



# Rajthanee Hospital Public Company Limited

## 3Q18 & 9M18 Result



Investor Presentation : November 2018

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# 01

## Summary and Updates

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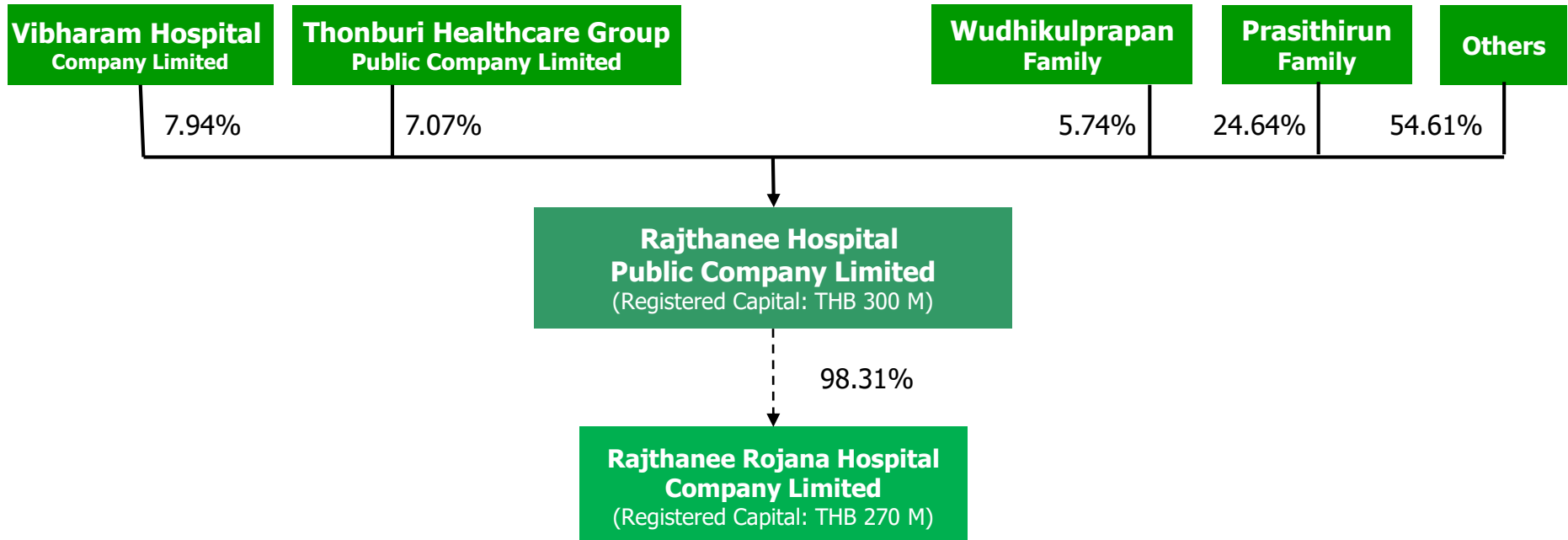


# Company Profile



<b>Our History</b>	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.
<b>Business Overview</b>	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
<b>Target Customers</b>	2 primary, mid-to-low target customers: <ul style="list-style-type: none"> <li>• Non-Social Security revenue 55.1% and 57.9% of the total revenue in 2017 and 9M'18, respectively</li> <li>• Social Security revenue 44.9% and 42.1% of the total revenue in 2017 and 9M'18, respectively</li> </ul>
<b>Capacity</b>	353 registered hospital beds, 245 (+18 beds in 3Q'18) beds in service and 51 examination rooms
<b>Excellent Medical Centers</b>	<ul style="list-style-type: none"> <li>• Emergency and Neurosurgery Center</li> <li>• Heart Center</li> <li>• Orthopedics Center</li> <li>• Minimal Invasive Surgery (MIS)</li> </ul>
<b>Financial Performances</b>	Total revenue from hospital operations <ul style="list-style-type: none"> <li>• 2015–2017: THB 1,024.3 M and THB 1,209.5 M, 1,403.1 respectively +14% CAGR</li> <li>• 9M'17 = THB 1,036.0 M, 9M'18 = 1,193.4 +15.2% yoy.</li> </ul>
<b>Future Projects</b>	<ul style="list-style-type: none"> <li>• New Hemodialysis Center</li> <li>• Renovation and expansion of OPD examination</li> <li>• Medical equipment</li> <li>• New Hospital building</li> </ul>

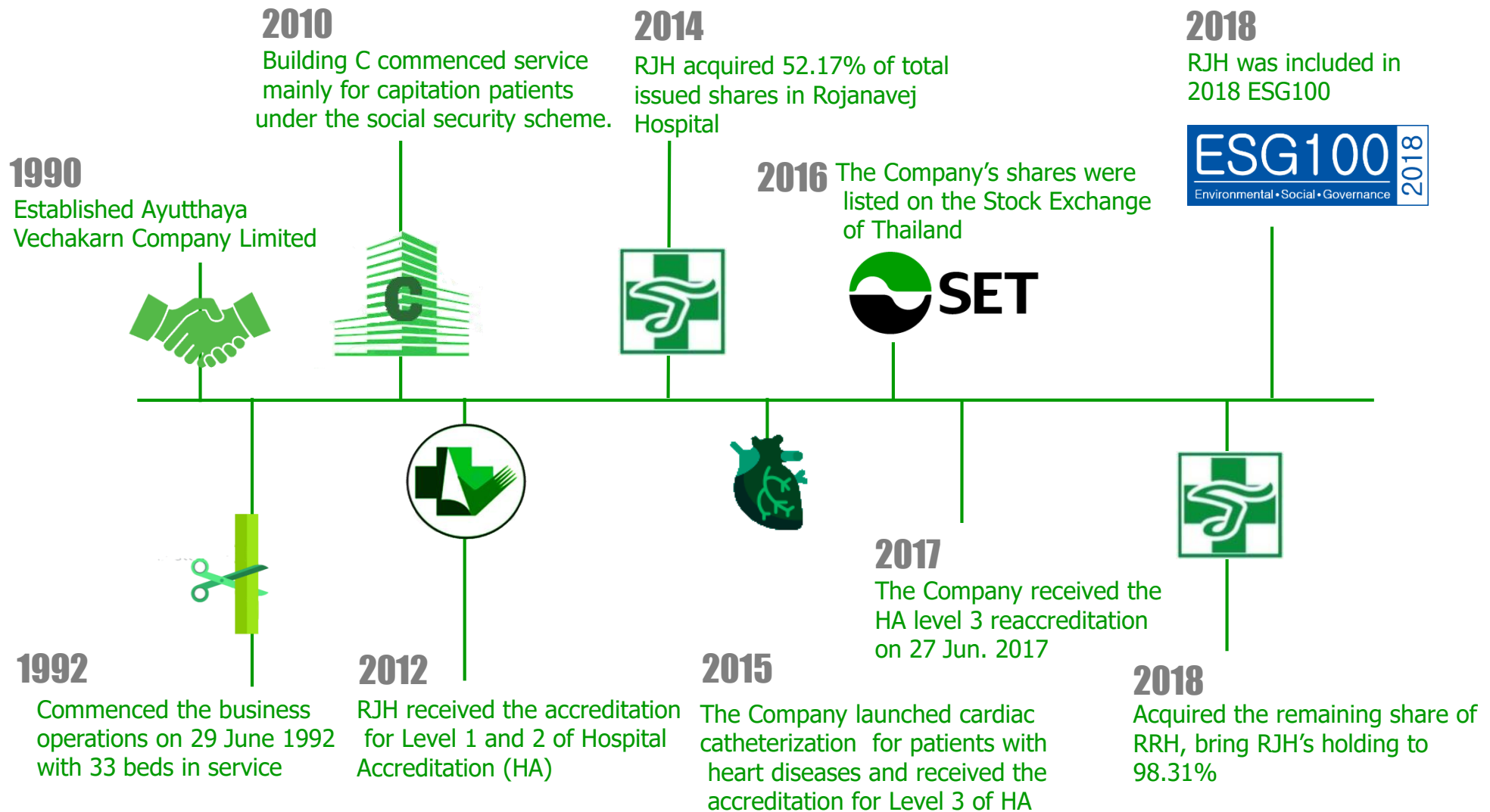
# Shareholding Structure



Remarks : Shareholding as of 24 August 2018



# Background & Major Events



# 02

## Business Overview

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# Business Characteristics



## Rajthanee Hospital (RJH)



### Rajthanee Hospital Public Company Limited

Registered hospital beds	253 beds
Beds in service	207 beds
Examination rooms (average)	45 rooms
Number of the insured persons	157,712
Quota of the insured persons	161,000
Full-time / Part-time physicians	44 / 173
Nurses	198

*As of Sep. 30, 2018*

## Rajthanee Rojana Hospital (RRH)



### Rajthanee Rojana Hospital Company Limited

Registered hospital beds	100 beds
Beds in service	38 beds
Examination rooms (average)	6 rooms
Number of the insured persons	20,677
Quota of the insured persons	35,000
Full-time / Part-time physicians	8 / 51
Nurses	34

# Excellent 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)

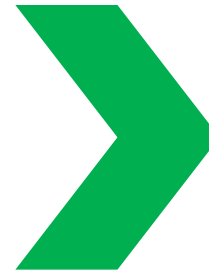
- Laparoscopic Cholecystectomy
- Laparoscopic Appendectomy
- Laparoscopic Herniorrhaphy
- Laparoscopic hysterectomy
- Arthroscopic surgery with knee, shoulder and spine

