



Rajthanee Hospital Public Company Limited

2Q2017 Result



Analyst Meeting : 28 Aug 2017

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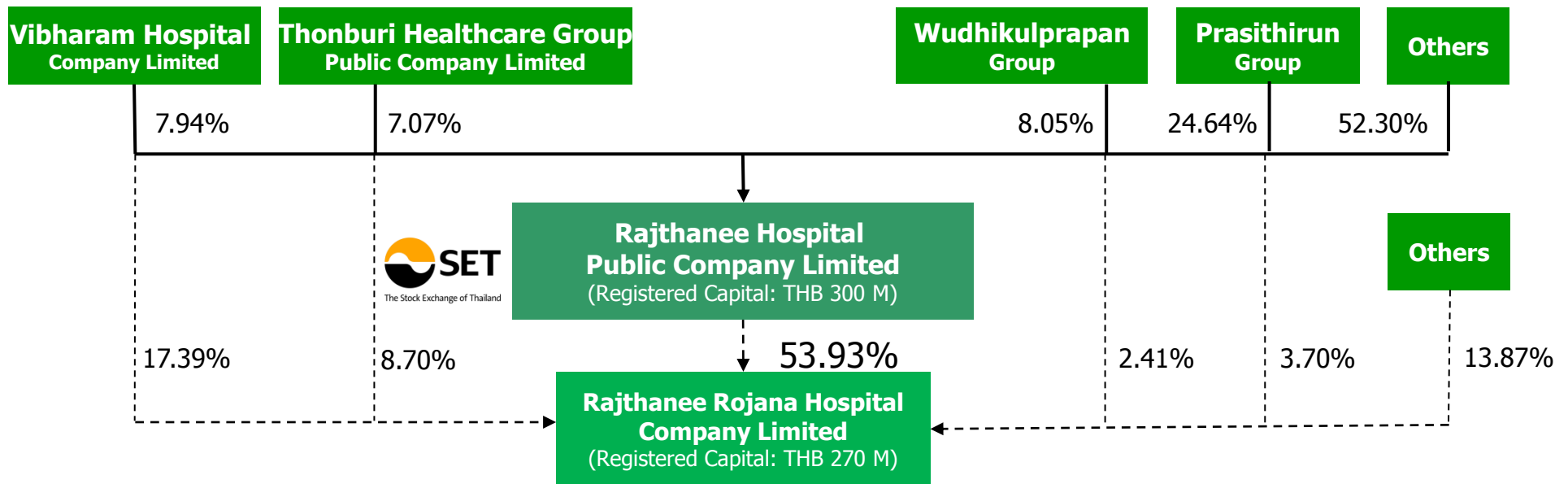
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01

Executive Summary



Executive Summary – Shareholding Structure



Remarks:

1. Shareholding in RJH is as of 22 March 2017
2. Shareholding in RRH is as of 15 November 2016

Executive Summary – Company Profile



Our History	Rajthanee Hospital Public Company Limited ("RJH") was established in 1990 and commenced its operations in 1992 under the management of experienced physicians. Most of which graduated from Siriraj Medical School and are currently major shareholders of RJH.
Business Overview	2 private general hospitals, namely Rajthanee Hospital and Rajthanee Rojana Hospital ("RRH"), located in Phra Nakhon Si Ayutthaya District and Bang Pa-In District, respectively, as part of Ayutthaya Province
Target Customers	2 primary, mid-to-low target customers: <ul style="list-style-type: none"> •Non-capitation patients ~45.29% and ~45.52% of the total revenue in 2Q16 and 2Q17, respectively •Capitation patients (mainly under social security scheme) ~54.71% and ~54.48% of the total revenue in 2Q16 and 2Q17, respectively
Number of Hospital Beds	353 registered hospital beds, 199 beds in service and 51 examination rooms
Shareholders (as of 29 August 2016)	<ul style="list-style-type: none"> • Prasithirun and Wudhikulprapan groups: 2 families of the founding physicians ~32.69% • 2 strategic shareholders and partners: Vibharam Hospital Company Limited (~7.94%) and Thonburi Healthcare Group Public Company Limited (~7.07%)
Excellence Medical Centers	<ul style="list-style-type: none"> • Emergency and Neurosurgery Center • Heart Center • Orthopedics Center
Financial Performances	<p>Total revenue from hospital operations</p> <ul style="list-style-type: none"> •2014–2016: THB 949.1 M, THB 1,024.3 M and THB 1,209.5 M, respectively (CAGR of 12.89%) •2Q17: THB 332.0 M
Future Projects (To be financed by the IPO proceeds)	<p>Estimated capital expenditure: THB 660–720 M</p> <ul style="list-style-type: none"> •Magnetic resonance imaging (MRI) – RJH •New 9-storey patient building – RJH •Capacity expansion (OPD/IPD) – Rajthanee Rojana Hospital ("RRH")

Executive Summary – Background & Major Events



1992

Commenced the business operations on 29 June 1992 with 33 beds in service

2010

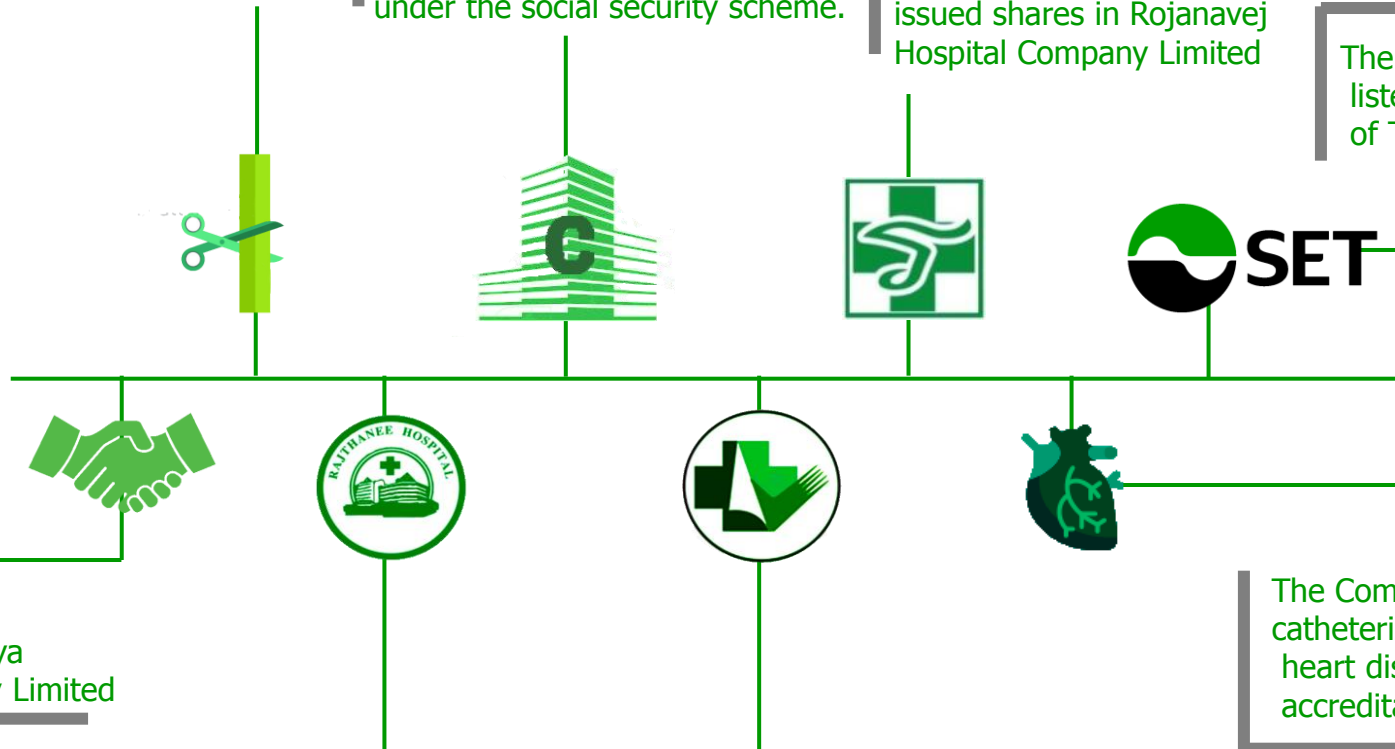
Building C commenced service mainly for capitation patients under the social security scheme.

2014

RJH invested THB 126 M in the acquisition of 52.17% of total issued shares in Rojanavej Hospital Company Limited

2016

The Company's shares were listed on the Stock Exchange of Thailand



Established Ayutthaya Vechakarn Company Limited



Converted into public company and changed the company Name to Rajthanee Hospital Public Company Limited

RJH received the accreditation for Level 1 and 2 of Hospital Accreditation (HA)

The Company launched cardiac catheterization for patients with heart diseases and received the accreditation for Level 3 of HA

1995

2012

2015

Executive Summary – Investment in RRH



Investment Opportunity :	<ul style="list-style-type: none"> • Rojanavej Hospital (renamed to Rajthanee Rojana Hospital (RRH)) suffered accumulated loss from the severe flood in 2011. • In 2013, its management decided to exit and invited prospective acquirers, including RJH, to buy out the shares in the company.
Investment Rationale:	<ul style="list-style-type: none"> • Prime location: In adjacent to Rojana Industrial Park coupling with expanding residential communities. • Benefit from patients referred from RRH for medical treatments to be provided by RJH's specialized physicians • Lessened crowdedness at the main campus: RJH would be able to refer to RRH a part of its social coverage patients whose medical conditions are not complicated. • Expected potential growth: RRH has potential to improve its competency in providing a high-standard level of medical service in the future to be in line with the same that RJH has to offer. • A proactive measure to prevent other hospital chains from entering into the market in Ayutthaya
Purchase Price & Shareholding:	<ul style="list-style-type: none"> • Acquisition of 12 million shares at THB 10.50 per share • Total investment of THB 126 M. • RJH's post-acquisition shareholding – 52.17% • Managerial control in RRH assumed – May 2014

02

Business Overview



Business Characteristics



Rajthanee Hospital (RJH)



Rajthanee Hospital Public Company Limited

Registered hospital beds	253 beds
Beds in service	167 beds
Examination rooms (average)	45 rooms
Number of the insured persons	152,661
Maximum quota of the insured persons in 2016	161,000
Full-time / Part-time physicians	41 / 144
Nurses	186

As of June 30, 2017

Rajthanee Rojana Hospital (RRH)



Rajthanee Rojana Hospital Company Limited

Registered hospital beds	100 beds
Beds in service	32 beds
Examination rooms (average)	6 rooms
Number of the insured persons	11,429
Maximum quota of the insured persons in 2016	40,250
Full-time / Part-time physicians	9 / 43
Nurses	25

Our Excellence Medical Centers



Emergency & Neurosurgery Center

- Regular road accidents take place on the main roads, namely Asian Highway and Rojana Road
- Facilitating the patients and dispatching ambulances to the scenes of the accidents in a timely manner
- Medical specialists available for 24 hours a day



Heart Center

- Cardiac Catheterization
- Echocardiogram
- Coronary Artery Bypass Graft
- Valve Replacement
- Atrial Septal Defect
- Electrophysiology



Orthopedics Center

- Orthopedics surgery for traumatic patients
- Arthroscopic surgery for patients with knee, shoulder or spine injury
- Total hip replacement surgery
- Total Knee replacement surgery
- Medical treatments for osteoarthritis and osteoporosis

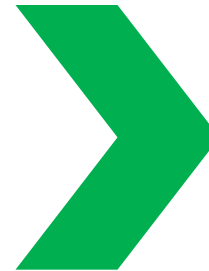


Scope of Our Medical Services



The Complete Scope of Medical Services

- Medicine
- Surgery and Orthopedics
- Pediatrics
- Obstetrics and gynecology
- Otolaryngology
- Ophthalmology
- Anesthesiology
- Radiology
- Dentistry



