



# บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)

Bangkok Chain Hospital Public Company Limited

No. BCH. 197/2021

16 August 2021

Subject : Management Discussion and Analysis for the second quarter ended 30 June 2021

To : The President  
The Stock Exchange of Thailand

Bangkok Chain Hospital Public Company Limited (the “Company”) would like to report the operating results for the second quarter ended 30 June 2021 which had been reviewed by the independent auditor as follows:

1. Summary of the Company’s operating results
2. Analysis of the consolidated financial performance
3. Analysis of the consolidated financial position
4. Analysis of the consolidated cash flow
5. Future operating trends
6. Interim dividend

## **Summary of the Company's operating results**

Currently, COVID-19 pandemic situation in Thailand continues to prolong and intensify due to the surge of Delta variant. This led to the announcement of stricter control measures by the government in particular provinces according to the severity of the spreading, such as curfew during the specific period, restricting certain types of economic activities, and prohibition of activities in which groups of people are gathered, etc.

In terms of medical services, the Company and its affiliated hospitals continue to provide regular services to general patients and strive to expand their capacity to provide COVID-19 related services, such as screening, isolation, quarantine, and treatment of infectious patients according to their level of severity ranging from asymptomatic or mild symptomatic patients who are admitted to the Hospital, as well as patients with moderate to severe symptoms who require close medical care in the hospitals. In addition, to be part of driving the country through this pandemic crisis, the Company and its affiliated hospitals have been providing vaccination service to the general public as prescribed by the government.

In 2Q2021, the Company had total revenue of 4,329.77 million baht, increasing from 2Q2020 by 2,228.19 million baht or 106.02 percent. At the same time, the Company continued to efficiently implement the cost effective policy. As a result, the Company reported gross profit of 1,994.90 million baht, an increase of 1,304.16 million baht or 188.80 percent. The profit before finance costs, tax, depreciation and amortization amounted to 1,815.78 million baht, an increase of 1,195.24 million baht or 192.61 percent. Net profit attributable to the Company amounted to 1,145.72 million baht, an increase of 867.13 million baht or 311.26 percent.

For the operating results of the six-month period ended 30 June 2021, the Company's total revenue was reported at 6,713.13 million baht, an increase of 2,414.98 million baht from the same period of last year or 56.19 percent. Gross profit amounted to 2,692.43 million baht, an increase of 1,338.75 million baht or 98.90 percent. Profit before finance costs, tax, depreciation and amortization amounted to 2,506.02 million baht or 111.41 percent. Net profit attributable to the Company amounted to 1,469.50 million baht, an increase of 931.77 million baht or 173.28 percent.



**Analysis of the consolidated financial performance**

<i>Statement of Comprehensive Income</i> <i>(Unit : Million Baht)</i>	2Q2021	2Q2020	% Change YoY	6M2021	6M2020	% Change YoY
Revenue from hospital operations	4,313.24	2,082.60	107.11%	6,629.72	4,260.63	55.60%
Other income	16.53	18.98	(12.89%)	83.41	37.52	122.32%
<b>Total Revenue</b>	<b>4,329.77</b>	<b>2,101.58</b>	<b>106.02%</b>	<b>6,713.13</b>	<b>4,298.15</b>	<b>56.19%</b>
Cost of hospital operations	(2,318.34)	(1,391.85)	66.56%	(3,937.28)	(2,906.95)	35.44%
Distribution and Administrative expenses	(400.62)	(279.86)	43.15%	(691.37)	(573.19)	20.62%
<b>Total Cost</b>	<b>(2,718.96)</b>	<b>(1,671.71)</b>	<b>62.65%</b>	<b>(4,628.65)</b>	<b>(3,480.14)</b>	<b>33.00%</b>
<b>Operating Profit</b>	<b>1,610.81</b>	<b>429.87</b>	<b>274.73%</b>	<b>2,084.48</b>	<b>818.01</b>	<b>154.82%</b>
Interest income	1.72	1.78	(3.27%)	2.45	2.15	13.79%
Finance costs	(35.17)	(32.49)	8.23%	(62.75)	(62.48)	0.43%
Share of profit of investment in associate	0.66	0.61	8.32%	1.37	1.50	(8.69%)
Tax expense	(311.52)	(75.16)	314.46%	(395.44)	(138.56)	185.39%
<b>Profit for the year</b>	<b>1,266.51</b>	<b>324.60</b>	<b>290.18%</b>	<b>1,630.11</b>	<b>620.62</b>	<b>162.66%</b>
Owners of the Company	1,145.72	278.59	311.26%	1,469.50	537.73	173.28%
Non-controlling interests	120.79	46.01	162.54%	160.62	82.89	93.77%
<i>Gross Profit Margin</i>	<i>46.25%</i>	<i>33.17%</i>		<i>40.61%</i>	<i>31.77%</i>	
<i>Operating Profit Margin</i>	<i>37.20%</i>	<i>20.54%</i>		<i>31.05%</i>	<i>19.03%</i>	
<i>Profit before Finance costs, Tax expense, Depreciation and Amortization margin</i>	<i>41.94%</i>	<i>29.53%</i>		<i>37.33%</i>	<i>27.58%</i>	
<i>Profit attributable to owners of The Company</i>	<i>26.46%</i>	<i>13.26%</i>		<i>21.89%</i>	<i>12.51%</i>	

