

**Bumrungrad Hospital PCL.**  
**Management Discussion and Analysis for 4Q10 and 2010**  
**25 February 2011**

## Summary

The Company reported Total revenues in 4Q10 of Baht 2,540 million, a 5% increase from 4Q09 Total revenues of Baht 2,429 million. The 4Q10 Reported net profit was Baht 345 million, a 15% increase from 4Q09 Reported net profit Baht 300 million. Increased Revenues from hospital operations, decreased Administrative expenses and lower Financial cost were the reasons behind increased Reported net profit.

For 2010, the Company reported Total revenues of Baht 10,069 million, an 8% increase from 2009 Total revenues of Baht 9,338 million. The 2010 Reported net profit was Baht 1,258 million, a 1% increase from 2009 Reported net profit of Baht 1,246 million. Excluding Baht 63 million extraordinary item from loss on the translation adjustment from the sale of Asia Renal Care (ARC) Group in 2Q10, the 2010 net profit was Baht 1,321 million, a 6% increase from 2009 Reported net profit.

Details of the management discussion and analysis are as follows.

## Profit and Loss Statement

### Quarterly operation performance

For 4Q10, the Company reported Revenues from hospital operations of Baht 2,484 million, a 5% increase year over year from Baht 2,358 million in 4Q09. Total patient volumes and revenue per episode continued to grow for 4Q10 compared with 4Q09. Outpatient service revenue increased by 8% year over year while inpatient service revenue increased by 1% year over year.

Rental income was Baht 31 million in 4Q10, down from Baht 37 million in 4Q09. Other income was Baht 25 million in 4Q10, down from Baht 34 million in 4Q09 due to lower exchange rate gain. Total revenues in 4Q10 were Baht 2,540 million, compared to Baht 2,429 million in 4Q09, a 5% increase year over year, in line with growth in Revenues from hospital operations.

In 4Q10, the Company reported Cost of hospital operations of Baht 1,514 million, a 5% increase year over year from Baht 1,439 million in 4Q09, in line with growth in Revenues from hospital operations. Therefore, gross profit was Baht 970 million, a 6% increase year over year from Baht 919 million in 4Q09, reflecting gross margin at 39.1% in 4Q10 vs. 39.0% in 4Q09.

4Q10 Administrative expenses were Baht 357 million, a 9% decrease year over year from Baht 391 million in 4Q09. The decrease was mainly due to reversal of accruals for employee expenses and marketing expenses, and reduced donation expense together with a lower cost burden from subsidiaries. As a result of the lower Administrative expenses, EBITDA was Baht 632 million in 4Q10, a 14% increase year over year from Baht 557 million in 4Q09. Consequently, EBITDA margin was 24.9% in 4Q10 which improved from 22.9% in 4Q09.

4Q10 Depreciation and amortization was Baht 157 million, higher than the Baht 135 million in 4Q09, as a result of the completion of renovation of inpatient wards together with the new Women Center and Digestive Disease Center. Financing expenses was Baht 18 million in 4Q10 which was lower than Baht 30 million in 4Q09 because of Baht 12 million prepayment fee in October 2009 when the Company refinanced its loan. The corporate income tax in 4Q10 was Baht 123 million, compared to Baht 106 million in 4Q09, or at the effective tax rate of 26.8% in 4Q10 and 26.1% in 4Q09.

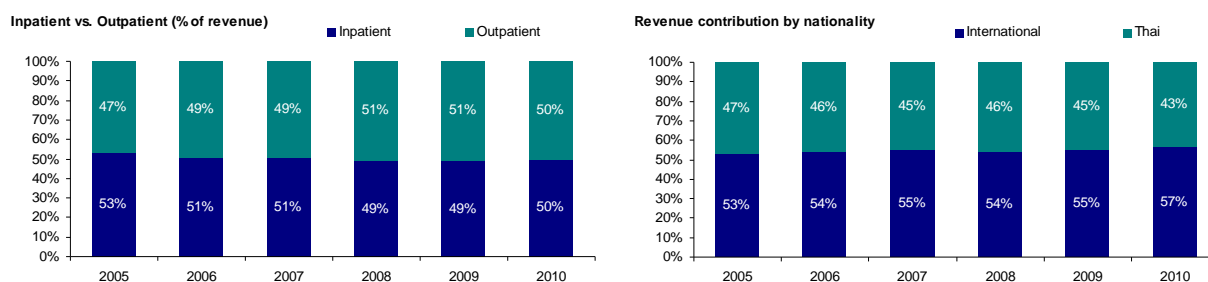
The Company reported Share of income from investments in joint venture and associated companies of Baht 10 million in 4Q10 which was higher than share of income of Baht 0.2 million in 4Q09. The 4Q10 share of income was attributable to share of income from Bumrungrad International Limited of Baht 9.3 million and share of income from CDE Trading Company Limited of Baht 0.8 million.

