

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Executive Summary  
2Q23 & 6M23 Performance**

	2Q23		6M23	
	THB mm	% Chg (YoY)	THB mm	% Chg (YoY)
Operating Income	24,372	11%	48,685	8%
EBITDA	5,510	8%	11,497	2%
Net Profit	3,063	15%	6,533	7%

Remark: YoY means changes comparing to 2Q22 and 6M22

**2Q23 Performance**

Bangkok Dusit Medical Services Public Company Limited (“The Company”) and subsidiaries reported consolidated operating income for the second quarter of 2023 (“2Q23”) of Baht 24,372 million, an increase of 11% from 2Q22. The growth was attributable to an increase in revenue from hospital operations of 10% YoY which was driven by growth of Center of Excellence (COE) together with international patient revenues growth of 22% YoY and Thai patient revenues growth of 7% YoY.

The Company and its subsidiaries reported EBITDA of Baht 5,510 million, increased by 8% YoY and net profit of Baht 3,063 million, increased by 15% YoY.

**6M23 Performance**

For six-month period ended 30 June 2023 (“6M23”), the consolidated operating income were Baht 48,685 million, increased by 8% YoY. The growth was attributable to an increase in revenue from hospital operations of 7% YoY driven mainly from strong growth of 30% YoY from international patient revenues. However, Thai patient revenues growth was flat YoY due to impact from decline in COVID-19

patient revenues, despite Thai-Non COVID-19 revenues increased 25% YoY in 6M23.

The Company and its subsidiaries reported EBITDA of Baht 11,497 million, increased by 2% YoY and net profit of 6,533 million, increased by 7% YoY

**Major Development in 2Q23**

New network hospital

Bangkok Hospital Pluak Daeng, a 58<sup>th</sup> hospital under BDMS network, had grand opening in June 2023 with 1<sup>st</sup> phase of 59 beds (from 180 structured beds). It is located at Pluak Daeng, Rayong province, area of Eastern Economic Corridor (“EEC”). It offers tertiary care services such as Internal Medicine, Pediatrics, Surgery, Trauma, Occupational Health, Brain, Radiology, Orthopedic.

Bangkok Hospital Pluak Daeng has collaboration with Bangkok Hospital Rayong, a Center of Excellence in BDMS networks. This helps increase medical treatment capability and refer patients in Eastern part of Thailand given strong demand from increasing population in EEC area.

**2Q23 Consolidated Financial Summary**

Operating Income				
(THB mm)	2Q23	2Q22	YoY	QoQ
Hospital operations	23,141	20,976	10%	0%
Sales of goods	941	796	18%	2%
Other income	291	209	39%	(4)%
<b>Total Operating Income</b>	<b>24,372</b>	<b>21,981</b>	<b>11%</b>	<b>0%</b>

Remark: QoQ means changes comparing to 1Q23.

### Operating Income Comparing to 2Q23 (YoY)

In 2Q23, total operating income was Baht 24,372 million, an increase of Baht 2,391 million or 11% YoY, primarily due to

- Revenues from hospital operations were Baht 23,141 million, an increase of Baht 2,164 million or 10% YoY mainly from growth of COE of 13% YoY as a result of returning from international and Thai patients for medical treatment. Overall international patient revenues increased by 22% YoY from a recovery of fly-in patients mainly from China 61% YoY, Middle East 33% YoY and CLMV (Cambodia, Laos, Myanmar and Vietnam) 30% YoY. Moreover, Thai patient revenues increased by 7% YoY in 2Q23, despite COVID-19 related revenues decreased sharply from 2Q22, due mainly to recovery of Thai patients together with epidemic i.e. dengue fever, Norovirus (diarrhea).

Revenue proportion between Thai and international patients changed from 76%:24% in 2Q22 to 74%:26% in 2Q23.

Overall, revenues from hospital operations in 2Q23 showed good growth in both Bangkok & Vicinity and outside Bangkok at 6% and 16% YoY, respectively. Hospital operations outside Bangkok provided higher growth due to medical tourist rebound in Pattaya and Phuket together with local epidemic.

Outpatient revenues growth was 7% YoY while inpatient revenues showed better growth of 13% YoY from COE, especially to international patients.

