

No. CHG 011/2021

May 14, 2021

Subject: Management's Discussion and Analysis of the consolidated financial statements for the first quarter ("1Q21") and three-month period ended 31 March 2021

To: Directors and Manager
The Stock Exchange of Thailand

Management's discussion and analysis of financial statement for 1Q21 ended 31 March 2021

Chularat Hospital Public Company Limited ("the Company") reported the operating performance for the 1Q21 as follows:

Statement of comprehensive income Unit : Million Baht	1Q21	1Q20	Increase (Decrease)	Change (%)
Revenues from hospital operations	1,414.8	1,317.2	97.6	7%
Other revenues	57.2	4.4	52.8	1,200%
Total revenues	1,472.0	1,321.6	150.4	11%
Cost of hospital operations	994.6	931.1	63.5	7%
Administrative expenses	159.7	154.0	5.7	4%
Net profit of the Company	251.8	186.5	65.3	35%
<i>Earnings per share (Baht/share)</i>	<i>0.0229</i>	<i>0.0170</i>		
<i>Gross Profit Margin (%)</i>	<i>29.7%</i>	<i>29.31%</i>		
<i>Net Profit Margin (%)</i>	<i>17%</i>	<i>14%</i>		

The Company's net profit was Baht 251.8 million for 1Q21, increasing by Baht 65.3 million, or 35% compared to 1Q20. Overview of operating results was discussed as below.

Revenues from hospital operations

In 1Q21, the Company has revenues from hospital operations of Baht 1,414.8 million, increasing by Baht 97.6 million, or 7% YoY.

Revenue from general patients in 1Q21 increased by 3% YoY. The revenue from outpatients (OPD) increased by Baht 62.5 million and inpatients (IPD) decreased by Baht 40.3 million mainly from the outpatients coming back for medical treatment services including the COVID-19 related services such as the COVID-19 screening service and an Alternative State Quarantine (ASQ) in collaboration with government accredited hotels. However, due to the COVID-19 pandemic, there is still the travel restrictions and limitations for international patients, resulting in a decrease in the inpatients.

Revenue from Social Security scheme in 1Q21 increased by 6% YoY. This is due to an increased number of registered member and the increased medical treatment income of High Cost Care (IPD, Adj.RW \geq 2).

Revenue from other governmental scheme in 1Q21 increased by 63% YoY. This is due to the increased number of cases and the increased payment rate of National Health Security (NHSO) from Baht 8,250/Adj.RW to Baht 8,350/Adj.RW, including the additional revenues from the COVID-19 related services.

Other revenue in 1Q21 increased by Baht 52.8 million from management services providing to government hospitals.

Unit: Million Baht	1Q21	1Q20	Increase (Decrease)	Change (%)
Revenue from general patients	835.1	812.8	22.3	3%
Revenue from outpatients (OPD)	474.9	412.4	62.5	15%
Revenue from inpatients (IPD)	360.2	400.4	(40.2)	(10%)
Revenue from government welfare programs	579.7	504.4	75.3	15%
Social security schemes	453.7	426.9	26.8	6%
Other governmental schemes	126.0	77.5	48.5	63%
Total revenue from hospital operations	1,414.8	1,317.2	97.6	7%

Operation costs

In 1Q21, the Company's gross profit margin increased from 29.3% to 29.7%, resulting in net profit margin increased from 14% to 17% YoY. This is mainly due to an effective cost management and cost control measures that does not affect the standard and quality of medical treatment services, but in line with the COVID-19 situation and its impact.

The Company's net profit 1Q21 was Baht 251.8 million, increasing by Baht 65.3 million, or 35% YoY, in accordance with the increasing operating results and cost control measures mentioned earlier.

Statement of financial position	31 March	31 December	Increase	Change
Unit : Million Baht	2021	2020	(Decrease)	(%)
Total assets	6,263	6,201	62	1%
Total liabilities	1,821	2,008	(187)	(9.3%)
Shareholders' equity	4,442	4,193	249	5.9%
Debt to equity ratio (x)	0.41	0.48		

As of March 31, 2021, the Company has **total assets** of Baht 6,263 million, increased by Baht 62 million from December 31, 2020, primarily due to

- Cash and cash equivalent increased by Baht 99 million from the Company's operation, as reported in the cash flow statement.
- Trade and other receivables decreased by Baht 20 million; accrued medical treatment income decreased by Baht 28 million from the payment.
- Property, plant and equipment decreased by Baht 14 million from Depreciation is more than the acquisition of the additional assets.
- Other current financial assets increased by Baht 20 million from the bank bills.

Total liabilities amounting to Baht 1,812 million as of March 31, 2021, decreasing by Baht 187 million from December 31, 2020, as described below.

- Short-term loans from financial institutions decreased by Baht 212 million.
- Trade and other payables increased by Baht 8 million.
- Income Tax Payable increased by Baht 47 million.

- Long-term loans from financial institutions decreased by Baht 34 million.

Total shareholders' equity amounting to Baht 4,442 million as of March 31, 2021, increasing by Baht 249 million from December 31, 2020 is in line with the net profit and dividend policy of the Company.

Debt to equity ratio (DE Ratio) is 0.41, which reflects the ability to loan from financial institution for business expansion and in line with the Company's strategy.

Cash flow statement Unit : Million Baht	1Q2021	1Q2020	Change
Net cash from operating activities	428.9	228.3	200.6
Net cash used in investing activities	(79.8)	(97.8)	18.0
Net cash used in financing activities	(250.3)	(35.1)	(215.2)
Net increase in cash and cash equivalents	98.8	95.4	3.4
Cash and cash equivalents at beginning of period	547.5	467.6	79.9
Cash and cash equivalents at end of period	646.3	563.0	83.3

In 1Q2021, the Company's Net cash from operating activities amounting to Baht 428.9 million, increased by Baht 200.6 million YoY, in accordance with the operating profit. Net cash used in investing activities decreased by Baht 18 million from the investment plan and the acquisition of medical equipment for the two new hospitals, whereas the additional medical equipment and tools are acquired to increase the treatment potentials in 1Q21. Net cash used in financing activities amounting to Baht 250.3 million YoY, mainly due to the payment of short-term and long-term loans from financial institution for hospital expansion plans.

Please be informed accordingly.

Yours faithfully,

(Mr.Kumpol Plussind)
Chief Executive Officer