

No. WPH – SET 011/2019

14 November 2019

Subject : Management Discussion and Analysis for Quarter 3 of 2019 ending on 30 September 2019.
To : Directors and Manager
The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No. 4/2019 of Wattanapat Hospital Trang Public Company Limited (“the Company”) held on 13 November 2019, approving the audited consolidated financial statements for Quarter 3 of 2019 ending on 30 September 2019. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for Quarter 3 of 2019 ending on 30 September 2019 as follows;

Statements of Comprehensive Income

Revenue from medical treatment

The Company generated the revenue from medical treatment for the 3rd quarter of Year 2018 and 2019 were in amounts of Baht 154.39 million and Baht 207.0 million, respectively, which increased by Baht 50.61 million or in the proportion of 34.1%. These changes were stemmed from both Wattanapat Hospital Trang Public Company Limited and its subsidiary. The revenue from Out-patients department was inclined by 26.1%, on the contrary, In-patients department was also increased by 38.5%. The number of both in-patient and out-patient were increased by 20.8%, also, revenue from out-patient and in-patient were increased by 17.5% and 50.9%.

Cost of medical treatments

The Cost of medical treatments for the 3rd quarter of Year 2018 and 2019 were in amounts of Baht 108.25 millions and Baht 158.83 million, respectively, which increased by 46.7%. Costs of medical treatments compared to total revenue from medical treatment for the 3rd quarter of Year 2018 and 2019, equaled to 76.7% and 70.1% respectively. The major proportion in cost of medical treatments were derived from cost incurred from fully operational of Wattanapat Ao-Nang hospital (fully operational in March 2019), such as salary, overtime pay, doctor fee, cost of goods sold, depreciation infrastructures and so forth.

Selling Expenses

The selling expenses for the 3rd quarter of Year 2018 and 2019 were in amounts of Baht 2.53 million and Baht 3.85 million, increasing by 52.5%. The proportion of selling expenses incurred compared to total revenues for the 3rd quarter of Year 2018 and 2019 were 1.6% and 1.98% , respectively.

Administrative Expenses

The selling expenses for the 3rd quarter of Year 2018 and 2019 were in amounts of Baht 30.73 million and 32.0 million, increasing by 4.1%. The proportion of administrative expenses incurred compared to total revenues for the 3rd quarter of Year 2018 and 2019 were 19.9% and 15.5%, respectively. This assumed that the Company could handle more effective at controlling employee's remuneration, traveling expenses, and infrastructure expenses.

Financing Costs

The financing costs of financial institutions for the 3rd quarter of Year 2018 and 2019 were in amounts of 1.12 million and 2.15 million respectively, increasing by 91.4%. The proportion of financing costs incurred compared to the 3rd quarter of 2018 and the 3rd quarter of 2019 were 0.7% and 1.0% respectively. The main reasons were interest expenses from financial institution which occur from intercompany transactions.

Tax Expense

For the 3rd quarter of Year 2018 and 2019, tax expense were in amounts of Baht 1.76 million and Baht 2.64 million respectively, increasing by 50.3%. The most of transaction causing from revenue from medical treatments which was generated by the Company.

Net Profits

For the 3rd quarter of Year 2018 and 2019, the net profits were in amounts of Baht 10.94 million and Baht 9.06 million, respectively or decreased for Baht 1.89 million or 17.2%. The proportion of net profit incurred compared to the total revenue for the 3rd quarter of Year 2018 and 2019 accounted for 7.0% and 4.3, respectively. The decreasing in net profit were stemmed from cost of medical treatments, financing costs, and tax expense as aforementioned.

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director