

10 August 2022

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

To: President
The Stock Exchange of Thailand

Bumrungrad Hospital PCL.
Management Discussion and Analysis for Consolidated 2Q22 and 1H22 results
10 August 2022

Summary

The Company reported Total revenues in 2Q22 of Baht 4,954 million, a 64.0% increase from Baht 3,020 million in 2Q21. Net profit for 2Q22 increased by 438.6% to Baht 1,166 million from Baht 216 million in 2Q21, with Net profit margin at 23.5% in 2Q22, compared to 7.2% in 2Q21.

Comparing with the previous quarter, 2Q22 Total revenues and Net profit increased by 19.3% and 60.8%, respectively, from 1Q22. Net profit margin rose to 23.5% in 2Q22, compared to 17.5% in 1Q22.

Comparing with 2Q19, in order to gauge the performance of the current quarter to pre-covid levels, 2Q22 Total revenues and Net profit increased by 15.0% and 60.8%, respectively, from 2Q19. Net profit margin rose to 23.5% in 2Q22, compared to 16.8% in 2Q19.

Total revenues for 1H22 increased to Baht 9,106 million, or 59.9% increase from Baht 5,694 million in 1H21. Net profit for 1H22 increased by 514.8% to Baht 1,891 million from Baht 308 million in 1H21, with Net profit margin at 20.8% in 1H22 compared to 5.4% in 1H21.

Comparing with 1H19, in order to gauge the performance of the 1H to pre-covid levels, 1H22 Total revenues and Net profit increased by 1.1% and 4.7%, respectively, from 1H19. Net profit margin rose to 20.8% in 1H22, compared to 20.1% in 1H19.

Details of the management discussion and analysis follow:

Income statements

Quarterly Operational Performance

2Q22 vs 2Q21 (YoY Comparison)

The Company reported Revenues from hospital operations of Baht 4,903 million, a 64.5% increase year-over-year from Baht 2,980 million in 2Q21. This was mostly due to an increase in revenues from non-Thai patients and Thai patients by 120.8% and 15.8%, respectively. As a result, the revenue contribution from Thai

patients was 37.7%, whereas revenue from non-Thai patients was 62.3% for 2Q22 compared with 53.6% and 46.4%, respectively, for 2Q21.

Operating Expenses and EBITDA			
(Unit: Baht million)	2Q22	2Q21	Change
Cost of hospital operations	2,640	1,905	-38.6%
Selling expenses	135	94	-44.7%
Administrative expenses	752	741	-1.4%
EBITDA	1,706	576	196.1%
<i>EBITDA Margin</i>	34.4%	19.1%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 2,640 million for 2Q22, resulting in a 38.6% increase year-over-year from Baht 1,905 million in 2Q21. The variance was mostly due to Baht 424 million increase in physicians' fees and Baht 204 million increase in supply costs. This represented a favorable change when compared to the 64.5% increase in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 53.8% in 2Q22 compared with 63.9% in 2Q21.

Selling expenses (including Depreciation and amortization) were Baht 135 million in 2Q22, or 44.7% increase year-over-year from Baht 94 million in 2Q21. The variance was mostly due to Baht 32 million increase in marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 752 million in 2Q22, or 1.4% increase year-over-year from Baht 741 million in 2Q21.

EBITDA increased by 196.1% year-over-year to Baht 1,706 million in 2Q22 from Baht 576 million in 2Q21, with an EBITDA margin of 34.4% in 2Q22 compared to 19.1% in 2Q21.

Depreciation and amortization expenses were Baht 278 million in 2Q22, compared to Baht 296 million in 2Q21.

Finance cost decreased by 97.6% year-over-year to Baht 0.8 million in 2Q22 from Baht 31 million in 2Q21. 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 254 million in 2Q22 compared to Baht 38 million in 2Q21. The variance was mostly due to the increase in taxable operating profit.

Basic EPS was Baht 1.47 in 2Q22, compared to Baht 0.27 in 2Q21, while 2Q22 Diluted EPS was Baht 1.34, compared to Baht 0.25 in 2Q21.

2Q22 vs 1Q22 (QoQ Comparison)

2Q22 Revenues from hospital operations increased by 19.5% from 1Q22. This was mostly due to an increase in revenues from non-Thai patients and Thai patients by 34.3% and 1.2%, respectively. As a result, the revenue contribution from Thai patients was 37.7%, whereas revenue from non-Thai patients was 62.3% for 2Q22 compared with 44.5% and 55.5%, respectively, for 1Q22.

As a result of the increase in revenues and the continued cost containment programs, 2Q22 EBITDA increased by 45.8% from 1Q22, with an EBITDA margin of 34.4% in 2Q22 compared to 28.2% in 1Q22.

