

Management Discussion and Analysis

The Operations result of the company, its Subsidiaries

List	2019	2018	Changes	Average
Revenues from hospital operations	2,480.84	2,246.69	234.15	10.42
Other Income	22.21	12.56	9.65	76.83
Total revenues	2,503.05	2,259.25	243.80	10.79
Cost of hospital operations	1,880.51	1,710.13	170.38	9.96
Selling expenses	77.37	67.07	10.30	15.37
Administrative expenses	278.84	244.77	34.07	13.92
Total expenses	2,236.72	2,021.97	214.75	10.62
Profit before finance cost and income tax expenses	266.33	237.28	29.05	12.24
Finance cost	20.44	20.68	-0.24	-1.16
Profit before income tax expenses	245.89	216.61	29.28	13.52
Income tax expenses	45.47	39.49	5.98	15.14
Profit for the year	200.42	177.12	23.30	13.15

For the company's Performance ended December 31, 2019, the company and its subsidiaries had a net profit of 200.42 million Baht increase from the year 2018 of 23.30 million Baht or 13.15%

Revenue from hospitals operation for the year ended 31 December 2019 amounted to 2,480.84 million Baht, increase from the year 2018 of 234.15 million Baht or 10.42% from non-capitation patients and increase from the heart center of non-capitation of 178.05 million Baht or 9.88%, and revenue of capitation increase to 65.55 million Baht or 12.80% resulting increase in total revenue of the company and its subsidiaries 243.80 million Baht or 10.79% from 2,259.25 million Baht to 2,503.05 million Baht. Net after deducting intercompany transactions

Cost of hospital operations in 2019 of the Company and its subsidiaries, including 1,880.51 million Baht, an increase from the year 2018 of 170.38 million Baht or 9.96 percent. This is mainly due to the increase in medical expenses and medical staffs 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 2019 amounted to 77.37 million baht, increase from the year 2018 of 10.30 million baht or 15.37 percent as a result of expanding the market both domestically and internationally. To develop excellence and adding personnel to support revenue of non-capitation patients. Resulting in compensation for employees related to the sales department and the increase in advertising and public relations expenses.

Administrative expenses for the year ended 31 December 2019 amounted to 278.84 million baht increase from the year 2018 of 34.07 million baht or 13.92% as a result of expenses related to support personnel and other administrative expenses.

Total expenses for the year ended 31 December 2019 amounted to 20.44 million baht, an decrease of 0.24 million baht from 2018, or 1.16% 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 2019 of 45.47 million baht, a increase of 5.98 million from 2018 baht or 15.14% cause of the increase in net profit.

Profitability Ratio

(Unit: Million Baht)

List	2019	2018	Changes	Average
Gross Profit	600.34	536.56	63.78	11.89
Gross Profit Margin Ratio (%)	24.20	23.88	0.32	1.34
EBITDA	414.90	369.44	45.46	12.31
EBITDA Ratio (%)	16.58	16.35	0.23	1.41
Net Profit Margin Ratio (%)	7.98	7.81	0.17	2.18

From the above table, EBITDA increased from 369.44 million baht in 2018 to 414.90 million baht in 2019 or an increase of 12.31%. As a result, the EBITDA Ratio increased from 16.35% in 2018 to 16.58% in 2019 and the net profit margin increased from 7.81% in 2018 to 7.98% in 2019.

Financial Status

(Unit: Million Baht)

List	2019	2018	Changes	Average
Total Assets	2,209.28	1,988.70	220.58	11.10
Total Liabilities	912.79	817.07	95.72	11.72
Equity Holders of The parent	1,294.32	1,169.63	124.69	10.66
Total Shareholder's Equity	1,296.49	1,171.63	124.86	10.66

The consolidated financial statements of the Company and its subsidiaries as at December 31, 2019, with total assets of 2,209.28 million baht, an increase of 220.58 million baht or 11.10 % from 2018, due to an increase in cash and cash equivalents of 79.60 million baht. Trade and other receivables Increased by 45.96 million baht and the company has land, buildings and equipment increased by 105.02 million baht

Total liabilities of the company and subsidiaries as of December 31, 2019, amounted to 912.79 million baht, an increase of 95.72 million baht or 11.72 percent from 2018 , due to the increase in trade and other payables of 44.69 million Baht and increase in long term reserve employee benefits of 19.61 million Baht.

The shareholders' equity of the Company as of 31 December 2019 totaled 1,294.32 million baht an increase of 124.69 million baht or 10.66% from 2018.

Liquidity and capital management

Cash flow

(Unit: Million Baht)

List	2019	2018
Net cash flows from operating activities	384.42	277.79
Net cash flows used in investing activities	(235.88)	(245.46)
Net cash flows used in financing activities	(68.94)	(4.43)
Net increase in cash and cash equivalents	79.60	27.90
Cash and cash equivalents at beginning of year	111.56	83.66
Cash and cash equivalents at end of year	191.16	111.56

For the year ended December 31, 2019, the Company and its subsidiaries have net increase in cash and cash equivalents in the amount of 79.60 million baht which the Company and its subsidiaries have 111.56 million baht in cash and cash equivalents at the beginning of the year and equivalents at end of year equals 191.16 million baht. Details of cash flows for each activity are as follows;

Net cash flow from operating activities amounted to 384.42 million baht, mainly due to the profit of the year 2019 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 235.88 million baht and the net cash flow used in financing activities was 68.94 million baht, mainly due to repayment of medical equipment purchase, maintenance building and loans from financial institutions.

Financial Ratios

List	2019	2018	2017
Yield (%)			
Return on Assets	12.69	12.48	9.45
Return on equity	16.22	15.82	12.13
Liquidity Ratio (Times)			
Liquidity ratio	0.97	0.89	0.88
Quick ratio	0.88	0.78	0.75
Asset and Liability Management (Day)			
Average collection period	50.08	46.46	45.84
Average selling time	9.58	10.64	10.69
Average repayment period	66.05	70.80	76.75
Financial ratio analysis (times)			
Interest Payment Capability	13.03	11.48	8.90
Debt to equity ratio	0.70	0.70	0.71

Return on assets and return on equity ratio in 2019 increased from 2018 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 2019 increased from 2018

Average collection period increased from 46.46 days to 50.08 days, average sales period and the average payment period decreased from 10.64 days and 70.80 days in 2018 to 9.58 days and 66.05 days in 2019, respectively.

Interest payment capability increased from 11.48 times in 2018 to 13.03 times in 2019 because the company has decrease financial costs profit before financial cost and taxes in 2018 and Debt to equity ratio unchanged slightly from, 0.70 times in 2018 to 0.70 times in 2019, in which the Company and its subsidiaries manage the control Strong financial structure By keeping the financial ratio and liquidity at an appropriate level