

MANAGEMENT DISCUSSION AND ANALYSIS

Executive Summary

2Q24 & 6M24 Performance

	2Q24		6M24	
	THB mm	% Chg (YoY)	THB mm	% Chg (YoY)
Operating Income	26,058	7%	52,987	9%
EBITDA	5,751	4%	12,528	9%
Net Profit	3,335	9%	7,408	14%

Remark: YoY means changes comparing to 2Q23 and 6M23

2Q24 Performance

Bangkok Dusit Medical Services Public Company Limited (“The Company”) and subsidiaries reported consolidated operating income for the second quarter of 2024 (“2Q24”) of Baht 26,058 million, an increase of 7% from 2Q23. The growth was mainly attributable to an increase in revenue from hospital operations of 7% YoY which was driven by Thai patient revenues growth of 5% YoY together with international patient revenues growth of 11% YoY.

The Company and its subsidiaries reported EBITDA of Baht 5,751 million, increased by 4% YoY and net profit of Baht 3,335 million, increased by 9% YoY due mainly to growth of Thai and international patients. Effective financial management also helped reducing interest expenses. Moreover, income tax expenses decreased in 2Q24 due to tax privilege received from Board of Investment (“BOI”).

6M24 Performance

For six-month period ended 30 June 2024 (“6M24”), the consolidated operating income were Baht 52,987 million, increased by 9% YoY. The growth was attributable to an increase in revenue from

hospital operations of 9% YoY driven mainly from strong growth of 7% YoY from Thai patient revenues and 12% YoY from international patient revenues.

The Company and its subsidiaries reported EBITDA of Baht 12,528 million, increased by 9% YoY and net profit of 7,408 million, increased by 14% YoY.

2Q24 Consolidated Financial Summary

Operating Income			
(THB mm)	2Q24	2Q23	YoY
Hospital operations	24,694	23,141	7%
Sales of goods	1,010	941	7%
Other income	354	291	22%
Total Operating Income	26,058	24,372	7%

In 2Q24, total operating income was Baht 26,058 million, an increase of Baht 1,685 million or 7% YoY, primarily due to

- Revenues from hospital operations were Baht 24,694 million, an increase of Baht 1,553 million or 7% YoY mainly from Thai patient revenue growth of 5% YoY and international patient revenue growth of 11% YoY, driven mainly to an increase of Qatar patients 66% YoY, UAE patients 32% YoY and American patients 31% YoY.

For 2Q24, Thai patient revenue growth YoY was not high given some patients delayed medical treatment during long holidays. Moreover, Thai patient revenues was in high base from the epidemics i.e. Norovirus (diarrhea in Phuket) dengue fever, and COVID-19 during 2Q23.

Consequently, revenue proportion between Thai and international patients changed from 74%:26% in 2Q23 to 73%:27% in 2Q24.

Overall, revenues from hospital operations in Bangkok & Vicinity grew 5% YoY while revenues from hospital operations outside Bangkok grew 9% YoY from 2Q23. The reason that revenues from hospital operations outside Bangkok provided higher growth due to increase in international patients in Chiangmai, Pattaya and Phuket.

Moreover, outpatient and inpatient revenues growth was 10% YoY and 3%, respectively, from 2Q23. As the result, overall occupancy rate decreased from 65% in 2Q23 to 63% in 2Q24 due to a decrease in inpatients from the epidemics during 2Q23 together with additional available beds after opening new hospital and bed expansion at existing hospitals.

Revenues from hospital operations in 2Q24	Chg. (YoY)	% of revenues
Revenues growth from hospital operations	7%	
Breakdown by nationality		
Thai	5%	73%
International	11%	27%
Breakdown by location		
Bangkok & Vicinity	5%	55%
Outside Bangkok	9%	45%
Breakdown by type of patients		
Outpatients	10%	49%
Inpatients	3%	51%

- Revenues from sales of goods were Baht 1,010 million, increased by 7% YoY due mainly to an increase in sales of the A.N.B. Laboratories Co., Ltd. ("ANB"), Medicpharma Co., Ltd. ("MP") and Save Drug Center Co., Ltd. ("SDC").
- Other incomes were Baht 354 million, increased by 22% YoY mainly from higher revenue of

Mövenpick BDMS Wellness Resort after opening BDMS Connect Center (meeting & events venue) in 4Q23.

Operating Expenses			
(THB mm)	2Q24	2Q23	YoY
Cost of hospital operations and others	16,664	15,432	8%
Administrative expenses	5,146	4,876	6%
Total Operating Expenses (Including depreciation)	21,810	20,308	7%

In 2Q24, the Company and its subsidiaries reported total operating expenses & depreciation of Baht 21,810 million, an increase of Baht 1,501 million or 7% YoY. The total operating expenses & depreciation increased mainly from higher doctor fees given the growth in revenue from hospital operations together with higher clinical & non-clinical staff expenses, drug and medical supply, marketing, repair & maintenance and other administration expenses.

