



No. RJH – SET 2/2023

20 February 2023

Subject : Management's Discussion and Analysis for the 4th 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 subsidiaries for the 4th quarter ended December 31, 2022 which has been audited by the independent auditor as follows:

**Statements of Comprehensive Income for the 4th Quarter Ended December 31, 2022**

Operation : Consolidated Profit & Loss Statement	4Q	4Q	%	YTD	YTD	%
Unit : THB million	2022	2021	change	2022	2021	change
Revenue from Non-Social Security	284.99	709.83	-60%	2,467.72	2,326.47	6%
Revenue from Social Security	260.71	200.20	30%	897.63	791.26	13%
<b>Revenue from Hospital Operations</b>	<b>545.70</b>	<b>910.04</b>	<b>-40%</b>	<b>3,365.36</b>	<b>3,117.73</b>	<b>8%</b>
Cost of Hospital Operations	406.16	512.09	-21%	1,847.63	1,684.21	10%
Gross Margin	139.53	397.95	-65%	1,517.73	1,433.52	6%
% Gross Margin	25.6%	43.7%	-18%	45.1%	46.0%	-1%
% Gross Margin (exclude non-recurring items)	22.4%	44.1%	-22%	44.8%	45.8%	-1%
Administrative Expenses	98.88	46.94	111%	244.95	183.46	34%
EBITDA *	108.52	404.57	-73%	1,470.24	1,413.10	4%
% EBITDA *	19.9%	44.5%	-25%	43.7%	45.3%	-2%
Other Income	8.63	10.18	-15%	41.18	27.09	52%
Financing Cost	8.06	4.66	73%	24.48	5.92	314%
Earnings before Tax	41.22	356.52	-88%	1,289.47	1,271.24	1%
Corporate Tax Expense /(Income)	7.19	71.84	-90%	255.80	254.92	0%
<b>Net Profit</b>	<b>34.03</b>	<b>284.69</b>	<b>-88%</b>	<b>1,033.67</b>	<b>1,016.32</b>	<b>2%</b>
% Net Profit / Total Revenue	6.1%	30.9%	-24.8%	30.3%	32.3%	-2%
<b>Net Profit excl. non-recurring items</b>	<b>43.14</b>	<b>289.44</b>	<b>-85%</b>	<b>1,047.63</b>	<b>1,009.35</b>	<b>4%</b>
% Net Profit excl. non-recurring items / Total Revenue	8.1%	31.3%	-23.1%	30.9%	32.4%	-1%
Non-Controlling Interests	(0.36)	1.33	-127%	4.45	4.36	2%
<b>Net Profit Attributable to The Company</b>	<b>34.40</b>	<b>283.36</b>	<b>-88%</b>	<b>1,029.22</b>	<b>1,011.96</b>	<b>2%</b>

**Revenue from Hospital Operations**

Revenue from hospital operations of the 4th quarter of 2022 (“4Q22”) was THB 545.70 million Baht , from non social security revenue (“non-SW”) 284.99 million Baht and social security revenue (“SW”) 260.71 million Baht. Non-SW revenue was 60% lower than the same quarter last year (“yoy”). This was due to the discontinuation of all Covid-19 related services. Social security revenue increased 30% yoy.



OPD revenue stood at 158.1 million Baht, an increase of 14.33% yoy while IPD revenue was 140.10 million Baht, an increase of 4.34% yoy. The number of OPD patients increased 18% yoy while average spending per head slightly decreased at 3% which gave an average spending of 1,900 Baht per visit. For IPD patients, the number of patients increased 8% while average spending per head decreased at 3%. The nominal average spending for IPD cases was at 54,000 Baht for this quarter. IPD occupancy rate was 48% approximate to the previous year.

In this quarter, no revenue from Covid-19 related activities were recorded which is on par with the government policy to declare it an endemic. Moderna vaccination program also has seized since 3<sup>rd</sup> quarter this year.

For SW revenue, the Company recorded the number of insured persons over 212,600 compared to 202,900 insured persons in the 4<sup>th</sup> quarter last year. This was a 5% increase yoy. The higher number of insured persons led to an increase in fixed capitation income which increased from 83.2 million Baht to 87.2 million Baht this quarter. There were more operation cases in this quarter which led to an increase of revenue from both high-cost care (Adjust RW > 2) and medical supplies. In addition, there was extra revenue from under-record of previous year Chronic Case revenue for THB. 16 million. All in all, SW revenue increased 30% yoy to 260.71 million in this quarter which made up to 48% of total revenue from hospital operation.

#### **Other revenues**

The Company recorded other revenues at 8.6 million Baht down from 10.2 million Baht yoy. This was mostly from dividend.

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

Cost of hospital operations decreased from 512.1 million Baht in the 4<sup>th</sup> quarter last year to 406.2 million Baht, approximately 20.68% decrease yoy. In the absence of Covid-19 activities, both revenue and cost plunged. In term of gross profit margin, it declined from 43.7% to merely 25.6% of revenue yoy. Comparing to pre-Covid period of 4Q2019, this quarter's margin contracted by 4%. This was mainly due to the higher staff cost stemming from higher bonus, medicine & supplies and depreciation.