# Scope of Our Medical Services



## The Complete Scope of Medical Services

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



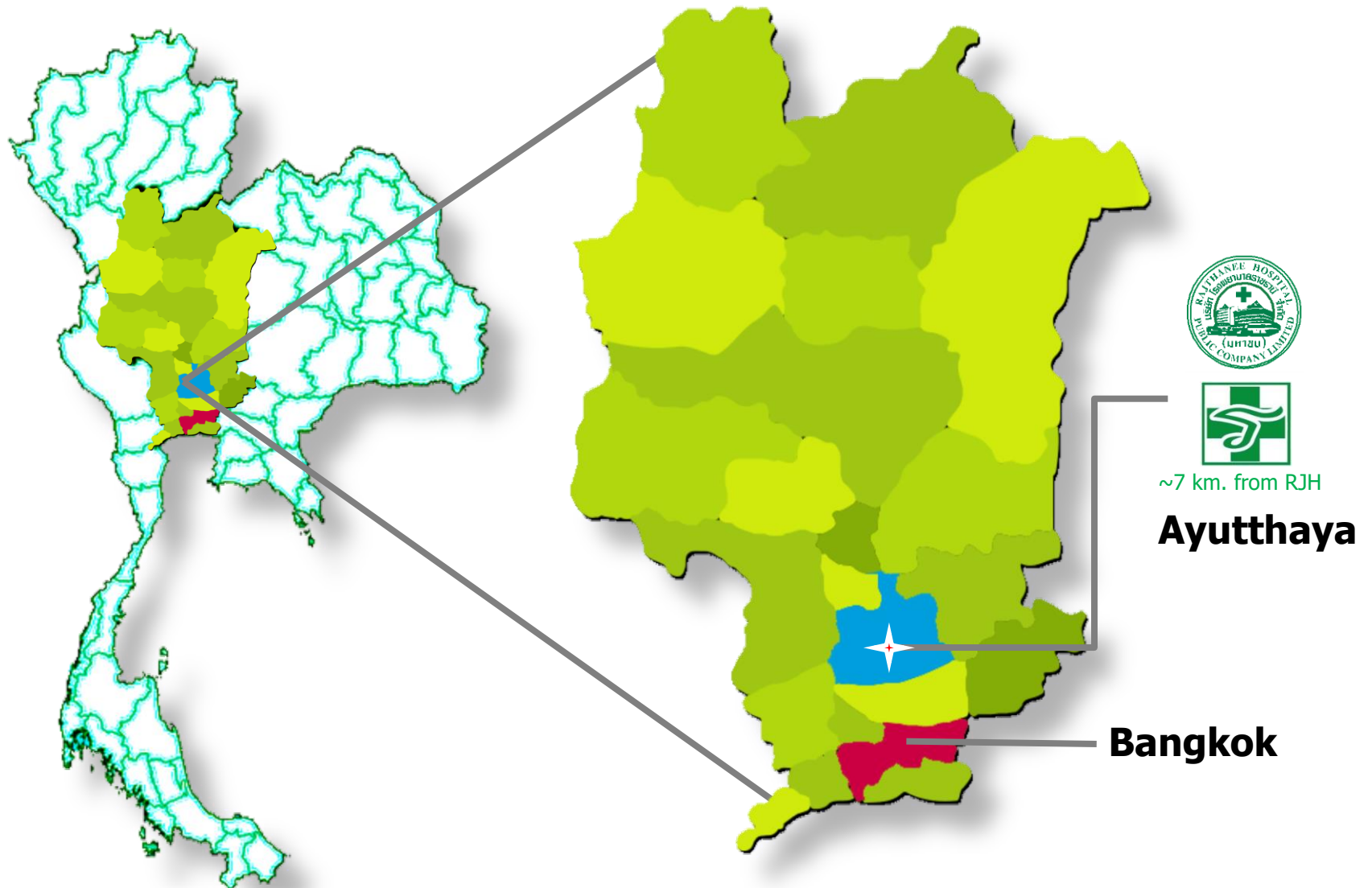
# Scope of Our Medical Services



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	✓	✓

# 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 26 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.

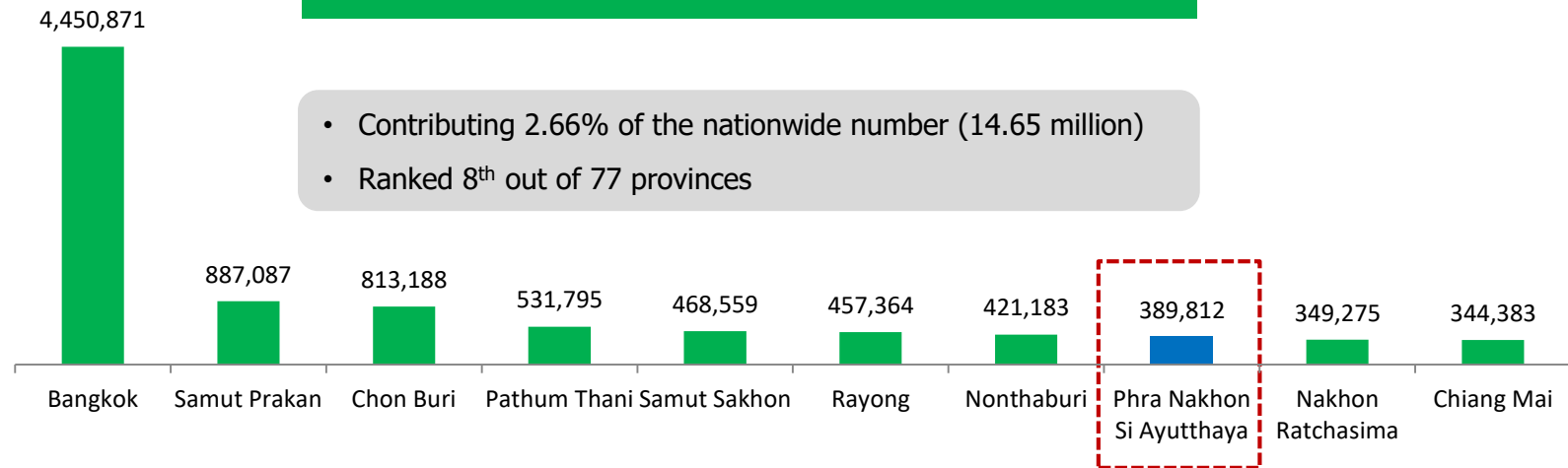
Hospitals	Gov't/ Private	Locations	Social Security Scheme	No. of Registered Beds
Phra Nakorn Sri Ayutthaya	Gov't	Phra Nakhon Si Ayutthaya District	✓	528
Sena Hospital	Gov't	Sena District	✓	180
Karunvej Ayutthaya Hospital	Private	Bang Pa-in District	✓	105
Supamitrsena General Hospital	Private	Sena District	-	100
Peravech Hospital	Private	Phra Nakhon Si Ayutthaya District	-	53
New Hospital (open 2019)	Private	Uthai District	-	50



# Ayutthaya's Healthcare Industry Outlook

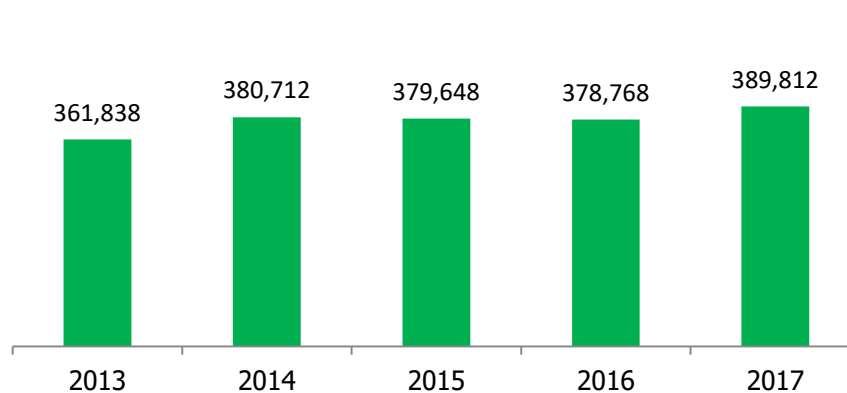


## Number of Insured Persons in Thailand (2017)



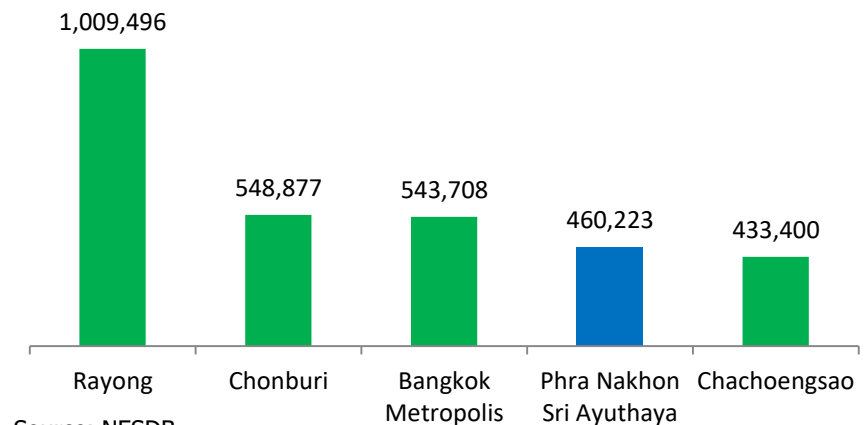
Source: Social Security Office, Ministry of Labor

