

No. BCH.130/2019

9 August 2019

Subject : Management Discussion and Analysis Quarter 2 Ending 30 June 2019

To : The President
The Stock Exchange of Thailand

Bangkok Chain Hospital Public Company Limited (the “**Company**”) would like to report the operating results of the Company and its subsidiaries (collectively as the “**Group**”) for the second quarter ended 30 June 2019 which had been reviewed by the independent auditor as follows:

Consolidated financial statements

The Group reported profit attributable to owners of the Company for Q2/2019 in the amount of Baht 243.9 million (Q2/2018: Baht 250.0 million) which decreased by Baht 6.1 million or decreased by 2.4 percent. The profit before finance costs and income tax were Baht 378.7 million (Q2/2018: Baht 380.1 million) which decreased by Baht 1.4 million or decreased by 0.4 percent. Management discussion and analysis are detailed as follows:

In Q2/2019, the Group reported its total revenues increased in the amount of Baht 221.8 million from Baht 1,945.2 million to Baht 2,167.0 million or increased 11.4 percent. The Group’s revenue structure is as follows:

Unit: Million Baht

Revenue Structure	Q2/2019	Q2/2018	Change	
General Patient Revenue	1,384.2	1,284.6	99.6	7.8%
Social Security Scheme Revenue	752.8	633.3	119.5	18.9%
Other Revenue	30.0	27.3	2.7	9.9%
Total	2,167.0	1,945.2	221.8	11.4%

The revenue from General Patient for Q2/2019 were reported in the amount of Baht 1,384.2 million which increased from Q2/2018 by Baht 99.6 million or increased 7.8 percent as a result of a constant growth of the local and international patient base due to the openings of a new hospital (Kasemrad Hospital Ramkamhaeng) and new specialized center in the existing hospital branches.

The Social Security Scheme revenue for Q2/2019 were reported in the amount of Baht 752.8 million growing from Q2/2018 by Baht 119.5 million or increased 18.9 percent due to an increase in quota led to the additional number of insured person under Social Security Scheme that registered with our hospital branches.

Total expenses for Q2/2019 were reported in the amount of Baht 1,823.5 million which increased from the Q2/2018 by Baht 228.0 million or increased 14.3 percent which consisted of an increase in cost of hospital operations in the amount of Baht 206.4 million or increased 16.2 percent, and distribution costs and administrative expenses increased in the amount of Baht 17.3 million or increased 6.0 percent. The main reasons were an increase in staff expense, doctor fee, and other fixed costs including depreciation and amortization for the expansions of a new hospital and new specialized centers in the existing hospital

branches. Additionally, in Q2/2019, the Group recorded an increase in provision for retirement benefits in accordance to the new Labor Protection Act. The finance costs increased in the amount of Baht 4.2 million or increased 14.0 percent due to an increase in loan outstanding used to finance the investment of projects under construction.

Separate financial statements

The Company reported profit for Q2/2019 in the amount of Baht 308.7 million (Q2/2018: Baht 428.4 million) which decreased by Baht 119.7 million or decreased 27.9 percent. The profit before finance costs and income tax were Baht 373.3 million (Q2/2018: Baht 489.1 million) which decreased by Baht 115.8 million or decreased 23.7 percent. The main reasons were a decrease in dividend income due to the reduction in dividend payout ratio of the Company's subsidiaries that are under business expansion.

In Q2/2019, total revenues increased from Q2/2018 by Baht 61.2 million from Baht 1,414.7 million to Baht 1,475.9 million or increase 4.3 percent. The Company's revenue structure is as follows:

Unit: Million Baht

Revenue Structure	Q2/2019	Q2/2018	Change	
General Patient Revenue	753.5	670.7	82.8	12.3%
Social Security Scheme Revenue	501.7	413.3	88.4	21.4%
Other Revenue	220.7	330.7	(110.0)	(33.3%)
Total	1,475.9	1,414.7	61.2	4.3%

Total expenses for Q2/2019 were Baht 1,136.1 million which increased by Baht 181.2 million or increased 19.0 percent as a result of an increase in cost of hospital operations in the amount of Baht 152.2 million or increased 20.4 percent, and distribution costs and administrative expenses increased in the amount of Baht 24.8 million or increased 13.8 percent. The main reasons were an increase in staff expense, doctor fee, and other fixed costs including depreciation and amortization for the expansions of a new hospital and new specialized centers in the existing hospital branches. Additionally, in Q2/2019, the Group recorded an increase in provision for retirement benefits in accordance to the new Labor Protection Act. The finance costs increased in the amount of Baht 4.2 million or increased 14.2 percent due to an increase in loan outstanding used to finance the investment of projects under construction.

Please be informed accordingly.

Yours sincerely,

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Chief Executive Officer