

No. WPH – SET 002/2020

21 February 2020

Subject : Management Discussion and Analysis for the fiscal year ended on 31 December 2019.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No. 1/2020 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 20 February 2020, approving the audited consolidated financial statements for the fiscal year ended on 31 December 2019. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the fiscal year ended on 31 December 2019 as follows;

Statements of Comprehensive Income

Revenue from medical treatment

The Company generated the revenue from medical treatment for the fiscal year 2018 and 2019 were in amounts of Baht 625.87 million and Baht 754.47 million, respectively, which increased by Baht 128.59 million or in the proportion of 20.5%. These changes were stemmed from both WattanaPAT Hospital Trang Public Company Limited and its subsidiary. The revenue from Out-patients department was inclined by 20.1%, on the contrary, In-patients department was also increased by 20.8%. The number of both in-patient and out-patient were increased by 16.3%, also, revenue from out-patient and in-patient were increased by 14.7% and 31.5%.

Cost of medical treatments

The cost of medical treatments for the fiscal year 2018 and 2019 were in amounts of Baht 441.0 millions and Baht 614.22 million, respectively, which increased by 39.3%. Costs of medical treatments compared to total revenue from medical treatment for the fiscal year 2018 and 2019, equaled to 70.5% and 81.4% respectively. The major proportion in cost of medical treatments were derived from cost incurred from fully operational of WattanaPAT Ao Nang hospital (fully operational in March 2019), such as employee expenses, doctor fee, cost of goods sold, depreciation infrastructures and so forth.

Selling Expenses

The selling expenses for the fiscal year 2018 and 2019 were in amounts of Baht 15.83 million and Baht 18.37 million, increasing by 16.0%. The proportion of selling expenses incurred compared to total revenues for the fiscal year 2018 and 2019 were 2.5% and 2.4% , which did not likely to fluctuate greatly in amount.

Administrative Expenses

The fiscal year 2018 and 2019 were in amounts of Baht 118.54 million and 132.99 million, increasing by 12.2%. The proportion of administrative expenses incurred compared to total revenues for the fiscal year 2018 and 2019 were 18.9% and 17.6%, respectively. This assumed that the Company could handle more effective at controlling employee's remuneration, traveling expenses, and infrastructure expenses.

Financing Costs

The financing costs from financial institutions for the fiscal year 2018 and 2019 were in amounts of 1.92 million and 6.88 million respectively, increasing by 258.6%. The proportion of financing costs incurred compared to the fiscal year 2018 and 2019 were 0.3% and 0.9% respectively. The main reasons were interest expenses from financial institution which occurred from subsidiaries' liabilities.

Tax Expense (Revenue)

For the fiscal year 2018 and 2019, tax expense were in amounts of Baht 1.93 million and tax revenue in amounts of Baht 6.56 million respectively, increasing by Baht 8.49 million or 438.9%. The most of transaction causing from the operational performance from subsidiary company which was fully operational in March 2019, and experiencing accumulated loss.

Net Profits

For the fiscal year 2018 and 2019, the net profits were in amounts of Baht 50.40 million and net loss in amounts of Baht 6.48 million, respectively or decreased for Baht 56.88 million or 112.9%. The proportion of net profit(loss) incurred compared to the total revenue for the fiscal year 2018 and 2019 accounted for 8.0% and (0.9%), respectively. The decreasing in net profit were stemmed from cost of medical treatments and financing costs as aforementioned.

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director