



No. RJH – SET 9/2017

12 May 2017

Subject : Management Discussion and Analysis for the 1st Quarter of 2017 ending on 31 March 2017

To : The President
The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No. 3/2017 of Rajthanee Hospital Public Company Limited (the “Company”) held on 12 May 2017, approving the audited consolidated financial statements for the 1st quarter of 2017 ending on 31 March 2017, the Company would like to report factors that affect the financial performance for the 1st quarter of the year 2017 as follows;

Statements of Comprehensive Income

Revenue from Hospital Operations

The Company and its subsidiary generated the total revenues from hospital operations for the 1st quarter of the year 2015 and 2016 in amounts of Baht 295.1 million and Baht 313.8 million, respectively, resulting in an overall growth of 6.34%. Total revenues increase in every section:

1. The revenues from non-capitation patients for the 1st quarter of the year 2015 and 2016 were Baht 146.6 million and Baht 151.9 million, respectively, which grew at a rate of 3.62% due to the growth of average revenue per visit for OPD and per admission for IPD (though the number of OPD visits and IPD admission declined), including the increasing number of 15 in-patient beds during 2016;
2. The revenues from patients under the Social Security Scheme for the 1st quarter of the year 2016 and 2017 were in amounts of Baht 131.3 million and Baht 144.4 million, respectively, resulting in a growth of 9.98% primarily due to the increase in average number of registered patients under the Social Security Scheme; and



3. The revenues from other capitation patients were Baht 17.2 million and Baht 17.5 million for the year 2016 and 2017, respectively. Resulting in a growth rate of 1.74% , it is mainly due to the increase in number of patients with heart diseases under the Universal Health Coverage.

Cost of Hospital Operations

The costs of hospital operations for the 1st Quarter of the year 2016 and 2017 were in amounts of Baht 208.9 million and Baht 226.9 million, respectively. The proportion of the costs of hospital operations incurred compared to the total revenues from hospital operations for 1st Quarter of 2016 decreased to 70.78%, while it was 72.29% for the 1st Quarter of 2017. These resulted from the increasing price level of and the quantity used for medicines and medical supplies, including the larger numbers and the rising compensation rates of medical staff secured for the future business expansion.

Administrative Expenses

For the 1st Quarter of the year 2016 and 2017 , the Company and its subsidiary incurred administrative expenses of Baht 30.6 million and Baht 35.5 million, respectively. The percentages of the administrative expenses compared to the total revenue from hospital operations for the 1st Quarter of 2016 and 2017 were 10.37% and 11.30% , respectively. The increase thereof resulted primarily from the larger numbers and the rising compensation rates of medical staff secured for the future business expansion.

Financing Costs

The Company and its subsidiary's financing costs in relation to the loans from financial institutions and related companies for the 1st Quarter of 2016 and 2017 were in amounts of Baht 8.5 million and Baht 1.2 million, respectively. The proportion of which compared to the total revenues decreased from 0.40% for the 1st Quarter of 2016 to 2.86% for the 1st Quarter of 2017. This is because the Company and its subsidiary applied the proceeds derived from the initial public offering in August 2016 and the rights offering in November 2016, respectively, to repay the loans from financial institutions.



Net Profits

For the 1st Quarter of 2016 and 2017, the Company and its subsidiary's net profits were Baht 74.2 million and Baht 39.0 million, respectively, resulting in a growth of 90.17%. Equity holders of the Company's net profits for the 1st Quarter of 2016 and 2017 were Baht 59.2 million, improving in an amount of Baht 17.6 million or a growth of 42.22% compared to that of the 1st Quarter of 2016 being Baht 41.6 million. The increase in the equity holders of the Company's net profits on the consolidated basis resulted from the income tax revenue which amounted to Baht 15.08 million (the subsidiary recorded the income tax revenue of Baht 28.6 million) and from the improving financial performance of the subsidiary having Baht 4.1 million in normalized profits from operation (Baht 32.7 million if including the income tax revenue) while it had Baht 5.2 million in net loss from operation in the 1st quarter of 2016.

Statement of Financial Position

The Company and its subsidiary's total assets as of 31 December 2016 and 31 March 2017 were Baht 1,823.7 million and Baht 1874.7 million, respectively. The primary assets were cash and cash equivalent, temporary investments, Social Security Office receivables and property, plant and equipment.

As of 31 December 2016 and 31 March 2017, cash and cash equivalent together with temporary investments were Baht 711.3 million and Baht 697.8 million, respectively. The decreased amount was due to the cash paid for fixed assets.

As of 31 December 2016 and 31 March 2017, the Social Security Office receivables were Baht 137.0 million and Baht 167.1 million, respectively. The Social Security Office receivables as of 31 March 2017 rose as a result of the increase in number of the patients under the Social Security Scheme to whom the Company and the subsidiary provided the medical services compared to that in the previous year and of the Social Security Office's partially delayed payments to be made to participating hospitals under the Social Security Scheme.

The property, plant and equipment as of 31 December 2016 and 31 March 2017 were Baht 769.5 million and Baht 770.5 million, respectively, and represented 42.20% and 41.10% of the total assets,



respectively. In this regard, the proportion of this category of assets to the total assets decreased, despite the increase in book values, due to the significantly increase in total assets, that is, the proceeds derived from the initial public offering.

The Company and its subsidiary's total liabilities as of 31 December 2016 and 31 March 2017 were Baht 282.6 million and Baht 259.5 million, respectively. The primary liabilities were trade payables and other receivables and long-term loans. The trade payables as of 31 December 2016 and 31 March 2017 were Baht 114.7 million and Baht 111.8 million, respectively.

As of 31 December 2016 and 31 March 2017, the Company and its subsidiary's outstanding long-term loans from financial institutions were Baht 79.5 million and Baht 73.1 million, respectively. The decrease resulted from loan repayment in 2016.

The shareholders's equity of the Company and the subsidiary as of 31 December 2016 and 31 March 2017 were Baht 1,490.2 million and Baht 1,549.5 million, respectively. This is primarily due to the quarterly result and the income tax revenue.

Please be informed accordingly.

Yours sincerely,

(Mr. Wachira Wudhikulprapan)
Managing Director