

15 February 2023

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

To: President  
The Stock Exchange of Thailand

## **Bumrungrad Hospital PCL. Management Discussion and Analysis for Consolidated 4Q22 and 2022 results**

### **Summary**

The Company reported Total revenues in 4Q22 of Baht 6,068 million, a 54.6% increase from Baht 3,924 million in 4Q21. Net profit for 4Q22 increased by 152.6% to Baht 1,546 million from Baht 612 million in 4Q21, with Net profit margin at 25.5% in 4Q22, compared to 15.6% in 4Q21.

Comparing with the previous quarter, 4Q22 Total revenues and Net profit increased by 5.7% and 3.0%, respectively, from 3Q22. Net profit margin at 25.5% compared to 26.2% in 3Q22.

Comparing with 4Q19, in order to gauge the performance of the current quarter to pre-covid levels, 4Q22 Total revenues and Net profit increased by 26.6% and 74.5%, respectively, from 4Q19. Net profit margin rose to 25.5% in 4Q22, compared to 18.5% in 4Q19.

Total revenues for 2022 increased to Baht 20,908 million, or 65.9% increase from Baht 12,605 million in 2021. Net profit for 2022 increased by 306.2% to Baht 4,938 million from Baht 1,216 million in 2021, with Net profit margin at 23.6% in 2022 compared to 9.6% in 2021.

Comparing with 2019, in order to gauge the performance of the current year to pre-covid levels, 2022 Total revenues and Net profit increased by 12.7% and 31.8%, respectively, from 2019. Net profit margin rose to 23.6% in 2022, compared to 20.2% in 2019.

Details of the management discussion and analysis follow:

### **Income statements**

#### **Quarterly Operational Performance**

##### **4Q22 vs 4Q21 (YoY Comparison)**

The Company reported Revenues from hospital operations of Baht 5,968 million, a 53.7% increase year-over-year from Baht 3,882 million in 4Q21. This was mostly due to an increase in revenues from non-Thai patients and Thai patients by 105.2% and 3.1%, respectively. As a result, the revenue contribution from Thai patients was 33.8%, whereas revenue from non-Thai patients was 66.2% for 4Q22 compared with 50.4% and 49.6%, respectively, for 4Q21.

Operating Expenses and EBITDA			
(Unit: Baht million)	4Q22	4Q21	Change
Cost of hospital operations	3,136	2,264	-38.5%
Selling expenses	179	113	-57.8%
Administrative expenses	868	723	-20.0%
EBITDA	2,158	1,116	93.4%
<i>EBITDA Margin</i>	35.6%	28.4%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 3,136 million for 4Q22, resulting in a 38.5% increase year-over-year from Baht 2,264 million in 4Q21. The variance was mostly due to Baht 384 million increase in physicians' fees, Baht 204 million in personnel cost and Baht 196 million increase in supply costs. This represented a favorable change when compared to the 53.7% increase in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 52.6% in 4Q22 compared with 58.3% in 4Q21.

Selling expenses (including Depreciation and amortization) were Baht 179 million in 4Q22, or 57.8% increase year-over-year from Baht 113 million in 4Q21. The variance was mostly due to Baht 50 million increase in marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 868 million in 4Q22, or 20.0% increase year-over-year from Baht 723 million in 4Q21. The variance was mostly due to Baht 72 million in personnel cost.

EBITDA increased by 93.4% year-over-year to Baht 2,158 million in 4Q22 from Baht 1,116 million in 4Q21, with an EBITDA margin of 35.6% in 4Q22 compared to 28.4% in 4Q21.

Depreciation and amortization expenses were Baht 283 million in 4Q22, compared to Baht 292 million in 4Q21.

Finance cost decreased by 97.8% year-over-year to Baht 0.6 million in 4Q22 from Baht 26 million in 4Q21. 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 335 million in 4Q22 compared to Baht 127 million in 4Q21. The variance was mostly due to the increase in taxable operating profit.

Basic EPS was Baht 1.94 in 4Q22, compared to Baht 0.77 in 4Q21, while 4Q22 Diluted EPS was Baht 1.78, compared to Baht 0.71 in 4Q21.

#### 4Q22 vs 3Q22 (QoQ Comparison)

4Q22 Revenues from hospital operations increased by 5.2% from 3Q22. This was mostly due to an increase in revenues from Thai patients and non-Thai patients by 9.2% and 3.3%, respectively. As a result, the revenue contribution from Thai patients was 33.8%, whereas revenue from non-Thai patients was 66.2% for 4Q22 compared with 32.6% and 67.4%, respectively, for 3Q22. As a result of the increase in revenues, 4Q22 EBITDA increased by 3.3% from 3Q22.

