

14 May 2024

Subject Management's Discussion and Analysis of Financial Performance and Results of Operations For the three-month period ended 31 March 2024

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 three-month period ended 31 March 2024 as follows:

Summary

Currently, Healthcare industry has been recovered. Health-Conscious trend is ongoing after post-pandemic to prevent illness thus Medical Tourism situation has been recovered. Private hospital industry is more challenging and competitive in preventive care section to gain sustainable growth. The Company invested in new technology and innovation to improve better quality in prevention analysis, diagnoses, medical treatment and symptom tracking.

In the first quarter of 2024, the Company reported total revenues of Baht 1,080.5 million, an increase of 11.6% from Baht 967.9 million in the first quarter of 2023 and reported profit for the first quarter of 2024 of Baht 159.0 million which net profit margin was 14.7%, an increase of 46.1% comparing to the profit for the first quarter of 2023 of Baht 108.8 million or net profit margin 11.2%,

Statement of comprehensive income

Revenues <i>(Million Baht)</i>	Three-month period ended 31 March		Change
	2024	2023	%
Medical revenues from Out-Patient (OPD)	637.4	566.0	+12.6
Medical revenues from In-Patient (IPD)	433.4	390.7	+10.9
Total Medical revenues	1,070.8	956.7	+11.9
Rental and other income	9.7	11.2	-13.0
Total Revenues	1,080.5	967.9	+11.6

Medical revenues can be divided by category as follows:

(Million Baht)	Three-month period ended		Change %	Proportion %	
	31 March			2024	2023
	2024	2023			
Medical revenues by Nationality					
Thai	909.2	827.0	+9.9	85%	86%
International	161.6	129.7	+24.6	15%	14%
Total Medical revenues	1,070.8	956.7	+11.9	100%	100%
Medical revenues by Payment method					
Self-Pay	726.3	681.4	+6.6	68%	71%
Insurance	293.4	225.6	+30.1	27%	24%
Corporate Contract	51.1	49.7	+2.8	5%	5%
Total Medical revenues	1,070.8	956.7	+11.9	100%	100%

The Company reported total medical revenues in the first quarter of 2024 of Baht 1,070.8 million, an increase of 11.9% from the same period last year which reported medical revenues of Baht 956.7 million. This was due to an increase in the number of out-patient (OPD) and in-patient customers (IPD) compared to the same period of last year.

The out-patient department (OPD) revenues increased 12.6% as compared to the same period of last year. This was due to an increase in both the number of OPD visits and revenue per visit.

Meanwhile, revenues from in-patient department (IPD) increased 10.9% as compared to the same period of last year. This was due to an increase of in-patient customers effected to increasing in total patient day.

For the first quarter of 2024, revenues from Thai patients increased by 9.9% as compared to the same period of last year. Meanwhile revenues from international patients increased by 24.6% compared to the same period of last year. As a result, the revenues proportion from Thai patients were 85% while revenue from international patients were 15% of total revenues. Majority international revenues were generated from CLMV customers, Chinese customers and Arab customers respectively.

Revenues breakdown by payment method presented an increase in revenues from Self-Pay customers 6.6% comparing to the same period of last year while revenues from Insurance customers increased by 30.1% comparing to the same period of last year resulted from expanding in marketing activities with insurance partners and uptrend of health insurance engagement. Revenues from Corporate Contract customers increased 2.8% as well, which was a result of expanding to new segment of customers. Consequently the revenues proportion from Self-Pay, Insurance and Corporate Contract are 68%, 27% and 5% respectively.

Cost of Hospital Operations and Expenses <i>(Million Baht)</i>	Three-month period ended 31 March		Change
	2024	2023	%
Cost of hospital operations	714.5	656.5	+8.8
<i>As % of medical revenues</i>	66.7	68.6	
Selling and administrative expenses	181.7	182.3	-0.3
<i>As % of total revenues</i>	16.8	18.8	

For the first quarter of 2024, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 714.5 million or equal to 66.7% of total medical revenues, compared to the first quarter of 2023, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 656.5 million or equal to 68.6% of total medical revenues. The reduction in proportion of cost compared to the same period of last year mainly resulted from the decrease in variable costs, medical fees, and depreciation which were driven by economy of scale and cost management policy.

For the first quarter of 2024, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 181.7 million or equal to 16.8% of total revenues. The first quarter of 2023, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 182.3 million or equal to 18.8% of total revenues. The reduction in expenses compared with the same period of last year was from ongoing controlling expenditures.

Finance Cost, Income Tax Expense and Profit <i>(Million Baht)</i>	Three-month period ended 31 March		Change
	2024	2023	%
Operating profit	184.3	129.0	+42.8
Depreciation and amortization	74.7	73.0	+2.3
EBITDA	259.0	202.0	+28.2
<i>EBITDA Margin (%)</i>	24.0	20.9	
Finance income	12.6	4.9	+157.1
Finance cost	(0.2)	(0.2)	-1.9
Income tax expenses	(37.7)	(24.9)	+51.2
Profit for the period	159.0	108.8	+46.1
<i>Net profit margin (%)</i>	14.7	11.2	
Total comprehensive income for the year	159.0	108.8	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.20	0.14	

For the first quarter of 2024, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 259.0 million which reflected the EBITDA margin at 24.0%, an increase by 28.2% from the first quarter of 2023 which the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 202.0 million or 20.9% of EBITDA margin.

