



Rajthanee Hospital Public Company Limited

2Q 2018 Result



Analyst Meeting: 27 Aug. 2018

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Summary and Updates

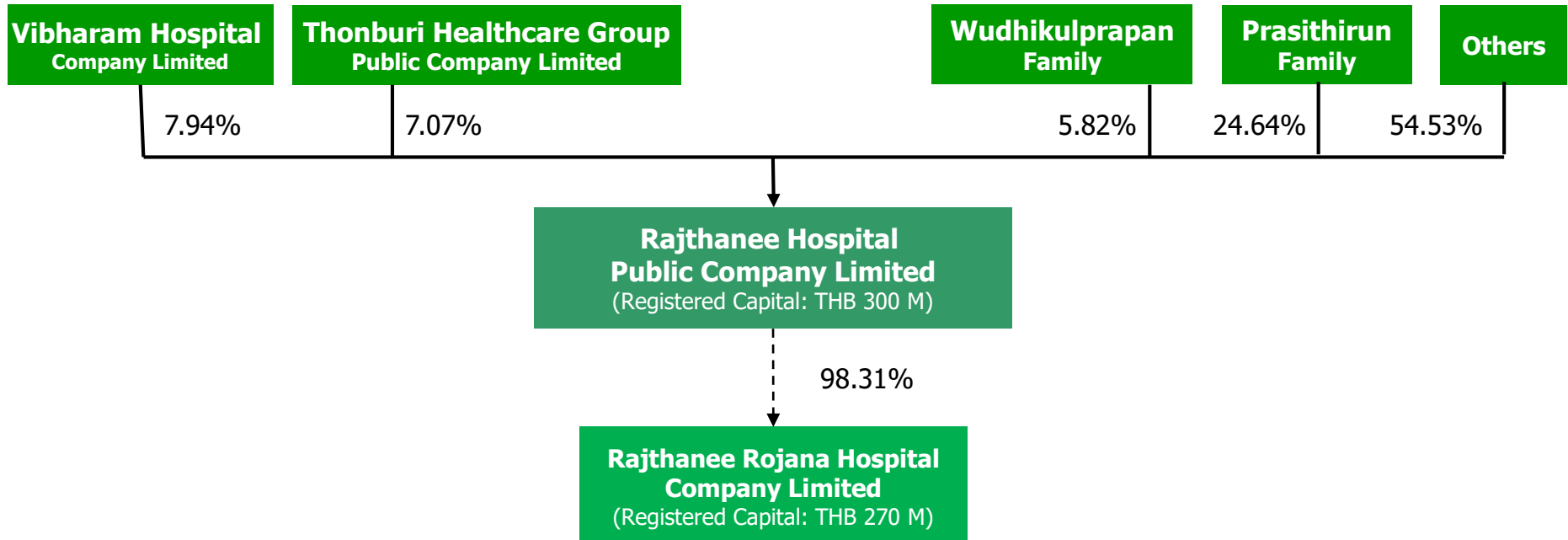


Company Profile



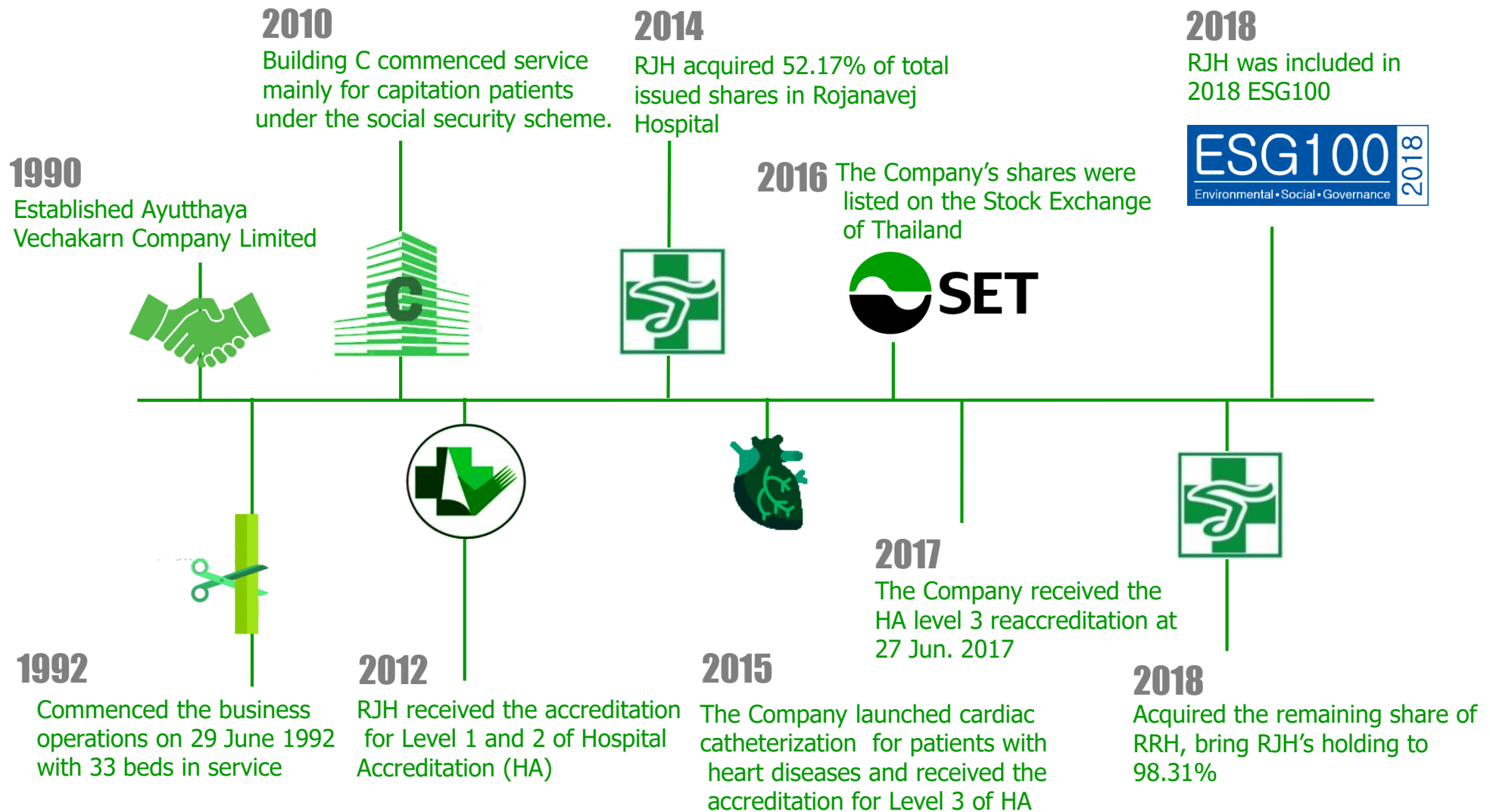
Our History	Rajthanee Hospital Public Company Limited ("RJH") was established in 1990 and commenced its operations in 1992 under the management of experienced physicians. Most of which graduated from Siriraj Medical School and are currently major shareholders of RJH.
Business Overview	2 private general 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	<p>2 primary, mid-to-low target customers:</p> <ul style="list-style-type: none"> • Non-Social Security revenue 55.1% and 56.2% of the total revenue in 2017 and 1H'18, respectively • Social Security revenue 44.9% and 43.8% of the total revenue in 2017 and 1H'18, respectively
Capacity	353 registered hospital beds, 227 beds in service and 51 examination rooms
Excellent Medical Centers	<ul style="list-style-type: none"> • Emergency and Neurosurgery Center • Heart Center • Orthopedics Center • Minimal Invasive Surgery (MIS)
Financial Performances	<p>Total revenue from hospital operations</p> <ul style="list-style-type: none"> • 2015–2017: THB 1,024.3 M and THB 1,209.5 M, 1,403.1 respectively +14% CAGR • 1H'17 = THB 645.8 M, 1H'18 = 766.4 +18.7% yoy.
Future Projects	<p>Estimated capital expenditure: THB 700–760 M</p> <ul style="list-style-type: none"> • Capacity expansion - add up to 23 hospital beds in RJH and 16 beds in RRH • New Hemodialysis Center • Renovation and expansion of OPD examination - RRH • Medical equipment • New 9-storey patient building – RJH

Shareholding Structure



Remarks : Shareholding as of 8 May 2018

Background & Major Events



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Business Overview



Business Characteristics



Rajthanee Hospital (RJH)



Rajthanee Hospital Public Company Limited

Registered hospital beds	253 beds
Beds in service	195 beds
Examination rooms (average)	45 rooms
Number of the insured persons	155,380
Quota of the insured persons	161,000
Full-time / Part-time physicians	44 / 161
Nurses	195

As of Jun. 30, 2018

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	19,113
Quota of the insured persons	35,000
Full-time / Part-time physicians	8 / 58
Nurses	27

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
- Ventricular septal defect
- Electrophysiology



Orthopedics Center

- Orthopedics surgery for traumatic patients
- Total hip replacement surgery
- Total Knee replacement surgery
- Medical treatments for osteoarthritis and osteoporosis



Minimal Invasive Surgery (MIS)

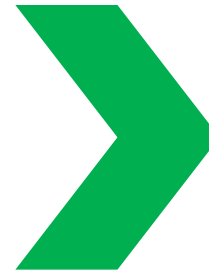
- Arthroscopic surgery for patients with knee, shoulder and spine injury
- Laparoscopic Cholecystectomy
- Laparoscopic Appendectomy
- Laparoscopic Herniorrhaphy
- Laparoscopic hysterectomy

