



Rajthanee Hospital Public Company Limited

3Q 2017 Result



Analyst Meeting : 27 November 2017

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01

Executive Summary

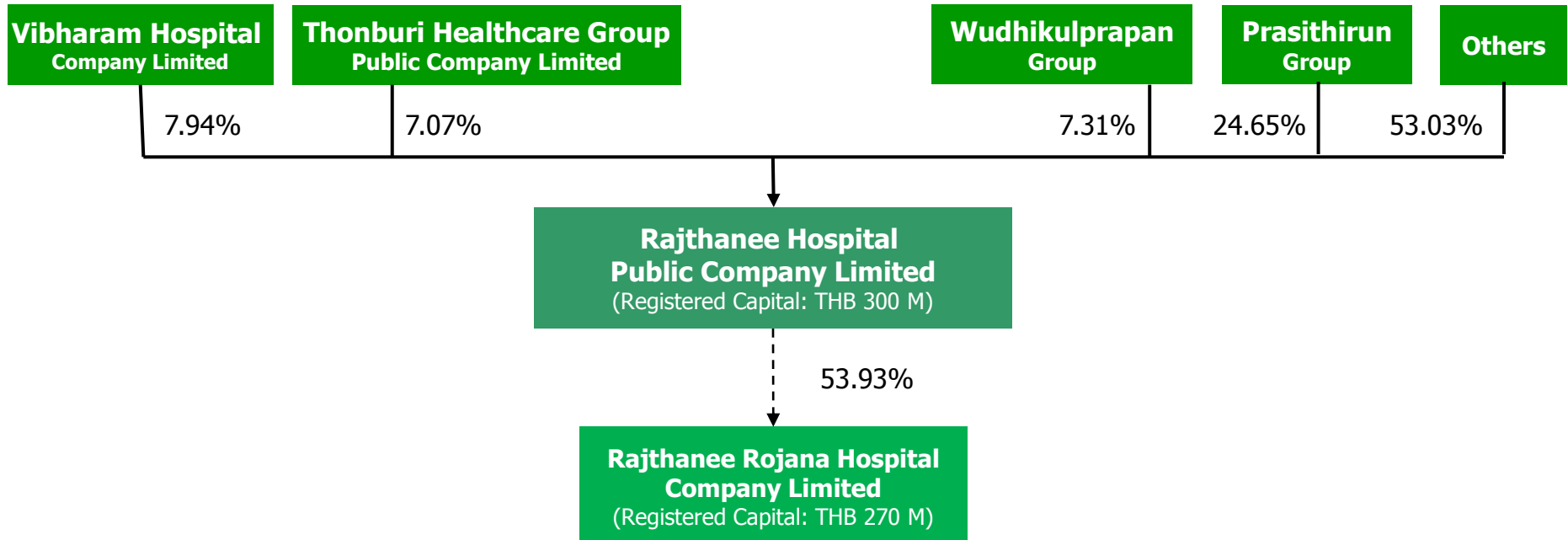


Company Profile



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	<p>2 primary, mid-to-low target customers:</p> <ul style="list-style-type: none"> • Non-Social Security revenue 58.1% and 56.5% of the total revenue in 3Q16 and 3Q17, respectively • Social Security revenue 41.9% and 43.5% of the total revenue in 3Q16 and 3Q17, respectively
Number of Hospital Beds	353 registered hospital beds, 217 beds in service and 51 examination rooms
Excellent 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%) • 9M17: THB 1,036.0 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")

Shareholding Structure



Remarks:

1. Shareholding in RJH is as of 28 August 2017
2. Shareholding in RRH is as of 30 September 2017

Background & Major Events



1992

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

2010

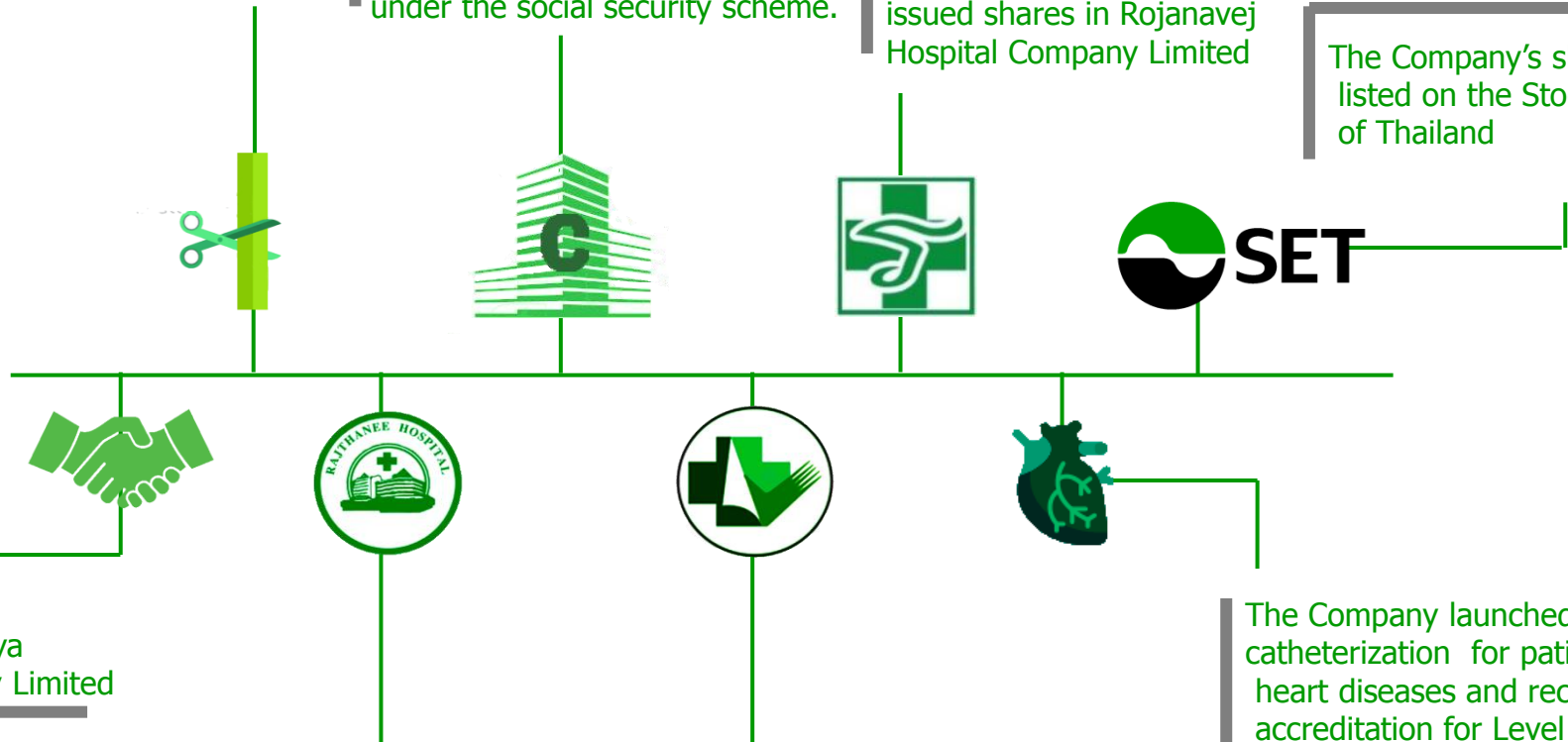
Building C commenced service mainly for capitation patients under the social security scheme.

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

Investment in Rajthanee Rojana Hospital



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: 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 in May 2014 • Continue investing more 2.56 million shares at THB 25 per share in Nov 2016 • Currently, RJH holds 53.93% in RRH

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Business Overview



Business Characteristics



Rajthanee Hospital (RJH)



Rajthanee Hospital Public Company Limited

Registered hospital beds	253 beds
Beds in service	185 beds
Examination rooms (average)	45 rooms
Number of the insured persons	154,265
Maximum quota of the insured persons in 2016	161,000
Full-time / Part-time physicians	42 / 141
Nurses	192

As of Sep. 30, 2017

Note : Beds in service include ICUs and Nursery

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	11,740
Maximum quota of the insured persons in 2016	40,250
Full-time / Part-time physicians	8 / 103
Nurses	24

