

## Samitivej Public Company Limited

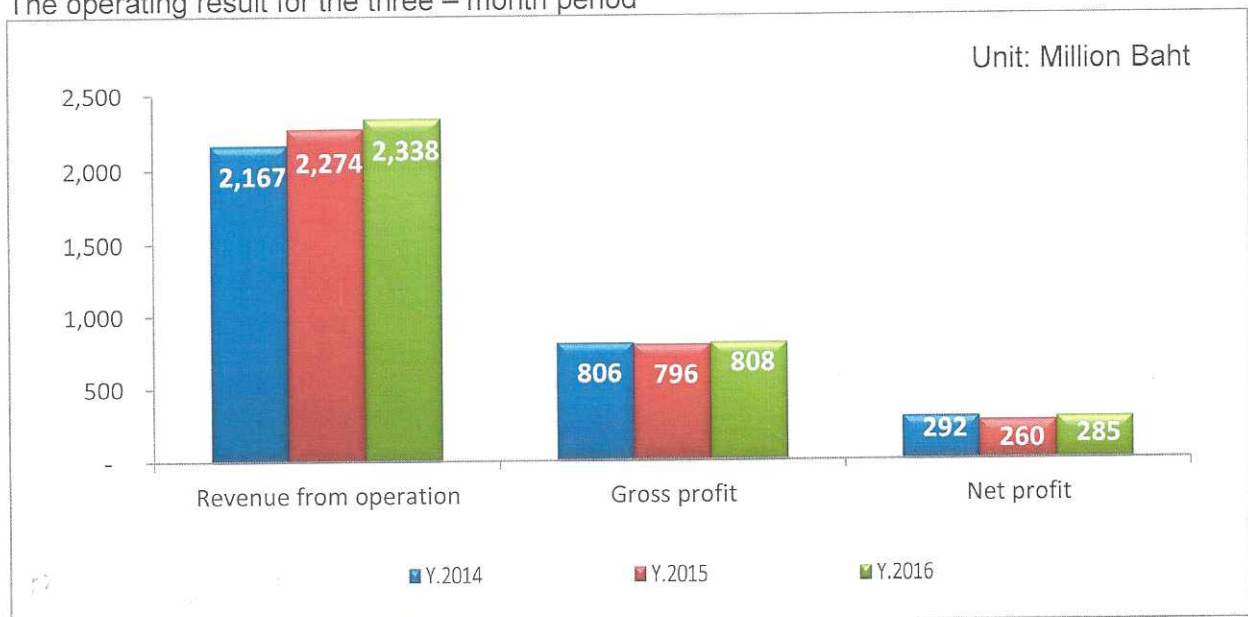
### Management Discussion and Analysis For 2<sup>nd</sup> Quarter ended 30 June 2016

Samitivej Public Company Limited (“The Company”) has submitted the financial statements for the 2<sup>nd</sup> Quarter ended 30 June 2016 and 2015 which was reviewed by the Company’s Auditor and the Audit Committee. The consolidated financial statements presented operating result with net profit Baht 285 million and Baht 260 million increased 10% and decreased 11% respectively, comparing to the same period in 2015. The separate financial statements resulted with net profit were Baht 306 million and Baht 215 million increase 43% and decreased 11% respectively, comparing to the same period of 2015. The significant increase in net profit came from dividend income Baht 84 million received from a subsidiary company due to it sold investments in Sodexo Support Service (Thailand) Co., Ltd. and investments in Sodexo Healthcare Support Service (Thailand) Co., Ltd.

