



No. RJH – SET 3/2022

21 February 2022

Subject : Management’s Discussion and Analysis for the 4th 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 4th quarter ended December 31, 2021 which has been audited by the independent auditor as follows:

Statements of Comprehensive Income for the 4th Quarter Ended December 31, 2021

Operation : Consolidated Profit & Loss Statement Unit : THB million	4Q	4Q	%	YTD	YTD	%
	2021	2020	change	2021	2020	change
Revenue from Non-Social Security	709.83	310.70	128%	2,326.47	1,081.02	115%
Revenue from Social Security	200.20	191.04	5%	791.26	774.47	2%
Revenue from Hospital Operations	910.04	501.74	81%	3,117.73	1,855.50	68%
Cost of Hospital Operations	512.09	349.76	46%	1,684.21	1,261.61	33%
Gross Margin	397.95	151.98	162%	1,433.52	593.89	141%
<i>% Gross Margin</i>	<i>43.7%</i>	<i>30.3%</i>	<i>13%</i>	<i>46.0%</i>	<i>32.0%</i>	<i>14%</i>
Administrative Expenses	46.94	40.79	15%	183.46	163.27	12%
EBITDA *	404.57	142.49	184%	1,413.10	542.67	160%
<i>% EBITDA *</i>	<i>44.5%</i>	<i>28.4%</i>	<i>16%</i>	<i>45.3%</i>	<i>29.2%</i>	<i>16%</i>
Other Income	10.18	5.43	88%	27.09	22.90	18%
Financing Cost	4.66	0.05	8575%	5.92	0.26	2202%
Earnings before Tax	356.52	116.56	206%	1,271.24	453.26	180%
Corporate Tax Expense /(Income)	71.84	(28.31)	-354%	254.92	39.64	543%
Net Profit	284.69	144.87	97%	1,016.32	413.62	146%
Net Profit excl. non-recurring items	284.69	103.65	175%	996.29	378.30	163%
<i>% Net Profit / Total Revenue</i>	<i>31%</i>	<i>29%</i>	<i>2%</i>	<i>32%</i>	<i>22%</i>	<i>10%</i>
<i>% Net Profit excl. non-recurring items / Total Revenue</i>	<i>31%</i>	<i>20%</i>	<i>10%</i>	<i>32%</i>	<i>20%</i>	<i>12%</i>
Non-Controlling Interests	1.33	0.38	247%	4.36	1.13	286%
Net Profit Attributable to The Company	283.36	144.49	96%	1,011.96	412.49	145%
<i>* Non-cash items included depreciation and accounting adjustment</i>						
Non-Recurring Items : Increase/(Decrease) Net Profit						
Previous period of SW income	-	-		(25.03)	(20.95)	
SG&A : Previous yr SW income over-record	-	-		-	3.29	
Defer tax (income)	-	(41.22)		-	(41.22)	
	-	(41.22)		(25.03)	(58.88)	

Revenue from Hospital Operations

Revenue from hospital operations of the 4th quarter of 2021 (“4Q21”) was THB 910.04 million, increased significantly by 81% from the same quarter of previous year (“yoy”). The non-social security (“non-SW”) revenue surged by 128% yoy while social security (“SW”) revenue moderately increased by 5%.



The outstanding growth of non-SW revenue was from revenue related to Covid-19 such as Covid-19 test and IPD as well as Moderna vaccines. 4Q21 revenue from Covid-19 Test was THB 136.54 million increased from THB 41.4 million yoy despite the decrease of reimbursed rate for RT-PCR from THB 2,500 to THB 1,700 and 1,500 since Aug. and Dec. respectively. Increased number of tests has outweighed this declining rate. Number of tests (both RT-PCR and ATK) increased by approximately 100,279 tests yoy and 15,390 test qoq to over 110,000 tests in 4Q2021 because of the new waves of Omicron at the end of the year. Revenue realized from the advance receipt of Moderna vaccines in this quarter was THB 33 million.

Without regard to Covid-19 related revenue, general OPD revenue was THB138.26 million which marginally declined by 1.44% yoy. Number of visits decreased by 4.5% yoy due to the ongoing spread of the new Covid19 variant in the last quarter of 2021. However, revenue per head increased by 3.21% yoy to average of THB 1,945 per head.

IPD revenue increased sharply by 211% yoy but decreased by 43% qoq. This fluctuation was mainly owing to the admission of Covid-19 patients. Average number of field hospital beds were 1,100 beds in 4Q21 declining from 1,380 beds of preceding quarter. Covid-19 patients under UCEP program during 4Q21 was 3,150 patients with total income approximately THB267.6 million, substantially decreased 55% qoq due to both lower number of admitted patients and the shorter length of stay from 14 days to 7-10 days in 4Q21. For general IPD, the income was THB 134 million marginally increased by 4.1%yoy. thank to the extra payment THB 7.7 million of previous year Cathlab cases under Universal Coverage. Number of IPD heads decreased by 17% to 2,400 heads yoy. However, income per head increased from THB 44,500 per head to 53,000 per head as higher-intensity case admitted.

In regard to SW revenue, it increased by 5% yoy. due to the increase of insured persons by 9,381 persons yoy and 2,213 persons qoq to an average of 202,932 persons in this quarter. In addition, revenue from high-cost care (Adj RW) increased because of the new adjusted rate from 10,600 THB/score last year to 12,000 THB/score this year.