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

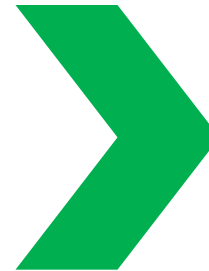


Scope of Our Medical Services



The Complete Scope of Medical Services

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



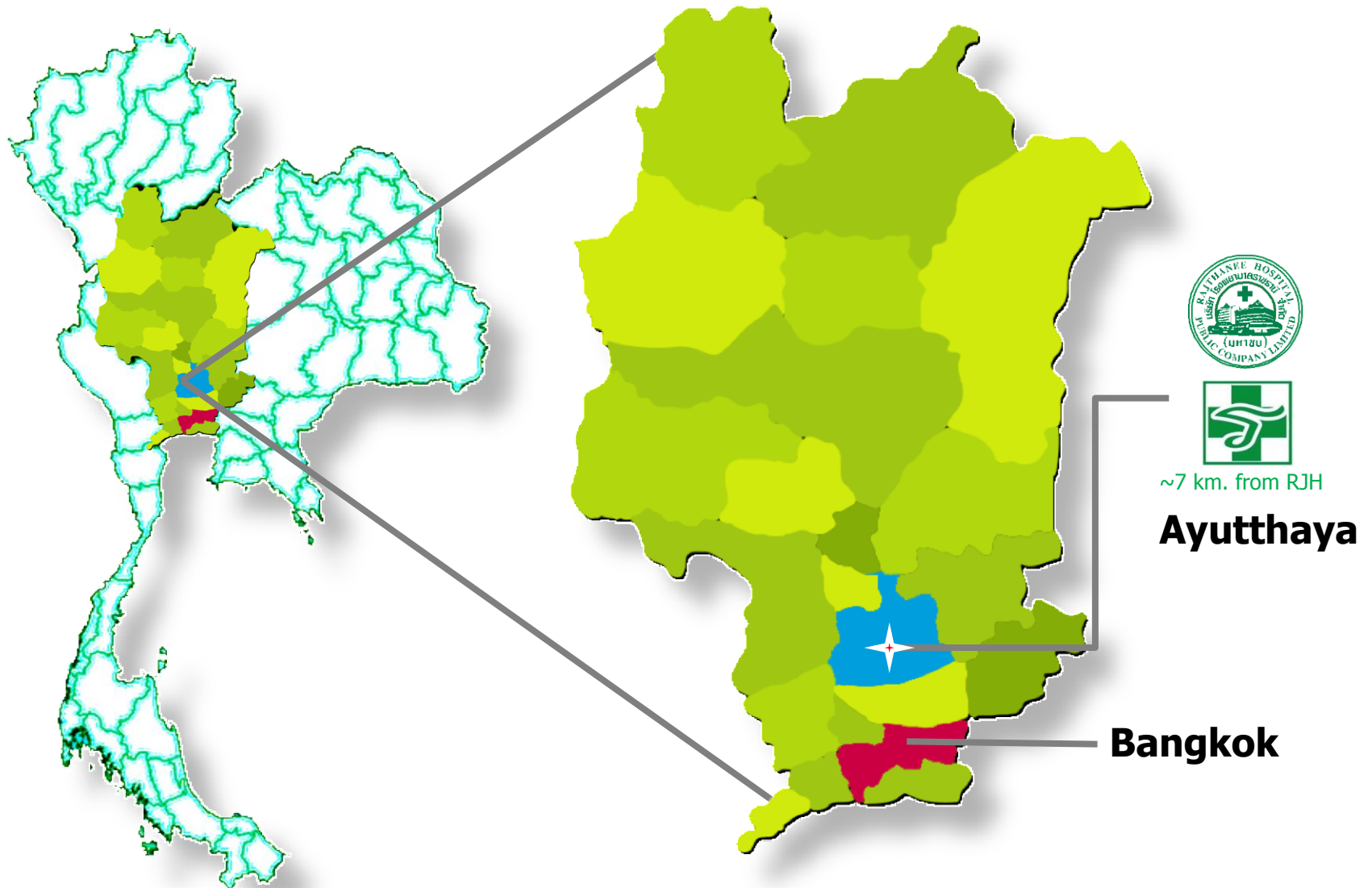
Scope of Our Medical Services



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

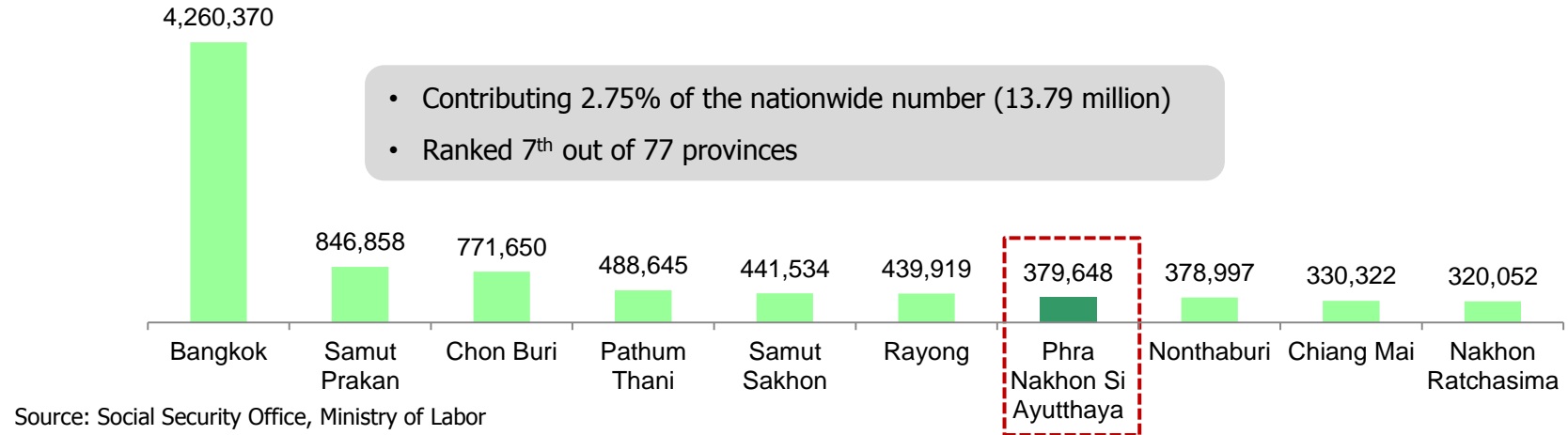
RJH's competitors are large government hospitals and private hospitals in Ayutthaya.

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

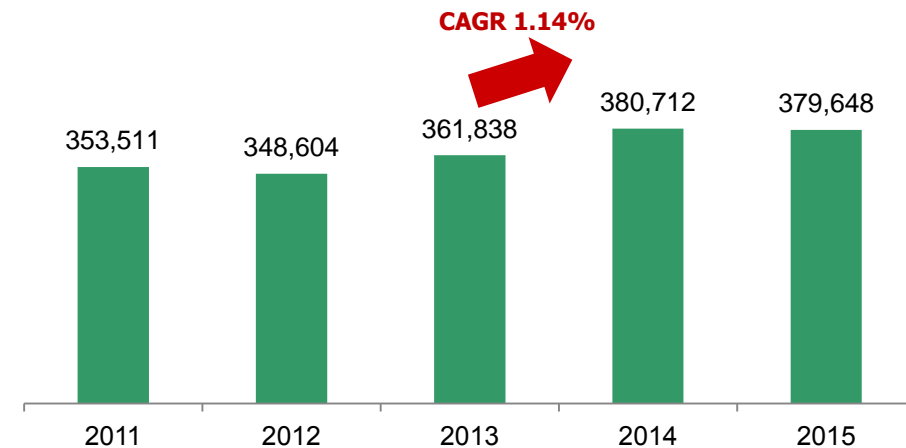
Ayutthaya's Healthcare Industry Outlook



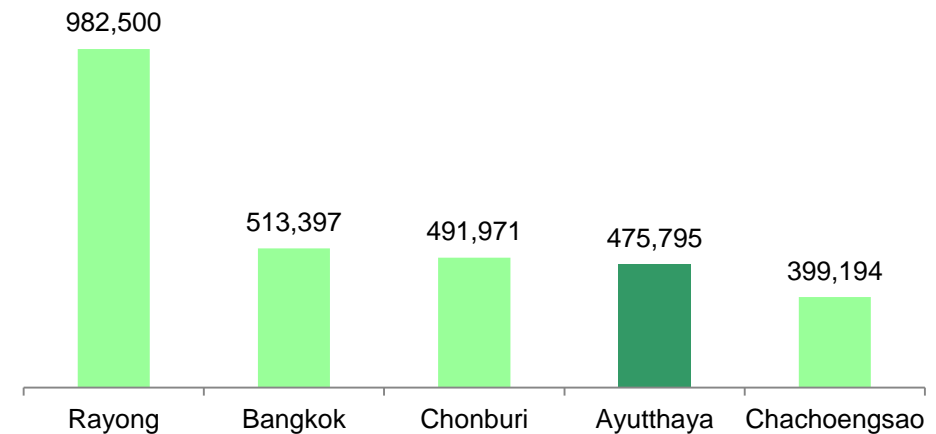
Number of Insured Persons in Thailand (2015)



Number of Insured Persons in Ayutthaya



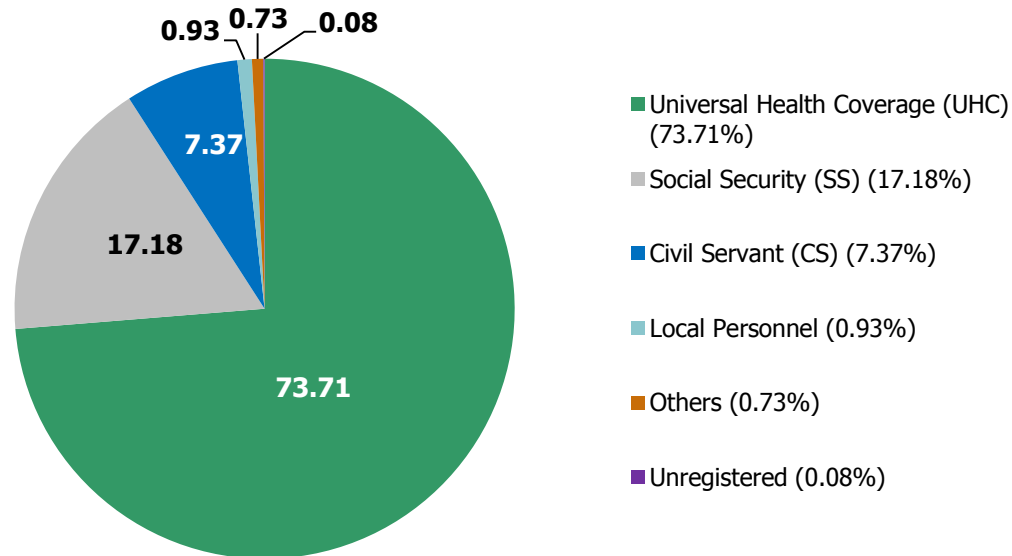
Provinces with the highest GDP per capita(2015)



Thailand's Capitation Schemes



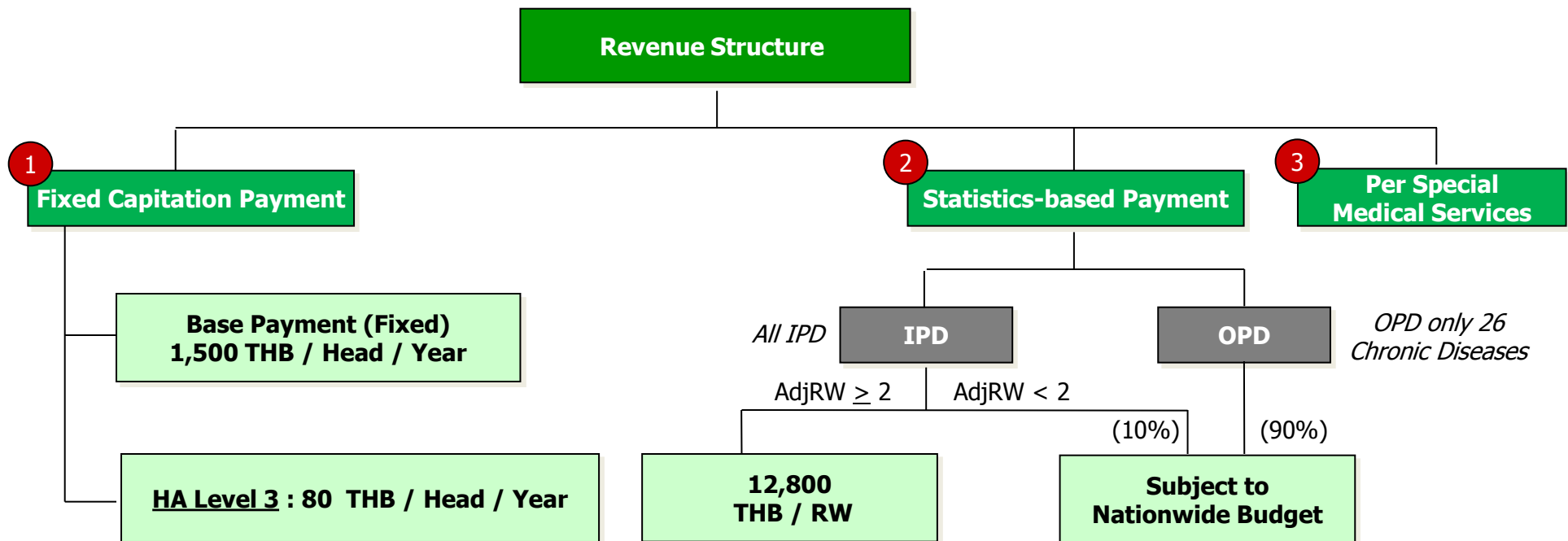
Healthcare Segments in 2015



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) • Monthly payment	1,446	1,460	1,460	1,460	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	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% • 6 months payment	Variable (nationwide budget)	Variable (nationwide budget)	Variable (nationwide budget)	Variable (nationwide budget) Budget: 432 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: 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 Budget: 560 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				

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

RJH is of secondary care.