The operating results are as follow:-

#### The Consolidated Financial Statements

The operating result for the three – month period



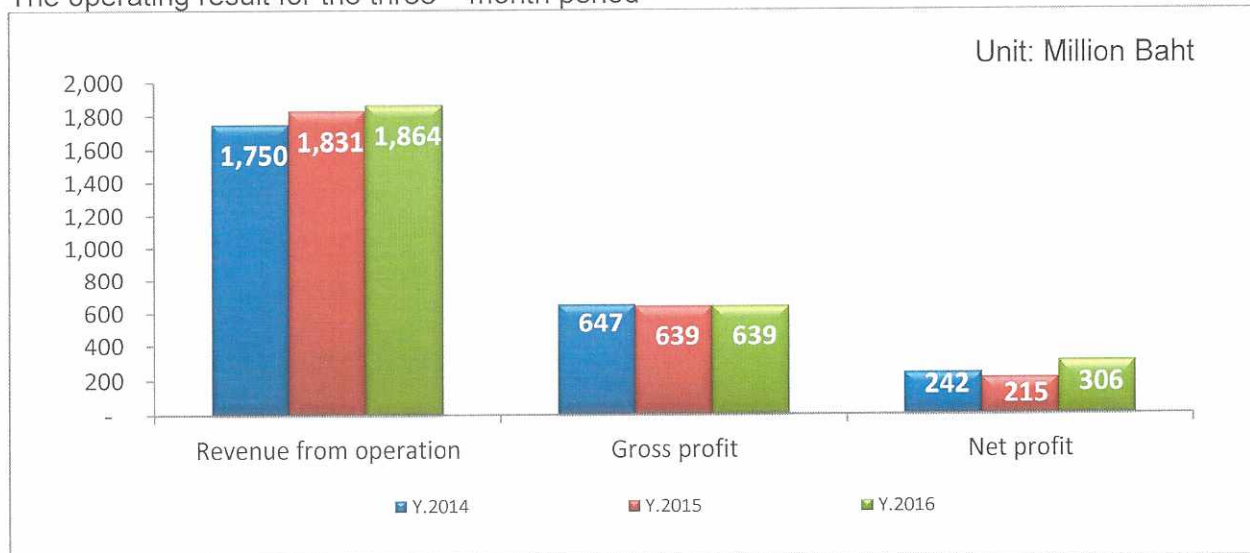
- **Revenue**

Samitivej Sukhumvit and Srinakarin customers mainly are Thai. The operating revenue at IPD and OPD net increased 6%.

- Revenue from hospital operations for the three months period of Q2/2016 was Baht 2,338 million, increased by Baht 64 million or 3% from the same period of 2015. It had shown that OPD revenue increased by Baht 66 million and IPD revenue decreased Baht 2.5 million, respectively.
- Other income decreased due to the sale of investment in a subsidiary in November 2015, resulting in revenues from sales of goods foods services decreased by Baht 77 million and other revenue decreased by Baht 16 million or 76% and 35% respectively compared to the previous year.
- **Expenses**
  - Total expense for the three months period of Q2/2016 was Baht 2,026 million, decreased by Baht 71 million or 3% from the same period of 2015 because of the decreasing cost of hospital operations, sales and services by Baht 26 million or 2% and decreased from administrative expenses by Baht 45 million or 9%. The decrease in cost of sales and administrative expenses resulting from sale of investment of a subsidiary in November 2015 that reduced the cost of foods and services, and efficiency management.
- **Income Tax**
  - Income tax expense for the three months period of Q2/2016 was Baht 71 million increased by Baht 7 million or 11% from the same period of 2015 due to increase of net profit from operations by Baht 28 million or 10%.
- **Net Profit**
  - Net profit for the three months period of Q2/2016 was Baht 285 million, increased by Baht 25 million or 10% from the same period of 2015 from decreased in cost of sales and administrative expenses.

## The Separate Financial Statements

The operating result for the three – month period



- **Revenue**

- Revenue from hospital operations for the three months period of Q2/2016 was Baht 1,864 million, increased by Baht 33 million or 2% from the same period of 2015. It had shown that OPD revenue increased by Baht 58 million and IPD revenue decreased by Baht 25 million, respectively.
- Other income increased due to dividend income Baht 84 million received from a subsidiary company due to it sold investments in Sodexo Support Service (Thailand) Co., Ltd. and investments in Sodexo Healthcare Support Service (Thailand) Co., Ltd.

- **Expenses**

- Total expense for the three months period of Q2/2016 was Baht 1,623 million, increased by Baht 8 million or 0.5% from the same period of 2015 because of an increasing cost of hospital operations, sales and services by Baht 32 million or 3% and decreasing from administrative expenses by Baht 24 million or 6%, mainly increased from cost of medicine and medical supply, lab services, doctor's fee and depreciation of new medical equipments. And decreased from consultant fee, and marketing fee.

- Income Tax

- Income Tax for the three months period of Q2/2016 was Baht 53 million, increased by Baht 4 million or 9%, from the same period of 2015 which was consistent with a increasing in net profit from by Baht 91 million or 43%.

