

## Bumrungrad Hospital Public Company Limited

### Management Discussion and Analysis

For the first quarter ended 31 March 2010

The Company reported total revenues in 1Q10 of Baht 2,628 million, a 13% increase from 1Q09 revenues of Baht 2,328 million. The 1Q10 net profit was Baht 369 million, a 9% increase from 1Q09 net profit of Baht 338 million. Details of the management discussion and analysis are as follows:

#### 1. Profit and Loss Statement

For 1Q10, the Company reported revenues from hospital operations of Baht 2,554 million, an increase by 13% y-o-y from Baht 2,261 million in 1Q09. The increase is mainly the result of the continuous growth in hospital operations, where inpatient revenues increased by 18% y-o-y while outpatient revenues increased by 7% y-o-y.

Other income increased to Baht 27 million in 1Q10 from Baht 25 million in 1Q09. Total revenues in 1Q10 were Baht 2,628 million, compared to Baht 2,328 million in 1Q09, an increase of 13%, in line with the increase in revenues from hospital operations.

In 1Q10, the Company reported cost of hospital operations of Baht 1,511 million, an increase by 10% y-o-y from Baht 1,370 million in 1Q09, lower than the growth rate of revenues from hospital operations as a result of continuous rigid cost control, coupled with economies of scale as the hospital saw high volume especially from international patients in first quarter of 2010. Gross profit, therefore, increased by 17% to Baht 1,043 million in 1Q10 from Baht 891 million in 1Q09, with improvement in gross profit margin to 40.8% in 1Q10 compared to 39.4% in 1Q09.

1Q10 administrative expenses were Baht 408 million, compared to Baht 324 million in 1Q09, an increase of 26%, higher than the increase in total revenues. But when compared to 4Q09, administrative expenses increased by 4% from Baht 391 million in 4Q09. The higher increase y-o-y was due to higher bonus accrual in 2010, where the bonus level is back at the normal rate with the turn-around of the economy, together with additional expenses related to two new subsidiaries, Asia Global Health Co., Ltd. (AGH), an investment company looking for healthcare opportunities in the region, and Asia Global Research Co., Ltd. (AGR), a clinical research company, which started their operations in second half of 2009. As a result, EBITDA was Baht 679 million in 1Q10, an 11% increase from Baht 611 million in 1Q09. Consequently, EBITDA margin slightly declined to 25.8% in 1Q10 compared to 26.3% in 1Q09.

1Q10 depreciation and amortization was Baht 141 million, compared to Baht 133 million in 1Q09. The increase was attributable to the rolling renovation of inpatient beds and the new Women Center. Financing expenses decreased to Baht 16 million in 1Q10 compared to Baht 23 million in 1Q09, as a result of lower loan outstanding from the scheduled repayment of the previous loan, together with lower interest rate from the refinanced loan, where the interest rate was reduced from MLR – 1.25% to MLR – 1.5%. The corporate income tax in 1Q10 was Baht 164 million, compared to Baht 131 million in 1Q09, or at the effective tax rate of 31.3% in 1Q10 and 28.8% in 1Q09. The high effective tax rate in 1Q10 was because the Company's two start-up companies, AGH and AGR, are making net losses, and therefore do not pay taxes.

The Company reported share of income from investments in joint venture and associated companies of Baht 10 million in 1Q10, compared to Baht 14 million in 1Q09. The 1Q10 share of income of Baht 10 million is attributable to share of income from CDE Trading Company Limited of Baht 1 million and share of income from Bumrungrad International Limited of Baht 9 million. The contribution from CDE Trading Company Limited is small as CDE Trading is now temporarily inactive. For Bumrungrad International Limited, share of income from Bumrungrad International Limited is Baht 9 million in 1Q10, a slight decrease from Baht 12 million in 1Q09. In 1Q10, Bumrungrad International Limited had additional accounting adjustment, mainly related to its Asia Renal Care's clinics in Japan of Baht -5.6 million. Taking out such adjustment, share of income from the operations of Bumrungrad International Limited in 1Q10 is Baht 15 million, an increase from Baht 12 million in 1Q09.

As a result of the above, the Company reported net profit of Baht 369 million in 1Q10, an increase of 9% from net profit of Baht 338 million in 1Q09. Net profit margin was 14.0% in 1Q10, a slight decrease from 14.4% in 1Q09.

For 1Q10, basic EPS was Baht 0.51, a 10% increase y-o-y from Baht 0.46 in 1Q09. Similarly, 1Q10 fully diluted EPS was Baht 0.43, a 10% increase from Baht 0.39 in 1Q09.