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3. Financial Performance 3Q17 – RJH GROUP



Note to Financial Presentation



1. Since 2016 , revenue was reclassified to Non Social Security (Non-SS) and Social Security (SS) :
 - SS is revenue earned from Social Security Office which is mainly related to number of Social Security persons registered with RJH.
 - Non-SS is revenue other than SS. This revenue category is related to number of visited patients i.e. Self-pay , insurance, corporate contract, civil servant, Compulsory Automobile Insurance Act as well as Hemodialysis patients under Social Security.

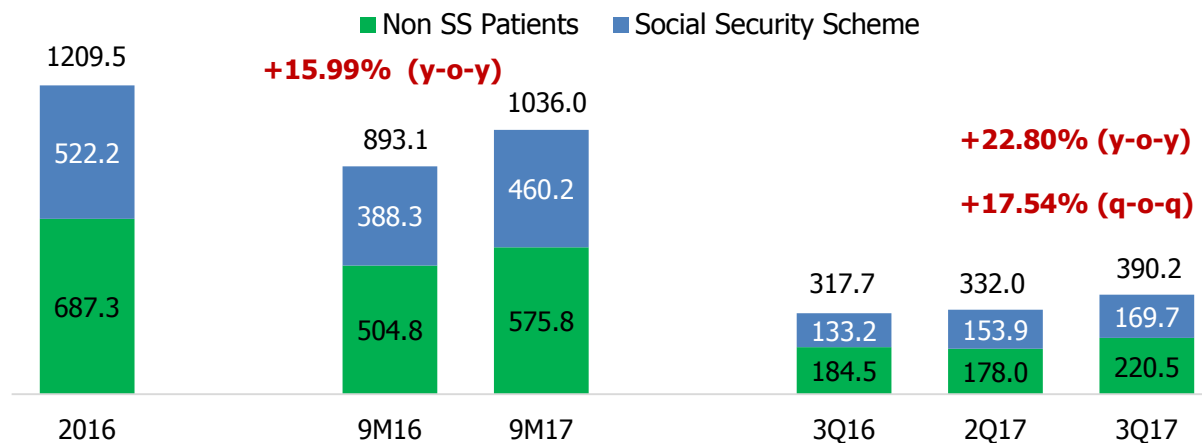
There is no change to total amount of revenue which has been previously presented.

2. Since 2016 , number of patients were derived from number of visited patients. Previously, number of patients were derived from number of bills. Non-SS Patients may utilize benefit from insurance and pay for the remaining. Two bills are recorded for one visited patient. In order to reflect more accurately income per patient, we has used number of visited patients instead of number of bills since 2016.

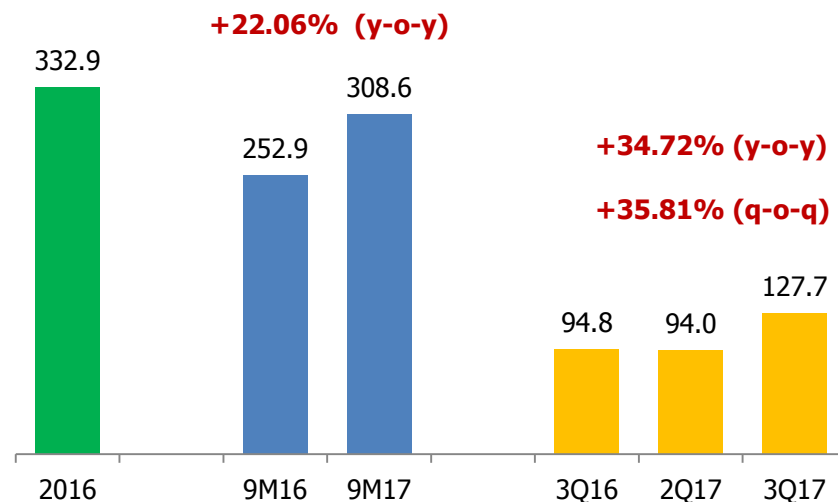
3Q17 Group Performance



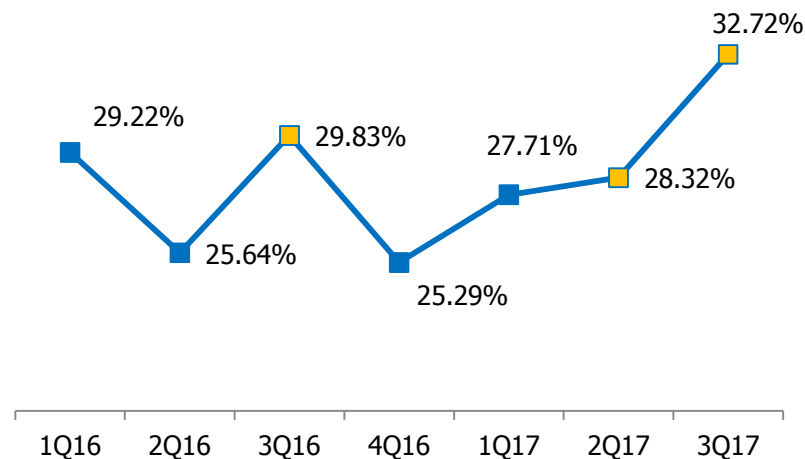
Revenue from Hospital Operations (THB Million)



Gross Profit (THB Million)



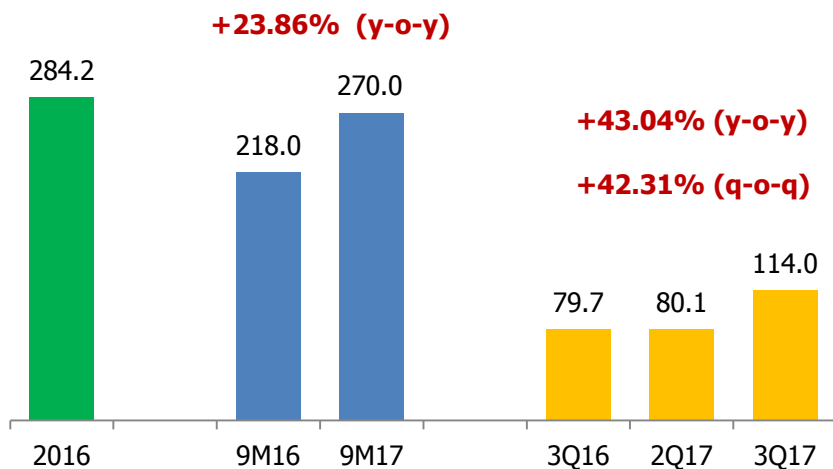
Gross Profit Margin (%)



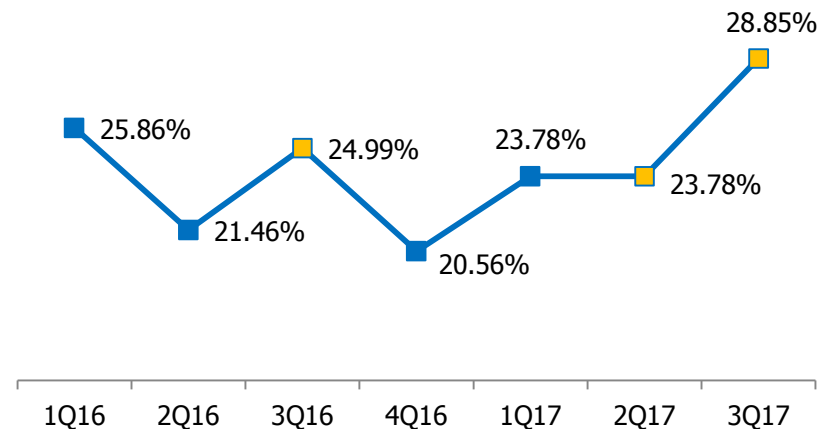
3Q17 Group Performance



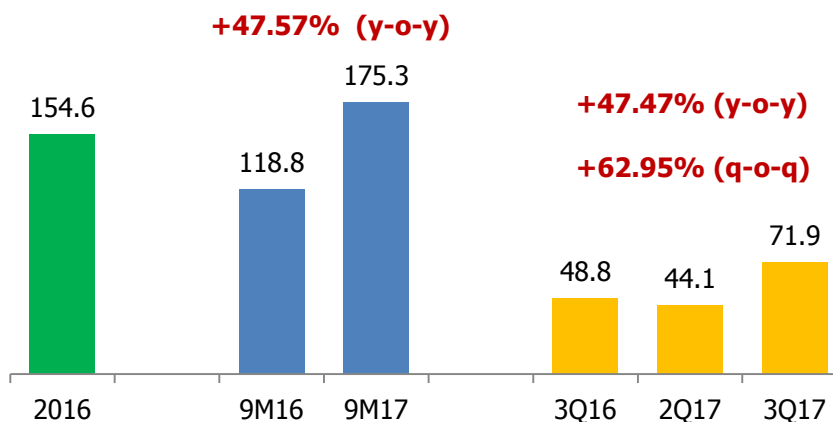
EBITDA (THB Million)



