



บริษัท วัฒนาการแพทย์ จำกัด (มหาชน)
โรงพยาบาลนอร์ท อีสเทอร์น-วัฒนา จ.อุดรธานี

70/7-8 ถนนสุขภักจรรย์ ต่าบลหมากแข้ง อำเภอเมือง จังหวัดอุดรธานี 41000

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Date 27 February 2018
WATTANA KARNAET PUBLIC COMPANY LIMITED

Management Discussion and Analysis

Executive Summary Year 2017 Performance

Wattana Karnpaet Public Company Limited (“Company”) reported the total income in 2017 to be Baht 326.100 million, increased by 7.4 per cent from that of 2016. The increase in income was from the receiving the doubtful account of Baht 17.464 million. The hospital income from operations is Baht 298.523 million, increased around 1.5 per cent from last year.

In 2017, the Company has EBITDA of Baht 47.007 million, which increased 23.6 per cent from the previous year.

From the above explanation, the Company reported net profit of Baht 18.286 million, increased 67.9 per cent from last year.

Major development in 2017

1. Increased the referral center service to cover a larger population base
2. Increased the coverage of specialist services to 24 hours
3. Renovated the front building and the Emergency Department
4. Expanded the hemodialysis department from 20 units to 35 units

1. Financial Summary 2017 and Profitability

Operating Income

(Million Baht)	2017	2016	%Change
Revenue from hospital operations	298.523	294.217	1.5%
Other Income	10.113	9.336	8.3%
Other Income- Receiving payment from doubtful account	17.464	-	NA
Total Income	326.100	303.553	7.4%

In 2017, the Company had the total income of Baht 326.100 million, increased from Baht 303.553 million of last year, or a 7.4 per cent increase from last year. This is from receiving the payment from doubtful account of Baht 17.464 million. And the hospital operations income increased by Baht 4.306 million.

Cost and Expenses

(Million Baht)	2017	2016	% Change
Cost of hospital operations	225.750	216.118	4.5%
Administrative expenses	73.789	69.012	6.9%
Total cost and expenses and depreciation	299.539	285.130	5.1%

In 2017, the Company had the cost of hospital operations with depreciation of Baht 225.750 million, increased from Baht 216.118 million, or 4.5 per cent from last year. The cost of hospital operations increased due to the increase in the service improvement to offer a more complete and coverage of 24 hours of specialists to serve



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the emergency patients, which increasing from the expansion of referral center service to cover a larger population base. The administrative expense was Baht 73.789 million, increased from Baht 69.012 million from last year, or 6.9 per cent, which was from the wages.

Profitability Analysis

(Million Baht)	2017	2016	% Change
EBITDA	47.007	38.026	23.6%
EBITDA margin	14%	13%	
EBIT	26.559	18.423	44.2%
EBIT margin	8%	6%	
Net profit	18.286	10.890	67.9%
Net profit margin	6%	4%	
Basic earning per share	1.83	1.09	67.9%

From the above mentioned, EBITDA in 2017 was Baht 47.007 million. The EBITDA margin was similar of last year, which was 14 per cent.

Balance Sheet and Cash Flow

Balance Sheet

(Million Baht)	2017	2016	% Change
Total Assets	472.619	454.442	4.0%
Total Liabilities	134.854	129.677	4.0%
Total Shareholders' Equity	337.765	324.765	4.0%

In 2017, the total assets of the Company increased by 4.0 per cent, resulting in the 2017 total assets of Baht 472.619 million. At the same time the total liabilities was increased by 4.0 per cent, resulting in the total liabilities of Baht 134.857 million. This resulted in the total shareholders' equity in 2017 was Baht 337.765 million, or a 4.0 per cent increase.

Cash Flows

(Million Baht)	2017
Net cash provided by operating activities	24.862
Net cash used in investing activities	(28.062)
Net cash provided by financing activities	0.249
Net increase in cash and cash equivalents	(2.951)
Cash and cash equivalents as at the beginning of the year	35.698
Cash and cash equivalents as at the end of the year	32.747

In 2017, the Company had net increase in cash and cash equivalent of Baht 2.951 million, with the cash and cash equivalents at the beginning of the period of Bath 35.698 million. As a result, cash and cash equivalents at the end of the period was Baht 32.747 million.



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2.Assets utilization

	2017	2016
Accounts receivable turnover	11.26	8.69
Number of days of receivables (days)	31.97	41.41
Inventory turnover	56.94	54.12
Number of days of inventory (days)	6.32	6.65

In the past year, the number of days of receivables was slightly decreased. This is because the company has implemented a system of follow up the debts to increase the effectiveness of the Account Receiveable system to continueing to reduce number of days of receivables.

In 2017, the number of days of inventory was 6.32 days, decreased from that of last year. This is deemed appropriate for maintaining sufficient inventory for the operations without short. The inventory consists of medicines and medical supplies. The company has joined with other alliant private hospitals to increase the flexibility in managing the inventory turnover. The company could sell off items that the usage rate was low at the time.

3.Liquidity and sufficiency of funding

	2017	2016
Current ratio	1.00	1.10
Quick ratio	0.91	1.01
Cash ratio	0.52	0.52
Interest coverage	11.96	13.57

From the liquidity side, the current ratio of the company was 1.00 which sufficient for an ordinary business operations. In 2017, the company's Quick ratio and Cash ratio was 0.91 and 0.52 respectively, and the Interest coverage was 11.96, which is sufficient.



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4. Debt payment

	2017	2016
Interest coverage	11.96	13.57
Debt service coverage (Cash Basis)	1.03	1.21
Debt to equity ratio	0.40	0.40

The company has an ability to service debt. The interest coverage was 11.96 in 2017, decreased from that of last year. The debt service coverage (cash basis) in 2017 was 1.03, decreased from last year because the company's cash from operations decreased.

In 2017, the debt to equity ratio was 0.40, which was the same as last year.

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