Travel	●	◑	●	◑
Connectivity-Aircraft Movement growth (thousand flights)	2021:233 2022F: 444(+91%)	2021:245 2022F: 348(+42%)	2021:109 2022E: 138(+27%)	2021:NA 2022: NA
Travel options/time	Flight, ferry (~50-120 mins)	Flight (~180 mins)	Flight, ferry (~45-110 mins)	
Price	●	◐	◑	◐
MRI Scan(SGD)	\$350-400	\$345-1,530	>\$1,200	\$500-570
Heart bypass(USD)	\$12,000-13,000	\$14,500-15,600	\$17,000-18,000	NA
Knee replacements (USD)	\$7,000-8,000	\$13,500-15,000	\$15,500-16,500	NA
Angioplasty(USD)	\$7,500-8,000	\$4,000-4,500	\$13,000-13,500	NA
Cultural Affinity	●	◑	◐	●
Language	Bahasa, English widely spoken	Thai, English	English, Chinese, Bahasa	National language: Bahasa Indonesia; English 2nd
Religion, cuisine	Muslim majority, hospitals w. Halal compliance	Muslim majority, hospitals w. Halal compliance	Non-Muslim majority	Muslim majority, hospitals w. Halal compliance

Top factors

Secondary factors

Source: A&M (published April 2024)

(III) VIETNAM

Another rising healthcare market is Vietnam.

One of the last available projections of Vietnam's private healthcare expenditure growth was provided by the U.S. International Trade Administration in 2020. The U.S. International Trade Administration noted that Vietnam's private healthcare expenditure is expected to grow at a CAGR of 7.5% (to an unstated period) mainly due to an "increasing insurance coverage for citizens".

While perhaps not directly related to private healthcare expenditure growth, Statista noted that the "Hospitals" market (including general, psychiatric and specialist hospitals but excluding long-term care facilities) in Vietnam is expected to grow at a CAGR of 7.38% from 2025 to 2029. Statista last updated in April 2024 its data related to Vietnam's "Hospitals" market. Statista noted that Vietnam's economic growth "led to an increase in disposable income", which allowed the Vietnamese people to afford private healthcare.

BDA Partners, an investment banking firm, noted in December 2022 that the "rapidly expanding middle class with increased health awareness post-pandemic will continue to fuel demand for higher standards in all aspects of healthcare in Vietnam". However, the "issue of overcrowding at public hospitals in major cities" is expected to persist. Thus, BDA Partners commented that the "supply-demand imbalance" would imply "significant headroom for the expansion of private healthcare in Vietnam".

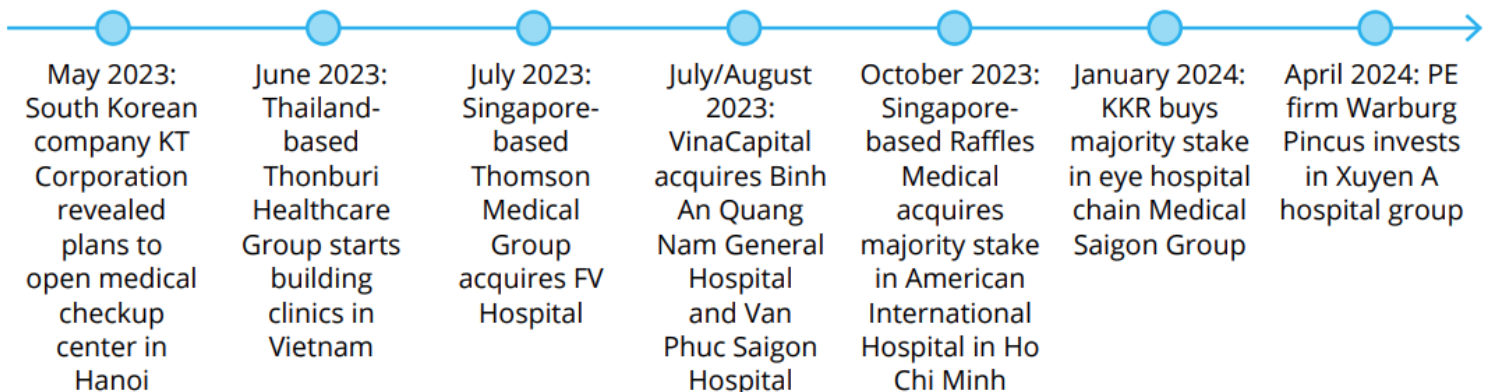
Flanders Investment & Trade added that "access to middle-class comforts" has been "increasing demand for more health options and resulting in more sedentary lifestyles that will inevitably lead to greater incidences of obesity, diabetes, and other costly, chronic health conditions".

In line with the growth prospects of Vietnam's private healthcare sector, DKSH, a market expansion services provider (whose services include sourcing, marketing & sales, distribution & logistics and after-sales services), noted in October 2024 that there has been a series of investments in Vietnam's private healthcare sector as shown in **Exhibit 14**.

