

Section 3

Financial position and performance

Financial position and performance

13. FINANCIAL POSITION AND PERFORMANCE

Summary of Financial Information

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES COMPARED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	2019	%	2018	%	2017	%
Unit: Thousand Baht						
ASSETS						
Current assets						
Cash and cash equivalents	2,080,581	7.95	2,522,747	10.20	2,464,433	10.50
Short-term investments	6,409,686	24.48	6,477,819	26.17	5,797,889	24.69
Trade and other receivables	2,747,662	10.49	2,560,672	10.35	1,818,549	7.74
Inventories	330,321	1.26	391,809	1.58	307,839	1.31
Prepaid expenses	116,865	0.45	109,234	0.44	111,063	0.47
Other current assets	51,326	0.20	32,497	0.13	44,554	0.19
Total current assets	11,736,441	44.83	12,094,778	48.87	10,544,327	44.90
Non-current assets						
Restricted bank deposits	6,004	0.02	6,004	0.02	6,004	0.02
Investments in associates	78,102	0.30	219,841	0.89	219,859	0.94
Other long-term investments	1,317,556	5.03	1,700	0.01	1,700	0.01
Property, plant and equipment	11,860,083	45.30	11,256,013	45.48	11,784,244	50.18
Intangible assets	771,569	2.95	789,315	3.19	500,159	2.13
Goodwill	66,773	0.26	74,320	0.30	111,010	0.47
Deferred tax assets	326,857	1.25	289,745	1.17	291,189	1.24
Other non-current assets	17,647	0.06	17,093	0.07	25,463	0.11
Total non-current assets	14,444,591	55.17	12,654,031	51.13	12,939,628	55.10
TOTAL ASSETS	26,181,032	100.00	24,748,809	100.00	23,483,955	100.00

**BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
COMPARED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER**

Unit: Thousand Baht

	2019	%	2018	%	2017	%
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Trade and other payables	870,349	3.32	964,663	3.90	856,977	3.65
Current portion of long-term loan and interest payable to a related party	-	-	168,182	0.68	187,628	0.80
Accrued physicians' fees	720,775	2.75	739,346	2.99	626,327	2.67
Current portion of long-term debenture	-	-	-	-	998,570	4.25
Accrued expenses	568,833	2.17	518,982	2.10	507,865	2.16
Income tax payable	413,227	1.58	407,472	1.65	393,549	1.68
Other current liabilities	65,868	0.26	79,490	0.32	75,975	0.32
Total current liabilities	2,639,052	10.08	2,878,135	11.63	3,646,891	15.53
Non-current liabilities						
Long-term loans from and interest payable to an unrelated party	18,426	0.07	19,702	0.08	18,127	0.08
Long-term debentures – net of current portion	2,494,615	9.53	2,492,081	10.07	2,489,672	10.60
Deferred tax liability	4,270	0.02	47,817	0.19	48,118	0.21
Provision for long-term employee benefits	759,537	2.90	566,649	2.29	576,197	2.45
Total non-current liabilities	3,276,848	12.52	3,126,249	12.63	3,132,114	13.33
Total liabilities	5,915,900	22.60	6,004,384	24.26	6,779,005	28.86

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
COMPARED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER

