

## Management Discussion and Analysis

The Operations result of the company, its Subsidiaries

(Unit: Million Baht)

List	2018	2017	Changes	Average
Revenues from hospital operations	2,246.69	1,962.08	284.61	14.51
Other Income	12.56	12.40	0.16	1.29
<b>Total revenues</b>	<b>2,259.25</b>	<b>1,974.48</b>	<b>284.77</b>	<b>14.42</b>
Cost of hospital operations	1,710.13	1,531.96	178.17	11.63
Selling expenses	67.07	58.68	8.39	14.30
Administrative expenses	244.77	215.08	29.69	13.80
<b>Total expenses</b>	<b>2,021.96</b>	<b>1,805.72</b>	<b>216.24</b>	<b>11.98</b>
<b>Profit before finance cost and income tax expenses</b>	<b>237.28</b>	<b>168.76</b>	<b>68.52</b>	<b>40.60</b>
Finance cost	20.68	18.97	1.71	9.01
<b>Profit before income tax expenses</b>	<b>216.61</b>	<b>149.79</b>	<b>66.82</b>	<b>44.61</b>
Income tax expenses	39.49	24.11	15.38	63.79
<b>Profit for the year</b>	<b>177.12</b>	<b>125.68</b>	<b>51.44</b>	<b>40.93</b>

For the Company's Performance ended December 31, 2018, the Company and its subsidiaries had a net profit of 177.12 million Baht increase from the year 2017 of 51.44 million baht or 40.93%.

Revenues from hospital operations for the year ended 31 December 2018 amounted to 2,246.69 million baht, Increase from the year 2017 of 284.61 million baht or 14.51%, which increased from the heart center of Vichavej International Nongkhaem Hospital and in the beginning of 2017, the hospital has income from dental insurance policy of social security is 900 baht per person per year and income from health insurance check social security. In addition, the revenue increased from mobile medical unit in various companies, factories, government agencies and various state enterprises. Income from non-capitation patients increased 252.47 million baht or 16.30% and capitation patient's payment increase of 50.71 million baht or 10.99% resulting in a total revenue of the Company and its subsidiaries increased to 284.77 million baht or 14.42% from 1,974.48 million baht to 2,259.25 million baht. Net after deducting intercompany transactions

Cost of hospital operations in 2018 of the Company and its subsidiaries, including 1,710.13 million Baht, an increase from the year 2017 of 178.17 million or 11.63 percent. This is mainly due to the increase in medical expenses and medical expenses to support the increase in the number of patients. It also supports the expansion of the Health Center and the mobile medical unit of the Company and its subsidiaries

Selling expenses for the year ended 31 December 2017 amounted to 67.07 million baht, increase from the year 2017 of 8.39 million baht or 14.30 percent as a result of expansion of the development of excellence. And an increase in personnel to support the growth of income group customers. Resulting in employee compensation related to sales. And the cost of advertising and promotion increases.

Administrative expenses for the year ended 31 December 2018 amounted to 244.77 million baht increase from the year 2017 of 29.69 million baht or 13.81 percent as a result of expenses related to support personnel and other administrative expenses.

Total expenses for the year ended 31 December 2018 amounted to 20.68 million baht, an increase of 1.71 million baht from 2017, or 9.01% as a result of loans from financial institutions to invest in expansion as well as expanding the building to accommodate the growing group of customers.

Total income tax expense for the year ended 31 December 2018 of 39.49 million baht, increase of 15.38 million from 2017 baht or 63.79% cause of the increase in net profit.

### Profitability Ratio

(Unit: Million Baht)

List	2018	2017	Changes	Average
Gross Profit	536.56	430.12	106.44	24.75
Gross Profit Margin Ratio (%)	23.88	21.92	-	-
EBITDA	369.44	281.28	88.17	31.35
EBITDA Ratio (%)	16.35	14.25	-	-
Net Profit Margin Ratio (%)	7.81	6.34	-	-

From the above table, EBITDA increased from 281.28 million baht in 2017 to 369.44 million baht in 2018 or an increase of 31.35%. As a result, the EBITDA Ratio increased from 14.25% in 2017 to 16.35% in 2018 and the net profit margin increased from 6.34% in 2017 to 7.81% in 2018.