As a result of the above, the Company's 4Q10 Reported net profit was Baht 345 million, a 15% increase year over year from Baht 300 million Reported net profit in 4Q09. Net profit margin was 13.5% in 4Q10, an increase from 12.3% in 4Q09.

For 4Q10, basic EPS was Baht 0.47, a 15% increase year over year from Baht 0.41 in 4Q09. 4Q10 fully diluted EPS was Baht 0.40, a 15% increase year over year from Baht 0.35 in 4Q09.

## 2010 operation performance

For 2010, the Company reported Revenues from hospital operations of Baht 9,806 million, an 8% increase year over year from Baht 9,069 million in 2009. The revenue growth was driven by strong Revenues from hospital operation in 1Q10 and 3Q10. However, this was partially offset by weak performance in 2Q10 due to political unrest. Inpatient service revenues increased by 10% year over year and outpatient service revenues increased by 5% year over year. The revenue contribution by inpatient service was 50% and outpatient service was 50% in 2010. In terms of revenues by nationality, revenues from international patients were 57% and revenues from Thai patients were 43%.



Rental income was Baht 130 million in 2010, a decline from Baht 132 million in 2009. Other income was Baht 120 million in 2010, a decline from Baht 137 million in 2009. Total revenues in 2010 were Baht 10,069 million, compared to Baht 9,338 million in 2009, an 8% increase year over year, in-line with the increase in Revenues from hospital operation.

In 2010, the Company reported Cost of hospital operations of Baht 5,944 million, a 7% increase year over year from Baht 5,553 million in 2009, at a slower pace than growth in Revenues from hospital operation as a result of continuous cost control, coupled with better asset utilization and economies of scale as the hospital saw high volume especially from international patients in 1Q10 and 3Q10. As a result, gross profit was Baht 3,862 million in 2010, a 10% increase year over year from Baht 3,516 million in 2009. Consequently, gross profit margin was 39.4% in 2010, higher than 38.8% in 2009.

2010 Administrative expenses were Baht 1,537 million, a 9% increase year over year from Baht 1,416 million in 2009, slightly higher than the increase in Total revenues. The increase was due to higher salaries related to higher headcount to accommodate increasing volume and higher overtime costs in 2Q10 as the hospital staffed the personnel during the political unrest to prepare for any possible mass casualties; higher donation expenses from Rak Jai Thai project; and additional expenses related to subsidiary, Asia Global Research Co., Ltd. (AGR), a clinical research company, which started operations in the second half of 2009 and start-up expenses of Vitechpro, the wholesale business of Vitallife Corporation Limited. As a result, EBITDA was Baht 2,452 million in 2010, a 9% increase year over year from Baht 2,259 million in 2009. Consequently, EBITDA margin was 24.4% in 2010, up from 24.2% in 2009.

2010 Depreciation and amortization was Baht 596 million, higher than Baht 539 million in 2009 due to the completion of renovation of inpatient wards together with the new Women Center and Digestive Disease Center. Financing expenses decreased to Baht 68 million in 2010 compared to Baht 91 million in 2009, as a result of the Baht 12 million refinancing prepayment fee in 2009 and a lower loan balance 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 2010 was Baht 507 million, compared to Baht 444 million in 2009, or at the effective tax rate of 28.2% in 2010 and 27.1% in 2009.

The Company reported Share of loss from investments in joint venture and associated companies of Baht 35 million in 2010, compared to share of profit of Baht 47 million in 2009. The 2010 share of loss was attributable to share of income from CDE Trading Company Limited of Baht 7 million and share of loss from Bumrungrad International Limited of Baht 42 million which was primarily due to Baht 63 million loss on the translation adjustment from the sale of ARC Group in 2Q10.

As a result of the above, the Company's 2010 Reported net profit was Baht 1,258 million, a 1% increase year over year. Excluding Baht 63 million extraordinary item, which was the loss on the translation adjustment from the sale of ARC Group, 2010's net profit was Baht 1,321 million, a 6% increase year over year from Reported net profit of Baht 1,246 million in 2009. Reported net profit margin was 12.5% in 2010, while net profit margin excluding the extraordinary item was 13.1%, which was slightly lower than 13.3% in 2009.

For 2010, basic EPS was Baht 1.73, a 1% increase year over year from Baht 1.71 in 2009. 2010 fully diluted EPS was Baht 1.45, also a 1% increase year over year from Baht 1.44 in 2009.

