

Bumrungrad Hospital PCL.
Management Discussion and Analysis for 1Q11 results
13 May 2011

Summary

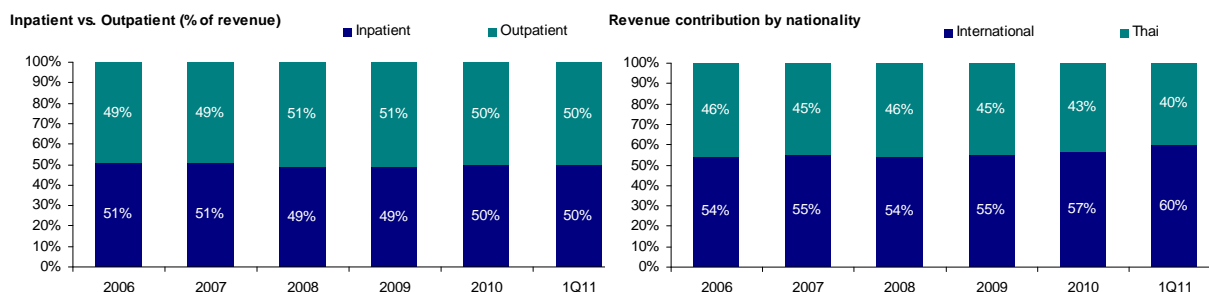
The Company reported Total revenues in 1Q11 of Baht 2,803 million, a 7% increase from 1Q10 Total revenues of Baht 2,628 million. The 1Q11 Reported net profit was Baht 416 million, a 13% increase from 1Q10 Reported net profit Baht 369 million. Higher growth of Reported net profit compared to growth of Total revenues was driven by a lower rate of increase in Cost of hospital operations and Administrative expenses.

Details of the management discussion and analysis are as follows.

Profit and Loss Statement

Quarterly operation performance

For 1Q11, the Company reported Revenues from hospital operations of Baht 2,738 million, a 7% increase year over year from Baht 2,554 million in 1Q10. Total patient volumes and revenue per episode continued to grow for 1Q11 compared with 1Q10. Outpatient service revenue increased by 8% year over year while inpatient service revenue increased by 6% year over year. The revenue contribution by inpatient service was 50% and outpatient service was 50% in 1Q11. In terms of revenues by nationality, revenues from international patients were 60% and revenues from Thai patients were 40%.



Rental income was Baht 30 million in 1Q11, down from Baht 37 million in 1Q10. Other income was Baht 22 million in 1Q11, down from Baht 27 million in 1Q10. Total revenues in 1Q11 were Baht 2,803 million, compared to Baht 2,628 million in 1Q10, a 7% increase year over year, in line with growth of Revenues from hospital operations.

In 1Q11, the Company reported Cost of hospital operations of Baht 1,587 million, a 5% increase year over year from Baht 1,511 million in 1Q10, lower than the growth rate of Revenues from hospital operations as a result of continuous cost control and economies of scale. Therefore, gross profit was Baht 1,151 million, a 10% increase year over year from Baht 1,043 million in 1Q10, reflecting gross margin at 42.0% in 1Q11 vs. 40.8% in 1Q10.

1Q11 Administrative expenses were Baht 445 million, a 2% increase year over year from Baht 438 million in 1Q10, lower than the growth rate of Total revenues as a result of lower marketing expenses, lower provision for bad debt, lower donation expenses and lower expenses related to two subsidiaries, Asia Global Health Co., Ltd. (AGH) and Asia Global Research Co., Ltd. (AGR). As a result, EBITDA was Baht 769 million in 1Q11, a 13% increase year over year from Baht 679 million in 1Q10. Consequently, EBITDA margin was 27.4% in 1Q11 which improved from 25.8% in 1Q10.

1Q11 Depreciation and amortization was Baht 159 million, higher than the Baht 141 million in 1Q10, 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 21 million in 1Q11, higher than Baht 16 million in 1Q10 because of an upward trend in interest rates affecting the company's long-term loan costs, linked to floating-rates at MLR-1.5%, and Baht 3.5 million in interest expense related to the purchase of common shares of Bangkok Chain Hospital PCL doing business as Kasemrad Hospital Group on 18 March 2011 (on pro rata basis in the quarter after the transaction settled). The corporate income tax in 1Q11 was Baht 185 million, compared to Baht 164 million in 1Q10, or at the effective tax rate of 31.4% in 1Q11 and 31.3% in 1Q10.