## Number of Insured Persons in Ayutthaya



Source: Social Security Office, Ministry of Labor

## Top 5 GPP per capita (2016)



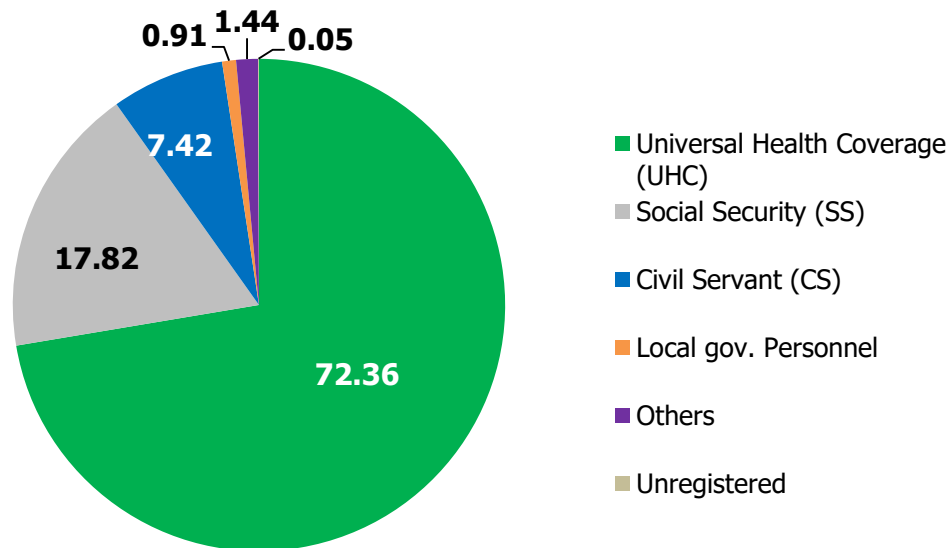
Source: NESDB



# Thailand's Capitation Schemes



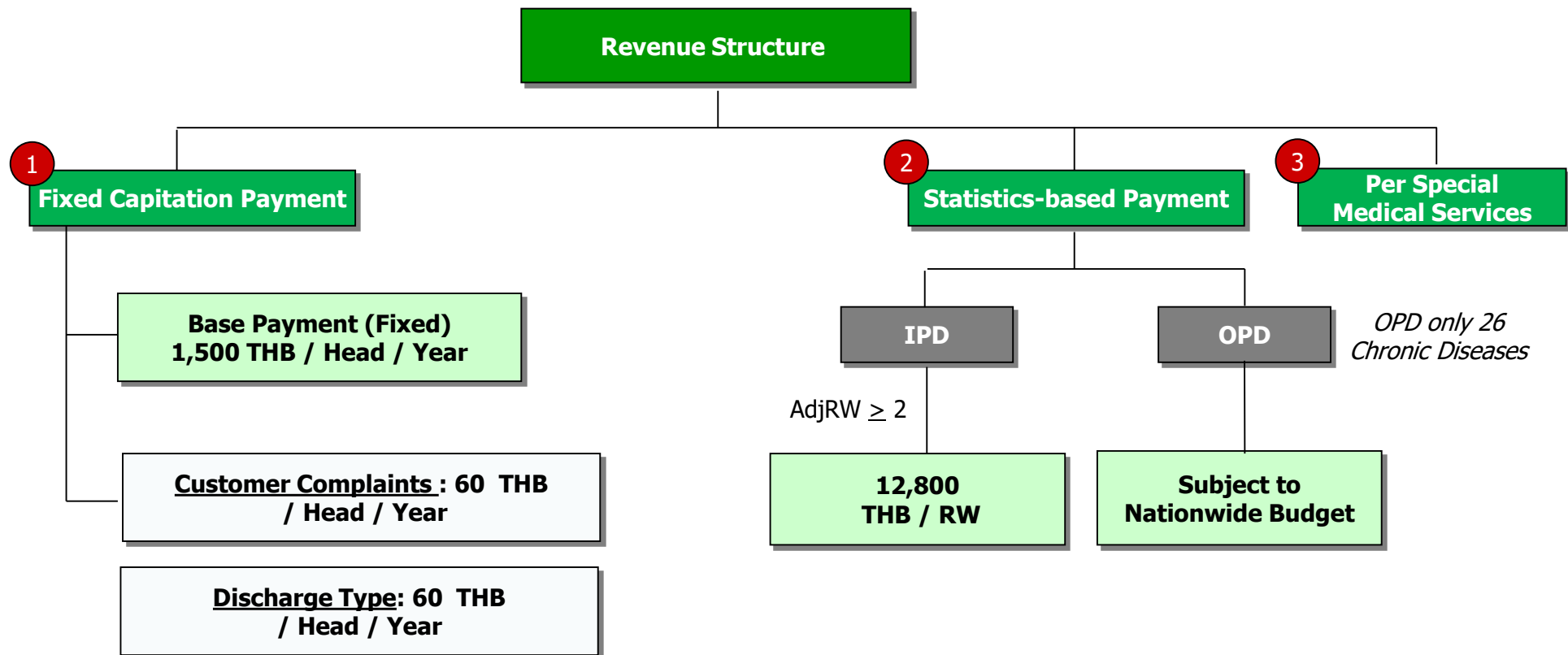
## Healthcare Segments in 2017



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
<b>Additional Payments</b>				
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 $\geq$ 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, Check up, etc.	As per actual payments made; subject to the Social Security Office's policy			

# 03

## 3. Financial Performance 3Q 2018 – RJH GROUP

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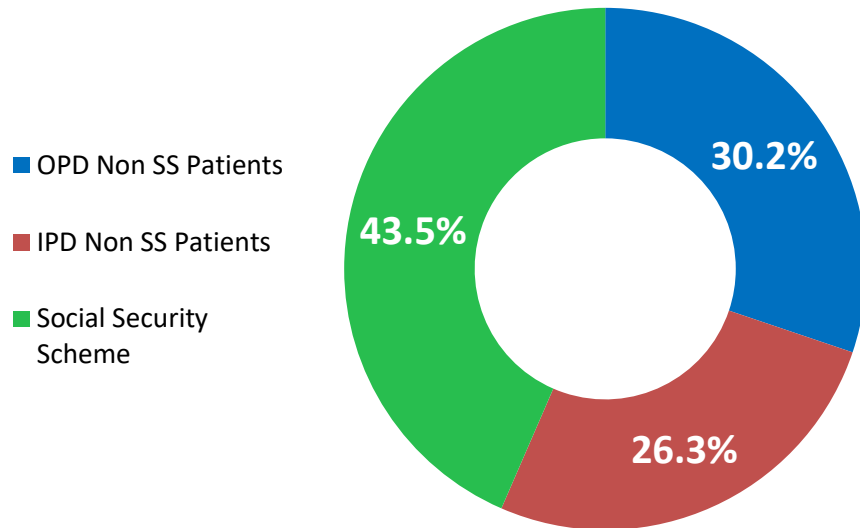


