

บริษัท วัฒนาการแพทย์ จำกัด (มหาชน) (บมจ 456)



70/7-8 ถนนศุภกิจจรรยา ตำบลหมากแข้ง อำเภอเมือง จังหวัดอุดรธานี

Telephone (042) 241031-3 , 246181-3

70/7-8 Suphakitjanya Rd. Muang District , Udon Thani, Thailand.

WATTANA KARNAET PUBLIC COMPANY LIMITED

13th August 2015

Wattana Karnpaet Public Company Limited

Management Discussion and Analysis

Executive Summary

Quarter 2/2015 Performance

Wattana Karnpaet Public Company Limited (“Company”) reported the total income in 2015 to be Baht 77.523, increased by 15.30% from that of 2014. The increase in the hospital’s income was from the increase in out-patient income of 15.18% and increase from in-patient income 22.99%, and the social security income decreased 12.26%. The decrease in the social security income was due to the delay in the payment of the percentile chronic care income of the social security.

In Quarter 2/2015, the Company has EBITDA of Baht 3.668 , which decreased 49.87%. This is mainly due to the lower income of social security in this quarter and together with the significantly increase in the payment for social security patients’ referred for treatment at other hospitals. The two combined to cause the sharpe decrease in EBITDA.

From the above explanation, the Company reported net loss of Baht 1.945 million, decreased by 208.92% from the same quarter last year.

Quarter 2/2015 Financial Summary

Operating Income

(Million Baht)	Quarter 2 2015	Quarter 2 2014	% Change
Revenue from hospital operations	75.428	66.386	13.62%
Other Income	2.094	0.847	147.14%
Total Income	77.523	67.234	15.30%

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Cost and Expenses

(Million Baht)	Quarter 2 2015	Quarter 2 2014	% Change
Cost of hospital operations	62.678	50.426	24.30%
Administrative expenses	15.578	13.865	12.35%
Total cost and expenses and depreciation	78.256	64.291	21.72%

In Quarter 2/2015, the Company has the cost of hospital operations with depreciation of Baht 78.256 million, increased Baht 13.965 , or 21.72% from last year. The cost of hospital operations in Quarter 2/2015 was Baht 62.678 million, increased by Baht 50.426 million from last year, or increased 24.30%. This significant increase was resulted from the change in the policy of payment of the social security office, which now the hospital has to pay more for the patients referred for treatment at other hospitals. This expense increased Baht 6.124 million. The same quarter laster year this portion of expense of social security was 0.10% of total income, when compared to Quarter 2/2015, this expense increased sharply to 8% of total income. This single expense item was mainly the cause of the net loss in this quarter.

The administrative expense in Quarter 2/2015 was Baht 15.578 million, increased from Baht 13.865 million of last year, or increased 12.35%. This increase was due to the increase from inflation and marketing expenses.

The total costs and expenses in Quarter 2/2015 was Baht 78.256 million, increased from Baht 64.291 million of last year, or 21.72% increase.

Profitability Analysis

(Million Baht)	Quarter 2 2015	Quarter 2 2014	% Change
EBITDA	3.668	7.318	-49.9%
EBITDA margin	5%	11%	
EBIT	-0.751	2.947	-125.5%
EBIT margin	-1%	4%	

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Net profit	-1.945	1.275	-252.5%
Net profit margin	-3%	2%	
Basic earning per share	-0.19	0.13	-252.5%

From the above mentioned, EBITDA decreased from Baht 7.318 million in Quarter 2/2014 to Baht 3.668 million in Quarter 2/2015, or decreased 49.9%. The EBITDA margin also decreased from 11% to 5%.

Balance Sheet and Cash Flow

Balance Sheet

(Million)	Quarter 2 2015	Quarter 2 2015	% Change
Total Assets	450.890	452.130	-0.27%
Total Liabilities	145.217	142.758	1.72%
Total Shareholders' Equity	305.673	309.372	-1.20%

In Quarter 2/2015, the total assets of the Company decreased by 0.27%, resulting in the Quarter 2/2015 total assets of Baht 450.890 million. At the same time the total liabilities was increased by 1.72%, resulting in the total liabilities of Baht 145.217 million. This resulted in the total shareholders' equity in Quarter 2/2105 was Baht 305.673 million, or a 1.20% decrease.

Cash flows for the six month period ended June 30, 2015

(Million Baht)	Quarter 2 2015
Net cash provided by operating activities	5.036
Net cash used in investing activites	(9.792)
Net cash used in financing actiities	(2.158)

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Decrease in cash and cash equivalents – net	(6.914)
Cash and cash equivalents at the beginning of the period	20.433
Cash and cash equivalents at end of the period	13.520

In Quarter 2/2015, the Company had net decrease in cash and cash equivalents of Baht 6.914 million, with the cash and cash equivalents at the beginning of the period of Baht 20.433 million. This is resulted in the cash and cash equivalents at end of the period of Baht 13.520 million.

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(Suphawan Tangsubkul , M.D.)

Director