

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 , Udorn Thani, Thailand.

WATTANA KARNPAET PUBLIC COMPANY LIMITED

15th November 2015

Wattana Karnpaet Public Company Limited

Management Discussion and Analysis

Executive Summary

Quarter 3/2015 Performance

Wattana Karnpaet Public Company Limited (“Company”) reported the total income in Quarter 3 Year 2015 to be Baht 86.674 million, increased from Baht 75.016 million or increased by 15.5 per cent from that of 2014. The income comprises of the hospital’s income of Baht 84.945 million in 2015, increased from Baht 73.969 million or increased by 14.8 per cent from last year. And the other income of Baht 1.730 million in 2015, increased from Baht 1.047 million from last year, or increased by 65.2 per cent.

The increase in the hospital’s income was from the increase in out-patient income of 12 per cent partly from the opening of new services and medical check up. An increase from in-patient income of 9 per cent, and the social security income increased 34 per cent.

In Quarter 3/2015, the Company has EBITDA of Baht 13.849 million, which increased by 51.2 per cent from the same period last year. This is mainly due to the increase in income as mentioned above.

The Company reported net profit of Baht 6.588 million, increased from Baht 3.141 million, or increased by 109.7 per cent from the same quarter last year.

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Quarter 3/2015 Financial Summary

Operating Income

| (Million Baht) | Quarter 3 2015 | Quarter 3 2014 | % Change |
|----------------------------------|-------------------|-------------------|----------|
| Revenue from hospital operations | 84.945 | 73.969 | 14.8% |
| Other Income | 1.730 | 1.047 | 65.2% |
| Total Income | 86.674 | 75.016 | 15.5% |

Cost and Expenses

| (Million Baht) | Quarter 3 2015 | Quarter 3 2014 | % Change |
|--|-------------------|-------------------|----------|
| Cost of hospital operations | 62.497 | 55.189 | 13.2% |
| Administrative expenses | 14.861 | 14.645 | 1.5% |
| Total cost and expenses and depreciation | 77.358 | 69.834 | 10.8% |

In Quarter 3/2015, the Company has the cost of hospital operations with depreciation of Baht 77.358 million, increased by Baht 7.524 million, or 10.8 per cent from last year.

The cost of hospital operations in Quarter 3/2015 was Baht 62.497 million, increased from Baht 55.189 million of last year, or increased by 13.2 per cent. The increase was resulted mainly from the expenses of referring patients for treatment at other hospitals. This expense increased around Baht 3.74 million, or increased by 5123.3 per cent. The expense of social security referral was 0.98% of total income last year, when compared to Quarter 3/2015, this expense increased to 5.2 per cent of total income.

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The administrative expense in Quarter 3/2015 was Baht 14.861 million, increased from Baht 14.645 million of last year, or increased 1.5 per cent. The total costs and expenses in Quarter 3/2015 was Baht 77.358 million, increased from Baht 69.834 million of last year, or 10.8 per cent increase.

Profitability Analysis

| (Million Baht) | Quarter 3 2015 | Quarter 3 2014 | % Change |
|----------------------------|-------------------|-------------------|----------|
| EBITDA | 13.849 | 9.157 | 51.2% |
| EBITDA margin | 16% | 12% | |
| EBIT | 9.175 | 4.783 | 91.8% |
| EBIT margin | 11% | 6% | |
| Net profit | 6.588 | 3.141 | 109.7% |
| Net profit margin | 7% | 3% | |
| Basic earning per share | 0.66 | 0.31 | 109.7% |

From the above mentioned, EBITDA increased from Baht 9.157 million in Quarter 3/2014 to Baht 13.849 million in Quarter 3/2015, or increased by 51.2 per cent. The EBITDA margin also increased from 12 per cent to 16 per cent.

บริษัท วัฒนาการแพทย์ จำกัด (มหาชน) (บมจ 456)



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Balance Sheet and Cash Flow

Balance Sheet

| (Million) | Quarter 3 2015 | Quarter 3 2014 | % Change |
|-------------------------------|-------------------|-------------------|----------|
| Total Assets | 467.379 | 452.130 | 3.4% |
| Total Liabilities | 155.117 | 142.758 | 8.7% |
| Total Shareholders' Equity | 312.262 | 309.372 | 0.93% |

In Quarter 3/2015, the total assets of the Company increased by 3.4 per cent, resulting in the Quarter 3/2015 total assets of Baht 467.379 million. At the same time the total liabilities was increased by 8.7 per cent, resulting in the total liabilities of Baht 155.117 million. This resulted in the total shareholders' equity in Quarter 3/2105 was Baht 312.262 million, or a 0.93 per cent increase.

Cash flows for the nine month period ended September 30, 2015

| (Million Baht) | Quarter 3 2015 |
|---|-------------------|
| Net cash provided by operating activities | 23.899 |
| Net cash used in investing activities | (11.666) |
| Net cash used in financing activities | (4.924) |
| Decrease in cash and cash equivalents – net | (7.309) |

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| | |
|--|--------|
| Cash and cash equivalents at the beginning of the period | 20.433 |
| Cash and cash equivalents at end of the period | 27.742 |

In Quarter 3/2015, the Company had net decrease in cash and cash equivalents of Baht 7.309 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 27.742 million.

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(Suphawan Tangsubkul , M.D.)

Director