

7 August 2024

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

To: President  
The Stock Exchange of Thailand

## Bumrungrad Hospital PCL. Management Discussion and Analysis for Consolidated 2Q24 and 1H24 results

### Summary

The Company reported Total revenues in 2Q24 of Baht 6,331 million, a 3.0% increase from Baht 6,147 million in 2Q23. Net profit for 2Q24 increased by 10.5% to Baht 1,932 million from Baht 1,748 million in 2Q23, with Net profit margin at 30.5% in 2Q24, compared to 28.4% in 2Q23.

Total revenues for 1H24 increased to Baht 12,901 million, or 5.4% increase from Baht 12,235 million in 1H23. Net profit for 1H24 increased by 17.6% to Baht 3,917 million from Baht 3,331 million in 1H23, with Net profit margin at 30.4% in 1H24 compared to 27.2% in 1H23.

Total revenues for 2Q23 and 1H23 included an extraordinary item related to a gain on sale of assets of Baht 60 million. The year-over-year growth excluding this extraordinary item is shown in the table below.

%Growth YOY	Including the extraordinary item		Excluding the extraordinary item	
	2Q24 vs 2Q23	1H24 vs 1H23	2Q24 vs 2Q23	1H24 vs 1H23
Total revenues	3.0%	5.4%	4.0%	6.0%
Net profit	10.5%	17.6%	14.5%	19.7%

Details of the management discussion and analysis follow:

### Income statements

#### Quarterly Operational Performance

The Company reported Revenues from hospital operations of Baht 6,282 million in 2Q24, a 4.2% increase year-over-year from Baht 6,029 million in 2Q23. This was mostly due to an increase in revenues from non-Thai and Thai patients by 5.4% and 2.0%, respectively. As a result, the revenue contribution from Thai patients was 34.1%, whereas revenue from non-Thai patients was 65.9% in 2Q24 compared with 34.8% and 65.2%, respectively, in 2Q23.

Operating Expenses and EBITDA			
(Unit: Baht million)	2Q24	2Q23	Change
Cost of hospital operations	3,008	3,041	1.1%
Selling expenses	181	163	-11.2%
Administrative expenses	826	824	-0.2%
EBITDA	2,577	2,394	7.6%
<i>EBITDA Margin</i>	40.7%	38.9%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 3,008 million in 2Q24 which decreased 1.1% year-over-year from Baht 3,041 million in 2Q23. This represented a favorable change when compared to the 4.2% increase in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 47.9% in 2Q24 compared with 50.4% in 2Q23.

Selling expenses (including Depreciation and amortization) were Baht 181 million in 2Q24 which increased 11.2% year-over-year from Baht 163 million in 2Q23. The variance was mostly due to Baht 14 million increase in marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 826 million in 2Q24 which increased slightly 0.2% year-over-year from Baht 824 million in 2Q23.

EBITDA increased by 7.6% year-over-year to Baht 2,577 million in 2Q24 from Baht 2,394 million in 2Q23, with an EBITDA margin of 40.7% in 2Q24 compared to 38.9% in 2Q23.

Depreciation and amortization expenses were Baht 267 million in 2Q24, compared to Baht 275 million in 2Q23.

Corporate income tax expense was Baht 432 million in 2Q24 compared to Baht 382 million in 2Q23. The variance was mostly due to an increase in taxable operating profit.

Basic EPS was Baht 2.43 in 2Q24, compared to Baht 2.20 in 2Q23, while 2Q24 Diluted EPS was Baht 2.23, compared to Baht 2.01 in 2Q23.

Income statements			
(Unit: Baht million)	2Q24	2Q23	Change
<u>Including the extraordinary item of Baht 60 million</u>			
Revenues from hospital operations	6,282	6,029	4.2%
Total revenues	6,331	6,147	3.0%
EBITDA	2,577	2,394	7.6%
Net profit	1,932	1,748	10.5%
<i>EBITDA margin (%)</i>	40.7%	38.9%	
<i>Net profit margin (%)</i>	30.5%	28.4%	

Income statements			
(Unit: Baht million)	2Q24	2Q23	Change
<u>Excluding the extraordinary item of Baht 60 million</u>			
Total revenues	6,331	6,087	4.0%
EBITDA	2,577	2,334	10.4%
Net profit	1,932	1,688	14.5%
<i>EBITDA margin (%)</i>	40.7%	38.3%	
<i>Net profit margin (%)</i>	30.5%	27.7%	

  

EPS			
(Unit: Baht)	2Q24	2Q23	Change
EPS – Basis	2.43	2.20	10.5%
EPS – Fully Diluted	2.23	2.01	10.5%

## First Half Operational Performance

### 1H24 vs 1H23 (YoY Comparison)

The Company reported Revenues from hospital operations of Baht 12,798 million in 1H24, a 6.0% increase year-over-year from Baht 12,079 million in 1H23. This was mostly due to an increase in revenues from non-Thai patients and Thai patients by 6.2% and 5.4%, respectively. As a result, the revenue contribution from Thai patients was 33.8%, whereas revenue from non-Thai patients was 66.2% in 1H24 compared with 33.9% and 66.1%, respectively, in 1H23.

Operating Expenses and EBITDA			
(Unit: Baht million)	1H24	1H23	Change
Cost of hospital operations	6,154	6,191	0.6%
Selling expenses	354	322	-10.2%
Administrative expenses	1,672	1,678	0.4%
EBITDA	5,254	4,594	14.4%
<i>EBITDA Margin</i>	40.7%	37.5%	

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 6,154 million in 1H24 which decreased 0.6% year-over-year from Baht 6,191 million in 1H23. This represented a favorable change when compared to the 6.0% increase in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 48.1% in 1H24 compared with 51.3% in 1H23.