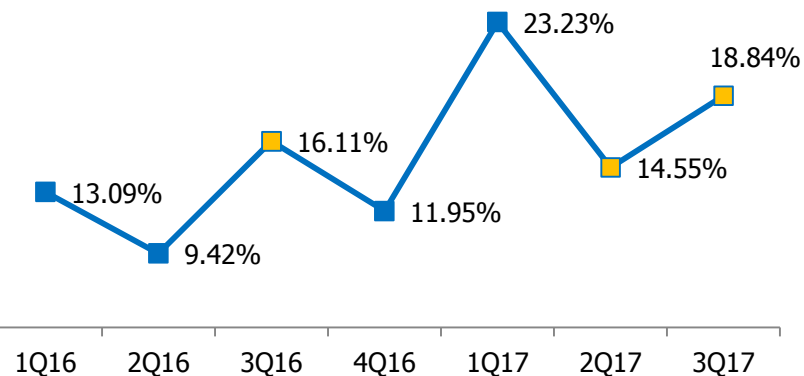
EBITDA Margin (%)



Net Profit (THB Million)



Net Profit Margin (%)

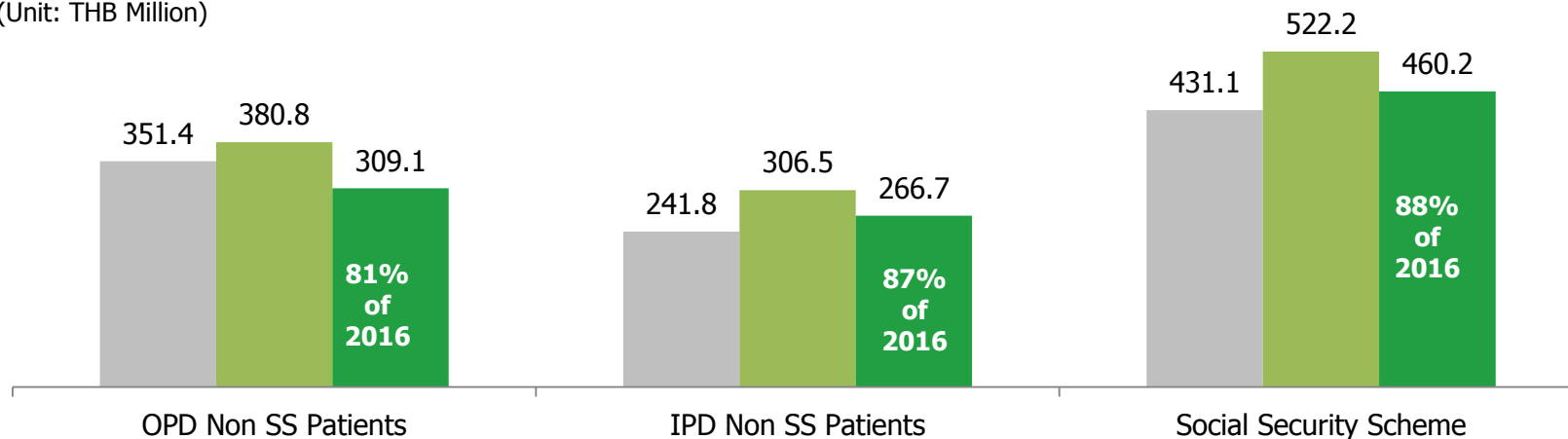


Revenue by Patient Types : 2015 – 9M 2017



■ 2015 ■ 2016 ■ 9M2017

(Unit: THB Million)



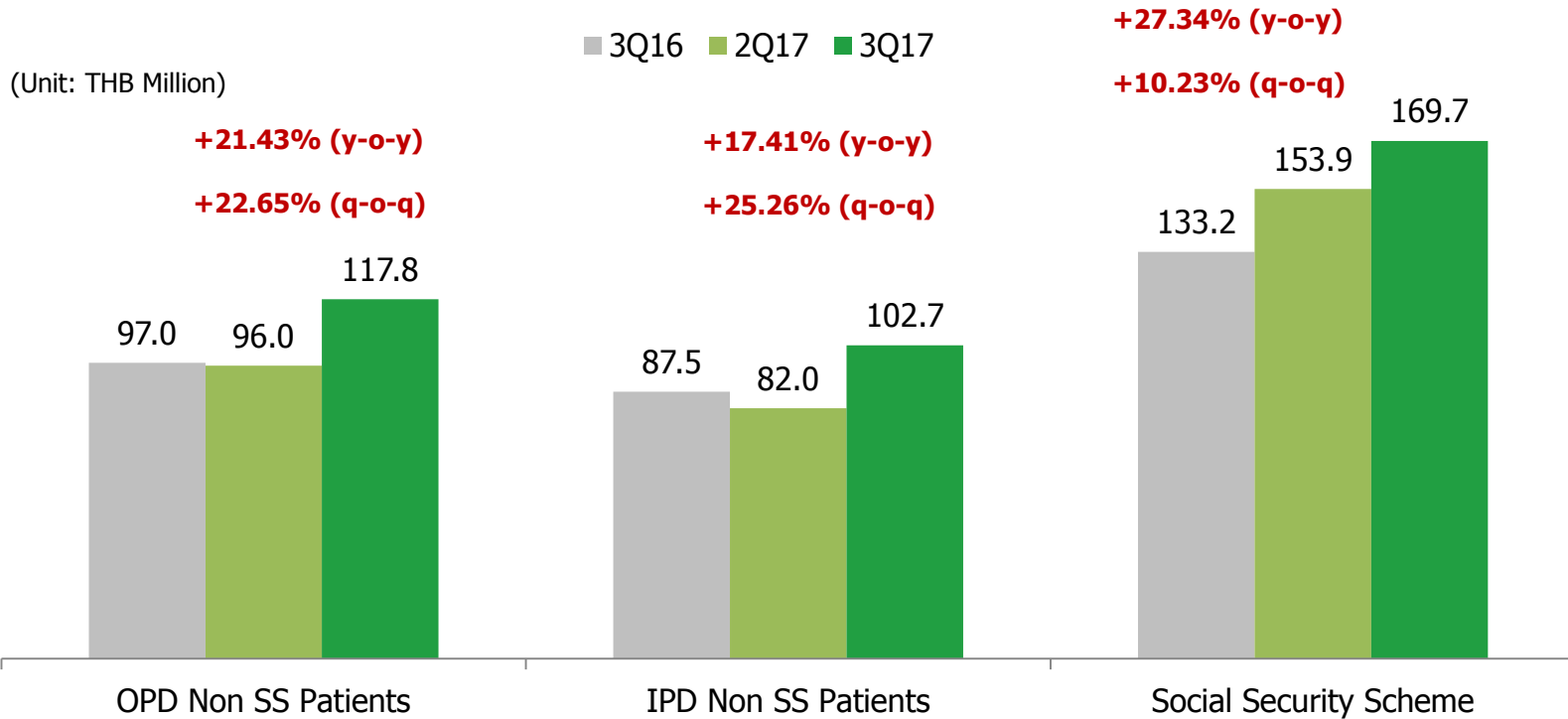
Growth from Non-Social Security Patients :

- OPD – increase of subspecialty doctors, especially cardiologists, ophthalmologists and dentists contributed to increase in number of OPD visits. In addition, the promotion of check-up program also boosted OPD revenue
- IPD – RJH added 18 beds in 3Q17 and RRH added 4 beds in 2Q17. Improved revenue was also from obstetrical delivery cases, Cath Lab (increase by 100%)
- Increase of hospital service fee and medical price

Growth from Social Security Patients:

- Increasing registered social security persons, more admittance of patients with complicated diseases and the efficiency in patient data management
- Increase of payment rate from Social Security Office since Jul 2017.

Revenue Grown from Patient Types : QoQ

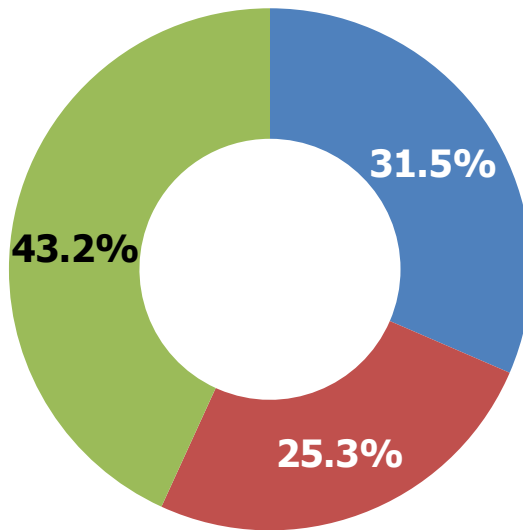


Revenue Breakdown By Patient Type

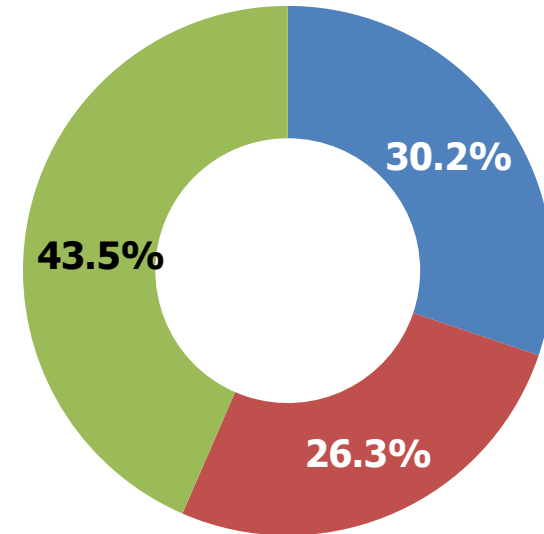


Patient Type (Consolidated)

