

## MANAGEMENT DISCUSSION AND ANALYSIS

### Executive Summary

#### 1Q23 Performance

1Q23	THB mm	% Chg YoY
Operating Income	24,313	5%
EBITDA	5,987	(3)%
Net Profit	3,470	1%

Remark: YoY means changes comparing to 1Q22

#### 1Q23 Performance

Bangkok Dusit Medical Services Public Company Limited (“The Company”) and subsidiaries reported consolidated operating income for the first quarter of 2023 (“1Q23”) of Baht 24,313 million, an increase of 5% from 1Q22. The growth was attributable to an increase in revenue from hospital operations of 4% YoY which was driven by growth of Center of Excellence (COE) from higher intensity together with international patient revenues growth of 38% YoY. On the other hand, Thai patient revenues during this quarter decreased by 6% YoY due to a decrease of COVID-19 related revenues, in line with improving COVID-19 situation in Thailand. If excluding these COVID-19 related revenues in 1Q22, Thai patient revenues would increase by 23% YoY.

The Company and its subsidiaries reported EBITDA of Baht 5,987 million, decreased YoY. But net profit was Baht 3,470 million, slightly increased YoY, due to lower depreciation and positive impact from additional stakes in Samitivej Public Company Limited (“SVH”) after delisting SVH from the Stock Exchange of Thailand.

### Major Development in 1Q23

#### New network hospital

Bangkok Rayong Cancer Hospital, grand opening in February 2023, is a 57<sup>th</sup> hospital under BDMS network. It offers holistic cancer care such as radiotherapy, chemotherapy, referral cancer patient, palliative care and cancer screening with advanced medical technologies for best possible outcome and to increase accessibility for patients in Eastern part of Thailand.

Bangkok Rayong Cancer Hospital has collaboration with Bangkok Hospital Rayong and Wattanosoth Cancer Hospital, which is our Center of Excellence specialized in Cancer and also has leading international hospital affiliation. This would help increase our medical treatment capability for Bangkok Rayong Cancer to be the refer center for cancer patients in Eastern part of Thailand.

### 1Q23 Consolidated Financial Summary

Operating Income				
(THB mm)	1Q23	1Q22	YoY	QoQ
Hospital operations	23,084	22,165	4%	2%
Sales of goods	926	821	13%	2%
Other income	303	173	75%	(17)%
<b>Total Operating Income</b>	<b>24,313</b>	<b>23,159</b>	<b>5%</b>	<b>2%</b>

Remark: QoQ means changes comparing to 4Q22.

#### Operating Income Comparing to 1Q23 (YoY)

In 1Q23, total operating income was Baht 24,313 million, an increase of Baht 1,154 million or 5% YoY, primarily due to

- Revenues from hospital operations were Baht 23,084 million, an increase of Baht 919 million or 4% YoY mainly from growth of COE as a result of higher intensity from returning of international and Thai patients for medical treatment. Overall international patient revenues increased by 38% YoY from recovery of fly-in patients mainly from Middle East and CLMV (Cambodia, Laos, Myanmar and Vietnam). While Thai patient revenues decreased by 6% YoY mainly from a decrease in COVID-19 related revenues as a result of an improving COVID-19 situation in Thailand. However, if excluding these COVID-19 related revenues in 1Q22, Thai non COVID-19 patient revenues would increase by 23% YoY.

Revenue proportion between Thai and international patients changed from 78%:22% in 1Q22 to 71%:29% in 1Q23.

Overall, revenues from hospital operations in 1Q23 showed good growth in both Bangkok & Vicinity and outside Bangkok at 2% and 7% YoY, respectively.

Outpatient revenues increased by 10% YoY driven by higher volumes of international patients. However, inpatient revenues decreased by 1% YoY due to impact from sharp decline of admission of COVID-19 patients, resulting overall occupancy rate decrease sharply from 80% in 1Q22 to 63% in 1Q23. However, higher patient intensity from COE help lessen the impact and resulting in overall inpatient revenues to decrease slightly from 1Q22.

Revenues from hospital operations in 1Q23	Chg. (YoY)	% of revenues
Revenues growth from hospital operations	4%	100%
<b>Breakdown by nationality</b>		
Thai	(6)%	71%
International	38%	29%
<b>Breakdown by location</b>		
Bangkok & Vicinity	2%	56%
Outside Bangkok	7%	44%
<b>Breakdown by type of patients</b>		
Outpatients	10%	48%
Inpatients	(1)%	52%

- Revenues from sales of goods were Baht 926 million, increased by 13% YoY due mainly to an increase in sales of the A.N.B. Laboratories Co., Ltd. and Medicpharma Co., Ltd.
- Other incomes were Baht 303 million, increased by 75% YoY mainly from rental income of our retail space in network hospitals.

