

No. WPH – SET 10/2018

8 May 2018

Subject : Management Discussion and Analysis for Quarter 1 of 2018 ending on 31 March 2018.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.3/2018 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 8 May 2018, approving the audited consolidated financial statements for Quarter 1 of 2018 ending on 31 March 2018. The Company would like to report factors that affect the financial performance of The Company and its subsidiary for Quarter 1 of 2018 ending on 31 March 2018 as follows;

#### **Statements of Comprehensive Income**

##### **Revenue from Hospital Operations**

The Company generated the revenue from hospital operations for the 1<sup>st</sup> quarter of Year 2017 and 2018 were in amounts of Baht 145.75 million and Baht 173.83 million, respectively, which increased by 19.3% compared to the total revenue. The revenue from In-patients and Out-patients department inclined by 24.6% and 8.9% respectively. Causing the increasing in the total revenue from Gastrointestinal diseases and seasonal diseases such as Nasopharyngitis, Influenza, Dengue Fever including non-communicable diseases such cardiovascular disease, neurologic diseases, emergency care etc.

##### **Cost of Hospital Operations**

The cost of hospital operations for the 1<sup>st</sup> quarter of Year 2017 and 2018 were in amounts of Baht 97.56 millions and Baht 110.01 million, respectively, which increased by 12.8%. Costs of hospital operations incurred with total revenue from hospital operations for the 1<sup>st</sup> quarter of Year 2018, equaled to 63.3% comparing to the 1<sup>st</sup> quarter of Year 2017, equaled to 66.9%. It was in the declining period. The Company focused on controlling costs including the higher in total revenue from hospital operations comparing to the main cost of hospital operations. The main cost of hospital operations consist of doctor fee, cost of goods, salary, depreciation and etc.

**Selling Expenses**

The selling expenses for the 1<sup>st</sup> quarter of Year 2017 and 2018 were in amounts of Baht 5.04 million and Baht 5.53 million, increasing by 9.7%. The proportion of selling expenses incurred compared to total revenues for the 1<sup>st</sup> quarter of Year 2017 and 2018 were 3.5% and 3.2% , respectively.

**Administrative Expenses**

The selling expenses for the 1<sup>st</sup> quarter of Year 2017 and 2018 were in amounts of Baht 29.91 million and 32.28 million, increasing by 7.9%. The proportion of administrative expenses incurred compared to total revenues were 18.6% and 20.5%, respectively. The incremental of administrative expenses derived mainly from expenses related to employees and also hiring outsourcing company to provide household tasks.

**Financing Costs**

The financing costs of financial institutions for the 1<sup>st</sup> quarter of Year 2017 and 2018 were in amounts of 1.50 million and 0.12 million respectively, decreasing by 92.0%. This decrease stemmed from receiving the lump sum amount of capital increase from the Initial Public Offering (IPO) in September, 2017. Also, repay loans from financial institutions and no incurring interest expense in Q4/2017.

**Net Profits**

For the 1<sup>st</sup> quarter of Year 2017 and 2018, the net profits were in amounts of Baht 12.83 million and Baht 25.63 million, respectively. Accounted for 99.80%. The proportion of net profit incurred compared to the total revenue for the three-month period ended March 31, 2017 and 2018 accounted for 8.7% and 14.7%, respectively which resulted from total revenue increased and the decreasing of the cost of hospital operation, selling and administrative expense, and financial costs.

Please be informed accordingly.

Yours Sincerely,

( Mr.Chane Laosonthorn)

Director