# Revenue Breakdown By Patient Type

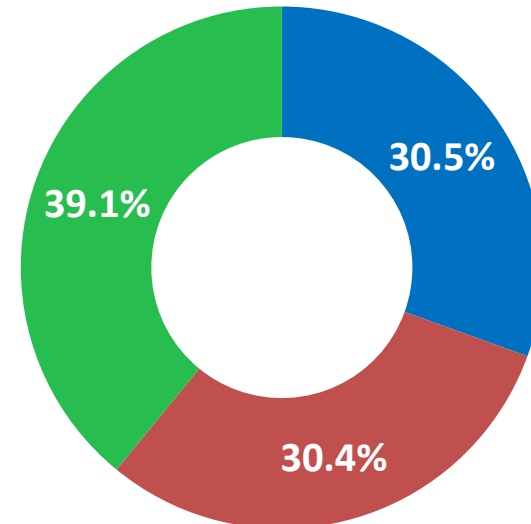


## Patient Type (Consolidated)

**3Q'17**



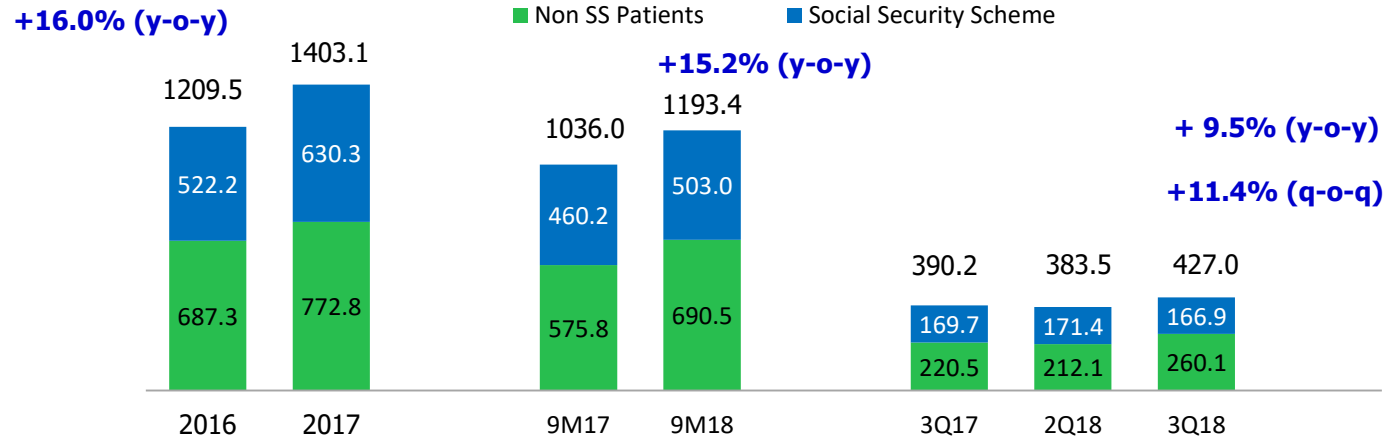
**3Q'18**



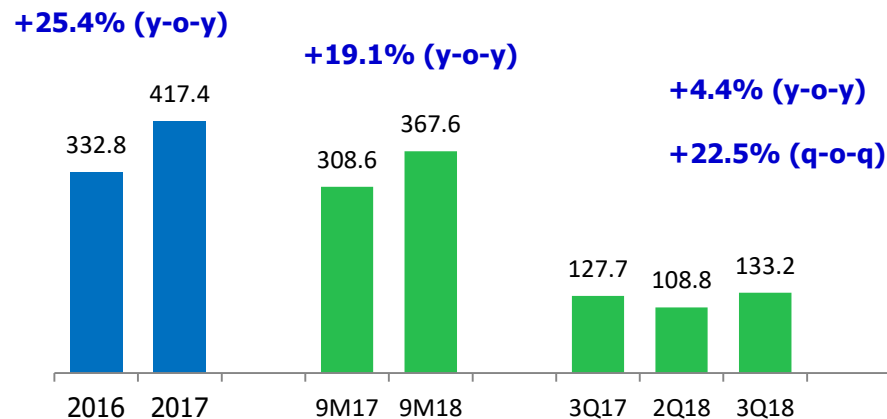
# 3Q 2018 Group Performance



## Revenue from Hospital Operations (THB Million)



## Gross Profit (THB Million)

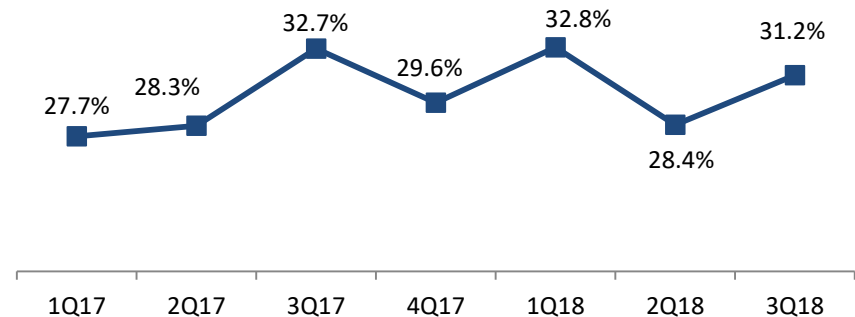


## Gross Profit Margin (%)

**9M 2018 GPM = 30.8%**

**2017 GPM = 29.7%**

**2016 GPM = 27.5%**

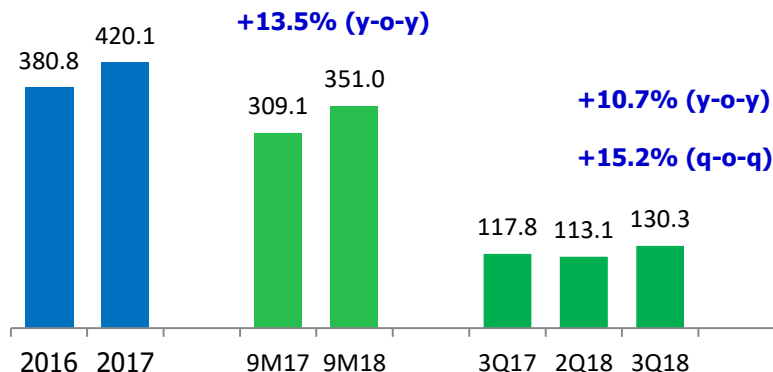


# OPD - Non SS Patients



## Revenue from OPD Non SS Patients (MB)

+10.3% (y-o-y)



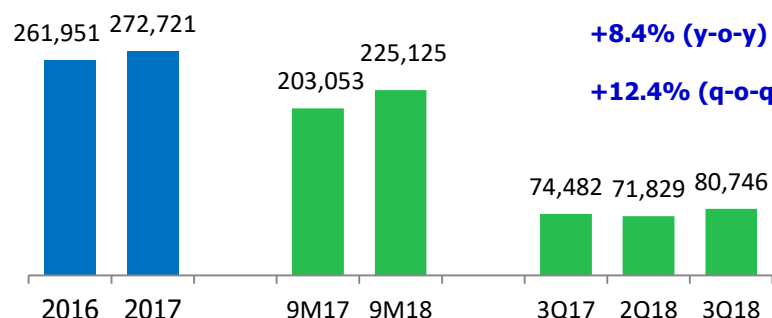
## Number of OPD Visits (Visits)

+4.1% (y-o-y)

+10.9% (y-o-y)

+8.4% (y-o-y)

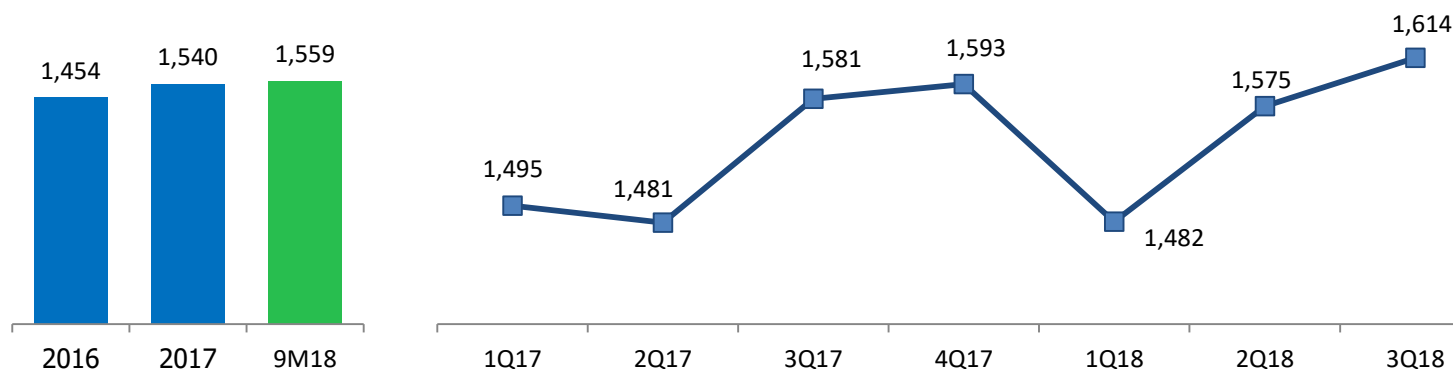
+12.4% (q-o-q)



## Revenue per OPD Visit (THB/Visit)

+2.1% (y-o-y)

+2.5% (q-o-q)