Although admission of international patients was positive in 2Q23 but there was a sharp decline in admission of COVID-19 patients, when compared with 2Q22, resulting in overall occupancy rate to decrease from 69% in 2Q22 to 65% in 2Q23.

Revenues from hospital operations in 2Q23	Chg. (YoY)	% of revenues
<b>Revenues growth from hospital operations</b>	<b>10%</b>	
<b>Breakdown by nationality</b>		
Thai	7%	74%
<i>Thai- Non COVID</i>	<i>28%</i>	
International	22%	26%
<b>Breakdown by location</b>		
Bangkok & Vicinity	6%	56%
Outside Bangkok	16%	44%
<b>Breakdown by type of patients</b>		
Outpatients	7%	48%
Inpatients	13%	52%

- Revenues from sales of goods were Baht 941 million, increased by 18% YoY due mainly to an increase in sales of the A.N.B. Laboratories Co., Ltd. ("ANB") and Medicpharma Co., Ltd. ("MP").
- Other incomes were Baht 291 million, increased by 39% YoY mainly from reopening of Movenpick BDMS Wellness Resort Bangkok in Jan 2023 after temporary closed for renovation.

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

The operating income in second quarter is normally low season of every year. However, this year, total operating income in 2Q23 was similar to 1Q23, given positive factors from good growth of 5% QoQ of Thai patient revenues while international patient revenues decreased 11% QoQ, which showed less decline than in the past.

<b>Operating Expenses</b>				
(THB mm)	2Q23	2Q22	YoY	QoQ
Cost of hospital operations and others	15,432	14,147	9%	2%
Administrative expenses	4,876	4,200	16%	5%
<b>Total Operating Expenses (Including depreciation)</b>	<b>20,308</b>	<b>18,347</b>	<b>11%</b>	<b>3%</b>

### Total Operating Expenses Comparing to 2Q22 (YoY)

In 2Q23, the Company and its subsidiaries reported total operating expenses & depreciation of Baht 20,308 million, an increase of Baht 1,961 million or 11% 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

- **Finance expenses** decreased to Baht 134 million in 2Q23 or decreased by 11% YoY from debentures redemption.
- **Corporate income tax** in 2Q23 were Baht 812 million, increased by 17% YoY due mainly to increase in pre-tax profit.

### Profitability Analysis

<i>(THB mm)</i>	2Q23	2Q22	%Chg
EBITDA	5,510	5,120	8%
EBITDA margin	22.6%	23.3%	
EBIT	4,130	3,665	13%
EBIT margin	16.9%	16.7%	
Net profit	3,063	2,664	15%
Net profit margin	12.6%	12.1%	
EPS <i>(THB)</i>	0.19	0.17	15%
<i>Weighted average number of ordinary shares</i>			
<i>(mm shares)</i>	15,892	15,892	

#### Remarks

EBITDA = Total operating income – Total operating expenses (Excluding depreciation and amortization)

Profitability margin calculated based on operating income

The Company and its subsidiaries recorded 2Q23 EBITDA of Baht 5,510 million, increased by 8% from 2Q22 but EBITDA margin decreased from 23.3% in 2Q22 to 22.6% in 2Q23 due to lower occupancy rate

and economies of scales from a decline in number of COVID-19 patients. Noted that COVID-19 revenues in 2Q22 was high at 13% of revenues from hospital operations.

Net profit of Baht 3,063 million, increased by 15% YoY due to recovery of Thai and international patients together with lower depreciation and positive impact from additional stake in Samitivej Public Company Limited (“SVH”) resulting in decrease in non-controlling interests in subsidiaries.

### 6M23 Consolidated Financial Summary

Operating Income			
<i>(THB mm)</i>	6M23	6M22	%Chg
Revenues from hospital operations	46,225	43,141	7%
Revenue from sales of goods	1,866	1,617	15%
Other income	594	382	56%
<b>Total Operating Income</b>	<b>48,685</b>	<b>45,140</b>	<b>8%</b>

In 6M23, total operating income were Baht 48,685 million, an increase of Baht 3,545 million or increased by 8% YoY, primarily due to

- Revenues from hospital operations were Baht 46,225 million, an increase of Baht 3,084 million or increased by 7% YoY mainly from higher intensity at COE. In addition, an increase was also mainly from increase in international patient revenues of 30% YoY, driven by an increase of CLMV patients 58% YoY, Middle East patients 57% YoY, and Chinese patients 53% YoY. Thai patient revenues were flat YoY due to an impact from a decline in COVID-19 patient revenues (contributed 15% of hospital revenues in 6M22). If excluding COVID-19 revenue, Thai-non COVID-19 revenues would increase 25% YoY. Consequently, revenue proportion between Thai and international patients changed from 77%:23% in 6M22 to 72%:28% in 6M23.