Selling expenses (including Depreciation and amortization) were Baht 354 million in 1H24 which increased 10.2% year-over-year from Baht 322 million in 1H23. The variance was mostly due to Baht 28 million increase in marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 1,672 million in 1H24 which decreased 0.4% year-over-year from Baht 1,678 million in 1H23.

EBITDA increased by 14.4% year-over-year to Baht 5,254 million in 1H24 from Baht 4,594 million in 1H23, with an EBITDA margin of 40.7% in 1H24 compared to 37.5% in 1H23.

Depreciation and amortization expenses were Baht 533 million in 1H24, compared to Baht 550 million in 1H23.

Corporate income tax expense was Baht 901 million in 1H24 compared to Baht 737 million in 1H23. The variance was mostly due to an increase in taxable operating profit.

Basic EPS was Baht 4.93 in 1H24, compared to Baht 4.19 in 1H23, while 1H24 Diluted EPS was Baht 4.52, compared to Baht 3.84 in 1H23.

Income statements			
(Unit: Baht million)	1H24	1H23	Change
<b><u>Including the extraordinary item of Baht 60 million</u></b>			
Revenues from hospital operations	12,798	12,079	6.0%
Total revenues	12,901	12,235	5.4%
EBITDA	5,254	4,594	14.4%
Net profit	3,917	3,331	17.6%
<i>EBITDA margin (%)</i>	40.7%	37.5%	
<i>Net profit margin (%)</i>	30.4%	27.2%	
<b><u>Excluding the extraordinary item of Baht 60 million</u></b>			
Total revenues	12,901	12,175	6.0%
EBITDA	5,254	4,534	15.9%
Net profit	3,917	3,271	19.7%
<i>EBITDA margin (%)</i>	40.7%	37.2%	
<i>Net profit margin (%)</i>	30.4%	26.9%	
<b>EPS</b>			
(Unit: Baht)	1H24	1H23	Change
EPS – Basis	4.93	4.19	17.6%
EPS – Fully Diluted	4.52	3.84	17.6%

## Statements of financial position

As at 30 June 2024, the Company reported Total current assets of Baht 15,490 million, a decrease from Baht 15,685 million as at 31 December 2023. The variance was mostly due to Baht 548 million decrease in Trade and Other receivables, offset with Baht 321 million increase in Cash and cash equivalents and Other current financial assets. The collection period was 59.2 days as at 30 June 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 14,926 million as at 30 June 2024 from Baht 13,527 million as at 31 December 2023. This was primarily due to Baht 1,125 million increase in Other non-current financial assets and Baht 278 million increase in Property, plant and equipment.

Total current liabilities of Baht 3,837 million as at 30 June 2024 decreased from Baht 4,184 million as at 31 December 2023. This was primarily due to Baht 382 million decrease in Accrued expenses and Baht 111 million decrease in Accrued physician fee, offset with Baht 79 million increase in Corporate income tax payable.

Non-current liabilities increased to Baht 1,022 million as at 30 June 2024 from Baht 930 million as at 31 December 2023, mostly due to Baht 59 million increase in Provision for long-term employee benefits.

Total shareholders' equity was Baht 25,556 million as at 30 June 2024, compared to Baht 24,098 million as at 31 December 2023. This variance was mostly from the Company's 1H24 Net profit of Baht 3,917 million, offset with dividend distribution by Baht 2,506 million. Average return on assets (ROA) was 26.3% in 1H24, compared to 26.2% in 2023. Average return on equity (ROE) was 31.6% in 1H24, compared to 31.8% in 2023.

Unit: Baht million	30-Jun-24	31-Dec-23	Change
Total assets	30,416	29,212	4.1%
Total liabilities	4,859	5,114	-5.0%
Total shareholders' equity	25,556	24,098	6.1%
	1H24	2023	
Average collection period (days)	59.2	52.4	
Average inventory period (days)	10.4	10.1	
Average payables period (days)	27.6	26.4	
Net debt to equity (x)	(0.1)	(0.2)	
Net debt to EBITDA (x)	(0.4)	(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 1H24 were Baht 4,530 million, compared to Baht 3,341 million in 1H23. 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 1,840 million in 1H24, compared to Baht 52 million in 1H23. This variance was mainly due to Baht 2,032 million net increase in investments in fixed deposits and debt instruments, offset with Baht 149 million decrease in acquisition of property, plant and equipment, and computer software. The Company reported Net cash flows used in financing activities of Baht 2,536 million in 1H24, compared to Baht 1,906 million in 1H23. As a result of the above, Cash and cash equivalents was Baht 3,922 million as at 30 June 2024, compared to Baht 3,500 million as at 30 June 2023.

The Company's Liquidity ratio as at 30 June 2024 was 4.0x compared to 3.7x as at 31 December 2023, and the Company's Quick ratio was 2.0x as at 30 June 2024 compared to 1.9x as at 31 December 2023.

Unit: Baht million	1H24	1H23
Net cash flows from operating activities	4,530	3,341
Net cash flows used in investing activities	(1,840)	(52)
Net cash flows used in financing activities	(2,536)	(1,906)
Net increase in cash and cash equivalents	148	1,409
Cash and cash equivalents at end of period	3,922	3,500
	30-Jun-24	31-Dec-23
Liquidity ratio (x)	4.0	3.7
Quick ratio (x)	2.0	1.9

Please be informed accordingly.

Yours faithfully,

(Mrs. Linda Lisahapanya)  
Managing Director