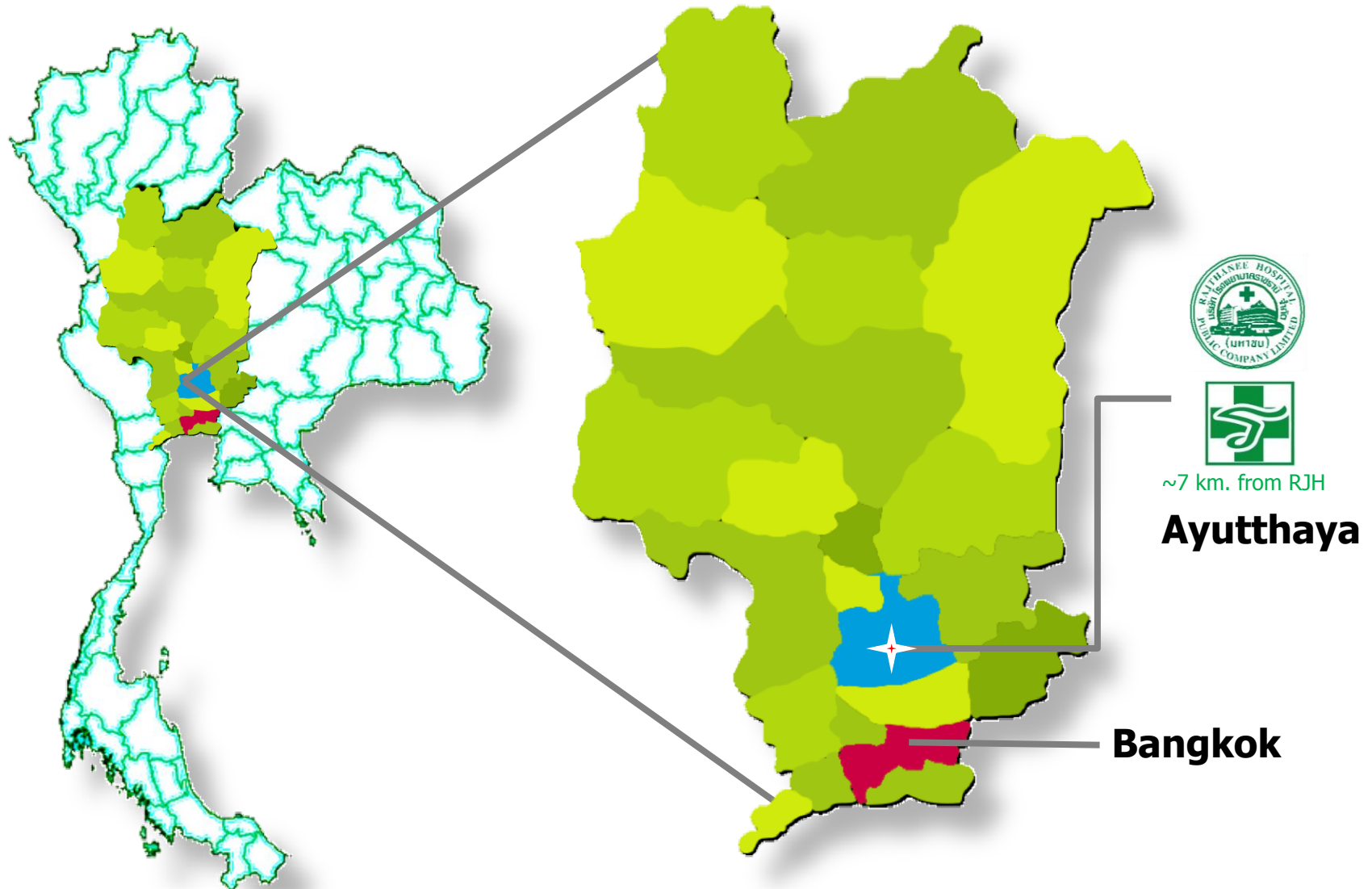
Scope of Our Medical Services



No	Medical Services	RJH	RRH
1	Heart center	✓	
2	Emergency medicine and neurosurgery center	✓	
3	Centers of specialties:		
	- Computerized tomography scan (CT)	✓	
	- Hemodialysis center	✓	✓
	- Health Check-up and Occupational Medicine Center	✓	
	- Dental center	✓	✓
	- Orthopedics center	✓	
	- Phacoemulsification center	✓	
4	Surgery clinic:		
	- General surgery clinic	✓	✓
	- Orthopedics surgery clinic	✓	✓
	- Plastic surgery clinic	✓	
	- Neurosurgery	✓	
	- Urology clinic	✓	

No.	Medical Services	RJH	RRH
5	Internal Medicine clinic:		
	- Internal medicine clinic	✓	✓
	- Gastroenterology	✓	
	- Dermatology	✓	
	- Hematology	✓	
	- Neurology	✓	
	- Nephrology	✓	
6	Healthcare clinics and other services:		
	- General practice clinic	✓	✓
	- Obstetrics and gynecology clinic	✓	✓
	- Pediatrics clinic	✓	✓
	- Otolaryngology clinic	✓	
	- Ophthalmology clinic	✓	
	- Acupuncture clinic	✓	
	- Emergency medicine clinic		✓
	- Radiology department	✓	✓
7	Occupational medicine clinic		✓

Location and Health Service Coverage



No.1 Hospital in Ayutthaya



Ayutthaya Province:

- High growth prospect for hospital business
- Large population and economy with increasing healthcare spending
- Locations of major industrial estates and industrial parks:
 - 3 industrial estates: Ban Wa (Hi-Tech) Industrial Estate, Bang Pa-in Industrial Estate and Saha Rattana Nakorn Industrial Estate
 - 2 industrial parks: Rojana Industrial Park and Factory Land Wangnoi Industrial Park

RJH as the leading private hospital group in Ayutthaya:

- The first private hospital in Ayutthaya celebrating its 25 years of operation
- With the largest number of registered hospital beds (i.e. 353 beds)
- Reputable medical staff and medical services of good quality and standard

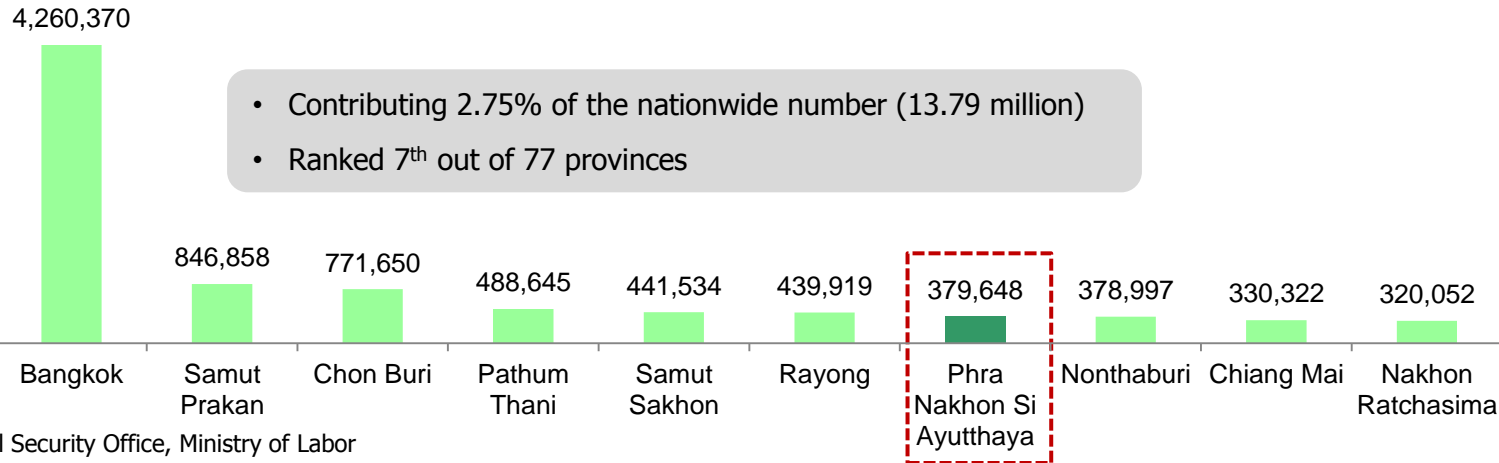
RJH's competitors are large government hospitals and private hospitals in Ayutthaya.

Hospitals	Gov't/ Private	Locations	Social Security Scheme	No. of Registered Beds
Phra Nakorn Sri Ayutthaya	Gov't	Phra Nakhon Si Ayutthaya District	✓	528
Sena Hospital	Gov't	Sena District	✓	180
Karunvej Ayutthaya Hospital	Private	Bang Pa-in District	✓	105
Supamitrsena General Hospital	Private	Sena District	-	100
Peravech Hospital	Private	Phra Nakhon Si Ayutthaya District	-	53

Ayutthaya's Healthcare Industry Outlook

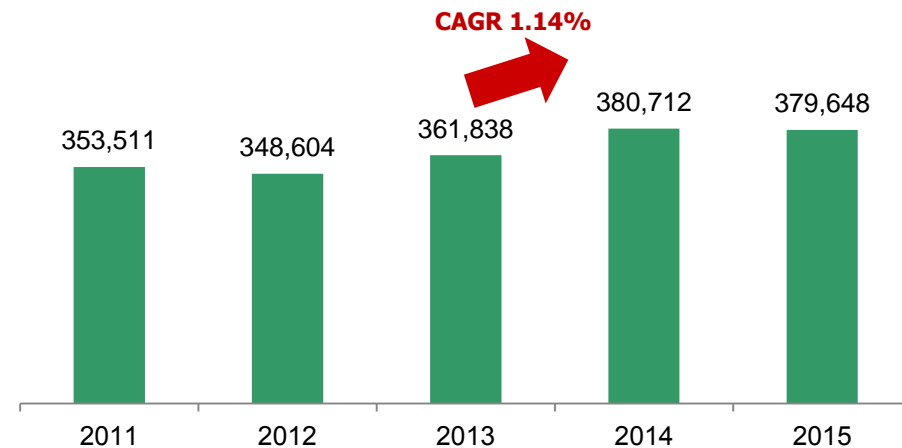


Number of Insured Persons in Thailand (2015)



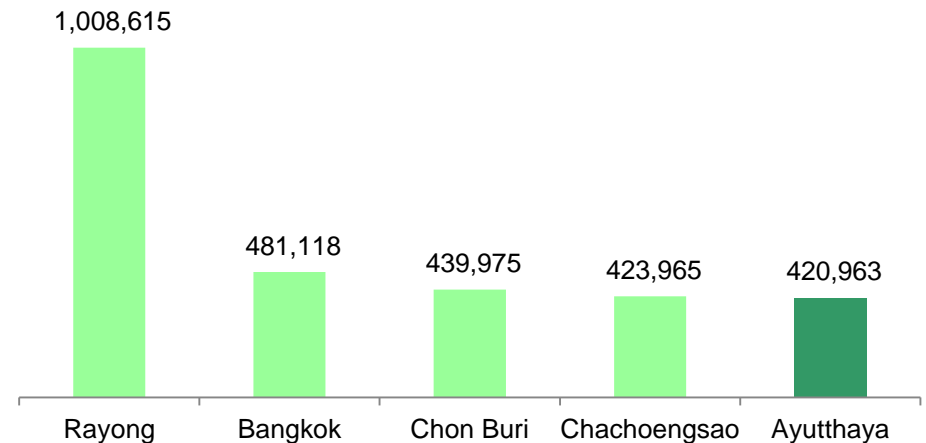
Source: Social Security Office, Ministry of Labor

Number of Insured Persons in Ayutthaya



Source: Social Security Office, Ministry of Labor

Provinces with the highest GPP per capita(2015)

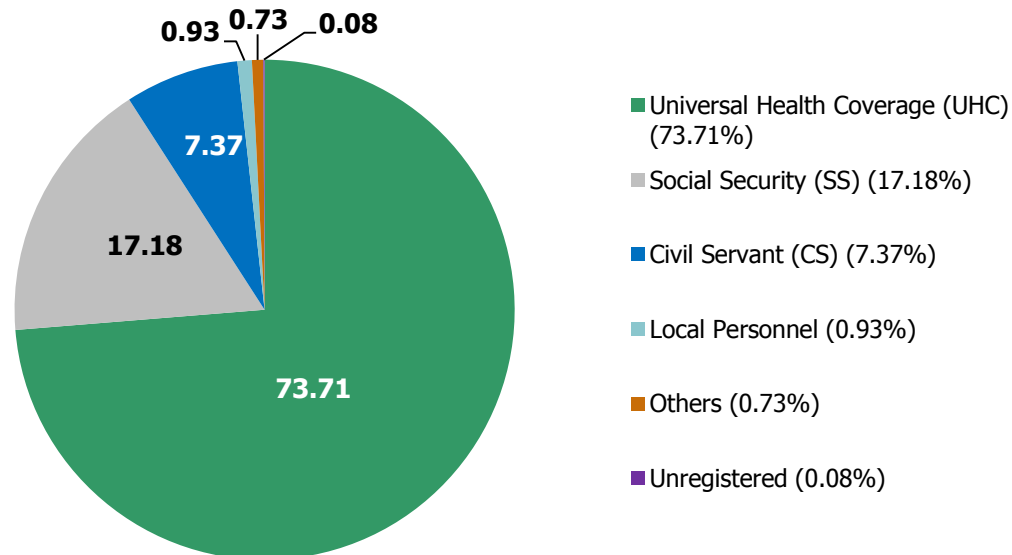


Source: National Statistical Office, Ministry of Information and Communication Technology