As of 2016



As of 3Q17

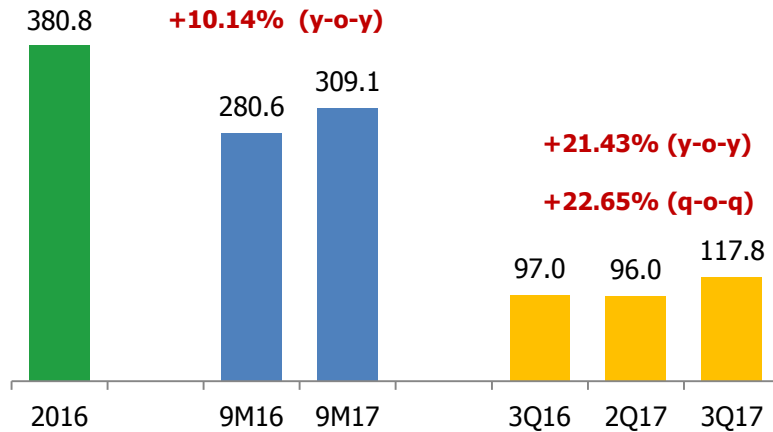


- OPD Non SS Patients
- IPD Non SS Patients
- Social Security Scheme

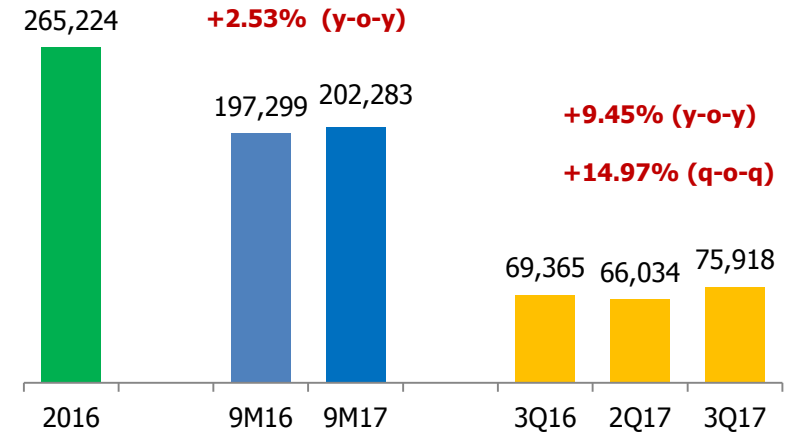
OPD - Non SS Patients



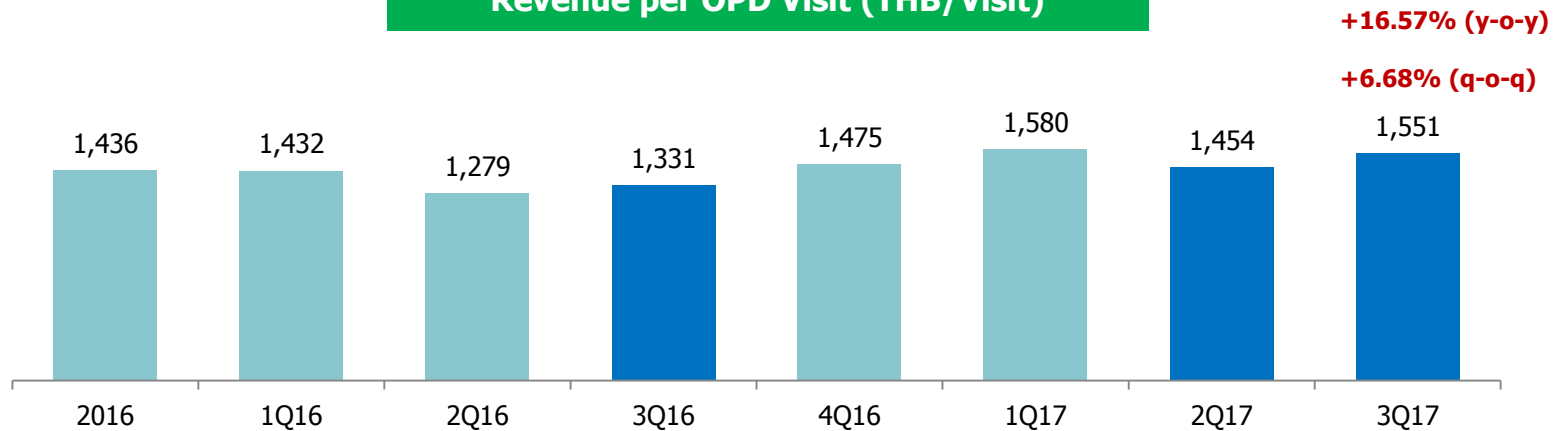
Revenue from OPD Non SS Patients (MB)



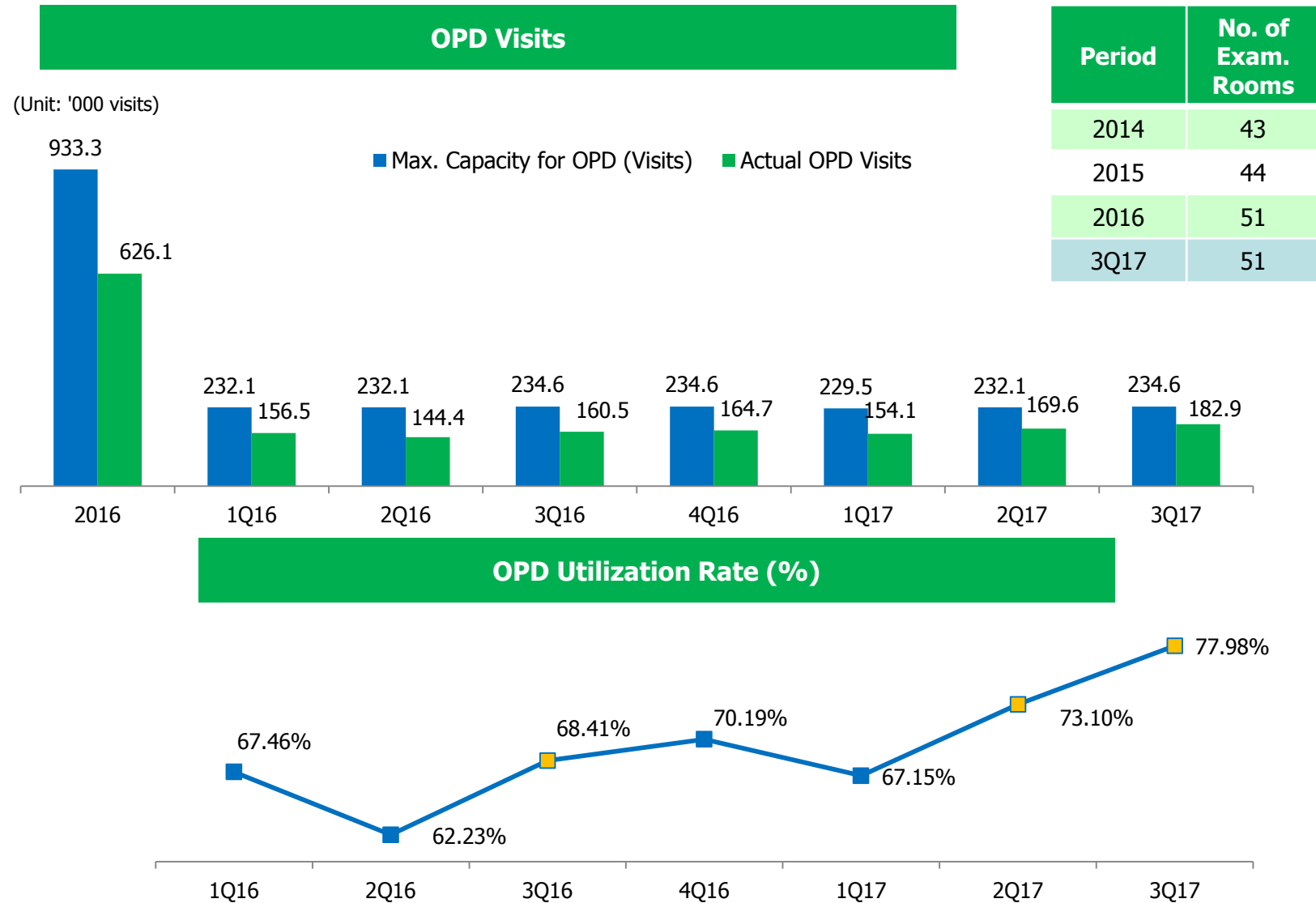
Number of OPD Visits (Visits)



Revenue per OPD Visit (THB/Visit)



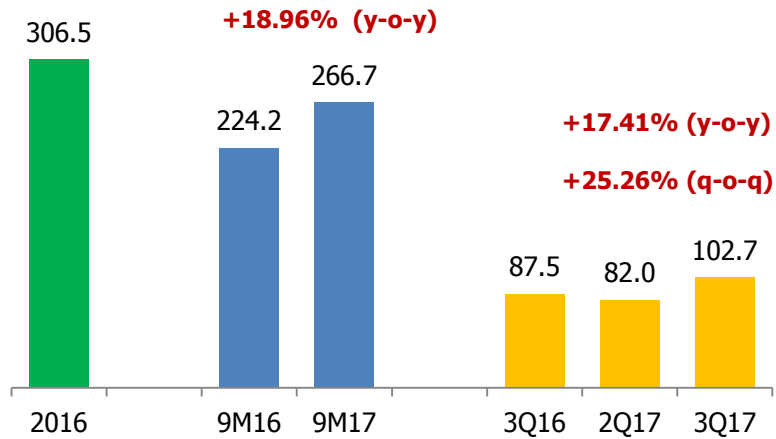
OPD Utilization Rate – All Sectors



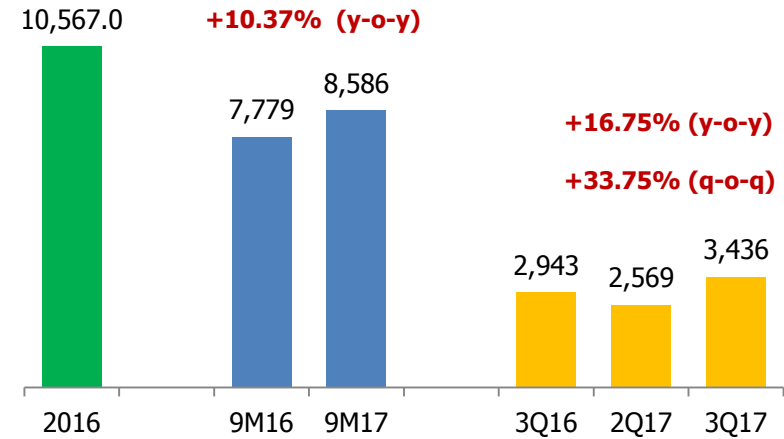
IPD – Non SS Patients



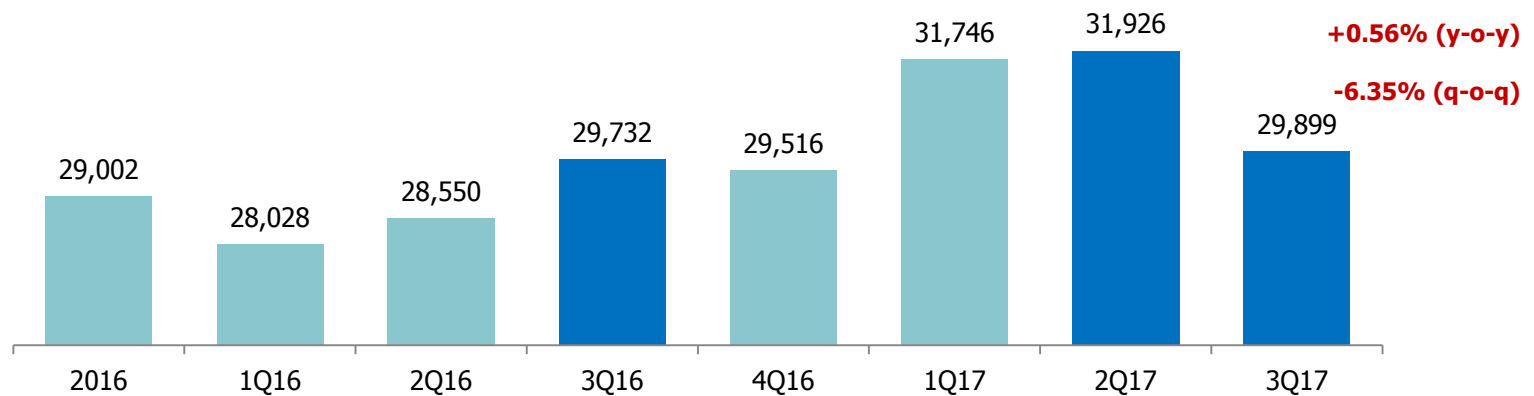
Revenue from IPD Non SS Patients (MB)



