

## Management Discussion and Analysis

The Operations result of the company, its Subsidiaries

List	2020	2019	Changes	%
Revenues from hospital operations	2,275.67	2,480.84	(205.17)	(8.27)
Other Income	14.26	22.21	(7.95)	(35.79)
<b>Total revenues</b>	<b>2,289.93</b>	<b>2,503.05</b>	<b>(213.12)</b>	<b>(8.51)</b>
Cost of hospital operations	1,727.93	1,880.51	(152.58)	(8.11)
Selling expenses	58.16	77.37	(19.21)	(24.83)
Administrative expenses	255.00	278.84	(23.84)	(8.55)
<b>Total expenses</b>	<b>2,041.09</b>	<b>2,236.72</b>	<b>(195.63)</b>	<b>(8.75)</b>
<b>Profit before finance cost and income tax expenses</b>	<b>248.84</b>	<b>266.33</b>	<b>(17.49)</b>	<b>(6.57)</b>
Finance cost	21.01	20.44	0.57	2.79
<b>Profit before income tax expenses</b>	<b>227.83</b>	<b>245.89</b>	<b>(18.06)</b>	<b>(7.34)</b>
Income tax expenses	40.98	45.47	(4.49)	(9.87)
<b>Profit for the year</b>	<b>186.85</b>	<b>200.42</b>	<b>(13.57)</b>	<b>(6.77)</b>

For the company's Performance ended December 31, 2020, the company and its subsidiaries had a net profit of 186.85 million Baht decrease from the year 2019 of 13.57 million Baht or 6.77%

Revenue from hospitals operation for the year ended 31 December 2020 amounted to 2,275.67 million Baht, decrease from the year 2019 of 205.17 million Baht or 8.27 from non-capitation patients and from the heart center of non-capitation, and revenue of capitation decrease to resulting decrease in total revenue of the company and its subsidiaries 213.12 million Baht or 8.51% from 2,503.05 million Baht to 2,289.93 million Baht. Net after deducting intercompany transactions

Cost of hospital operations in 2020 of the Company and its subsidiaries, including 1,727.93 million Baht, an decrease from the year 2019 of 152.58 million Baht or 8.11. This is mainly due to situation the epidemic of Corona Virus disease 2019, causing the company to manage and control service costs of doctor fees and expenditures on medical personnel.

Selling expenses for the year ended 31 December 2020 amounted to 58.16 million baht, decrease from the year 2019 of 19.21 million baht or 24.83 as a causing control the cost of sales.

Administrative expenses for the year ended 31 December 2020 amounted to 255.00 million baht decrease from the year 2019 of 23.84 million baht or 8.55 as a result of reduce a compensation about executive team, control expenses related to support personnel and other administrative expenses.

Total expenses for the year ended 31 December 2020 amounted to 21.01 million baht, an increase of 0.57 million baht from 2019, or 2.79% as a result of short-term loans from financial institutions to invest and turnover in the business including expanding the building to accommodate the growing group of customers.

Total income tax expense for the year ended 31 December 2020 of 40.98 million baht, a decrease of 4.49 million from 2019 baht or 9.87% cause of the decrease in net profit.

**Profitability Ratio**

(Unit: Million Baht)

List	2020	2019	Changes	%
Gross Profit	547.74	600.34	(52.60)	(8.76)
Gross Profit Margin Ratio (%)	24.07	24.20	-	(0.13)
EBITDA	414.50	414.90	(0.40)	(0.10)
EBITDA Ratio (%)	18.10	16.58	-	1.52
Net Profit Margin Ratio (%)	8.13	7.98	-	0.15

From the above table, EBITDA decreased from 414.90 million baht in 2019 to 414.50 million baht in 2020 or a decrease of 0.10%. As a result has good cost and expense management, the EBITDA Ratio increased from 16.58% in 2019 to 18.10% in 2020 and the net profit margin increased from 7.98% in 2019 to 8.13% in 2020.