Other Major Items

- **Finance expenses** decreased to Baht 111 million in 2Q24 or decreased by 18% YoY from debentures redemption and decrease in long-term loans from financial institutions.
- **Corporate income tax** in 2Q24 were Baht 756 million, decreased by 8% YoY due mainly to tax privilege from BOI for the Digital Core Transformation project and energy saving projects.

Profitability Analysis

(THB mm)	2Q24	2Q23	%Chg
EBITDA	5,751	5,510	4%
EBITDA margin	22.1%	22.6%	
EBIT	4,333	4,130	5%
EBIT margin	16.6%	16.9%	
Net profit	3,335	3,052	9%
Net profit margin	12.8%	12.5%	
EPS (THB)	0.21	0.19	9%
<i>Weighted average number of ordinary shares (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 2Q24 EBITDA of Baht 5,751 million, increased by 4% from 2Q23 but EBITDA margin decreased from 22.6% in 2Q23 to 22.1% in 2Q24 due to lower occupancy rate and economies of scales.

Net profit of Baht 3,335 million, increased by 9% YoY due mainly to growth of Thai and international patients. Effective financial management also helped reducing interest expenses. Moreover, income tax expenses decrease in 2Q24 due to tax privilege received from BOI.

6M24 Consolidated Financial Summary

Operating Income			
(THB mm)	6M24	6M23	%Chg
Revenues from hospital operations	50,219	46,225	9%
Revenue from sales of goods	2,093	1,866	12%
Other income	675	594	14%
Total Operating Income	52,987	48,685	9%

In 6M24, total operating income were Baht 52,987 million, an increase of Baht 4,302 million or increased by 9% YoY, primarily due to

- Revenues from hospital operations were Baht 50,219 million, an increase of Baht 3,994 million or increased by 9% YoY mainly from Thai patient revenue growth of 7% YoY and international patient revenue growth of 12% YoY, driven by an increase of Qatar patients 47% YoY, Chinese patients 29% YoY and American patients 25% YoY.

Consequently, revenue proportion between Thai and international patients changed from 72%:28% in 6M23 to 71%:29% in 6M24.

Hospital in Bangkok & vicinity and hospital outside Bangkok & vicinity increased 6% and 11% YoY, respectively.

The occupancy rate in 6M24 was 65%, unchanged from 6M23.

Revenues from hospital operations in 6M24	Chg. (YoY)	% of revenues
Revenues growth from hospital operations	9%	
Breakdown by nationality		
Thai	7%	71%
International	12%	29%
Breakdown by location		
Bangkok & Vicinity	6%	55%
Outside Bangkok	11%	45%
Breakdown by type of patients		
Outpatients	11%	49%
Inpatients	6%	51%

- Revenues from sales of goods were Baht 2,093 million, increased by 12% YoY due to increase in sales of the MP and SDC.
- Other income was Baht 675 million, increased by 14% YoY due to higher revenue of Mövenpick BDMS Wellness Resort after opening BDMS

Connect Center (meeting & events venue) in 4Q23.

Operating Expenses			
(THB mm)	6M24	6M23	%Chg
Cost of hospital operations and others	33,399	30,554	9%
Administrative expenses	10,039	9,509	6%
Total Operating Expenses (Including depreciation)	43,438	40,063	8%

In 6M24, the Company and its subsidiaries reported total operating expenses & depreciation of Baht 43,438 million, increase of Baht 3,375 million or 8% YoY mainly from higher doctor fees given the growth in revenue from hospital operations and higher clinical & non-clinical staff expenses together with an increase in drug and medical supply, marketing, repair & maintenance and other administration expenses.

Other Major Items

- **Finance expenses** decreased to Baht 223 million in 6M24 or decreased by 25% YoY from debentures redemption and decrease in long-term loans from financial institutions.
- **Corporate income tax** in 6M24 were Baht 1,798 million, increased by 5% YoY due mainly to increase in pre-tax profit in 6M24.

Profitability Analysis			
(THB mm)	6M24	6M23	%Chg
EBITDA	12,528	11,497	9%
EBITDA margin	23.6%	23.6%	
EBIT	9,704	8,760	11%
EBIT margin	18.3%	18.0%	
Net profit	7,408	6,520	14%
Net profit margin	14.0%	13.4%	

Remarks

EBITDA = Total operating income – Total operating expenses (Excluding depreciation and amortization)

Profitability margin calculated based on operating income

Profitability Analysis

	6M24	6M23	%Chg
EPS (THB)	0.47	0.41	14%
<i>Weighted average number of ordinary shares (mm shares)</i>			
	15,892	15,892	

The Company and its subsidiaries recorded EBITDA of Baht 12,528 million in 6M24, increased by 9% YoY. EBITDA margin unchanged at 23.6% in 6M23 and in 6M24.

Net profit in 6M24 was Baht 7,408 million, increased by 14% YoY. This resulted net profit margin increasing from 13.4% in 6M23 to 14.0% in 6M24 with EPS of Baht 0.47 per share in 6M24.

