

EKH/CS/2019/034

11 November 2019

Subject : Management Discussion and Analysis for the Third Quarter 2019 results

To : Directors and Manager
The Stock Exchange of Thailand

Ekachai Medical Care Public Company Limited (the “Company”) would like to clarify on the operating results for the Third quarter of 2019 at the end of 30th September 2019 as follows.

Summary

The Company reported Total revenues in 3Q19 of Baht 252.85 million, a 31.64% increase from 3Q18 revenues of Baht 192.08 million. Net profit for 3Q19 increased by 5.40% to Baht 47.95 million from Baht 45.49 million in 2Q18, with Net profit margin at 18.96% in 3Q19 improved from 23.68% in 3Q18.

Total revenues for 9M19 increased to Baht 677.95 million, or 41.02% more than Baht 480.74 million in 9M18. Net profit to equity holders of the Company rose 45.93% to Baht 131.09 million from Baht 89.83 million in 9M18, with net profit margin at 19.34% in 9M19 compared to 18.69% in 9M18.

Details of the management discussion and analysis follow:

Income statements

Third Quarterly Operational Performance

The Company reported Revenues from Hospital Operations of Baht 248.87 million, a 32.28% increase year-over-year from Baht 188.13 million in 3Q18. This was mostly due to an increase in revenues from Inpatients, Outpatients and IVF patients. The Company reported Cost of Hospital Operations (including Depreciation and Amortization) of Baht 137.74 million or 34.26% increase year-over-year from Baht 102.59 million in 3Q18. This represents an increase in the cost of doctors, nurses, drugs, medical supplies and new building depreciation. Selling, General & Administrative expenses (including Depreciation and amortization) are Baht 52.74 million or 59.24% increase year-over-year from Baht 33.12 million in 3Q18. The variance was mostly due to an increase in selling expenses resulted from an increase in number of patients and an increase in employee management expenses. Profit to equity holders of the company increased by 5.40% year-over-year to Baht 47.95 million in 3Q19 from Baht 45.49 million in 3Q18.

(Unit : Million Baht)	30 September 2019 (3 months period)	30 September 2018 (3 months period)	Change
Revenues from hospital operations	248.87	188.13	+32.28%
Gross Profit	111.13	85.54	+29.92%
Profit to equity holders of the company	47.95	45.49	+5.40%

Nine Month Period Operational Performance

The Company reported Revenues from hospital operations of Baht 662.30 million, a 41.06% improvement year-over-year from Baht 469.53 million in 9M18. This was mostly due to an increase in revenues from Inpatients, Outpatients and IVF patients.

The Company reported Cost of Hospital Operations including Depreciation and Amortization of Baht 367.44 million or 30.34% increase year-over-year from Baht 281.91 million in 9M18. This represents an increase in the cost of doctors, nurses and medical supplies. Administrative expenses (including Depreciation and amortization) are Baht 141.10 million or 59.36% more than Baht 88.54 million in 9M18. The variance was mostly due to an increase in revenues, depreciation and employee management expenses. Profit to equity holders of the company increased by 45.93% year-over-year to Baht 131.09 million from Baht 89.83 million in 9M18.

(Unit : Million Baht)	30 September 2019 (9 months period)	30 September 2018 (9 months period)	Change
Revenues from hospital operations	662.30	469.53	+41.06%
Gross Profit	294.85	187.62	+57.15%
Profit to equity holders of the company	131.09	89.83	+45.93%

Statements of financial position

As of 30 September 2019, the Company reported Total Assets of Baht 1,099.00 million, increase from Baht 968.30 million as of 31 December 2018. Total Current Assets of Baht 390.28 million, a decrease from Baht 458.21 million as of 31 December 2018. The variance is mostly due to a current investment decrease of Baht 63.74 million from Baht 294.11 million.

Total Non-Current assets increased to Baht 708.72 million from Baht 510.09 million as of 31 December 2018. Property, Plant and Equipment increased from Baht 418.42 million as of 31 December 2018 to Baht 583.89 million as the result of the construction of the new Children's center, building renovation, the purchase of medical equipments and with additional long-term investment.

Total Current Liabilities were Baht 184.41 million an increase from Baht 96.84 million as of 31 December 2018, mostly due to an increase in account payables. Non-Current Liabilities were Baht 11.58

million, increase from Baht 9.47 million as of 31 December 2018, mostly due to accounting of long term employee benefits.

Total Shareholders' Equity increased from Baht 855.08 million as of 31 December 2018 to Baht 885.36 million as a resulted of increased profit during the year. Return on equity (ROE) was 15.03% in 9M19 and net debt to equity ratio was 0.22

(Unit : Baht million)	30 September 2019	31 September 2018	Change
Total assets	1,099.00	968.30	+13.50%
Total liabilities	195.99	106.31	+84.36%
Total shareholder's equity	885.36	855.08	+3.54%
Net debt to equity	0.22	0.12	-
Return on equity (%)	15.02%	5.28%	-

Please be informed accordingly.

Yours faithfully,

Ekachai Medical Care PCL.

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