



No. RJH – SET 5/2022

9 May 2022

Subject : Management’s Discussion and Analysis for the 1st Quarter of 2022

To : The President

The Stock Exchange of Thailand

Rajthanee Hospital Public Company Limited (“the Company”) would like to clarify the operating results of the Company and its subsidiary for the 1st quarter ended March 31, 2022 which has been audited by the independent auditor as follows:

**Statements of Comprehensive Income for the 1st Quarter Ended March 31,2022**

Operation : Consolidated			
Profit & Loss Statement			
Unit : THB million	1Q 2022	1Q 2021	% change
Revenue from Non-Social Security	965.66	279.49	246%
Revenue from Social Security	209.06	225.94	-7%
<b>Revenue from Hospital Operations</b>	<b>1,174.72</b>	<b>505.43</b>	<b>132%</b>
Cost of Hospital Operations	535.43	337.32	59%
Gross Margin	639.29	168.11	280%
% Gross Margin	54.4%	33.3%	21%
Administrative Expenses	48.92	39.12	25%
EBITDA *	632.89	163.82	286%
% EBITDA *	53.9%	32.4%	21%
Other Income	8.60	5.00	72%
Financing Cost	4.55	0.29	1468%
Earnings before Tax	594.42	133.70	345%
Corporate Tax Expense /(Income)	119.50	26.78	346%
<b>Net Profit</b>	<b>474.92</b>	<b>106.92</b>	<b>344%</b>
% Net Profit / Total Revenue	40%	21%	19%
Non-Controlling Interests	2.36	0.29	711%
<b>Net Profit Attributable to The Company</b>	<b>472.56</b>	<b>106.63</b>	<b>343%</b>
<i>net profit per share</i>	<i>1.58</i>	<i>0.36</i>	<i>1.22</i>

**Revenue from Hospital Operations**

Revenue from hospital operations of the 1st quarter of 2022 (“1Q22”) was THB 1,174.72 million, increased significantly by 132% from the same quarter of the previous year (“yoy”). The non-social security (“non-SW”) revenue surged by 246% yoy while social security (“SW”) revenue



decreased slightly at 7%. Nevertheless, it must be noted that in 1Q2021, there was a one-time adjustment of THB 25 million in SW revenue.

The continuous growth of non-SW revenue was mainly from Covid-19 related items such as Covid-19 testing and IPD as well as Moderna vaccines. 1Q2022 revenue from Covid-19 tests was THB 175 million compared to a mere THB 46.5 million in the same quarter last year. The outbreak of Omicron variant lingered well into the first quarter of 2022 which saw a drastic increase in the number of tests performed and consequently, admitted Covid-19 patients. Despite the decrease in PCR reimburse rates, down from THB 1300-1500 in December 2021 to THB 900-1100 from March 2022, the company carried out over 153,000 Covid-19 tests this quarter, a 39% increase qoq and 631% increase yoy. The sharp increase in the number of tests made up for the difference in the reimburse rates.

For Covid-19 IPD cases, revenue for this quarter was THB 510 million, a 90% increase qoq compared to THB 267.6 million in the previous quarter. Moderna vaccination program also continued in this quarter with revenue THB 33.6 million which is on par to the fourth quarter last year.

For non Covid-19 elements, OPD non-SW revenue was THB 128.4 million, 5.75% increase yoy but decreased 7.11% qoq. Number of OPD visits increased 6.5% yoy but revenue per visit remained the same at an average THB 1,800. IPD non-SW revenue was THB 118.2 million, increased 5.97% yoy but decreased 11.95% qoq. The average revenue per IPD patients is THB 43,000 which is on par to the same quarter last year.

For SW elements, the company saw a higher number of insured persons which averaged at 207,300 person in this quarter. This is a 5.86% increase yoy and 2.14% increase qoq. As a result, lump sum revenue was THB 85 million, a 5.89% increase yoy and 2.15% increase qoq. Total SW revenue for this quarter was THB 209.1 million, 4.42% increase qoq but 7% decrease yoy. Nonetheless, had we taken into account the exceptional adjusted SW payment of THB 25 million last year, the SW revenue for this quarter would still be an increase.

### Other Revenues

The company has received dividends from an investment in RAM at the amount THB 2.5 million. Total revenues from non-hospital operations for this period is THB 8.6 million, 72% increase yoy.

### Cost of Hospital Operations

Cost of hospital operations in 1Q22 increased by 58.73% yoy and 4.56% qoq. The increase in cost of operations can be explained by the increase in Covid-19 related activities such as the high number of tests and a large volume of IPD patients. In the first quarter last year, services for Covid-19 patients were still minimal and there was no field hospital. On the other hand, in the first quarter this year, the company provided over 2,000 beds for Covid-19 patients hence associated costs became relatively higher. Associated expenses are, for example, food for field hospital patients and those in



Home Isolation program and logistics expenses for delivering medical devices and medicines. Gross profit significantly improved, 280.28% yoy and 60.65% qoq which was at THB 639.3 million in this quarter.

