



No. RJH – SET 8/2023

7 August 2023

Subject : Management Discussion and Analysis for the 2nd Quarter of 2023

To : The President
The Stock Exchange of Thailand

Rajthanee Hospital Public Company Limited (“the Company”) would like to clarify the operating results of the Company and its subsidiaries for the 2nd quarter ended June 30, 2023 which have been audited by the independent auditor as follows:

Statements of Comprehensive Income for the 2nd Quarter Ended June 30, 2023

Operation : Consolidated Profit & Loss Statement	2Q	1Q	% change	2Q	% change	YTD	YTD	% change
	2023	2023		2022		2023	2022	
Unit : THB million								
Revenue from Non-Social Security	290.80	306.81	-5%	241.37	20%	597.61	488.02	22%
Covid-19 Revenue (from government and vaccines)	(5.10)	7.97	-164%	602.40	-101%	2.87	1,321.41	-100%
Revenue from Social Security	258.88	245.92	5%	210.61	23%	504.80	419.66	20%
Revenue from Hospital Operations	544.58	560.70	-3%	1,054.37	-48%	1,105.28	2,229.09	-50%
Cost of Hospital Operations	388.55	384.27	1%	487.22	-20%	772.81	1,022.65	-24%
Gross Margin	156.03	176.43	-12%	567.16	-72%	332.47	1,206.45	-72%
% Gross Margin	28.7%	31.5%	-3%	53.8%	-25%	30.1%	54.1%	-24%
Administrative Expenses	47.53	47.93	-1%	48.91	-3%	95.47	97.82	-2%
EBITDA	145.14	165.00	-12%	566.01	-74%	310.14	1,198.90	-74%
% EBITDA	26.7%	29.4%	-3%	53.7%	-27%	28.1%	53.8%	-26%
Other Income	14.29	10.27	39%	16.40	-13%	24.57	25.00	-2%
Financing Cost	7.10	6.88	3%	5.01	42%	13.98	9.55	46%
Earnings before Tax	115.69	131.89	-12%	529.65	-78%	247.58	1,124.07	-78%
Corporate Tax Expense /(Income)	22.38	25.75	-13%	105.70	-79%	48.13	225.20	-79%
Net Profit	93.31	106.14	-12%	423.95	-78%	199.45	898.87	-78%
% Net Profit / Total Revenue	16.7%	18.6%	-2%	39.6%	-23%	17.7%	39.9%	-22%
Non-Controlling Interests	(0.41)	(0.26)	59%	2.29	-118%	(0.66)	4.65	-114%
Net Profit Attributable to The Company	93.72	106.40	-12%	421.66	-78%	200.12	894.22	-78%
Earnings per Share	0.31	0.36	-0.04	1.41	-1.10	0.67	2.99	-2.32

Revenue from Hospital Operations

Revenue from hospital operations of the 2nd quarter of 2023 (“2Q2023”) was THB 544.6 million which decreased by 48% comparing to the same quarter last year (yoy) and by 3% comparing to previous quarter (qoq).

The ratio of non-social security revenue and social security revenue was at 52:48.

Revenue from non-social security was THB 285.7 million substantially decreased by 66% yoy due to the lack of Covid-19 revenue which earned THB 602.4 million during 2Q22. Meanwhile, Covid-19 revenue of last year was adjusted lower for THB 5 million during this quarter. Without taking into account Covid-19 related revenue, OPD revenue was THB 153.2 million, approximately increased



by 18% yoy. Number of OPD visits slightly increased with average revenue per visit increased from THB 1,700 to THB 2,000. Comparing to previous quarter, OPD revenue merely down by 1% with number of OPD visits and revenue per visit barely changed.

IPD revenue was at THB 137.6 million, an increase of 24% yoy. Utilization rate of IPD wards was 52% increased from 44% yoy as the patient flow resumed following improved Covid-19 situation. Revenue per head decreased approximately to THB 48,000 from THB 50,000 yoy as proportion of pediatric cases inched up. Comparing to previous quarter, IPD revenue decreased by 9%. The 2nd quarter is usually low season for hospital business. Both number of patients and revenue per head declined qoq.

For social security, revenue stood at THB 258.9 million promisingly increased by 23% yoy. This was mainly due to the increase of fixed capitation revenue, high-cost care (Adjusted RW) and implant revenue. The growth of fixed capitation revenue was driven by both number of insured persons and rate payment. Average number of insured persons increased from 209,800 persons to 212,600 persons and the new rate increased by THB 168 per hear per year since May 2023. In addition, the higher rate for 5 specific surgeries (from THB 12,000 to THB 15,000 per DRG score) as well as more cases of sophisticated surgeries have contributed to the growth of Adjusted RW and implant revenue.

Cost of Hospital Operations

2Q23 cost of hospital operation was THB 388.5 million equivalent to 71.3% of total revenue which was much higher than 46.2% cost ratio during 2Q22. The absence of Covid-19 revenue has depleted benefit of economy of scale. Cost ratio also inched up when comparing to the previous quarter which was 68.5% of revenue. The main reason because of more utilization of SW patients which led to higher costs of medicine & supplies as well as doctor fee

Administrative Expenses

Administrative expenses for this quarter was THB 47.5 million slightly declined yoy by 3% and barely changed qoq. Despite the increase of depreciation expense, staff cost declined following the termination of part-time employees during Covid-19 and cut back of bonus.