Unit: Thousand Baht

	2019	%	2018	%	2017	%
Shareholders' equity						
Share capital						
Registered						
921,491,820 ordinary shares of Baht 1 each (2018: 921,401,820 ordinary shares of Baht 1 each, 2017: 921,339,320 ordinary shares of Baht 1 each)	921,492		921,402		921,339	
1,210,865 preference shares of Baht 1 each (2018: 1,300,865 preference shares of Baht 1 each, 2017: 1,363,365 preference shares of Baht 1 each)	1,211		1,301		1,363	
Issued and paid-up						
728,841,357 ordinary shares of Baht 1 each (2018: 728,751,357 ordinary shares of Baht 1 each, 2017: 728,688,857 ordinary shares of Baht 1 each)	728,841	2.78	728,751	2.95	728,689	3.10
1,210,865 preference shares of Baht 1 each (2018: 1,300,865 preference shares of Baht 1 each, 2017: 1,363,365 preference shares of Baht 1 each)	1,211	0.00	1,301	0.01	1,363	0.01
Premium on ordinary shares	285,568	1.09	285,568	1.15	285,568	1.22
Convertible bonds treated as equity securities	550,000	2.10	550,000	2.22	550,000	2.34
Retained earnings						
Appropriated - statutory reserve	92,275	0.35	92,275	0.37	92,275	0.39
Unappropriated	18,560,051	70.90	16,789,304	67.84	14,665,125	62.45
Other components of shareholders' equity	(244,579)	(0.93)	7,415	0.03	79,358	0.34
Equity attributable to owners of the Company	19,973,367	76.29	18,454,614	74.57	16,402,378	69.85
Non-controlling interests of the subsidiary	291,765	1.11	289,811	1.17	302,572	1.29
Total shareholders' equity	20,265,132	77.40	18,744,425	75.74	16,704,950	71.14
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	26,181,032	100.00	24,748,809	100.00	23,483,955	100.00

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER

Unit: Thousand Baht

	2019	%	2018	%	2017	%
Revenues						
Revenues from hospital operations	18,409,147	98.35	18,264,201	98.51	18,019,776	98.62
Rental income	65,165	0.35	61,761	0.33	66,888	0.37
Interest income	159,067	0.85	125,396	0.68	103,251	0.56
Other income	84,893	0.45	89,671	0.48	81,650	0.45
Total revenues	18,718,272	100.00	18,541,029	100.00	18,271,565	100.00
Expenses						
Cost of hospital operations	10,285,083	54.95	10,045,965	56.18	10,285,874	56.29
Selling expenses	486,898	2.60	386,074	2.08	311,654	1.71
Administrative expenses	3,264,285	17.44	2,902,220	15.65	2,736,223	14.98
Loss on investment in the associate	6,005	0.03	-	-	-	-
Exchange losses	12,434	0.07	5,182	0.03	9,172	0.05
Total expenses	14,054,705	75.09	13,339,440	71.95	13,342,923	73.03
Profit before share of profit from investments in associates, finance cost and income tax expenses	4,663,567	24.91	5,201,589	28.05	4,928,643	26.97
Share of profit (loss) from investments in associates	(3,049)	(0.01)	(4)	(0.00)	3,547	0.02
Profit before finance cost and income tax expenses	4,660,518	24.90	5,201,585	28.05	4,932,190	26.99
Finance cost	(127,013)	(0.68)	(165,155)	(0.89)	(149,855)	(0.82)
Profit before income tax expenses	4,533,505	24.22	5,036,430	27.16	4,782,335	26.17
Income tax expenses	(773,191)	(4.13)	(880,205)	(4.75)	(840,958)	(4.60)
Profit for the year	3,760,314	20.09	4,156,225	22.42	3,941,377	21.57
Profit attributable to:						
Equity holders of the Company	3,747,730	20.02	4,151,886	22.39	3,943,889	21.58
Non-controlling interests of the subsidiary	12,584	0.07	4,339	0.03	(2,512)	(0.01)
	3,760,314	20.09	4,156,225	22.42	3,941,377	21.57

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**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER**

(Unit: Baht)