The Company reported Share of income from investments in joint venture and associated companies of Baht 11 million in 1Q11 which was higher than share of income of Baht 10 million in 1Q10. The 1Q11 share of income was attributable to share of income from Bumrungrad International Limited of Baht 9.7 million and share of income from CDE Trading Company Limited of Baht 0.8 million. The Company did not recognize the share of income from Kasemrad Hospital Group in 1Q11 due to time constraints after the transaction settled. The Company will commence recognition of share of income from Kasemrad Hospital Group in 2Q11.

As a result of the above, the Company's 1Q11 reported net profit was Baht 416 million, a 13% increase year over year from Baht 369 million Reported net profit in 1Q10. Net profit margin was 14.8% in 1Q11, an increase from 14.0% in 1Q10.

For 1Q11, basic EPS was Baht 0.57, a 12% increase year over year from Baht 0.51 in 1Q10. 1Q11 fully diluted EPS was Baht 0.48, a 12% increase year over year from Baht 0.43 in 1Q10.

Income statement (Unit: Baht million)	1Q11	1Q10	Year over year
Revenues from Hospital Operations	2,738	2,554	7%
Total revenues	2,803	2,628	7%
Gross Profit	1,151	1,043	10%
EBITDA	769	679	13%
Share of Income from Investments in Joint Venture and Associated Companies	11	10	5%
Net Profit	416	369	13%
EPS – Basic	0.57	0.51	12%
EPS – Fully Diluted	0.48	0.43	12%
<i>Gross Profit Margin</i>	<i>42.0%</i>	<i>40.8%</i>	
<i>EBITDA Margin</i>	<i>27.4%</i>	<i>25.8%</i>	
<i>Net Profit Margin</i>	<i>14.8%</i>	<i>14.0%</i>	

Balance Sheet

As at 31 March 2011, the Company reported Total current assets of Baht 2,514 million, an increase from Baht 1,855 million as at 31 December 2010, primarily because of an increase in Cash and cash equivalents. Trade accounts receivable was Baht 902 million as at 31 March 2011, a decrease from Baht 946 million as at 31 December 2010, as a result of account receivable collection mainly from the Middle East corporate accounts. The collection period was 34.2 days as at 31 March 2011 compared to 33.4 days as at 31 December 2010. Total non-current assets increased to Baht 10,786 million as at 31 March 2011 compared to Baht 7,297 million as at 31 December 2010 because of the increase in Investment in associated companies from the purchase of common shares of Kasemrad Hospital Group. As a result, Total assets increased to Baht 13,300 million as at 31 March 2011 from Baht 9,152 million as at 31 December 2010.

Total liabilities were Baht 7,094 million as at 31 March 2011, an increase from Baht 3,082 million as at 31 December 2010, primarily from an increase in Short-term loan of Baht 3,570 million from the purchase of common shares of Kasemrad Hospital Group, an increase in current liabilities related to operations such as Corporate income tax payable and Accrued expenses and an increase in provision for long-term employee benefits of Baht 281 million resulting from a change in accounting policy. The interest-bearing debt (short-term loan + long-term loans) increased to Baht 5,000 million as at 31 March 2011 from Baht 1,530 million as at 31 December 2010 due to the increase in Short-term loan of Baht 3,570 million from the purchase of common shares of Kasemrad Hospital Group. With a higher debt position, net debt to equity increased to 0.60x as at 31 March 2011 from 0.15x as at 31 December 2010. The Company's interest coverage ratio was 36.0x in 1Q11 compared to 35.9x in 2010.

Total shareholders' equity increased to Baht 6,206 million as at 31 March 2011 from Baht 6,069 million as at 31 December 2010, primarily as a result of the Company's 1Q11 net profit of Baht 416 million, netted off with decreasing retained earnings by Baht 276 million from cumulative effect of change in accounting policy for employee benefits. Annualized average return on assets (ROA) in 1Q11 was 14.8% while annualized average return on equity (ROE) was 27.1% in 1Q11.

