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10 May 2013

Subject: Management Discussion and Analysis for the first quarter 2013 results

To: Directors and Manager
The Stock Exchange of Thailand

**Bumrungrad Hospital PCL.
Management Discussion and Analysis for 1Q13 results
10 May 2013**

Summary

The Company reported Total revenues in 1Q13 of Baht 3,566 million, a 10.2% increase from 1Q12 revenues of Baht 3,236 million. Net profit for 1Q13 grew by 5.5% to Baht 613 million from Baht 581 million in 1Q12. The resulting Net profit margin was 17.2% in 1Q13 compared to 17.6% in 1Q12.

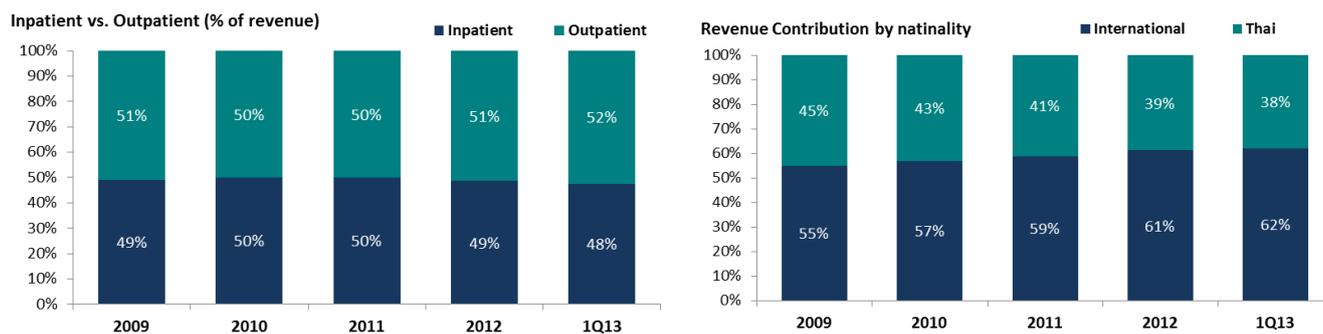
The Company's Net profit for 1Q12 included Baht 55 million Share of profit from Bangkok Chain Hospital PCL (doing business as "Kasemrad Hospital Group"). On 10 July 2012, the Company sold all of its investment in Bangkok Chain Hospital PCL, resulting in no corresponding Share of profit in 1Q13.

Details of the management discussion and analysis are as follow:

Income statements

Quarterly Operational Performance

For 1Q13, the Company reported Revenues from hospital operations of Baht 3,457 million, a 9.6% improvement year-over-year from Baht 3,155 million in 1Q12. Outpatient volumes increased in 1Q13 compared with 1Q12 in both Thai and international markets, while inpatient volumes increased slightly on a patient day basis and experienced a small decline in admissions. Both outpatient and inpatient volumes were impacted by one fewer day in 1Q13, as well as an exceptionally strong 1Q12. In addition, inpatient volumes were somewhat affected by certain capacity management actions to help ensure access for patients requiring more acute healthcare services and longer lengths of stay. For outpatient services, revenue intensity improved 4.8% year-over-year, with a slight increase in inpatient services on a per admission basis. As a result, inpatient and outpatient service revenues grew by 4.7% and 13.5%, respectively. The revenue contribution from inpatient services in 1Q13 was 47.6% and from outpatient services was 52.4%, compared with 49.6% and 50.4%, respectively, for 1Q12. In terms of revenues by nationality in 1Q13, international patients accounted for 62.1% with the remaining 37.9% from Thai patients, reflecting a higher revenue intensity of international business than the prior period.



Interest income advanced to Baht 38 million in 1Q13 from Baht 8 million in 1Q12, mainly due to increased cash balances associated with Baht 4,482 million in net cash proceeds from the sale of all shares in Bangkok Chain Hospital PCL in July 2012. Exchange gains increased to Baht 12 million from Baht 9 million due to higher collections on Middle East contracts. The above were somewhat offset by a small net decrease in various categories of Other income, resulting in an overall 10.2% improvement year-over-year of Total revenues to Baht 3,566 million in 1Q13 from Baht 3,236 million in 1Q12.