Consolidated financial statements

Equity attributable to owners of the Company

	Other components of shareholders' equity											
	Other comprehensive income											
	Exchange differences											
	Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		on translation of financial statements in foreign currencies	Other surplus of an associated company	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Ordinary shares	Preference shares			Appropriated	Unappropriated						
Balance as at 1 January 2018	728,688,857	1,363,365	285,568,300	550,000,000	92,275,000	14,665,125,373	(129,421,756)	208,779,271	79,357,515	16,402,378,410	302,572,058	16,704,950,468
Profit for the year	-	-	-	-	-	4,151,885,684	-	-	-	4,151,885,684	4,339,524	4,156,225,208
Other comprehensive income for the year	-	-	-	-	-	48,780,426	(71,942,879)	-	(71,942,879)	(23,162,453)	(17,100,454)	(40,262,907)
Total comprehensive income for the year	-	-	-	-	-	4,200,666,110	(71,942,879)	-	(71,942,879)	4,128,723,231	(12,760,930)	4,115,962,301
Preference shares converted to ordinary shares (Note 23)	62,500	(62,500)	-	-	-	-	-	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(2,043,988,196)	-	-	-	(2,043,988,196)	-	(2,043,988,196)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	-	-	-	(32,500,000)	-	(32,500,000)
Balance as at 31 December 2018	728,751,357	1,300,865	285,568,300	550,000,000	92,275,000	16,789,303,287	(201,364,635)	208,779,271	7,414,636	18,454,613,445	289,811,128	18,744,424,573
Balance as at 1 January 2019	728,751,357	1,300,865	285,568,300	550,000,000	92,275,000	16,789,303,287	(201,364,635)	208,779,271	7,414,636	18,454,613,445	289,811,128	18,744,424,573
Profit for the year	-	-	-	-	-	3,747,729,295	-	-	-	3,747,729,295	12,584,256	3,760,313,551
Other comprehensive income for the year	-	-	-	-	-	82,606	(43,214,815)	-	(43,214,815)	(43,132,209)	(10,630,813)	(53,763,022)
Total comprehensive income for the year	-	-	-	-	-	3,747,811,901	(43,214,815)	-	(43,214,815)	3,704,597,086	1,953,443	3,706,550,529
Preference shares converted to ordinary shares (Note 23)	90,000	(90,000)	-	-	-	-	-	-	-	-	-	-
Transfer other surplus of an associated company to retained earnings (Note 12.1)	-	-	-	-	-	208,779,271	-	(208,779,271)	(208,779,271)	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(2,153,343,716)	-	-	-	(2,153,343,716)	-	(2,153,343,716)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	-	-	-	(32,500,000)	-	(32,500,000)
Balance as at 31 December 2019	728,841,357	1,210,865	285,568,300	550,000,000	92,275,000	18,560,050,743	(244,579,450)	-	(244,579,450)	19,973,366,815	291,764,571	20,265,131,386

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER

Unit: Thousand Baht

	2019	2018	2017
Cash flows from operating activities			
Profit before tax	4,533,504	5,036,430	4,782,335
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: -			
Depreciation and amortisation	1,223,297	1,179,529	1,205,912
Bad debts and allowance for doubtful accounts	67,179	78,031	80,591
Reduction of inventory to net realizable value (reversal)	(935)	1,783	368
Gain on sales and write-off of equipment	(1,775)	(672)	(2,127)
Loss on write-off of computer software	-	-	3
Provision for long-term employee benefits	260,109	96,697	87,048
Allowance for loss on impairment of assets	-	-	886
Share of profit from investments in associates	3,049	4	(3,547)
Loss on investments in the associate	6,005	-	-
Interest income	(159,067)	(125,396)	(103,251)
Amortisation of debenture issuing costs to interest expense	2,534	3,839	3,701
Interest expense	124,479	161,316	146,154
Profit from operating activities before changes in operating assets and liabilities	6,058,379	6,431,561	6,198,073
Operating assets (increase) decrease			
Trade and other receivables	(254,168)	(841,702)	(182,120)
Inventories	63,836	(85,696)	1,807
Prepaid expenses	(7,631)	1,829	(4,003)
Other current assets	1,073	15,079	(227)
Other non-current assets	(554)	8,372	(1,615)
Operating liabilities increase (decrease)			
Trade and other payables	(65,104)	23,330	36,554
Accrued physicians' fee	(18,571)	113,019	29,401
Accrued expenses	49,849	14,017	60,508
Other current liabilities	(13,622)	3,515	2,313
Paid for long-term employee benefits	(66,760)	(45,461)	(56,290)
Cash flows from operating activities	5,746,727	5,637,863	6,084,401
Cash paid for income tax expense	(849,381)	(903,934)	(841,021)
Net cash flows from operating activities	4,897,346	4,733,929	5,243,380