Unit: Baht million	31-Mar-11	31-Dec-10	Change
Total Assets	13,300	9,152	45%
Total Liabilities	7,094	3,082	130%
Total Shareholders' Equity	6,206	6,069	2%
Average Collection Period (days)	34.2	33.4	
Average Inventory Period (days)	12.0	12.6	
Average Payables Period (days)	32.1	32.7	
Net Debt to Equity (x)	0.60	0.15	
	1Q11	2010	
Interest Coverage Ratio (x)*	36.0	35.9	
Annualized average return on assets (%)	14.8%	14.2%	
Annualized average Return on Equity (%)	27.1%	21.8%	

* Interest expenses related to the purchase of common shares of Bangkok Chain Hospital PCL doing business as Kasemrad Hospital Group to calculate interest coverage ratio was Bt 3.5 million based on remaining days in the quarter after the transaction settled. If we assumed impact for the full quarter, interest expenses from this transaction would be Bt 51 million and interest coverage ratio will be 15.1x

Liquidity

The Company's cash flow from operating activities in 1Q11 was Baht 899 million, compared to Baht 547 million in 1Q10. Net cash used in investment activities was Baht 3,669 million in 1Q11, compared to Baht 204 million in 1Q10 mainly from the purchase of common shares of Kasemrad Hospital Group. The Company reported net cash flow from financing activities of Baht 3,454 million in 1Q11, an increase from Baht 206 million net cash flow used in financing activities in 1Q10, because the Company raised Baht 3,570 million short-term loans for the purchase of common shares of Kasemrad Hospital Group. As a result, Cash and cash equivalents at the end of the period was Baht 1,311 million as at 31 March 2011, an increase from Baht 523 million as at 31 March 2010.

Liquidity ratio as at 31 March 2011 decreased to 0.45x compared to 1.12x as at 31 December 2010, as a result of the increase in short-term loans. Similarly, quick ratio decreased to 0.40x as at 31 March 2011 compared to 0.95x as at 31 December 2010.

Unit: Baht million	1Q11	1Q10
Cash Flow from Operating Activities	899	547
Cash Flow from Investing Activities	-3,669	-204
Cash Flow from Financing Activities	3,454	-206
Net Increase (Decrease) in cash and cash equivalents	684	136
Cash and cash Equivalents at end of year	1,311	523
	31-Mar-11	31-Dec-10
Liquidity Ratio (x)	0.45	1.12
Quick Ratio (x)	0.40	0.95

Disclosure of the reduction in capital of Bumrungrad International Limited (BIL), 31.5% owned by Bumrungrad Hospital PCL (BH)

By resolution of the extraordinary general meeting of the BIL shareholders held on 14 March 2011, the share capital of BIL was reduced, by way of a reduction of the number of shares, from Baht 3,199,336,700 to Baht 1,176,000,000. By cancelling 20,233,367 shares at par value of Baht 100 per share, an amount of Baht 2,023,336,700 was made available for this partial reduction of capital and provided for a cash payout to shareholders. The reduction was made on a pro rata basis for all shareholders and will therefore not change the ownership percentage positions of any shareholder. After elimination of BIL's retained deficit, the resulting cash distributed by BIL to shareholders on 19 April 2011 was Baht 1,944,910,646. The cash distributions to and ownership positions of each shareholder are set forth below:

Shareholders	Pre-capital reduction		Post-capital reduction		Cash distribution (Bt)
	No of shares	% holding	No of shares	% holding	
Bumrungrad Hospital Pcl. (BH)	10,077,910	31.5%	3,704,400	31.5%	612,646,853
Asia Financial Holdings	6,238,707	19.5%	2,293,200	19.5%	379,257,576
Istithmar	6,238,707	19.5%	2,293,200	19.5%	379,257,576
Temasek	6,238,707	19.5%	2,293,200	19.5%	379,257,576
Bangkok Bank Pcl.	3,199,336	10.0%	1,176,000	10.0%	194,491,065
Total	31,993,367	100.0%	11,760,000	100.0%	1,944,910,646

The capital reduction follows the sale of all the shares of Asia Renal Care Limited (ARC) by BIL during 2010. As BIL's cash balances were in excess of its cash requirements, the capital reduction reflects the exercise of prudent financial management and corporate governance.

BH plans to use the cash receipt from BIL's capital reduction for its working capital.

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>