Both hospital in Bangkok & vicinity and hospital outside Bangkok & vicinity increased 4% and 11% YoY, respectively.

The occupancy rate decreased from 75% in 6M22 to 65% in 6M23 due to sharp decline in admission of COVID-19 patients.

Revenues from hospital operations in 6M23	Chg. (YoY)	% of revenues
<b>Revenues growth from hospital operations</b>	<b>7%</b>	
<b>Breakdown by nationality</b>		
Thai	0%	72%
<i>Thai-Non COVID</i>	<i>25%</i>	
International	30%	28%
<b>Breakdown by location</b>		
Bangkok & Vicinity	4%	56%
Outside Bangkok	11%	44%
<b>Breakdown by type of patients</b>		
Outpatients	10%	48%
Inpatients	5%	52%

- Revenues from sales of goods were Baht 1,866 million, increased by 15% YoY due to increase in sales of the A.N.B. and MP.
- Other income was Baht 594 million, increased by 56% YoY due to reopening of Movenpick BDMS Wellness Resort Bangkok in Jan 2023 after temporary closed for renovation.

<b>Operating Expenses</b>			
(THB mm)	6M23	6M22	%Chg
Cost of hospital operations and others	30,554	28,598	7%
Administrative expenses	9,509	8,225	16%
<b>Total Operating Expenses (Including depreciation)</b>	<b>40,063</b>	<b>36,823</b>	<b>9%</b>

In 6M23, the Company and its subsidiaries reported total operating expenses & depreciation of Baht 40,063 million, increase of Baht 3,240 million or 9% YoY mainly from higher doctor fees, clinical & non-clinical staff expenses together with an increase in

marketing, utility and other administration expenses.

### Other Major Items

- **Finance expenses** decreased to Baht 298 million in 6M23 or decreased by 4% YoY from debentures redemption.
- **Corporate income tax** in 6M23 were Baht 1,692 million, increased by 6% YoY due mainly to increase in pre-tax profit in 6M23.

<b>Profitability Analysis</b>			
(THB mm)	6M23	6M22	%Chg
EBITDA	11,497	11,293	2%
EBITDA margin	23.6%	25.0%	
EBIT	8,760	8,370	5%
EBIT margin	18.0%	18.5%	
Net profit	6,533	6,107	7%
Net profit margin	13.4%	13.5%	
EPS (THB)	0.41	0.38	7%
<i>Weighted average number of ordinary shares (mm shares)</i>			
	15,892	15,892	

**Remarks**  
 EBITDA = Total operating income – Total operating expenses (Excluding depreciation and amortization)  
 Profitability margin calculated based on operating income

The Company and its subsidiaries recorded EBITDA of Baht 11,497 million in 6M23, increased by 2% YoY. However, EBITDA margin decreased from 25.0% in 6M22 to 23.6% in 6M23.

Net profit in 6M23 was Baht 6,533 million, increased by 7% YoY with net profit margin of 13.4%, similar to 6M22. EPS was Baht 0.41 per share in 6M23.

<b>Assets</b>			
<i>(THB mm)</i>	<b>Jun 23</b>	<b>Dec 22</b>	<b>%Chg</b>
Cash & cash equivalents	10,442	12,668	(18)%
Trade & other receivables	10,091	10,484	(4)%
Inventories	2,049	2,211	(7)%
Property, premises & equipment	82,695	81,860	1%
Goodwill	17,539	17,539	0%
Right-of-use assets	9,635	9,668	(0)%
Other assets	6,211	7,112	(13)%
<b>Total assets</b>	<b>138,662</b>	<b>141,543</b>	<b>(2)%</b>

As of 30 June 2023, the Company and its subsidiaries reported total assets of Baht 138,662 million, decreased by 2% from 31 December 2022 due mainly to decrease in cash & cash equivalents Baht 2,226 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 6,211 million mainly consisted of (1) intangible assets which mainly were computer software of Baht 1,703 million (2) other current financial assets which were investment in fixed deposits and mutual funds of Baht 1,038 million, and (3) other non-current financial assets which were investment in equity and debt instruments of Baht 1,134 million.