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER

	Unit: Thousand Baht		
	2019	2018	2017
Cash flows from investing activities			
(Increase) decrease in short-term investments	68,133	(679,930)	(4,274,589)
Cash paid for investments in associate	(79,816)	-	(1,670)
Cash received from return of investment in the associate	212,408	-	-
Increase in other long-term investments	(1,315,856)	-	-
Cash paid for acquisition and payment of account payable - construction and purchase of property, plant and equipment	(1,754,778)	(508,242)	(1,411,643)
Cash paid for acquisition and payment of account payable - purchase of computer software	(130,413)	(385,193)	(255,810)
Proceeds from sales of equipment	6,204	2,852	4,059
Interest income	139,613	139,920	72,057
Net cash flows used in investing activities	(2,854,505)	(1,430,593)	(5,867,596)
Cash flows from financing activities			
Repayment of loan from related party	(168,296)	-	-
Repayment of long-term debenture	-	(1,000,000)	-
Interest paid for long-term debentures	(124,250)	(170,150)	(170,150)
Interest paid for convertible bonds treated as equity securities	(32,500)	(32,500)	(32,500)
Dividend paid	(2,150,898)	(2,042,690)	(1,858,665)
Net cash flows used in financing activities	(2,475,944)	(3,245,340)	(2,061,315)
Increase (decrease) in translation adjustment	(9,063)	318	1,807
Net increase (decrease) in cash and cash equivalents	(442,166)	58,314	(2,683,724)
Cash and cash equivalents at beginning of year	2,522,747	2,464,433	5,148,157
Cash and cash equivalents at end of year	2,080,581	2,522,747	2,464,433

**BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FINANCIAL RATIO SUMMARY**

<i>Consolidated</i>	2019	2018	2017
<u>Liquidity Ratios</u>			
Liquidity ratio (times)	4.4	4.2	2.9
Quick ratio (times)	1.8	1.8	1.2
Cash ratio (times)	1.8	1.5	1.7
Accounts Receivables Turnover (times)	6.3	7.6	9.2
Average Collection Period (days)	56.7	47.4	39.2
Inventory Turnover (times)	26.4	26.5	30.5
Sales Period (days)	13.6	13.6	11.8
Accounts Payable Turnover (times)	12.5	12.0	12.6
Payment Period (days)	28.7	29.9	28.5
Cash Cycle (days)	41.6	31.0	22.6
<u>Profitability Ratios</u>			
Gross Margin (%)	48.2	49.2	47.7
EBITDA Margin (%)	30.9	34.0	33.2
Operation Margin (%)	24.4	27.6	26.6
Cash to operating profit (%)	108.3	93.2	108.5
EBT Margin (%)	24.2	27.2	26.2
Net Margin (%)	20.0	22.4	21.6
Return on equity (%)	19.2	23.4	25.0
<u>Efficiency Ratio</u>			
Return on assets (%)	14.7	17.2	17.6
Return on fixed assets (%)	43.0	46.3	44.1
Asset turnover (times)	0.7	0.8	0.8
<u>Financial Policy Ratio</u>			
Total Liabilities to Equity (times)	0.3	0.3	0.4
Debt to Equity (times)	0.1	0.1	0.2
Net Debt to Equity (times)	0.0	0.0	0.1
Interest Coverage Ratio (times)	45.1	35.9	34.2
Debt service coverage ratio (CASH BASIS) (times)	38.6	27.2	29.7

**BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FINANCIAL RATIO SUMMARY**

<i>Consolidated</i>	2019	2018	2017
<u>Baht per share</u>			
Par Value	1.0	1.0	1.0
Book Value Per Share	27.8	25.7	22.9
Book Value Per Share - Fully Diluted	23.4	21.6	19.3
Earnings Per Share	5.1	5.7	5.4
Earnings Per Share - Fully Diluted	4.3	4.8	4.5
Dividend per share	3.2	2.9	2.7
<u>Growth ratios</u>			
Sales from hospital operations (%)	0.8	1.4	2.3
Cost of goods sold (%)	2.9	(1.7)	(0.1)
Administrative expenses (%)	13.4	6.9	(1.0)
EBITDA (%)	(8.3)	3.7	7.4
Operating profit (%)	(11.0)	5.1	8.0
Net profit (%)	(9.7)	5.3	8.8
Total assets (%)	5.8	5.4	10.1

14. **Management Discussion and Analysis**

Total revenues for 2019 increased to Baht 18,718 million, or 1.0% more than Baht 18,541 million in 2018. Net profit for 2019 decreased by 9.7% to Baht 3,748 million in 2019 from Baht 4,152 million in 2018, with Net profit margin at 20.0% in 2019 compared to 22.4% in 2018.

Details of the management discussion and analysis follow:

14.1 **Income Statement**

The Company reported Revenues from hospital operations of Baht 18,409 million, an 0.8% improvement year-over-year from Baht 18,264 million in 2018. This was mostly due to the increase in revenues from non-Thai patients by 1.6%, offset with the decrease in revenues from Thai patients by 0.7%. As a result, the revenue contribution from Thai patients in 2019 was 34.0% and from non-Thai patients was 66.0%, compared with 34.5% and 65.5%, respectively, in 2018.

Operating Expenses and EBITDA Unit: Million Baht	2019	2018	Change
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Cost of hospital operations	10,285	10,046	-2.4%
Selling expenses	487	386	-26.1%
Administrative expenses	3,264	2,902	-12.5%
EBITDA	5,734	6,256	-8.3%
EBITDA Margin	30.9%	34.0%	
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Cost of hospital operations	10,182	10,046	-1.4%
Selling expenses	485	386	-25.5%
Administrative expenses	3,209	2,902	-10.6%
EBITDA	5,894	6,256	-5.8%
EBITDA Margin	31.8%	34.0%	

The following analyses, down to and including EBITDA level, exclude the above noted adjustment of Baht 160 million (Baht 128 million after tax):

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 10,182 million in 2019, or 1.4% more year-over-year from Baht 10,046 million in 2018. The variance was mostly due to Baht 74 million increase in physicians' fees, which were in line with the increase in gross patient revenues, but grew at a higher rate to net revenue (after discounts); and Baht 60 million increase in personnel cost, mostly associated with the annual merit increase. This contributed to the percentage of cost to Revenues from hospital operations of 55.3% in 2019 compared to 55.0% in 2018.

Selling expenses (including Depreciation and amortization) were Baht 485 million in 2019, or 25.5% more than Baht 386 million in 2018. The variance was mostly due to Baht 66 million more marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 3,209 million in 2019, or 10.6% more than Baht 2,902 million in 2018. The variance was primarily from Baht 93 million more software support and maintenance, mostly due to new HIS software support and maintenance

and new IT support service and; Baht 75 million increase in depreciation and amortization, which was mostly due to BI Tower building renovation; Baht 53 million more consulting fees; and Baht 35 million more license fees.

EBITDA decreased by 5.8% year-over-year to Baht 5,894 million in 2019 from Baht 6,256 million in 2018, with an EBITDA margin of 31.8% in 2019 compared to 34.0% in 2018.

Ongoing capital spending contributed to higher 2019 Depreciation and amortization of Baht 1,223 million from Baht 1,180 million in 2018.

Corporate income tax of Baht 773 million in 2019 was less than Baht 880 million in 2018. The variance was mostly due to the decrease in taxable operating profit.

Basic EPS was Baht 5.14 in 2019, compared to Baht 5.70 in 2018, while 2019 Diluted EPS was Baht 4.32, compared to Baht 4.79 in 2018. Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax), Basic EPS was Baht 5.32 in 2019, compared to Baht 5.70 in 2018, while 2019 Diluted EPS was Baht 4.47, compared to Baht 4.79 in 2018.

