

26 April 2023

Subject: Management Discussion and Analysis for the first quarter of 2023 results

To: President
The Stock Exchange of Thailand

Bumrungrad Hospital PCL. Management Discussion and Analysis for Consolidated 1Q23 results

Summary

The Company reported Total revenues in 1Q23 of Baht 6,091 million, a 46.7% increase from Baht 4,152 million in 1Q22. Net profit for 1Q23 increased by 118.4% to Baht 1,583 million from Baht 725 million in 1Q22, with Net profit margin at 26.0% in 1Q23, compared to 17.5% in 1Q22.

Comparing with the previous quarter, 1Q23 Total revenues and Net profit increased by 0.4% and 2.4%, respectively, from 4Q22. Net profit margin at 26.0% in 1Q23, compared to 25.5% in 4Q22.

Comparing with 1Q19, in order to gauge the performance of the current quarter to pre-covid levels, 1Q23 Total revenues and Net profit increased by 29.6% and 46.4%, respectively, from 1Q19. Net profit margin rose to 26.0% in 1Q23, compared to 23.0% in 1Q19.

Details of the management discussion and analysis follow:

Income statements

Quarterly Operational Performance

1Q23 vs 1Q22 (YoY Comparison)

The Company reported Revenues from hospital operations of Baht 6,050 million, a 47.5% increase year-over-year from Baht 4,102 million in 1Q22. This was mostly due to an increase in revenues from non-Thai patients and Thai patients by 78.0% and 9.5%, respectively. As a result, the revenue contribution from Thai patients was 33.1%, whereas revenue from non-Thai patients was 66.9% for 1Q23 compared with 44.5% and 55.5%, respectively, for 1Q22.

Operating Expenses and EBITDA			
(Unit: Baht million)	1Q23	1Q22	Change
Cost of hospital operations	3,150	2,394	-31.6%
Selling expenses	159	117	-36.1%
Administrative expenses	854	748	-14.2%
EBITDA	2,200	1,170	88.0%
<i>EBITDA Margin</i>	36.1%	28.2%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 3,150 million for 1Q23, resulting in a 31.6% increase year-over-year from Baht 2,394 million in 1Q22. The variance was mostly due to Baht 368 million increase in physicians' fees, Baht 185 million increase in personnel cost and Baht 152 million increase in supply costs. This represented a favorable change when compared to the 47.5% increase in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 52.1% in 1Q23 compared with 58.4% in 1Q22.

Selling expenses (including Depreciation and amortization) were Baht 159 million in 1Q23, or 36.1% increase year-over-year from Baht 117 million in 1Q22. The variance was mostly due to Baht 37 million increase in marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 854 million in 1Q23, or 14.2% increase year-over-year from Baht 748 million in 1Q22. The variance was mostly due to Baht 81 million increase in personnel cost.

EBITDA increased by 88.0% year-over-year to Baht 2,200 million in 1Q23 from Baht 1,170 million in 1Q22, with an EBITDA margin of 36.1% in 1Q23 compared to 28.2% in 1Q22.

Depreciation and amortization expenses were Baht 275 million in 1Q23, compared to Baht 277 million in 1Q22.

Corporate income tax expense was Baht 355 million in 1Q23 compared to Baht 168 million in 1Q22. The variance was mostly due to the increase in taxable operating profit.

Basic EPS was Baht 1.99 in 1Q23, compared to Baht 0.91 in 1Q22, while 1Q23 Diluted EPS was Baht 1.83, compared to Baht 0.84 in 1Q22.

1Q23 vs 4Q22 (QoQ Comparison)

1Q23 Revenues from hospital operations increased by 1.4% from 4Q22. This was mostly due to an increase in revenues from non-Thai patients by 2.6%. As a result, the revenue contribution from Thai patients was 33.1%, whereas revenue from non-Thai patients was 66.9% for 1Q23 compared with 33.8% and 66.2%, respectively, for 4Q22. As a result of the increase in revenues, 1Q23 EBITDA increased by 1.9% from 4Q22.

1Q23 vs 1Q19 (Pre-Covid Comparison)

1Q23 Revenues from hospital operations increased by 30.1% from 1Q19. This was mostly due to an increase in revenues from Thai patients and non-Thai patients by 37.4% and 26.8%, respectively. As a result, the revenue contribution from Thai patients was 33.1%, whereas revenue from non-Thai patients was 66.9% for 1Q23 compared with 31.3% and 68.7%, respectively, for 1Q19.

As a result of the increase in revenues and the continued cost containment programs, 1Q23 EBITDA increased by 35.7% from 1Q19, with an EBITDA margin of 36.1% in 1Q23 compared to 34.5% in 1Q19.

