



No. RJH – SET 6/2021

10 May 2021

Subject : Management's Discussion and Analysis for the First Quarter of 2021

To : The President

The Stock Exchange of Thailand

Rajthanee Hospital Public Company Limited ("the Company") would like to clarify the operating results of the Company and its subsidiary for the first quarter ended March 31, 2021 which has been audited by the independent auditor as follows:

Statements of Comprehensive Income for the 1st Quarter Ended March 31, 2021

Operation : Consolidated Profit & Loss Statement	1Q	1Q	%
Unit : THB million	2021	2020	change
Revenue from Non-Social Security	279.49	251.34	11%
Revenue from Social Security	225.94	195.89	15%
Revenue from Hospital Operations	505.43	447.23	13%
Cost of Hospital Operations	337.32	304.70	11%
Gross Margin	168.11	142.53	18%
% Gross Margin	33.3%	31.9%	1%
% Gross Margin (exclude non-recurring items)	29.8%	31.6%	-2%
Administrative Expenses	39.12	44.63	-12%
EBITDA *	163.82	124.15	32%
% EBITDA *	32.4%	27.8%	5%
Other Income	5.00	6.28	-20%
Financing Cost	0.29	0.03	816%
Earnings Before Tax	133.70	104.14	28%
Corporate Tax Expense /(Income)	26.78	21.22	26%
Net Profit	106.92	82.92	29%
Net Profit excl. non-recurring items	86.90	83.84	4%
% Net Profit / Total Revenue	21%	18%	3%
% Net Profit excl. non-recurring items / Total Revenue	18%	19%	-1%
Non-Controlling Interests	0.29	0.15	98%
Net Profit Attributable to The Company	106.63	82.77	29%

* Non-cash items included depreciation and accounting adjustment



Revenue from Hospital Operations

Revenue from hospital operations of the first quarter of 2021 ("1Q21") was THB 505.43 million, increased 13% from the same quarter of previous year ("yoy"). The non-social security ("non-SW") revenue increased 11% yoy. whereas social security ("SW") revenue increased considerably by 15%.

The resurgence of Covid-19 pandemic during 1Q21 has caused OPD and IPD revenue decreased by 3% and 11% respectively. Number of visits decreased while revenue per head increased. Occupancy rate decreased from 71% in 1Q20 to 59% in 1Q21. However, revenue from Covid-19 test for THB 46 million during 1Q21 helped turn around overall non-SW revenue to growth of 11% yoy.

In regard to SW revenue, there was extra revenue from under-record of previous year Adjusted RW revenue for THB. 25 million.

Average number of insured persons surged from previous quarter of 193,600 persons to 195,800 persons in 1Q21.

Cost of Hospital Operations

Cost of hospital operations in 1Q21 increased by 11% yoy. lower than the increase of revenue. Therefore, gross margin improved from 32% to 33% of revenue. However, this improvement was mainly from the abovementioned upward adjustment of previous year SW revenue. Without recognition of this extra revenue, the gross margin would have been 30%, approximately 1.8% decrease. This was mostly stemmed from the increase of depreciation cost due to high investment last year.

Administrative Expenses

Administrative expenses decreased by 12% yoy because there was extra expense from over-record of SW revenue of preceding year for THB 3 million.

Earnings before interest, taxes and depreciation ("EBITDA")

EBITDA (not included other income) increased 32% due mainly to extra SW revenue. Excluding this extra SW revenue, EBITDA would increase by 13% with EBITDA margin of 29% improving from 27% margin of previous year. Without taking depreciation cost, the Company earned higher margin from both Covid-19 test revenue and higher IPD revenue per head.

Financing Cost

The financing cost increased as there was short-term lending during 1Q21.

**Net Profit**

Net profit of 1Q21 increased significantly by 29% yoy. Without consideration of extra SW revenue, the normalized net profit of 1Q21 would be THB 86.9 million comparing to THB 83.8 million of 1Q20. The normalized profit increased by 4% yoy.

Statement of Financial Position as of March 31, 2021

Financial Position : Consolidated Balance Sheet	31-Mar	31-Dec	31-Mar
Unit : THB million	2021	2020	2020
Cash and Temporary Investments	126.47	58.31	255.47
Trade Receivables	305.88	329.74	303.20
Inventories	38.16	36.04	30.38
Property, Plant and Equipment	1,315.24	1,272.27	1,029.84
Goodwill	87.80	87.80	87.80
Other assets	97.11	115.17	74.78
Total Assets	1,970.66	1,899.34	1,781.47
Trade Payable	140.87	154.47	125.41
Interest-Bearing Debts / Leasing	60.74	70.89	1.18
Employee Benefit Obligation	57.61	56.02	57.72
Other Liabilities	103.27	116.70	114.44
Total Liabilities	362.49	398.08	298.76
Total Shareholders' Equity of the Company	1,602.77	1,496.14	1,478.58
Non-Controlling Interests	5.41	5.11	4.13
Total Shareholders' Equity	1,608.17	1,501.25	1,482.72

The consolidated total assets as of 31 March 2021 increased from end of Y2019 by 4%. The increase was mainly attributable to investment of fixed assets.

Total liabilities as of 31 March 2021 declined by 9% from end of Y2019 due to the decrease of accounts payable from assets purchased.

The shareholders' equity at the end of 1Q21 increased by 7% from end of Y2019 because of more profit contributed.



Ratio Analysis of Financial Statements ended March 31, 2021

Ratio Analysis : Consolidated Financial Statements		
Unit : THB million	1Q 2021	1Q 2020
Returns (%)		
Return on Assets *	21.7%	17.5%
Return on Equity *	26.6%	22.1%
Working Capital Management (Days)		
Trade Receivable Period	54	67
Inventory Period **	38	40
Trade Payable Period	46	47
Leverage Ratios (x)		
Interest Coverage	565.0	3,923.2
Debt Service Coverage	10.6	7.0
Total Debt to Equity	0.2	0.3

* calculated by using earnings of current quarter to be estimated for annual earnings

** based on only cost of medicine & medical supplies

Return on Assets and Return on Equity of 1Q21 improved yoy. because of higher profit which was driven by both normal hospital revenue and extra SW revenue.

In respect of liquidity ratio, average trade receivable day improved from 67 days to 54 days yoy. as less accrual from social security office. For inventory day, it slightly declined from 40 days to 38 days while trade payable day barely changed comparing to the same quarter of last year.

For the financial risk perspective, the ratio was at extremely low leverage with debt to equity ratio of 0.2x from 0.3x yoy.

Please be informed accordingly.

Yours sincerely,

(Surin Prasithirun, M.D.)

Managing Director