

19 February 2024

Subject Management's Discussion and Analysis of Financial Performance and Results of Operations for the year 2023

To The President
The Stock Exchange of Thailand

Praram 9 Hospital Public Company Limited (the "Company") would like to report Management's Discussion and Analysis of Financial Performance and Results of Operations for the year 2023 as follows:

Summary

Praram 9 Hospital is committed to provide high standard of services to satisfy our patients. We implemented new technology and innovation to enhance the efficiency of service and operation process, aiming to fulfill the needs and satisfaction of our patients.

Strategic plan are adjusted to enhance our adaptability to cope with rapid changes and high competitive in market to deliver excellence healthcare services. We brought ESG principles into our implementation plan. We took our action extremely to be responsible to environment and society in order to enhance confidence among our patients and promote sustainable existence of our business.

In the fiscal year 2023, the Company performance improved with increase in medical revenues due to higher number of general and complex disease patients while revenue from COVID-19 patients and Moderna vaccine which incurred in 2022 decreased. This trend impacted on the Company performance compared to last year. Reported total revenues of Baht 4,252.8 million, an increase of 2.5% from 2022 which reported total revenues of Baht 4,150.5 million. The profit for the year 2023 was Baht 557.9 million, a decrease of 1.7% from 2022 which reported profit for the year of Baht 567.6 million.

Statement of comprehensive income

Yearly Operational results

Revenues (Million Baht)	For year ended 31 December		Change (%)
	2023	2022	
Medical revenues from Out-Patient (OPD)	2,490.7	2,382.6	+4.5
Medical revenues from In-Patient (IPD)	1,711.3	1,724.8	-0.8
Total Medical revenues	4,202.0	4,107.3	+2.3
Rental and other income	50.8	43.1	+17.9
Total Revenues	4,252.8	4,150.5	+2.5

Medical revenues by category

<i>(Million Baht)</i>	For year ended 31 December		Change	Proportion	
	2023	2022	(%)	2023	2022
Medical revenues by Nationality					
Thai	3,625.7	3,567.8	+1.6	86%	87%
International	576.3	539.5	+6.7	14%	13%
Total Medical revenues	4,202.0	4,107.3	+2.3	100%	100%
Medical revenues by Payment method					
Self-Pay	2,845.4	2,918.9	-2.5	68%	71%
Insurance	1,072.2	916.4	+17.0	25%	22%
Corporate Contract	284.3	272.1	+4.5	7%	7%
Total Medical revenues	4,202.0	4,107.3	+2.3	100%	100%

The Company reported total medical revenues in 2023 of Baht 4,202.0 million, an increase of 2.3% from 2022 which reported medical revenues of Baht 4,107.3 million. Performance improved with increase in medical revenues due to higher number of general and complex disease patients while revenue from COVID-19 patients and Moderna vaccine which incurred in 2022 decreased.

The out-patient revenues (OPD revenue) increased 4.5% comparing to last year. The increase was primarily due to an uptick in the number of outpatient visits, particularly from new customers utilizing services in Building B. Regardless of revenue from COVID-19, out-patient medical revenues grew 12.2% comparing to the same period of last year.

The in-patient revenue (IPD revenue) decreased by 0.8% comparing to last year. Although the number of patients increased, the reduction in length of stay led to a decrease in Patient days effecting from the decrease in number of COVID-19 patients due to an improvement of COVID situation. Meanwhile, the number of general treatment patients and complex treatment patients involving surgeries or plastic surgeries, increased. Regardless of revenue from COVID-19, in-patient revenues grew 16.1% comparing to the same period of last year.

Revenue from Thai patients increased by 1.6% while revenues from international patients increase by 6.7% comparing to the same period of last year. This resulted to change in proportion of medical revenue breakdown by nationality, with 86% of Thai customers and 14% of international customers. Majority of international revenue are from Myanmar, Chinese and Cambodian patients respectively.

If breakdown revenue by payment method, revenues from self-pay patients decreased by 2.5% comparing to the same period of last year due to decrease in number of COVID-19 patients. Meanwhile, revenues from other payment method increased especially in insurance patients which increased by 17.0% comparing to the same period of last year. This change resulted from customer expansion in health insurance segment through collaborations strategy with various insurance partners. Revenue from corporate contract segment increased by 4.5% comparing to the same period of last year. This change resulted from expansion in contract companies. This resulted to change in proportion of medical revenue breakdown by payment, with 68% of self-pay patients, 25% of insurance patients and 7% of corporate contract patients.

<i>(Million Baht)</i>	For year ended 31 December		Change
	2023	2022	(%)
Cost of Hospital Operations and Expenses			
Cost of hospital operations	2,820.0	2,723.6	+3.5
As % of medical revenues	67.1	66.3	
Selling and administrative expenses	773.7	735.1	+5.3
As % of total revenues	18.2	17.7	

For the year 2023, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 2,820.0 million or equal to 67.1% of total medical revenues. Comparing to 2022, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 2,723.6 million or equal to 66.3% of total medical revenues. Majority increase in cost of hospital operations are from the increase in doctor fees, payroll expenses, and operational benefits.

For the year 2023, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 773.7 million or equal to 18.2% of total revenues. Comparing to 2022, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 735.1 million or equal to 17.7% of total revenues. Mainly, this is a result of payroll expenses and benefits for management and employees. The company still executed cost and expense reduction plan. However, this plan was considered deliberately that the result will not affect the standard of services and patient's satisfaction.

