

No. WPH – SET 8/2019

8 August 2019

Subject : Management Discussion and Analysis for Quarter 2 of 2019 ending on 30 June 2019.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.4/2019 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 8 August 2019, approving the audited consolidated financial statements for Quarter 2 of 2019 ending on 30 June 2019. The Company would like to report factors that affect the financial performance of The Company and its subsidiary for Quarter 2 of 2019 ending on 30 June 2019 as follows;

Statements of Comprehensive Income

Revenue from medical treatment

The Company generated the revenue from medical treatment for the 2nd quarter of Year 2018 and 2019 were in amounts of Baht 135.14 million and Baht 168.99 million, respectively, which increased by 25.1% compared to the total revenue. The increasing in revenue Baht 33.85 million stemmed from the fully operational of new hospital (WattanaPAT Ao-Nang Hospital) in amounts of Baht 19.96 million. Also, the increasing in revenue of its own in amounts of Baht 14.79 million. The revenue from In-patients department inclined by 27.9%, on the contrary, Out-patients department inclined by 20.3%. The number of both out-patient and in-patient were increased to 19.3% and 34.2% respectively. However, the revenue from out-patient per billing is almost equal to the same period last year, on the contrary, the revenue from in-patient is declined by 4.7%.

Cost of Hospital Operations

The cost of hospital operations for the 2nd quarter of Year 2018 and 2019 were in amounts of Baht 99.04 millions and Baht 145.14 million, respectively, which increased by 46.5%. Costs of hospital operations incurred with total revenue from medical treatment for the 2nd quarter of Year 2019, equaled to 85.9% comparing to the 2nd quarter of Year 2018, equaled to 73.3%. The main reasons of the increasing in cost of hospital operations such as salary, overtime pay for employees, Doctor Fee, Cost of medical treatment, depreciation from transferring assets, infrastructure cost and so forth.

Selling Expenses

The selling expenses for the 2nd quarter of Year 2018 and 2019 were in amounts of Baht 2.96 million and Baht 3.30 million, increasing by 11.6%. The proportion of selling expenses incurred compared to total revenues for the 2nd quarter of Year 2018 and 2019 were 2.2% and 2.0% , respectively.

Administrative Expenses

The selling expenses for the 2nd quarter of Year 2018 and 2019 were in amounts of Baht 30.87 million and 32.68 million, increasing by 5.9%. The proportion of administrative expenses for the 2nd quarter of Year 2019 equaled to 19.3%, which is decreased by 22.8% comparing to the the administrative expenses for the 2nd quarter of Year 2018. The main reasons of the increasing in cost of hospital operations such as salary, overtime pay for employees, Doctor Fee, Cost of medical treatment, depreciation from transferring assets, infrastructure cost and so forth.

Financing Costs

The financing costs of financial institutions for the 2nd quarter of Year 2018 and 2019 were in amounts of 0.04 million and 1.81 million respectively, increasing by 4,671.1%. The proportion of financing costs incurred compared to the 2nd quarter of 2018 and the 2nd quarter of 2019 were 0.0% and 1.1% respectively. The main reasons were interest expenses from financial institution which occur from intercompany transactions.

Net Profits

For the 2nd quarter of Year 2018 and 2019, the net profits were in amounts of Baht 5.10 million and net loss in amounts of Baht (9.33) million, which is decreased by Baht 14.43 million or 283%. The proportion of net profit(loss) comparing to the total revenue from medical treatment for the 2nd quarter of Year 2018 and 2019 equaled to 3.8% and (5.5)% respectively. The increasing in the cost of medical treatment and financial costs.

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director