Earnings before interest, taxes and depreciation (“EBITDA”)

EBITDA (not included other income) was at THB 145.1 million decreased by 74% yoy and 12% qoq. The yoy decrease was due to an absence of Covid-19 revenue while qoq impact was from lower revenue during low season.



Other revenues

The Company recorded other revenues at THB 14.3 million lower by 13% yoy but increased by 39% qoq. This was mostly from the dividends received.

Financing Cost

The financing cost was THB 7.1 million in this quarter increased both yoy and qoq. This was due to the upward trend of interest rate.

Net Profit

Net profit for this quarter was THB 93.7 million equivalent to 17% margin which were lower by both amount and margin. The amount considerably decreased by 78% yoy on back of the absence of Covid-19 revenue. Comparing to the previous quarter, net profit declined by 12% due to low-season effect.

Statement of Financial Position as of June 30, 2023

Financial Position : Consolidated Balance Sheet	30-Jun	30-Jun	31-Dec	30 Jun 23	30 Jun 23
Unit : THB million	2023	2022	2022	30 Jun 22	31 Dec 22
Cash and Temporary Investments	128.14	115.28	237.08	12.86	(108.94)
Trade Receivables	487.48	1,537.73	679.00	(1,050.25)	(191.51)
Inventory	44.48	62.46	45.26	(17.97)	(0.77)
Long-term Investments	616.98	725.11	763.86	(108.13)	(146.88)
Property, Plant and Equipment	1,926.84	1,705.70	1,869.49	221.14	57.34
Other assets	266.90	169.82	193.23	97.08	73.68
Total Assets	3,470.83	4,316.09	3,787.91	(845.26)	(317.08)
Trade Payable	168.29	177.86	169.84	(9.57)	(1.55)
Interest-Bearing Debts / Leasing	818.07	991.72	1,043.11	(173.65)	(225.03)
Corporate Income Tax Payable	29.25	203.02	15.27	(173.77)	13.98
Other Liabilities	168.81	219.84	234.91	(51.02)	(66.09)
Total Liabilities	1,184.43	1,592.44	1,463.13	(408.01)	(278.70)
Total Shareholders' Equity of the Company	2,175.78	2,668.14	2,242.84	(492.36)	(67.07)
Non-Controlling Interests	110.62	55.52	81.94	55.11	28.69
Total Shareholders' Equity	2,286.40	2,723.66	2,324.78	(437.26)	(38.38)

The consolidated total assets as of 30 June 2023 was THB 3,470.8 million decreased from 31 Dec 2022 and from 30 Jun 2022. The decrease was mostly from accounts receivable following the settlement of accrued Covid-19 revenue by the government. In addition, the plunge of RAM share price from preceding periods has erode the investment value. However, the market price remained above the cost price by 49%. Other assets increased mainly due to the deposit of land cost for Rajthanee International Hospital (Romklao Road) and deposit of radiation equipment.



Total liabilities as of 30 June 2023 was THB 1,184.4 million decreased from preceding periods. Despite more long-term loans drawdown for projects on-hand , short-term loans were paid-down substantially as the receipt from Covid-19 accounts receivable flew in. Other liabilities also decreased due to income received in advance for Moderna vaccine during the same quarter last year for THB 30 million.

Total shareholder's equity decreased from 31 Dec 2022 as well as from 30 Jun 2022 despite profit recorded. This was mainly because of dividend payment and dwindling price of RAM share which erode the other comprehensive income.

Ratio Analysis of Financial Statements ended June 30, 2023

Ratio Analysis : Consolidated Financial Statements Unit : THB million	2Q 2023	2Q 2022	YTD 2023	YTD 2022
Returns (%)				
Return on Assets *	10.8%	39.3%	11.6%	42.0%
Return on Equity *	16.3%	62.3%	17.6%	66.6%
Working Capital Management (Days)				
Trade Receivable Period	81	133	80	125
Inventory Period **	40	66	40	63
Trade Payable Period	51	39	51	37
Leverage Ratios (x)				
Interest Coverage	20.4	113.1	22.2	125.5
Debt Service Coverage	1.7	3.7	1.8	3.9
Total Debt to Equity	0.5	0.6	0.5	0.6

* calculated by using earnings of current quarter to be estimated for annual earnings

** based on only cost of medicine & medical supplies

Return on assets and return on equity of 2Q23 deteriorated comparing to 2Q22. This was due to the plunge of net profit following the absence of Covid-19 revenues.

Regarding liquidity ratios, trade receivable period and inventory period improved yoy because of the receipt from Covid-19 receivables and lower stock of medicine, supplies as well as items related to Covid-19.



Interest coverage ratio and debt service coverage ratio deteriorated yoy. This mainly stemmed from the plunge of EBITDA despite short-term debt were substantially repaid. Nonetheless, these ratios remained above 1x and total debt to equity ratio was merely 0.5x.

Please be informed accordingly.

Yours Sincerely,

(Surin Prasithirun, M.D.)

Managing Director