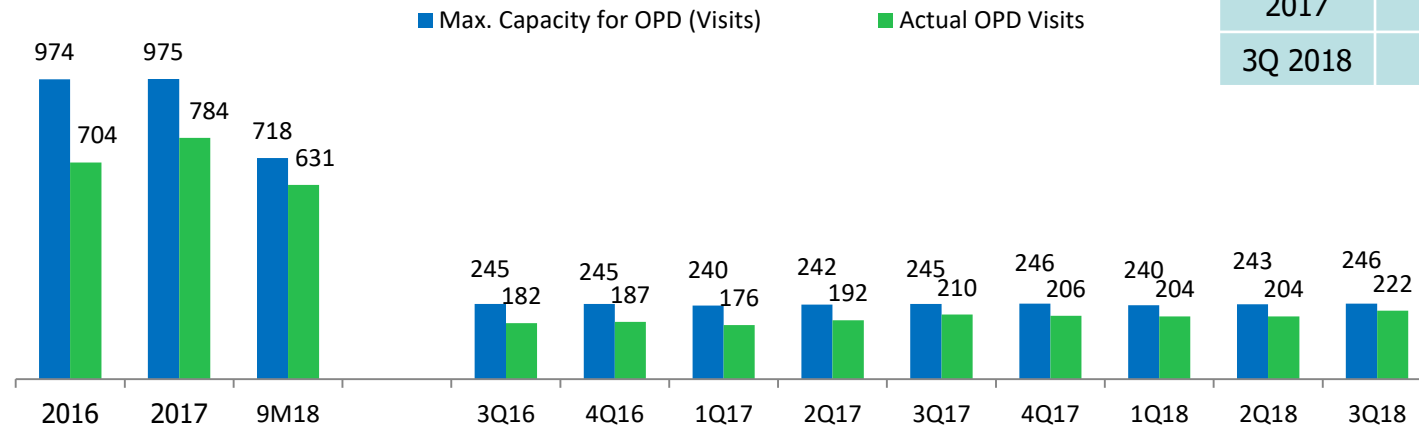


# OPD Utilization Rate – All Sectors



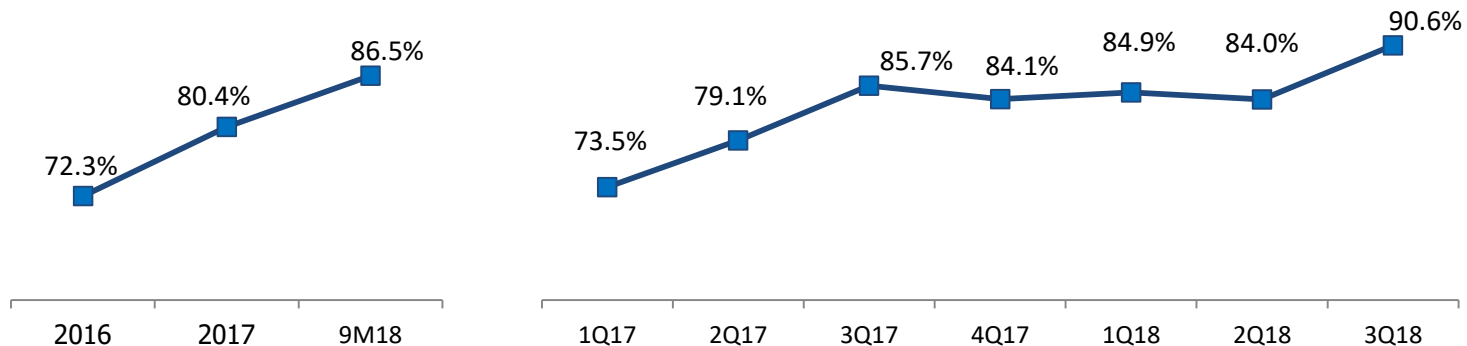
## OPD Visits

(Unit: '000 visits)



Period	No. of Exam. Rooms	Hemo dialysis Units
2016	51	43
2017	51	47
3Q 2018	51	47

## OPD Utilization Rate (%)

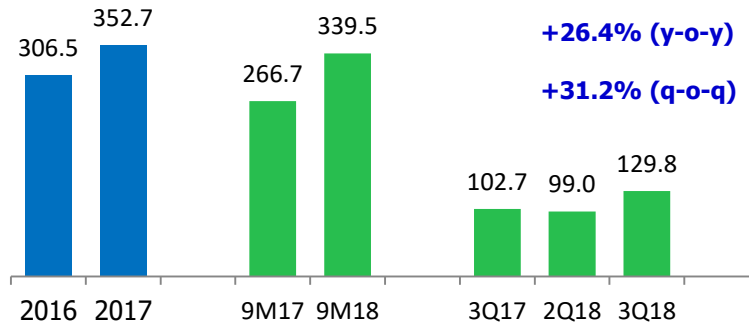


# IPD – Non SS Patients



## Revenue from IPD Non SS Patients (MB)

+15.1% (y-o-y)



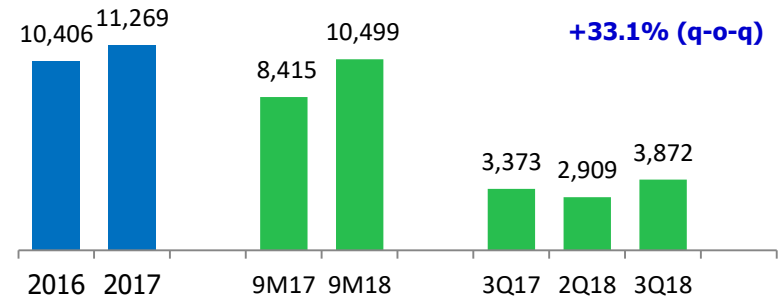
+27.3% (y-o-y)

+26.4% (y-o-y)

+31.2% (q-o-q)

## Number of IPD Patient (Visits)

+8.3% (y-o-y)



+24.8% (y-o-y)

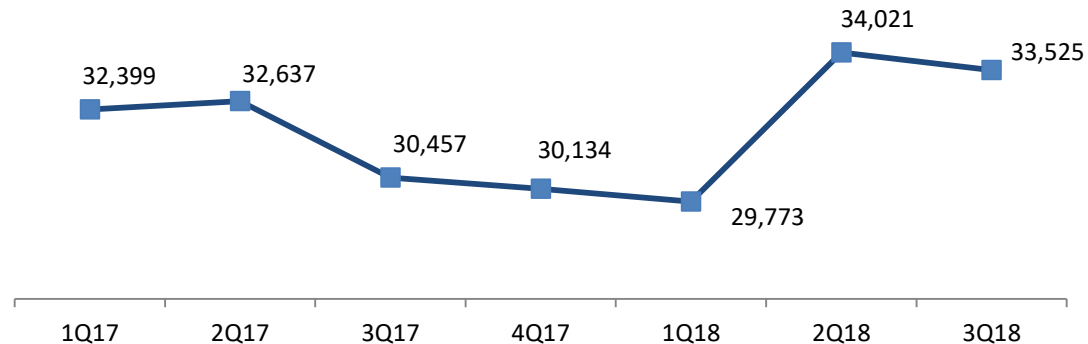
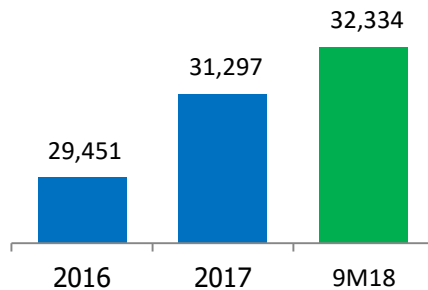
+14.8% (y-o-y)

+33.1% (q-o-q)

## Revenue per Head (THB/Visit)

+10.1% (y-o-y)

-1.5% (q-o-q)



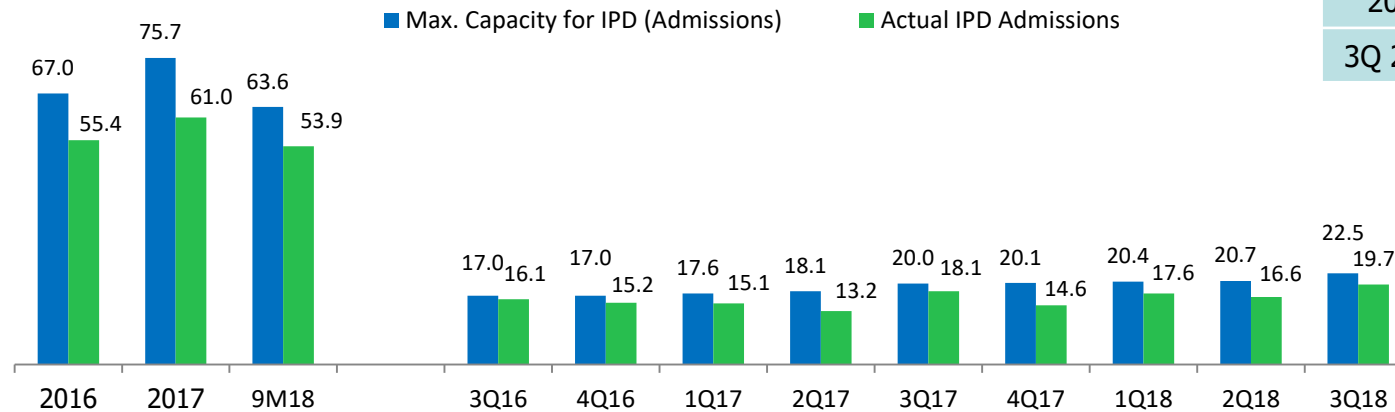
# IPD Utilization Rate – All Sectors



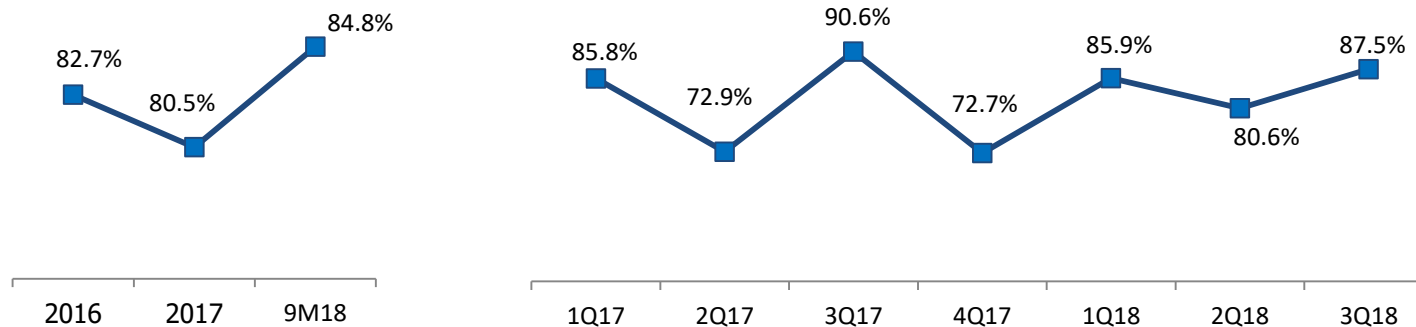
## IPD Beds

(Unit: '000 visits)

