

No. WPH – SET 016/2023

14 November 2023

Subject : Management Discussion and Analysis for the Quarter 3 of 2023 ending on 30 September 2023.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.6 /2023 of Wattanapat Hospital Trang Public Company Limited (“the Company”) held on 14 November 2023, approving the audited consolidated financial statements for the Quarter 3 of 2023 ending on 30 September 2023. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the Quarter 3 of 2023 ending on 30 September 2023 as follows;

Summary of Consolidated Financial Statements

	2Q23	1Q23	2Q22	Movement		1H23	1H22	Movement
				% QoQ	% YoY			
<i>Unit : Million Baht</i>								
Total revenues	391.9	311.1	308.7	26.0%	27.0%	1,030.1	894.6	15.1%
Revenues from medical treatment	389.8	309.8	307.0	25.9%	27.0%	1,023.9	889.1	15.2%
Cost of medical treatment	291.1	260.8	203.8	11.6%	42.9%	785.8	612.6	28.3%
Gross Profit	98.7	49.0	103.2	101.5%	(4.3%)	238.1	276.5	(13.9%)
Gross Profit Margin	25.3%	15.8%	33.6%	9.5%	(8.3%)	23.3%	31.1%	(7.8%)
Selling and Administrative expenses	48.6	54.5	40.3	(10.7%)	20.7%	157.1	116.6	34.8%
Profit (loss) from operating activities	50.1	(5.5)	62.9	1,015.2%	(20.4%)	81.0	159.9	(49.4%)
Other incomes	2.1	1.3	1.7	60.7%	25.4%	6.2	5.5	13.4%
Financial costs	11.8	10.5	4.2	12.0%	184.2%	29.1	11.0	165.0%
Profit (loss) before (income) tax expenses	40.4	(14.7)	60.4	375.1%	(33.1%)	58.1	154.4	62.4%
tax expenses	6.3	(11.9)	11.9	152.6%	(47.4%)	5.9	28.8	79.4%
Net Profit (loss)	34.2	(2.8)	48.5	1,325.9%	(29.6%)	52.1	125.6	(58.5%)
Net Profit (loss) Margin	8.7%	-0.9%	15.7%	9.6%	(7.0%)	5.1%	14.0%	(9.0%)
EBITDA	84.4	25.9	85.0	225.6%	(0.7%)	172.6	224.0	(22.9%)
% EBITDA	21.6%	8.4%	27.7%	13.3%	(6.0%)	16.9%	25.2%	(8.3%)

Statements of Comprehensive Income
Revenue from medical treatment

The Company generated the revenue from medical treatment for the 3rd quarter of Year 2023 and 2022 were in amounts of Baht 389.8 million and Baht 307.0 million, respectively, which increased by Baht 82.8 million or 27.0%. Since, in the 3rd quarter of 2023, it entered the rainy season, which typically sees the seasonal flu outbreaks and further epidemics affecting both children and adults, included the respiratory syncytial virus (RSV), influenza A and B strains,

, dengue fever. Also, non-communicable diseases such as Cardiovascular & Cerebrovascular diseases, Gastrointestinal Tract Disease and Accident- Emergency Center. Besides, WPH has been maintaining a continuous growth by investing in one subsidiary hospital which were WattanaPAT Samui Hospital located in Koh Samui, Suratthani Province (Gulf of Thailand) during 1Q2023. These factors led to an constantly increase in revenue from medical treatment, also, generating high proportion of international patients.

The Company and its subsidiary located in Trang, Krabi and Suratthani Province which were in the Southern of Thailand on the West Coast (Andaman sea) and the East Coast (Gulf of Thailand). The season do not run at the same time on both coasts of Southern Thailand. On the west coast the southwest monsoon brings rain and heavy storms from April to October, while on the east coast the most rain falls between September until December. Therefore, during April to September the number of tourists would be declined normally in the west coast which brought the decreasing in revenue from international patients while the hospital located in the Southern of Thailand on the east coast commonly generated revenue from international patients. Since, the Company located in both west coast and east coast, there would reduce the fluctuation on the revenue from medical services.

