



No. RJH – SET 7/2021

9 August 2021

Subject : Management’s Discussion and Analysis for the 2<sup>nd</sup> Quarter of 2021

To : The President

The Stock Exchange of Thailand

Rajthanee Hospital Public Company Limited (“the Company”) would like to clarify the operating results of the Company and its subsidiary for the 2<sup>nd</sup> quarter ended June 30, 2021 which has been audited by the independent auditor as follows:

**Statements of Comprehensive Income for the 2<sup>nd</sup> Quarter Ended June 30, 2021**

Operation : Consolidated Profit & Loss Statement	2Q	2Q	%	YTD	YTD	%
Unit : THB million	2021	2020	change	2021	2020	change
Revenue from Non-Social Security	367.28	215.54	70%	646.77	466.89	39%
Revenue from Social Security	191.58	177.35	8%	417.52	373.23	12%
<b>Revenue from Hospital Operations</b>	<b>558.86</b>	<b>392.89</b>	<b>42%</b>	<b>1,064.29</b>	<b>840.12</b>	<b>27%</b>
Cost of Hospital Operations	347.93	276.56	26%	685.25	581.26	18%
Gross Margin	210.93	116.33	81%	379.04	258.86	46%
% Gross Margin	37.7%	29.6%	8%	35.6%	30.8%	5%
% Gross Margin (exclude non-recurring items)	37.7%	29.6%	8%	34.1%	32.7%	1%
Administrative Expenses	42.93	39.91	8%	82.05	84.54	-3%
EBITDA *	198.39	102.39	94%	362.22	226.54	60%
% EBITDA *	35.5%	26.1%	9%	34.0%	27.0%	7%
Other Income	5.46	4.62	18%	10.45	10.90	-4%
Financing Cost	0.42	0.03	1382%	0.71	0.06	1083%
Earnings before Tax	173.04	81.01	114%	306.74	185.16	66%
Corporate Tax Expense /(Income)	34.65	16.11	115%	61.43	37.33	65%
<b>Net Profit</b>	<b>138.39</b>	<b>64.90</b>	<b>113%</b>	<b>245.31</b>	<b>147.82</b>	<b>66%</b>
<b>Net Profit excl. non-recurring items</b>	<b>138.39</b>	<b>65.24</b>	<b>112%</b>	<b>225.29</b>	<b>169.10</b>	<b>33%</b>
% Net Profit / Total Revenue	25%	16%	8%	23%	17%	5%
% Net Profit excl. non-recurring items / Total Revenue	25%	16%	8%	21%	20%	2%
Non-Controlling Interests	0.70	0.07	849%	1.00	0.22	350%
<b>Net Profit Attributable to The Company</b>	<b>137.69</b>	<b>64.83</b>	<b>112%</b>	<b>244.32</b>	<b>147.60</b>	<b>66%</b>

\* Non-cash items included depreciation and accounting adjustment

**Revenue from Hospital Operations**

Revenue from hospital operations of the 2<sup>nd</sup> quarter of 2021 (“2Q21”) was THB 558.9 million, increased significantly by 42% from the same quarter of previous year (“yoy”). The non-social security (“non-SW”) revenue surged by 70% yoy. and social security (“SW”) revenue by 8%.



The promising growth of non-SW revenue was not only due to previous year low base but also from revenue related to Covid-19 patients such as RT-PCR and IPD. 2Q21 revenue from RT-PCR was THB 94 million increased from THB 32 million yoy. OPD revenue (not include RT-PCR) was 119.7 million increased by 21% with number of visits increased by 23% while revenue per head marginally declined by 2%. IPD revenue increased 81% with the increase of both visits and revenue per visit. However, revenue per admission day remained on par with previous year. Covid-19 patient's length of stay was relatively longer than general cases while income per day was lower. Occupancy rate increased from 50% to 68% yoy.

In regard to SW revenue, the increase was due mainly to Adjusted RW revenue as the recorded rate was higher than previous year by THB 1,321 per score.

Average number of insured persons surged from previous quarter of 195,800 persons to 198,800 persons in 2Q21.