## 4Q22 vs 4Q19 (Pre-Covid Comparison)

4Q22 Revenues from hospital operations increased by 25.5% from 4Q19. This was mostly due to an increase in revenues from Thai patients and non-Thai patients by 28.6% and 23.9%, respectively. As a result, the revenue contribution from Thai patients was 33.8%, whereas revenue from non-Thai patients was 66.2% for 4Q22 compared with 33.0% and 67.0%, respectively, for 4Q19.

As a result of the increase in revenues and the continued cost containment programs, 4Q22 EBITDA increased by 57.3% from 4Q19, with an EBITDA margin of 35.6% in 4Q22 compared to 28.6% in 4Q19.

Income statements							
(Unit: Baht million)	4Q22	4Q21	Change	3Q22	Change	4Q19	Change
Revenues from hospital operations	5,968	3,882	53.7%	5,673	5.2%	4,756	25.5%
Total revenues	6,068	3,924	54.6%	5,740	5.7%	4,794	26.6%
EBITDA	2,158	1,116	93.4%	2,090	3.3%	1,372	57.3%
Net profit	1,546	612	152.6%	1,501	3.0%	886	74.5%
<i>EBITDA margin</i>	35.6%	28.4%		36.4%		28.6%	
<i>Net profit margin</i>	25.5%	15.6%		26.2%		18.5%	
EPS							
(Unit: Baht)	4Q22	4Q21	Change	3Q22	Change	4Q19	Change
EPS – Basic	1.94	0.77	152.5%	1.89	3.0%	1.22	60.0%
EPS – Fully Diluted	1.78	0.71	152.6%	1.73	3.0%	1.02	74.5%

## 2022 Operational Performance

### 2022 vs 2021 (YoY Comparison)

The Company reported Revenues from hospital operations of Baht 20,646 million, a 66.4% increase year-over-year from Baht 12,404 million in 2021. This was mostly due to an increase in revenues from non-Thai patients and Thai patients by 128.0% and 13.3%, respectively. As a result, the revenue contribution from Thai patients was 36.5%, whereas revenue from non-Thai patients was 63.5% for 2022 compared with 53.7% and 46.3%, respectively, for 2021.

Operating Expenses and EBITDA			
(Unit: Baht million)	2022	2021	Change
Cost of hospital operations	11,099	7,731	-43.6%
Selling expenses	586	358	-63.6%
Administrative expenses	3,212	2,937	-9.3%
EBITDA	7,124	2,756	158.5%
<i>EBITDA Margin</i>	34.1%	21.9%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 11,099 million for 2022, resulting in a 43.6% increase year-over-year from Baht 7,731 million in 2021. The variance was mostly due to Baht 1,721 million increase in physicians' fees, Baht 930 million increase in supply costs and Baht 522 million in personnel cost. This represented a favorable change when compared to the

66.4% 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 2022 compared with 62.3% in 2021.

Selling expenses (including Depreciation and amortization) were Baht 586 million in 2022, or 63.6% increase year-over-year from Baht 358 million in 2021. The variance was mostly due to Baht 170 million increase in marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 3,212 million in 2022, or 9.3% increase year-over-year from Baht 2,937 million in 2021. The variance was mostly due to Baht 127 million in personnel cost and Baht 70 million donation of Moderna vaccine to government hospitals.

EBITDA increased by 158.5% year-over-year to Baht 7,124 million in 2022 from Baht 2,756 million in 2021, with an EBITDA margin of 34.1% in 2022 compared to 21.9% in 2021.

Depreciation and amortization expenses were Baht 1,117 million in 2022, compared to Baht 1,180 million in 2021.

Finance cost decreased by 97.0% year-over-year to Baht 4 million in 2022 from Baht 120 million in 2021. 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 1,072 million in 2022 compared to Baht 216 million in 2021. The variance was mostly due to the increase in taxable operating profit, offset with additional tax benefit related to donation of Moderna vaccine to government hospitals and the increase in tax benefit related to training expenses.

Basic EPS was Baht 6.21 in 2022, compared to Baht 1.53 in 2021, while 2022 Diluted EPS was Baht 5.69, compared to Baht 1.40 in 2021.

## 2022 vs 2019 (Pre-covid Comparison)

2022 Revenues from hospital operations increased by 12.1% from 2019. This was mostly due to an increase in revenues from Thai patients and non-Thai patients by 24.9% and 5.9%, respectively. As a result, the revenue contribution from Thai patients was 36.5%, whereas revenue from non-Thai patients was 63.5% for 2022 compared with 32.8% and 67.2%, respectively, for 2019.

As a result of the increase in revenues and the continued cost containment programs, 2022 EBITDA increased by 24.2% from 2019, with an EBITDA margin of 34.1% in 2022 compared to 30.9% in 2019.