Income statement (Unit: Baht million)			Year over		Year over	
	4Q10	4Q09	year	2010	2009	year
Revenues from Hospital Operations	2,484	2,358	5%	9,806	9,069	8%
Total revenues	2,540	2,429	5%	10,069	9,338	8%
Gross Profit	970	919	6%	3,862	3,516	10%
EBITDA	632	557	14%	2,452	2,259	9%
Share of Income from Investments in Joint Venture and Associated Companies	10	0.2	N.A.	-35	47	N.A.
Net Profit	345	300	15%	1,258	1,246	1%
Net profit excluding extraordinary item	345	300	15%	1,321	1,246	6%
EPS – Basic	0.47	0.41	15%	1.73	1.71	1%
EPS – Fully Diluted	0.40	0.35	15%	1.45	1.44	1%
<i>Gross Profit Margin</i>	39.1%	39.0%		39.4%	38.8%	
<i>EBITDA Margin</i>	24.9%	22.9%		24.4%	24.2%	
<i>Net Profit Margin</i>	13.5%	12.3%		12.5%	13.3%	
<i>Net profit margin excluding extraordinary item</i>	13.5%	12.3%		13.1%	13.3%	

## Balance Sheet

As at 31 December 2010, the Company reported Total current assets of Baht 1,855 million, an increase from Baht 1,332 million as at 31 December 2009, primarily because of an increase in Cash and cash equivalents and Trade accounts receivable. Trade accounts receivable was Baht 946 million as at 31 December 2010, an increase from Baht 658 million as at 31 December 2009, as a result of the increase in the Middle East corporate accounts, together with increasing international insurance contracts. Therefore, the collection period increased to 33.4 days as at 31 December 2010 compared to 26.7 days as at 31 December 2009. Total non-current assets slightly increased to Baht 7,297 million as at 31 December 2010 compared to Baht 7,235 million as at 31 December 2009 because of the increase in Property, plant and equipment to Baht 5,785 million as at 31 December 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 and Digestive Disease Center. As a result, Total assets increased to Baht 9,152 million as at 31 December 2010 from Baht 8,567 million as at 31 December 2009.

Total liabilities were Baht 3,082 million as at 31 December 2010, a slight decrease from Baht 3,094 million as at 31 December 2009, primarily from a decrease in Current liabilities related to operations such as Accrued expenses and Short-term loan. The interest-bearing debt (short-term loan + long-term loans) decreased to Baht 1,530 million as at 31 December 2010 from Baht 1,620 million as at 31 December 2009 due to short-term loan repayment. With a lower debt position and increased cash balance, together with an increase in Shareholders' equity, net debt to equity slightly decreased to 0.15x as at 31 December 2010 from 0.23x as at 31 December 2009. Because the Company no longer has current portion of long term loans since 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 35.9x in 2010 compared to 24.8x in 2009.

Total shareholders' equity increased to Baht 6,069 million as at 31 December 2010 from Baht 5,473 million as at 31 December 2009, primarily as a result of the Company's 2010 net profit of Baht 1,258 million, netted off with dividend payment of Baht 619 million in 2010. Average return on assets (ROA) in 2010 was 14.2% while Average return on equity (ROE) was 21.8% in 2010.

Unit: Baht million	31-Dec-10	31-Dec-09	Change
Total Assets	9,152	8,567	7%
Total Liabilities	3,082	3,094	0%
Total Shareholders' Equity	6,069	5,473	11%
Average Collection Period (days)	33.4	26.7	
Average Inventory Period (days)	12.6	12.5	
Average Payables Period (days)	32.7	33.3	
Net Debt to Equity (x)	0.15	0.23	
	2010	2009	
Interest Coverage Ratio (x)	35.9	24.8	
Average return on assets (%)	14.2%	14.9%	
Average Return on Equity (%)	21.8%	24.1%	

## Liquidity

The Company's cash flow from operating activities in 2010 was Baht 1,649 million, compared to Baht 1,706 million in 2009. Net cash used in investment activities was Baht 668 million in 2010, compared to Baht 822 million in 2009. The Company reported net cash flow used in financing activities of Baht 742 million in 2010, a decrease from Baht 881 million in 2009, because the Company repaid its long term loan in 2009 according to the repayment schedule of the previous long-term loan agreement, while the refinanced loan in October 2009 has 2-years grace period. As a result, Cash and cash equivalents at the end of the period was Baht 627 million as at 31 December 2010, an increase from Baht 387 million as at 31 December 2009.

Liquidity ratio as at 31 December 2010 increased to 1.12x compared to 0.80x as at 31 December 2009, as a result of the increase in Cash and cash equivalents and Accounts receivable. Similarly, quick ratio increased to 0.95x as at 31 December 2010, compared to 0.63x as at 31 December 2009.

Unit: Baht million	2010	2009
Cash Flow from Operating Activities	1,649	1,706
Cash Flow from Investing Activities	-666	-822
Cash Flow from Financing Activities	-742	-881
Net Increase (Decrease) in cash and cash equivalents	241	2
Cash and cash Equivalents at end of year	627	387
	31-Dec-10	31-Dec-09
Liquidity Ratio (x)	1.12	0.80
Quick Ratio (x)	0.95	0.63

For additional information made available to the public from time to time, investors and other interested parties may access the information that the Company provides to analysts and others at <http://www.bumrungrad.com/investor/investor.html>