	(Unit: Baht Million)		
	1Q10	1Q09	Y-o-Y Growth
Revenues from Hospital Operations	2,554	2,261	13%
Total Revenues	2,628	2,328	13%
Gross Profit	1,043	891	17%
<i>Gross Profit Margin</i>	40.8%	39.4%	
EBITDA	679	611	11%
<i>EBITDA Margin</i>	25.8%	26.3%	
Share of Income from Investments in Joint Venture and Associated Companies	10	14	-26%
Net Profit	369	338	9%
<i>Net Profit Margin</i>	14.0%	14.4%	
EPS – Basic	0.51	0.46	10%
EPS – Fully Diluted	0.43	0.39	10%

## 2. Balance Sheet

As at 31 March 2010, the Company reported total current assets of Baht 1,654 million, an increase from Baht 1,332 million as at 31 December 2009, primarily because of increase in cash and cash equivalents and trade accounts receivable. The increase in accounts receivable to Baht 825 million as at 31 March 2010 from Baht 658 million as at 31 December 2009 was primarily the result of the increase in the Middle East corporate accounts, together with increasing international insurance contracts. Therefore, collection period increased to 29.9 days as at 31 March 2010 compared to 26.7 days as at 31 December 2009. Total non-current assets slightly increased to Baht 7,321 million as at 31 March 2010 compared to Baht 7,235 million as at 31 December 2009 because of the increase in property, plant and equipment to Baht 5,763 million as at 31 March 2010 from Baht 5,667 million as at 31 December 2009. This was primarily a result of increase in assets related to the renovation of inpatient wards and renovation of Women Center. As a result, total assets increased to Baht 8,975 million as at 31 March 2010 from Baht 8,567 million as at 31 December 2009.

Total liabilities were Baht 3,164 million as at 31 March 2010, an increase from Baht 3,094 million as at 31 December 2009, primarily from increase in current liabilities related to operations, such as accrued physician fees and corporate income tax payable. The interest-bearing debt (short-term loan + long-term loans) decreased to Baht 1,430 million as at 31 March 2010 from Baht 1,620 million as at 31 December 2009, as the Company repaid its short-term loan. With lower debt position and an increase in cash balance, together with an increase in shareholders' equity, net debt to equity decreased to 0.16x as at 31 March 2010 from 0.23x as at 31 December 2009. Because the Company no longer has current portion of long term loans in 1Q10, as the refinanced loan has 2 years grace period, together with decrease in interest expense, the Company's interest coverage ratio significantly improved to 43.2x in 1Q10 compared to 24.8x in 2009.

Total shareholder's equity increased to Baht 5,811 million as at 31 March 2010 from Baht 5,473 million as at 31 December 2009, primarily as a result of the Company's 1Q10 net profit of Baht 369 million. Annualized average return on assets in 1Q10 was 16.8% while annualized average return on equity remained high at 26.2% in 1Q10.

(Unit: Baht Million)

	31 Mar 10	31 Dec 09	Growth
Total Assets	8,975	8,567	5%
Total Liabilities	3,164	3,094	2%
Total Shareholders' Equity	5,811	5,473	6%
Average Collection Period (days)	29.9	26.7	
Average Inventory Period (days)	12.2	12.5	
Average Payables Period (days)	32.8	33.3	
Net Debt to Equity (x)	0.16	0.23	
	1Q10	2009	
Interest Coverage Ratio (x)	43.2	24.8	
Average Return on Assets (%)	16.8	14.9	
Average Return on Equity (%)	26.2	24.1	

### 3. Liquidity

The Company's cash flow from operating activities in 1Q10 was Baht 547 million, stable compared to Baht 531 million in 1Q09. Net cash used in investment activities also remained stable at Baht 204 million in 1Q10, compared to Baht 205 million in 1Q09. The Company reported net cash flow used in financing activities of Baht 206 million in 1Q10, a decrease from Baht 359 million in 1Q09, because the Company repaid its long term loan in 1Q09 according to the repayment schedule of the previous long-term loan agreement, while the refinanced loan has 2-years grace period. As a result, cash and cash equivalents at the end of the period was Baht 523 million as at 31 March 2010, an increase from Baht 351 million as at 31 March 2009.

Liquidity ratio as at 31 March 2010 increased to 0.95x, compared to 0.80x as at 31 December 2009, primarily because of the increase in total current assets, as a result of the increase in cash and cash equivalents and accounts receivable. Similarly, quick ratio increased to 0.78x as at 31 March 2010, compared to 0.63x as at 31 December 2009.

(Unit: Baht Million)

	1Q10	1Q09
Cash Flow from Operating Activities	547	531
Cash Flow from Investing Activities	-204	-205
Cash Flow from Financing Activities	-206	-359
Net Increase (Decrease) in cash and cash equivalents	136	-33
Cash and Cash Equivalents at end of year	523	351
	31 Mar 10	31 Dec 09
Liquidity Ratio (x)	0.95	0.80
Quick Ratio (x)	0.78	0.63