Scope of Our Medical Services



The Complete Scope of Medical Services

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



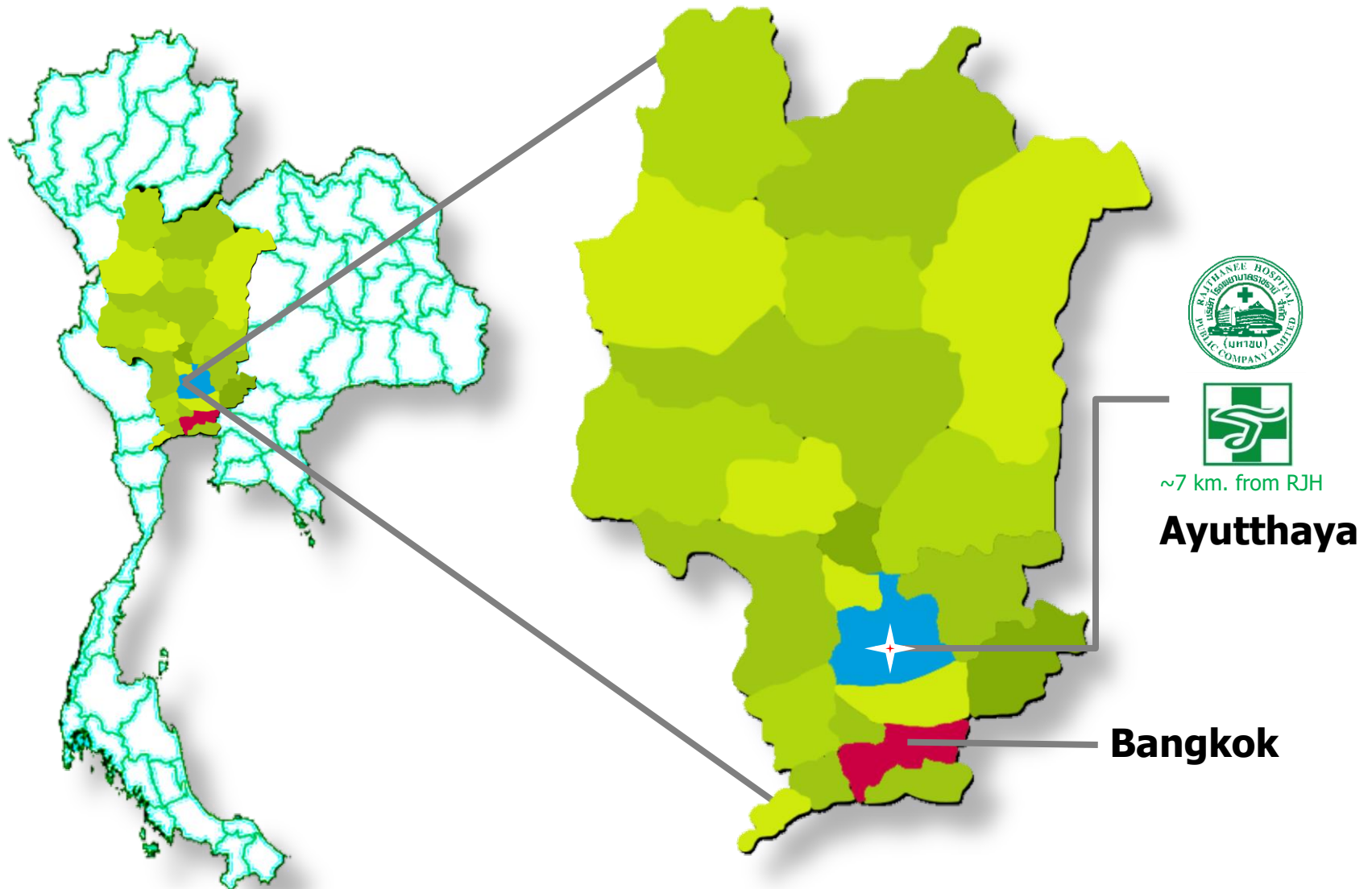
Scope of Our Medical Services



No	Medical Services	RJH	RRH
1	Heart center	✓	
2	Emergency medicine and neurosurgery center	✓	
3	Centers of specialties:		
	- Computerized tomography scan (CT)	✓	
	- Magnetic Resonance Imaging (MRI)	✓	
	- 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	✓	✓ 12

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 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

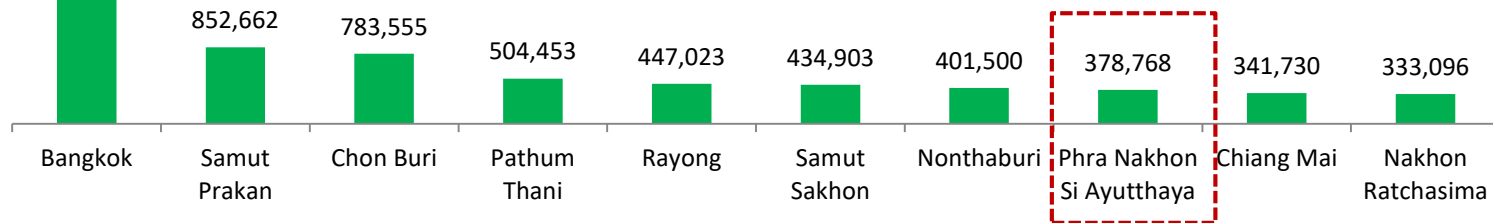
Ayutthaya's Healthcare Industry Outlook



4,325,219

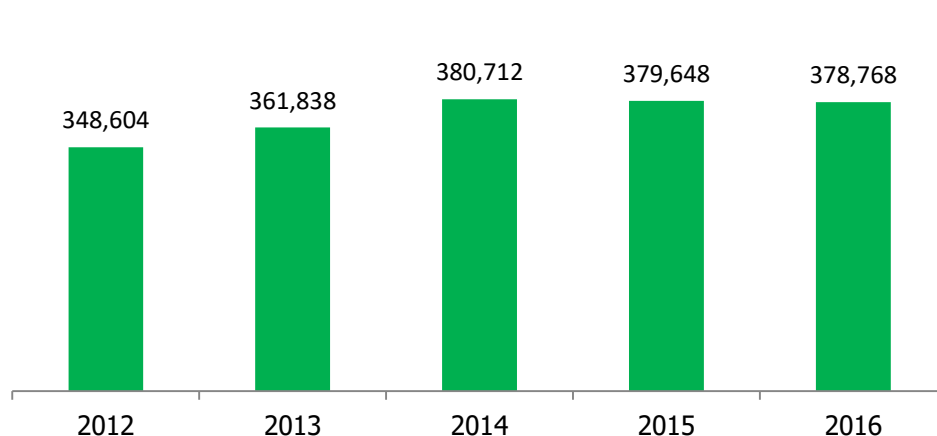
Number of Insured Persons in Thailand (2016)

- Contributing 2.70% of the nationwide number (14.04 million)
- Ranked 8th out of 77 provinces



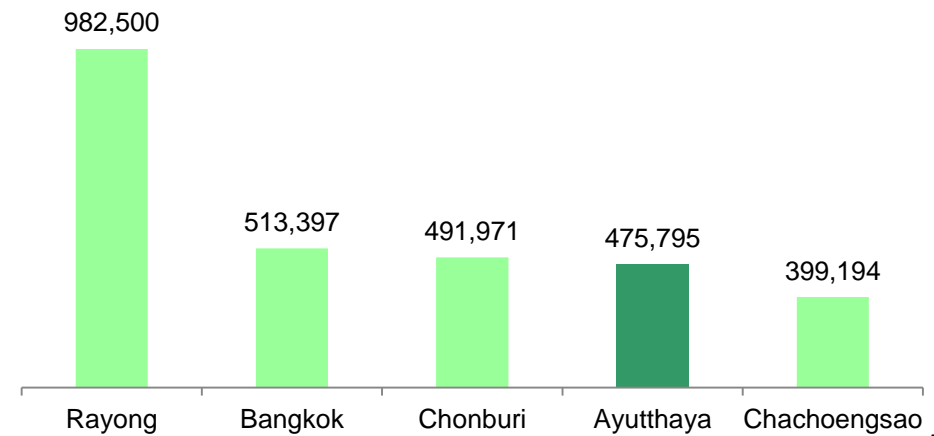
Source: Social Security Office, Ministry of Labor

Number of Insured Persons in Ayutthaya



Source: Social Security Office, Ministry of Labor

Provinces with the highest GDP per capita (2015)

