

27 April 2022

Subject: Management Discussion and Analysis for the first quarter of 2022 results

To: President
The Stock Exchange of Thailand

Bumrungrad Hospital PCL.
Management Discussion and Analysis for Consolidated 1Q22 results
27 April 2022

Summary

As a result of Thailand's reopening since 1 November 2021, both Thai and Non-Thai revenue grew substantially year-on-year. The higher contribution of international medical tourism, particularly from the Indochina region and the Middle East, had a significant positive impact to revenue intensity. The Company reported Total revenues in 1Q22 of Baht 4,152 million, a 55.0% increase from Baht 2,679 million in 1Q21. Net profit for 1Q22 increased by 695.6% to Baht 725 million from Baht 91 million in 1Q21, with Net profit margin at 17.5% in 1Q22, compared to 3.4% in 1Q21.

1Q22 performance improved from 4Q21. 1Q22 Total revenues and Net profit increased by 5.8% and 18.5%, respectively, from 4Q21. Net profit margin rose to 17.5% in 1Q22, compared to 15.6% in 4Q21.

Details of the management discussion and analysis follow:

Income statements

Quarterly Operational Performance

1Q22 vs 1Q21 (YoY Comparison)

The Company reported Revenues from hospital operations of Baht 4,102 million, a 55.2% increase year-over-year from Baht 2,642 million in 1Q21. This was mostly due to an increase in revenues from non-Thai patients and Thai patients by 86.8% and 28.2%, respectively. As a result, the revenue contribution from Thai patients was 44.5%, whereas revenue from non-Thai patients was 55.5% for 1Q22 compared with 53.9% and 46.1%, respectively, for 1Q21.

Operating Expenses and EBITDA			
(Unit: Baht million)	1Q22	1Q21	Change
Cost of hospital operations	2,394	1,748	-37.0%
Selling expenses	117	79	-48.8%
Administrative expenses	748	733	-2.0%
EBITDA	1,170	410	185.1%
<i>EBITDA Margin</i>	28.2%	15.3%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 2,394 million for 1Q22, resulting in a 37.0% increase year-over-year from Baht 1,748 million in 1Q21. The variance was mostly due to Baht 295 million increase in physicians' fees and Baht 220 million increase in supply costs. This represented a favorable change when compared to the 55.2% increase in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 58.4% in 1Q22 compared with 66.1% in 1Q21.

Selling expenses (including Depreciation and amortization) were Baht 117 million in 1Q22, or 48.8% increase year-over-year from Baht 79 million in 1Q21. The variance was mostly due to Baht 19 million increase in marketing expenses and Baht 7 million in personnel costs.

Administrative expenses (including Depreciation and amortization) were Baht 748 million in 1Q22, or 2.0% increase year-over-year from Baht 733 million in 1Q21.

EBITDA increased by 185.1% year-over-year to Baht 1,170 million in 1Q22 from Baht 410 million in 1Q21, with an EBITDA margin of 28.2% in 1Q22 compared to 15.3% in 1Q21.

Depreciation and amortization expenses were Baht 277 million in 1Q22, compared to Baht 298 million in 1Q21.

Finance cost decreased by 94.9% year-over-year to Baht 2 million in 1Q22 from Baht 31 million in 1Q21. This was mainly due to no long-term debenture interest expenses as the long-term debentures were fully repaid in 4Q21.

Corporate income tax expense was Baht 168 million in 1Q22 compared to Baht 12 million in 1Q21. The variance was mostly due to the increase in taxable operating profit.

Basic EPS was Baht 0.91 in 1Q22, compared to Baht 0.11 in 1Q21, while 1Q22 Diluted EPS was Baht 0.84, compared to Baht 0.11 in 1Q21.

1Q22 vs 4Q21 (QoQ Comparison)

1Q22 Revenues from hospital operations increased by 5.7% from 4Q21. This was mostly due to an increase in revenues from non-Thai patients. As a result, the revenue contribution from Thai patients was 44.5%, whereas revenue from non-Thai patients was 55.5% for 1Q22 compared with 50.4% and 49.6%, respectively, for 4Q21.

As a result of the increase in revenues and the continued cost containment programs, 1Q22 EBITDA increased by 4.9% from 4Q21, with an EBITDA margin of 28.2% in 1Q22 compared to 28.4% in 4Q21.