<b>Revenue Breakdown by Type</b> <i>(Unit : Million Baht)</i>	2Q2021		2Q2020		% Change
	Revenue	Proportion	Revenue	Proportion	YoY
General patients	3,587.85	82.87%	1,329.86	63.28%	169.79%
Social security patients	725.38	16.75%	752.73	35.82%	(3.63%)
Other revenue	16.53	0.38%	18.98	0.90%	(12.89%)
<b>Total Revenue</b>	<b>4,329.77</b>	<b>100.00%</b>	<b>2,101.58</b>	<b>100.00%</b>	<b>106.02%</b>

Revenue Breakdown by Type (Unit : Million Baht)	6M2021		6M2020		% Change
	Revenue	Proportion	Revenue	Revenue	Proportion
General patients	5,105.02	76.05%	2,715.85	63.19%	87.97%
Social security patients	1,524.70	22.71%	1,544.78	35.94%	(1.30%)
Other revenue	83.41	1.24%	37.52	0.87%	122.31%
<b>Total Revenue</b>	<b>6,713.13</b>	<b>100.00%</b>	<b>4,298.15</b>	<b>100.00%</b>	<b>56.19%</b>

The Company's total revenue for the quarter ended 30 June 2021 was 4,329.77 million baht, an increase of 2,228.19 million baht or 106.02 percent comparing to the same period of last year, with the proportion of general patient revenue of 82.87 percent, 16.75 percent from social security patients, and 0.38 percent from other revenue. Details are as follows:

General patients' revenue for 2Q2021 ended 30 June 2021 was 3,587.85 million baht, an increase of 2,257.99 million baht or 169.79 percent compared to the same period of last year. The increase in revenue was due to the third wave of the COVID-19 pandemic, in which the number of patient under investigation and infection has increased significantly, resulting in an increase number of on-site screening services and off-site active case finding. Moreover, the Company and its affiliated hospitals have increased their capacity to support COVID-19 patient treatment by collaborating with hotels in providing quarantine and treatment services for asymptomatic or mild symptoms patients in the form of Hospitel, as well as converting the space within hospitals to support the treatment of patients with moderate to severe symptom.

Social security patients' revenue for 2Q2021 ended 30 June 2021 was 725.38 million baht, a decrease of 27.35 million baht or 3.63 percent from the same period of last year due to the pandemic situation affecting service revenues that were disbursed according to the actual service usage. In 2Q2021, the Company had an average of 891,087 insurers, an increase of 3,723 insurers or 0.42 percent which increased in the decreasing rate as the result of a slowdown in economic activities led to a decrease in the overall number of insurers under Section 33 and Section 39.

Other revenue such as rental income and other income for 2Q2021 ended 30 June 2021 was 16.53 million baht, a decrease of 2.45 million baht or 12.89 percent. This was mainly due to the relief measures for tenants who rent an area within the hospital buildings that were impacted by the COVID-19 pandemic.

Operating expenses (including depreciation and amortization) for 2Q2021 ended 30 June 2021 was 2,718.96 million baht, an increase of 1,047.25 million baht or 62.65 percent from the previous year, mainly due to the increase in direct costs that varied according to the provision of services related to COVID-19, especially the cost of services arising from the operation of Hospitel, an increase in promotional costs, and the recording of impairment losses from high-cost care (Adj RW $\geq$ 2) performed during 4Q2017 and 4Q2018. However, the Company was still able to effectively manage variable costs and other fixed costs.

In summary, the Company's gross profit margin increased from 33.17 percent to 46.25 percent, the operating profit margin increased from 20.45 percent to 37.20 percent, profit before interest, taxes, depreciation and amortization margin increased from 29.53 percent to 41.94 percent, and profit margin attributable to shareholders of the Company increased from 13.26 percent to 26.46 percent.

**Analysis of the consolidated financial position**

<i>Statement of Financial Position</i> (Unit : Million Baht)	For the period ended 30 June		% Change
	2021	2020	YoY
<b>Total assets</b>	<b>18,502.67</b>	<b>16,527.29</b>	<b>11.95%</b>
Current assets	5,487.29	3,538.41	55.08%
Non-current assets	13,015.38	12,988.88	0.20%
<b>Total liabilities</b>	<b>9,614.92</b>	<b>8,900.99</b>	<b>8.02%</b>
Current liabilities	4,346.30	5,667.40	(23.31%)
Non-current liabilities	5,268.62	3,233.59	63.93%
<b>Equity</b>	<b>8,887.75</b>	<b>7,626.31</b>	<b>16.54%</b>
Equity attributable to the Company	8,042.71	6,884.50	16.82%
Non-controlling interests	845.04	741.81	13.92%

<b>Financial Ratio</b>	For the period ended 30 June	
	2021	2020
Current Ratio (times)	1.26	0.61
Average Collection Period (days)	84.11	79.34
Average Inventory Period (days)	14.87	14.67
Average Payables Period (days)	34.28	27.50
Debt to Equity (times)	1.08	1.21
Return on Assets (%)	18.00	12.23
Return on Equity (%)	29.81	19.15

As of 30 June 2021, the Company had total assets of 18,502.67 million baht, an increase of 1,975.37 million baht or 11.95 percent from 31 December 2020, mainly due to an increase in cash and cash equivalents of 683.52 million baht, an increase in trade accounts receivable of 325.88 million baht, and an accrued income of 552.33 million baht which most of the accrued income was the income awaiting payment from the Social Security Office in accordance to its specified rules, methods, and conditions.