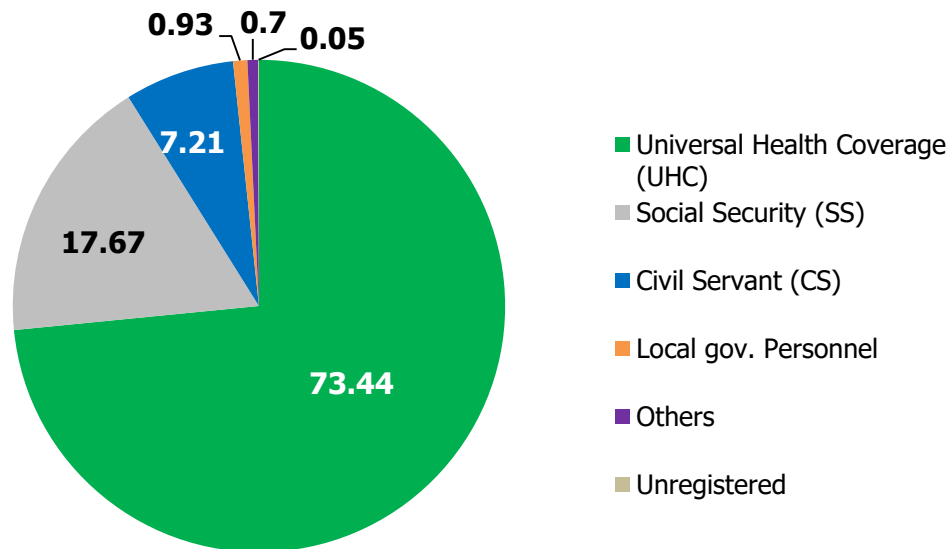


Source: NESDB

Thailand's Capitation Schemes



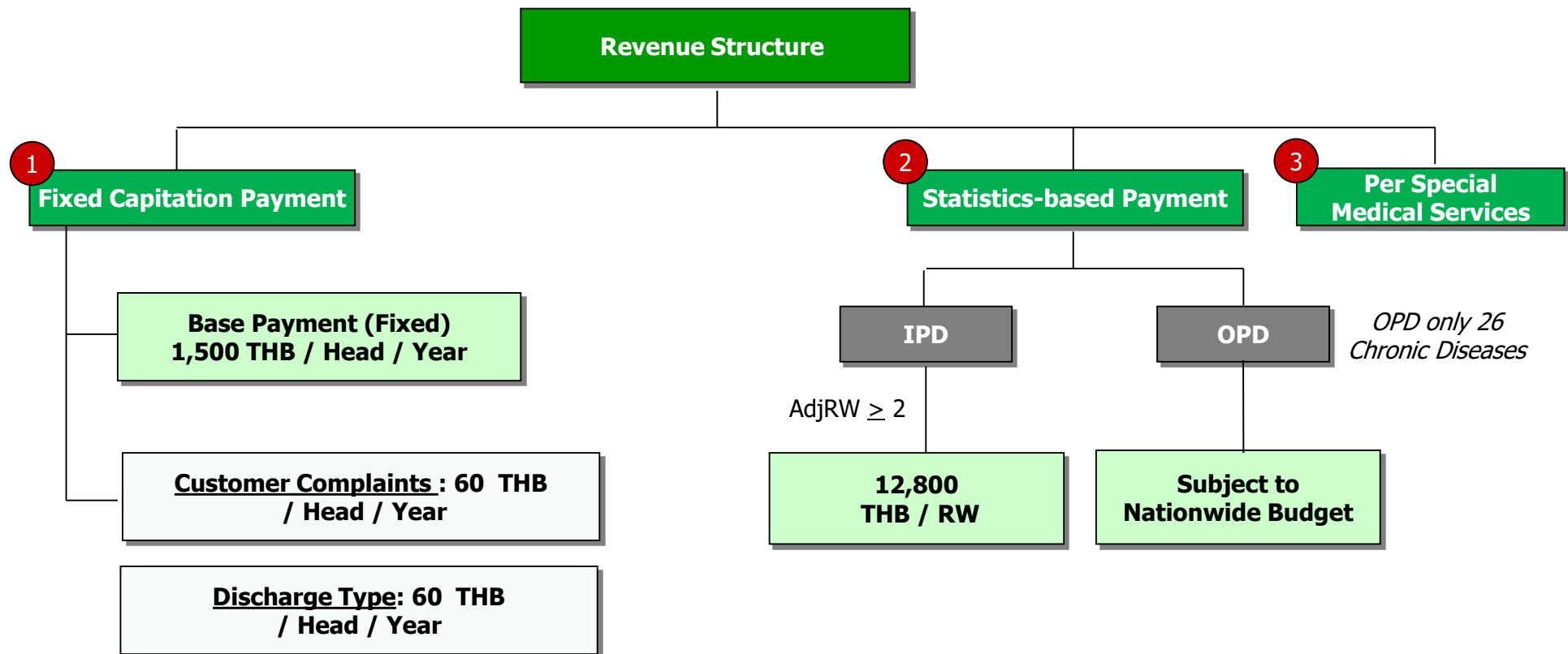
Healthcare Segments in 2016



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	2015	2016	2017(July)	2018
1. Fixed Capitation Payment (THB/Head/Year) • Monthly payment	1,460	1,460	1,500	1,500
Additional Payments				
2. HA Accredited Hospital Payment (THB/head/year) • Monthly payment	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	Customer Complaint : 60 Discharge Type : 60
3. Payments subject to conditions • 26 Chronic diseases (OPD) • 6 months payment	Variable (nationwide budget)	Variable (nationwide budget) Budget: 432 THB per insured person	Variable (nationwide budget) Budget: 447 THB per insured person	Variable (nationwide budget) Budget: 447 THB per insured person
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: 10,000 Tertiary Care: 15,000	< Tertiary Care: 10,000 Tertiary Care: 15,000 Budget: 560 THB per insured person	12,800 THB Budget: 640 THB per insured person	12,800 THB Budget: 640 THB per insured person
5. Other Payments – Equipment & Implants, etc.	As per actual payments made; subject to the Social Security Office's policy			

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3. Financial Performance 2Q 2018 – RJH GROUP

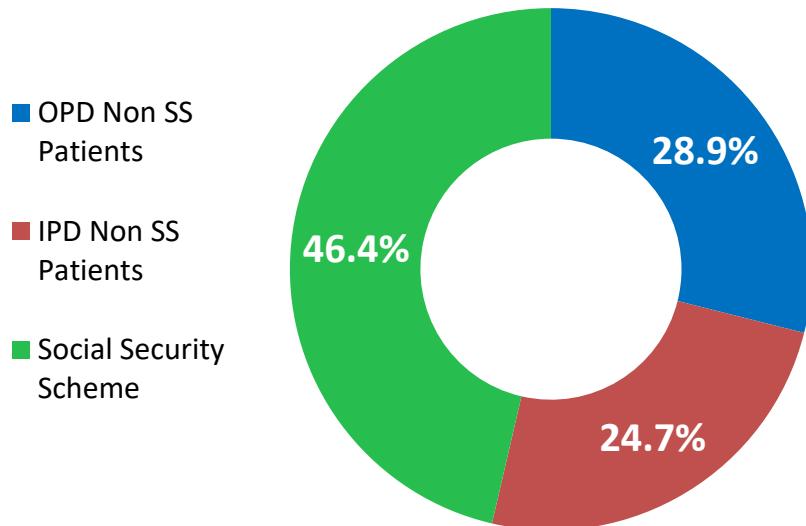


Revenue Breakdown By Patient Type

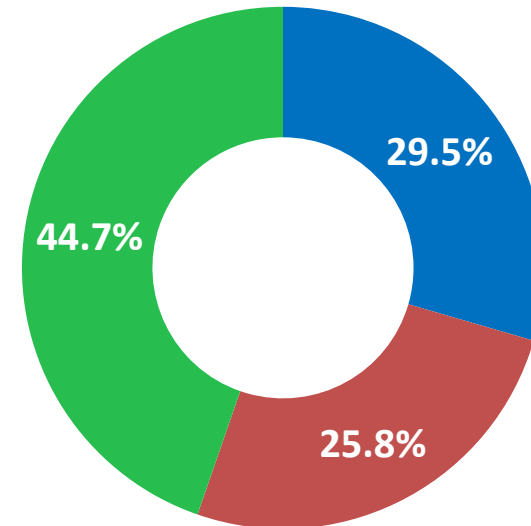


Patient Type (Consolidated)

