

11 May 2012

Subject: Management Discussion and Analysis for the first quarter 2012 results

To: Directors and Manager
The Stock Exchange of Thailand

Bumrungrad Hospital PCL.
Management Discussion and Analysis for 1Q12 results
11 May 2012

Summary

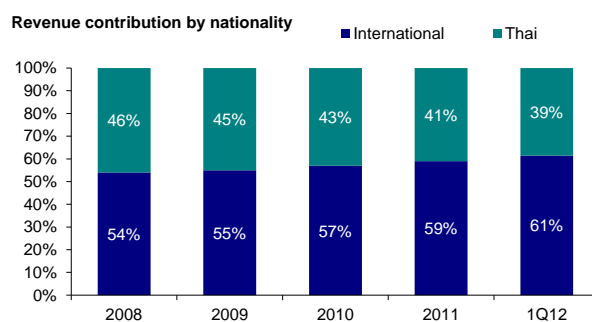
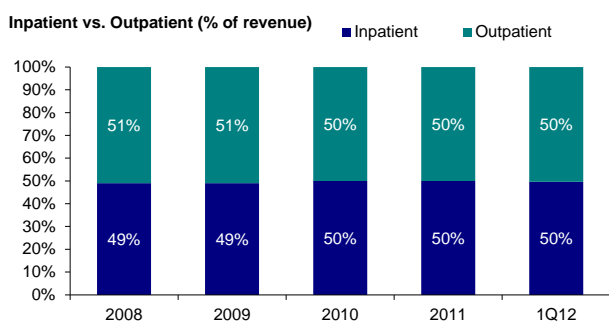
The Company reported total revenues in 1Q12 of Baht 3,236 million, a 15.6% increase from 1Q11 revenues of Baht 2,799 million. Strong volume and high revenue intensity in 1Q12 caused the growth rate in revenue from hospital operations. The 1Q12 reported net profit was Baht 583 million, an impressive 40.1% increase from 1Q11 net profit of Baht 416 million. The resulting Net profit margin was 17.7% in 1Q12, an increase from 14.8% in 1Q11.

Details of the management discussion and analysis are as follows.

Income statements

Quarterly Operational Performance

For 1Q12, the Company reported Revenues from hospital operations of Baht 3,155 million, a 15.4% increase year-over-year from Baht 2,735 million in 1Q11. Inpatient and outpatient volumes increased in 1Q12 compared with 1Q11, primarily due to strong growth in international markets. Revenue intensity also increased in 1Q12 in both inpatient and outpatient services. As a result, inpatient and outpatient service revenue increased by 15.6% and 14.7%, respectively. The revenue contribution in 1Q12 from inpatient services was 49.6% and from outpatient services was 50.4%, both in line with 1Q11 contribution percentages. In terms of revenues by nationality, revenues from international patients were 61.5% and revenues from Thai patients were 38.5%.



Interest income increased to Baht 8 million in 1Q12, from Baht 2 million in 1Q11. Other income was Baht 31 million in 1Q12, increased from Baht 22 million in 1Q11. Total revenues in 1Q12 were Baht 3,236 million, compared to Baht 2,799 million in 1Q11, a 15.6% increase year-over-year.

In 1Q12, the Company reported Cost of hospital operations of Baht 1,834 million, a 15.6% increase year-over-year from Baht 1,586 million in 1Q11. The increase in Cost of hospital operations was slightly higher than the increase in revenue from hospital operations due to increased doctor fees related to the high intensity cases. Therefore, gross profit was Baht 1,321 million, a 15.0% increase year-over-year from Baht 1,148 million in 1Q11, resulting in gross margin of 41.9% in 1Q12 compared to 42.0% in 1Q11.

1Q12 Administrative expenses were Baht 485 million, a 9.5% increase from Baht 443 million in 1Q11. The increase was mainly due to additional staff related expense and marketing expense. However, administrative expenses increased at a lesser rate than the corresponding increase in revenue, reflecting efficiency in cost management. As a result, EBITDA was Baht 909 million in 1Q12, an 18.2% increase from Baht 769 million in 1Q11. EBITDA margin increased to 28.2% in 1Q12 from 27.5% in 1Q11.

Ongoing capital spending increased 1Q12 Depreciation and amortization to 173 million versus Baht 159 million in 1Q11. The Company reported Baht 58 million as Share of income from investments in joint ventures and associated companies in 1Q12, compared to Baht 11 million in 1Q11. The 1Q12 increase was primarily attributable to share of income from Kasemrad Hospital Group of Baht 55 million, compared to no correspondence income in 1Q11.

Finance cost increased to Baht 59 million in 1Q12 from Baht 21 million in 1Q11, primarily due to Baht 42 million in interest expense and amortization of bond issuance cost related to debt financing for the purchase of common shares of Bangkok Chain Hospital PCL, doing business as Kasemrad Hospital Group on 18 March 2011.

Corporate income tax in 1Q12 was Baht 159 million, a decrease from Baht 185 million in 1Q11. This variance was due to the reduction of the corporate income tax rate from 30% in 2011 to 23% in 2012.

For 1Q12, basic EPS was Baht 0.80, a 40.4% increase year-over-year from Baht 0.57 in 1Q11. 1Q12 fully diluted EPS was Baht 0.67, a 39.6% increase from Baht 0.48 in 1Q11.