### **Cost of Hospital Operations**

Cost of hospital operations in 2Q21 increased by 26% yoy. relatively lower than the increase of revenue. Therefore, gross margin improved significantly from 30% to 38% of revenue. This improved margin was primarily from the increase of revenue which led to economy of scale.

### **Administrative Expenses**

Administrative expenses increased by 8% yoy owing to staff cost and depreciation.

### **Earnings before interest, taxes and depreciation ("EBITDA")**

EBITDA (not included other income) increased by nearly a fold from THB 102.4 million to THB THB 198.4 million yoy. EBITDA margin improved from 26% to 35% of revenue.

### **Financing Cost**

The financing cost incurred from short-term lending during the period.

### **Net Profit**

Net profit of 2Q21 increased from THB 65 million to THB 138 million, surged by 113% yoy. Not only previous year low base but also Covid-19 related revenue that contributed to this promising profit.



**Statement of Financial Position as of June 30, 2021**

<b>Financial Position : Consolidated Balance Sheet</b>	<b>30-Jun</b>	<b>30-Jun</b>	<b>% Change</b>
<b>Unit : THB million</b>	<b>2021</b>	<b>2020</b>	
Cash and Temporary Investments	128.15	100.03	28%
Trade Receivables	364.81	304.96	20%
Inventories	37.16	28.41	31%
Property, Plant and Equipment	1,320.25	1,077.53	23%
Goodwill	87.80	87.80	0%
Other assets	123.19	75.60	63%
<b>Total Assets</b>	<b>2,061.35</b>	<b>1,674.32</b>	<b>23%</b>
Trade Payable	147.37	118.80	24%
Interest-Bearing Debts / Leasing	170.60	1.04	16344%
Employee Benefit Obligation	59.15	58.85	1%
Other Liabilities	132.43	98.03	35%
<b>Total Liabilities</b>	<b>509.55</b>	<b>276.71</b>	<b>84%</b>
Total Shareholders' Equity of the Company	1,545.70	1,393.40	11%
Non-Controlling Interests	6.11	4.21	45%
<b>Total Shareholders' Equity</b>	<b>1,551.81</b>	<b>1,397.61</b>	<b>11%</b>

The consolidated total assets as of 30 June 2021 increased from 30 June 2020 by 23%. The increase was mainly attributable to investment in fixed assets: OPD & IPD facilities renovation , medical equipment as well as energy saving project ie. solar roof.

Total liabilities as of 30 June 2021 increased substantially by 84% yoy mostly from short-term borrowing.

The shareholders' equity at the end of June 2021 increased by 11% yoy. because of more profit contributed.



**Ratio Analysis of Financial Statements ended June 30, 2021**

Ratio Analysis : Consolidated Financial Statements	2Q	2Q	YTD	YTD
Unit : THB million	2021	2020	2021	2020
<b>Returns (%)</b>				
Return on Assets *	26.9%	15.5%	24.0%	17.7%
Return on Equity *	35.7%	18.6%	31.9%	21.2%
<b>Working Capital Management (Days)</b>				
Trade Receivable Period	59	71	62	66
Inventory Period **	34	42	35	39
Trade Payable Period	49	53	50	50
<b>Leverage Ratios (x)</b>				
Interest Coverage	475.6	3,638.7	512.3	3,789.3
Debt Service Coverage	4.6	554.5	4.3	609.1
Total Debt to Equity	0.3	0.2	0.3	0.2

\* calculated by using earnings of current quarter to be estimated for annual earnings

\*\* based on only cost of medicine & medical supplies

Return on Assets and Return on Equity of 2Q21 improved yoy. because of profit generated at more accelerating rate than asset or equity invested.

In respect of liquidity ratio, average trade receivable day improved from 71 days to 59 days yoy. as less accrual from social security office. For inventory day, it declined from 42 days to 34 days due to lower inventory level policy. Despite the higher amount of trade payable, payable day decreased from 53 days to 49 days comparing to the same quarter of last year.

Despite more borrowing , debt ratio remained at extremely low leverage , with debt to equity ratio of merely 0.3x at the end of June.

Please be informed accordingly.

Yours sincerely,

(Surin Prasithirun, M.D.)

Managing Director