As of 2Q'17



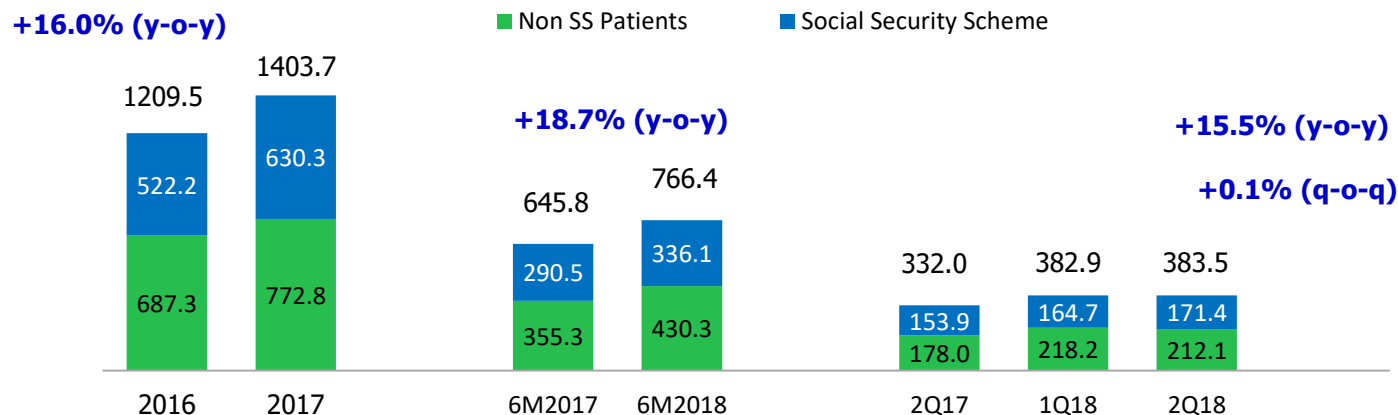
As of 2Q'18



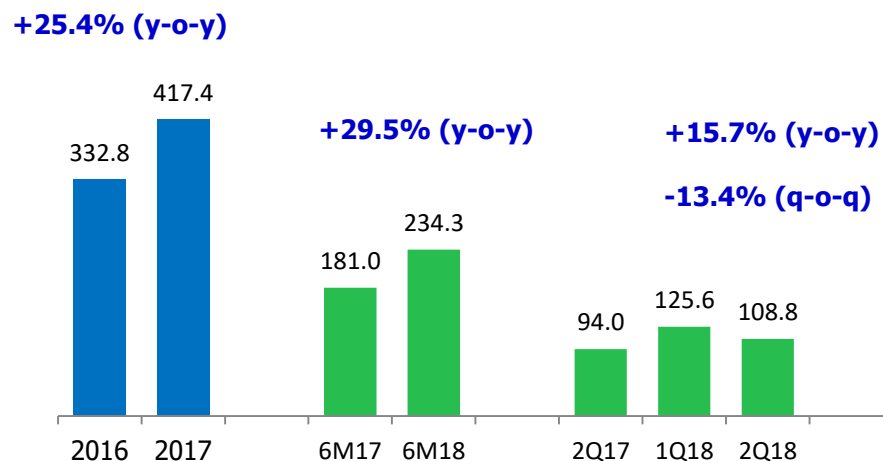
2Q 2018 Group Performance



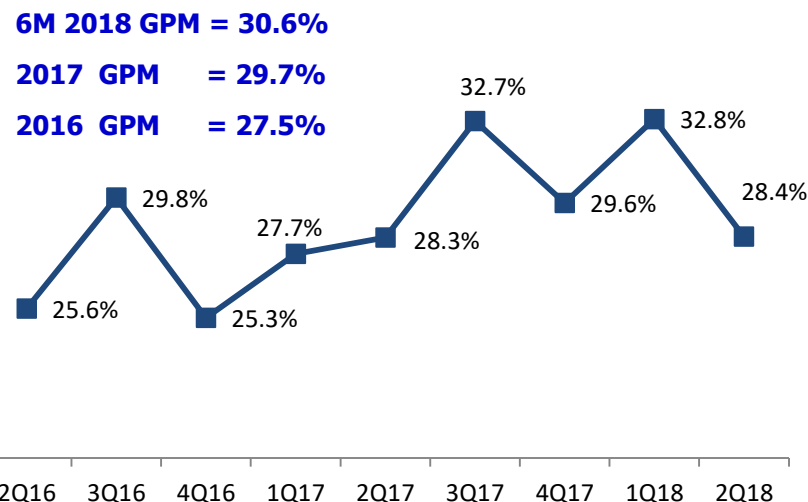
Revenue from Hospital Operations (THB Million)



Gross Profit (THB Million)



Gross Profit Margin (%)

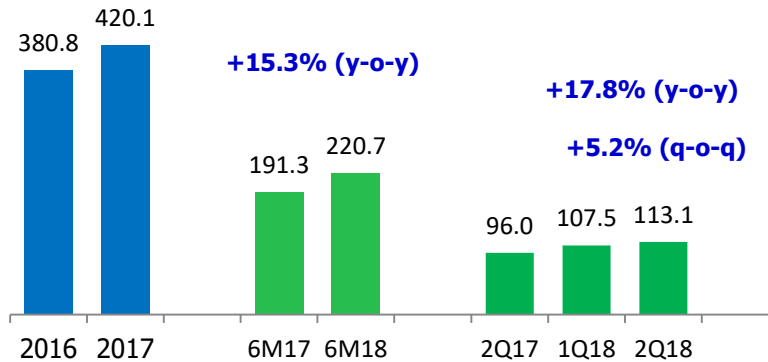


OPD - Non SS Patients



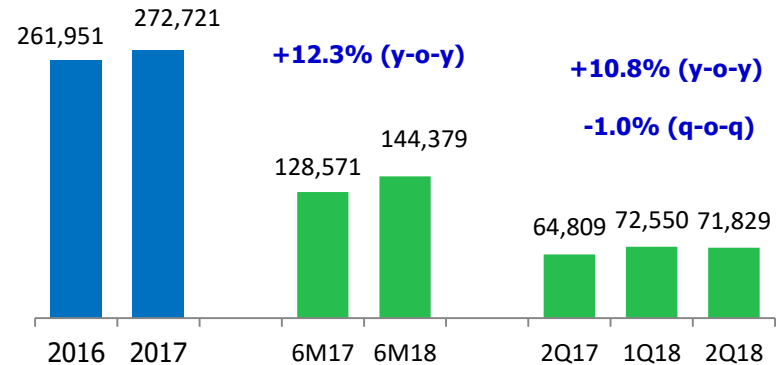
Revenue from OPD Non SS Patients (MB)

+10.3% (y-o-y)



Number of OPD Visits (Visits)

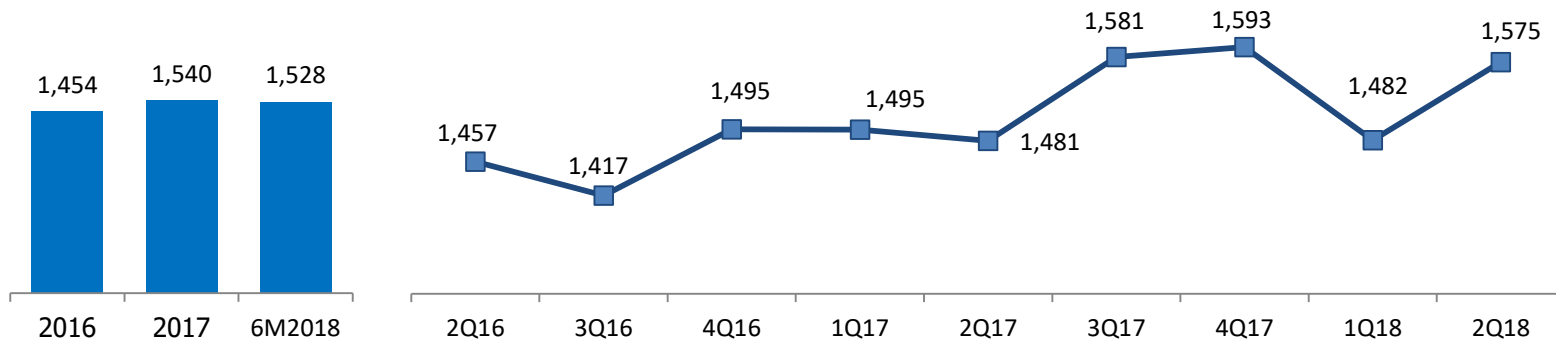
+4.1% (y-o-y)



Revenue per OPD Visit (THB/Visit)

+6.3% (y-o-y)

+6.3% (q-o-q)

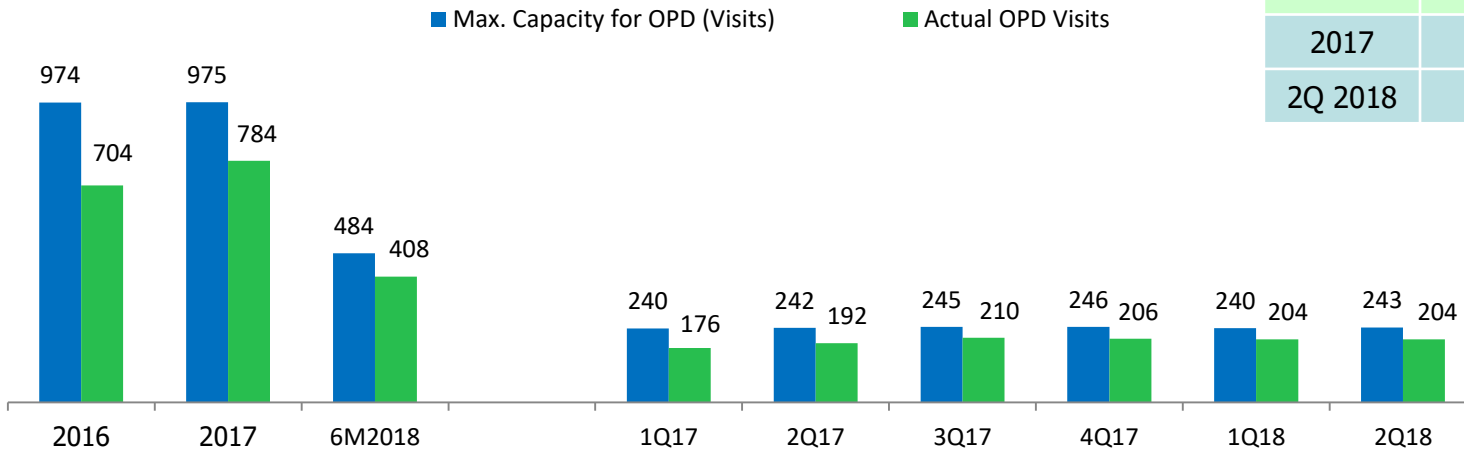


OPD Utilization Rate – All Sectors



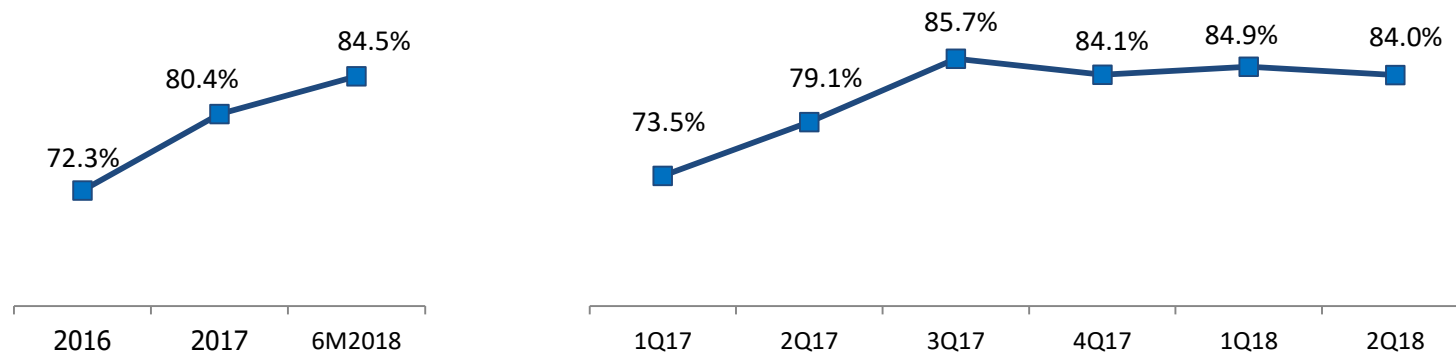
OPD Visits

(Unit: '000 visits)