Period	No. of Beds in Service
2016	185
2017	219
3Q 2018	245



## IPD Utilization Rate (%)

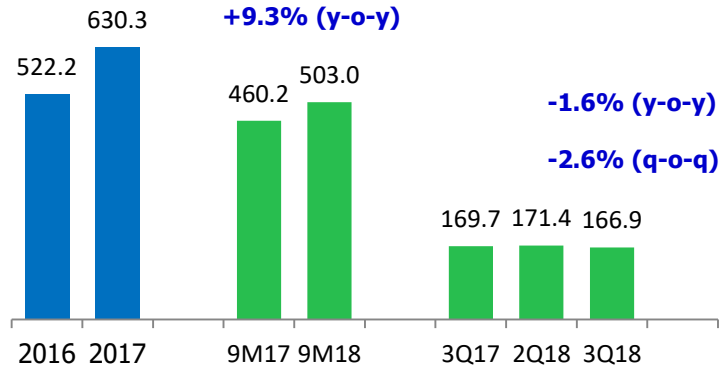


# Social Security Scheme



## Revenue from SS Patients (MB)

+20.7% (y-o-y)

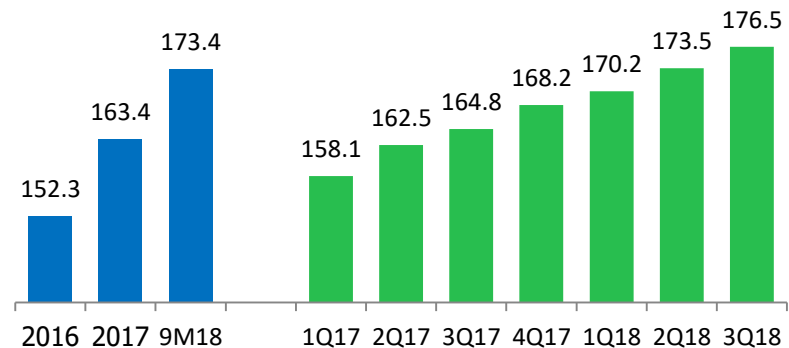


## Average Registered SS Patients

(Unit: '000 head)

+7.1% (y-o-y)

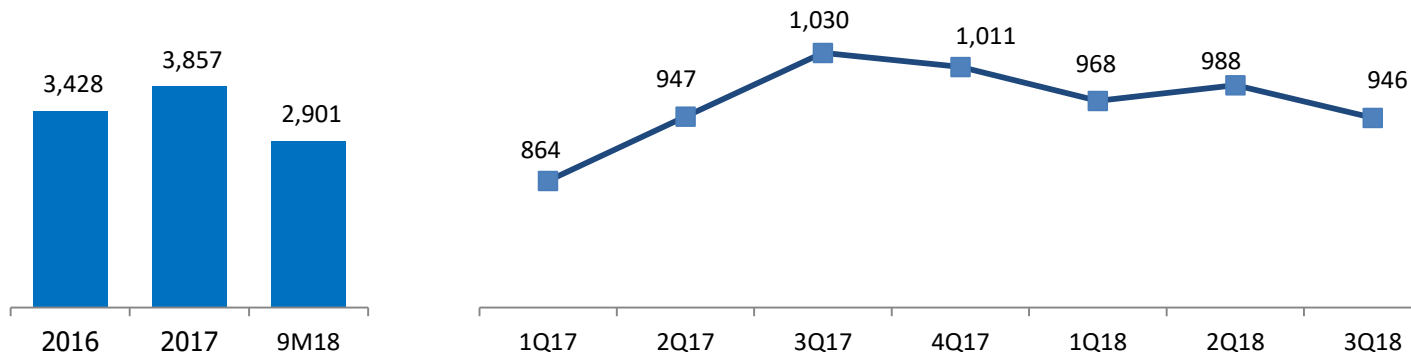
+1.8% (q-o-q)



## Revenue per Average Registered SS Patients (THB/Head)

-8.2% (y-o-y)

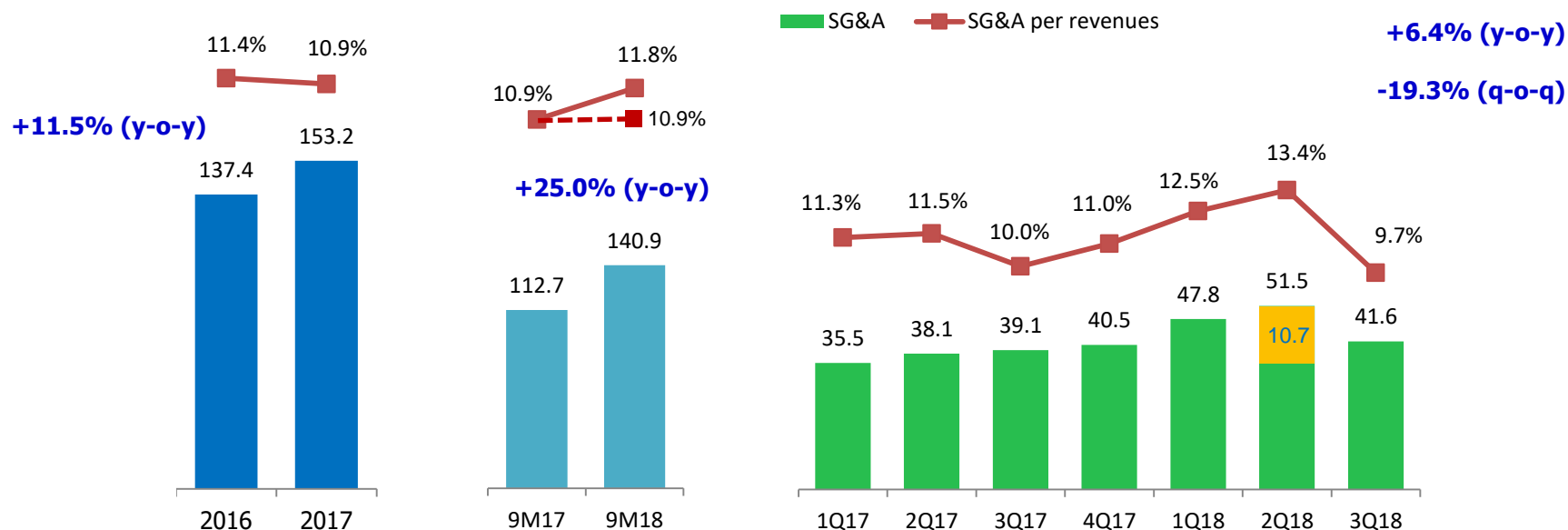
-4.3% (q-o-q)



# SG&A Expense



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



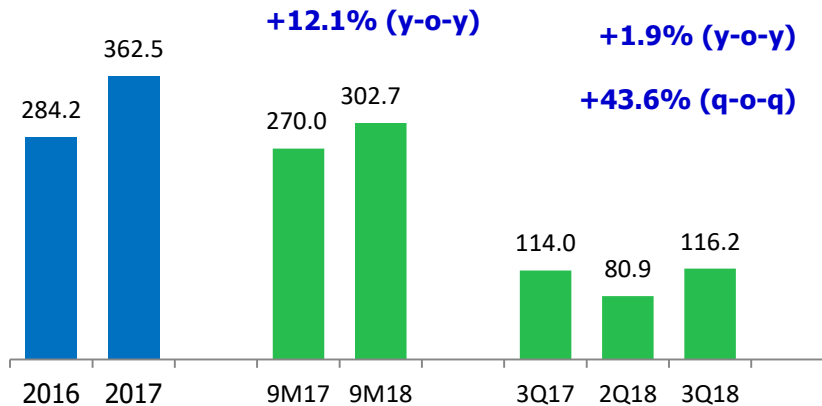
- For 9M'18, administrative expenses increased 25% yoy. The increase was mainly from the accounting expense from the revised down of social security income of 4Q'17 for amount of THB 10.7 million in 2Q'18. Exclude this extra expense, SG&A will increase only 16% yoy. SG&A to hospital operation revenues would have fallen to 10.9% in 9M'18.
- Apart from the accounting expense, 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