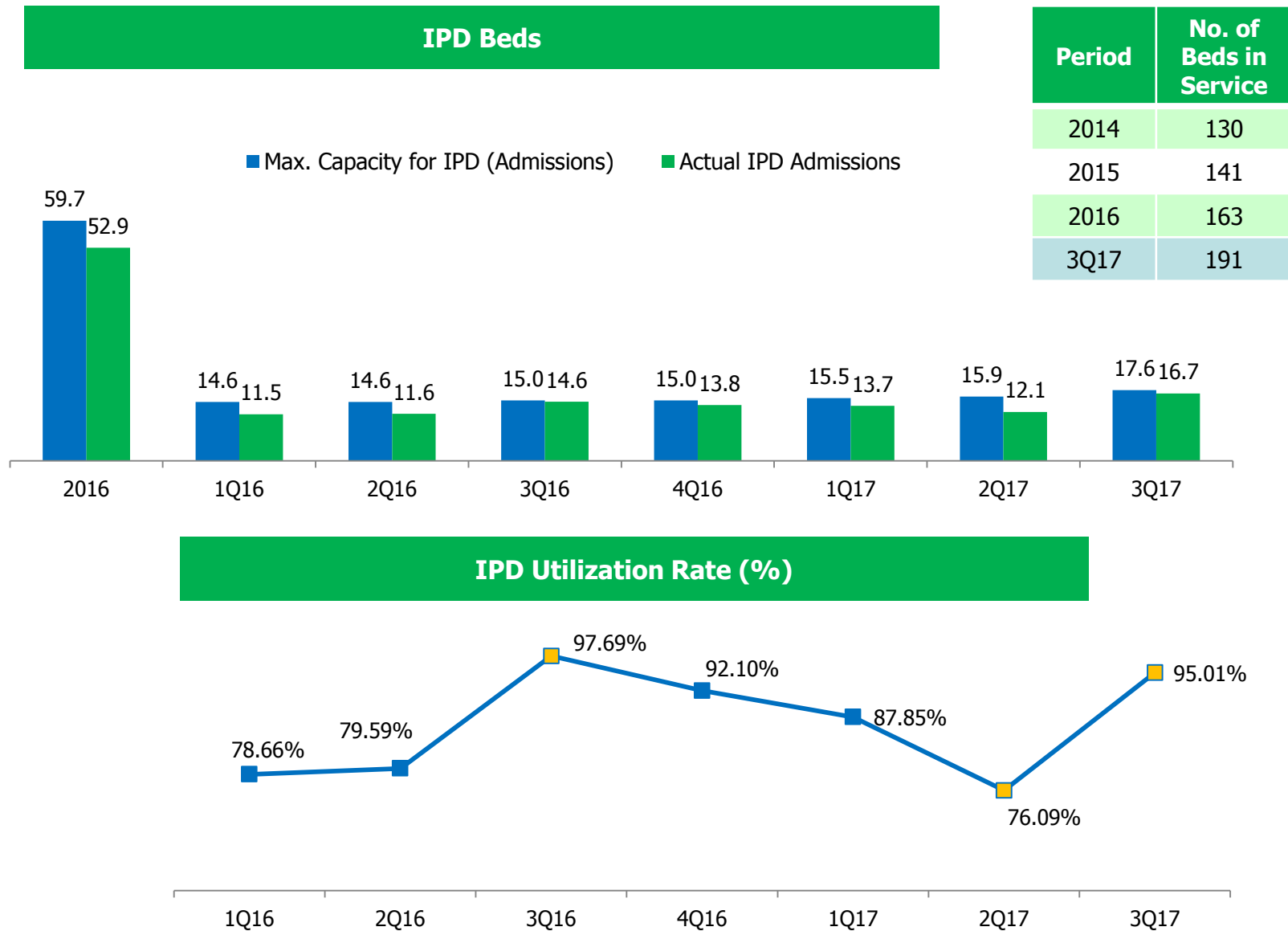
Number of IPD Admissions (Heads)



Revenue per Admission (THB/Head)



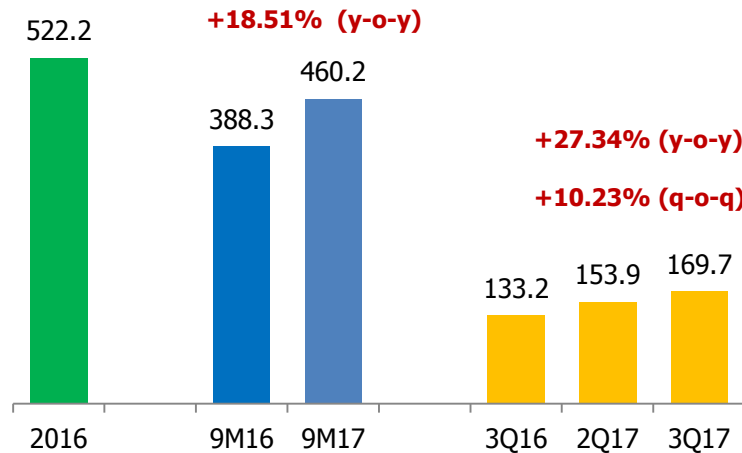
IPD Utilization Rate – All Sectors



Social Security Scheme

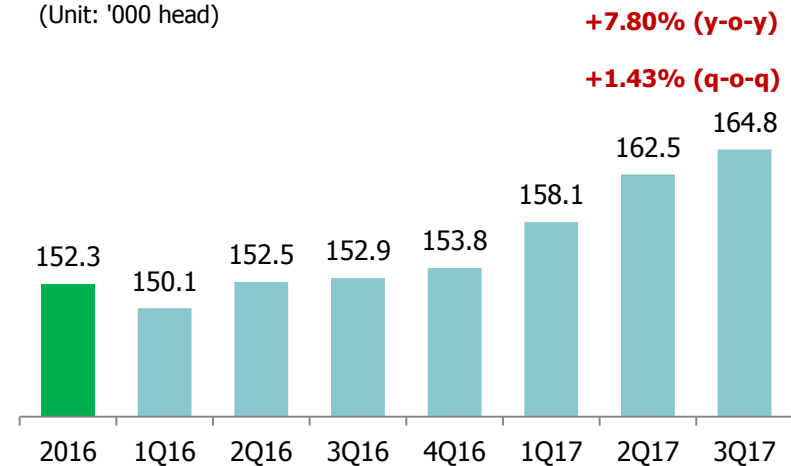


Revenue from SS Patients (MB)

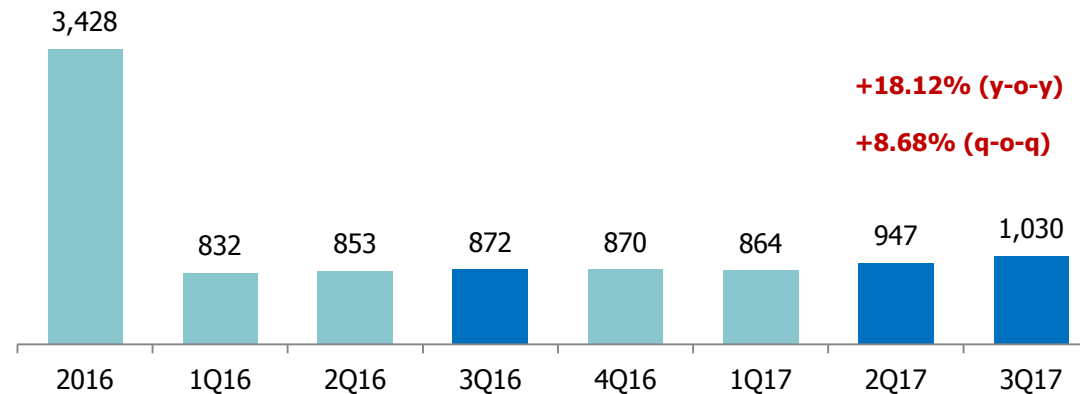


Average Registered SS Patients

(Unit: '000 head)



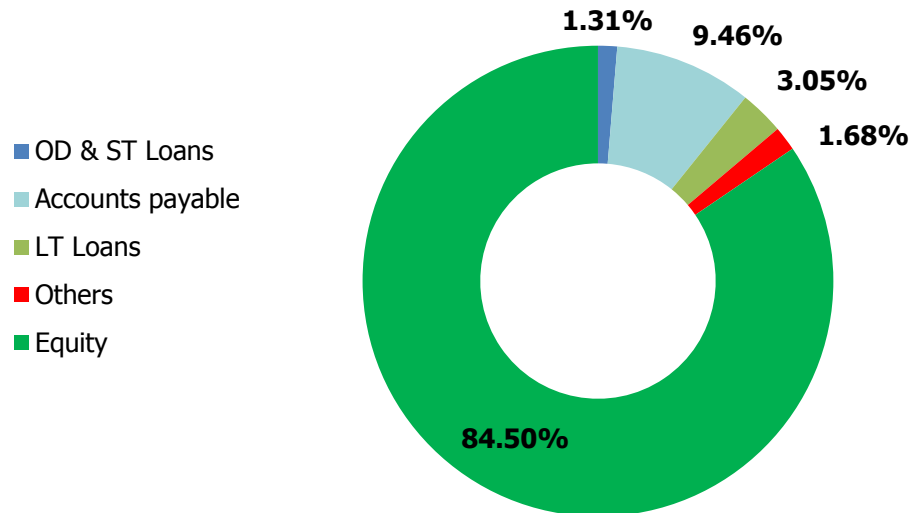
Revenue per Average Registered SS Patients (THB/Head)



