

EKH/CS/2020/030

11 August 2020

Subject: Management Discussion and Analysis for the Second Quarter 2020 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 second quarter of 2020 at the end of 30th June 2020 as follows.

Summary

Due to the highly disruptive impact of COVID-19 pandemic since the second half of 1Q20, including the national lockdown in Thailand and travel bans in all international countries, as a result, the service users, both Thai And foreigners decreased. In this regard, the company would like to report operating results for the second quarter of 2020 as follows

Consolidated Financial Statements

Ekachai Medical Care Public Company Limited and its subsidiaries reported total revenues in 2Q20 of THB 118.89 million, a 45.24 percent decrease from 2Q19 revenues of THB 217.12 million. Loss attributable to equity holders of the Company of THB 0.22 million compared to the same period of the previous year, which had profit attributable to equity holders of the Company amounting to THB 38.44 million or equivalent to a decrease of 100.57 percent.

For 1H20, the Company's total revenue was THB 305.92 million, a 27.46 percent decrease compared to the same period of the previous year, which was THB 421.74 million, with a 86.73 percent decrease in profit attributable to the Company's shareholders THB 11.03 million compared to the same period last year which was THB 83.14 million and net profit margin for 1H2020 to 3.61 percent, a decrease from 19.71 percent compared to the same period of the previous year.

Separate Financial Statements

Ekachai Medical Care Public Company Limited reported total revenues in 2Q20 of THB 136.58 million, a 18.26 percent decrease from 2Q19 revenues of THB 167.09 million, dividend received from subsidiary were THB 19.48 million. Profit attributable to equity holders of the Company of THB 24.94 million compared to the same period of the previous year, which had profit attributable to equity holders of the Company amounting to THB 27.48 million or equivalent to a decrease of 9.25 percent.

For 1H20, the Company's total revenue was THB 293.72 million, a 18.45 percent decrease compared to the same period of the previous year, which was THB 360.19 million, with a 46.47 percent decrease in profit attributable to the Company's shareholders THB 69.70 million compared to the same period last year which was THB 37.31 million and net profit margin for 1H20 to 12.70 percent, a decrease from 19.35 percent compared to the same period of the previous year.

Income Statements

Second Quarterly Operational Performance

The Company reported Revenues from Hospital Operations of THB 116.75 million, a 45.30 percent decrease from THB 213.42 million compared to the same period of the previous year.. The main factor was the reduction of clients in both inpatients, outpatients and foreigners. From the Center for Infertility.

The Company reported Cost of Hospital Operations (including Depreciation and Amortization) of THB 96.62 million or decrease 19.56 percent. from THB 120.10 million compared to the same period of the previous year. Most of them were the result of lower product costs, employee expenses, overtime costs. This was in line with the reduction of hospital income.

Administrative expenses (including Depreciation and amortization) amounted to THB 24.82 million, a decrease of 47.56 percent compared to the same period of the previous year which was THB 47.33 million, mainly due to the decrease in promotional expenses.

Loss attributable to equity holders of the company was THB 0.22 million, a decrease of 100.57 percent from the same period of the previous year compared to the same period of the previous year which was THB 38.44 million.

(Unit : Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	2Q20	2Q19	Change	2Q20	2Q19	Change
Revenues from hospital operations	116.75	213.42	-45.30%	114.01	163.39	-30.22%
Cost of hospital operations	96.62	120.12	-19.56%	88.07	102.50	-14.08%
Administrative expenses	24.82	47.33	-47.56%	23.09	31.67	-27.09%
Gross Profit	20.13	93.30	-78.42%	25.94	60.89	-57.40%
Profit to equity holders of the company	-0.22	38.44	-100.57%	24.94	27.48	-9.24%

First Half Operational Performance

1H20, the Company and its subsidiaries had hospital operations of THB 299.95 million, a 27.45 percent decrease from THB 413.43 million compared to the same period of the previous year, mainly due to the decrease in clients. Both inpatients, outpatients and foreigners From the Center for Infertility.

Cost of Hospital Operations (Including depreciation and amortization) THB 224.20 million, a decrease of 2.40 percent compared to the same period of last year which was THB 229.71 million, mainly due to the lower cost of products, employee expenses, overtime costs. This was in line with the reduction of hospital income.

Administrative expenses (Including depreciation and amortization) amounted to THB 71.63 million, a decrease of 18.93 percent compared to the same period of the previous year which was THB 88.36 million, mainly due to the lower sales promotion expenses.

Profit attributable to equity holders of the Company was THB 11.03 million, a decrease of 86.73 percent from the same period of the previous year compared to the same period of the previous year which was THB 83.14 million.

(Unit : Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	1H20	1H19	Change	1H20	1H19	Change
Revenues from hospital operations	299.95	413.43	-27.45%	267.37	351.53	-23.94%
Cost of hospital operations	224.2	229.71	-2.40%	198.08	211.04	-6.14%
Administrative expenses	71.63	88.36	-18.93%	56	65.69	-14.75%
Gross Profit	75.75	183.72	-58.77%	69.29	140.49	-50.68%
Profit to equity holders of the company	11.03	83.14	-86.73%	37.31	69.7	-46.47%

Statements of financial position

As of 30 June 2020, the Company reported Total Current Assets of THB 252.36 million, a decrease from THB 402.09 million as of 31 December 2019. Most of them were the result of a decrease in cash and cash equivalents. Resulting from dividend payment of THB 126.00 million.

Non-current assets increased to THB 720.81 million, compared to December 31, 2019, which was THB 691.37 baht, mainly from an increase in right-of-use assets of THB 38.70 million from the introduction of TFRS 16 contracts. The lease was applied as of January 1, 2020, recognizing the accumulated impact and not restating the prior year's financial statements presented for comparison.

The company has current liabilities of THB 99.75 million, a decrease from as of December 31, 2019, which is THB 127.97 million, mainly due to a decrease in trade payables and other payables and there were non-current liabilities of THB 47.55 million, an increase from December 31, 2019, which was THB 11.54 million, mainly due to an increase in lease liabilities. In accordance with the financial reporting standards No. 16, the lease agreement.

The shareholders' equity decreased to THB 825.87 million from THB 953.94 million as of December 31, 2019 as a result of the company paying dividends to shareholders. 1H20 was 0.92 percent and the debt to equity ratio was 0.18.

(Unit : Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	30 June 20	31 DEC 19	Change	30 June 20	31 DEC 19	Change
Total assets	973.17	1,093.46	-11.00%	883.06	992.76	-11.05%
Total liabilities	147.3	139.52	5.58%	80	101.02	-20.81%
Total shareholder's equity	825.87	953.94	-13.43%	803.05	891.74	-9.95%
Net debt to equity	0.18	0.15		0.10	0.11	
Return on equity (%)	0.92%	17.41%		4.65%	15.26%	

Please be informed accordingly.

Yours faithfully,
 Ekachai Medical Care PCL.

(Dr. Amnaj Eur-Areemitr)
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