2Q22 vs 2Q19 (Pre-Covid Comparison)

2Q22 Revenues from hospital operations increased by 14.6% from 2Q19. This was mostly due to an increase in revenues from Thai patients and non-Thai patients by 27.7% and 7.9%, respectively. As a result, the revenue contribution from Thai patients was 37.7%, whereas revenue from non-Thai patients was 62.3% for 2Q22 compared with 33.8% and 66.2%, respectively, for 2Q19.

As a result of the increase in revenues and the continued cost containment programs, 2Q22 EBITDA increased by 46.2% from 2Q19, with an EBITDA margin of 34.4% in 2Q22 compared to 27.1% in 2Q19.

Income statements							
(Unit: Baht million)	2Q22	2Q21	Change	1Q22	Change	2Q19	Change
Revenues from hospital operations	4,903	2,980	64.5%	4,102	19.5%	4,279	14.6%
Total revenues	4,954	3,020	64.0%	4,152	19.3%	4,306	15.0%
EBITDA	1,706	576	196.1%	1,170	45.8%	1,167	46.2%
Net profit	1,166	216	438.6%	725	60.8%	725	60.8%
<i>EBITDA margin</i>	34.4%	19.1%		28.2%		27.1%	
<i>Net profit margin</i>	23.5%	7.2%		17.5%		16.8%	
EPS							
(Unit: Baht)	2Q22	2Q21	Change	1Q22	Change	2Q19	Change
EPS – Basic	1.47	0.27	438.4%	0.91	60.8%	1.00	47.5%
EPS – Fully Diluted	1.34	0.25	438.6%	0.84	60.8%	0.83	60.8%

First Half Operational Performance

1H22 vs 1H21 (YoY Comparison)

The Company reported Revenues from hospital operations of Baht 9,005 million, a 60.2% increase year-over-year from Baht 5,622 million in 1H21. This was mostly due to an increase in revenues from non-Thai patients and Thai patients by 104.9% and 21.6%, respectively. As a result, the revenue contribution from Thai patients was 40.8%, whereas revenue from non-Thai patients was 59.2% for 1H22 compared with 53.7% and 46.3%, respectively, for 1H21.

Operating Expenses and EBITDA			
(Unit: Baht million)	1H22	1H21	Change
Cost of hospital operations	5,033	3,653	-37.8%
Selling expenses	252	172	-46.6%
Administrative expenses	1,500	1,475	-1.7%
EBITDA	2,876	986	191.5%
<i>EBITDA Margin</i>	31.6%	17.3%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 5,033 million for 1H22, resulting in a 37.8% increase year-over-year from Baht 3,653 million in 1H21. The variance was mostly due to Baht 719 million increase in physicians' fees and Baht 424 million increase in supply costs. This represented a favorable change when compared to the 60.2% increase in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 55.9% in 1H22 compared with 65.0% in 1H21.

Selling expenses (including Depreciation and amortization) were Baht 252 million in 1H22, or 46.6% increase year-over-year from Baht 172 million in 1H21. The variance was mostly due to Baht 51 million increase in marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 1,500 million in 1H22, or 1.7% increase year-over-year from Baht 1,475 million in 1H21.

EBITDA increased by 191.5% year-over-year to Baht 2,876 million in 1H22 from Baht 986 million in 1H21, with an EBITDA margin of 31.6% in 1H22 compared to 17.3% in 1H21.

Depreciation and amortization expenses were Baht 555 million in 1H22, compared to Baht 594 million in 1H21.

Finance cost decreased by 96.3% year-over-year to Baht 2 million in 1H22 from Baht 62 million in 1H21. 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 421 million in 1H22 compared to Baht 50 million in 1H21. The variance was mostly due to the increase in taxable operating profit.

Basic EPS was Baht 2.38 in 1H22, compared to Baht 0.39 in 1H21, while 1H22 Diluted EPS was Baht 2.18, compared to Baht 0.35 in 1H21.

1H22 vs 1H19 (Pre-covid Comparison)

1H22 Revenues from hospital operations increased by 0.8% from 1H19. This was mostly due to an increase in revenues from Thai patients by 26.6% while revenues from non-Thai patients recovered to nearly 90% of 1H19 levels. As a result, the revenue contribution from Thai patients was 40.8%, whereas revenue from non-Thai patients was 59.2% for 1H22 compared with 32.5% and 67.5%, respectively, for 1H19.

As a result of the increase in revenues and the continued cost containment programs, 1H22 EBITDA increased by 3.2% from 1H19, with an EBITDA margin of 31.6% in 1H22 compared to 30.9% in 1H19.

