

Bumrungrad Hospital Public Company Limited
Management Discussion and Analysis
For the First Quarter ended 31 March 2009

The Company reported total revenues in 1Q09 of Baht 2,328 million, a 5% increase from 1Q08 revenues of Baht 2,228 million. The 1Q09 net profit was Baht 338 million, an 8% increase from 1Q08 net profit of Baht 314 million. Details of the management discussion and analysis are as follows:

1. Profit and Loss Statements

For 1Q09, the Company reported revenues from hospital operations of Baht 2,261 million, a 4% y-o-y increase from Baht 2,176 million in 1Q08. The increase is mainly the result of the continuous growth in hospital operations, where inpatient revenues increased by 3% while outpatient revenues increased by 8%.

Total revenues for 1Q09 were Baht 2,328 million, an increase by 5% y-o-y from Baht 2,228 million in 1Q08, slightly higher than the growth rate of revenues from hospital operations, mainly from the increase in other income to Baht 25 million in 1Q09 from Baht 11 million in 1Q08, primarily from the sale of membership of the “Healthy Living Club” loyalty program, which was launched in June 2008, together with revenues from “the Mezz” food center in the new Bumrungrad International Clinic Building, which was also opened in June 2008.

In 1Q09, the Company reported cost of hospital operations of Baht 1,370 million, an increase by 4% y-o-y from Baht 1,311 million, at the same rate as the increase in revenues from hospital operations as a result of the tight cost control. Gross profit, therefore, increased by 3% to Baht 891 million in 1Q09 from Baht 865 million in 1Q08, with gross margin of 39.4% in 1Q09, compared to 39.8% in 1Q08.

The Company’s administrative expenses increased to Baht 324 million in 1Q09, an increase of 2% from Baht 319 million in 1Q08 because of tight cost control. As a result, EBITDA increased to Baht 611 million in 1Q09 from Baht 577 million in 1Q08, or an increase of 6%. EBITDA margin therefore increased to 26.3% in 1Q09 from 25.9% in 1Q08.

Depreciation and amortization in 1Q09 was Baht 133 million, compared to Baht 100 million in 1Q08. The increase was primarily from the opening of the new Bumrungrad International Clinic building in May 2008, together with the purchase of BH Tower building in February 2008.

In 1Q09, the Company reported share of income from investments in associated companies of Baht 14 million, compared to share of loss from investments in associated companies of Baht 5 million in 1Q08. The 1Q09 share of income from investments in associated companies of Baht 14 million is attributable to Bumrungrad International Limited of Baht 12 million and CDE Trading Company Limited of Baht 1 million. The 1Q08 share of loss from investments in associated companies of Baht 5 million was the loss from CDE Trading Company Limited of Baht 29 million, netted off with share of gain from investment in Bumrungrad International Limited of Baht 24 million. Share of loss from CDE Trading Limited in 1Q08 was primarily a result of foreign exchange loss on the unreceived USD proceeds from the sale of its assets to Microsoft in 4Q07, as the Thai Baht strengthened against US dollars since the time of sale. For Bumrungrad International Limited, the share of investment in Bumrungrad International Limited decreased to Baht 12 million in 1Q09 from

Baht 24 million in 1Q08 because the 1Q08 share of profit included the accounting affect related to the debt refinancing of Asian Hospital Inc. in the Philippines of Baht 13 million. Taking out the one-time accounting item, share of gain on investment in Bumrungrad International Limited increased from Baht 11 million in 1Q08 to Baht 12 million in 1Q09.

As a result of the above, the Company reported net profit of Baht 338 million in 1Q09, an increase of 8% from Baht 314 million in 1Q08. As a result, net margin slightly increased to 14.4% in 1Q09 compared to 14.1% in 1Q08.

The Company's basic EPS was Baht 0.46 in 1Q09, an 8% increase from Baht 0.43 in 1Q08. Similarly, fully diluted EPS increased by 8% to Baht 0.39 in 1Q09 from Baht 0.36 in 1Q08.

