



No. RJH – SET 12/2021

8 November 2021

Subject : Management’s Discussion and Analysis for the 3rd Quarter of 2021

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, 2021 which has been audited by the independent auditor as follows:

Statements of Comprehensive Income for the 3rd Quarter Ended September 30, 2021

Operation : Consolidated Profit & Loss Statement Unit : THB million	3Q	3Q	%	YTD	YTD	%
	2021	2020	change	2021	2020	change
Revenue from Non-Social Security	969.87	303.44	220%	1,616.64	770.32	110%
Revenue from Social Security	173.54	210.20	-17%	591.06	583.44	1%
Revenue from Hospital Operations	1,143.41	513.64	123%	2,207.70	1,353.76	63%
Cost of Hospital Operations	486.88	330.58	47%	1,172.12	911.85	29%
Gross Margin	656.53	183.06	259%	1,035.57	441.91	134%
% Gross Margin	57.4%	35.6%	22%	46.9%	32.6%	14%
% Gross Margin (exclude non-recurring items)	57.4%	33.1%	24%	46.3%	32.8%	13%
Administrative Expenses	54.48	37.94	44%	136.53	122.48	11%
EBITDA *	646.30	173.64	272%	1,008.52	400.18	152%
% EBITDA *	56.5%	33.8%	23%	45.7%	29.6%	16%
Other Income	6.70	6.57	2%	17.15	17.48	-2%
Financing Cost	0.78	0.14	442%	1.49	0.20	631%
Earnings before Tax	607.97	151.55	301%	914.71	336.70	172%
Corporate Tax Expense /(Income)	121.65	30.62	297%	183.08	67.95	169%
Net Profit	486.32	120.93	302%	731.63	268.75	172%
Net Profit excl. non-recurring items	486.32	105.55	361%	711.61	274.65	159%
% Net Profit / Total Revenue	42%	23%	19%	33%	20%	13%
% Net Profit excl. non-recurring items / Total Revenue	42%	21%	21%	32%	20%	12%
Non-Controlling Interests	2.04	0.52	288%	3.03	0.75	306%
Net Profit Attributable to The Company	484.28	120.40	302%	728.60	268.00	172%

* Non-cash items included depreciation and accounting adjustment

Revenue from Hospital Operations

Revenue from hospital operations of the 3rd quarter of 2021 (“3Q21”) was THB 1,143 million, increased significantly by 123% from the same quarter of previous year (“yoy”). The non-social security (“non-SW”) revenue surged by 220% yoy while social security (“SW”) revenue plunged by 17%.



The outstanding growth of non-SW revenue was from revenue related to Covid-19 patients such as Covid-19 Test and IPD. 3Q21 revenue from Covid-19 Test was THB 142 million increased from THB 67 million yoy despite the decrease of reimbursed rate for RT-PCR from THB 2,500 to THB 1,700 since Aug 2021. This was because number of tests, both RT-PCR and ATK, increased over 3 times yoy to 94,800 tests as the pandemic reemerged during this quarter. OPD revenue (not include Covid-19 Test) was THB 121 million declined by 5% with number of visits decreased by 12% while revenue per head marginally increased to average of THB 1900 per head from THB 1780 yoy.

IPD revenue increased sharply by 6.5 times yoy to THB 706 million, mainly from the admission of Covid-19 patients. To accommodate the rising demand of Covid-19 beds during 3Q21, the Company has set-aside 123 beds of the total 292 beds to be cohort ward. In addition, 7 field hospitals/hospital were set-up with total capacity of 2,400 beds (average 1,380 beds by number of days in 3Q21). The Company has treated over 9,200 Covid-19 patients during 3Q21 with total income approximately THB 600 million. All of this income to be reimbursed from the government under UCEP Covid-19 program. For general IPD, the income was THB 106 million remained on par yoy.

In regard to SW revenue, it decreased substantially by 17% yoy. despite the increase of insured persons by 6,900 persons yoy and 1,900 persons QoQ to average 200,700 persons in this quarter. This was mainly attributable to Covid-19 impact which not only caused patients to refrain from operations but also blood shortage. In addition, there was extra SW revenue for THB 20 million during 3Q20 from under-record of revenue from Chronic Cases of year 2019.