Period	No. of Exam. Rooms	Hemo dialysis Units
2016	51	43
2017	51	47
2Q 2018	51	47

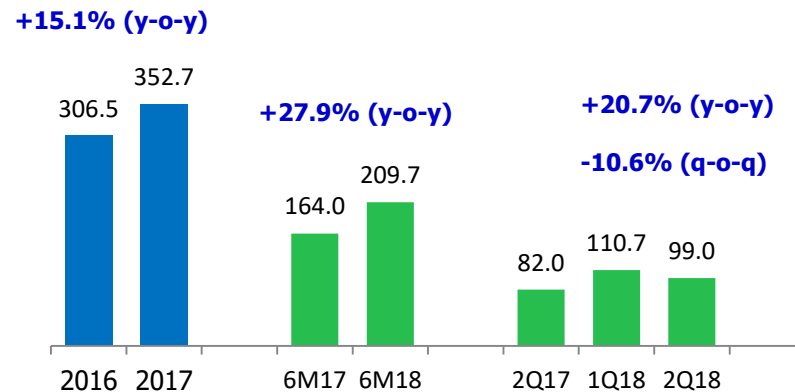
OPD Utilization Rate (%)



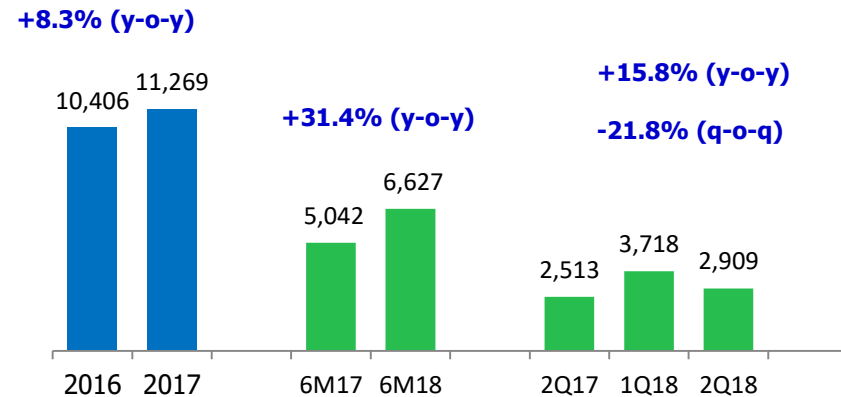
IPD – Non SS Patients



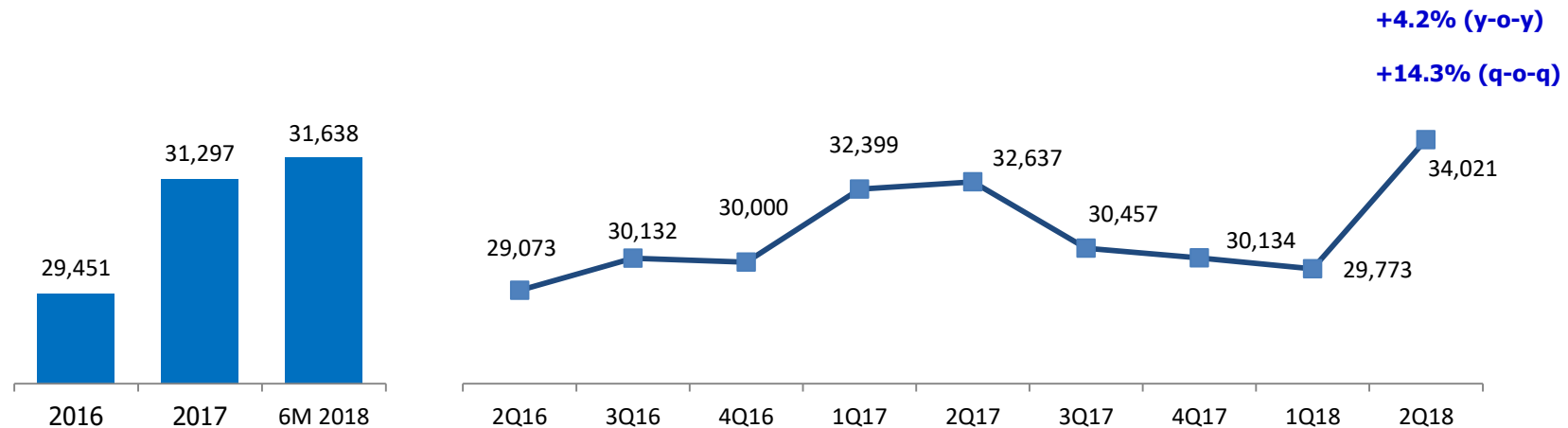
Revenue from IPD Non SS Patients (MB)



Number of IPD Patient (Visits)



Revenue per Head (THB/Visit)

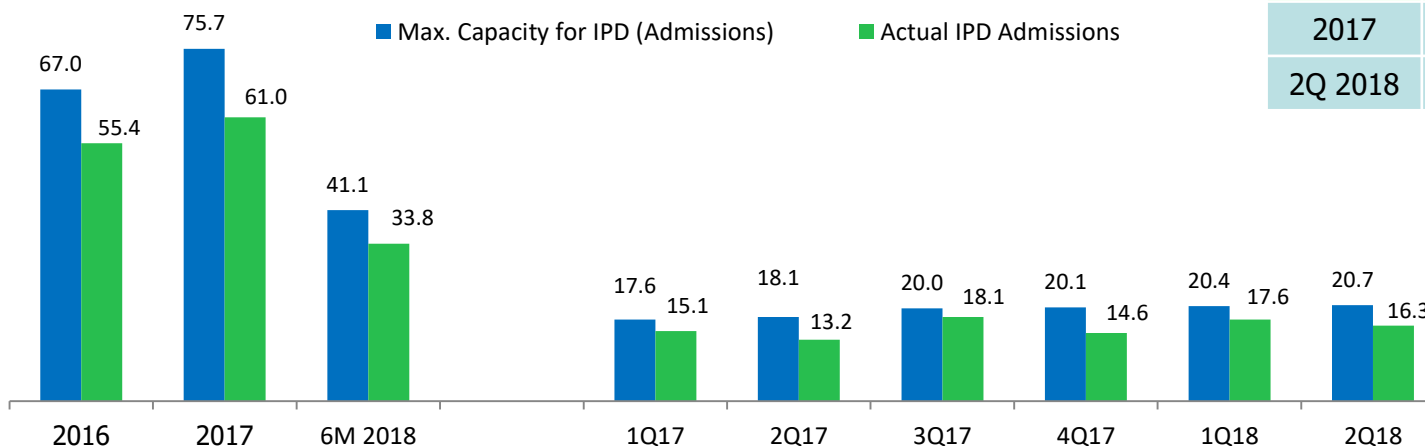


IPD Utilization Rate – All Sectors



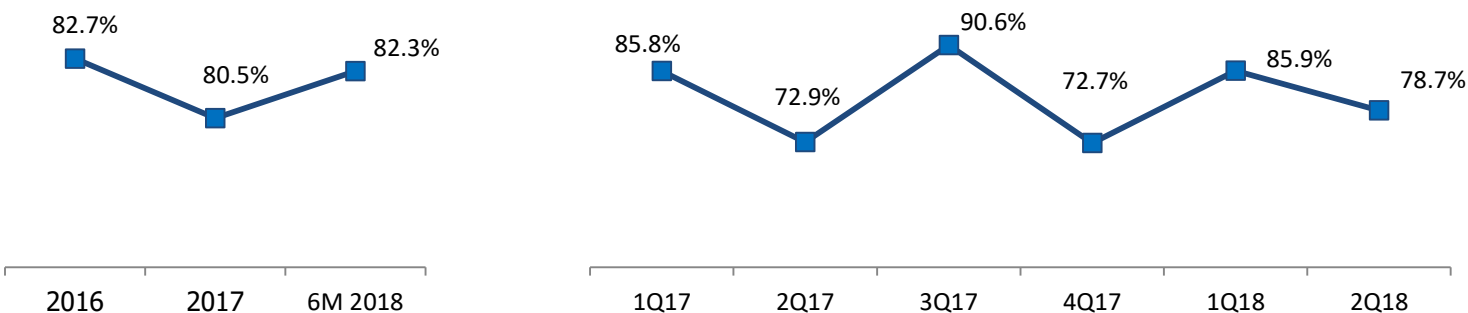
IPD Beds

(Unit: '000 visits)



Period	No. of Beds in Service
2016	185
2017	219
2Q 2018	227

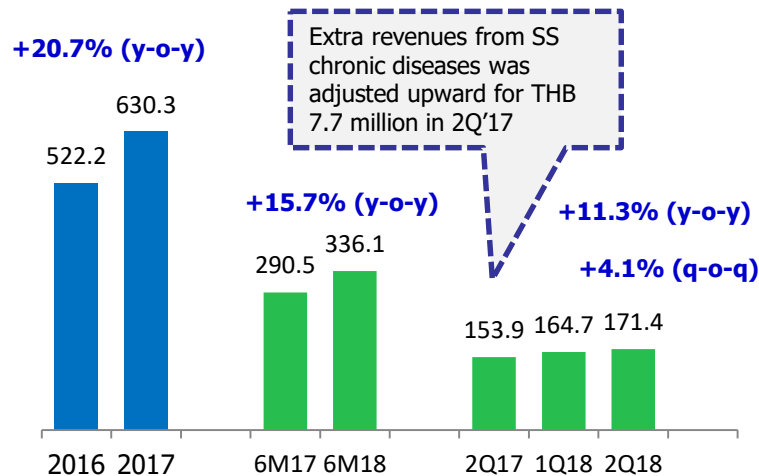
IPD Utilization Rate (%)