<b>Liabilities and Equity</b>			
<i>(THB mm)</i>	<b>Jun 23</b>	<b>Dec 22</b>	<b>%Chg</b>
Short-term loans from financial institutions	-	500	(100)%
Trade & Other payables	5,519	6,176	(11)%
Accrued expenses	7,374	5,426	36%
Debentures *	6,498	11,498	(43)%
Long-term loans *	4,000	4,000	0%
Liabilities under lease agreements *	7,681	7,564	2%
Other liabilities	12,538	12,667	(1)%
<b>Total liabilities</b>	<b>43,610</b>	<b>47,830</b>	<b>(9)%</b>
Equity attributable to equity holder of the Company	91,783	89,879	2%
Non-controlling interests	3,268	3,834	(15)%
<b>Total equity</b>	<b>95,051</b>	<b>93,713</b>	<b>1%</b>

\* Including current portion

Total consolidated liabilities as of 30 June 2023 were Baht 43,610 million, decreased by 9% from 31 December 2022 due mainly to a decrease in debentures of Baht 5,000 million.

Total consolidated shareholders' equity as of 30 June 2023 was Baht 95,051 million, slightly increased by 1% from 31 December 2022.

## Liquidity and Capital Management

<b>Cash Flow</b>	
<i>(THB mm)</i>	<b>6M23</b>
Net cash from operating activities	11,481
Net cash used in investing activities	(2,365)
Net cash used in financing activities	(11,341)
Net decrease in cash and cash equivalents	(2,226)
Beginning cash and cash equivalents	12,668
Ending cash and cash equivalents	10,442

For the six-month period ended 30 June 2023, the Company and its subsidiaries had net decrease in cash and cash equivalent of Baht 2,226 million from the beginning balance of Baht 12,668 million. As a

result, cash and cash equivalents at the end of period was Baht 10,442 million. Details of cash flow by activities during the period are as follows: -

Net cash flows from operating activities were Baht 11,481 million, mainly from profit in 6M23.

Net cash used in investing activities were Baht 2,365 million comprising mainly from purchase of property, premises and equipment of Baht 3,219 million for hospital network renovation netted with a decrease in other current financial assets of Baht 1,266 million.

Net cash used in financing activities were Baht 11,341 million due mainly to debentures redemption of Baht 5,000 million and dividend payment of Baht 4,779 million.

Ratios Analysis		
Returns (%)	6M23	6M22
Return on Asset	9.6	8.7
Return on Equity	14.6	13.3
Liquidity (x)		
Current ratio	1.3	1.3
Quick ratio	1.1	1.1
Assets & Liabilities Management (Days)		
Average Collection Period	41.9	39.4
Average Inventory Period	11.9	11.8
Average Payable Period	31.0	29.6
Leverage Ratios (x)		
Interest coverage	37.3	33.0
Debt service coverage ratio	6.9	2.4
Current portion of IBD to IBD (%)	18.4	46.4
Loan from financial institutions to IBD (%)	22.0	20.8
Total IBD to EBITDA	0.8	0.9
Net IBD to EBITDA	0.3	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)	Jun 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 6M23 increased from 6M22 as a result of an increase in profit from operations.

Current ratio and quick ratio were unchanged from 6M22.

Average collection period increased from 39.4 days in 6M22 to 41.9 days in 6M23 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 slightly increased from 11.8 days in 6M22 to 11.9 days in 6M23. 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 increased from 29.6 days in 6M22 to 31.0 days in 6M23.

**For leverage ratios analysis,** interest coverage ratio increased from 33.0x in 6M22 to 37.3x in 6M23 mainly from good performance during the last 12 months. Debt service coverage ratio (DSCR) also

increased from 2.4x in 6M22 to 6.9x in 6M23 due to lower current portion of interest bearing debt.

Net interest bearing debt to EBITDA slightly increased from 0.2x in 6M22 to 0.3x in 6M23.

***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 30 June 2023 while net interest bearing debt to equity as of 31 December 2022 and 30 June 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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