



No. RJH – SET 10/2023

6 November 2023

Subject : Management Discussion and Analysis for the 3rd 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 3rd quarter ended September 30, 2023 which have been audited by the independent auditor as follows:

Statements of Comprehensive Income for the 3rd Quarter Ended September 30, 2023

Operation : Consolidated Profit & Loss Statement		3Q	2Q	%	3Q	%	YTD	YTD	%
Unit : THB million		2023	2023	change	2022	change	2023	2022	change
Revenue from Non-Social Security		346.83	290.80	19%	296.65	17%	944.44	784.68	20%
Covid-19 Revenue (from government and vaccines)		4.51	(5.10)	-189%	76.65	-94%	7.38	1,398.06	-99%
Revenue from Social Security		268.24	258.88	4%	217.26	23%	773.05	636.93	21%
<b>Revenue from Hospital Operations</b>		<b>619.59</b>	<b>544.58</b>	<b>14%</b>	<b>590.57</b>	<b>5%</b>	<b>1,724.87</b>	<b>2,819.66</b>	<b>-39%</b>
Cost of Hospital Operations		420.46	388.55	8%	418.82	0%	1,193.27	1,441.47	-17%
Gross Margin		199.13	156.03	28%	171.75	16%	531.60	1,378.19	-61%
<i>% Gross Margin</i>		<i>32.1%</i>	<i>28.7%</i>	<i>3%</i>	<i>29.1%</i>	<i>3%</i>	<i>30.8%</i>	<i>48.9%</i>	<i>-18%</i>
Administrative Expenses		53.29	47.53	12%	48.25	10%	148.76	146.07	2%
EBITDA		182.52	145.14	26%	162.82	12%	492.66	1,361.72	-64%
<i>% EBITDA</i>		<i>29.5%</i>	<i>26.7%</i>	<i>3%</i>	<i>27.6%</i>	<i>2%</i>	<i>28.6%</i>	<i>48.3%</i>	<i>-20%</i>
Other Income		11.70	14.29	-18%	7.55	55%	36.27	32.55	11%
Financing Cost		8.30	7.10	17%	6.87	21%	22.29	16.42	36%
Earnings before Tax		149.24	115.69	29%	124.18	20%	396.82	1,248.25	-68%
Corporate Tax Expense /(Income)		29.73	22.38	33%	23.42	27%	77.86	248.61	-69%
<b>Net Profit</b>		<b>119.51</b>	<b>93.31</b>	<b>28%</b>	<b>100.76</b>	<b>19%</b>	<b>318.96</b>	<b>999.64</b>	<b>-68%</b>
<i>% Net Profit / Total Revenue</i>		<i>18.9%</i>	<i>16.7%</i>	<i>2%</i>	<i>16.8%</i>	<i>2%</i>	<i>18.1%</i>	<i>35.0%</i>	<i>-17%</i>
Non-Controlling Interests		(1.01)	(0.41)	149%	0.16	-741%	(1.68)	4.81	-135%
<b>Net Profit Attributable to The Company</b>		<b>120.52</b>	<b>93.72</b>	<b>29%</b>	<b>100.61</b>	<b>20%</b>	<b>320.64</b>	<b>994.83</b>	<b>-68%</b>
<i>Earnings per Share</i>		<i>0.40</i>	<i>0.31</i>	<i>0.09</i>	<i>0.34</i>	<i>0.07</i>	<i>1.07</i>	<i>3.32</i>	<i>-2.25</i>
OPD	THB million	169.36	153.22	11%	150.56	12%	477.76	409.18	17%
	Head	80,000	75,000	7%	70,600	13%	229,500	215,100	7%
	Revenue per Head (THB)	2,100	2,000	4%	2,100	-1%	2,100	1,900	9%
IPD	THB million	177.48	137.57	29%	146.10	21%	466.68	375.50	24%
	Head	3,700	2,900	29%	2,600	43%	9,500	7,600	25%
	Revenue per Head (THB)	47,500	47,600	0%	55,800	-15%	49,200	49,600	-1%

Revenue from Hospital Operations

Revenue from hospital operations of the 3rd quarter of 2023 (“3Q2023”) was THB 619.6 million , increased by 5% comparing to the same quarter last year (yoy) and by 14% comparing to previous quarter (qoq).



