

MANAGEMENT DISCUSSION AND ANALYSIS

Executive Summary 1Q24 Performance

1Q24	THB mm	% Chg YoY
Operating Income	26,930	11%
EBITDA	6,778	13%
Net Profit	4,074	17%

Remark: YoY means changes comparing to 1Q23

1Q24 Performance

Bangkok Dusit Medical Services Public Company Limited (“The Company”) and subsidiaries reported consolidated operating income for the first quarter of 2024 (“1Q24”) of Baht 26,930 million, an increase of 11% from 1Q23. The growth was mainly attributable to an increase in revenue from hospital operations of 11% YoY which was driven by Thai patient revenues growth of 10% YoY together with international patient revenues growth of 12% YoY.

The Company and its subsidiaries reported EBITDA of Baht 6,778 million, increased 13% YoY. Net profit was Baht 4,074 million, increased 17% YoY, due to good growth of Thai and international patients together with favorable cost control.

Major Development in 1Q24

New network hospital

Phyathai Sriracha 2 Hospital, a 59th hospital under BDMS network, had grand opening in March 2024. It is a secondary care hospital with 113 registered bed (72 beds in 1st phase) located in Sriracha district, Chonburi province, near Phyathai Sriracha

Hospital which is one of the BDMS tertiary care hospitals opening for more than 28 years ago.

Phyathai Sriracha 2 Hospital was set up due to high healthcare demand in EEC (Eastern Economic Corridor) area and plan to reduce overcrowding from Phyathai Sriracha Hospital. Phyathai Sriracha 2 Hospital targeted social security patients differs from Phyathai Sriracha Hospital that targeted premium patients and social security patients who had complex disease. With coordination of both hospitals, this leads to network synergy and helps BDMS expanding patient coverage in Eastern part of Thailand.

1Q24 Consolidated Financial Summary

Operating Income			
(THB mm)	1Q24	1Q23	YoY
Hospital operations	25,526	23,084	11%
Sales of goods	1,083	926	17%
Other income	321	303	6%
Total Operating Income	26,930	24,313	11%

Operating Income Comparing to 1Q24 (YoY)

In 1Q24, total operating income was Baht 26,930 million, an increase of Baht 2,617 million or 11% YoY, primarily due to

- Revenues from hospital operations were Baht 25,526 million, an increase of Baht 2,442 million or 11% YoY due to Thai patient revenues growth of 10% YoY together with international patient revenues growth of 12% YoY mainly from patients from China 45%, France 29% and USA

19%. Revenue proportion between Thai and international patients slightly changed from 71%:29% in 1Q23 to 70%:30% in 1Q24.

Overall, revenues from hospital operations in 1Q24 showed good growth both in Bangkok & Vicinity and outside Bangkok at 8% and 14% YoY, respectively. Hospital operations outside Bangkok provided higher growth due to good growth of hospitals in tourist destinations in Chiangmai, Phuket and Pattaya together with our two new hospitals in Eastern part of Thailand opening in 2023

Outpatient revenues increased by 12% YoY and inpatient revenues increased by 9% YoY. Overall occupancy rate increased from 64% in 1Q23 to 67% in 1Q24.

Revenues from hospital operations in 1Q24	Chg. (YoY)	% of revenues
Revenues growth from hospital operations	11%	
Breakdown by nationality		
Thai	10%	70%
International	12%	30%
Breakdown by location		
Bangkok & Vicinity	8%	54%
Outside Bangkok	14%	46%
Breakdown by type of patients		
Outpatients	12%	49%
Inpatients	9%	51%

- Revenues from sales of goods were Baht 1,083 million, increased by 17% YoY due mainly to an increase in sales of the A.N.B. Laboratories Co., Ltd., Medicpharma Co., Ltd. and Save Drug Center Co., Ltd.
- Other incomes were Baht 321 million, increased by 6% YoY mainly from higher revenue of Mövenpick BDMS Wellness Resort after opening BDMS Connect Center (meeting & events venue) in 4Q23.

Operating Expenses

(THB mm)	1Q24	1Q23	YoY
Cost of hospital operations and others	16,736	15,122	11%
Administrative expenses	4,893	4,633	6%
Total Operating Expenses (Including depreciation)	21,629	19,755	9%

Total Operating Expenses Comparing to 1Q23 (YoY)

In 1Q24, the Company and its subsidiaries reported total operating expenses & depreciation of Baht 21,629 million, an increase of Baht 1,874 million or 9% YoY. The total operating expenses & depreciation increased mainly from higher clinical & non-clinical staff expenses together with an increase in marketing, and other administration expenses.

Other Major Items

- **Share of profit from investments in associates** were Baht 13 million, decreased Baht 21 million from 1Q23 due to performance of associates.
- **Finance expenses** decreased to Baht 113 million in 1Q24 or decreased by 31% YoY from debentures redemption.
- **Corporate income tax** in 1Q24 were Baht 1,042 million, increased by 19% YoY due mainly to increase in pre-tax profit.

Profitability Analysis			
<i>(THB mm)</i>	1Q24	1Q23	%Chg
EBITDA	6,778	5,987	13%
EBITDA margin	25.2%	24.6%	
EBIT	5,371	4,630	16%
EBIT margin	19.9%	19.0%	
Net profit	4,074	3,468	17%
Net profit margin	15.1%	14.3%	
EPS <i>(THB)</i>	0.26	0.22	17%
<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 1Q24 EBITDA of Baht 6,778 million, increased by 13% YoY resulting an increase in EBITDA margin from 24.6% in 1Q23 to 25.2% in 1Q24.

