



No. RJH – SET 10/2020

9 November 2020

Subject : Management’s Discussion and Analysis for the 3rd Quarter of 2020

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 3rd quarter ended September 30, 2020 which has been audited by the independent auditor as follows:

Statements of Comprehensive Income for the 3rd Quarter Ended September 30, 2020

Operation : Consolidated Profit & Loss Statement	3Q	3Q	%	9 mth	9 mth	%
Unit : THB million	2020	2019	change	2020	2019	change
Revenue from Non-Social Security	303.44	274.72	10%	770.32	755.63	2%
Revenue from Social Security	210.20	185.79	13%	583.44	573.53	2%
Revenue from Hospital Operations	513.64	460.51	12%	1,353.76	1,329.15	2%
Cost of Hospital Operations	330.58	314.81	5%	911.85	894.56	2%
Adj. staff benefit	-	-	0%	-	8.15	-100%
Gross Margin	183.06	145.70	26%	441.91	426.44	4%
% Gross Margin	35.6%	31.6%	4%	32.6%	32.1%	1%
% Gross Margin (exclude non-recurring cost)	35.6%	31.6%	4%	32.6%	32.7%	0%
Administrative Expenses before Adj.	37.94	39.11	-3%	119.19	122.21	-2%
Adj. staff benefit	-	-	0%	-	2.19	-100%
Adj. Previous Year SW Income	-	-	0%	3.29	20.31	-84%
EBITDA *	173.64	129.92	34%	400.18	379.61	5%
% EBITDA *	33.8%	28.2%	6%	29.6%	28.6%	1%
Other Income	6.57	5.65	16%	17.48	17.25	1%
Profit from Disposal of Land	-	-	0%	-	98.74	-100%
Financing Cost	0.14	0.48	-70%	0.20	4.32	-95%
Corporate Tax	30.62	22.13	38%	67.95	78.73	-14%
Net Profit	120.93	89.61	35%	268.75	314.68	-15%
Net Profit excl. non-recurring items	120.93	89.61	35%	271.38	260.21	4%
% Net Profit / Total Revenue	23%	19%	4%	20%	22%	-2%
% Net Profit excl. non-recurring items : Core Revenue	24%	19%	4%	20%	20%	0%
Non-Controlling Interests	0.52	0.17	205%	0.75	0.53	40%
Net Profit Attributable to The Company	120.40	89.44	35%	268.00	314.15	-15%

* Non-cash items included depreciation as well as accounting adjustment

Revenue from Hospital Operations

Revenue from hospital operations increased by 12% yoy in the 3rd quarter of 2020 (“3Q20”) reaching an all-time record high of THB 513.6 million.



The non-social security (“non-SW) revenue (*not yet included revenue from COVID-19 test*) decreased yoy by 7% for OPD and by 20% for IPD. The 3rd quarter was usually high season of flu illness. Concern of COVID-19 caused more people wearing mask, social distancing and getting flu vaccine which consequently reduced the risk of flu infection. Number of non-SW patients plunged yoy by 10% for OPD and 27% for IPD. However, the situation improved comparing to the previous quarter with income from OPD and IPD increased by 29%. IPD occupancy rate was 63% in this quarter dropped from 80% yoy but recovered from 50% in the previous quarter.

The disappointing conventional OPD & IPD revenue were nevertheless overwhelmingly offset by revenue from COVID-19 test. Including COVID-19 test revenue, the overall non-SW revenue turned to 10% growth.

In regard to SW revenue, it increased by 13%. Despite the revocation of discharge type & complaint’s payment, the dwindling check-up items and the lower recorded rate of high-cost care from THB. 12,800 to THB 10,679 per score, there was extra revenue from Y2019’s chronic cases. Actual receipt in this quarter was higher than Y2019 recorded revenue by THB 19 million.

Average number of insured persons decreased from approximately 194,500 persons in the preceding quarter to 193,800 persons in 3Q20.

Cost of Hospital Operations

Cost of hospital operations in 3Q20 inched up by 5% yoy lower than the 12% growth of revenue. Therefore, the gross margin increased from 32% to 36% of revenue. The surge of gross margin was due to the aforementioned Y2019 chronic cases revenue. Without considering the above extra revenue, gross margin would be 33%, improved yoy. This was due largely to Covid-19 test income which yielding wider margin than conventional OPD. In addition, the fewer visit of SW patients has led to the reduced the cost.