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 2,143 million for 1Q13, or 9.5% more year-over-year from Baht 1,956 million in 1Q12, which was in line with the 9.6% growth in Revenues from hospital operations. Administrative expenses (including Depreciation and amortization) were Baht 596 million in 1Q13, increasing 11.2% from Baht 536 million in 1Q12. This change included Baht 17 million impact from the minimum wage adjustment effective on 1 April 2012, Baht 8 million merit and inflationary increases for employee salaries and wages, Baht 6 million additional software support and maintenance costs, Baht 6 million additional Depreciation and amortization related to the campus expansion and Baht 4 million more in rental costs associated with temporary office space to accommodate the campus expansion. EBITDA grew 7.6% year-over-year from Baht 909 million in 1Q12 to Baht 978 million in 1Q13, with EBITDA margin of 27.7% in 1Q13 compared to 28.2% in 1Q12.

Ongoing capital spending, largely due to the campus expansion, contributed to higher 1Q13 Depreciation and amortization of Baht 190 million from Baht 173 million in 1Q12. The Company reported Baht 1 million Share of profit from investments in associates in 1Q13, compared to Share of profit of Baht 58 million in 1Q12. Included in the 1Q12 was Baht 55 million attributable to Share of profit from Bangkok Chain Hospital PCL which was sold in early July 2012, resulting in no corresponding Share of profit in 1Q13.

Finance cost was the same for both 1Q13 and 1Q12 at Baht 59 million, and was primarily due to interest expense and amortization of bond issuance cost associated with bonds issued in December 2011 to refinance debt.

Corporate income tax of Baht 155 million in 1Q13 was lower than Baht 161 million in 1Q12, mostly due to Baht 23 million from the reduction of the statutory corporate income tax rate from 23% in 2012 to 20%, offset by Baht 19 million increased taxes due to higher taxable profit in 1Q13 compared with 1Q12.

Basic EPS for 1Q13 was Baht 0.84, producing a 5.5% increase year-over-year from Baht 0.80 in 1Q12, while 1Q13 Diluted EPS also increased at the same rate to Baht 0.71 from Baht 0.67 in 1Q12.

Income statements			
(Unit: Baht million)	1Q13	1Q12	Change
Revenues from hospital operations	3,457	3,155	9.6%
Total revenues	3,566	3,236	10.2%
EBITDA	978	909	7.6%
Share of profit from investments in associated companies	1	58	-98.7%
Net profit	613	581	5.5%
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<i>EBITDA margin</i>	27.7%	28.2%	
<i>Net profit margin</i>	17.2%	17.6%	
EPS			
(Unit: Baht)	1Q13	1Q12	Change
EPS – Basic	0.84	0.80	5.5%
EPS – Diluted	0.71	0.67	5.5%

Statements of financial position

As at 31 March 2013, the Company reported Total current assets of Baht 8,427 million, an increase from Baht 7,670 million as at 31 December 2012, mostly due to an additional Baht 681 million in Cash and cash equivalents. Trade accounts receivable was Baht 1,366 million as at 31 March 2013 versus Baht 1,314 million as at 31 December 2012. The collection period was 37.3 days as at 31 March 2013 compared to 36.7 days as at 31 December 2012.

Total non-current assets increased to Baht 8,320 million as at 31 March 2013 from Baht 8,315 million as at 31 December 2012, mostly due to increased Property, plant and equipment associated with the campus expansion. Total assets grew to Baht 16,747 million as at 31 March 2013 from Baht 15,985 million as at 31 December 2012.