Income statements					
(Unit: Baht million)	1H22	1H21	Change	1H19	Change
Revenues from hospital operations	9,005	5,622	60.2%	8,929	0.8%
Total revenues	9,106	5,694	59.9%	9,007	1.1%
EBITDA	2,876	986	191.5%	2,788	3.2%
Net profit	1,891	308	514.8%	1,806	4.7%
<i>EBITDA margin</i>	31.6%	17.3%		30.9%	
<i>Net profit margin</i>	20.8%	5.4%		20.1%	
EPS					
(Unit: Baht)	1H22	1H21	Change	1H19	Change
EPS – Basic	2.38	0.39	514.6%	2.48	-4.0%
EPS – Fully Diluted	2.18	0.35	514.8%	2.08	4.7%

Statements of financial position

As at 30 June 2022, the Company reported Total current assets of Baht 9,000 million, an increase from Baht 8,062 million as at 31 December 2021. The variance was mostly due to an increase of Baht 391 million in Cash and cash equivalents and Other current financial assets, mainly as a result of Baht 2,522 million net cash from operating activities, offset with Dividend paid of Baht 1,630 million and Baht 456 million acquisition of Property, plant and equipment and computer software; and Baht 630 million increase in Trade and other receivables. The collection period was 39.7 days as at 30 June 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 12,760 million as at 30 June 2022 from Baht 12,795 million as at 31 December 2021, mostly due to Baht 31 million decrease in Intangible assets.

Total current liabilities were Baht 2,908 million as at 30 June 2022, an increase from Baht 2,284 million as at 31 December 2021. This was primarily due to an increase of Baht 280 million in Corporate income tax payable, Baht 189 million in Accrued physician fee and Baht 158 million in Trade and other payables.

Non-current liabilities increased to Baht 1,013 million as at 30 June 2022 from Baht 955 million as at 31 December 2021, mostly due to Baht 65 million increase in Provision for long-term employee benefits.

Total shareholders' equity was Baht 17,839 million as at 30 June 2022, compared to Baht 17,618 million as at 31 December 2021. This variance was mostly from the Company's 1H22 Net profit of Baht 1,891 million offset with Dividend paid of Baht 1,631 million. Average return on assets (ROA) was 17.7% in 1H22, compared to 5.4% in 2021. Average return on equity (ROE) was 21.3% in 1H22, compared to 6.7% in 2021.

Unit: Baht million	30-Jun-22	31-Dec-21	Change
Total assets	21,760	20,857	4.3%
Total liabilities	3,921	3,239	21.1%
Total shareholders' equity	17,839	17,618	1.3%

	1H22	2021
Average collection period (days)	39.7	58.9
Average inventory period (days)	11.7	16.2
Average payables period (days)	27.4	30.9
Net debt to equity (x)	(0.1)	(0.1)
Net debt to EBITDA (x)	(0.3)	(0.6)
Average return on assets (%)	17.7%	5.4%
Average return on equity (%)	21.3%	6.7%

Cash flow statements

The Company's Net cash flows from operating activities in 1H22 were Baht 2,522 million, compared to Baht 1,572 million in 1H21. This increase was mainly due to more income from operating activities before changes in operating assets and liabilities. Net cash flows used in investment activities were Baht 732 million in 1H22, compared to net cash flow from investing activities of Baht 396 million in 1H21. This variance was mainly due to Baht 1,064 million net increase in investments in fixed deposits and debt instruments. The Company reported Net cash flows used in financing activities of Baht 1,685 million in 1H22, compared to Baht

1,742 million in 1H21. This decrease was mainly due to no payment of long-term debenture interest expenses as the long-term debentures were fully repaid in 4Q21. As a result of the above, Cash and cash equivalents was Baht 1,895 million as at 30 June 2022, compared to Baht 1,470 million as at 30 June 2021.

The Company's Liquidity ratio as at 30 June 2022 was 3.1x compared to 3.5x as at 31 December 2021, and the Company's Quick ratio was 1.4x as at 30 June 2022 and 31 December 2021.

Unit: Baht million	1H22	1H21
Net cash flows from operating activities	2,522	1,572
Net cash flows (used in) from investing activities	(732)	396
Net cash flows used in financing activities	(1,685)	(1,742)
Net increase in cash and cash equivalents	93	240
Cash and cash equivalents at end of period	1,895	1,470
	30-Jun-22	31-Dec-21
Liquidity ratio (x)	3.1	3.5
Quick ratio (x)	1.4	1.4

Please be informed accordingly.

Yours faithfully,

(Mrs. Linda Lisahapanya)

Managing Director