Thailand's Capitation Schemes



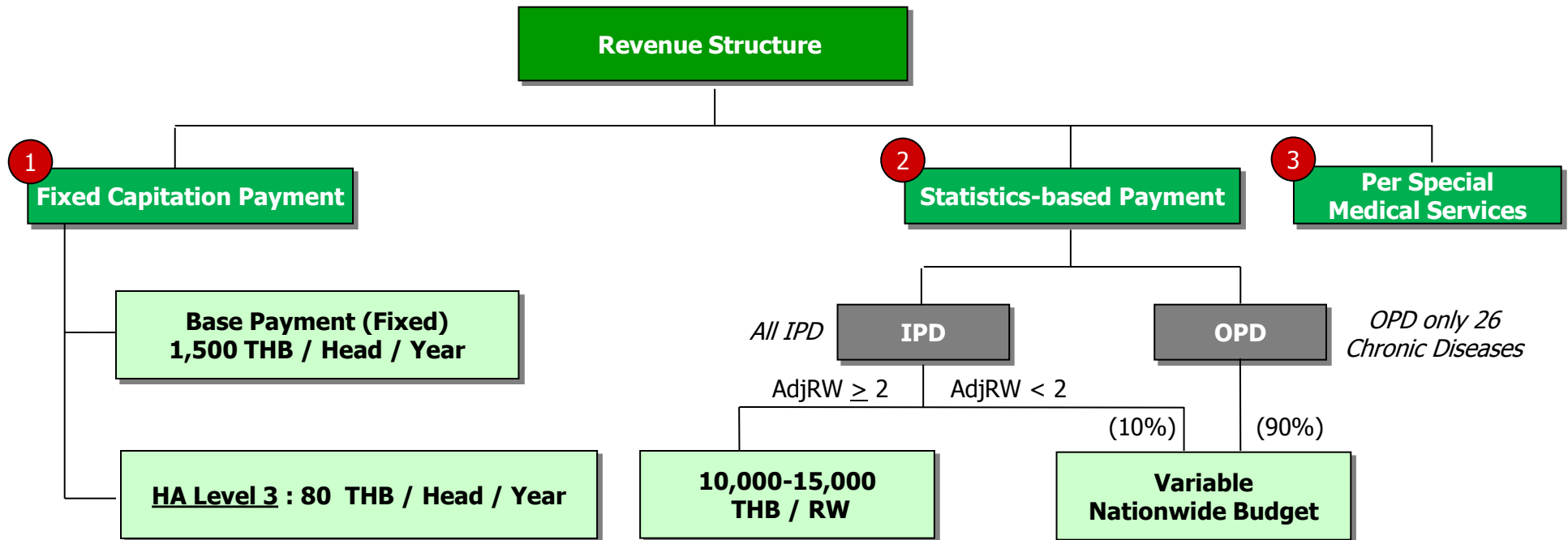
Healthcare Segments in 2015



Source: National Health Security Office (NHSO)

Capitation Schemes	Description
Universal Health Coverage (UHC)	It was aimed to provide healthcare services for those who are not in any other healthcare scheme.
Social Security Scheme (SS)	This scheme offers healthcare benefits to employees in the private sector as a minimum requirement. The benefits cover sickness, disability, injuries from hazardous incidents and death, both from work or non-work.
Civil Servant (CS)	A welfare scheme for state and state enterprise employees

Revenue Structure under Social Security Scheme



Service Payments for Social Security Scheme



Payment type	2013	2014	2015	2016	2017(July)
1. Fixed Capitation Payment (THB/Head/Year)	1,446	1,460	1,460	1,460	1,500
Additional Payments					
2. HA Accredited Hospital Payment (THB/head/year)	HA Level 1: 0 HA Level 2: 40 HA Level 3: 80	HA Level 1: 0 HA Level 2: 40 HA Level 3: 80	HA Level 1: 0 HA Level 2: 40 HA Level 3: 80	HA Level 1: 0 HA Level 2: 40 HA Level 3: 80	HA Level 1: 0 HA Level 2: 40 HA Level 3: 80
3. Payments subject to conditions • 26 Chronic diseases (OPD) ~ 90% • AdjRW < 2 (IPD) ~ 10%	Variable (nationwide budget)	Variable (nationwide budget)	Variable (nationwide budget)	Variable (nationwide budget)	Variable (nationwide budget)
4. Payments depending on high caring costs AdjRW ≥ 2 (THB / 1 AdjRW) (Able to refer cases to supra-contractors or medical schools with tertiary care)	< Tertiary Care: 11,500 Tertiary Care: 15,000	< Tertiary Care: 11,500 Tertiary Care: 15,000	< Tertiary Care: 10,000 Tertiary Care: 15,000	< Tertiary Care: 10,000 Tertiary Care: 15,000	< Tertiary Care: 10,000 Tertiary Care: 15,000
5. Other Payments – Equipment & Implants, etc.	As per actual payments made; subject to the Social Security Office's policy				

RJH was awarded the Level 3 of Hospital Accreditation (HA) on February 27, 2015.

RJH is of secondary care.

03

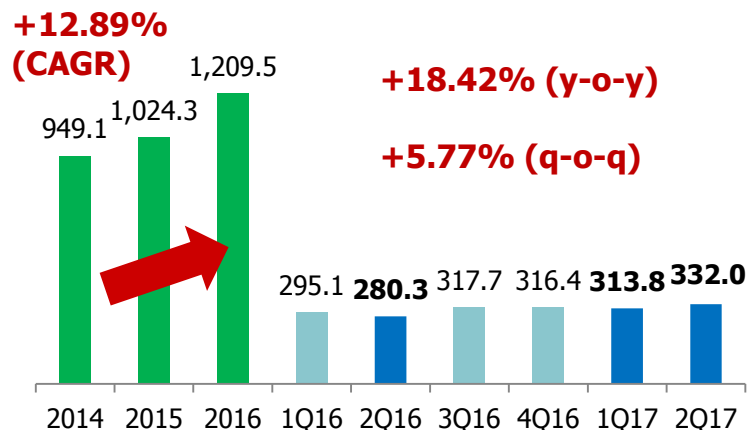
3. Financial Performance 2Q17 - RJH



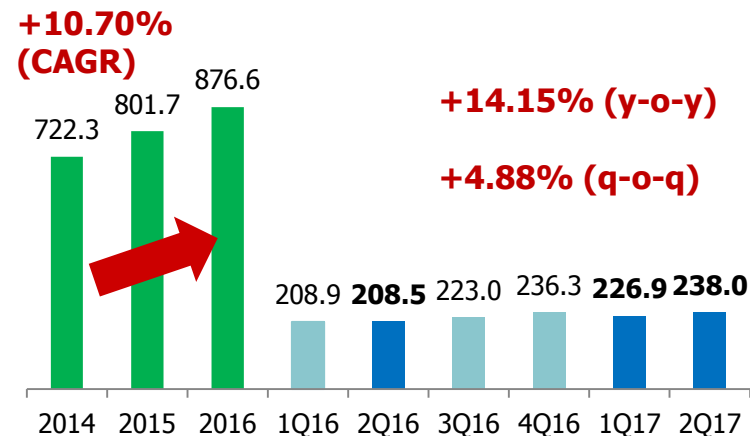
2Q17 Performance Summary



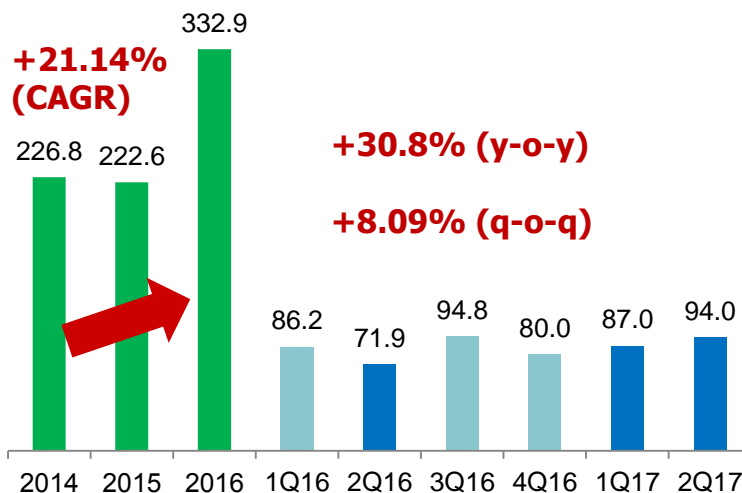
Revenue from Hospital Operations (THB Million)



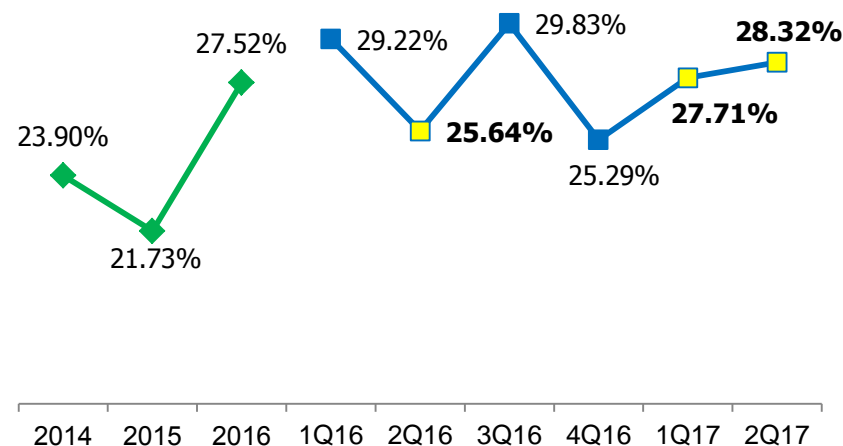
Cost of Hospital Operations (THB Million)



Gross Profit (THB Million)



Gross Profit Margin (%)



2Q17 Performance Summary

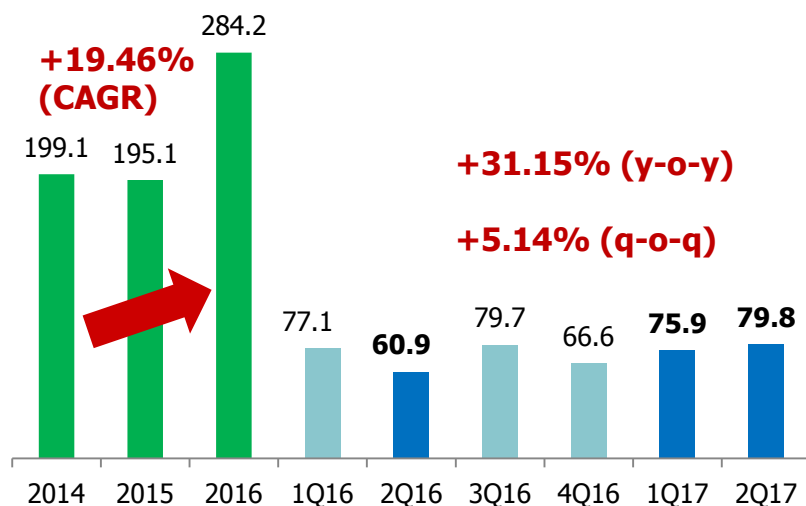


Costs of hospital operations:

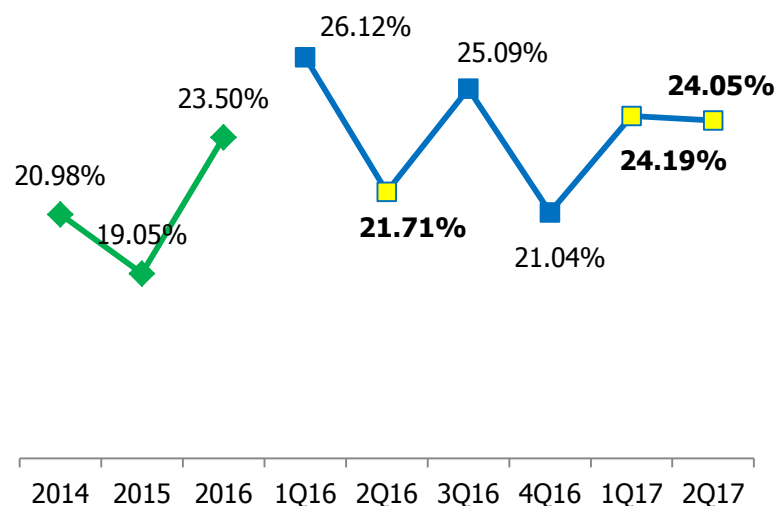
The proportion of the costs of hospital operations incurred compared to the total revenue rose 14.15% y-o-y due to:

1. higher quantity of medicines and medical supplies used in the capitation segment given the rising number of visits by SS patients and the number of cardiac catheterization cases at RJH's Heart Center; and
2. larger numbers and the rising compensation rates of medical staff secured for the future business expansion.