Social Security Scheme

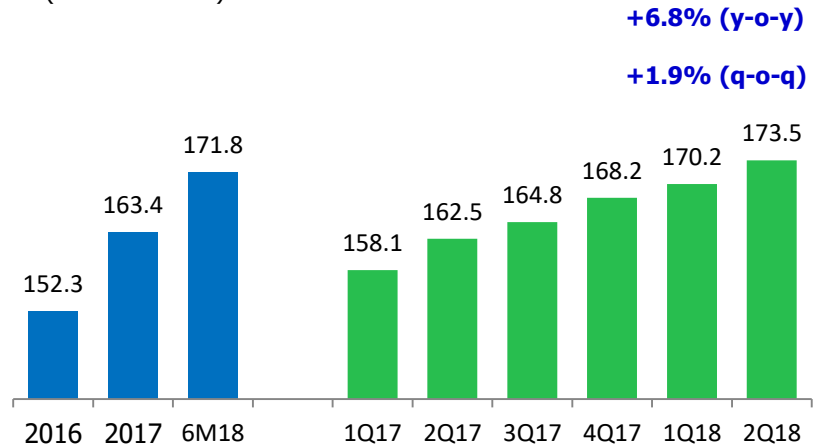


Revenue from SS Patients (MB)



Average Registered SS Patients

(Unit: '000 head)



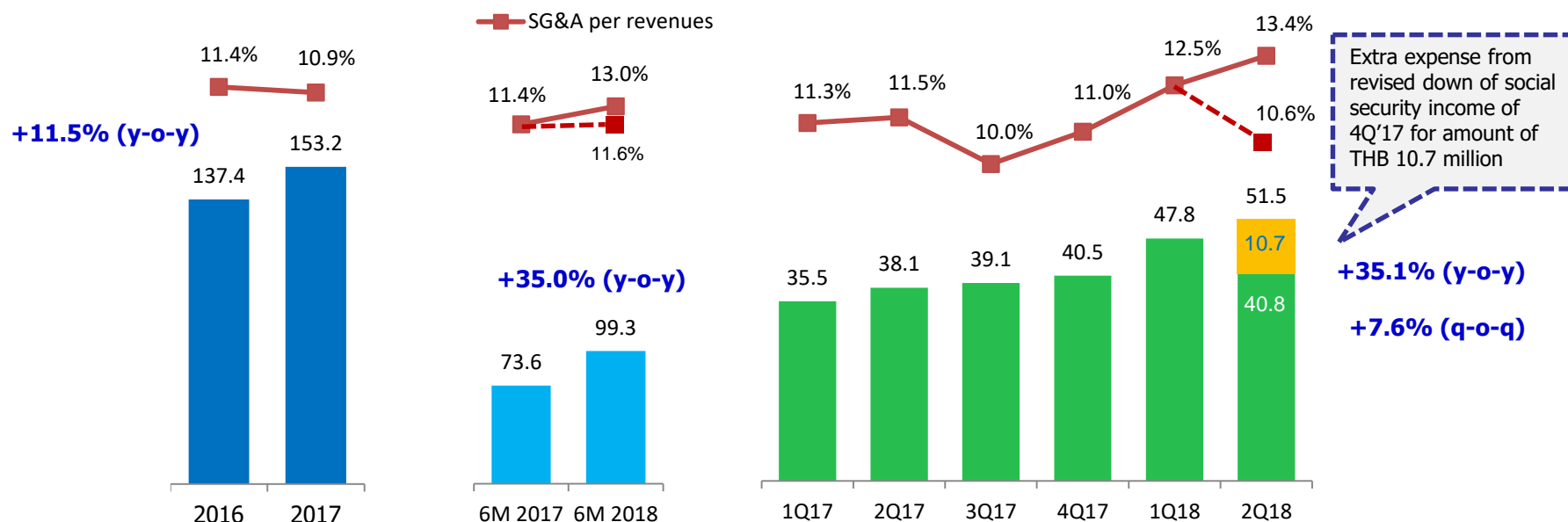
Revenue per Average Registered SS Patients (THB/Head)



SG&A Expense



SG&A & SG&A per Revenues (THB Million)

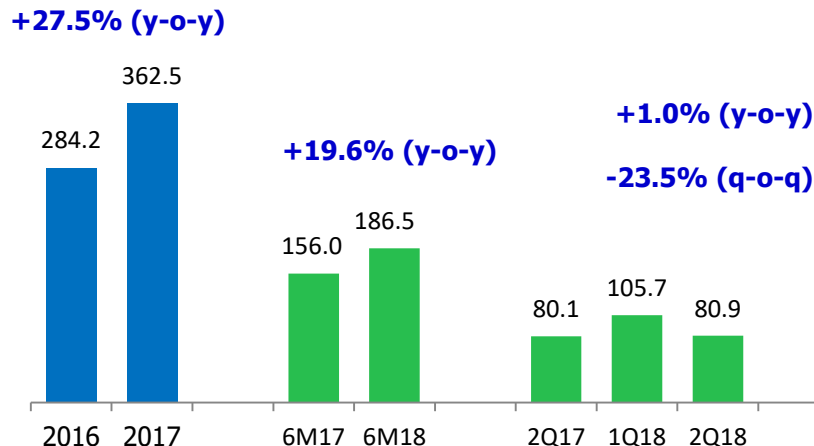


- For 2Q'18 and 1H18, administrative expenses increased at the similar rate of 35% yoy. The increase was mainly the accounting expense from the revised down of social security income of 4Q'17 for amount of THB 10.7 million. Exclude this extra expense, SG&A will increase by 7% and 20% in 2Q'18 and 1H18, respectively. SG&A to hospital operation revenues would have fallen to 10.6% in 2Q 2018 and 11.6% in 1H 2018.
- Apart from the accounting expense in 2Q'18, the increase of administrative expenses in 1Q'18 was due to one-time expenses incurring from legal & advisory fee for the acquisition of subsidiary's remaining shares

2Q 2018 Group Performance



EBITDA (THB Million)

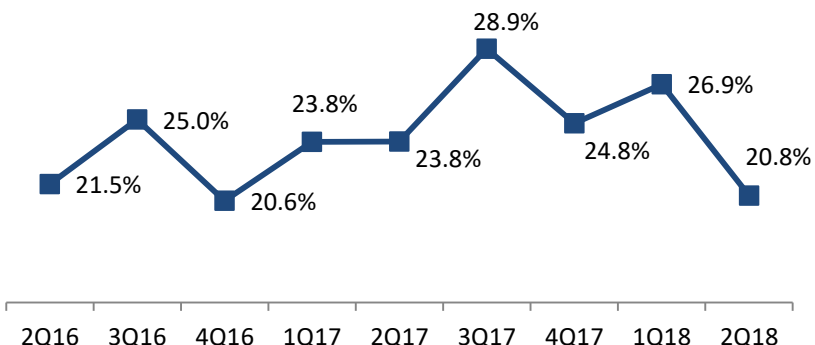


EBITDA Margin (%)

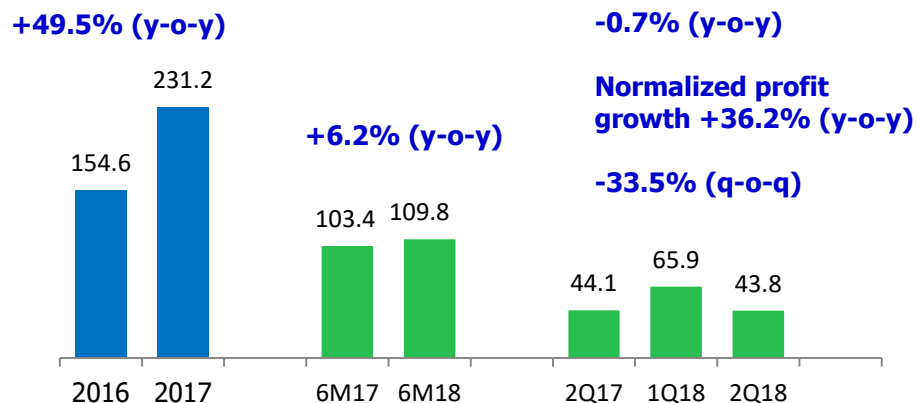
6M 2018 EBITDA Margin = 23.9%

2017 EBITDA Margin = 25.4%

2016 EBITDA Margin = 23.2%



Net Profit (THB Million)

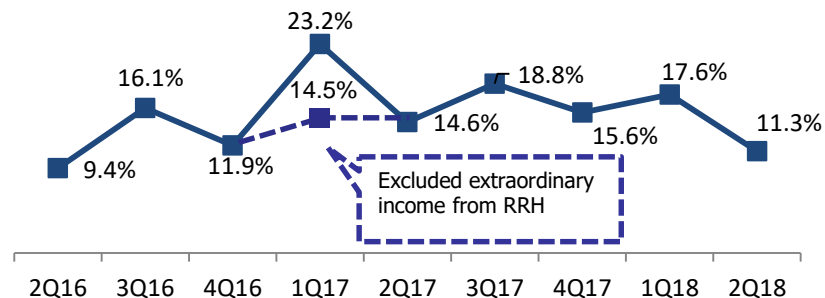


Net Profit Margin (%)

6M 2018 NPM = 14.5% (15.8% exc. extra Item)