Income statements					
(Unit: Baht million)	1Q22	1Q21	Change	4Q21	Change
Revenues from hospital operations	4,102	2,642	55.2%	3,882	5.7%
Total revenues	4,152	2,679	55.0%	3,924	5.8%
EBITDA	1,170	410	185.1%	1,116	4.9%
Net profit	725	91	695.6%	612	18.5%
<i>EBITDA margin</i>	28.2%	15.3%		28.4%	
<i>Net profit margin</i>	17.5%	3.4%		15.6%	

EPS					
(Unit: Baht)	1Q22	1Q21	Change	4Q21	Change
EPS – Basic	0.91	0.11	695.5%	0.77	18.4%
EPS – Fully Diluted	0.84	0.11	695.6%	0.71	18.5%

Statements of financial position

As at 31 March 2022, the Company reported Total current assets of Baht 9,109 million, an increase from Baht 8,062 million as at 31 December 2021. The variance was mostly due to an increase of Baht 782 million in Cash and cash equivalents and Other current financial assets, mainly as a result of Baht 1,020 million increase in cash from operating activities, offset with Baht 195 million acquisition of Property, plant and equipment and computer software; and Baht 300 million increase in Trade and other receivables. The collection period was 39.8 days as at 31 March 2022 compared to 58.9 days as at 31 December 2021, mostly due to shorter collection periods associated with certain Middle East accounts. The collection period remains under the Company's overall credit term policy of 30-90 days.

Total non-current assets decreased to Baht 12,720 million as at 31 March 2022 from Baht 12,795 million as at 31 December 2021, mostly due to Baht 55 million decrease in Property, plant and equipment.

Total current liabilities were Baht 2,547 million as at 31 March 2022, an increase from Baht 2,284 million as at 31 December 2021. This was primarily due to an increase of Baht 157 million in Corporate income tax payable and Baht 79 million in Trade and other payables.

Non-current liabilities increased to Baht 981 million as at 31 March 2022 from Baht 955 million as at 31 December 2021, mostly due to Baht 30 million increase in Provision for long-term employee benefits.

Total shareholders' equity was Baht 18,301 million as at 31 March 2022, compared to Baht 17,618 million as at 31 December 2021. This variance was mostly from the Company's 1Q22 Net profit of Baht 725 million. Average return on assets (ROA) was 13.6% in 1Q22, compared to 5.4% in 2021. Average return on equity (ROE) was 16.1% in 1Q22, compared to 6.7% in 2021.

Unit: Baht million	31-Mar-22	31-Dec-21	Change
Total assets	21,829	20,857	4.7%
Total liabilities	3,528	3,239	8.9%
Total shareholders' equity	18,301	17,618	3.9%

	1Q22	2021
Average collection period (days)	39.8	58.9
Average inventory period (days)	12.6	16.2
Average payables period (days)	28.5	30.9
Net debt to equity (x)	(0.1)	(0.1)
Net debt to EBITDA (x)	(0.4)	(0.6)
Average return on assets (%)	13.6%	5.4%
Average return on equity (%)	16.1%	6.7%

Cash flow statements

The Company's Net cash flows from operating activities in 1Q22 were Baht 1,020 million, compared to Baht 1,023 million in 1Q21. Net cash flows used in investment activities were Baht 964 million in 1Q22, compared to Baht 667 million in 1Q21. This variance was mainly due to Baht 342 million net increase in investments in fixed deposits and debt instruments. The Company reported Net cash flows used in financing activities of Baht 45 million in 1Q22, compared to Baht 39 million in 1Q21. As a result of the above, Cash and cash equivalents was Baht 1,805 million as at 31 March 2022, compared to Baht 1,560 million as at 31 March 2021.

The Company's Liquidity ratio as at 31 March 2022 was 3.6x compared to 3.5x as at 31 December 2021, and the Company's Quick ratio was 1.4x as at 31 March 2022 and 31 December 2021.

Unit: Baht million	1Q22	1Q21
Net cash flows from operating activities	1,020	1,023
Net cash flows used in investing activities	(964)	(667)
Net cash flows used in financing activities	(45)	(39)
Net increase in cash and cash equivalents	3	331
Cash and cash equivalents at end of period	1,805	1,560
	31-Mar-22	31-Dec-21
Liquidity ratio (x)	3.6	3.5
Quick ratio (x)	1.4	1.4

Please be informed accordingly.

Yours faithfully,

(Mrs. Linda Lisahapanya)

Managing Director