EBITDA (THB Million)



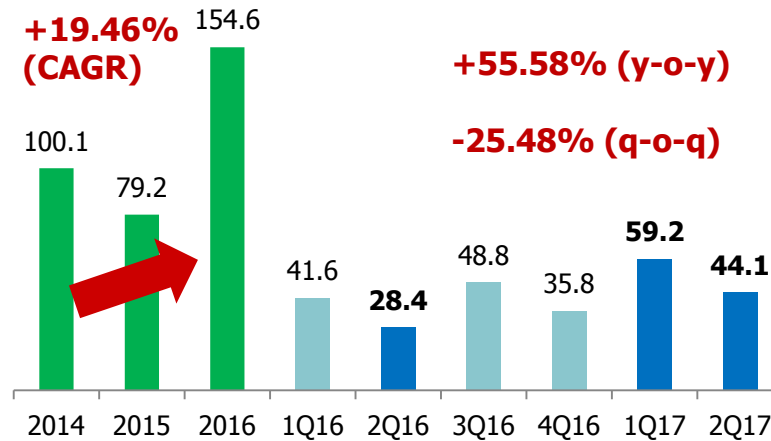
EBITDA Margin (%)



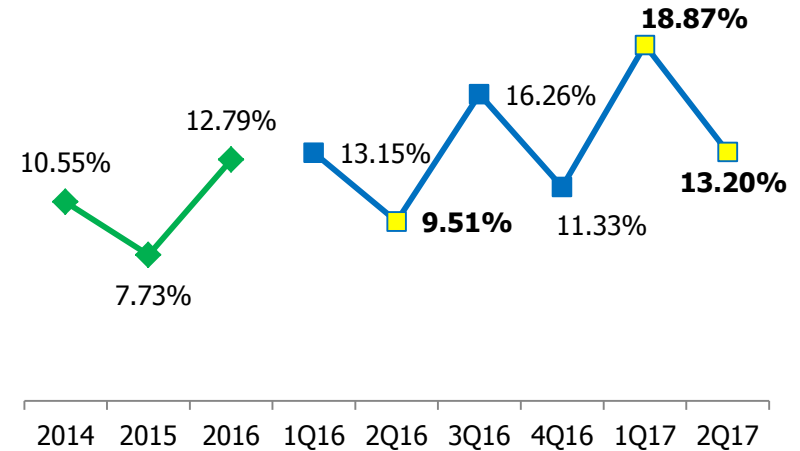
2Q17 Performance Summary



Net Profit (THB Million)



Net Profit Margin (%)



Revenue:

- SS revenue from chronic diseases recognized by RRH was adjusted upward for THB 7.67 million.

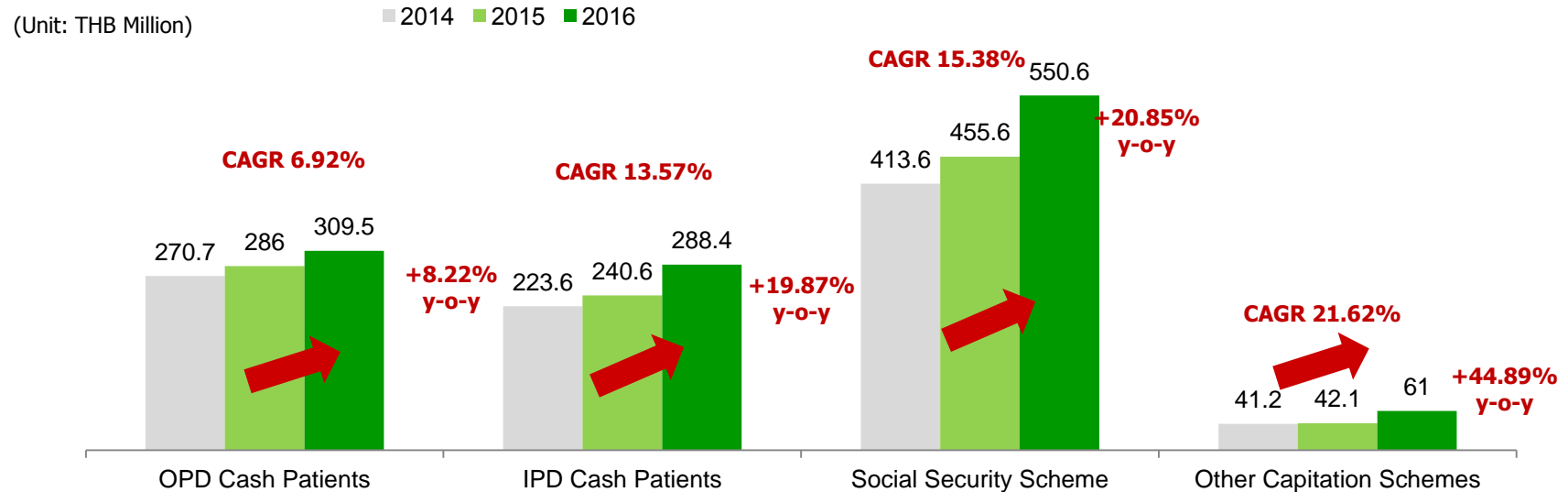
Net profit:

- Normalized profit on 1Q17 and 2Q17 was THB 43.8 million (the utilization of tax losses carried forward of THB 27.8 million in 1Q17) and 44.1 million, respectively

Top-line Growth Trend Continues to Rise



Revenue from hospital operations in 2016 grew y-o-y in all sectors (consolidated).



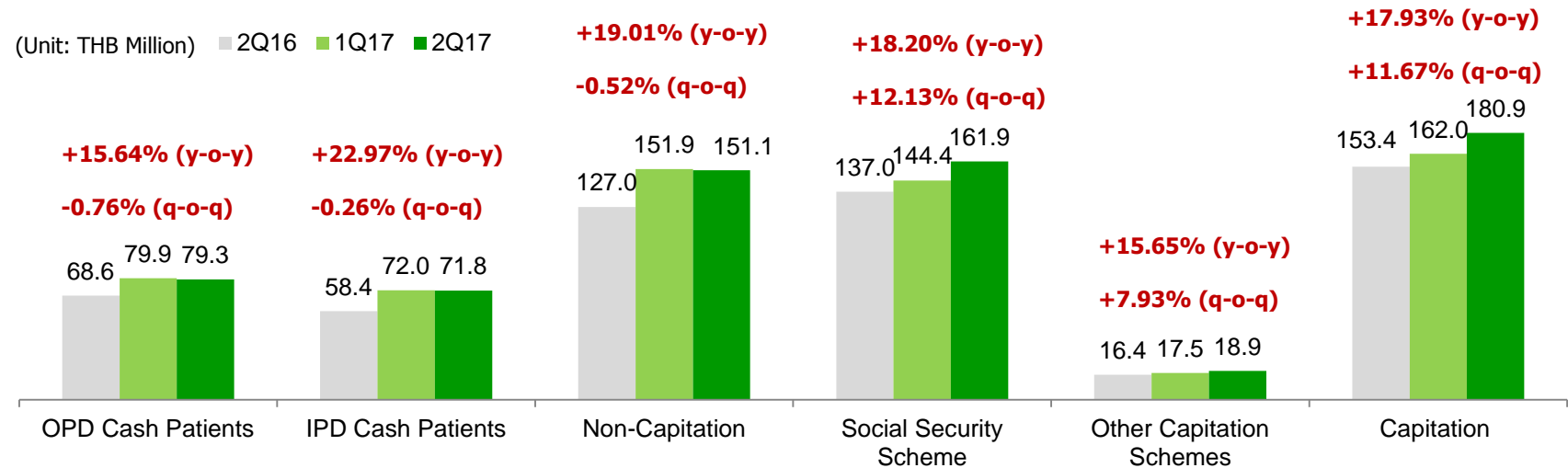
CAGR 9.98% (13.56% y-o-y) in revenue growth for non-capitation (cash) patients:

- OPD – increase in examination rooms and subspecialty doctors, especially cardiologists, ophthalmologists and dentists
- IPD – opening a new ward at RJH with additional 18 beds, increase in number of cash patients from ICU and obstetrical delivery cases

CAGR 15.96% (22.86% y-o-y) in revenue growth for capitation patients:

- SS – increasing registered social coverage patients, more admittance of patients with complicated diseases and the efficiency in patient data management
- Other capitation schemes (mainly UHC) – increase in number of patients from the Heart Center at RJH and the Hemodialysis Center at RRH.

Revenue from Cash Patients Recovers



Revenue from cash patients grew y-o-y

- OPD – Number of visits grew and revenue per visit increased y-o-y at both hospitals largely due to certain items of service fees adjusted upward.
- IPD – In 2Q17, 4 patient beds at RRH were added. Number of admissions and revenue per admission increased y-o-y given more cases with complicated cases and the prices of certain items of medicine and medical supplies were adjusted upward.

Capitation revenue remains strong due to higher number of registered social coverage patients and UHC patients at RJH's Heart Center.

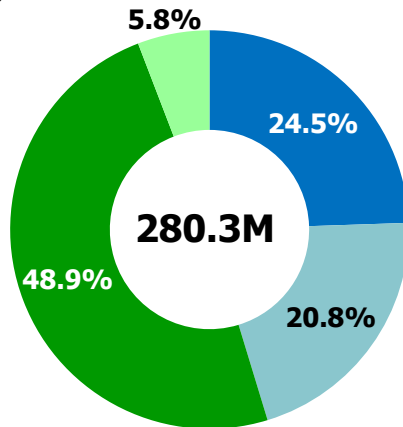
Revenue Breakdown



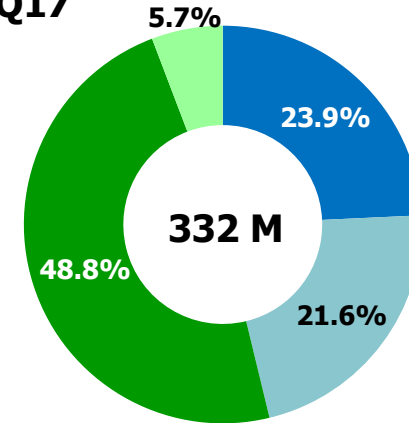
By Patient Type (Consolidated)

2Q16

- OPD Cash Patients
- IPD Cash Patients
- Social Security Scheme
- Other Capitation Schemes



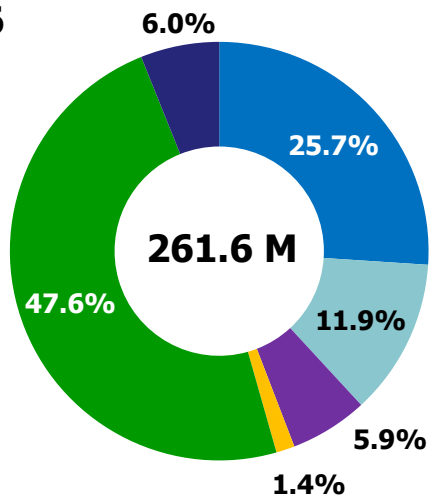
2Q17



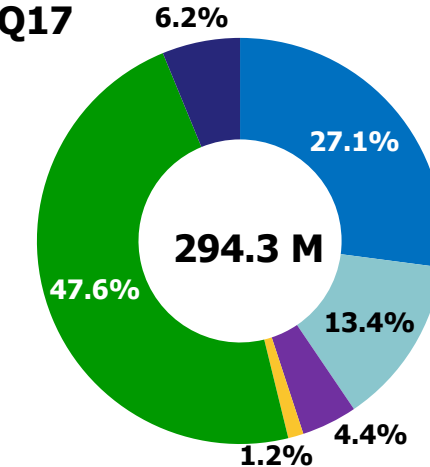
By Payor (RJH Only)