**Financial Status**

(Unit: Million Baht)

List	2020	2019	Changes	%
Total Assets	2,311.34	2,209.28	102.06	4.62
Total Liabilities	907.25	912.79	(5.54)	(0.61)
Equity Holders of The parent	1,401.67	1,294.32	107.35	8.29
Total Shareholder's Equity	1,404.09	1,296.49	107.60	8.30

The consolidated financial statements of the Company and its subsidiaries as at December 31, 2020, with total assets of 2,311.34 million baht, an increase of 102.06 million baht or 4.62% from 2019, due to an increase in land, building and equipment equivalents of 238.44 million baht and increase of 51.75 from right of use asset. From the introduction of the TFRS 16 which requires the company leases must be recognized as assets and liabilities for all leases.

Total liabilities of the company and subsidiaries as of December 31, 2020, amounted to 907.25 million baht, a decrease of 5.54 million baht or 0.61% from 2019, due to the decrease in trade and other payables of 74.23 million Baht and increase in finance lease liabilities of 61.04 million Baht cause bring to use the TFRS16 about leases agreement.

The shareholders' equity of the Company as of 31 December 2020 totaled 1,401.67 million baht an increase of 107.35 million baht or 8.29% from 2019.

## Liquidity and capital management

### Cash flow

(Unit: Million Baht)

List	2020	2019
Net cash flows from operating activities	348.83	384.42
Net cash flows used in investing activities	(239.08)	(235.88)
Net cash flows used in financing activities	(100.75)	(68.94)
<b>Net increase in cash and cash equivalents</b>	<b>9.00</b>	<b>79.60</b>
Cash and cash equivalents at beginning of year	191.16	111.56
<b>Cash and cash equivalents at end of year</b>	<b>200.16</b>	<b>191.16</b>

For the year ended December 31, 2020, the Company and its subsidiaries have net increase in cash and cash equivalents in the amount of 9.00 million baht which the Company and its subsidiaries have 191.16 million baht in cash and cash equivalents at the beginning of the year and equivalents at end of year equals 200.16 million baht . Details of cash flows for each activity are as follows;

Net cash flow from operating activities amounted to 348.83 million baht, mainly due to the profit of the year 2020. The net cash flow used in the investment business was 239.08 million baht mainly due to repayment of medical equipment purchase and the net cash flow used in financing activities was 100.75 million baht, , and dividend payment and loans from financial institutions.

## Financial Ratios

List	2020	2019	2018
<b>Yield (%)</b>			
Return on Assets	11.01	12.69	12.48
Return on equity	13.82	16.22	15.82
<b>Liquidity Ratio (Times)</b>			
Liquidity ratio	0.98	0.97	0.89
Quick ratio	0.88	0.88	0.78
<b>Asset and Liability Management (Day)</b>			
Average collection period	57.60	50.08	46.46
Average selling time	10.59	9.58	10.64
Average repayment period	68.77	66.05	70.80
<b>Financial ratio analysis (times)</b>			
Interest Payment Capability	11.84	13.03	11.48
Debt to equity ratio	0.65	0.70	0.70

Return on assets and return on equity ratio in 2020 of 11.01% decreased from 2019 of 12.69% due to decreased hospital operating results which caused the company, the situation epidemic of Corona Virrus disease 2019.

Average collection period increased from 50.08 days to 57.60 days, average sales period and the average payment period increased from 9.58 days and 66.05 days in 2019 to 10.59 days and 68.77 days in 2020, respectively.

Interest payment capability decreased from 13.03 times in 2019 to 11.84 times in 2020 because the company has profit before financial cost and taxes in 2019, increase interest paid and Debt to equity ratio decrease 0.70 times in 2019 to 0.65 times in 2020, in which the Company and its subsidiaries manage the control Strong financial structure By keeping the financial ratio and liquidity at an appropriate level.