#### **Administrative Expenses**

Administrative expenses increased by 25.06% yoy owing to expenses associated with field hospitals mainly for OT payment and salary for the part-time staff to help facilitate the influx of Covid-19 patients for the period. However, percentage to total revenue is only 4%

#### **Earnings before interest, taxes and depreciation (“EBITDA”)**

EBITDA (not included other income) increased by 286.33% from THB 163.8 million to THB 632.9 million yoy. EBITDA margin improved from 32.4% to 53.9% of revenue.

#### **Financing Cost**

The financing cost increased by THB 4.3 million yoy stemming from surge of short-term borrowing. However, the financing cost was merely 0.39% of total revenue.

#### **Net Profit**

There is again a surge in net profit, from THB 106.9 million to THB 474.9 million, a 344.19% increase yoy. The increase in net profit is mainly from the increase in revenue and the effectiveness of cost control. While it is true that most expenses increased in order to accommodate the higher amount of activities this quarter, the rate of revenue growth still outweighed the rate of expenses growth thus results in a higher net profit and higher net profit margin, 40.1%.



**Statement of Financial Position as of March, 31 2022**

Financial Position : Consolidated Balance Sheet	31-Mar	31-Mar	% Change
Unit : THB million	2022	2021	
Cash and Temporary Investments	110.06	126.47	-13%
Trade Receivables	1,270.13	305.88	315%
Inventory	75.94	38.16	99%
Long-term Investments	601.25	10.00	5913%
Property, Plant and Equipment	1,483.82	1,315.24	13%
Other assets	283.34	174.91	62%
<b>Total Assets</b>	<b>3,824.52</b>	<b>1,970.66</b>	<b>94%</b>
Trade Payable	227.25	140.87	61%
Interest-Bearing Debts / Leasing	645.27	60.74	962%
Corporate Income Tax Payable	276.57	44.99	515%
Other Liabilities	202.92	115.89	75%
<b>Total Liabilities</b>	<b>1,352.00</b>	<b>362.49</b>	<b>273%</b>
Total Shareholders' Equity of the Company	2,482.36	1,602.77	55%
Treasury Stock	(21.68)	-	100%
Non-Controlling Interests	11.83	5.41	119%
<b>Total Shareholders' Equity</b>	<b>2,472.52</b>	<b>1,608.17</b>	<b>54%</b>

The consolidated total assets as of 31 March 2022 increased yoy by 94% where long-term investments played a major role in the increase, followed by trade receivables and inventory.

Long term investments such as RAM and BDMS stock purchases were made since the previous quarter in which the stock price has increased. The increase in value is due to the adjustment to mark to the market price.

Trade receivables also increased sharply, 315% yoy, from THB 305.88 million to THB 1,270 million. THB 902.72 million is the receivable amount related to Covid-19 items, accounting for 71% of total receivables. This amount is to be reimbursed under Universal Coverage for Emergency Patients (UCEP) program.

Inventory increased 99% yoy, from THB 38.16 million to THB 75.94 million. There was a genuine increase in inventory related to Home Isolation program for Covid-19 patients such as medical devices and related medicines.

Liabilities increased from THB 362.49 million to THB 1,352 million, a 273% increase yoy. Interest bearing debts increased from THB 60.74 million to THB 645.27 million yoy but decreased from THB 750.31 million qoq. There was also a surge in corporate income tax payable, a 515% increase which is caused by the increase in profits.



For shareholders' equity at the end of March 2022, it increased by 54% yoy where the majority of the rise are from higher retained earnings and unrealized profits from the change in stock investments.

**Ratio Analysis of Financial Statements ended March 31, 2022**

Ratio Analysis :		
Consolidated Financial Statements	1Q	1Q
Unit : THB million	2022	2021
<b>Returns (%)</b>		
Return on Assets *	49.7%	21.7%
Return on Equity *	76.8%	26.6%
<b>Working Capital Management (Days)</b>		
Trade Receivable Period	97	54
Inventory Period **	37	38
Trade Payable Period	44	46
<b>Leverage Ratios (x)</b>		
Interest Coverage	139.2	565.0
Debt Service Coverage	3.8	10.6
Total Debt to Equity	0.5	0.2

\* calculated by using earnings of current quarter to be estimated for annual earnings  
\*\* based on only cost of medicine & medical supplies

Return on assets and return on equity of 1Q22 improved impressively yoy due to higher profits from operations and the returns from equity investment.

Nevertheless, Trade receivable period increased from 54 days in the first quarter of 2021 to 97 days this quarter. This increase is caused by the longer turnaround for Covid-19 payment especially from UCEP program.

Interest coverage ratio decreased from 565x to 139.2x. Debt-to-equity ratio slightly increased from 0.2x to 0.5x. The changes are a result from higher loans created in this quarter.

Please be informed accordingly.

Yours sincerely,

(Surin Prasithirun, M.D.)

Managing Director