2Q16

- Self-Pay
- Insurance
- Contracts
- Revenue from RRH
- Social Security
- Others Capitation Scheme



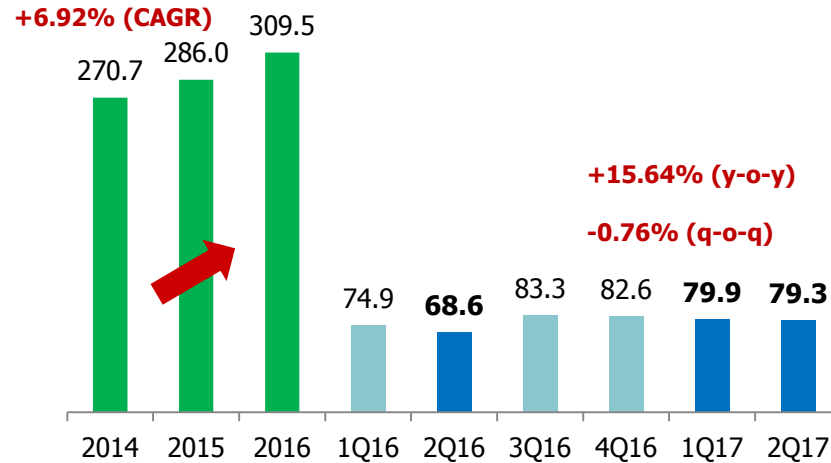
2Q17



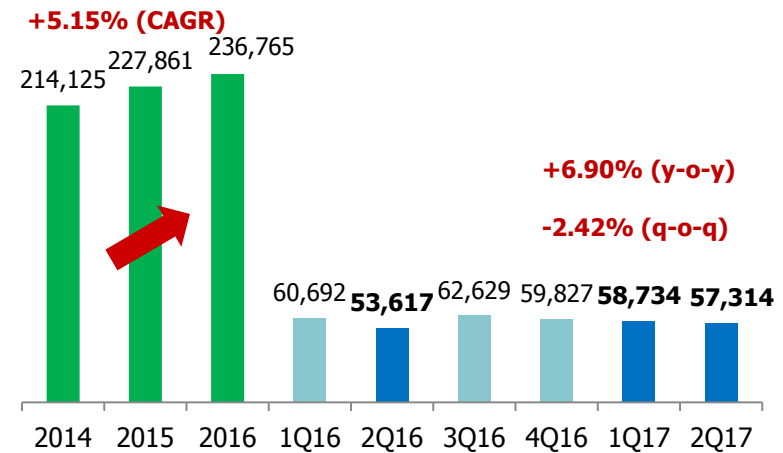
Non-Capitation Patients – OPD



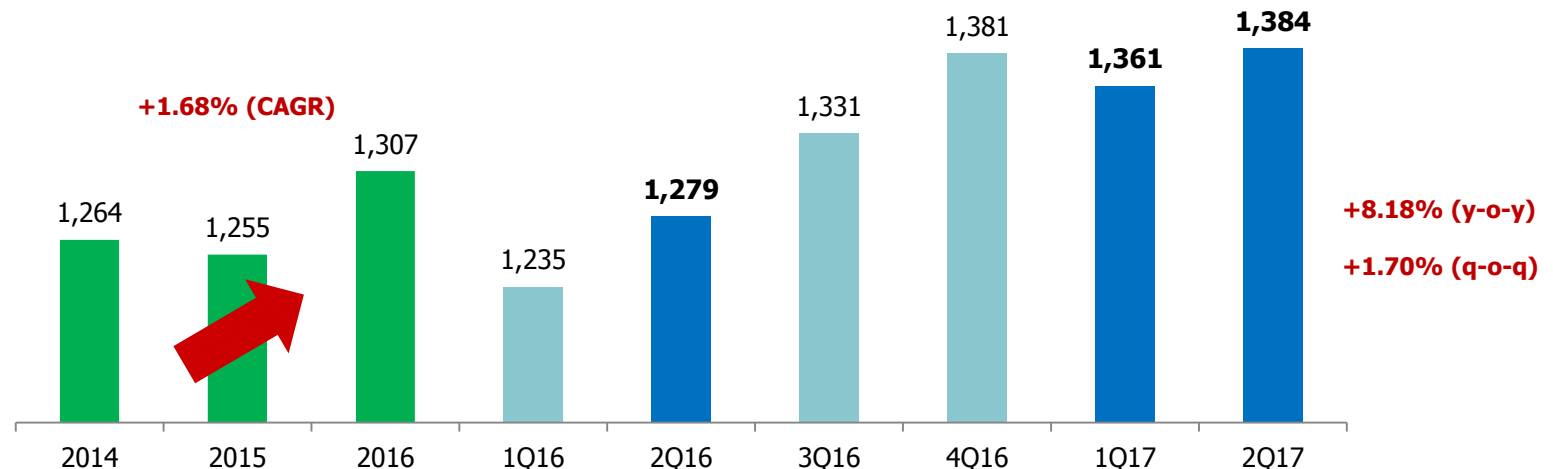
Revenue from OPD Patients (THB Million)



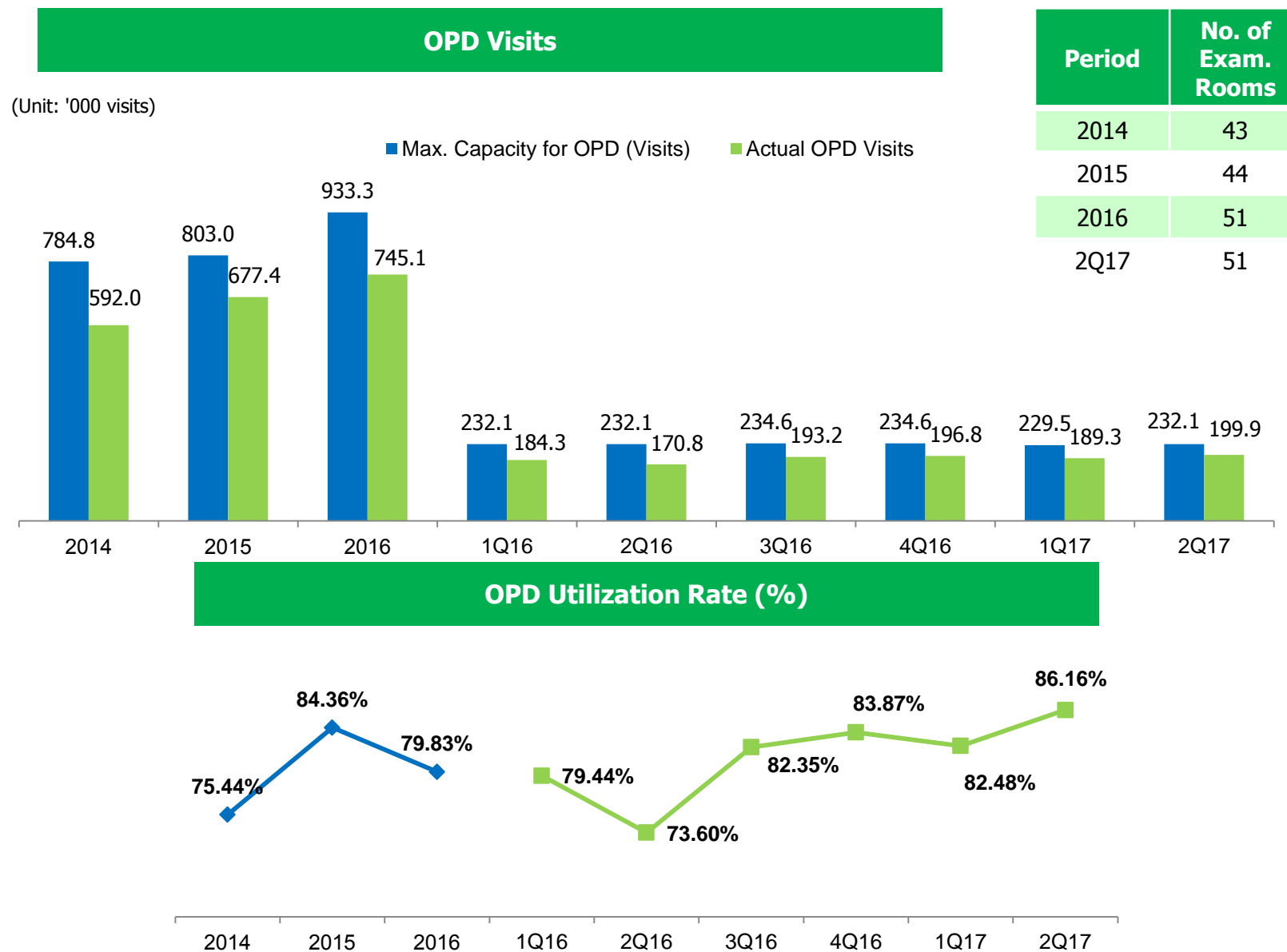
Number of OPD Visits (Visits)



Revenue per OPD Visit (THB/Visit)



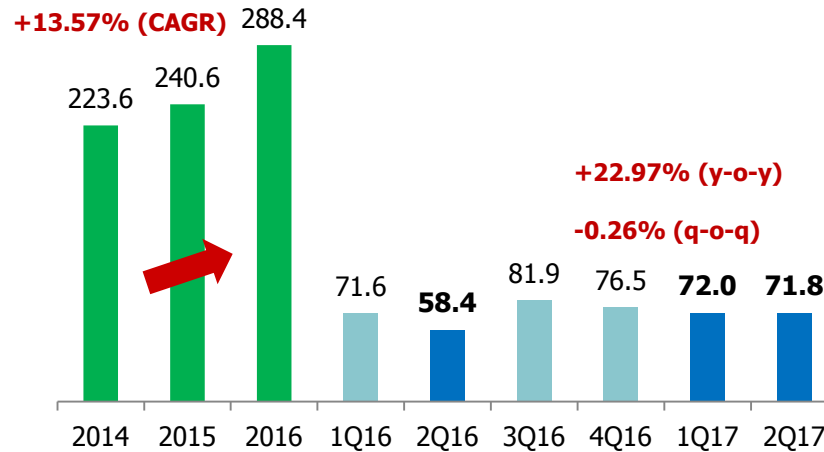
OPD Utilization Rate – All Sectors / Consolidated



