



No. RJH – SET 12/2017

11 Aug 2017

Subject : Management Discussion and Analysis for the 2nd Quarter of 2017 ending on 30 June 2017

To : The President
The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.5/2017 of Rajthanee Hospital Public Company Limited (the “Company”) held on 11 Aug 2017, approving the reviewed consolidated financial statements for the 2nd quarter of 2017 ending on 30 June 2017, the Company would like to report factors that affect the financial performance for the 2nd 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 2nd quarter of the year 2016 and 2017 in amounts of Baht 280.3 million and Baht 332 million, respectively, resulting in an overall growth of 18.44% Total revenues increase in every section:

1. The revenues from non-capitation patients for the 2nd quarter of the year 2016 and 2017 were Baht 127 million and Baht 151.1 million, respectively, which grew at a rate of 18.98% due to increasing number of non-capitation patients, the growth of average revenue per visit for OPD and per admission for IPD, including the addition of 15 patient beds during the 3rd quarter of 2016;
2. The revenues from patients under the Social Security Scheme for the 2nd quarter of the year 2016 and 2017 were in amounts of Baht 137 million and Baht 162 million, respectively, resulting in a growth of 18.25% 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 16.4 million and Baht 18.9 million for the year 2016 and 2017, respectively, resulting in a growth of 15.24%. This 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 2nd Quarter of the year 2016 and 2017 were in amounts of Baht 208.5 million and Baht 238 million, respectively. The proportion of the costs of hospital operations incurred compared to the total revenues from hospital operations for 2nd Quarter of 2017 decreased to 71.69%, while it was 74.38% for the 2nd Quarter of 2016. These resulted from the efficiency of medicine and medical supplies cost management, introducing an energy saving project, thereby saving the utility costs, and also resulted from the significant increase of revenue from the hospital operations.

Administrative Expenses

For the 2nd Quarter of the year 2016 and 2017, the Company and its subsidiary incurred administrative expenses of Baht 32.2 million and Baht 38.1 million, respectively. The percentages of the administrative expenses compared to the total revenue from hospital operations for the 2nd Quarter of 2016 and 2017 were 11.49% and 11.48%, 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 2nd 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 3.03% for the 2nd Quarter of 2016 to 0.36% for the 2nd 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 2nd Quarter of 2016 and 2017, the Company and its subsidiary's net profits for the 2nd Quarter of 2016 and 2017 were Baht 44.1 million, improving in an amount of Baht 15.7 million or a growth of 55.28% compared to that of the 2nd Quarter of 2016 being Baht 28.4 million. The increase



in the Company and its subsidiary's net profits resulted from the growth of revenue, the decrease in the proportion of the cost of hospital operations to the total revenue and the decrease in financing cost.

Statement of Financial Position

The Company and its subsidiary's total assets as of 31 December 2016 and 30 June 2017 were Baht 1,823.7 million and Baht 1,867.8 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 30 June 2017, cash and cash equivalent together with temporary investments were Baht 711.3 million and Baht 632.8 million, respectively. The decreased amount was due to the cash paid for fixed assets.

As of 31 December 2016 and 30 June 2017, the Social Security Office receivables were Baht 137 million and Baht 209.6 million, respectively. The Social Security Office receivables as of 30 June 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 30 June 2017 were Baht 769.5 million and Baht 782.6 million, respectively, and represented 42.19% and 41.90% 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 30 June 2017 were Baht 282.6 million and Baht 263.6 million, respectively. The primary liabilities were trade payables and other receivables and long-term loans. The trade payables as of 31 December 2016 and 30 June 2017 were Baht 172.5 million and Baht 150.3 million, respectively.



As of 31 December 2016 and 30 June 2017, the Company and its subsidiary's outstanding long-term loans from financial institutions were Baht 55.7 million and Baht 39 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 30 June 2017 were Baht 1,541 million and Baht 1,604.2 million, respectively. This is primarily due to the quarterly result.

Please be informed accordingly.

Yours sincerely,

(Mr. Wachira Wudhikulprapan)
Managing Director