Income statements							
(Unit: Baht million)	1Q23	1Q22	Change	4Q22	Change	1Q19	Change
Revenues from hospital operations	6,050	4,102	47.5%	5,968	1.4%	4,650	30.1%
Total revenues	6,091	4,152	46.7%	6,068	0.4%	4,701	29.6%
EBITDA	2,200	1,170	88.0%	2,158	1.9%	1,621	35.7%
Net profit	1,583	725	118.4%	1,546	2.4%	1,081	46.4%
<i>EBITDA margin (%)</i>	36.1%	28.2%		35.6%		34.5%	
<i>Net profit margin (%)</i>	26.0%	17.5%		25.5%		23.0%	

EPS							
(Unit: Baht)	1Q23	1Q22	Change	4Q22	Change	1Q19	Change
EPS – Basic	1.99	0.91	118.3%	1.94	2.4%	1.48	34.2%
EPS – Fully Diluted	1.83	0.84	118.4%	1.78	2.4%	1.25	46.4%

Statements of financial position

As at 31 March 2023, the Company reported Total current assets of Baht 13,357 million, an increase from Baht 11,419 million as at 31 December 2022. The variance was mostly due to Baht 1,569 million increase in Cash and cash equivalents and Other current financial assets, and Baht 338 million increase in Trade and Other receivables. The increase in Cash and cash equivalents and Other current financial assets was mainly from Baht 1,864 million net cash from operating activities, offset with Baht 273 million acquisition of property, plant and equipment and computer software. The collection period was 45.0 days as at 31 March 2023 compared to 39.4 days as at 31 December 2022, mostly due to revenues and the 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 slightly decreased to Baht 12,834 million as at 31 March 2023 from Baht 12,840 million as at 31 December 2022.

Total current liabilities were Baht 3,751 million as at 31 March 2023, an increase from Baht 3,415 million as at 31 December 2022. This was primarily due to an increase of Baht 342 million in Corporate income tax payable.

Non-current liabilities increased to Baht 866 million as at 31 March 2023 from Baht 839 million as at 31 December 2022, mostly due to Baht 28 million increase in Provision for long-term employee benefits.

Total shareholders' equity was Baht 21,574 million as at 31 March 2023, compared to Baht 20,005 million as at 31 December 2022. This variance was mostly from the Company's 1Q23 Net profit of Baht 1,583

million. Average return on assets (ROA) was 25.1% in 1Q23, compared to 21.9% in 2022. Average return on equity (ROE) was 30.5% in 1Q23, compared to 26.3% in 2022.

Unit: Baht million	31-Mar-23	31-Dec-22	Change
Total assets	26,191	24,259	8.0%
Total liabilities	4,617	4,253	8.5%
Total shareholders' equity	21,574	20,005	7.8%
	1Q23	2022	
Average collection period (days)	45.0	39.4	
Average inventory period (days)	9.9	11.2	
Average payables period (days)	26.5	26.7	
Net debt to equity (x)	(0.1)	(0.1)	
Net debt to EBITDA (x)	(0.2)	(0.3)	
Average return on assets (%)	25.1%	21.9%	
Average return on equity (%)	30.5%	26.3%	

Cash flow statements

The Company's Net cash flows from operating activities in 1Q23 were Baht 1,864 million, compared to Baht 1,020 million in 1Q22. 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 1,932 million in 1Q23, compared to Baht 964 million in 1Q22. This variance was mainly due to Baht 883 million net increase in investments in fixed deposits and debt instruments, and Baht 79 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 23 million in 1Q23, compared to Baht 45 million in 1Q22. As a result of the above, Cash and cash equivalents was Baht 1,998 million as at 31 March 2023, compared to Baht 1,805 million as at 31 March 2022.

The Company's Liquidity ratio as at 31 March 2023 was 3.6x compared to 3.3x as at 31 December 2022, and the Company's Quick ratio was 1.3x as at 31 March 2023 compared to 1.4x as at 31 December 2022.

Unit: Baht million	1Q23	1Q22
Net cash flows from operating activities	1,864	1,020
Net cash flows used in investing activities	(1,932)	(964)
Net cash flows used in financing activities	(23)	(45)
Net (decrease) increase in cash and cash equivalents	(93)	3
Cash and cash equivalents at end of period	1,998	1,805
	31-Mar-23	31-Dec-21
Liquidity ratio (x)	3.6	3.3
Quick ratio (x)	1.3	1.4

Please be informed accordingly.

Yours faithfully,

(Mrs. Linda Lisahapanya)

Managing Director