Cost of Hospital Operations

Cost of hospital operations in 4Q21 increased by 46% yoy which can be explained by the services provided to Covid-19 patients i.e. medical & supplies, doctor fee, amortization of field hospital assets etc. Gross profit margin improved from 30.3% in 4Q20 to 43.7% in 4Q21 due to the massive increase of revenue which led to economy of scale. However, the margin shrank on qoq basis because revenue from Covid-19 IPD began subsided in this quarter.

Administrative Expenses

Administrative expenses increased by 15.1% yoy owing to expenses associated with field hospitals. However, percentage to total revenue declined from 8% to 5%.



Earnings before interest, taxes and depreciation (“EBITDA”)

EBITDA (not included other income) increased by 184% from THB 142.5 million to THB 404.6 million yoy. EBITDA margin improved from 28.4% to 44.5% of revenue.

Financing Cost

The financing cost increased by THB 4.6 million yoy stemming from surge of short-term borrowing. However, the financing cost was merely 0.5% of total revenue.

Net Profit

Net profit of 4Q21 increased from THB144.9 million to THB 284.7 million, surged by 96% yoy. This robust growth was from the increase of revenue while cost was in control which led to wider margin. It is noted that extra-item of tax benefit for THB 41 million in 4Q20 turned tax expense to income for THB 28 million. If this tax benefit was excluded from previous year base, 4Q21 net profit would have been increased by 175% yoy.

Statement of Financial Position as of December 31, 2021

Financial Position : Consolidated Balance Sheet	31-Dec	31-Dec	% Change
Unit : THB million	2021	2020	
Cash and Temporary Investments	174.71	58.31	200%
Trade Receivables	858.72	329.74	160%
Inventory	59.92	36.04	66%
Long-term Investments	565.50	10.00	5555%
Property, Plant and Equipment	1,427.78	1,272.27	12%
Other assets	265.74	192.97	38%
Total Assets	3,352.37	1,899.34	77%
Trade Payable	205.14	154.47	33%
Interest-Bearing Debts / Leasing	750.31	70.89	958%
Employee Benefit Obligation	59.72	56.02	7%
Other Liabilities	372.26	116.70	219%
Total Liabilities	1,387.42	398.08	249%
Total Shareholders' Equity of the Company	1,977.16	1,496.14	32%
Treasury Stock	(21.68)	-	100%
Non-Controlling Interests	9.47	5.11	85%
Total Shareholders' Equity	1,964.95	1,501.25	31%

The consolidated total assets as of 31 December 2021 increased yoy by 77% which was mainly attributable to trade receivable, long-term investment and property, plant and equipment.

The increase of trade receivable stemmed from Covid-19 related cases with outstanding receivables of THB 546 million as of December 2021. This amount was to be reimbursed under Universal



Coverage for Emergency Patients (UCEP) program. During 4Q21, the Company has invested in the listed company ie. Ramkhamhaeng Hospital Plc. (RAM) for 12.5 million shares at the cost of THB 28.21 per share. Gain realized for the whole long-term investment was THB 142 million (recorded as Other Components of Shareholders' Equity). Investment in fixed assets also increased by 12% mostly from facilities renovation, medical equipment.

Liabilities increased sharply from THB 398 million to THB 1,387 million. The highest contribution of this increase was short-term loans, from the outstanding THB 70 million to THB 750 million, to bolster liquidity as credit term of Covid-19 patients longer than conventional patients. In addition, long-term investments were invested substantially in this quarter. Accounts payable increased by 33% from purchases in relation to Covid-19 supplies & services. Other liabilities increased by 219% due to income received in advance of Moderna vaccines for THB 70 million and higher accrued income tax for THB 142 million.

The shareholders' equity at the end of December 2021 increased by 31% yoy because of profit earned. The Company has launched treasury stock program in this quarter. As of December 2021, 630,500 shares were acquired totaling THB 21.7 million.

Ratio Analysis of Financial Statements ended December 31, 2021

Ratio Analysis : Consolidated Financial Statements	4Q	4Q	YTD	YTD
Unit : THB million	2021	2020	2021	2020
Returns (%)				
Return on Assets *	34.0%	30.5%	30.3%	21.7%
Return on Equity *	58.0%	38.6%	51.7%	27.5%
Working Capital Management (Days)				
Trade Receivable Period	87	60	101	65
Inventory Period **	35	38	45	43
Trade Payable Period	47	55	57	61
Leverage Ratios (x)				
Interest Coverage	86.8	2,652.9	238.8	2,111.4
Debt Service Coverage	2.1	8.1	1.9	7.7
Total Debt to Equity	0.7	0.3	0.7	0.3

* 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 4Q21 improved impressively yoy. because of profit generated at higher accelerating rate than asset or equity invested.

In respect of liquidity ratio, average trade receivable day was on the rising trend from 60 days to 87 days in the 4th quarter or from 65 days to 101 days for YTD. This was due to the aforementioned more accrual from Covid-19 revenue. For inventory day, it declined from 38 days to 35 days. Despite the higher amount of trade payable, payable days subsided from 55 days to 47 days.



Debt-to-equity ratio increased from 0.3x to 0.7x . Debt service coverage ratio decreased from 8.1 to 2.1 due to higher amount of short term loans.

Please be informed accordingly.

Yours sincerely,

(Surin Prasithirun, M.D.)

Managing Director