Income statements Unit: Million Baht	2019	2018	Change
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Revenues from Hospital Operations	18,409	18,264	0.8%
Total Revenues	18,718	18,541	1.0%
EBITDA	5,734	6,256	-8.3%
Net Profit	3,748	4,152	-9.7%
<i>EBITDA Margin</i>	30.9%	34.0%	
<i>Net Profit Margin</i>	20.0%	22.4%	
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Revenues from Hospital Operations	18,409	18,264	0.8%
Total Revenues	18,718	18,541	1.0%
EBITDA	5,894	6,256	-5.8%
Net Profit	3,876	4,152	-6.6%
<i>EBITDA Margin</i>	31.8%	34.0%	
<i>Net Profit Margin</i>	20.7%	22.4%	

EPS Unit: Baht	2019	2018	Change
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
EPS – Basic	5.14	5.70	-9.7%
EPS – Fully Diluted	4.32	4.79	-9.7%
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
EPS – Basic	5.32	5.70	-6.6%
EPS – Fully Diluted	4.47	4.79	-6.6%

14.2 Statement of Financial Position

As at 31 December 2018, the Company reported Total current assets of Baht 12,101 million, an As at 31 December 2019, the Company reported Total current assets of Baht 11,736 million, a decrease from Baht 12,095 million as at 31 December 2018. The variance was mostly due to a net decrease of

... Translation ...

Baht 510 million in Cash, Cash equivalents, and Short-term investments, mainly as a result of Baht 2,151 million dividend payment in 2019; Baht 1,885 million capital spending in 2019; Baht 1,316 million increase in Other long-term investments in bonds and debentures; offset with Baht 4,897 million increase in cash from operating activities. Trade receivables were Baht 2,742 million as at 31 December 2019 versus Baht 2,541 million as at 31 December 2018. The collection period was 56.7 days as at 31 December 2019 compared to 47.4 days as at 31 December 2018, mostly due to revenues and the collection periods associated with certain Middle East accounts.

Total non-current assets increased to Baht 14,445 million as at 31 December 2019 from Baht 12,654 million as at 31 December 2018, mostly due to Baht 1,316 million Other long-term investments in bonds and debentures and Baht 604 million increase in Property, plant and equipment.

Total current liabilities were Baht 2,639 million as at 31 December 2019, a decrease from Baht 2,878 million as at 31 December 2018. The variance was mostly due to Baht 168 million less in Short-term loan and interest payable to a related party, as a result of the liquidation of a related party in December 2019; and Baht 94 million less in Trade and other payables.

Non-current liabilities were Baht 3,277 million as at 31 December 2019, an increase from Baht 3,127 million as at 31 December 2018. The variance was mostly due to Baht 193 million additional Provision for long-term employee benefits, mostly associated with the Baht 160 million impact from the above noted change in Thai severance according to the new Labor Protection Act; offset with Baht 44 million decrease in Deferred tax liabilities associated with the liquidation of a related party in December 2019.

The Company's Interest coverage ratio improved to 45.1x in 2019 from 35.9x in 2018, due to less interest expense from the repayment of Baht 1,000 million Series 2 debentures in December 2018. Excluding the above adjustment of Baht 160 million (Baht 128 million after tax), the interest coverage ratio improved to 46.4x in 2019 from 35.9x in 2018.

Total shareholders' equity grew to Baht 20,265 million as at 31 December 2019 from Baht 18,744 million as at 31 December 2018. This increase resulted mostly from the Company's 2019 Net profit of Baht 3,748 million, offset with the dividend payment of Baht 2,153 million. Average return on assets (ROA) was 14.7% in 2019, compared to 17.2% in 2018. Average return on equity (ROE) was 19.2% in 2019, compared to 23.4% in 2018. Excluding the above adjustment of Baht 160 million (Baht 128 million after tax), Average return on assets (ROA) was 15.2% in 2019, compared to 17.2% in 2018, while Average return on equity (ROE) was 19.8% in 2019, compared to 23.4% in 2018.

