



No. RJH – SET 7/2023

8 May 2023

Subject : Management Discussion and Analysis for the 1st Quarter of 2023

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 subsidiaries for the 1st quarter ended March 31, 2023 which have been audited by the independent auditor as follows:

**Statements of Comprehensive Income for the 1st Quarter Ended March 31, 2023**

Operation : Consolidated Profit & Loss Statement Unit : THB million	1Q 2023	1Q 2022	% change
Revenue from Non-Social Security	314.78	965.66	-67%
Revenue from Social Security	245.92	209.06	18%
<b>Revenue from Hospital Operations</b>	<b>560.70</b>	<b>1,174.72</b>	<b>-52%</b>
Cost of Hospital Operations	384.27	535.43	-28%
Gross Margin	176.43	639.29	-72%
<i>% Gross Margin</i>	<i>31.5%</i>	<i>54.4%</i>	<i>-23%</i>
Administrative Expenses	47.93	48.92	-2%
EBITDA	165.00	632.89	-74%
<i>% EBITDA</i>	<i>29.4%</i>	<i>53.9%</i>	<i>-24%</i>
Other Income	10.27	8.60	20%
Financing Cost	6.88	4.55	51%
Earnings before Tax	131.89	594.42	-78%
Corporate Tax Expense /(Income)	25.75	119.50	-78%
<b>Net Profit</b>	<b>106.14</b>	<b>474.92</b>	<b>-78%</b>
<i>% Net Profit / Total Revenue</i>	<i>18.6%</i>	<i>40.1%</i>	<i>-21.5%</i>
Non-Controlling Interests	(0.26)	2.36	-111%
<b>Net Profit Attributable to The Company</b>	<b>106.40</b>	<b>472.56</b>	<b>-77%</b>
<i>Earnings per Share</i>	<i>0.36</i>	<i>1.58</i>	<i>-1.22</i>

**Revenue from Hospital Operations**

Revenue from hospital operations of the 1st quarter of 2023 (“1Q2023”) was THB 560.70 million which decreased 52.27% compared to the same quarter last year (yoy). The decrease was due to the



absence of Covid-19 related revenue in this quarter. Nonetheless, if compared to 4Q2022, the revenue from hospital operations increased 2.75% from THB 545.70 million.

The ratio of non-social security revenue and social security revenue was at 56:44.

Revenue from non-social security was at THB 314.78 million substantially decreased by 67% yoy due to Covid-19 revenue. Without taking into account Covid-19 related revenue, OPD revenue was at THB 155.2 million, an increase of 21% yoy. Number of OPD visits increased over 4,700 visits while average revenue per visit increased from THB 1,800 to THB 2,000.

IPD revenue was at THB 151.6 million, an increase of 28.27% yoy. Utilization rate for IPD wards was at 55% compared to 42% yoy because Covid-19 pandemic has discouraged patient visits in previous year. Revenue per head increased to nearly THB 53,000 from THB 43,000 yoy as a consequence of more surgeries. Both elective cases and accident cases increased following the diminishing of Covid-19 transmission.

For social security revenue, this quarter stood at THB 245.9 million which was an increase of 18% yoy. The average number of insured person were 213,000 persons, increased from 207,000 persons yoy which was an increase of 3%. The increase in number of insured persons led to an increase of fixed capitation revenue. Moreover, more sophisticated operations have increased revenue related to high-cost care (Adjusted RW) and implant in this quarter.

#### **Other revenues**

The Company recorded other revenues at 10.27 million baht, an increase of 20% yoy. This was mostly from the increase of dividends received.

#### **Cost of Hospital Operations**

Cost of hospital operations for this quarter was THB 384.27 million which was 69% of total revenue, a decrease of 28.23% yoy or THB 151.2 million as there were no longer Covid-19 related cost. Gross profit margin of 1Q2023 was at 31.5% on par with average gross margin of Y2019, pre Covid-19 period.

#### **Administrative Expenses**

Administrative expenses for this quarter was THB 47.9 million merely decreased by 2.1% yoy despite discontinuation of Covid-19 activities. Bonus expense decreased yoy but depreciation expenses increased because new office's depreciation began realized since mid of 2Q2022.



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

EBITDA (not included other income) was at THB 165 million, a margin of 29.4%, a decrease of 74% yoy. The decrease was due to an absence of Covid-19 revenue. Nevertheless, EBITDA margin was in line with EBITDA margin during pre Covid-19 in Y2019 which was approximately 28% of revenue.