Exhibit 14: Investments in Vietnam's Private Healthcare Sector

Vietnam's private sector is increasingly drawing interest from international investors

Notable recent developments regarding investment in Vietnam's private sector



Source: DKSH (published October 2024)

LISTED SEA PRIVATE HEALTHCARE SERVICES PROVIDERS

The three largest listed private healthcare services providers in SEA as at 10 January 2025 are IHH Healthcare Berhad (“IHH”; SGX: Q0F), Bangkok Dusit Medical Services Public Co. Ltd. (“BDMS”; SET: BDMS) and Bumrungrad Hospital Public Co. Ltd. (“BH”; SET: BH).

IHH has a market capitalisation of US\$14.1 billion as at 10 January 2025. It operates around 80 hospitals in Singapore, Malaysia, India, Hong Kong, Türkiye and Europe as at 30 September 2024. IHH is also listed in KLSE under the ticker “IHH”.

BDMS has a market capitalisation of US\$10.9 billion as at 10 January 2025. It operates 56 hospitals in Thailand and two in Cambodia as at 30 September 2024.

BH has a market capitalisation of US\$4.3 billion as at 10 January 2025. It operates one hospital in Thailand and one in Mongolia as at 31 December 2023.

Select listed private healthcare services providers in SEA are shown in **Exhibit 15**.

Exhibit 15: Market Capitalisation of Select Southeast Asian Private Healthcare Services Providers

Company	Stock Exchange	Ticker	Market Capitalisation (in US\$ million)
IHH Healthcare Berhad	SGX	Q0F	14,094
Raffles Medical Group	SGX	BSL	1,134
Thomson Medical Group	SGX	A50	927
Bangkok Dusit Medical Services Public Co. Ltd.	SET	BDMS	10,885
Bumrungrad Hospital Public Co. Ltd.	SET	BH	4,342
Bangkok Chain Hospital Public Co. Ltd.	SET	BCH	1,052
KPJ Healthcare Berhad	KLSE	KPJ	2,288
Pt Siloam International Hospitals Tbk	IDX	SILO	2,491
Pt Mitra Keluarga Karyasehat Tbk	IDX	MIKA	2,051
PT Sarana Meditama Metropolitan Tbk	IDX	SAME	277
Thai Nguyen International Hospital Joint Stock Company	HOSE	TNH	109

Note: Based on exchange rates from Oanda.com as at 10 January 2025: USD-to-SGD of 1.36843; USD-to-THB of 34.6031; USD-to-MYR of 4.50159; USD-to-INR of 16,208.10; USD-to-VND of 25,377.00. Also, SGX refers to the Singapore Exchange; SET refers to the Stock Exchange of Thailand; KLSE refers to Bursa Malaysia (previously the Kuala Lumpur Stock Exchange); IDX refers to the Indonesia Stock Exchange; HOSE refers to the Ho Chi Minh City Stock Exchange.

Source: Google, Simply Wall St, Yahoo! Finance, finance.vietstock.vn, FPA

CONCLUSION

In the near- and medium-term, SEA is expected to experience a higher growth rate than that of the world. The reasons for SEA's higher growth rate include rising tech exports in the near-term and the continued shift of labour from agriculture to industry & services in the medium-term. The resultant rising GDP per capita in SEA, along with the regional ageing population and growing medical tourism, is expected to drive the growth of private healthcare expenditure in SEA.

Singapore has been an established medical hub in SEA due to its reputation for high healthcare standards. However, in recent years, its position as the leading regional medical hub has been under threat from its neighbours. As higher-growth developing SEA countries have been catching up in infrastructure and capabilities, their lower costs have increasingly attracted medical tourists away from Singapore for more treatments (except those of higher complexity like cardiac surgery). The wavering prospect of Singapore's medical tourism may thus contribute to the lower expected CAGR of 5.7% for private healthcare expenditure in Singapore as compared to the expected CAGR of 9.7% for the overall healthcare expenditure in Singapore.

One rising regional medical hub is Malaysia. Besides the domestic ageing population and rising incidence of chronic diseases, the long waiting times in public healthcare facilities amid Malaysia's shortage of healthcare professionals are expected to draw higher-income patients towards the use of private healthcare services. Coupled with the quality healthcare facilities and lower treatment costs which have been attracting medical tourists, private healthcare expenditure in Malaysia is expected to rise at a CAGR of 8.1%.

Another rising regional healthcare market is Vietnam. Owing to the growth in disposable income which has been outpacing the growth in public healthcare infrastructure, private healthcare demand is expected to rise such that healthcare companies and private equity firms have been investing in Vietnam's private healthcare sector. Private healthcare expenditure in Vietnam is last expected (in 2020) to rise at a CAGR of 7.5%.

Listed private healthcare providers who have greater exposure to higher-growth developing SEA countries may be poised to benefit from the rise in regional private healthcare expenditure.

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