2017 NPM = 18.0% (15.3% exc. extra Items)

2016 NPM = 12.7%



2Q 2018 Normalized Group Performance

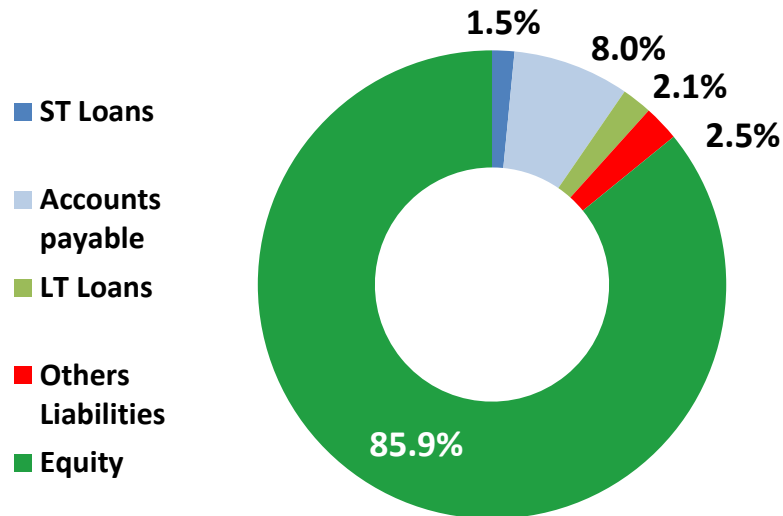


Operation : Consolidated Profit & Loss Unit : THB million	2Q 2018	2Q 2017	% change	6 mth 2018	6 mth 2017	% change
Revenue from non-social security	212	178	19%	430	355	21%
Revenue from social security	171	154	11%	336	291	16%
Revenue from Hospital Operations	383	332	16%	766	646	19%
Cost of hospital operations	275	238	15%	532	465	14%
Gross margin	109	94	16%	234	181	29%
Administrative expenses	51	38	35%	99	74	35%
Other income /(expenses)	5	5	-2%	14	10	38%
Financing cost	4	1	275%	5	2	93%
Tax	14	11	30%	32	(8)	-497%
Net income before NCI	43.96	49	-10%	113	123	-8%
<i>% Net profit margin</i>	<i>11%</i>	<i>15%</i>	<i>-3%</i>	<i>14%</i>	<i>19%</i>	<i>-4%</i>
Non-controlling interest	0.1	4.9	-98%	3	20	-83%
Net profit attributable to The Company	43.84	44	-1%	110	103	6%
Excluded Extra Items						
- Revised up of SS chronic diseases	(8)			(8)		
- deferred tax income				(28)		
+ Accounting expense from SS revised down	11			11		
Normalized Net income before NCI	55	41	32%	124	88	41%
<i>% Net profit margin</i>	<i>14%</i>	<i>12%</i>	<i>2%</i>	<i>16%</i>	<i>13%</i>	<i>2%</i>
Normalized Net income	54	40	36%	120	84	43%

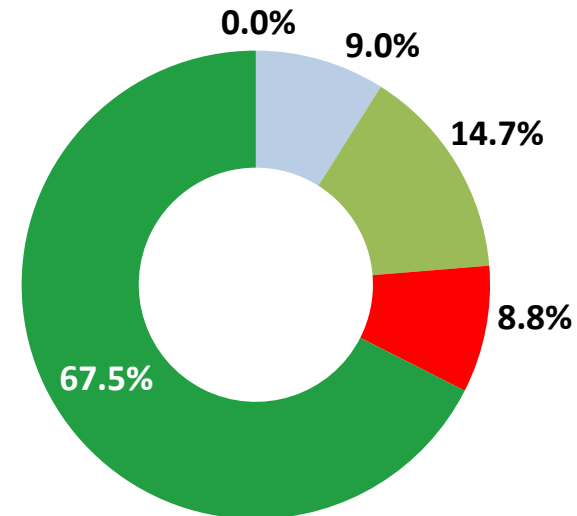
Capital Structure & Debt-to-Equity Ratio



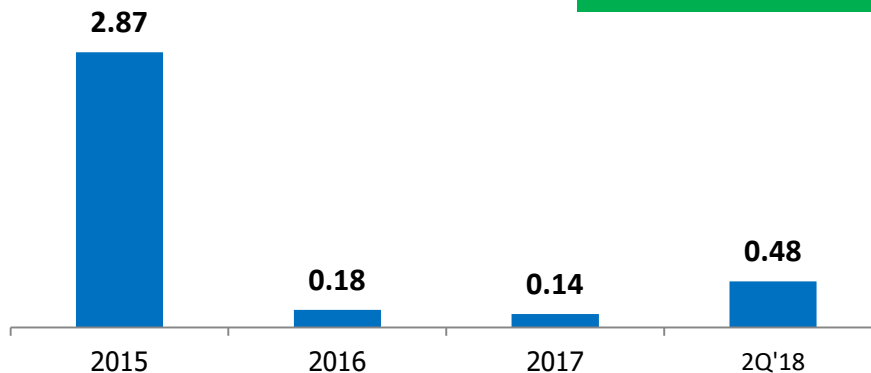
As of 2Q'17



As of 2Q'18



Debt-to-Equity Ratio (Times)



Remarks:

- The post-IPO shareholders' equity increased since 3Q16.
- 2Q'18 Debt to Equity ratio increased due to use some debt financing to acquire the remaining share of RRH

04

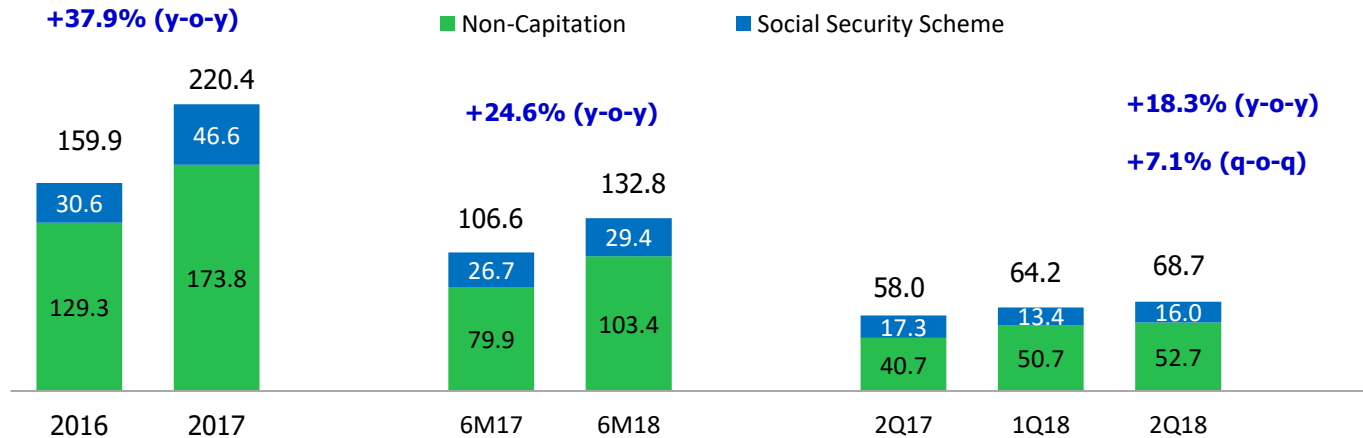
Financial Performance 2Q 2018 - RRH



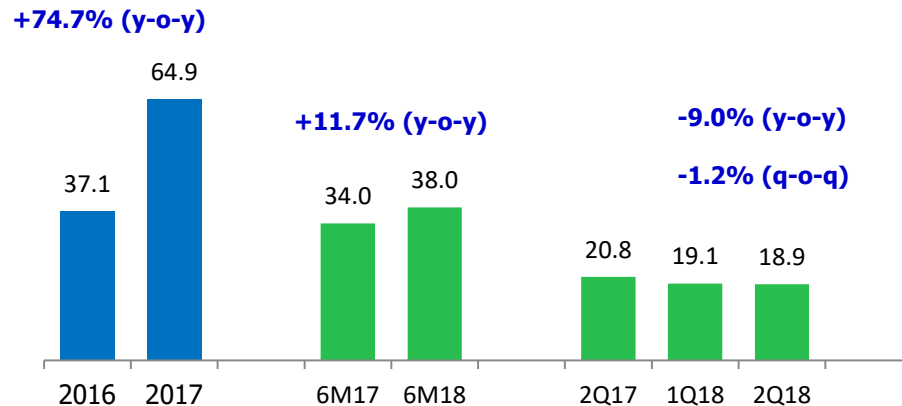
RRH - 2Q 2018 Performance Summary



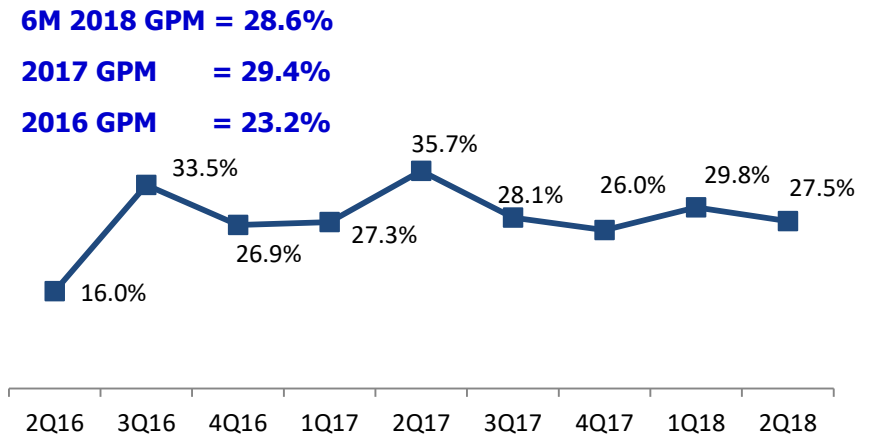
Revenue from Hospital Operations (THB Million)