(Unit: Baht Million)

	1Q09	1Q08	Y-o-Y Growth
Revenues from hospital operations	2,261	2,176	4%
Total Revenues	2,328	2,228	5%
Gross Profit	891	865	3%
<i>Gross Profit Margin</i>	39.4%	39.8%	
EBITDA	611	577	6%
<i>EBITDA Margin</i>	26.3%	25.9%	
Share of income (loss) from investments in associated companies	14	-5	
Net Profit	338	314	8%
<i>Net Profit Margin</i>	14.4%	14.1%	
EPS – Basic	0.46	0.43	8%
EPS – Fully Diluted	0.39	0.36	8%

2. Balance Sheet

As at 31 March 2009, the Company reported total current assets of Baht 1,214 million, an increase from Baht 1,142 million as at 31 December 2008 primarily because of increase in trade accounts receivable to Baht 569 million as at 31 March 2009 from Baht 494 million as at 31 December 2008. The increase in accounts receivable, primarily from the Middle East accounts, is in line with the increase in revenues, as collection period remains stable at 24.9 days as at 31 March 2009 compared to 24.6 days as at 31 December 2008. Total non-current assets remained stable at Baht 7,033 million as at 31 March 2009 compared to Baht 6,963 million as at 31 December 2008. As a result, total assets slightly increased to Baht 8,247 million as at 31 March 2009 from Baht 8,104 million as at 31 December 2008.

Total liabilities were Baht 3,030 million as at 31 March 2009, a decrease from Baht 3,239 million as at 31 December 2008. This was primarily due to the decrease in interest-bearing debt (short-term loan + long-term loans inclusive of the current portion) to Baht 1,543 million as at 31 March 2009 from Baht 1,885 million as at 31 December 2008, as the Company paid down its short-term loan from financial institution of Baht 200 million, together with the scheduled repayment of Baht 142 million in 1Q09. With the decrease in its debt position together with stable cash balance, net

debt to equity decreased to 0.23x as at 31 March 2009 from 0.31x as at 31 December 2008. The Company's interest coverage ratio also improved to 26.9x in 1Q09 compared to 21.0x in 1Q08.

Total shareholder's equity increased to Baht 5,217 million as at 31 March 2009 from Baht 4,865 million as at 31 December 2008, primarily as a result of the Company's 1Q09 net profit of Baht 338 million. Annualized average return on assets for 1Q09 was 16.5% while annualized average return on equity remained high at 26.8% for 1Q09.

3. Liquidity

The Company's cash flow from operating activities for 1Q09 was Baht 531 million, an increase from Baht 447 million in 1Q08, primarily attributable to the increase in trade accounts payable. Net cash used in investment activities decreased to Baht 205 million in 1Q09, compared to Baht 850 million in 1Q08 because of acquisition of property, plant and equipment and repayment of construction and medical equipment payable related to the acquisition of BH Tower and the construction of the Bumrungrad International Clinic of Baht 696 million, together with additional investment in Bumrungrad International Limited of Baht 142 million in 1Q08. The Company reported net cash flow used in financing activities of Baht 359 million in 1Q09 as the Company repaid its short-term loan from financial institutions of Baht 200 million and its long-term loan of Baht 142 million, while net cash flow from financing activities in 1Q08 was Baht 276 million, as the Company made a draw down of long-term loan of Baht 400 million to finance the acquisition of BH Tower, netted off with the repayment of long-term loan of Baht 115 million in 1Q08. As a result, cash and cash equivalents at the end of the period was Baht 351 million as at 31 March 2009 compared to Baht 424 million as at 31 March 2008.

Liquidity ratio as at 31 March 2009 slightly increased to 0.59x from 0.54x as at 31 December 2008, while quick ratio was 0.45x as at 31 March 2009, compared to 0.41x as at 31 December 2008. The increase in both liquidity and quick ratios are primarily due to the increase in trade accounts receivable to Baht 569 million as at 31 March 2009 from Baht 494 million as at 31 December 2008, which is in line with the increase in revenues as explained earlier.