# 3Q 2018 Group Performance



## EBITDA (THB Million)

**+27.5% (y-o-y)**

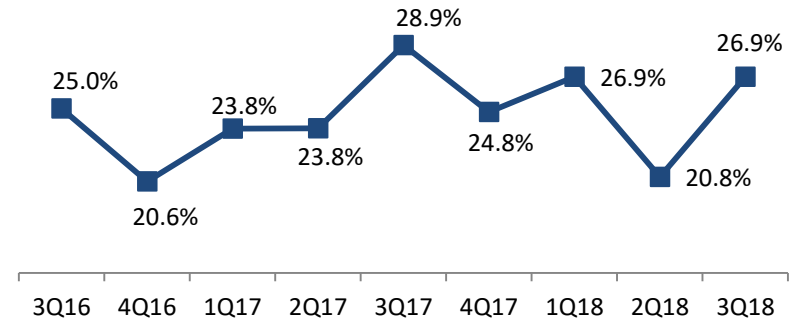


## EBITDA Margin (%)

**9M 2018 EBITDA Margin = 25.0%**

**2017 EBITDA Margin = 25.4%**

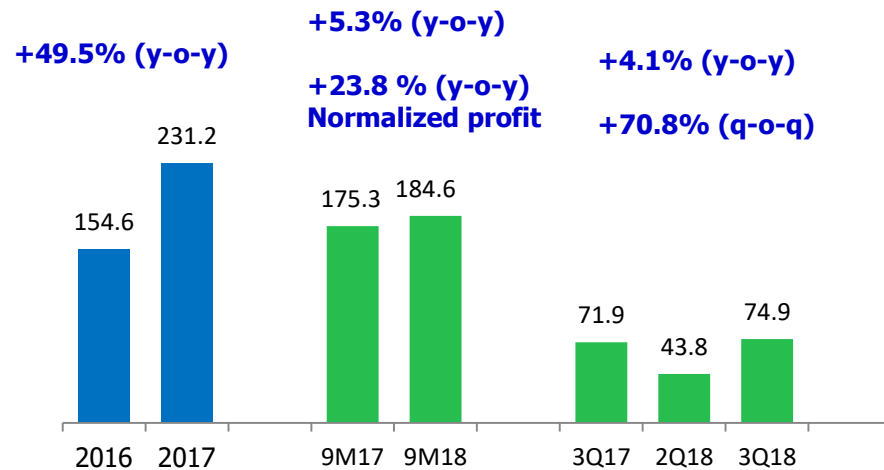
**2016 EBITDA Margin = 23.2%**



# 3Q 2018 Group Performance

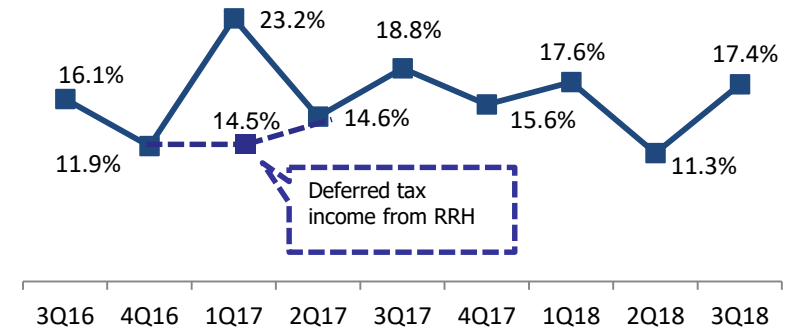


## Net Profit (THB Million)



## Net Profit Margin (%)

**9M 2018 NPM = 15.5% (16.1% exc. extra Item)**  
**2017 NPM = 18.0% (15.1% exc. extra Items)**  
**2016 NPM = 12.7%**



- 2Q'17 RRH adjusted upward social security income from chronic diseases amount of THB 7.7 million.
- 9M'17 RRH deferred tax income net of THB 25.0 million.
- 2Q'18 RJH group adjusted upward SG&A from the revised down of social security income (AdjRW) of 4Q'17 amount of THB 10.7 million.

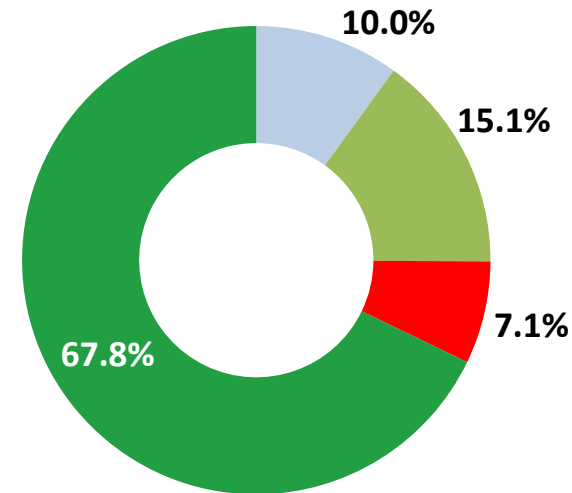
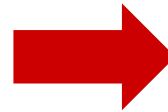
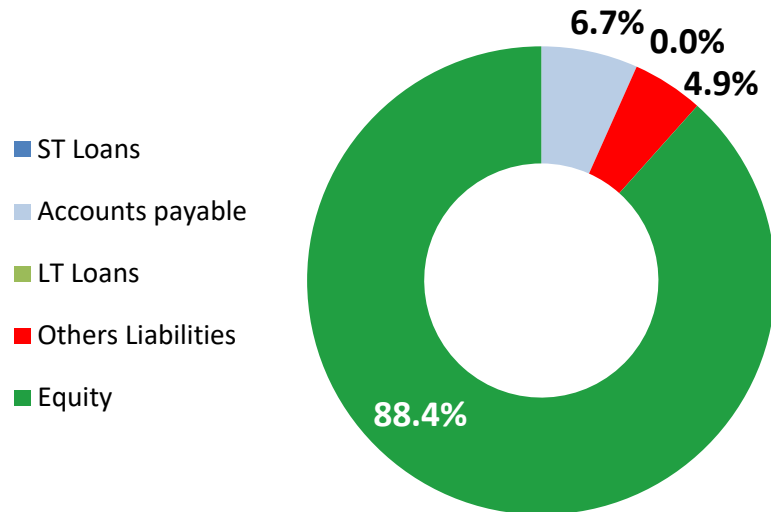


# Capital Structure & Debt-to-Equity Ratio

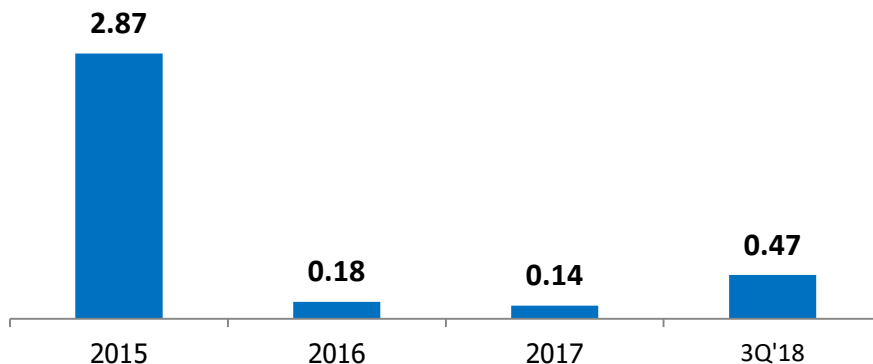


**As of 3Q'17**

**As of 3Q'18**



**Debt-to-Equity Ratio (Times)**



## Remarks:

- The post-IPO shareholders' equity increased since 3Q'16.
- 3Q'18 Debt to Equity ratio increased due to use some debt financing to acquire the remaining share of RRH

# 04

## Financial Performance 3Q 2018 - RRH

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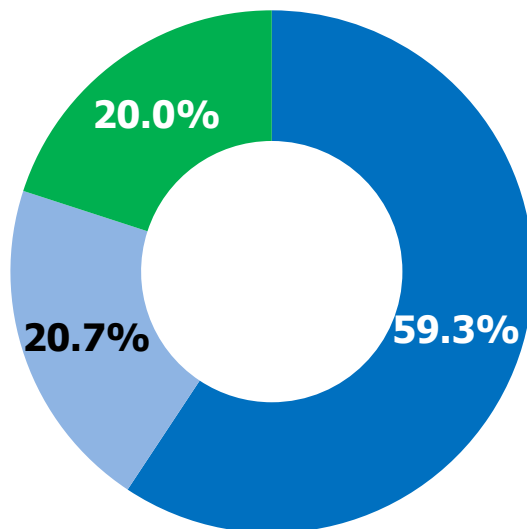


# RRH - Revenue Breakdown By Patient Type



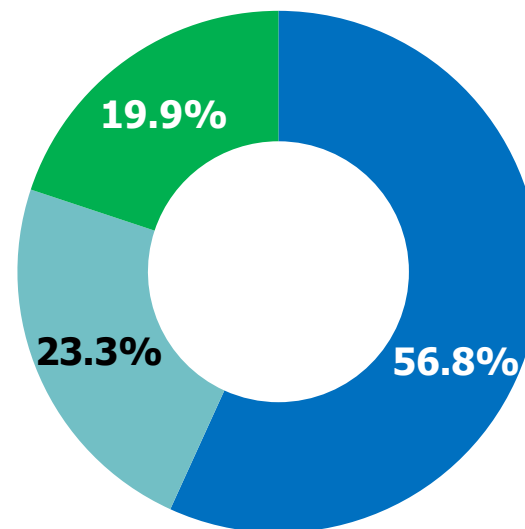
## Patient Type (Consolidated)

