

24 April 2024

Subject: Management Discussion and Analysis for the first quarter of 2024 results

To: President
The Stock Exchange of Thailand

Bumrungrad Hospital PCL. Management Discussion and Analysis for Consolidated 1Q24 results

Summary

The Company reported Total revenues in 1Q24 of Baht 6,576 million, an 8.0% increase from Baht 6,091 million in 1Q23. Net profit for 1Q24 increased by 25.4% to Baht 1,985 million from Baht 1,583 million in 1Q23, with Net profit margin at 30.2% in 1Q24, compared to 26.0% in 1Q23.

Details of the management discussion and analysis follow:

Income statements

Quarterly Operational Performance

The Company reported Revenues from hospital operations of Baht 6,516 million in 1Q24, a 7.7% increase year-over-year from Baht 6,050 million in 1Q23. This was mostly due to an increase in revenues from Thai and non-Thai patients by 9.0% and 7.1%, respectively. As a result, the revenue contribution from Thai patients was 33.5%, whereas revenue from non-Thai patients was 66.5% for 1Q24 compared with 33.1% and 66.9%, respectively, for 1Q23.

Operating Expenses and EBITDA			
(Unit: Baht million)	1Q24	1Q23	Change
Cost of hospital operations	3,146	3,150	0.1%
Selling expenses	174	159	-9.2%
Administrative expenses	846	854	0.9%
EBITDA	2,676	2,200	21.7%
<i>EBITDA Margin</i>	40.7%	36.1%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 3,146 million for 1Q24, a 0.1% decrease year-over-year from Baht 3,150 million in 1Q23. This represented a favorable change when compared to the 7.7% increase in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 48.3% in 1Q24 compared with 52.1% in 1Q23.

Selling expenses (including Depreciation and amortization) were Baht 174 million in 1Q24, or 9.2% increase year-over-year from Baht 159 million in 1Q23. The variance was mostly due to Baht 14 million increase in marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 846 million in 1Q24, or 0.9% decrease year-over-year from Baht 854 million in 1Q23. The variance was mostly due to Baht 10 million decrease in software support and maintenance expenses.

EBITDA increased by 21.7% year-over-year to Baht 2,676 million in 1Q24 from Baht 2,200 million in 1Q23, with an EBITDA margin of 40.7% in 1Q24 compared to 36.1% in 1Q23.

Depreciation and amortization expenses were Baht 267 million in 1Q24, compared to Baht 275 million in 1Q23.

Corporate income tax expense was Baht 469 million in 1Q24 compared to Baht 355 million in 1Q23. The variance was mostly due to the increase in taxable operating profit.

Basic EPS was Baht 2.50 in 1Q24, compared to Baht 1.99 in 1Q23, while 1Q24 Diluted EPS was Baht 2.29, compared to Baht 1.83 in 1Q23.

Income statements			
(Unit: Baht million)	1Q24	1Q23	Change
Revenues from hospital operations	6,516	6,050	7.7%
Total revenues	6,576	6,091	8.0%
EBITDA	2,676	2,200	21.7 %
Net profit	1,985	1,583	25.4%
<i>EBITDA margin (%)</i>	40.7%	36.1%	
<i>Net profit margin (%)</i>	30.2%	26.0%	

EPS			
(Unit: Baht)	1Q24	1Q23	Change
EPS – Basis	2.50	1.99	25.4%
EPS – Fully Diluted	2.29	1.83	25.4%

Statements of financial position

As at 31 March 2024, the Company reported Total current assets of Baht 17,463 million, an increase from Baht 15,685 million as at 31 December 2023. The variance was mostly due to Baht 2,103 million increase in Cash and cash equivalents and Other current financial assets, offset with Baht 327 million decrease in Trade and Other receivables. The increase in Cash and cash equivalents and Other current financial assets was mainly from Baht 2,413 million net cash from operating activities, offset with Baht 360 million acquisition of property, plant and equipment and computer software. The collection period was 59.8 days as at 31 March 2024 compared to 52.4 days as at 31 December 2023, mostly due to revenues and the collection periods associated with certain Middle East accounts. The collection period remains under the Company's overall credit term policy of 30-90 days.

Total non-current assets increased to Baht 13,733 million as at 31 March 2024 from Baht 13,527 million as at 31 December 2023. This was primarily due to an increase of Baht 159 million in Property, plant and equipment and Baht 50 million in Right-of-use assets.

Total current liabilities of Baht 4,067 million as at 31 March 2024 decreased from Baht 4,184 million as at 31 December 2023. This was primarily due to Baht 420 million decrease in Accrued expenses and Baht 108 million decrease in Accrued physician fee, offset with Baht 457 million increase in Corporate income tax payable.

Non-current liabilities increased to Baht 997 million as at 31 March 2024 from Baht 930 million as at 31 December 2023, mostly due to Baht 36 million increase in Liabilities under finance lease agreements -net of current portion and Baht 29 million increase in Provision for long-term employee benefits.

Total shareholders' equity was Baht 26,132 million as at 31 March 2024, compared to Baht 24,098 million as at 31 December 2023. This variance was mostly from the Company's 1Q24 Net profit of Baht 1,985 million. Average return on assets (ROA) was 26.3% in 1Q24, compared to 26.2% in 2023. Average return on equity (ROE) was 31.6% in 1Q24, compared to 31.8% in 2023.

Unit: Baht million	31-Mar-24	31-Dec-23	Change
Total assets	31,196	29,212	6.8%
Total liabilities	5,064	5,114	-1.0%
Total shareholders' equity	26,132	24,098	8.4%
	1Q24	2023	
Average collection period (days)	59.8	52.4	
Average inventory period (days)	10.4	10.1	
Average payables period (days)	26.3	26.4	
Net debt to equity (x)	(0.1)	(0.2)	
Net debt to EBITDA (x)	(0.2)	(0.4)	
Average return on assets (%)	26.3%	26.2%	
Average return on equity (%)	31.6%	31.8%	

Cash flow statements

The Company's Net cash flows from operating activities in 1Q24 were Baht 2,413 million, compared to Baht 1,864 million in 1Q23. This increase was mainly due to more income from operating activities before changes in operating assets and liabilities. Net cash flows used in investment activities were Baht 3,585 million in 1Q24, compared to Baht 1,932 million in 1Q23. This variance was mainly due to Baht 1,616 million net increase in investments in fixed deposits and debt instruments, and Baht 86 million increase in acquisition of property, plant and equipment, and computer software. The Company reported Net cash flows used in financing activities of Baht 21 million in 1Q24, compared to Baht 23 million in 1Q23. As a result of the above, Cash and cash equivalents was Baht 2,599 million as at 31 March 2024, compared to Baht 1,998 million as at 31 March 2023.

The Company's Liquidity ratio as at 31 March 2024 was 4.3x compared to 3.7x as at 31 December 2023, and the Company's Quick ratio was 1.6x as at 31 March 2024 compared to 1.9x as at 31 December 2023.

Unit: Baht million	1Q24	1Q23
Net cash flows from operating activities	2,413	1,864
Net cash flows used in investing activities	(3,585)	(1,932)
Net cash flows used in financing activities	(21)	(23)
Net decrease in cash and cash equivalents	(1,175)	(93)
Cash and cash equivalents at end of period	2,599	1,998
	31-Mar-24	31-Dec-23
Liquidity ratio (x)	4.3	3.7
Quick ratio (x)	1.6	1.9

Please be informed accordingly.

Yours faithfully,

(Mrs. Linda Lisahapanya)
Managing Director