Income statement			
(Unit: Baht million)	1Q12	1Q11	Change
Revenues from Hospital Operations	3,155	2,735	15.4%
Total Revenues	3,236	2,799	15.6%
Gross Profit	1,321	1,148	15.0%
EBITDA	909	769	18.2%
Share of Income from Investments in Joint Venture and Associated Companies	58	11	448.1%
Net Profit	583	416	40.1%
<i>Gross Profit Margin</i>	41.9%	42.0%	
<i>EBITDA Margin</i>	28.2%	27.5%	
<i>Net Profit Margin</i>	17.7%	14.8%	

EPS (Unit: Baht)	1Q12	1Q11	Change
EPS – Basic	0.80	0.57	40.4%
EPS – Fully Diluted	0.67	0.48	39.6%

Statements of financial position

As at 31 March 2012, the Company reported Total current assets of Baht 3,717 million, an increase from Baht 2,704 million as at 31 December 2011, primarily due to an increase of Baht 970 million in Cash and cash equivalents. Trade accounts receivable was Baht 1,146 million as at 31 March 2012, versus Baht 1,110 million as at 31 December 2011. The collection period was 34.8 days as at 31 March 2012 compared to 37.2 days as at 31 December 2011, due largely to collections from Middle East contracts. Total non-current assets decreased to Baht 10,611 million as at 31 March 2012, compared to Baht 10,768 million as at 31 December 2011, due to the decrease in Investment in associated companies caused by the capital reduction of Bumrungrad International Limited. As a result, Total assets increased to Baht 14,328 million as at 31 March 2012 from Baht 13,473 million as at 31 December 2011.

Total Current liabilities were Baht 1,785 million as at 31 March 2012, an increase from Baht 1,506 million as at 31 December 2011, primarily from an increase of Baht 153 million in Corporate Income tax payable, an increase in accrued interest for long-term debentures of Baht 57 million, and an increase of Baht 59 million in various other accrued expenses.

Non-current liabilities, consisting mostly of Long-term debentures, had no significant changes as the Company had finished the bond issuance in December 2011, with little, if any, subsequent change. As a result of the increased cash position related to the strong operating results, net debt to equity decreased to 0.4x as at 31 March 2012 from 0.6x as at 31 December 2011. The Company's interest coverage ratio was 15.3x in 1Q12 compared to 36.0x in 1Q11. The decrease in interest coverage ratio was due to higher interest expense associated with the investment in Kasemrad Hospital Group.

Total shareholders' equity increased to Baht 7,306 million as at 31 March 2012 from Baht 6,734 million as at 31 December 2011. This increase was primarily as a result of the Company's 1Q12 net profit of Baht 583 million, netted off with other changes in retained earnings of Baht 10 million. Annualized average return on assets (ROA) increased 20% from 14.0% in 2011 to 16.8% in 1Q12. Similarly average return on equity (ROE) increased 34% from 24.8% in 2011 to 33.2% in 1Q12.

Unit: Baht million	31-Mar-12	31-Dec-11	Change
Total Assets	14,328	13,473	6.4%
Total Liabilities	7,022	6,739	4.2%
Total Shareholders' Equity	7,306	6,734	8.5%
	1Q12	1Q11	
Interest Coverage Ratio (x)	15.3	36.0*	

* 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 50.6 million and interest coverage ratio will be 15.2x

	1Q12	2011
Average Collection Period (days)	34.8	37.2
Average Inventory Period (days)	12.5	13.2
Average Payables Period (days)	27.7	30.1
Net Debt to Equity (x)	0.4	0.6
Average Return on Assets (%)	16.8%	14.0%
Average Return on Equity (%)	33.2%	24.8%

Cash flow statements

The Company's cash flow from operating activities in 1Q12 was Baht 927 million, compared to Baht 916 million in 1Q11 due to strong operating results in 1Q12. Net cash flow from investment activities was Baht 61 million in 1Q12, compared with Baht 3,667 million net cash flow used in investing activities in 1Q11. The impact of the purchase of common shares of Kasemrad Hospital Group was included in 1Q11, while 1Q12 included the receipt of proceeds of Baht 271 million from the capital reduction exercise by Bumrungrad International Limited, netted with the cash out flow associated with ongoing capital spending. The Company reported net cash used in financing activities of Baht 17 million in 1Q12, versus Baht 3,435 million provided by financing activities in 1Q11, as the Company received Baht 3,570 million from short-term loans in 1Q11 for the purchase of common shares of Kasemrad Hospital Group. As a result, Cash and cash equivalents were Baht 2,231 million as at 31 March 2012, compared to from Baht 1,311 million as at 31 December 2011.

The Company's liquidity ratio as at 31 March 2012 increased to 2.1x from 1.8x as at 31 December 2011, due to the increase in Cash and cash equivalents. Similarly, the quick ratio increased to 1.9x as at 31 March 2012 compared to 1.6x as at 31 December 2011.

Unit: Baht million	1Q12	1Q11
Cash Flow from Operating Activities	927	916
Cash Flow from Investing Activities	61	-3,667
Cash Flow from Financing Activities	-17	3,435
Net Increase (Decrease) in cash and cash equivalents	970	684
Cash and Cash Equivalents at end of period	2,231	1,311
	31-Mar-12	31-Dec-11
Liquidity Ratio (x)	2.1	1.8
Quick Ratio (x)	1.9	1.6

Please be informed accordingly.

Yours faithfully,

(Dr. Chanvit Tanphiphat, MD)

Vice Chairman