#### **Operating Income Comparing to 4Q22 (QoQ)**

Total operating income in 1Q23 grew 2% QoQ due to growth from international patient revenues of 14% QoQ while decline from Thai patient revenues of 2% QoQ given decreasing in COVID-19 related revenues.

<b>Operating Expenses</b>				
(THB mm)	1Q23	1Q22	YoY	QoQ
Cost of hospital operations and others	15,122	14,451	5%	3%
Administrative expenses	4,633	4,025	15%	(6)%
<b>Total Operating Expenses (Including depreciation)</b>	<b>19,755</b>	<b>18,476</b>	<b>7%</b>	<b>0%</b>

#### **Total Operating Expenses Comparing to 1Q22 (YoY)**

In 1Q23, the Company and its subsidiaries reported total operating expenses & depreciation of Baht 19,755 million, an increase of Baht 1,279 million or

7% YoY. The total operating expenses & depreciation increased mainly from higher doctor fees given the growth in revenue from hospital operations and higher clinical & non-clinical staff expenses together with an increase in marketing, utility and other administration expenses.

### Other Major Items

- **Share of profit from investments in associates** were Baht 34 million, increased Baht 25 million from 1Q22 due to better performance of associates.
- **Finance expenses** decreased to Baht 164 million in 1Q23 or increased by 4% YoY.
- **Corporate income tax** in 1Q23 were Baht 880 million, slightly decreased YoY.

Profitability Analysis			
(THB mm)	1Q23	1Q22	%Chg
EBITDA	5,987	6,173	(3)%
EBITDA margin	24.6%	26.7%	
EBIT	4,630	4,705	(2)%
EBIT margin	19.0%	20.3%	
Net profit	3,470	3,443	1%
Net profit margin	14.3%	14.9%	
EPS (THB)	0.22	0.22	1%
<i>Weighted average number of ordinary shares</i>			
(mm shares)	15,892	15,892	
<b>Remarks</b>			
EBITDA	= Total operating income – Total operating expenses (Excluding depreciation and amortization)		
Profitability margin calculated based on operating income			

The Company and its subsidiaries recorded 1Q23 EBITDA of Baht 5,987 million, decreased from 1Q22 resulting in a decrease in EBITDA margin from 26.7% in 1Q22 to 24.6% in 1Q23 due to lower occupancy rate and economies of scales from a decline in number of COVID-19 patients. Noted

that COVID-19 revenues in 1Q22 was high at 18% of revenues from hospital operations.

Net profit of Baht 3,470 million, slightly increased YoY due to lower depreciation and positive impact from additional stake in SVH resulting in decrease in non-controlling interests in subsidiaries.

Assets			
(THB mm)	Mar 23	Dec 22	%Chg
Cash & cash equivalents	16,485	12,668	30%
Trade & other receivables	10,528	10,484	0%
Inventories	2,019	2,211	(9)%
Property, premises & equipment	82,002	81,860	0%
Goodwill	17,539	17,539	0%
Right-of-use assets	9,715	9,668	0%
Other assets	6,221	7,112	(13)%
<b>Total assets</b>	<b>144,509</b>	<b>141,543</b>	<b>2%</b>

As of 31 March 2023, the Company and its subsidiaries reported total assets of Baht 144,509 million, increased by 2% from 31 December 2022 due mainly to an increase in cash & cash equivalents Baht 3,817 million.

The Company carried goodwill of Baht 17,539 million, which remain unchanged from 31 December 2022. Goodwill were mainly from acquisitions. Such goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. However, the Company has considered that this goodwill is not impaired.

Other assets of Baht 6,221 million mainly consisted of (1) intangible assets which mainly were computer software of Baht 1,690 million (2) other current financial assets which were investment in fixed deposits and mutual funds of Baht 1,299 million, and (3) other non-current financial assets

which were investment in equity and debt instruments of Baht 1,077 million.

### Liabilities and Equity

(THB mm)	Mar 23	Dec 22	%Chg
Short-term loans from financial institutions	3,000	500	500%
Trade & Other payables	5,313	6,176	(14)%
Accrued expenses	6,494	5,426	20%
Debentures *	7,498	11,498	(35)%
Long-term loans *	4,000	4,000	0%
Liabilities under lease agreements *	7,661	7,564	1%
Other liabilities	13,963	12,667	10%
<b>Total liabilities</b>	<b>47,928</b>	<b>47,830</b>	<b>0%</b>
Equity attributable to equity holder of the Company	93,367	89,879	4%
Non-controlling interests	3,215	3,834	(16)%
<b>Total equity</b>	<b>96,581</b>	<b>93,713</b>	<b>3%</b>

\* Including current portion

Total consolidated liabilities as of 31 March 2023 were Baht 47,928 million, similar to those of 31 December 2022.