Unit: Million Baht	31-Dec-19	31-Dec-18	Change
Total Assets	26,181	24,749	5.8%
Total Liabilities	5,916	6,005	-1.5%
Total Shareholders' Equity	20,265	18,744	8.1%
	2019	2018	
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Interest Coverage Ratio (x)	45.1	35.9*	
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Interest Coverage Ratio (x)	46.4	35.9*	

* After adding back the 2018 capitalized interest expenses related to the campus expansion.

	2019	2018
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>		
Average Collection Period (days)	56.7	47.4
Average Inventory Period (days)	13.6	13.6
Average Payables Period (days)	28.7	29.9
Net Debt to Equity (x)	0.0	0.0
Average Return on Assets (%)	14.7%	17.2%
Average Return on Equity (%)	19.2%	23.4%

	2019	2018
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>		
Average Collection Period (days)	56.7	47.4
Average Inventory Period (days)	13.8	13.6
Average Payables Period (days)	29.0	29.9
Net Debt to Equity (x)	0.0	0.0
Average Return on Assets (%)	15.2%	17.2%
Average Return on Equity (%)	19.8%	23.4%

14.3 Liquidity

The Company's Net cash flows from operating activities in 2019 were Baht 4,897 million, compared to Baht 4,734 million in 2018. This increase was mainly due to Baht 588 million less in Trade and other receivables, Baht 150 million decrease in Inventories, offset with Baht 373 million less income from operating activities before changes in operating assets and liabilities, Baht 132 million decrease in Accrued physicians' fees and Baht 88 million decrease in Trade and other payables. Net cash flows used in investment activities were Baht 2,855 million in 2019, compared to Baht 1,431 million in 2018. This variance was mainly due to Baht 1,316 million increase in Other long-term investments in bonds and debentures, Baht 992 million net increase in acquisition of PP&E and computer software, offset with Baht 748 million decrease in Short-term investments. The Company reported Net cash flows used in financing activities of Baht 2,476 million in 2019, compared to Baht 3,245 million in 2018. This variance was mostly due to the repayment of Baht 1,000 million Series 2 debentures in December 2018. As a result of the above, Cash and cash equivalents was Baht 2,081 million as at 31 December 2019, compared to Baht 2,523 million as at 31 December 2018.

The Company's Liquidity ratio as at 31 December 2019 was 4.4x compared to 4.2x as at 31 December 2018, while the Quick ratio as at 31 December 2019 and 31 December 2018 were 1.8x.

Unit: Million Baht	2019	2018
Cash Flow from Operating Activities	4,897	4,734
Cash Flow used in Investing Activities	(2,855)	(1,431)
Cash Flow used in Financing Activities	(2,476)	(3,245)
Net increase (decrease) in cash and cash equivalents	(442)	58
Cash and cash Equivalents at end of year	2,081	2,523
	31-Dec-19	31-Dec-18
Liquidity Ratio (x)	4.4	4.2
Quick Ratio (x)	1.8	1.8

14.4 Other Matter

On September 30, 2019, TRIS Rating affirmed the Company rating and the senior unsecured debenture ratings at "A+" with a "stable" outlook. The ratings reflect the Company's leading position in the premium segment of Thailand's private healthcare market, its well-accepted brand among international and local patients, and its strong financial profile supported by high profitability and very low debt level. The ratings are constrained by its single premise and the slowdown in both the domestic and global economies which could lead to a lower growth prospect and more intense competition in the domestic healthcare service industry.

14.5 Contractual Obligations

(Unit: Million Baht)

	As at 31 December 2019						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				(% per annum)
Long-term debentures	-	2,495	-	-	-	2,495	4.97
	-	2,495	-	-	-	2,495	

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- a) maintenance of a net debt to equity ratio not exceeding 1.75:1
- b) maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

14.6 Audit Fees

For the year 2019, the Company and subsidiaries have paid audit fees in the amount of Baht 4.4 million. The Company's 2019 audit fees have been approved by the shareholders' meeting.