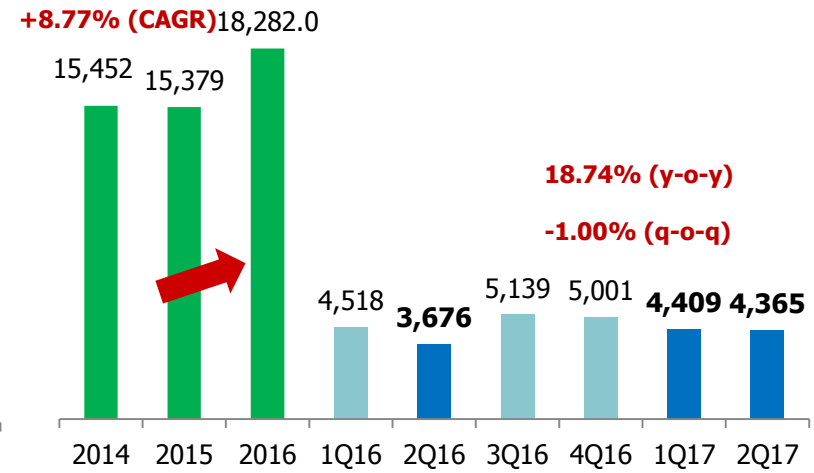
Non-Capitation Patients – IPD



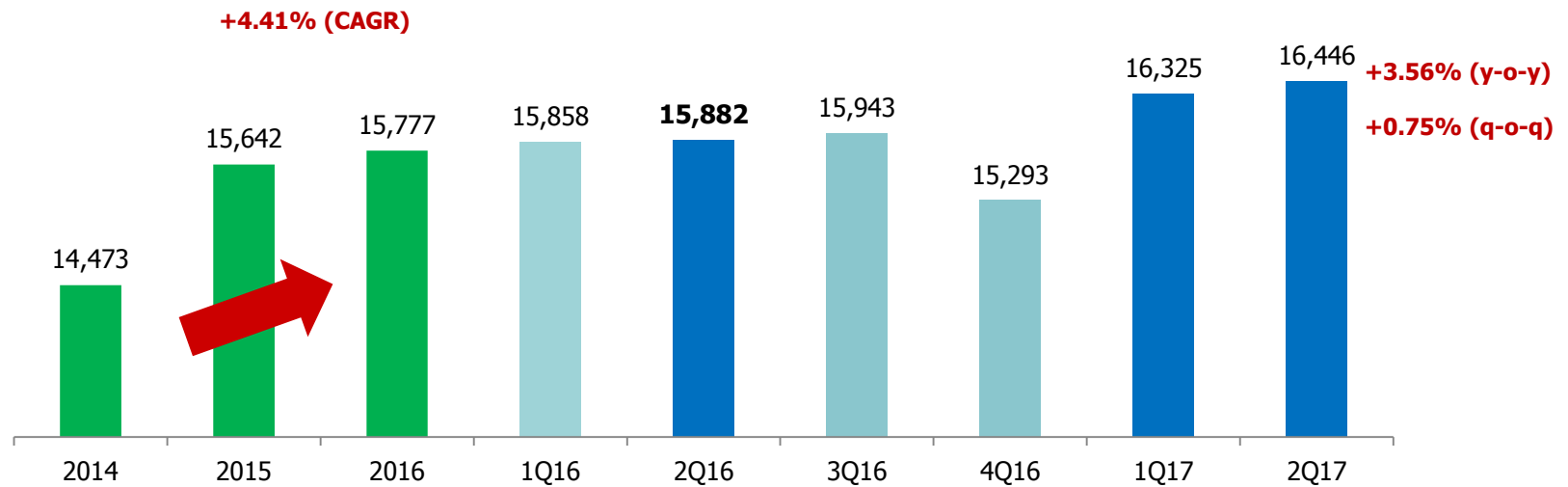
Revenue from IPD Patients (THB Million)



Number of IPD Admissions (Heads)

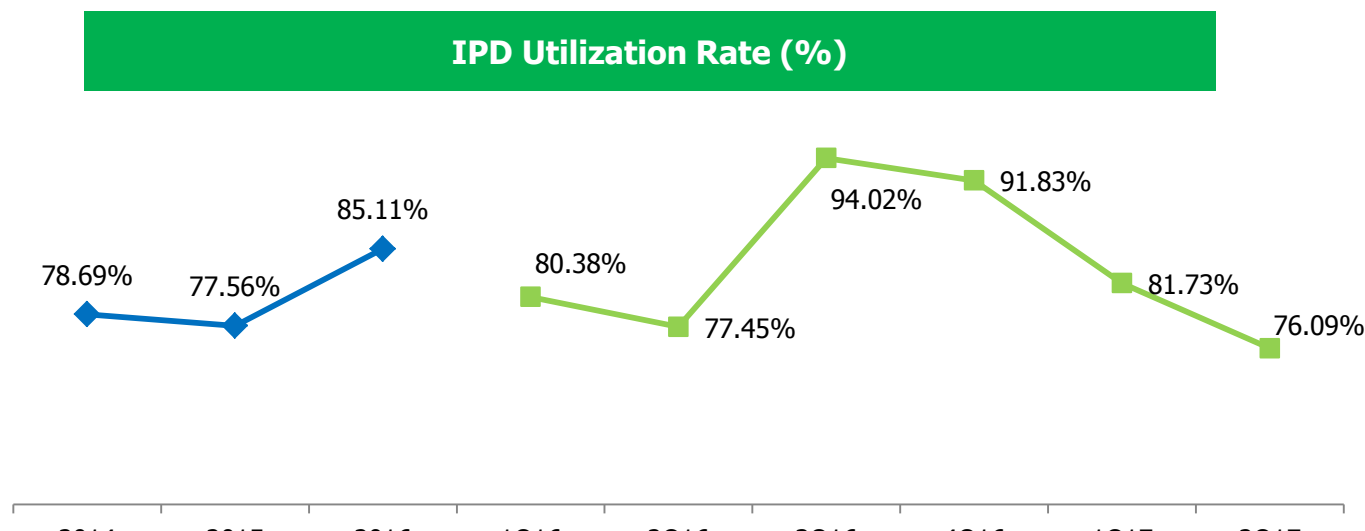
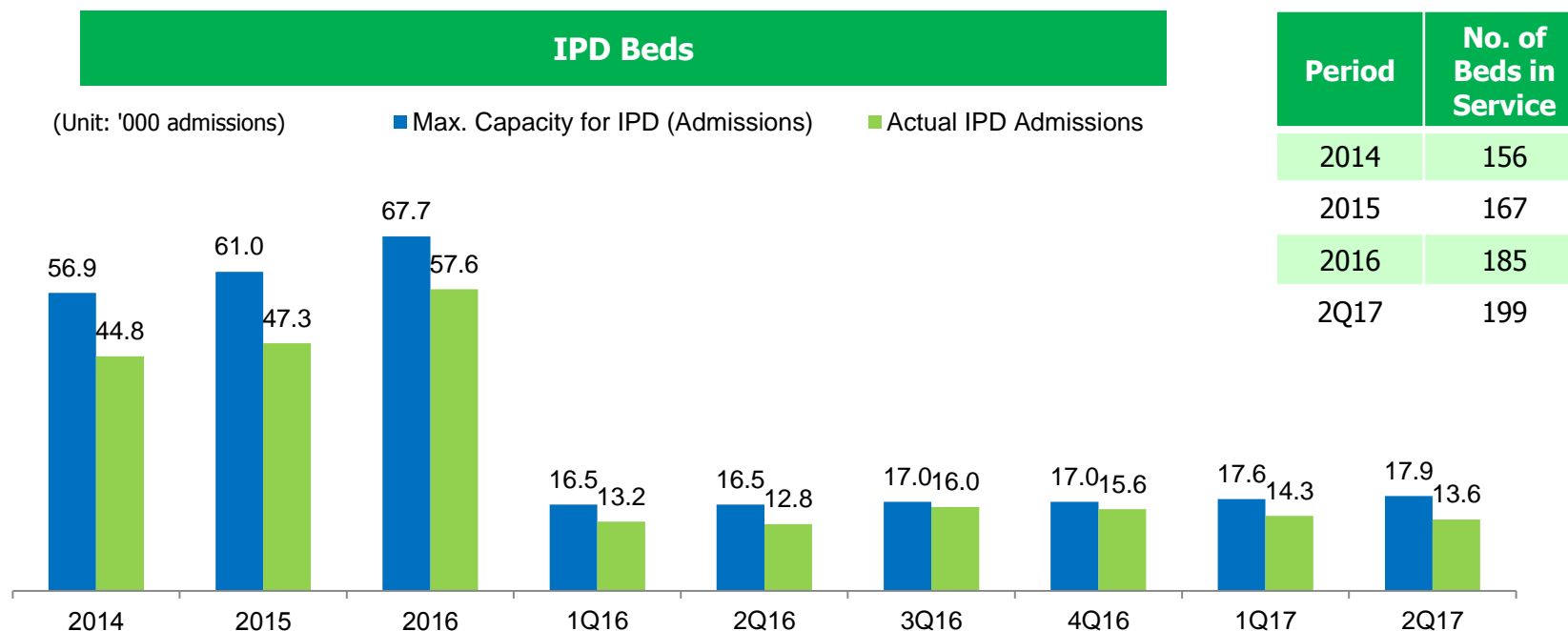


Revenue per Admission (THB/Head)





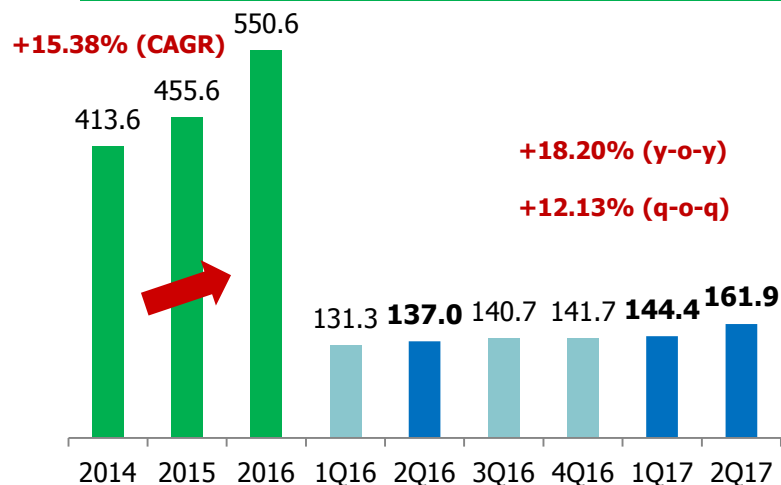
IPD Utilization Rate – All Sectors / Consolidated



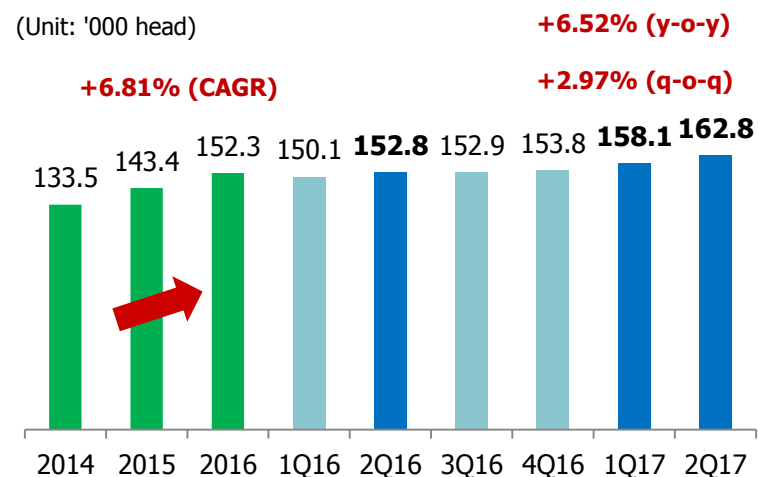
Capitation Patients – Social Security Scheme



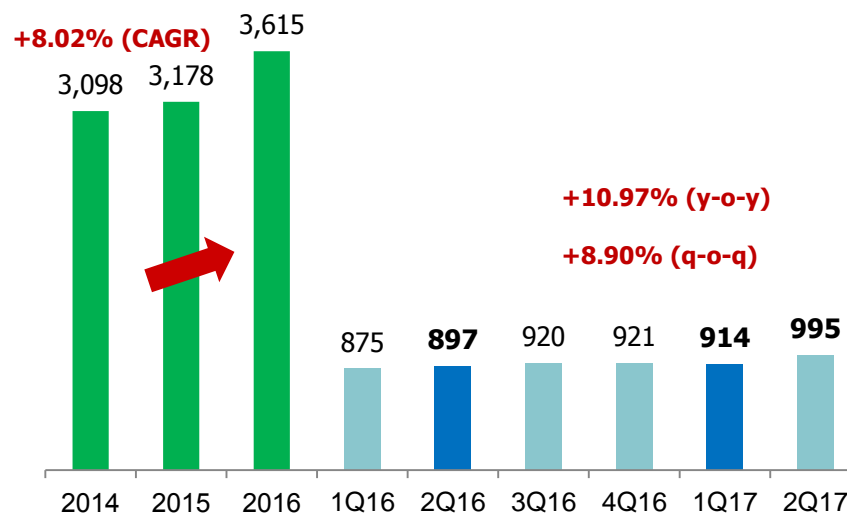
Revenue from SS Patients (THB Million)