For the first quarter of 2024, the Company reported depreciation and amortization of Baht 74.7 million while the Company reported Baht 73.0 million in the first quarter of 2023. This increase in depreciation and amortization was a result of an investment in fixed assets especially in area renovation to improve customer experience and enhance brand image.

For the first quarter of 2024, the Company reported finance cost of Baht 0.2 million similarly to the first quarter of 2023 which reported Baht 0.2 million. The Company reported income tax expenses for the first quarter of 2024 at Baht 37.7 million while reported Baht 24.9 million in the first quarter of 2023.

For the first quarter of 2024, the Company reported profit for the period of Baht 159.0 million, representing the net profit margin for the period of 14.7%. While the Company reported net profit for the first quarter of 2023 of Baht 108.8 million, representing the net profit margin for the period of 11.2%. Basic earnings per share of 0.20 baht in the first quarter of 2024 and 0.14 baht in the first quarter of 2023.

Statement of Financial Position

<i>(Million Baht)</i>	As of 31 Mar 2024	As of 31 Dec 2023	Change %
Current assets	2,337.7	2,251.5	+3.8%
Non-current assets	3,677.7	3,658.5	+0.5%
Total assets	6,015.4	5,910.0	+1.8%
Current liabilities	575.2	632.0	-9.0%
Non-current liabilities	201.5	198.3	+1.6%
Total liabilities	776.7	830.3	-6.5%
Total shareholders' equity	5,238.7	5,097.7	+3.1%
Total liabilities and shareholders' equity	6,015.4	5,910.0	+1.8%

1. Assets

As of 31 March 2024, the Company reported current assets of Baht 2,337.7 million, increase by 3.8% as compared to Baht 2,251.5 million as of 31 December 2023. The majority of current assets consisted of cash and cash equivalents totaling Baht 1,013.4 million, Other current assets totaling Baht 1,040.8 million. The surplus cash flow of the Company was allocated to various financial assets to gain higher returns than short-term deposits with commercial banks including fixed deposit at banks Baht 800.5 million, Corporate Bonds Baht 50.0 million and Structured Notes Baht 190.3 million on fair value.

As of 31 March 2024, the Company reported non-current assets of Baht 3,677.7 million, increase by 0.5% as compared to Baht 3,658.6 million as of 31 December 2023. The majority increase in non-current assets was from investment in Corporate Bond totaling Baht 50.0 million.

2. Liabilities

As of 31 March 2024, the Company reported current liabilities of Baht 575.2 million, decreased by 9.0% as compared to the end of 31 December 2023. This was mainly from reduction in balance of prepaid coupon due to redemption through using of service.

As of 31 March 2024, the Company reported non-current liabilities of Baht 201.5 million, increased by 1.6% as compared to Baht 198.4 million which were reported as of 31 December 2023.

3. Shareholders' equity

As of 31 March 2024, the Company reported shareholders' equity of Baht 5,238.7 million, increased by 3.1% as compared to Baht 5,079.7 million as of 31 December 2023. This was due to an increase in total comprehensive income for the first quarter of 2024 presenting Baht 159.0 million.

Cash flow statement

(Million Baht)	Three-month period ended 31 March	
	2024	2023
Cash flows from operating activities	265.9	190.4
Cash flows used in investing activities	(1,001.7)	(548.7)
Cash flows used in financing activities	(1.7)	(1.1)
Net decrease in cash and cash equivalents	(737.5)	(359.5)

For the three-month period ended 31 March 2024, the Company reported cash flows from operating activities of Baht 265.9 million, an increase of Baht 75.4 million from the same period of 2023. The main reason of this increment resulted from the increment in operating profit.

For the three-month period ended 31 March 2024, the Company reported cash flows used in investing activities of Baht 1,001.7 million. The main investment was investment in various financial assets totaling Baht 927.6 million due to surplus cash flow to gain higher returns than short-term deposits with commercial banks. In addition, a payment on fix asset acquisition was made during the period totaling Baht 74.1 million. The amount of cash used in investing activities significantly increased compared to the same period of last year which reported Baht 548.7 million due to higher investment in financial assets totaling Baht 433 million.

For the three-month period ended 31 March 2024, the Company reported cash flows used in financing activities of Baht 1.7 million which was mainly from the payment of liabilities under lease agreement.

Key Financial Ratio

		Three-month period ended 31 March	
		2024	2023
Liquidity Ratio			
Current ratio	(Time)	4.1	3.6
Average collection period	(Day)	22.8	24.0
Average days sales of inventory	(Day)	5.9	7.2
Average account payables days	(Day)	19.3	19.9
Cash cycle	(Day)	9.3	11.3
Profitability Ratio			
Gross profit margin	(%)	33.3	31.4
Net profit margin	(%)	14.7	11.2
Return on average shareholders' equity *	(%)	12.1	11.2
Return on average assets*	(%)	10.5	9.5
Financial Policy Ratio			
Debt to equity ratio	(Time)	0.1	0.2
Interest bearing debt to equity ratio	(Time)	0.0	0.0

Remark * Figure were calculated by adjustment to fully annualized numbers by using the numbers in the current quarter plus the previous 3 quarter financial information.

Please be informed accordingly,

Yours sincerely,

Praram 9 Hospital Public Company Limited

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Chief Executive Officer