The ratio of 3Q23 non-social security revenue and social security revenue was at 57:43.

Revenue from non-social security was THB 346.8 million increased by 17% yoy and by 19% qoq. OPD revenue was THB 169.4 million, approximately increased by 12% yoy and 11% qoq. Number of OPD visits during 3Q23 increased comparing to either yoy or qoq. while revenue per visit barely changed which remained above THB 2,000 per visit.

IPD revenue was at THB 177.5 million, significant increase of 21% yoy and 29% qoq. Utilization rate of IPD wards was 74% comparing to 48% of previous year and 52% of previous quarter. Significant increase of IPD heads was mainly due to the influenza epidemic. This reflected on number of IPD heads increased from 2600-2900 heads during 3Q65 -2Q66 to 3700 heads. Revenue per IPD head declined to 47,500 as proportion of influenza cases expanded comparing to cases with surgery operations.

For social security, revenue stood at THB 268.2 million promisingly increased by 23% yoy and by 4% qoq. The dramatic yoy growth was from fixed capitation revenue, high-cost care (Adjusted RW) revenue and implant revenue. The growth of fixed capitation revenue was driven by higher rate payment of THB 168 per hear per year since May 2023. However, average number of insured persons decreased from 212,600 persons during 2Q23 to 211,300 persons as Ayudhya province's insurers declined approximately by over 1,000 persons. In regard to high-cost care revenue, the growth was driven by the higher rate for 5 specific surgeries (from THB 12,000 to THB 15,000 per DRG score). In addition, the more sophisticated surgeries were operated, the more implant revenue earned.

#### Cost of Hospital Operations

3Q23 cost of hospital operation was THB 420.5 million. However, cost ratio to hospital revenue declined from 70.9% of previous year and 71.3% of previous quarter to 67.9% of hospital revenue. This was largely attributable to the aforementioned higher SW payment rate.

#### Administrative Expenses

Administrative expenses for this quarter was THB 53.3 million increased yoy by 10% and 12% qoq. The increase was mostly from pre-operating expenses of new hospital under Rangsi Raksa Ratchathani Hospital Co., Ltd. This hospital is expected to start operation in Dec 2023.



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

EBITDA (not included other income) improved in term of both the amount and margin. 3Q23 stood at THB 182.5 million increased by 12% yoy and 26% qoq.

Other revenues

Other revenues during 3Q23 was THB 11.7 million increased by 55% yoy due to rental , utilities income together with medical sponsorship. Comparing to previous quarter, other income receded by 18% due to dividend income.

Financing Cost

The financing cost was THB 9.0 million in this quarter increased both yoy and qoq. This was due to the upward trend of interest rate and more borrowings to support new projects.

Net Profit

Net profit for this quarter was THB 119.8 million equivalent to 19% margin which improved by both amount and margin. This promising performance was attributable to the increased revenue and efficient cost control.