Gross Profit (THB Million)



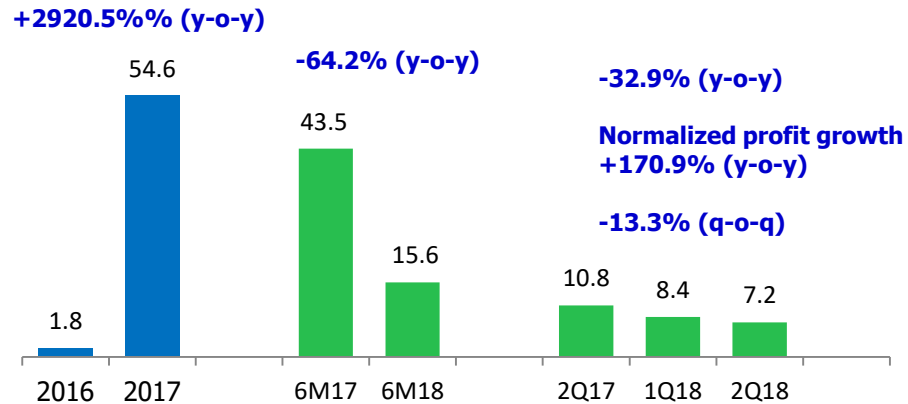
Gross Profit Margin (%)



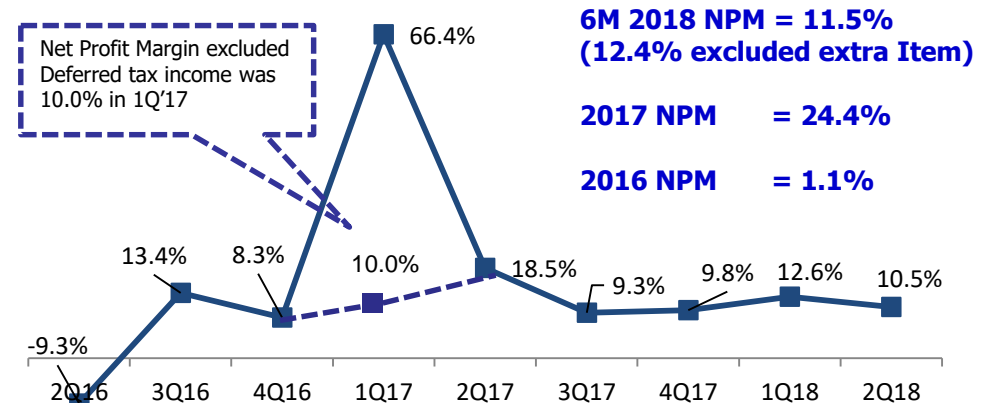
RRH – 2Q 2018 Performance Summary



Net Profit (THB Million)



Net Profit Margin (%)

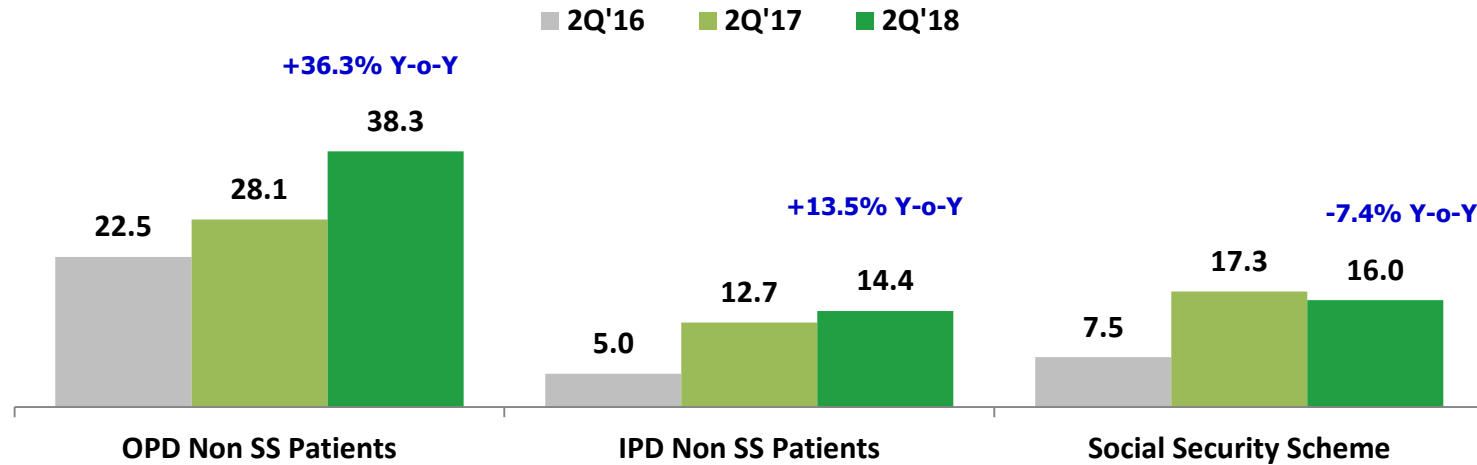


- In 1Q'17, RRH recorded deferred tax income which mostly was tax shield stemming from 5-year losses. Net total tax shield was THB 27.6 million in 1H2017.
- In 2Q'17, SS revenue from chronic diseases was adjusted upward for THB 7.7 million. Therefore, revenue and gross margin was relatively high in 2Q17.
- In 2Q'18, RRH recognized the accounting expense which was an extra item from the revised down of social security income of 4Q'17 for amount of THB 1.2 million. If exclude both extra item in 2Q'18 and 2Q'17, 2Q'18 normalized profit would grow 170.9% yoy.

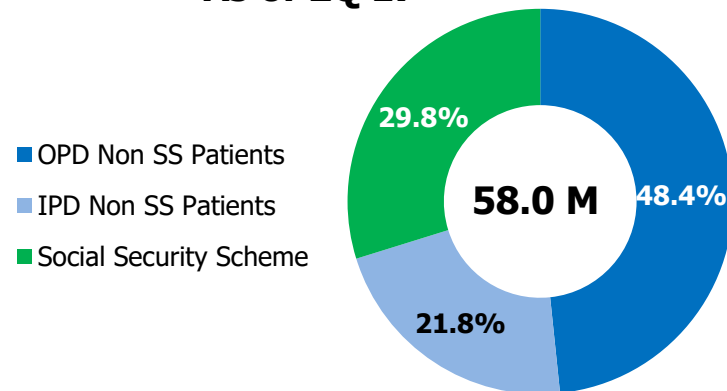
RRH - Revenue by Patients



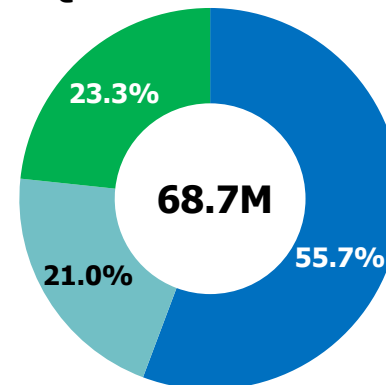
(Unit: THB Million)



As of 2Q'17



As of 2Q'18



05

Strategies & Future Projects



Strategies and Future Projects



Segments	Strategies
Total Revenue	<ul style="list-style-type: none"> Targeted total revenue growth of 10-15%
OPD	<ul style="list-style-type: none"> Boost spending per bill by focusing on specialty cases such as dental implantation and laser slit lamp for ophthalmology procedures / 4D ultrasound for antenatal care (maternal-fetal medicine), etc. Alleviate crowded OPD at RJH by emigrating patients to RRH and by focusing on outside checkup and vaccines. Income from new unit : MRI center , 16 new hemodialysis units in RJH Renovation of OPD examination area in RRH
IPD	<ul style="list-style-type: none"> Addition of up to 23 hospital beds at RJH and 16 beds at RRH within 3Q 2018. [12 beds opened in July at RJH and 6 beds will add in September at RRH] Revise up IPD pricing Focus on growth in number of cash patients: <ul style="list-style-type: none"> - Cardiac Catheterization - Cataract surgery - Minimal invasive surgery - Obstetrical delivery cases
Social Security	<ul style="list-style-type: none"> Increase the number of insured persons at RJH and RRH Boost income from SW checkup, chronic disease
Heart Center	<ul style="list-style-type: none"> Increase the number of all categories of patients (UC / SC / Cash)

Future Projects



Projects	Capital Expenditure	Expected Completion	Project Details
MRI Center	Already Invested	Opened in Jan. '18	<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 Expecting minimum of 160 cases per month (currently 180 case)
Capacity Expansion	Approx. THB 20 M	3Q 2018	<ul style="list-style-type: none"> Adding up to 23 hospital beds at RJH and 16 beds at RRH 12 beds in RJH were added in July, 6 beds in RRH will open in September.
Hemodialysis Center	Approx. THB 15 M	4Q 2018	<ul style="list-style-type: none"> Expansion from 27 to 43 units at RJH
A New 9-storey Patient Building	Approx. THB 600 M	2020	<ul style="list-style-type: none"> Addition of 120 patient beds to serve only cash patients 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 635 M		

Future Projects



Projects	Beds	Expected Completion	Project Details
New 9-storey Patient Building	120	2020	<ul style="list-style-type: none"> • Focus only on cash patients • Conveniently located at the main campus of RJH and connected to the existing patient building • 4 floors designated for OPD examination rooms together with a number of expanded and new clinics and centers • 5 floors designated for IPD wards, 24 beds per floor, total of 120 beds • 16 new ICU units

Thank You

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