Average Registered SS Patients



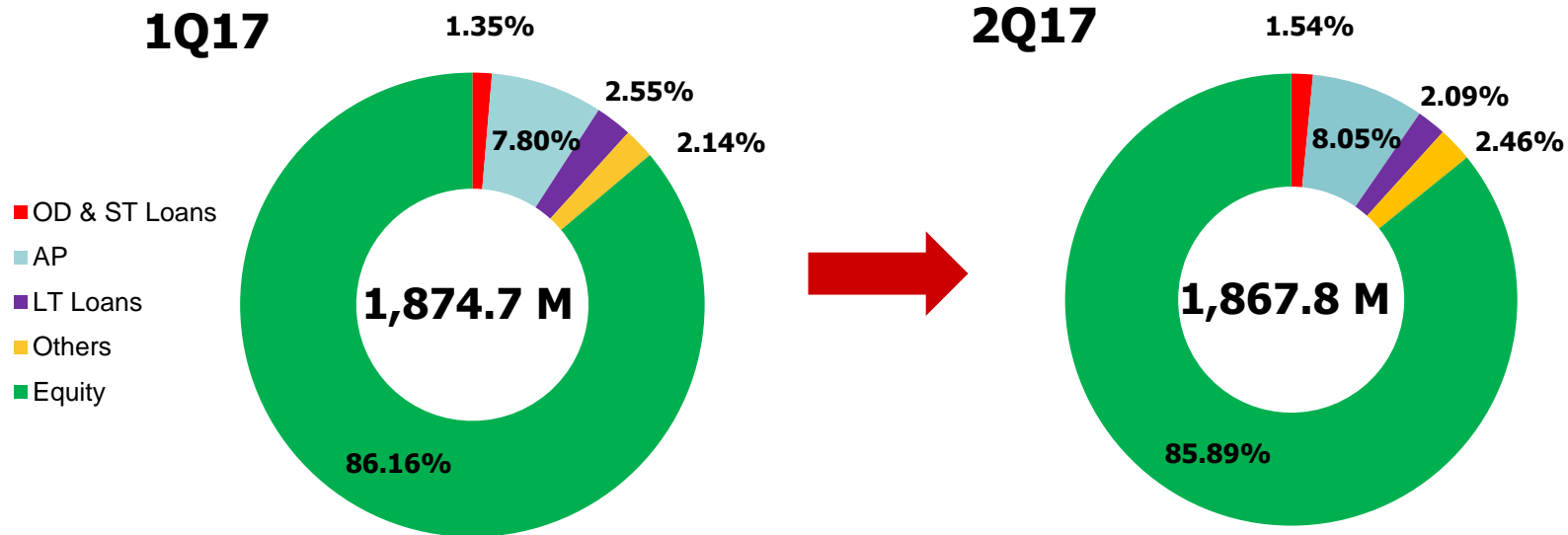
Revenue per Average Registered SS Patients (THB/Head)



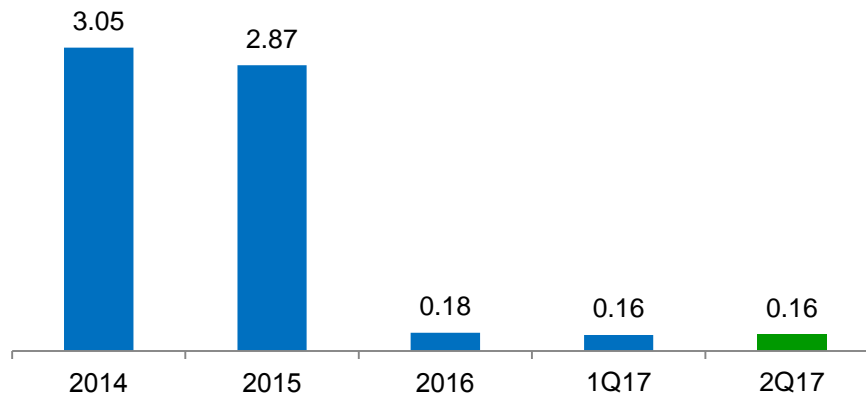
Capital Structure & Debt-to-Equity Ratio



Capital Structure



Debt-to-Equity Ratio (Times)



Remarks:

- The post-IPO shareholders' equity increased since 3Q16.
- Prepayment of loans with financial institutions in 2H16

04

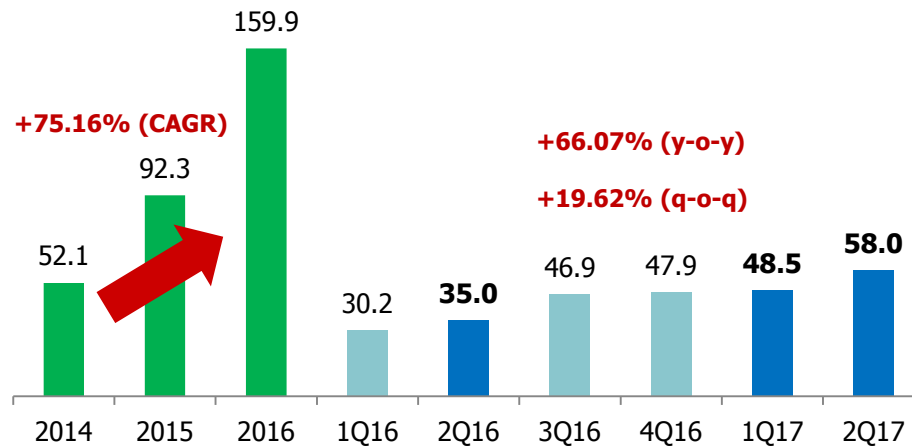
Financial Performance 2Q17 - RRH



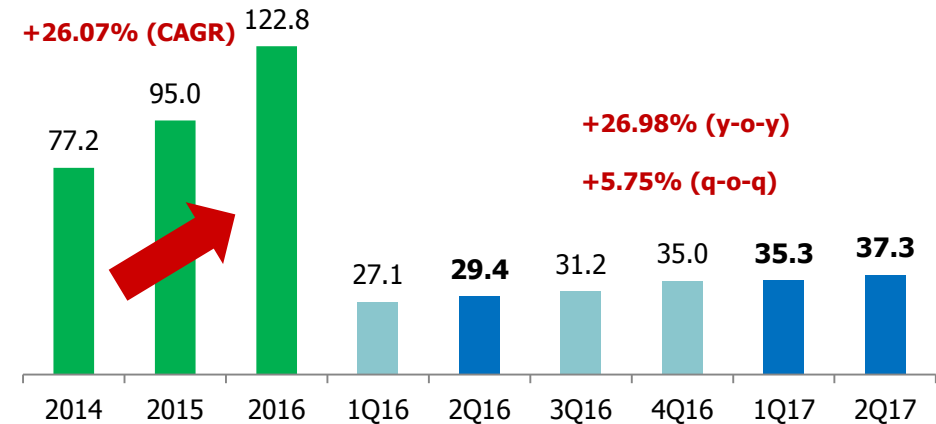
RRH's 2Q17 Performance Summary



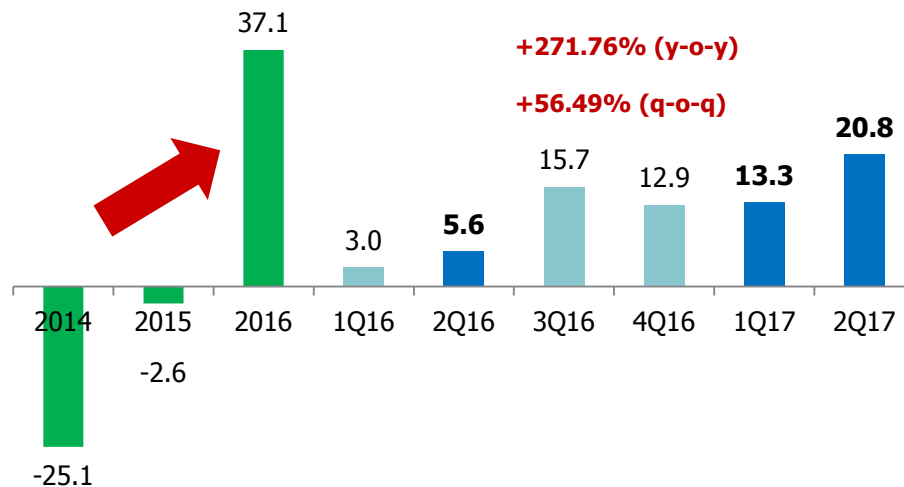
Revenue from Hospital Operations (THB Million)



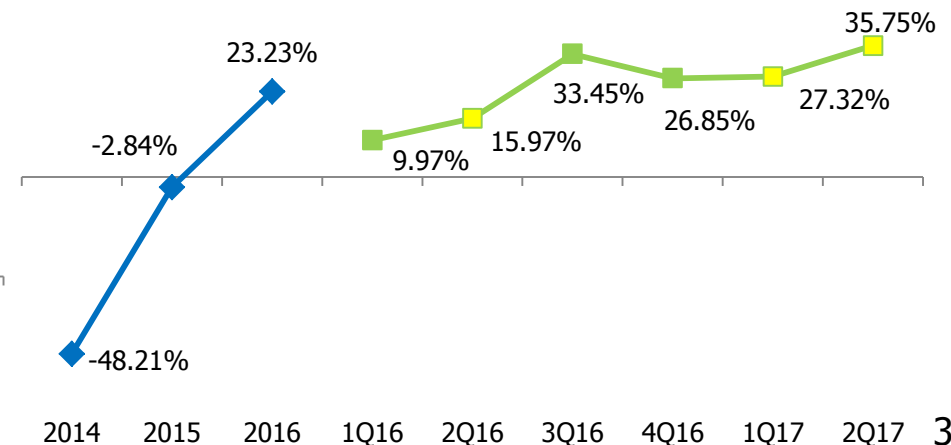
Cost of Hospital Operations (THB Million)



Gross Profit (THB Million)



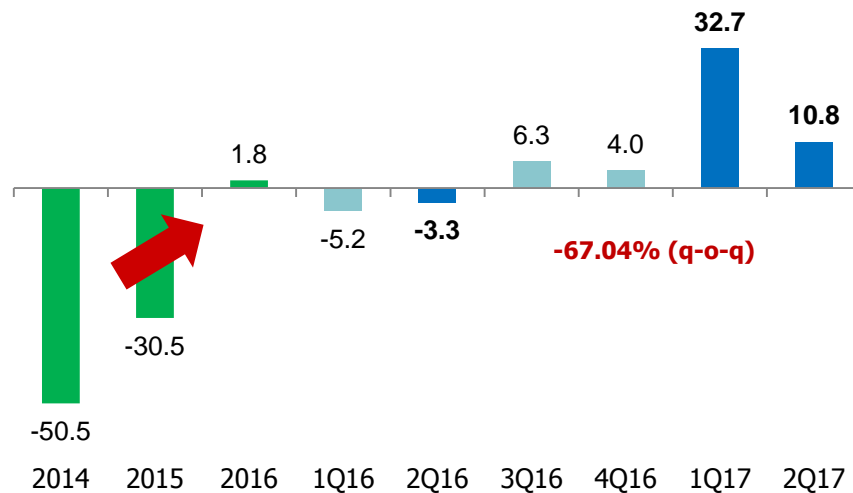
Gross Profit Margin (%)



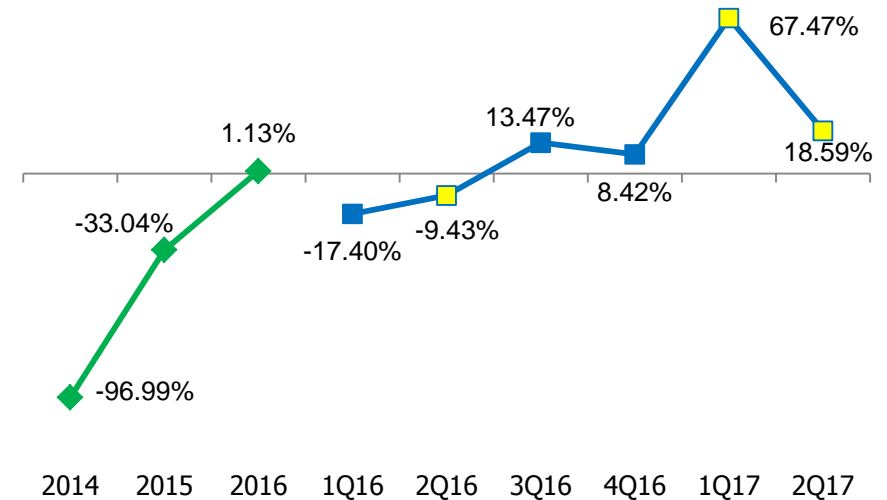
RRH's 2Q17 Performance Summary



Net Profit (THB Million)



Net Profit Margin (%)



Revenue

- SS revenue from chronic diseases recognized by RRH was adjusted upward for THB 7.67 million.

