



No. RJH – SET 2/2024

23 February 2024

Subject : Management Discussion and Analysis for the 4th 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 4th quarter ended December 31, 2023 which have been audited by the independent auditor as follows:

Statements of Comprehensive Income for the 4th Quarter Ended December 31, 2023

Operation : Consolidated Profit & Loss Statement									
Unit : THB million	4Q 2023	3Q 2023	% change	4Q 2022	% change	YTD 2023	YTD 2022	% change	
Revenue from Non-Social Security	349.25	346.83	1%	298.17	17%	1,293.69	1,082.85	19%	
Covid-19 Revenue (from government and vaccines)	0.67	4.51	-85%	(13.18)	-105%	8.05	1,384.88	-99%	
Revenue from Social Security	273.05	268.24	2%	260.71	5%	1,046.10	897.63	17%	
Revenue from Hospital Operations	622.97	619.59	1%	545.70	14%	2,347.84	3,365.36	-30%	
Cost of Hospital Operations	424.43	420.46	1%	406.16	4%	1,617.69	1,847.63	-12%	
Gross Margin	198.54	199.13	0%	139.53	42%	730.14	1,517.73	-52%	
% Gross Margin	31.9%	32.1%	0%	25.6%	6%	31.1%	45.1%	-14%	
% Gross Margin (exclude non-recurring items)	30.9%	31.6%	-1%	22.4%	9%	30.6%	45.1%	-14%	
Administrative Expenses	73.67	53.29	38%	98.88	-25%	222.43	244.95	-9%	
EBITDA	164.97	182.52	-10%	108.52	52%	657.63	1,470.24	-55%	
% EBITDA	26.5%	29.5%	-3%	19.9%	7%	28.0%	43.7%	-16%	
Other Income	8.50	11.70	-27%	8.63	-1%	44.77	41.18	9%	
Financing Cost	11.26	8.30	36%	8.06	40%	33.54	24.48	37%	
Earnings before Tax	122.12	149.24	-18%	41.22	196%	518.94	1,289.47	-60%	
Corporate Tax Expense/(Income)	25.38	29.73	-15%	7.19	253%	103.24	255.80	-60%	
Net Profit	96.74	119.51	-19%	34.03	184%	415.70	1,033.67	-60%	
% Net Profit / Total Revenue	15.3%	18.9%	-4%	6.1%	9%	17.4%	30.3%	-13%	
Net Profit excl. non-recurring items	91.14	115.90	-21%	43.14	111%	404.20	1,060.38	-62%	
% Net Profit excl. non-recurring items / Total Revenue	14.8%	18.8%	-4%	8.2%	7%	17.3%	31.5%	-14%	
Non-Controlling Interests	(2.30)	(1.01)	126%	(0.36)	531%	(3.97)	4.45	-189%	
Net Profit Attributable to The Company	99.03	120.52	-18%	34.40	188%	419.67	1,029.22	-59%	
<i>* Non-cash items included depreciation and accounting adjustment</i>									
Earnings per Share	0.33	0.40	-0.07	0.11	0.22	1.40	3.44	-2.04	
Non-Recurring Items : Increase/(Decrease) EBT									
Income adjusted of previous period	8.56	4.51	-	22.38	-	15.94	16.32	-	
SG&A : Previous yr SW income over-record	(1.57)	-	-	(33.77)	-	(1.57)	(33.77)	-	
Total Non-Recurring Items	6.99	4.51	-	(11.38)	-	14.37	(17.44)	-	
OPD	THB million	182.38	169.36	8%	158.07	15%	660.14	567.25	16%
	Head	80,400	80,000	1%	83,900	-4%	310,000	298,900	4%
	Revenue per Head (THB)	2,270	2,120	7%	1,890	20%	2,130	1,900	12%
IPD	THB million	166.87	177.48	-6%	140.10	19%	633.55	515.59	23%
	Admission Day	9,600	12,200	-22%	9,600	0%	36,900	-	0%
	Revenue per Admission Day (THB)	17,400	14,500	20%	14,600	19%	17,100	-	0%



Revenue from Hospital Operations

Revenue from hospital operations of the 4th quarter of 2023 (“4Q23”) was THB 623 million, increased by 14% comparing to the same quarter last year (yoy) and 1% comparing to previous quarter (qoq).

The ratio of 4Q23 non-social security revenue and social security (“SW”) revenue was at 56 : 44.

Revenue from non-social security was THB 350.1 million substantially increased by 23% yoy while nearly unchanged from previous quarter. OPD revenue was THB 182.4 million, approximately increased by 15% yoy and 8% qoq. The increase was driven by revenue per visit which was over THB 2,200 per visit comparing to THB 1,900 and THB 2,100 during 4Q22 and 3Q23 respectively. OPD visits during 4Q23 of cash patients nevertheless decreased yoy by 4% and were stable qoq.

IPD revenue was THB 166.9 million significantly increased by 19% yoy. The increase was driven by revenue per admission which increased from THB 14,600 to THB 17,400 while number of admission days barely changed yoy. However, utilization rate of IPD wards increased from 53% to 60% due to the increase of SW patients’ admission.

Comparing to previous quarter, IPD revenue declined by 6% due to the high base of 3Q23 from high season and from influenza pandemic. Admission days decreased by 2,600 days while revenue per admission increased by THB 2,900. Utilization rate decreased from 74% of previous quarter. This was not only the consequence of decreased admission days but also increased number of beds in this quarter by 11 beds.