(Million Baht)	For year ended 31 December		Change
	2023	2022	(%)
Operating profit	659.1	691.8	-4.7
Depreciation and amortization	298.9	299.5	-0.2
EBITDA	958.0	991.3	-3.4
<i>EBITDA Margin (%)</i>	22.5	23.9	
Finance income	30.2	8.7	+246.0
Finance cost	0.6	0.5	+32.7
Income tax expenses	130.8	132.4	-1.3
Profit for the year	557.9	567.6	-1.7
<i>Net profit margin (%)</i>	13.1	13.7	
Total comprehensive income for the year	572.2	567.6	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.71	0.72	

For the year 2023, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 958.0 million with 22.5% of EBITDA margin. In year 2022, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 991.3 million with 23.9% of EBITDA margin.

For the year 2023, the Company reported depreciation and amortization of Baht 298.9 million, compared to 2022 of Baht 299.5 million.

Finance income of year 2023 was Baht 30.2 million, 246% increasing from year 2022 which reported finance income of Baht 8.7 million. This significantly increase was primarily from higher in interest rate resulting to higher in interest received from savings accounts, fixed deposits and debt instruments.

For the year 2023, the Company reported finance cost of Baht 0.6 million which increase 32.7% from year 2022 that reported finance cost of Baht 0.5 million. This resulted from the adoption of the new financial reporting standard TFRS 16: Leases. The Company reported none of the finance cost since the Company did not have interest bearing debts. While the Company reported income tax expenses for 2023 of Baht 130.8 million, decrease by 1.3% from year 2022 of Baht 132.4 million.

For the year 2023, the Company reported profit for the year of Baht 557.9 million, representing the net profit margin 13.1% of total revenue, decrease by 1.7% comparing to year 2022 which reported profit Baht 567.6 million, representing the net profit margin 13.7% of total revenue. Basic earnings per share of Baht 0.71 per share and Baht 0.72 per share in 2023 and 2022 respectively.

Statement of Financial Position

Statement of Financial Position (Million Baht)	As of 31 December 2023	As of 31 December 2022	Change (%)
Current assets	2,251.5	2,023.4	+11.3
Non-current assets	3,658.6	3,534.4	+3.5
Total assets	5,910.1	5,557.8	+6.3
Current liabilities	632.0	609.5	+3.7
Non-current liabilities	198.4	212.9	-6.8
Total liabilities	830.4	822.4	+1.0
Total shareholders' equity	5,079.7	4,735.4	+7.3
Total liabilities and shareholders' equity	5,910.1	5,557.8	+6.3

1. Assets

As of 31 December 2023, the Company reported current assets of Baht 2,251.5 million, an increase of 11.3% as compared to Baht 2,023.4 million as of 31 December 2022. This resulted from an increase in cash and cash equivalents by Baht 185.9 million.

As of 31 December 2023, the Company reported non-current assets of Baht 3,658.6 million, an increase of 3.5% as compared to Baht 3,534.4 million as of 31 December 2022. This resulted from the increase in depreciation and amortization offsetting with the purchase of assets.

2. Liabilities

As of 31 December 2023, the Company reported current liabilities of Baht 632.0 million, an increase of 3.7% as compared to Baht 609.5 million as of 31 December 2022. This resulted from an increase in revenue from selling prepaid check-up vouchers, which customers had not yet used.

As of 31 December 2023, the Company reported non-current liabilities of Baht 198.4 million, decreased by 6.8% as compared to Baht 212.9 million as of 31 December 2022. This mainly resulted from change in financial assumptions of provision for long-term employee benefits.

3. Shareholders' equity

As of 31 December 2023, the Company reported shareholders' equity of Baht 5,079.7 million, an increase of 7.3% as compared to Baht 4,735.4 million as of 31 December 2022. This was due mainly to net profit for the year of Baht 557.9 million offsetting with a dividend payment of Baht 228.0 million.

Cash flow statement

Cash flow statement (Million Baht)	For year ended 31 December	
	2023	2022
Cash flows from operating activities	804.1	892.5
Cash flows from (used in) investing activities	(377.9)	97.4
Cash flows used in financing activities	(240.3)	(115.2)
Net increase in cash and cash equivalents	185.9	874.7

For the year 2023, the Company reported cash flows from operating activities of Baht 804.1 million, decreased of Baht 88.5 million as compared to the last year of Baht 892.5 million. This was mainly due to the decrease in net profit from operating results before depreciation and amortization.

For the year 2023, the Company reported cash flows used in investing activities of Baht 377.9 million. This was mainly due to the increase in fixed deposits at banks and debt instruments resulting in interest received Baht 71.8 million. An acquisition of fixed assets during the period was Baht 306.1 million. For the year 2022, the Company reported cash flows from investing activities of Baht 97.4 million which are from fixed deposits at banks, an acquisition of debt instruments and interest received Baht 257.8 million. An acquisition of fixed assets during the period was Baht 160.4 million.

For the year 2023, the Company reported cash flows used in financing activities of Baht 240.3 million which mainly was the dividend payment comparing to the year 2022 which reported cash flows used in financing activities of Baht 115.2 million.

Key Financial Ratio	For the Year Ended 31 December	
	2023	2022
Liquidity Ratio		
Current ratio (Time)	3.6	3.3
Average collection period (Day)	28.4	24.9
Average days sales of inventory (Day)	6.4	7.2
Average account payables days (Day)	22.7	22.4
Cash cycle (Cycle)	12.2	9.7
Profitability Ratio		
Gross profit margin (%)	32.9	33.7
Net profit margin (%)	13.1	13.7
Return on average shareholders' equity (%)	11.4	12.6
Return on average assets (%)	9.7	10.6
Debt to equity ratio (Time)	0.16	0.17
Interest bearing debt to equity ratio (Time)	-	-



Praram 9
Hospital

Please be informed accordingly,

Yours sincerely,

Praram 9 Hospital Public Company Limited

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Chief Executive Officer