Total consolidated shareholders' equity as of 31 March 2023 was Baht 96,581 million, increased by 3% from 31 December 2022.

### Liquidity and Capital Management

#### Cash Flow

(THB mm)	1Q23
Net cash from operating activities	6,005
Net cash used in investing activities	(508)
Net cash used in financing activities	(1,679)
Net increase in cash and cash equivalents	3,817
Beginning cash and cash equivalents	12,668
Ending cash and cash equivalents	16,485

For the year ended 31 March 2023, the Company and its subsidiaries had net increase in cash and cash equivalent of Baht 3,817 million from the

beginning balance of Baht 12,668 million. As a result, cash and cash equivalents at the end of period was Baht 16,485 million. Details of cash flow by activities during the period are as follows:-

Net cash flows from operating activities were Baht 6,005 million, mainly from profit in 1Q23.

Net cash used in investing activities were Baht 508 million comprising mainly from purchase of property, premises and equipment of Baht 1,425 million for hospital network renovation netted with a decrease in other current financial assets of Baht 1,004 million.

Net cash used in financing activities were Baht 1,679 million due mainly to debentures redemption of Baht 4,000 million netted with an increase of short-term loans from financial institutions of Baht 2,500 million.

### Ratios Analysis

Returns (%)	1Q23	1Q22
Return on Asset	9.2	7.5
Return on Equity	14.0	11.4
<b>Liquidity (x)</b>		
Current ratio	1.4	1.4
Quick ratio	1.2	1.2
<b>Assets &amp; Liabilities Management (Days)</b>		
Average Collection Period	42.8	39.2
Average Inventory Period	12.1	12.2
Average Payable Period	31.7	30.7
<b>Leverage Ratios (x)</b>		
Interest coverage	35.7	29.2
Debt service coverage ratio	3.6	4.1
Current portion of IBD to IBD (%)	28.7	30.4
Loan from financial institutions to IBD (%)	31.6	6.1
Total IBD to EBITDA	1.0	0.8
Net IBD to EBITDA	0.2	0.2

#### Remarks

- Calculated by using last twelve months' performance
- Assets & Liabilities Management based on 360 days
- IBD means interest bearing debt

## Ratios Analysis

Debt to Equity Ratio (x)	Mar 23	Dec 22
Total liabilities to equity	0.5	0.5
Total IBD to equity	0.2	0.3
Net IBD to equity	0.1	0.1

### Remarks

- IBD means interest bearing debt

ROA and ROE in 1Q23 increased from 1Q22 as a result of an increase in profit from operations during the last 12 months.

Current ratio and quick ratio was unchanged from 1Q22.

Average collection period increased from 39.2 days in 1Q22 to 42.8 days in 1Q23 as a result of an increase in international patients. The Company and subsidiaries have credit policies and assess credit limit base on customer creditworthiness. Average credit term for domestic payers are approximately 30-60 days while international payers are approximately 30-90 days. The credit terms are reviewed annually to monitor and control credit risk.

Average inventory period decreased from 12.2 days in 1Q22 to 12.1 days in 1Q23. The inventories were mostly medicines and medical supplies. The Company and its subsidiaries have appropriate inventory management plan with internal control. The Company and its subsidiaries perform physical inventory count at least once a year and record allowance for the expired, slow-moving and deteriorated inventories to reduce its cost to net realizable value.

Average payable period also slightly increased from 30.7 days in 1Q22 to 31.7 days in 1Q23.

**For leverage ratios analysis,** interest coverage ratio increased from 29.2x in 1Q22 to 35.7x in 1Q23 mainly from good performance during the

last 12 months. However, debt service coverage ratio (DSCR) decreased from 4.1x in 1Q22 to 3.6x in 1Q23 due to higher current portion of interest bearing debt.

Net interest bearing debt to EBITDA remained unchanged at 0.2x in 1Q22 and in 1Q23

**For debt to equity ratio analysis,** total interest bearing debt to equity slightly decreased from 0.3x as of 31 December 2022 to 0.2x as of 31 March 2023 while net interest bearing debt to equity as of 31 December 2022 and 31 March 2023 remained unchanged at 0.1x.

The Company and its subsidiaries strongly believe that it has sufficient liquidity to repay its debt within the covenants and will continue to be able to successfully adapt as the situation evolves.

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