Net profit

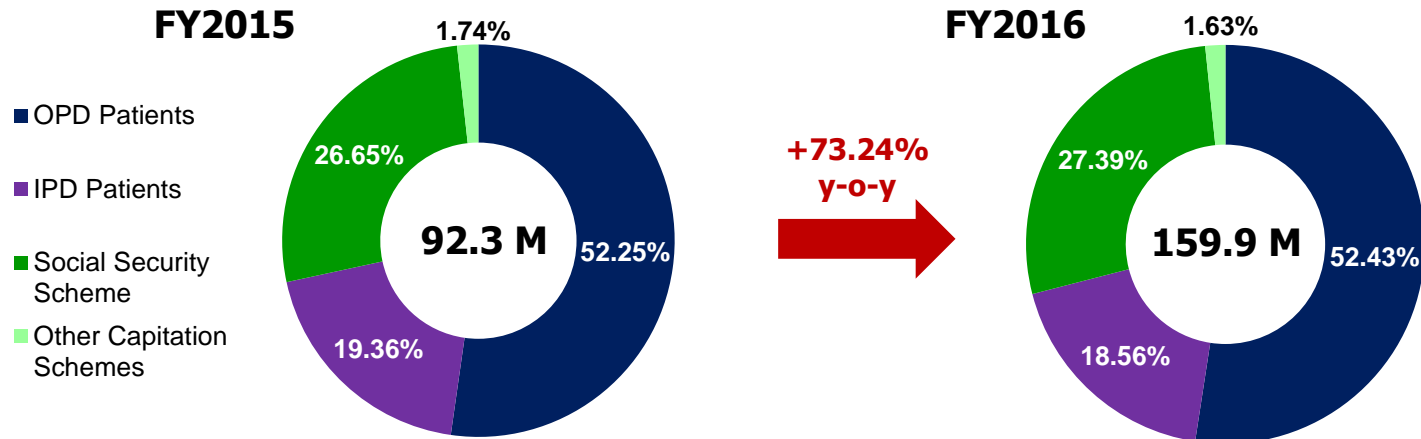
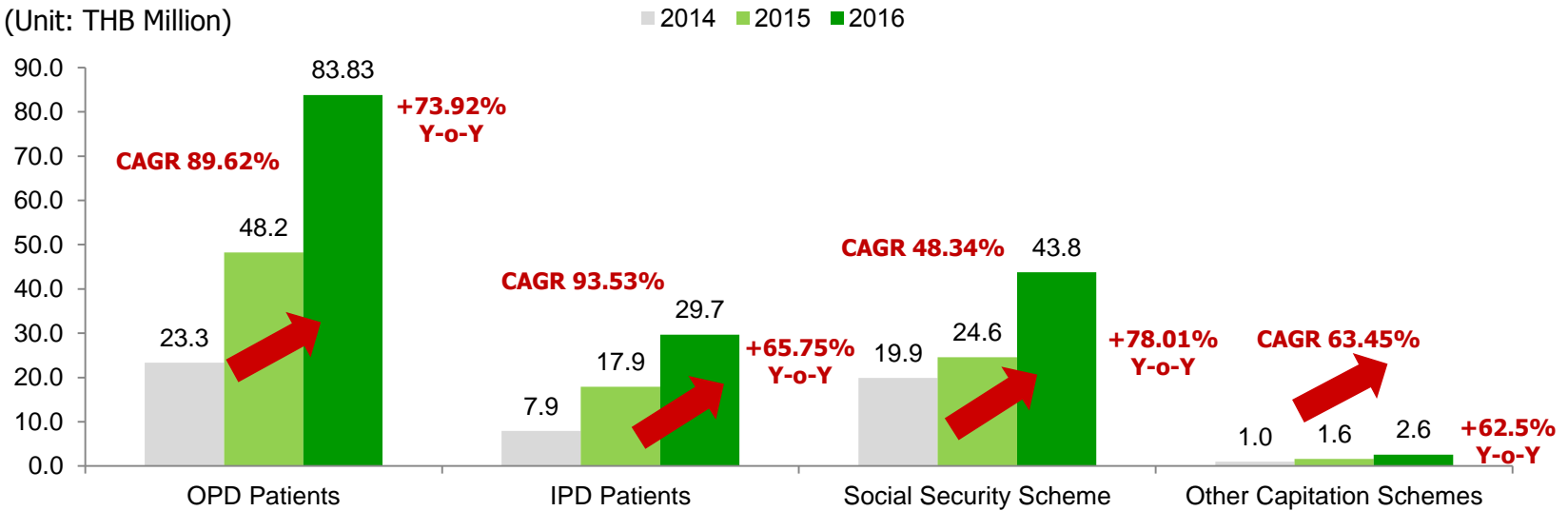
- RRH's normalized profit on 1Q17 and 2Q17 was THB 4.1 million (the utilization of tax losses carried forward of THB 27.8 million in 1Q17) and 10.8 million, respectively.

Strong Top-line Growth



Revenue from hospital operations in 2016 grew y-o-y in all sectors.

(Unit: THB Million)

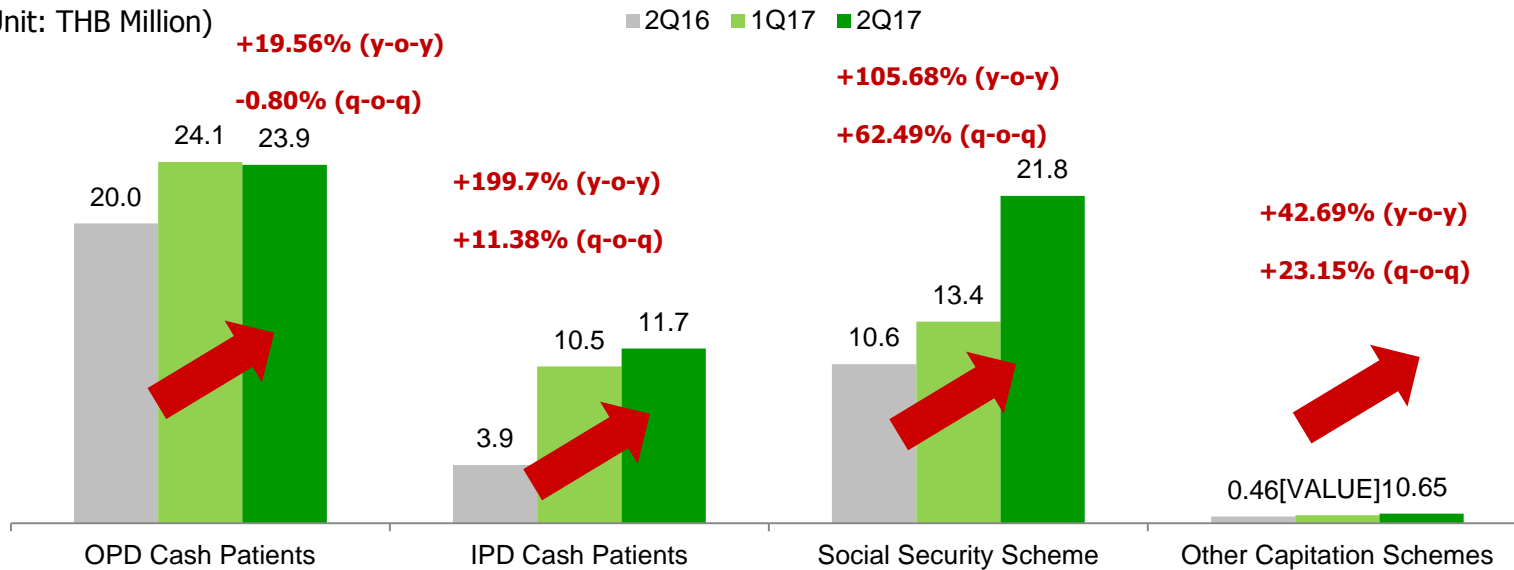


Strong Top-line Growth Continues



Revenue from hospital operations in 2Q17 grew y-o-y in all sectors.

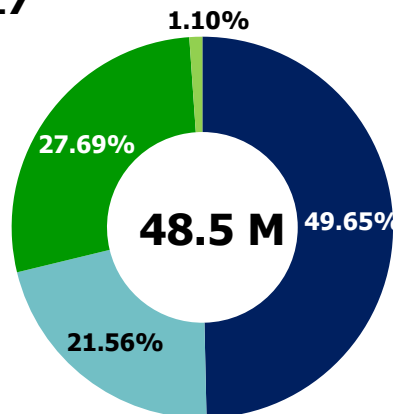
(Unit: THB Million)



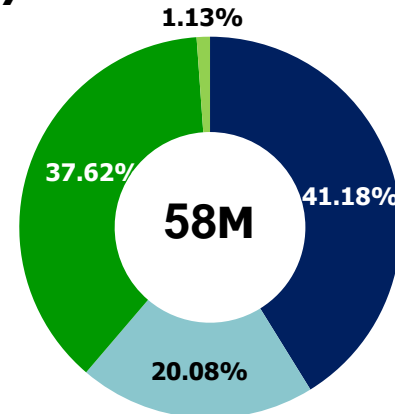
1Q17

2Q17

- OPD Cash Patients
- IPD Cash Patients
- Social Security Scheme
- Other Capitation Schemes



+66.07% (y-o-y)
+19.62% (q-o-q)



05

Strategies for 2017 & Future Projects



Strategies for 2017



Segments	Strategies
Total Revenue	<ul style="list-style-type: none"> Targeted total revenue growth of 10-15%
OPD	<ul style="list-style-type: none"> Focus on process improvement and growth in number of self-pay, insurance and contract patients from the Health Check-up and Occupational Medicine Center as well as Gastrointestinal & Liver clinic Expansion of medical services, such as dental implantation, and upgrade of medical equipment for shoulder arthroscopic surgery / laser slit lamp for ophthalmology procedures / 4D ultrasound for antenatal care (maternal-fetal medicine), etc. Increase the hemodialysis units at RRH Increase the OPD utilization rate
IPD	<ul style="list-style-type: none"> Addition of up to 18 hospital beds at RJH by 3Q17 and, at RRH, up to 8 hospital beds by 2Q17. Focus on growth in number of self-pay, insurance and contract patients as well as cardiac catheterization patients Focus on growth in number of obstetrical delivery cases
Social Security	<ul style="list-style-type: none"> Increase the number of insured persons at RJH and RRH
Heart Center	<ul style="list-style-type: none"> Increase the number of all categories of patients (UHC / SS / Cash) Targeted 50 cases/month

Future Projects



Projects	Capital Expenditure	Expected Completion	Project Details
Capacity Expansion (RJH)	Approx. THB 15 M	3Q 2017	<ul style="list-style-type: none"> Renovation of an IPD ward and purchase of medical equipment Adding up to 18 hospital beds
MRI Center (RJH)	Approx. THB 20 M	Early 2018	<ul style="list-style-type: none"> To be the 1st MRI center in Ayutthaya Partnering with an MRI company with extensive experience in MRI market in the upcountry RJH to construct a new 1-storey building. The partner to procure all the MRI equipment and medical personnel. Revenue sharing scheme Expecting minimum of 160 cases per month
Hemodialysis Center (RJH)	Approx. THB 40 M	Early 2019	<ul style="list-style-type: none"> Expansion from 27 to 46 units Revenue sharing scheme
A New 9-storey Patient Building (RJH)	Approx. THB 600 M	Early 2020	<ul style="list-style-type: none"> Addition of 120 patient beds to serve only cash patients More capacity and facilities for the crowded centers and clinics Freeing up space for other clinics in the existing buildings to expand Expanded medical centers/clinics (e.g., Heart Center, Pediatric Center; Dental Center, Check-up Center and ICU) New medical centers (e.g., Gastrointestinal & Liver Center, Infertility Center and Skin & Beauty Center) Expecting to absorb demand of healthcare services for 5-10 years
Total Capital Expenditure	Approx. THB 675 M		

Future Projects



Projects	Beds	Expected Completion	Project Details
New 9-storey Patient Building	120	Early 2020	<ul style="list-style-type: none"> • Focus only on cash patients from both OPD and IPD segments • 4 floors designated for OPD examination rooms together with a number of expanded and new clinics and centers • 5 floors designated for IPD wards • Conveniently located at the main campus of RJH and connected to the existing patient building

Thank You

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