### Financial Status

(Unit: Million Baht)

List	2018	2017	Changes	Average
Total Assets	1,988.70	1,814.94	173.76	9.58
Total Liabilities	817.07	751.70	65.37	8.70
Equity Holders of The parent	1,169.63	1,061.63	108.00	10.18
Total Shareholder's Equity	1,171.63	1,063.24	108.39	10.20

The consolidated financial statements of the Company and its subsidiaries as at December 31, 2018, with total assets of 1,988.70 million baht, an increase of 173.76 million baht or 9.58 percent from 2017, due to an increase in cash and cash equivalents of 27.90 million baht. Trade and other receivables Increased by 62.89 million baht and the company has land, buildings and equipment increased by 32.14 million baht

Total liabilities of the company And subsidiaries as of December 31, 2018, amounted to 817.07 million baht, an increase of 65.37 million baht or 8.70 percent from 2017, due to the increase in short-term loans from financial institutions and accrued expenses.

The shareholders' equity of the Company as of 31 December 2018 totaled 1,169.63 million baht, an increase of 108 million baht or 10.18% from 2017.

## Liquidity and capital management

### Cash flow

List	2018
Net cash flows from operating activities	277.79
Net cash flows used in investing activities	(245.46)
Net cash flows used in financing activities	(4.43)
Net increase in cash and cash equivalents	27.90
Cash and cash equivalents at beginning of year	83.66
Cash and cash equivalents at end of year	111.56

For the year ended December 31, 2018, the Company and its subsidiaries have net increase in cash and cash equivalents in the amount of 27.90 million baht which the Company and its subsidiaries have 83.66 million baht in cash and cash equivalents at the beginning of the year and equivalents at end of year equals 111.56 million baht. Details of cash flows for each activity are as follows;

Net cash flow from operating activities amounted to 277.79 million baht, mainly due to the profit of the year 2018 and increased net profit even though the collection of accounts receivable and other receivables will slow down. The net cash flow used in the investment business was 245.46 million baht and the net cash flow used in financing activities was 4.43 million baht, mainly due to repayment of loans from financial institutions.

## Financial Ratios

List	2018	2017	2016
<b>Yield (%)</b>			
Return on Assets	10.18	9.45	12.80
Return on equity	15.79	12.13	16.00
<b>Liquidity Ratio (Times)</b>			
Liquidity ratio	0.89	0.88	1.13
Quick ratio	0.78	0.75	1.02
<b>Asset and Liability Management (Day)</b>			
Average collection period	46.46	45.84	45.01
Average selling time	10.64	10.69	9.83
Average repayment period	70.80	76.75	75.79
<b>Financial ratio analysis (times)</b>			
Interest Payment Capability	11.48	8.90	13.01
Debt to equity ratio	0.70	0.71	0.75

Return on assets and return on equity ratio in 2018 increased from 2017 due to increased hospital operating results. Which caused the company, there is a plan to support future growth by adding specialized doctors Including restructuring of compensation and increasing the number of medical personnel including ratio Liquidity and quick ratio in 2018 increased from 2017

Average collection period increased from 45.84 days to 46.46 days, average sales period and the average payment period decreased from 10.69 days and 76.75 days in 2017 to 10.64 days and 70.80 days in 2018, respectively.

Interest payment capability increased from 8.90 times in 2017 to 11.48 times in 2018 because the company has more financial costs and Debt to equity ratio changed slightly from 0.71 times in 2017 to 0.70 times in 2018, in which the Company and its subsidiaries manage the control Strong financial structure By keeping the financial ratio and liquidity at an appropriate level