Net profit of Baht 4,074 million, increased by 17% YoY due to good growth of Thai and international patients together with favorable cost control. Moreover, effective financial management resulting in an increase in interest income and a decrease in interest expense.

Assets			
<i>(THB mm)</i>	Mar 24	Dec 23	%Chg
Cash & cash equivalents	11,337	7,795	45%
Trade & other receivables	11,357	11,558	(2)%
Inventories	2,213	2,420	(9)%
Property, premises & equipment	87,915	87,025	1%
Goodwill	17,539	17,539	0%
Right-of-use assets	10,330	10,277	1%
Other assets	7,264	7,178	1%
Total assets	147,954	143,792	3%

As of 31 March 2024, the Company and its subsidiaries reported total assets of Baht 147,954 million, increased by 3% from 31 December 2023 due mainly to an increase in cash & cash equivalents Baht 3,542 million.

The Company carried goodwill of Baht 17,539 million, which remain unchanged from 31 December 2023. 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 7,264 million mainly consisted of (1) intangible assets which mainly were computer software of Baht 1,894 million (2) other current financial assets which were investment in fixed deposits and mutual funds of Baht 1,660 million, and (3) other non-current financial assets which were investment in equity and debt instruments of Baht 1,129 million.

Liabilities and Equity			
<i>(THB mm)</i>	Mar 24	Dec 23	%Chg
Trade & Other payables	6,224	6,901	(10)%
Accrued expenses	7,031	5,875	20%
Debentures *	4,999	6,499	(23)%
Long-term loans *	4,000	4,000	0%
Liabilities under lease agreements *	7,688	7,635	1%
Other liabilities	14,572	13,791	6%
Total liabilities	44,514	44,701	(0)%
Equity attributable to equity holder of the Company	99,706	95,442	4%
Non-controlling interests	3,734	3,649	2%
Total equity	103,441	99,091	4%

* Including current portion

Total consolidated liabilities as of 31 March 2024 were Baht 44,514 million, slightly decreased from 31 December 2023.

Total consolidated shareholders' equity as of 31 March 2024 was Baht 103,441 million, increased by 4% from 31 December 2023.

Liquidity and Capital Management

Cash Flow

(THB mm)	1Q24
Net cash from operating activities	7,565
Net cash used in investing activities	(2,388)
Net cash used in financing activities	(1,700)
Exchange differences on translation	64
Effects of exchange rates on cash and cash equivalents	1
Net increase in cash and cash equivalents	3,542
Beginning cash and cash equivalents	7,795
Ending cash and cash equivalents	11,337

For the three-month period ended 31 March 2024, the Company and its subsidiaries had net increase in cash and cash equivalent of Baht 3,542 million from the beginning balance of Baht 7,795 million. As a result, cash and cash equivalents at the end of period was Baht 11,337 million. Details of cash flow by activities during the period are as follows:-

Net cash flows from operating activities were Baht 7,565 million, mainly from profit in 1Q24.

Net cash used in investing activities were Baht 2,388 million comprising mainly from purchase of property, premises and equipment of Baht 2,183 million for hospital network renovation and expansion.

Net cash used in financing activities were Baht 1,700 million due mainly to debentures redemption of Baht 1,500 million.

Ratios Analysis

Returns (%)	1Q24	1Q23
Return on Asset	10.2	9.2
Return on Equity	15.5	14.0
Liquidity (x)		
Current ratio	1.5	1.4
Quick ratio	1.3	1.2
Assets & Liabilities Management (Days)		
Average Collection Period	38.8	42.8
Average Inventory Period	11.7	12.1
Average Payable Period	31.9	31.7
Leverage Ratios (x)		
Interest coverage	51.6	35.7
Debt service coverage ratio	19.1	3.6
Current portion of IBD to IBD (%)	8.0	28.7
Loan from financial institutions to IBD (%)	24.0	31.6
Total IBD to EBITDA	0.7	1.0
Net IBD to EBITDA	0.2	0.2
Debt to Equity Ratio (x)	Mar 24	Dec 23
Total liabilities to equity	0.4	0.5
Total IBD to equity	0.2	0.2
Net IBD to equity	0.1	0.1

Remarks

- Calculated by using last twelve months' performance
- Assets & Liabilities Management based on 360 days
- IBD means interest bearing debt

ROA and ROE in 1Q24 increased from 1Q23 as a result of an increase in profit from operations during the last 12 months.

Current ratio and quick ratio slightly increased from 1Q23.

Average collection period decreased from 42.8 days in 1Q23 to 38.8 days in 1Q24. 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 decreased from 12.1 days in 1Q23 to 11.7 days in 1Q24. 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 slightly increased from 31.7 days in 1Q23 to 31.9 days in 1Q24.

For leverage ratios analysis, interest coverage ratio increased from 35.7x in 1Q23 to 51.6x in 1Q24 mainly from good performance during the last 12 months and decrease in finance expenses. Debt service coverage ratio (DSCR) also increased from 3.6x in 1Q23 to 19.1x in 1Q24 due to lower current portion of interest bearing debt.

Net interest bearing debt to EBITDA remained unchanged at 0.2x in 1Q23 and in 1Q24

For debt to equity ratio analysis, total interest bearing debt to equity as of 31 December 2023 and 31 March 2024 remained unchanged at 0.2x. Net interest bearing debt to equity as of 31 December 2023 and 31 March 2024 also 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.
