

No. WPH – SET 012/2020

14 August 2020

Subject : Management Discussion and Analysis for Quarter 2 of 2020 ending on 30 June 2020.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.4/2020 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 14 August 2020, approving the audited consolidated financial statements for Quarter 2 of 2020 ending on 30 June 2020. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for Quarter 2 of 2020 ending on 30 June, 2020 as follows;

Statements of Comprehensive Income

Revenue from medical treatment

The Company generated the revenue from medical treatment for the 2nd quarter of Year 2019 and 2020 were in amounts of Baht 168.99 million and Baht 134.59 million, respectively, which decreased by Baht 34.40 million. This was affected from COVID-19 outbreak and the anxiety about the widespread of COVID-19 which was affected the decision in going to the hospital. Besides, the nationwide state of emergency and travel restrictions and government infection control measures. These led to a significant change compared to the same period last year.

By the way, revenue from both Out-patients department and In-patients department were declined by 14.8%, and 23.5% respectively. The revenue proportion between Thai and international patients were declined by 11.9% and 91.4 % respectively.

Cost of medical treatments

The Cost of medical treatments for the 2nd quarter of Year 2019 and 2020 were in amounts of Baht 148.33 millions and Baht 136.08 million, respectively, which decreased by 8.3%. The proportion of cost of medical treatments compared to total revenue from medical treatment in the 2nd quarter of Year 2020 equaled to 101.1%, and in the 2nd quarter of Year 2019 equaled to 87.8%. The proportion of cost of medical treatments and cost of goods sold were inclined since it moved in opposite direction comparing to total revenue from medical treatments. By the way, the Company deliberately implemented cost saving measures such as decreasing staff expenses, minimum doctor fee reduction, and opening or closing hour management of the special clinic to be line with actual traffic while maintaining the standard of care.

Selling Expenses

The selling expenses for the 2nd quarter of Year 2019 and 2020 were in amounts of Baht 3.3 million and Baht 2.49 million, decreasing by 24.4%. The proportion of selling expenses incurred compared to total revenues for the 2nd quarter of Year 2019 and 2020 were 2.0% and 1.9% , respectively.

Administrative Expenses

The selling expenses for the 2nd quarter of Year 2019 and 2020 were in amounts of Baht 29.49 million and 27.15 million, decreasing by 7.9 %. The proportion of administrative expenses incurred compared to total revenues for the 2nd quarter of Year 2019 equaled to 20.2% and in the 2nd quarter of Year 2019 equaled to 17.4%. Since the Company carefully implemented cost savings especially in staff expenses and other administrative expenses.

Financing Costs

The financing costs of financial institutions for the 2nd quarter of Year 2019 and 2020 were in amounts of 1.81 million and 2.34 million respectively, increasing by 28.9%. The proportion of financing costs incurred compared to the 2nd quarter of 2019 and 2020 were 1.1% and 1.7% respectively. The main reasons were interest expenses from financial instituion which occur from intercompany transactions.

Tax Expense

For the 2nd quarter of Year 2019 and 2020, tax revenues were in amounts of Baht 3.53 million and Baht 7.78 million respectively, increasing by 120.6%. This derived from the recording in deferred tax income from its subsidiaries and the reversal of tax expenses on behalf of the Company.

Net Profits

There was net loss in the 2nd quarter of Year 2019 and 2020 in amount of Baht 9.33 million and 24.69 million respectively, which was decreased by 15.36 million in amounts or equaled to 164.7%. The proportion of net loss and profit incurred compared to the total revenue for the 2nd quarter of Year 2019 and 2020 accounted for 5.5% and 18.2%, respectively. The increasing in net loss compared to the same period last year were stemmed from the widespread of COVID-19 Virus.

Please be informed accordingly.

Yours Sincely,

(Mr.Chane Laosonthorn)

Director