Income statements					
(Unit: Baht million)	2022	2021	Change	2019	Change
Revenues from hospital operations	20,646	12,404	66.4%	18,409	12.1%
Total revenues	20,908	12,605	65.9%	18,559	12.7%
EBITDA	7,124	2,756	158.5%	5,734	24.2%
Net profit	4,938	1,216	306.2%	3,748	31.8%
<i>EBITDA margin</i>	34.1%	21.9%		30.9%	
<i>Net profit margin</i>	23.6%	9.6%		20.2%	

EPS (Unit: Baht)	2022	2021	Change	2019	Change
EPS – Basic	6.21	1.53	306.1%	5.14	20.8%
EPS – Fully Diluted	5.69	1.40	306.2%	4.32	31.8%

## Statements of financial position

As at 31 December 2022, the Company reported Total current assets of Baht 11,419 million, an increase from Baht 8,062 million as at 31 December 2021. The variance was mostly due to Baht 2,341 million increase in Cash and cash equivalents and Other current financial assets and Baht 1,197 million increase in Trade and Other receivables. The increase in Cash and cash equivalents and Other current financial assets was mainly from Baht 6,213 million net cash from operating activities, offset with dividend paid of Baht 2,543 million; and Baht 1,221 million acquisition of property, plant and equipment and computer software. The collection period was 39.4 days as at 31 December 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 increased to Baht 12,840 million as at 31 December 2022 from Baht 12,795 million as at 31 December 2021.

Total current liabilities were Baht 3,415 million as at 31 December 2022, an increase from Baht 2,284 million as at 31 December 2021. This was primarily due to an increase of Baht 479 million in Corporate income tax payable, Baht 290 million in Accrued physician fee, and Baht 280 million in Trade and Other payables.

Non-current liabilities decreased to Baht 839 million as at 31 December 2022 from Baht 955 million as at 31 December 2021, mostly due to Baht 99 million decrease in Provision for long-term employee benefits.

Total shareholders' equity was Baht 20,005 million as at 31 December 2022, compared to Baht 17,618 million as at 31 December 2021. This variance was mostly from the Company's 2022 Net profit of Baht 4,938 million, offset with dividend distribution of Baht 2,545 million. Average return on assets (ROA) was 21.9% in 2022, compared to 5.4% in 2021. Average return on equity (ROE) was 26.3% in 2022, compared to 6.7% in 2021.

Unit: Baht million	31-Dec-22	31-Dec-21	Change
Total assets	24,259	20,857	16.3%
Total liabilities	4,253	3,239	31.3%
Total shareholders' equity	20,005	17,618	13.6%
	2022	2021	
Average collection period (days)	39.4	58.9	
Average inventory period (days)	11.2	16.2	
Average payables period (days)	26.7	30.9	
Net debt to equity (x)	(0.1)	(0.1)	
Net debt to EBITDA (x)	(0.3)	(0.6)	
Average return on assets (%)	21.9%	5.4%	
Average return on equity (%)	26.3%	6.7%	

## Cash flow statements

The Company's Net cash flows from operating activities in 2022 were Baht 6,213 million, compared to Baht 3,556 million in 2021. This increase was mainly due to more income from operating activities before changes in operating assets and liabilities, offset by mostly higher trade and other receivables. Net cash flows used in investment activities were Baht 3,223 million in 2022, compared to net cash flow from investing activities of Baht 2,252 million in 2021. This variance was mainly due to Baht 5,183 million net increase in investments in fixed deposits and debt instruments, and Baht 251 million net increase in acquisition of property, plant and equipment, and computer software. The Company reported Net cash flows used in financing activities of Baht 2,656 million in 2022, compared to Baht 5,255 million in 2021. This decrease was mainly due to repayment of Baht 2,500 million Series 3 debentures in December 2021. As a result of the above, Cash and cash equivalents was Baht 2,091 million as at 31 December 2022, compared to Baht 1,802 million as at 31 December 2021.

The Company's Liquidity ratio as at 31 December 2022 was 3.3x compared to 3.5x as at 31 December 2021, and the Company's Quick ratio was 1.4x as at 31 December 2022 and 31 December 2021.

Unit: Baht million	2022	2021
Net cash flows from operating activities	6,213	3,556
Net cash flows (used in) from investing activities	(3,223)	2,252
Net cash flows used in financing activities	(2,656)	(5,255)
Net increase in cash and cash equivalents	289	573
Cash and cash equivalents at end of period	2,091	1,802
	31-Dec-22	31-Dec-21
Liquidity ratio (x)	3.3	3.5
Quick ratio (x)	1.4	1.4

Please be informed accordingly.

Yours faithfully,

(Mrs. Linda Lisahapanya)

Managing Director