



No. RPH-SET 14/2017

11 November 2017

Subject : Management Discussion and Analysis for the 3rd Quarter of 2017 Ending 30 September 2017

To : The President
The Stock Exchange of Thailand

The Board of Directors meeting of Ratchaphruek Hospital Public Company Limited (the Company) No. 5/2017 dated 11 November 2017 approved the Company's Interim Financial Information ending 30 September 2017. The Company would like to clarify the nine-month period ended 30 September 2017 earnings results, as follows.

Statement of comprehensive income

Revenue from hospital operations

The Company booked revenue from hospital operations amounting to Baht 305.83 million and Baht 307.20 million for the nine-month period ended 30 September 2016 and the nine-month period ended 30 September 2017, respectively. The figures represent a period-on-period increase of 0.45%.

For the 3rd quarter of 2016 and 2017, the Company generated the total revenues from hospital operations in amounts of Baht 106.65 million and Baht 113.02 million, respectively, resulting in an overall growth rate of 5.97%.

Cost of hospital operations

The cost of hospital operations amounted to Baht 205.36 million and Baht 210.16 million in the nine-month period ended 30 September 2016 and the nine-month period ended 30 September 2017, respectively. Meanwhile, the cost of hospital operations to revenue ratios stood at 67.15% and 68.41%, respectively. The higher ratio on a period-on-period basis was attributable to the Company has some fixed costs that unchanged irrespective of the revenue in the first quarter of 2017.

Selling expenses

The Company booked selling expenses amounting to Baht 1.15 million and Baht 3.18 million for the nine-month period ended 30 September 2016 and the nine-month period ended 30 September 2017, respectively. The selling expenses to revenue ratios for those years stood at 0.38% and 1.04%, respectively. The selling expenses to revenue ratio was on the back of the expenses related to preparation for the planned listing to the Stock Exchange of Thailand in the first quarter of 2017 and make a perception for new hospital building.

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Administrative expenses

In the nine-month period ended 30 September 2016 and the nine-month period ended 30 September 2017, the Company's administrative expenses amounted to Baht 40.26 million and Baht 43.77 million, respectively. The administrative expenses to revenue ratios for those years stood at 13.16% and 14.25%, respectively. The administrative expenses to revenue ratio was on the back of the expenses related to preparation for the planned listing to the Stock Exchange of Thailand in the first quarter of 2017 and increasing of computer system depreciation.

Finance costs

The Company booked finance costs amounting to Baht 2.21 million in the nine-month period ended 30 September 2016 and Baht 2.07 million in the nine-month period ended 30 September 2017. The period-on-period drop in finance costs in the nine-month period ended 30 September 2017 was because in early 2016 bank cut interest rates.

Net profits

The Company booked net profits of Baht 49.95 million and Baht 46.16 million in the nine-month period ended 30 September 2016 and the nine-month period ended 30 September 2017, respectively. The result suggests that the Company's nine-month period ended 30 September 2017 net profits decreased by 7.58% on a period-on-period basis, the net profit to revenue ratios stood at 16.33% and 15.03%, respectively. This decrease was related to a decrease in revenues in the 1st quarter and an increase in administrative expenses that related to preparation for the planned listing to the Stock Exchange of Thailand in the first quarter.

For the 3rd quarter of 2015 and 2016, the net profits were Baht 18.04 million and Baht 22.14 million, respectively, resulting in an overall growth rate of 22.68%. The net profit to revenue ratios stood at 16.92% and 19.59%, respectively.

Statement of financial position

As of 31 December 2016 and 30 September 2017; the Company's total assets amounted to Baht 721.30 million and Baht 1,567.71 million, respectively. Major assets were cash and cash equivalents, short-term investments at financial institutions, and property, plant and equipment. As of 31 December 2016 and 30 September 2017, the Company saw cash and cash equivalents to Baht 57.67 million and Baht 293.39 million, respectively. The Company's short-term investments at financial institutions amounting to Baht 110.00 million and Baht 350.00 million, respectively, these increase proceeded from the initial public offering. Meanwhile, as of 31 December 2016 and 30 September 2017, the Company's property, plant and equipment were valued at Baht 499.88 million and Baht 860.11 million. The increase in this value was because the Company realized the progress of the construction in progress for its new hospital project.

The Company saw total liabilities of Baht 206.63 million and Baht 267.05 million, as of 31 December 2016 and 30 September 2017, respectively. The major liability was long-term loans from financial

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institutions. As of 31 December 2016 and 30 September 2017, the long-term loans from the financial institutions stood at Baht 63.81 million and Baht 63.91 million, respectively.

As of 31 December 2016 and 30 September 2017, the shareholders' equity was valued at Baht 514.67 million and Baht 1,300.66 million, respectively. The increase in shareholders' equity was thanks to the booking of operating profit and the capital increase program to fund the construction of the new hospital project.

Yours sincerely

(Mr. Teerawat Srinakarin)
Chief Executive Officer

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