Statement of Financial Position as of September 30, 2023

Financial Position : Consolidated Balance Sheet	30-Sep	30-Sep	31-Dec	30 Sep 23	30 Sep 23
Unit : THB million	2023	2022	2022	30 Sep 22	31 Dec 22
Cash and Temporary Investments	202.17	198.85	237.08	3.32	(34.91)
Trade Receivables & Accrued Income	469.99	1,075.09	679.00	(605.11)	(209.01)
Inventory	46.04	42.43	45.26	3.60	0.78
Long-term Investments	616.15	751.98	763.86	(135.83)	(147.71)
Property, Plant and Equipment	2,319.63	1,744.50	1,869.49	575.12	450.13
Other assets	177.28	188.39	193.23	(11.12)	(15.95)
<b>Total Assets</b>	<b>3,831.24</b>	<b>4,001.25</b>	<b>3,787.91</b>	<b>(170.02)</b>	<b>43.33</b>
Trade Payable	191.94	167.51	169.84	24.43	22.10
Interest-Bearing Debts / Leasing	1,119.67	1,314.42	1,043.11	(194.75)	76.56
Corporate Income Tax Payable	19.31	11.23	15.27	8.07	4.03
Other Liabilities	183.68	245.39	234.91	(61.71)	(51.23)
<b>Total Liabilities</b>	<b>1,514.59</b>	<b>1,738.54</b>	<b>1,463.13</b>	<b>(223.95)</b>	<b>51.47</b>
Total Shareholders' Equity of the Company	2,076.75	2,208.41	2,242.84	(131.66)	(166.09)
Non-Controlling Interests	239.89	54.31	81.94	185.59	157.96
<b>Total Shareholders' Equity</b>	<b>2,316.64</b>	<b>2,262.71</b>	<b>2,324.78</b>	<b>53.93</b>	<b>(8.14)</b>



The consolidated total assets as of 30 Sep 2023 was THB 3,831.2 million increased slightly from 31 Dec 2022.

The increase was mainly from fixed assets which increased by THB 450 million stemming from the development of Rajthanee Nongkhae Hospital , Rangsi Raksa Rajthanee Hospital as well as land cost of Rajthanee Romklao Hospital. On the other hand, accounts receivable subsided following the settlement of accrued Covid-19 revenue by the government. In addition, the plunge of RAM share price from preceding periods has erode the investment value. However, the market price remained above the cost price by 45%.

Total liabilities as of 30 Sep 2023 was THB 1,514.6 million increased from 31 Dec 2022 mostly due to more long-term loans drawdown for projects on-hand. Nevertheless, other liabilities decreased as lower bonus accrued and the decrease of defer tax liabilities as gain from RAM share price contracted.

Total shareholder's equity barely changed from 31 Dec 2022 despite profit recorded. This was mainly because of dividend payment and dwindling price of RAM share which erode the other comprehensive income.

#### Ratio Analysis of Financial Statements ended September 30, 2023

Ratio Analysis : Consolidated Financial Statements	3Q 2023	3Q 2022	4Q 2022	YTD 2023	YTD 2022
Unit : THB million					
<b>Returns (%)</b>					
Return on Assets *	12.5%	10.1%	3.6%	11.1%	33.4%
Return on Equity *	20.6%	17.8%	5.9%	18.4%	59.1%
<b>Working Capital Management (Days)</b>					
Trade Receivable Period	70	167	114	74	104
Inventory Period **	37	41	42	40	42
Trade Payable Period	57	43	60	60	37
<b>Leverage Ratios (x)</b>					
Interest Coverage	22.0	23.7	13.5	22.1	82.9
Debt Service Coverage	1.5	0.7	0.6	1.4	1.9
Total Debt to Equity	0.7	0.8	0.6	0.7	0.8

\* 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 3Q23 increased comparing to the same quarter and Q4 of last year.

This was due to the improvement of net profit.



Regarding liquidity ratios, trade receivable period and inventory period improved comparing to the same quarter and Q4 of last year because of the receipt from Covid-19 receivables and lower stock of medicine, supplies as well as items related to Covid-19.

Despite the increase of this quarter's EBITDA , interest coverage ratio deteriorated yoy. This was largely due to the higher cost of interest. However, debt service coverage ratio improved comparing to the same quarter and Q4 of last year. The ratio improved from 0.6x - 0.7x to 1.5x as borrowing portfolio was restructured from short-term to long-term. Ratio of short-term to long-term borrowings changed from 67:33 to 34:66. Regarding D:E ratio, it was at 0.7x as of 30 Sep. 2023 comparing to the previous 0.6x - 0.8x

Please be informed accordingly.

Yours Sincerely,

( Surin Prasithirun, M.D. )

Managing Director