Assets

(THB mm)	Jun 24	Dec 23	%Chg
Cash & cash equivalents	7,135	7,795	(8)%
Trade & other receivables	11,490	11,558	(1)%
Inventories	2,218	2,420	(8)%
Property, premises & equipment	89,090	87,025	2%
Goodwill	17,539	17,539	0%
Right-of-use assets	10,224	10,277	(1)%
Other assets	7,029	7,178	(2)%
Total assets	144,725	143,792	1%

As of 30 June 2024, the Company and its subsidiaries reported total assets of Baht 144,725 million, slightly increased by 1% from 31 December 2023.

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 7,029 million mainly consisted of (1) intangible assets which mainly were computer software of Baht 2,006 million (2) other current financial assets which were investment in fixed deposits and mutual funds of Baht 1,126 million, and (3) other non-current financial assets which were investment in equity and debt instruments of Baht 1,268 million.

Liabilities and Equity

(THB mm)	Jun 24	Dec 23	%Chg
Trade & Other payables	6,234	6,901	(10)%
Accrued expenses	7,928	5,875	35%
Debentures *	4,999	6,499	(23)%
Long-term loans *	3,000	4,000	(25)%
Liabilities under lease agreements *	7,687	7,635	1%
Other liabilities	13,718	13,791	(1)%
Total liabilities	43,567	44,701	(3)%
Equity attributable to equity holder of the Company	97,523	95,442	2%
Non-controlling interests	3,634	3,649	(0)%
Total equity	101,158	99,091	2%

* Including current portion

Total consolidated liabilities as of 30 June 2024 were Baht 43,567 million, decreased by 3% from 31 December 2023 due mainly to a decrease in debentures of Baht 1,500 million and decrease in long-term loans from financial institutions of Baht 1,000 million.

Total consolidated shareholders' equity as of 30 June 2024 was Baht 101,158 million, increased by 2% from 31 December 2023.

Liquidity and Capital Management

Cash Flow

(THB mm)	6M24
Net cash from operating activities	12,465
Net cash used in investing activities	(4,526)
Net cash used in financing activities	(8,655)
Exchange differences on translation	55
Effects of exchange rates on cash and cash equivalents	2
Net decrease in cash and cash equivalents	(660)
Beginning cash and cash equivalents	7,795
Ending cash and cash equivalents	7,135

For the six-month period ended 30 June 2024, the Company and its subsidiaries had net decrease in cash and cash equivalent of Baht 660 million from the beginning balance of Baht 7,795 million. As a result, cash and cash equivalents at the end of period was Baht 7,135 million. Details of cash flow by activities during the period are as follows: -

Net cash flows from operating activities were Baht 12,465 million, mainly from profit in 6M24.

Net cash used in investing activities were Baht 4,526 million comprising mainly from purchase of property, premises and equipment of Baht 4,562 million for hospital network renovation.

Net cash used in financing activities were Baht 8,655 million due mainly to dividend payment of Baht 5,559 million, debentures redemption of Baht 1,500 million and decrease in long-term loans from financial institutions of Baht 1,000 million.

Ratios Analysis		
Returns (%)	6M24	6M23
Return on Asset	10.8	9.6
Return on Equity	16.1	14.6
Liquidity (x)		
Current ratio	1.2	1.3
Assets & Liabilities Management (Days)		
Cash Cycle	17.8	23.1
Average Inventory Period	11.8	12.0
Average Collection Period	38.4	42.5
Average Payable Period	32.4	31.4
Leverage Ratios (x)		
Interest coverage	54.7	37.3
Total IBD to EBITDA	0.6	0.8
Net IBD to EBITDA	0.3	0.3
Debt service coverage ratio	10.6	6.9
Current portion of IBD to IBD (%)	15.5	18.4
Loan from financial institutions to IBD (%)	19.1	22.0
Debt to Equity Ratio (x)		
	Jun 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 365 days
- IBD means interest bearing debt

ROA and ROE in 6M24 increased from 6M23 as a result of an increase in profit from operations.

Current ratio was slightly decreased from 6M23 due to decrease in cash & cash equivalents.

Average inventory period slightly decreased from 12.0 days in 6M23 to 11.8 days in 6M24. 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 collection period decreased from 42.5 days in 6M23 to 38.4 days in 6M24. 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 payable period also increased slightly from 31.4 days in 6M23 to 32.4 days in 6M24.

Cash Cycle decreased from 23.1 days in 6M23 to 17.8 days in 6M24 due mainly to a decrease of average collection period.

For leverage ratios analysis, interest coverage ratio increased from 37.3x in 6M23 to 54.7x in 6M24 mainly from good performance and decrease in finance expenses during the last 12 months. Debt service coverage ratio (DSCR) also increased from 6.9x in 6M23 to 10.6x in 6M24 due to lower current portion of interest bearing debt.

Total interest bearing debt to EBITDA decreased from 0.8x in 6M23 to 0.6x in 6M24 while net interest bearing debt to EBITDA remained unchanged at 0.3x in 6M24.

For debt to equity ratio analysis, total interest bearing debt to equity unchanged at 0.2x while net interest bearing debt to equity as of 31 December 2023 and 30 June 2024 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.