Cost of Hospital Operations

Cost of hospital operations in 3Q21 increased by 47% in term of THB because of cost related to Covid-19 patients i.e. medical & supplies, doctor fee, amortization of field hospital assets etc. However, gross margin increased to all-time high from 36% to 57% of revenue due to the massive increase of revenue which led to economy of scale.

Administrative Expenses

Administrative expenses increased by 44% yoy owing to expenses associated with field hospitals. However, percentage to total revenue declined from 7.4% to 4.8%.

Earnings before interest, taxes and depreciation ("EBITDA")

EBITDA (not included other income) increased by 272% from THB 174 million to THB 646 million yoy. EBITDA margin improved from 34% to 56% of revenue.

Financing Cost

The financing cost increased by 8 times yoy stemming from surge of short-term borrowing. However, the financing cost was merely 0.07% of total revenue.



Net Profit

Net profit of 3Q21 increased from THB 121 million to THB 486 million, surged by 302% yoy. The capability to increase capacity in timely manner with the rising demand of Covid-19 beds has led to this outstanding performance.

Statement of Financial Position as of September 30, 2021

Financial Position : Consolidated Balance Sheet	30-Sep	30-Sep	% Change
Unit : THB million	2021	2020	
Cash and Temporary Investments	76.83	93.01	-17%
Trade Receivables	987.71	410.34	141%
Inventories	47.40	33.81	40%
Property, Plant and Equipment	1,442.55	1,106.66	30%
Goodwill	87.80	87.80	0%
Other assets	211.73	66.38	219%
Total Assets	2,854.02	1,798.00	59%
Trade Payable	201.91	140.72	43%
Interest-Bearing Debts / Leasing	350.43	95.80	266%
Employee Benefit Obligation	59.61	60.32	-1%
Other Liabilities	323.77	102.62	215%
Total Liabilities	935.71	399.47	134%
Total Shareholders' Equity of the Company	1,910.16	1,393.80	37%
Non-Controlling Interests	8.15	4.73	72%
Total Shareholders' Equity	1,918.31	1,398.53	37%

The consolidated total assets as of 30 September 2021 increased from 30 September 2020 by 59%. The increase was mainly attributable to accrued income related to Covid-19 cases which to be reimbursed from the government for approximately THB 700 million as of September 2021. Investment in fixed assets also increased by 30% mostly from facilities renovation, medical equipment and solar roof. In addition, there was investment in SET-listed company at cost value of THB 50.85 million.

Due to the longer credit term of Covid-19 patients than conventional patients, the Company needed to borrow more short-term loans, from the outstanding THB 95 million to THB 350 million, to bolster liquidity. Accounts payable increased by 43% from purchases in relation to Covid-19 supplies & services. Other liabilities increased by 3 times due to income received in advance of Moderna vaccines for THB 100 million and higher accrued income tax for THB 89 million attributable to higher profit. Therefore, total liabilities as of 30 September 2021 increased substantially by 134% yoy.

The shareholders' equity at the end of September 2021 increased by 37% yoy. because of more profit contributed.



Ratio Analysis of Financial Statements ended September 30, 2021

Ratio Analysis : Consolidated Financial Statements Unit : THB million	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Returns (%)				
Return on Assets *	68.2%	26.9%	34.3%	19.9%
Return on Equity *	101.4%	34.6%	51.0%	25.6%
Working Capital Management (Days)				
Trade Receivable Period	79	73	122	83
Inventory Period **	31	36	39	43
Trade Payable Period	50	49	61	53
Leverage Ratios (x)				
Interest Coverage	830.4	1,209.8	678.9	1,968.3
Debt Service Coverage	7.3	7.2	3.8	5.6
Total Debt to Equity	0.5	0.3	0.5	0.3

* 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 3Q21 improved impressively yoy. because of profit generated at higher accelerating rate than asset or equity invested.

In respect of liquidity ratio, average trade receivable day was on the rising trend from 73 days to 79 days in the 3rd quarter or from 83 days to 122 days for YTD. This was due to the aforementioned more accrual from Covid-19 revenue. For inventory day, it declined from 36 days to 31 days. Despite the higher amount of trade payable, payable days barely changed yoy.

Though the hike of borrowing which caused debt-to-equity ratio to increase from 0.3x to 0.5x. Debt service coverage ratio remained on par yoy. at the level of 7x. This was because of the substantial growth of net profit.

Please be informed accordingly.

Yours sincerely,

(Surin Prasithirun, M.D.)

Managing Director