The revenue from Out-patients and In-patients department in the 3rd quarter of the Year 2023 and 2022 was inclined by 25.4% and 27.8% respectively. IPD revenue was mainly increased from international patients, complex disease treatment including Respiratory Tract Disease. The proportion of Out-patients department and In-Patients department were 31.0% and 69.0% respectively.

The revenue generated from Thai in the 3rd quarter of the Year 2023 and 2022 was increased by 14.0% while the revenue from international patients was increased by 428.4%.

Cost of medical treatments

The cost of medical treatments for the 3rd quarter of Year 2023 and 2022 were in amounts of Baht 291.1 millions and Baht 203.8 million, respectively, which increased by 42.9%. By the way, cost of medical treatments compared to total revenue from medical treatment for the 3rd quarter of Year 2023 and 2022 equaled to 74.7% and 66.4% respectively. This variance was mostly caused by the investing in WattanaPAT Samui Hospital, cost of medicines and medical supplies, doctor's fee, the higher in staff expenses, the depreciation, as well as higher healthcare costs for treating complex conditions, the proportion of cost to revenue from medical treatment has increased comparing to the treatment of COVID-19 patients (in 2022 shown as 15%).

Selling Expenses

The selling expenses for the 3rd quarter of Year 2023 and 2022 were in amounts of Baht 7.8 million and 3.7 million which mainly caused by the promotional costs from the new hospital openings and these also depending on the number of international patients. The proportion of selling expenses incurred compared to total revenues for the 3rd quarter of Year 2023 and 2022 were 2.0% and 1.2%, respectively.

Administrative Expenses

The administrative expenses for the 3rd quarter of Year 2023 and 2022 were in amounts of Baht 40.8 million and 36.5 million, increasing by 11.8%. By the way, the proportion of administrative expenses incurred compared to total revenues for the 3rd quarter of Year 2023 and 2022 were 10.5% and 11.9%, respectively. The incremental of administrative expenses derived mainly from cost incurred from the pre-operational and planning activities of new hospital (Wattanapat Samui Hospital) such as salary, travelling cost, utility bills, international transfer fee and doctor's fee, but the Company still has a resource optimization.

Financing Costs

The financing costs from financial institutions for the 3rd quarter of Year 2023 and 2022 were in amounts of 11.8 million and 4.2 million respectively, increasing by 184.2%. The proportion of financing costs incurred compared to the 3rd quarter of Year 2023 and 2022 were 3.0% and 1.3% respectively. This increasing derived from the interest expenses from financial institution utilizing for the construction financing, also, the positive trend of lending rate announcing by financial institutions.

Tax Expense

For the 3rd quarter of Year 2023 and 2022, tax expense was in amounts of Baht 6.3 million and 11.9 million respectively, decreasing by Baht 5.6 million or 47.4%. This caused from the accumulated loss of Wattanapat Samui Hospital in amount of Baht 5.8 million.

Net Profit

For the 3rd quarter of Year 2023, the Company generated net profit in amounts of Baht 34.2 million and the 3rd quarter of Year 2022 generated net profit in amount of Baht 48.5 million, respectively which net profit was declined by Baht 14.4 million or 29.6%. The proportion of net loss incurred in the 3rd quarter of Year 2023 equalled to 8.7% and the proportion of net profit in the 3rd quarter of Year 2022 equalled to 15.7%. In the 3rd quarter of Year 2023, the Company realized net loss from its subsidiary in amounts of Baht 23.4 million. Also, the decreasing in net profit stemmed from the increasing in cost of medical treatments, selling and administrative expenses including financing costs.

By the way, Wattanapat Samui Hospital generated revenue from medical treatment constantly, also, generating higher portions of international patients. This reason led the lower rate of net loss in the 3rd quarter of Year 2023. In summary, net profit of the Company would be shown as Bath 57.5 million excluding Wattanapat Samui Hospital, increasing by 19% from the same period last year.

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director