As of 3Q'17



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

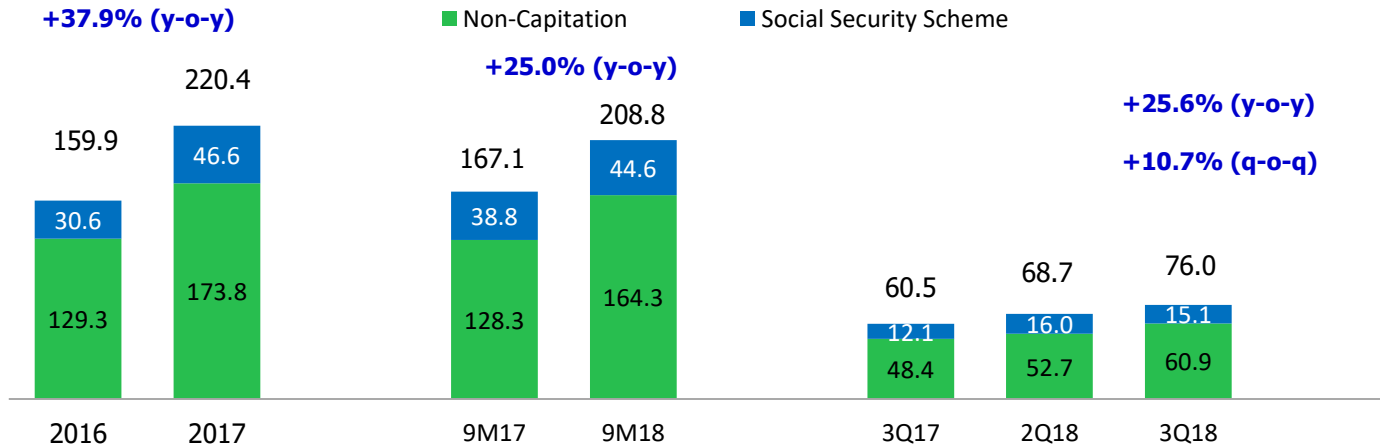
As of 3Q'18



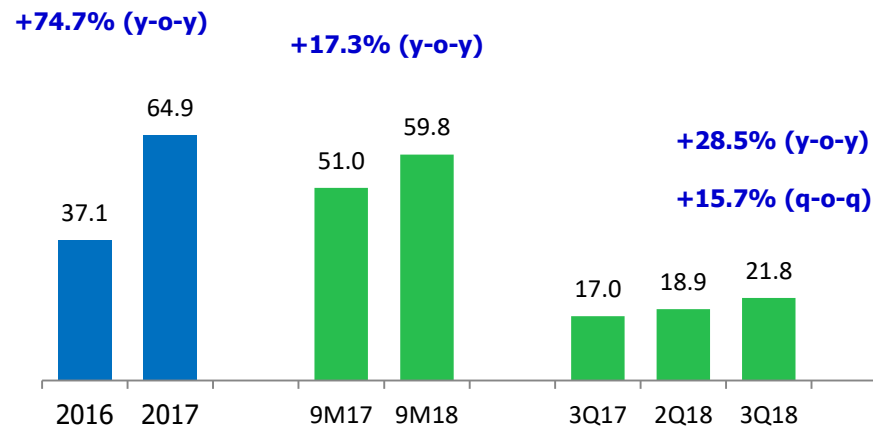
# RRH - 3Q 2018 Performance Summary



## Revenue from Hospital Operations (THB Million)



## Gross Profit (THB Million)

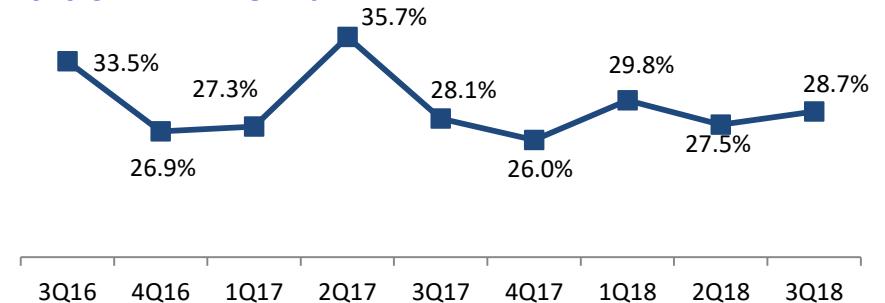


## Gross Profit Margin (%)

**9M 2018 GPM = 28.6%**

**2017 GPM = 29.4%**

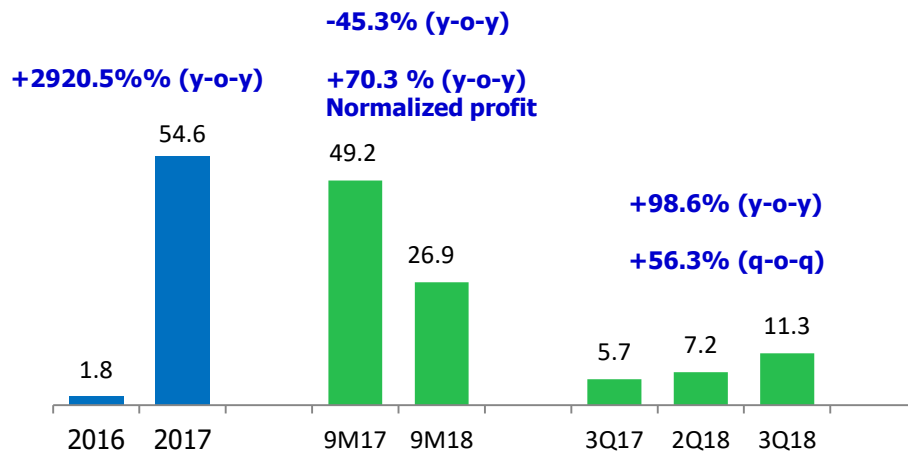
**2016 GPM = 23.2%**



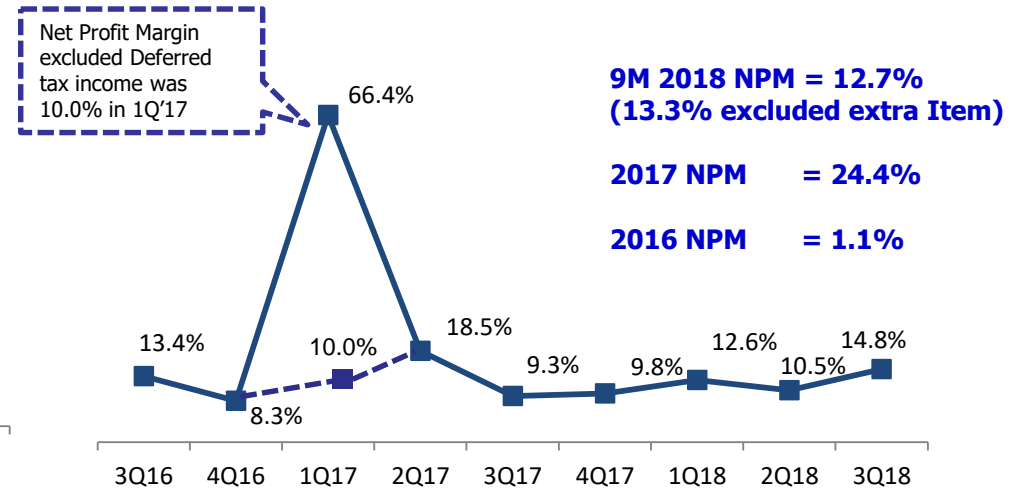
# RRH – 3Q 2018 Performance Summary



## 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 25.0 million in 9M'18.
- In 2Q'17, SS revenue from chronic diseases was adjusted upward for THB 7.7 million.
- 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 all these extra items, normalized profit would grow 70.3% yoy in 9M'18.

# 05

## Strategies & Future Projects

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# Strategies and Future Projects



Segments	Strategies
<b>Total Revenue</b>	<ul style="list-style-type: none"> <li>Targeted total revenue growth of 10-15%</li> </ul>
<b>OPD</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Alleviate crowded OPD at RJH by emigrating patients to RRH and by focusing on outside checkup and vaccines.</li> <li>Income from new unit : MRI center , 16 new hemodialysis units in RJH in 1Q'19</li> <li>Added 3 new OPD examination in RJH, renovation of OPD examination area in RRH in 1Q'19</li> </ul>
<b>IPD</b>	<ul style="list-style-type: none"> <li>12 hospital beds at RJH and 6 beds at RRH were added in 3Q 2018.</li> <li>5 beds were added in RJH in October 2018</li> <li>Revise up IPD pricing</li> <li>Focus on growth in number of cash patients:                             <ul style="list-style-type: none"> <li>Cardiac Catheterization</li> <li>Minimal invasive surgery</li> <li>Obstetrical delivery cases</li> </ul> </li> </ul>
<b>Social Security</b>	<ul style="list-style-type: none"> <li>Increase the number of insured persons at RJH and RRH</li> <li>Boost income from SW checkup, chronic disease</li> <li>More effectively cost control</li> </ul>
<b>Heart Center</b>	<ul style="list-style-type: none"> <li>Increase the number of all categories of patients (UC / SC / Cash)</li> </ul>



# Future Projects



Projects	Capital Expenditure	Expected Completion	Project Details
<b>MRI Center</b>	Already Invested	Opened in Jan. '18	<ul style="list-style-type: none"> <li>To be the 1<sup>st</sup> MRI center in Ayutthaya</li> <li>Partnering with an MRI company with extensive experience in MRI market in the upcountry</li> <li>Expecting minimum of 160 cases per month (currently 180 case)</li> </ul>
<b>Capacity Expansion</b>	-	4Q 2018	<ul style="list-style-type: none"> <li>12 beds in RJH and 6 beds in RRH were added in 3Q'18</li> <li>5 beds and 3 OPD examination room in RJH were added in Oct. '18</li> <li>1 OPD examination room will add in 1Q'19</li> </ul>
<b>Hemodialysis Center</b>	Approx. THB 40 Mil.	1Q 2019	<ul style="list-style-type: none"> <li>Expansion from 27 to 43 units at RJH</li> </ul>
<b>New Hospital</b>	Approx. THB 700 Mil.	2021	<ul style="list-style-type: none"> <li>New 120 patient beds with full hospital service</li> <li>Expecting to absorb demand of healthcare services for 5-10 years</li> </ul>

# Thank You

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