The Company had total liabilities of 9,614.92 million baht, an increase of 713.93 million baht or 8.02 percent from 31 December 2020, mainly due to an increase in trade accounts payable, other payables, and other accrued expenses.

The Company had total shareholders' equity of 8,887.48 million baht, an increase of 1,261.44 million baht or 16.54 percent from 31 December 2020 due to the increase in retained earnings of the Company.

**Analysis of the consolidated cash flow statement**

<i>Cash flow Statement (Unit : Million Baht)</i>	<b>For the period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Cash flow from operating activities	2,058.98	761.66
Cash flow from (used in) investing activities	(681.77)	(1,818.88)
Cash flow from (used in) financing activities	(693.70)	1,067.86
<b>Net increase in cash and cash equivalents</b>	<b>683.52</b>	<b>10.65</b>
Cash and cash equivalents at 1 January	943.80	792.42
Cash and cash equivalents at 30 June	1,627.32	803.07

At the end of 30 June 2021, the Company recorded additional cash and cash equivalents of 683.52 million baht, with net cash at the beginning of the period as of 1 January 2021 amounted to 943.80 million baht, resulting in net cash at the end of the period as of 30 June 2021 amounted to 1,627.32 million baht. Details of cash flows for each activity are as follows:

The Company reported cash flow from operating activities of 2,058.98 million baht which were contributed from the increase in net profit, depreciation and amortization. The cash flow used in investing activities was 681.77 million baht, mainly due to the short-term investment in debt securities, investment in assets under construction of Kasemrad International Hospital Vientiane, and investment in renovation of the existing hospital buildings. The Company had net cash flow from financing activities in the amount of 693.52 million baht, mainly due to the management of loans from financial institutions, financial cost payment, and dividend payment for the FY2020.

**Future operating trends**

In 3Q2021, the Company and its affiliated hospitals have still been operating business under the COVID-19 pandemic. The infection rate has escalated and widely spread causing by the Delta variant which is highly contagious. In consequence, the government has imposed stricter disease prevention and control measures that are not only affected people's daily live, but also affected the slowdown of the business sectors as a whole.

Recently, the government and private sectors have been continuing to accelerate the procurement and distribution of the COVID-19 vaccines with the target to cover 70 percent of total population by the end of 2021. However, vaccine procurement is not currently as planned due to the limitation on production capacity that is insufficient to meet global demand.

For cooperation by the private sector, private hospitals are the important part in supporting government's measures in terms of control, prevention, and treatment for the people. The Company and its affiliated hospitals have continued to increase their capacity in provision of services related to COVID-19 such as screening, alternative quarantine services, providing medical care in the form of Hospitel and Hospital, and vaccination services. Currently, the Company and its affiliated hospitals have the capacity to support more than 11,500 RT-PCR screening tests per day, over 2,400 rooms for alternative quarantine, more than 16,100 beds in Hospitel, and more than 1,700 beds to support the treatment of infected patients in the hospitals. In addition, the Company has opened the reservation of alternative vaccines to the public, the Moderna COVID-19 vaccine, in which the private sector has co-provided with the government to support the distribution of vaccines according to government procurement plans. Since the opening of vaccine pre-order, there has been number of interest in booking Moderna COVID-19 vaccine through our affiliated hospitals. According to the plan, it is expected to be able to start administer Moderna COVID-19 vaccine to people from October 2021 onwards.



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### Bangkok Chain Hospital Public Company Limited

In terms of the expansion plan to provide comprehensive tertiary care medical services in Lao PDR, the Company expects to open Kasemrad International Hospital Vientiane on 19 August 2021 to serve both local and foreign patients. Meanwhile, the hospital has prepared to support measures for prevention, control and treatment of disease in accordance with the measures prescribed by the Lao PDR government under the current COVID-19 situation.

#### **Interim dividend**

According to the Board of Directors' meeting on 16 August 2021, the Board of Directors resolved to approve the distribution of profit from operating results for the six-month period ended 30 June 2021 as interim dividends to shareholders at the rate of 0.20 baht per share, totaling 498.74 million baht. The aforementioned interim dividends will be paid to shareholders on 15 September 2021, with the XD posting date on 31 August 2021 and the record date on 1 September 2021.

Please be informed accordingly

Your sincerely,

(Prof.Dr.Chalerm Hamphanich, M.D.)

Chief Executive Officer