Total current liabilities were Baht 2,273 million as at 31 March 2013, an increase from Baht 2,138 million as at 31 December 2012, primarily from Baht 152 million additional Income tax payable and Baht 45 million more in Accrued expenses, largely due to Accrued interest expenses relative to Long-term debentures, both offset by a reduction of Baht 56 million in Trade and other payables.

Non-current liabilities, consisting mostly of Long-term debentures, had no significant changes as the Company completed the bond issuance in December 2011, with little, if any, subsequent change. As a result of the increase in Cash and cash equivalents related to strong operating results, increased collections, and net cash proceeds from the sale of investments, the total debt as at 31 March 2013 was lower than the cash and cash equivalents balance, leading to a net cash balance after considering outstanding debt. The Company's Interest coverage ratio was 16.5x in 1Q13 compared to 15.3x in 1Q12. The increase in the Interest coverage ratio was due to higher EBITDA in 1Q13 compared to 1Q12.

Total shareholders' equity grew to Baht 9,116 million as at 31 March 2013 from Baht 8,510 million as at 31 December 2012. This increase resulted from the Company's 1Q13 Net profit of Baht 613 million. Average return on assets (ROA) decreased slightly from 18.1% in 2012 to 15.0% in 1Q13. Similarly, Average return on equity (ROE) decreased from 35.0% in 2012 to 28.0% in 1Q13. Both decreases were due to extraordinary items in 2012, consisting mostly of the net gain realized by the Company from the sale of all of its investment in Bangkok Chain Hospital PCL.

Unit: Baht million	31-Mar-13	31-Dec-12	Change
Total assets	16,747	15,985	4.8%
Total liabilities	7,631	7,474	2.1%
Total shareholders' equity	9,116	8,510	7.1%
	1Q13	1Q12	
Interest coverage ratio (x)	16.5	15.3	
	1Q13	2012	
Average collection period (days)	37.3	36.7	
Average inventory period (days)	10.5	11.7	
Average payables period (days)	29.0	28.1	
Net debt to equity (x)	(0.2)*	(0.1)*	
Average return on assets (%)	15.0%	18.1%	
Average return on equity (%)	27.8%	35.0%	

* Cash and cash equivalents balance exceed the total debt at the end of period.

Cash flow statements

The Company's Net cash flows from operating activities in 1Q13 were Baht 891 million, compared to Baht 927 million in 1Q12. This change was due to increased cash from operations offset by a net decrease in working capital, mostly due to payment of liabilities associated with the campus expansion. Net cash flows used in investment activities were Baht 194 million in 1Q13, compared with Baht 61 million net cash flow from investment activities in 1Q12. In 1Q12, Net cash flow from investment activities included the receipt of proceeds of Baht 271 million from the capital reduction exercise by Bumrungrad International Limited, with no corresponding amount in 1Q13. The Company reported Net cash used in financing activities of Baht 17 million in both of 1Q13 and 1Q12. As a result of the above, and mostly Baht 4,482 million in net cash proceeds from the sale of all shares in Bangkok Chain Hospital PCL in July 2012, Cash and cash equivalents were Baht 6,715 million as at 31 March 2013, compared to from Baht 2,231 million as at 31 March 2012.

The Company's Liquidity ratio as at 31 March 2013 increased to 3.7x from 3.6x as at 31 December 2012, due to the increase in Cash and cash equivalents. Similarly, the Quick ratio increased to 3.6x as at 31 March 2013 from 3.4x as at 31 December 2012.

Unit: Baht million	1Q13	1Q12
Net cash flows from operating activities	891	927
Net cash flows (used in) from investing activities	(194)	61
Net cash flows used in financing activities	(17)	(17)
Net increase in cash and cash equivalents	681	970
Cash and cash equivalents at end of period	6,715	2,231
	31-Mar-13	31-Dec-12
Liquidity ratio (x)	3.7	3.6
Quick ratio (x)	3.6	3.4

Please be informed accordingly.

Yours faithfully,

(Dr. Chanvit Tanhiphat, MD)

Vice Chairman