Social security revenue stood at THB 273 million. Despite the increased rate of fixed capitation and high-cost care for 5 specific surgeries, the overall social security revenue increased by merely 5% yoy This was due to extra-revenue of 4Q22 which recorded upward adjustment of SW revenue for THB 22 million comparing to THB 8 million in this quarter. Average number of insured persons were 211,300 on par with previous quarter as Ayudhya province’s insurers barely changed.

Cost of Hospital Operations

4Q23 cost of hospital operation was THB 424.4 million and cost ratio to hospital revenue was 68.1% of hospital revenue declined from 74.4% of previous year. This was mainly due to the aforementioned higher SW payment rate. In addition, bonus expense declined by 25 million yoy. Comparing to previous quarter, cost was barely changed in term of amount and ratio to revenue.

Administrative Expenses

Administrative expenses for this quarter was THB 73.7 million plunged yoy by 25% but increased by 38% qoq. The yoy decrease was mainly attributable to last year extra-expense. Accrued high-cost



care income (Adjusted RW>2) was written-off for the amount of THB 34 million. In addition, bonus expense decreased by THB 15 million. The qoq increase was due to pre-operating expenses of new hospital under Rangsi Raksa Ratchathani Hospital Co., Ltd. for THB 10 million. Rangsi Raksa Ratchathani Hospital has started operation since Jan 2024. Moreover, provision for doubtful debts, mostly Covid-19 revenue, increased qoq by THB 15 million.

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

EBITDA (Adjusted RW>2 write-off as non-cash expense) improved yoy in term of both the amount and margin. The promising revenue of this quarter and the decrease of bonus helped boost EBITDA.

Comparing to previous quarter, EBITDA amount declined by 10% and margin lower by 3% because of higher administrative expense from new hospital and provision for doubtful debts.

Other revenues

Other revenues during 4Q23 was THB 8.5 million on par with previous year but decreased by 27% qoq due to dividend income, utilities income together with medical sponsorship.

Financing Cost

The financing cost was THB 11.3 million 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 96.8 million substantially increased yoy by 184% and margin also improved from 6% to 15%. This promising performance was attributable to the increased revenue of this quarter particularly cash patients and the absence of extra-expense as previous year. Comparing to previous quarter, net profit decreased by 19% despite revenue of the same level. This was due to the aforementioned higher administrative expense.

**Statement of Financial Position as of December 31, 2023**

Financial Position : Consolidated Balance Sheet	31-Dec	31-Dec	31 Dec 23
Unit : THB million	2023	2022	31 Dec 22
Cash and Temporary Investments	334.53	237.08	97.45
Trade Receivables & Accrued Income	428.79	679.00	(250.21)
Inventory	51.11	45.26	5.85
Long-term Investments	580.52	763.86	(183.33)
Property, Plant and Equipment	2,450.34	1,869.49	580.84
Other assets	174.87	193.23	(18.35)
Total Assets	4,020.16	3,787.91	232.25
Trade Payable	191.11	169.84	21.27
Interest-Bearing Debts / Leasing	1,241.16	1,043.11	198.05
Corporate Income Tax Payable	35.16	15.27	19.89
Other Liabilities	216.97	234.91	(17.93)
Total Liabilities	1,684.41	1,463.13	221.28
Total Shareholders' Equity of the Company	2,045.27	2,242.84	(197.57)
Non-Controlling Interests	290.48	81.94	208.55
Total Shareholders' Equity	2,335.75	2,324.78	10.97

The consolidated total assets as of 31 Dec 2023 was THB 4,020.2 million increased by THB 232.2 million from previous year. The increase was mainly from fixed assets which increased by THB 580.8 million 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 year-end mark to market price remained above the cost price by 27%.

Total liabilities as of 31 Dec 2023 was THB 1,684.4 million increased from 2022 by THB 221.3 million mostly due to more long-term loans drawdown for projects on-hand.

Total shareholder's equity barely changed from 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 December 31, 2023

Ratio Analysis : Consolidated Financial Statements Unit : THB million	4Q 2023	4Q 2022	YTD 2023	YTD 2022
Returns (%)				
Return on Assets *	9.6%	3.6%	10.3%	27.3%
Return on Equity *	16.6%	5.9%	17.8%	44.5%
Working Capital Management				
Liquidity Ratio (x)			0.9	1.0
Trade Receivable Period (Days)	63	114	67	74
Inventory Period (Days) **	43	42	44	44
Trade Payable Period (Days)	50	60	52	49
Leverage Ratios (x)				
Interest Coverage	14.7	13.5	19.6	60.1
Debt Service Coverage	1.0	0.6	1.1	2.1
Total Debt to Equity			0.7	0.6

* 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 4Q23 increased yoy due to improvement of net profit during this quarter. As a whole year, this ratio deteriorated because of lower annual profit due to the absence of Covid-19 revenue.

Regarding liquidity ratios, it was lower than 1x at the end of 2023. Despite lower short-term borrowings by THB 94.8 million or 14% , account receivables decreased sharply at higher rate , ie. 58% yoy . Trade receivable period during 4Q23 improved from 114 days of previous year to 63 days because of the receipt from Covid-19 receivables. For inventory turnover, it was on par with previous year.

Overall debt service ratio during 4Q23 has improved yoy because of higher EBITDA and lower short-term debt outstanding. Ratio of short-term to long-term borrowings changed from 65:35 to 47:53. Regarding Debt to Equity ratio, it slightly increased by 0.1x due to higher liabilities particularly borrowings from banks.

Please be informed accordingly.

Yours Sincerely,

(Surin Prasithirun, M.D.)

Managing Director