- Net Profit

- Net profit for the three months period of Q2/2016 (excluded dividend income by Baht 84 million) was Baht 306 million, increased by Baht 91 million or 43% from the same period of 2015 which was efficiently' s management and decreased in administrative expense. The company recorded dividend income Baht 84 million received from a subsidiary company due to it sold investments in Sodexo Support Service (Thailand) Co., Ltd. and investments in Sodexo Healthcare Support Service (Thailand) Co., Ltd.

### Cash Flows

(Unit: Million Baht)

Consolidated financial statements	30 June 2016	30 June 2015	Change	%
Net cash flows from operating activities	701	1,011	(310)	(30.69)
Net cash flows used in investing activities	(165)	(144)	(21)	14.47
Net cash flows from (used in) financing activities	(535)	(833)	299	(35.84)
Net increase (decrease) in cash and cash equivalents	2	34	(32)	(95.47)
Cash and cash equivalents at beginning of the period	917	295	623	211.27
Cash and cash equivalents at end of the period	919	329	590	179.55

For Q2/2016 ended 30 June 2016, the Company and its subsidiaries have net increased in cash and cash equivalent in the amount by Baht 2 million, cash equivalents at the beginning of the period by Baht 917 million resulting cash and cash equivalent at the end of period was Baht 919 million.

Details of cash flow by activities are as follows:-

1. The Company and its subsidiaries have net cash flows from operating activities of Baht 701 million resulting from
  - Profit before income tax Baht 844 million reconcile with depreciation and amortization expense Baht 273 million.

- Decreased in operating assets by Baht 48 million, decreased in operating liabilities by Baht 221 million.
  - Cash received from interest income by Baht 9 million.
  - Paid for corporate income tax by Baht 201 million.
2. The Company and its subsidiaries have net cash flows used in investing activities were Baht 165 million, resulting from
- Purchase of medical equipment and other fixed assets by Baht 228 million.
  - Increase in short-term investment by Baht 51 million.
  - Decrease in short-term loan to related parties by Baht 95 million.
  - Dividend received by Baht 19 million.
3. The Company and its subsidiaries have net cash flows financing activities were Baht 534 million, resulting from
- Paid dividend by Baht 500 million.
  - Paid dividend by a subsidiary company to non-controlling interests by Baht 34 million.

Cash and cash equivalents at end of the period by Baht 919 million are Cash and deposit at financial institutions by Baht 812 million, Fixed deposits for 3 months by Baht 107 million.

### Financial Ratio

For the Three - month period

Ratios Analysis	<u>30 June</u> 2016	<u>30 June</u> 2015	<u>Change</u>
<b>Profitability Ratio</b>			
• Gross Profit Margin	34.22	33.51	0.71
• Net Profit Margin	11.91	10.72	1.19
• Return on Asset (ROA)	2.87	2.68	0.19
• Return on Equity (ROE)	3.87	3.65	0.22
<b>Accounts Receivable Turnover</b>	2.94	3.25	(0.31)
<b>Average Collection Period</b>	30.95	28.02	2.93

**Statements of financial position**

(Unit: Million Baht)

Consolidated financial position	30 June 2016	31 December 2015	Change	%
Total Assets	9,924	9,975	(51)	(0.53)
Total Liabilities	2,480	2,675	(195)	(7.65)
Equity attributable to owners of the Company	6,960	6,823	137	2.02
Total shareholders' equity	7,444	7,300	144	2.00

**Total assets** of the Company and its subsidiaries as at 30 June 2016 were Baht 9,924 million, decreased by Baht 51 million. **Decreased from** Trade and other receivables Baht 74 million, Short-term loan to related parties by Baht 95 million. **Increased from** Cash and Short-term investment by Baht 52 million and Property, premises and equipment by Baht 56 million and Other non-current assets by Baht 8 million.

**Total liabilities** of the Company and its subsidiaries as at 30 June 2016 were Baht 2,480 million decreased by Baht 195 million. **Decreased from** Income tax payable by Baht 29 million, accrued expense by Baht 128 million and net deferred income of membership by Baht 46 million. **Increased from** Other current liabilities by Baht 10 million.

**Total shareholders' equity** of the Company and its subsidiaries as at 30 June 2016 were Baht 7,444 million, increased by Baht 144 million from net profit from operating.

Please kindly be informed accordingly.

Yours sincerely,



(Mr. Jirat Jakpitaksat)



Authorized to sign on behalf of the Company