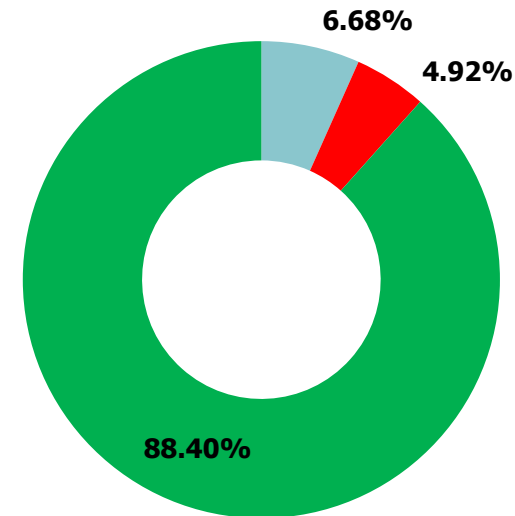
Capital Structure & Debt-to-Equity Ratio



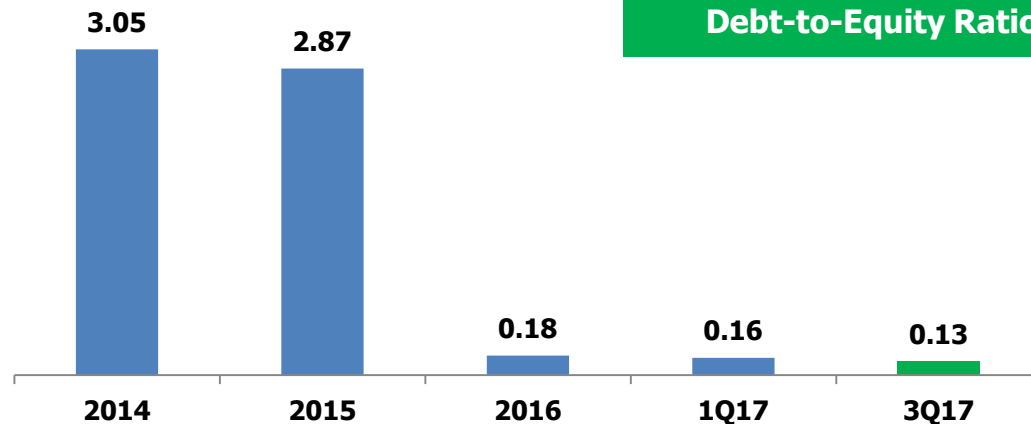
As of 2016



As of 3Q17



Debt-to-Equity Ratio (Times)



Remarks:

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

04

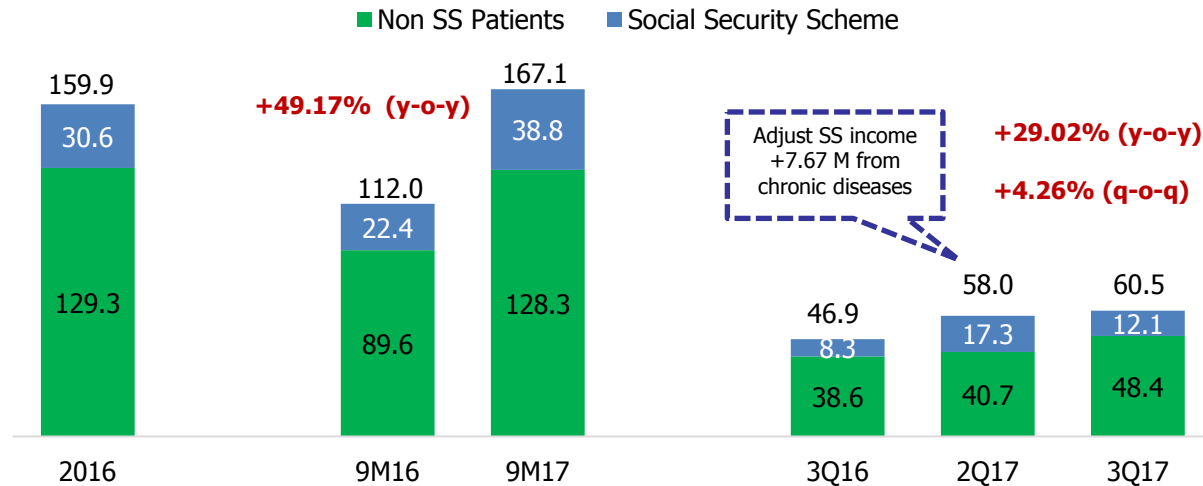
Financial Performance 3Q 2017 - RRH



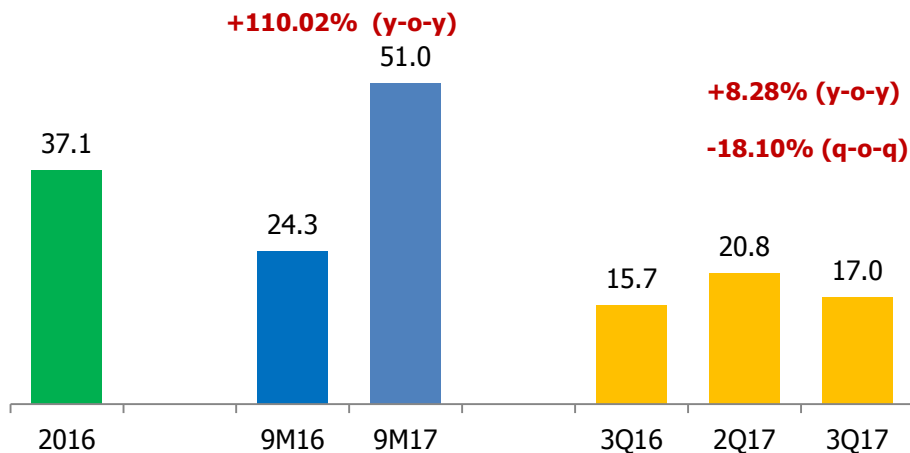
RRH - 3Q17 Performance Summary



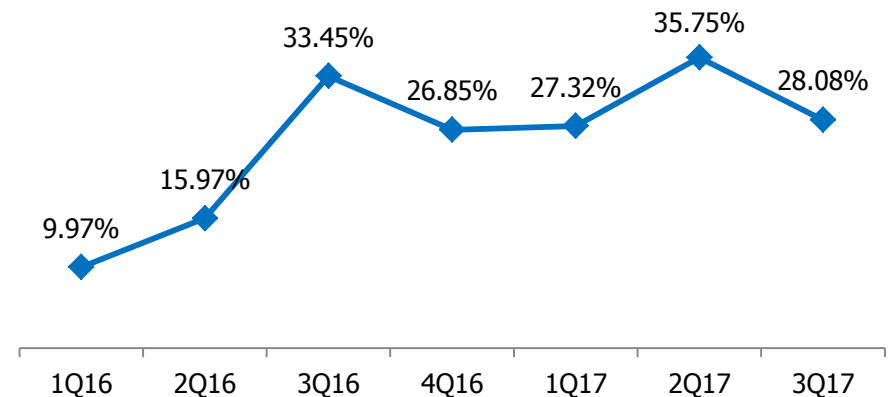
Revenue from Hospital Operations (THB Million)



Gross Profit (THB Million)



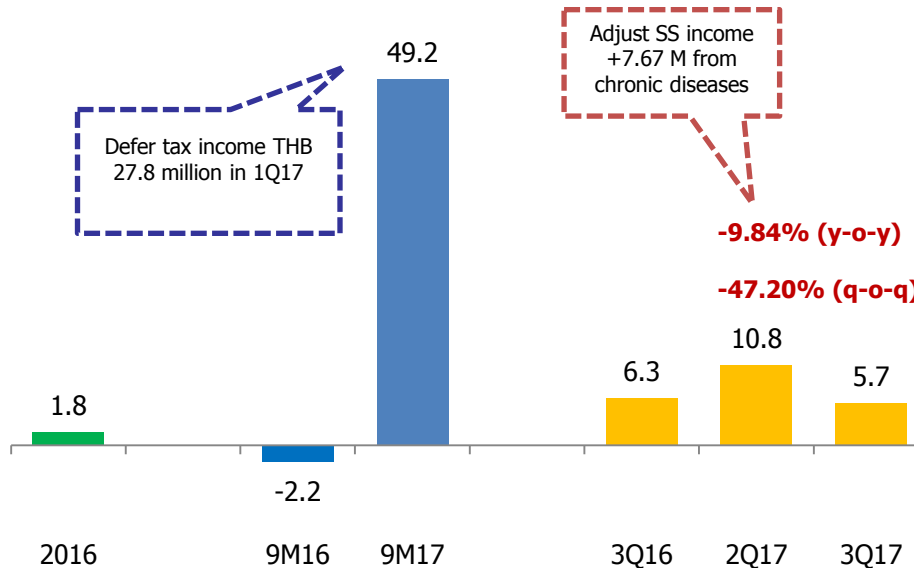
Gross Profit Margin (%)



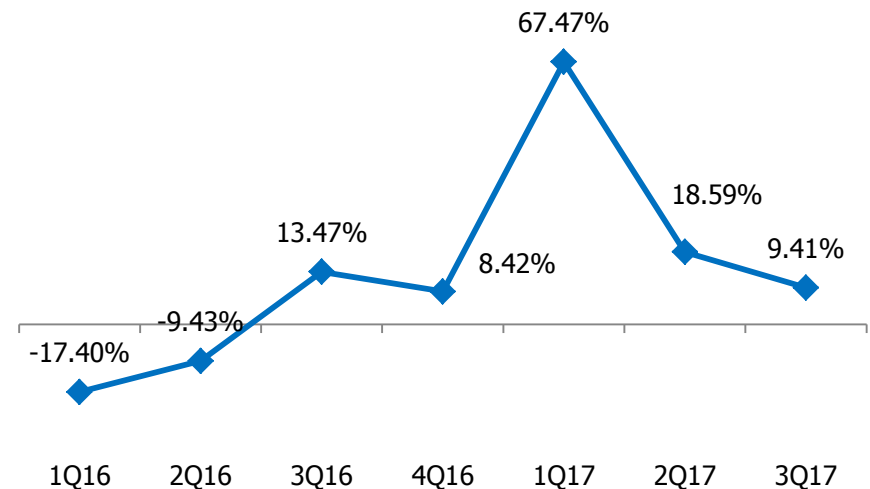
RRH - 3Q17 Performance Summary



Net Profit (THB Million)



Net Profit Margin (%)