### Financing Cost

The financing cost increased from THB 4.5 million to THB 6.9 million in this quarter , 51.27% increase yoy. This was due to the increase of both borrowing debts and interest rate.

### Net Profit

Net profit for this quarter was THB 106.1 million and net profit margin of 18.6% considerably decreased by 40.1% yoy This was due to the absence of Covid-19 revenue.

### Statement of Financial Position as of March 31, 2023

Financial Position : Consolidated Balance Sheet	31-Mar	31-Mar	31-Dec	31 Mar 23	31 Mar 23
Unit : THB million	2023	2022	2022	31 Mar 22	31 Dec 22
Cash and Temporary Investments	125.81	110.06	237.08	15.75	(111.27)
Trade Receivables	553.03	1,270.13	679.00	(717.10)	(125.97)
Inventory	48.80	75.94	45.26	(27.14)	3.54
Long-term Investments	757.61	601.25	763.86	156.36	(6.25)
Property, Plant and Equipment	1,905.46	1,483.82	1,869.49	421.64	35.97
Other assets	263.53	283.34	193.23	(19.81)	70.30
<b>Total Assets</b>	<b>3,654.23</b>	<b>3,824.52</b>	<b>3,787.91</b>	<b>(170.29)</b>	<b>(133.68)</b>
Trade Payable	177.55	227.25	169.84	(49.71)	7.71
Interest-Bearing Debts / Leasing	791.80	645.27	1,043.11	146.54	(251.31)
Corporate Income Tax Payable	30.89	276.57	15.27	(245.68)	15.62
Other Liabilities	200.07	202.92	234.91	(2.85)	(34.84)
<b>Total Liabilities</b>	<b>1,200.31</b>	<b>1,352.00</b>	<b>1,463.13</b>	<b>(151.70)</b>	<b>(262.82)</b>
Total Shareholders' Equity of the Company	2,344.24	2,460.69	2,242.84	(116.45)	101.40
Non-Controlling Interests	109.68	11.83	81.94	97.85	27.74
<b>Total Shareholders' Equity</b>	<b>2,453.92</b>	<b>2,472.52</b>	<b>2,324.78</b>	<b>(18.60)</b>	<b>129.14</b>

The consolidated total assets as of 31 March 2023 decreased by THB 134 million comparing to end of Y2022. Cash decreased by THB 111 million stemming from the repayment of borrowing debts whereas accounts receivable decreased significantly by THB 126 million following the settlement of Covid-19 related accounts receivable. Other assets increased THB 70 million due to the deposit of land cost for Rajthanee International Hospital (Romklao Road).

Total liabilities as of 31 March 2023 decreased by THB 263 million comparing to end of Y2022. Short-term debts were partially paid following the receipt of Covid-19 related accounts receivable.

For total shareholder's equity, it increased by THB 129 million from the end of Y2022 from the increased profit.



**Ratio Analysis of Financial Statements ended March 31, 2023**

Ratio Analysis :		
Consolidated Financial Statements	4Q	4Q
Unit : THB million	2023	2022
<b>Returns (%)</b>		
Return on Assets *	11.6%	49.7%
Return on Equity *	17.3%	76.8%
<b>Working Capital Management (Days)</b>		
Trade Receivable Period	89	97
Inventory Period **	44	73
Trade Payable Period	54	44
<b>Leverage Ratios (x)</b>		
Interest Coverage	24.0	139.2
Debt Service Coverage	1.5	3.8
Total Debt to Equity	0.5	0.5

Return on assets and return on equity of 4Q23 decreased when compared to the same quarter last year. This was due to the plunge of net profit following the absence of Covid-19 revenues.

Regarding liquidity ratios, trade receivable period and inventory period improved yoy because of the receipt from Covid-19 receivables and lower stock of medicine, supplies as well as items related to Covid-19.

Interest coverage ratio and debt service coverage ratio deteriorated yoy. This was not only due to the decrease of EBITDA but also because of more borrowings from banks for projects on hand and higher interest rate. Nonetheless, these ratios remained above 1x and total debt to equity ratio was merely 0.5x.

Please be informed accordingly.

Yours Sincerely,

(Surin Prasithirun, M.D.)

Managing Director