

No. WPH – SET 2/2019

21 February 2019

Subject : Management Discussion and Analysis for the fiscal year ended on December 31, 2018.

To : Directors and Managers

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.1/2019 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 20 February 2019, approving the audited consolidated financial statements for the fiscal year ended on December 31,2018. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the fiscal year ended on December 31, 2018 as follows;

Statements of Comprehensive Income

Revenues from medical treatment

The Company generated the revenues from medical treatment for the Year 2017 and 2018 were in amounts of Baht 533.31 million and Baht 625.87 million, respectively, which increased by 17.4% compared to the total revenue. The revenue from In-patients and Out-patients department inclined by 23.3 % and 7.6 % respectively. Causing from Gastrointestinal diseases and Dengue Fever including non-communicable diseases such as cardiovascular disease, neurologic diseases, emergency care etc.

Cost of medical treatment

The cost of medical treatment for the Year 2017 and 2018 were in amounts of Baht 382.27 millions and Baht 430.52 million, respectively, which increased by 12.6%. Costs of hospital operations incurred with total revenues from medical treatment for the Year 2018, equaled to 68.8% comparing to the Year 2017, equaled to 71.7%. Causing from the increasing of overtime pay and doctor fee.

Selling Expenses

The selling expenses for Year 2017 and 2018 were in amounts of Baht 15.03 million and Baht 15.83 million, inclining by 5.4%. The proportion of selling expenses incurred compared to total revenues for the Year 2017 and 2018 were 2.8% and 2.5%, declining by 0.3%.

Administrative Expenses

The selling expenses for the Year 2017 and 2018 were in amounts of Baht 115.80 million and 129.03 million, increasing by 11.4%. The proportion of administrative expenses incurred compared to total revenues for the Year 2017 and 2018 were 20.6% and 21.7%, respectively, which was slightly increased. The incremental of administrative expenses derived mainly from expenses related to employees and also hiring outsourcing company to provide household tasks. On the contrary, in 2018, the Company was no one-time expense regarding listed on the Stock Exchange of Thailand .

Financing Costs

The financing costs of financial institutions for the Year 2017 and 2018 were in amounts of Baht 5.15 million and 1.92 million respectively,declined by 62.8%. 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 Year 2017, the net profit was in amounts of Baht 23.60 million and for the year 2018, the net profit was in amounts of Baht 50.52 million, increasing by Baht 26.92 million or accounted for 114.1%. By the way, the proportion of net profit incurred compared to the total revenue for the Year 2017 and 2018 accounted for 4.4% and 8.1%, respectively which resulted from total revenue increased. This is stemmed from the being increased in the Revenues from medical treatment, on the contrary, the proportion of cost of medical treatment, selling and administrative expenses, and financing cost were decreased .

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director