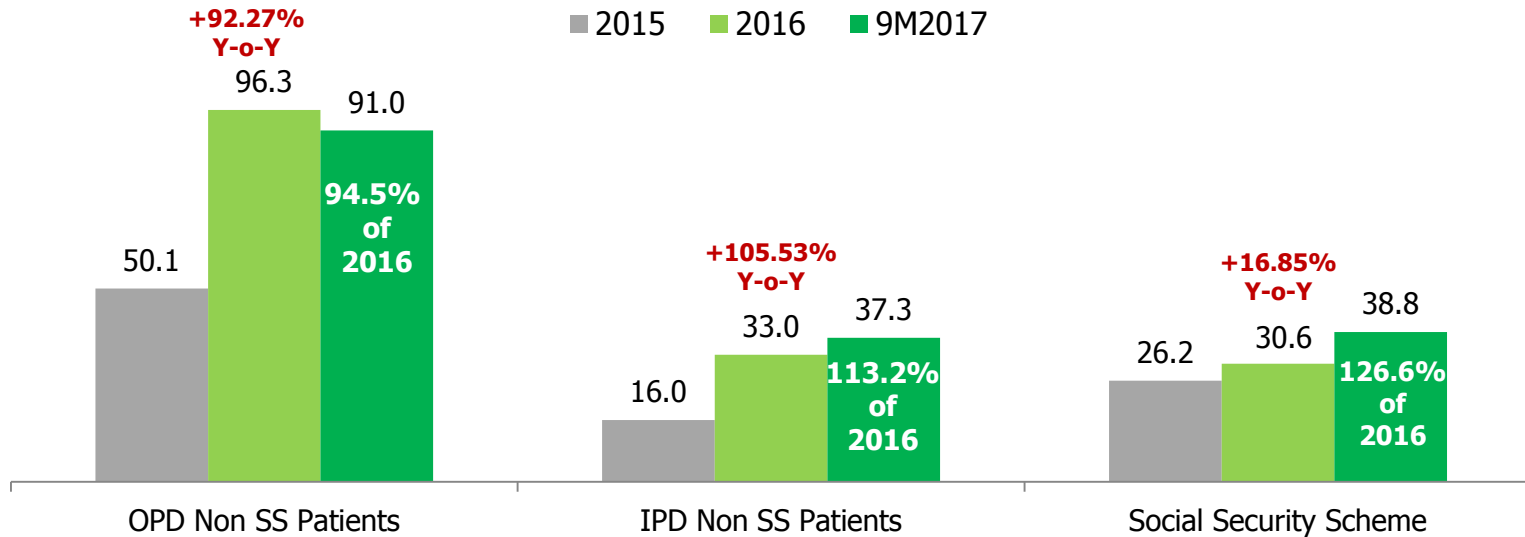


- In 2Q17, SS revenue from chronic diseases was adjusted upward for THB 7.67 million. THB 3.32 million and THB 3.64 million was adjusted for Y16 and 1Q17 revenue respectively. Therefore, revenue and gross margin was relatively high in 2Q17.
- In 1Q17, RRH recorded defer tax income which mostly was tax shield stemming from 5-year losses. Total tax shield was THB 27.8 million. RRH on the other hand recorded defer tax expenses (defer tax write-off) THB. 1 million and THB 1.8 million in 2Q17 and 3Q17 respectively.

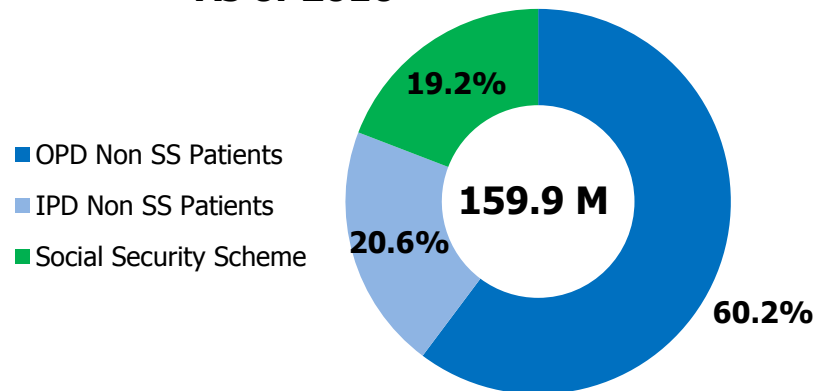
RRH - Revenue by Patient Types : 2015 – 9M 2017



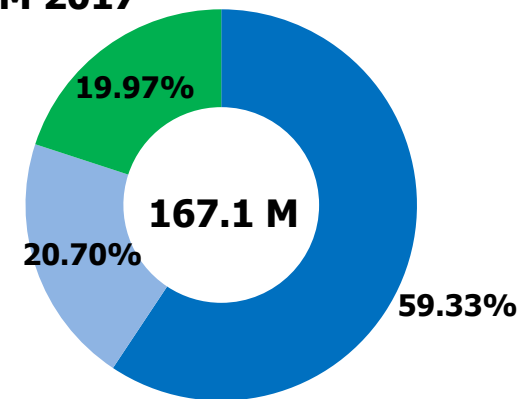
(Unit: THB Million)



As of 2016



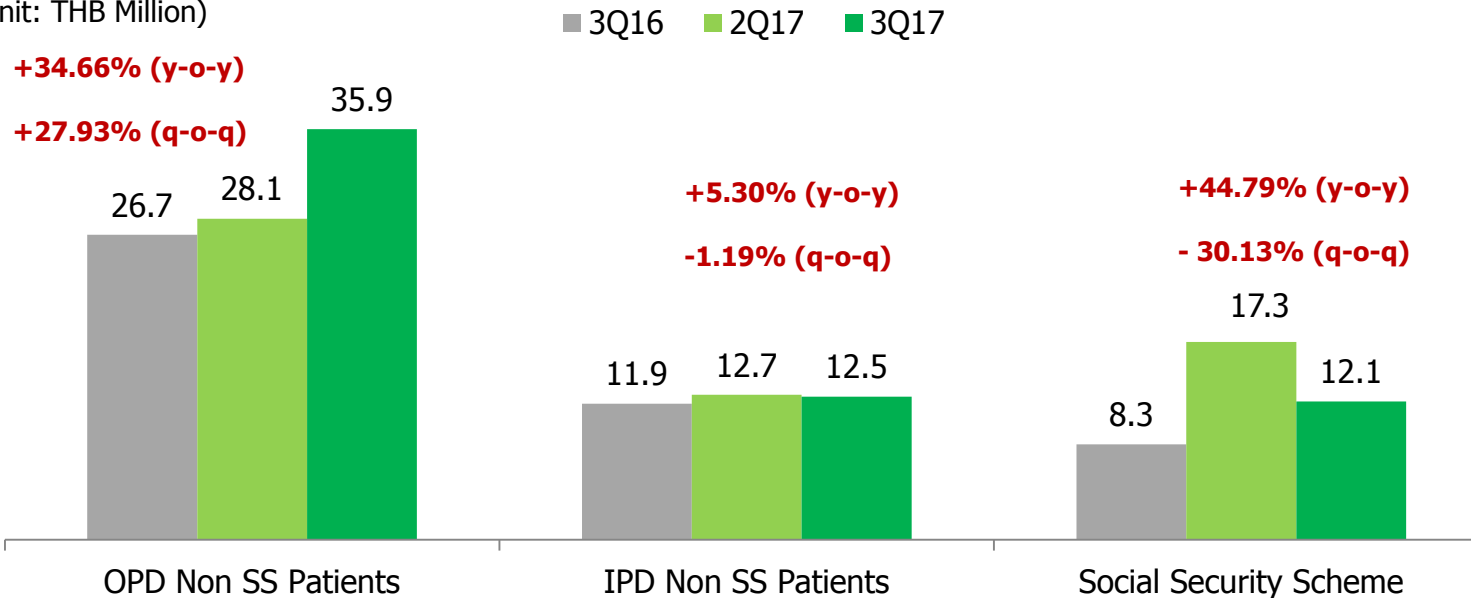
As of 9M 2017



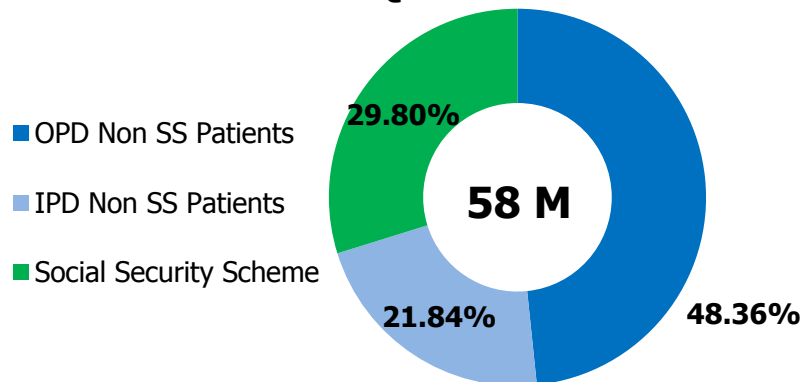
RRH - Revenue by Patient Types : QoQ



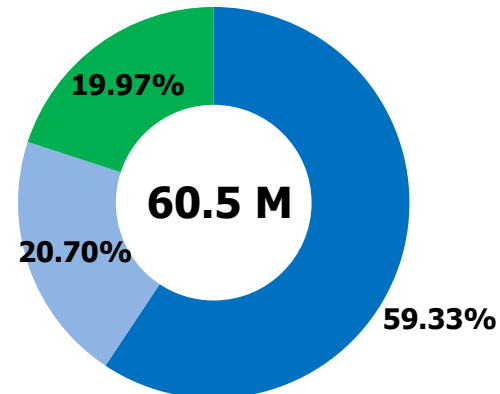
(Unit: THB Million)



As of 2Q17



As of 3Q17



05

Strategies for 2018 & Future Projects



Strategies for 2018



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 cash 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 laser slit lamp for ophthalmology procedures / 4D ultrasound for antenatal care (maternal–fetal medicine), etc. Focus on outside checkup and vaccines. Increase the hemodialysis units at RRH MRI center, estimated income of 1 M per month in first year Increase the OPD utilization rate
IPD	<ul style="list-style-type: none"> Addition of up to 5 hospital beds at RJH by 3Q18. Focus on growth in number of cash patients: <ul style="list-style-type: none"> Cardiac Catheterization Cataract surgery Arthroscopic surgery Laparoscopic Cholecystectomy 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)

Future Projects



Projects	Capital Expenditure	Expected Completion	Project Details
Capacity Expansion (RJH)	Approx. THB 15 M	Completed	<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, 24 beds per floor, total of 120 beds Conveniently located at the main campus of RJH and connected to the existing patient building 16 new ICU units

Thank You

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