Administrative Expenses

Administrative expenses decreased by 3% yoy due mainly to staff expenses.

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

EBITDA (not included other income) increased significantly by 34% yoy. EBITDA margin was 34% comparing to 28% margin of the same quarter last year. This healthy margin was partly attributable to the aforementioned extra SW revenue. If excluded this extra SW revenue, the margin would be 31% which remained at healthy level.

Financing Cost

The financing cost was barely zero during 3Q20 as there was only temporary borrowing.

Net Profit

3Q20 recorded new-high quarterly net profit of THB 120 million (not included profit from land disposal of last year) , surged by 35% yoy with 23% margin. Apart from the extra SW revenue , the



impressive net profit stemmed from high-margin of Covid-19 test income together with the efficient cost control.

Statement of Financial Position as of September 30, 2020

Financial Position : Consolidated Balance Sheet	30-Sep	31-Dec	30-Sep	% Change	
	2020	2019	2019	Sep-20 Dec-19	Sep-20 Sep-19
Unit : THB million					
Cash and Temporary Investments	93.01	223.42	124.21	-58%	-25%
Trade Receivables	410.34	298.63	374.14	37%	10%
Inventories	33.81	31.09	25.71	9%	31%
Property, Plant and Equipment	1,106.66	966.84	922.88	14%	20%
Goodwill	87.80	87.80	87.80	0%	0%
Other assets	66.38	77.63	67.14	-14%	-1%
Total Assets	1,798.00	1,685.41	1,601.89	7%	12%
Trade Payable	140.72	136.50	141.68	3%	-1%
Interest-Bearing Debts / Leasing	95.80	0.91	0.99	10374%	9554%
Employee Benefit Obligation	60.32	56.25	51.44	7%	17%
Other Liabilities	102.62	91.93	84.05	12%	22%
Total Liabilities	399.47	285.60	278.16	40%	44%
Total Shareholders' Equity of the Company	1,393.80	1,395.82	1,319.86	0%	6%
Non-Controlling Interests	4.73	3.99	3.87	19%	22%
Total Shareholders' Equity	1,398.53	1,399.80	1,323.73	0%	6%

The consolidated total assets as of 30 September 2020 increased from end of Y2019 by 7%. The increase was mainly due to more accrued SW income and Covid-19 income. In addition, there was the flow of asset from cash to fixed assets. Recently, the hospitals have invested on ward renovation and medical equipment.

Total liabilities as of 30 September 2020 increased by 40% from end of Y2019 stemmed from THB 95 million promissory note borrowing from bank as the expected receipt from SW income and Covid-19 income were delay. However, this promissory note was paid-off in early October 2020 when the accrued revenue of chronic cases was settled.

The shareholders' equity at the end of 3Q'20 almost unchanged from end of Y2019 because of more profit contributed and dividend paid nearly at the same amount.



Ratio Analysis Financial Statement year ended September 30, 2020

Ratio Analysis : Consolidated Financial Statements	3Q	3Q	9 mth	9 mth
Unit : THB million	2020	2019	2020	2019
Returns (%)				
Return on Assets *	26.9%	22.4%	19.9%	26.3%
Return on Equity *	34.6%	27.1%	25.6%	31.8%
Working Capital Management (Days)				
Trade Receivable Period	73	73	83	77
Inventory Period **	36	31	43	33
Trade Payable Period	49	50	53	53
Leverage Ratios (x)				
Interest Coverage	1,209.8	269.3	1,968.3	88.0
Debt Service Coverage	7.2	222.2	5.6	82.3
Total Debt to Equity	0.3	0.2	0.3	0.2

* calculated by using earnings of current quarter to be estimated for annual earnings

** based on only cost of medicine & medical supplies

3Q20 return on assets and return on equity improved yoy due to promising net profit.

In respect of liquidity ratio, average trade receivable was on par with the same quarter of last year, 73 days. For inventory day, it increased 5 days comparing to the same quarter of last year.

For the financial risk perspective, the ratio was at low leverage with debt to equity ratio of merely 0.3x.

Please be informed accordingly.

Yours sincerely,

(Surin Prasithirun, M.D.)

Managing Director