#### **Administrative Expenses**

Administrative expenses for this quarter was 98.88 million Baht which increased from 46.94 yoy. Apart from higher staff cost stemming from higher annual bonus payment, the increased expenses were because of previous year low-base and this year extra expenses. During the last quarter of 2021, the 9-month costs related to field hospitals was re-classified from administrative expenses to cost for the amount of 17.6 million Baht. For this year extra expenses, accrued high-cost care



income (Adjusted RW>2) was written-off for the amount of 34 million Baht due to long-period accrued.

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

EBITDA (not included other income) was 108.5 million Baht , a decrease of 73% yoy due to changes in revenue structure which led to an absence of massive Covid-19 revenue

**Financing Cost**

The financing cost increased from 4.66 million Baht to 8.06 million Baht in this quarter , 73% increase yoy. The higher cost was not only from more borrowings to finance new projects but also because of higher interest rate.

**Net Profit**

Net profit for the 4th quarter was 34.03 million Baht. It decreased by 88% with margin contracted from 30.9% to 6.1% yoy. The absence of massive Covid-19 revenue and the extra expenses of Adjusted RW’s written-off were major contributions.



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

Financial Position : Consolidated Balance Sheet	31-Dec	31-Dec	31 Dec 22-
Unit : THB million	2022	2021	31 Dec 21
Cash and Temporary Investments	237.08	174.71	36%
Trade Receivables	679.00	858.72	-21%
Inventory	45.26	59.92	-24%
Long-term Investments	763.86	565.50	35%
Property, Plant and Equipment	1,869.49	1,427.78	31%
Other assets	193.23	265.74	-27%
<b>Total Assets</b>	<b>3,787.91</b>	<b>3,352.37</b>	<b>13%</b>
Trade Payable	169.84	205.14	-17%
Interest-Bearing Debts / Leasing	1,043.11	750.31	39%
Corporate Income Tax Payable	15.27	169.33	-91%
Other Liabilities	234.91	262.64	-11%
<b>Total Liabilities</b>	<b>1,463.13</b>	<b>1,387.42</b>	<b>5%</b>
Total Shareholders' Equity of the Company	2,264.52	1,977.16	15%
Treasury Stock	(21.68)	(21.68)	100%
Non-Controlling Interests	81.94	9.47	765%
<b>Total Shareholders' Equity</b>	<b>2,324.78</b>	<b>1,964.95</b>	<b>18%</b>

The consolidated total assets as of 31 December 2022 increased yoy by 13% which increased from 3,352.37 million Baht to 3,787.91 million Baht. Items that had the higher increase are i.) Cash and temporary investments. This item saw an increase of 36% due to payments of Covid-19 accrued income ii.) Long term investments which increased from 565.50 million Baht to 763.86 million Baht, an increase of 35%. This was due to mark-to-market share price of SET listed stock. In addition, the Company has invested in other companies ie Phatra Hospital Co., Ltd. for 57 million Baht and Nan-Ram Hospital Co., Ltd. for another 10 million Baht. PPE items increased from not only land acquisitions for new projects (Bowin Hospital and Radiation Hospital) but also from renovation and medical equipment of existing hospitals. Trade receivables decreased following payments of Covid-19 accrued income as well as the decrease in inventory and other assets which were caused by closure of field hospitals.

Total liabilities at the end of this quarter was at 1,463.13 million Baht, a 5% increase yoy from 1,387.42 million Baht. Major increase was from interest bearing debts to finance new projects (Nongkhae hospital and Bowin hospital) as well as the acquisition of RAM shares.



**Ratio Analysis of Financial Statements ended December 31, 2021**

Ratio Analysis : Consolidated Financial Statements Unit : THB million	4Q 2022	4Q 2021	YTD 2022	YTD 2021
<b>Returns (%)</b>				
Return on Assets *	3.6%	34.0%	27.3%	30.3%
Return on Equity *	5.9%	58.0%	44.5%	51.7%
<b>Working Capital Management (Days)</b>				
Trade Receivable Period	114	87	74	101
Inventory Period **	42	63	44	59
Trade Payable Period	60	48	49	57
<b>Leverage Ratios (x)</b>				
Interest Coverage	13.5	86.8	60.1	238.8
Debt Service Coverage	0.6	2.1	2.1	1.9
Total Debt to Equity	0.6	0.7	0.6	0.7

\* 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 4Q22 decreased yoy due to the change in revenue structure, the discontinuation of Covid-19 items, which impacted the Company's net profit.

Interest coverage ratio decreased from 86.8x to 13.5x due to higher interest-bearing debts and the decrease of EBITDA yoy. Debt Service Coverage ratio declined from 2.1x to 0.6x for this quarter. Short-term debts included 131 million Baht bridging promissory note for funding Bowin hospital's land. This promissory note will be refinanced to long-term loan. In addition, the subsidiary, Rajthanee Rojana Hospital Co., Ltd., hold cash for 197 million Baht. Nonetheless, total debt to equity ratio slightly decreased from 0.7x to 0.6x

Please be informed accordingly.

Yours sincerely,

(Surin Prasithirun, M.D.)

Managing Director