

Samitivej Public Company Limited

Management Discussion and Analysis For 2nd Quarter ended 30 June 2017

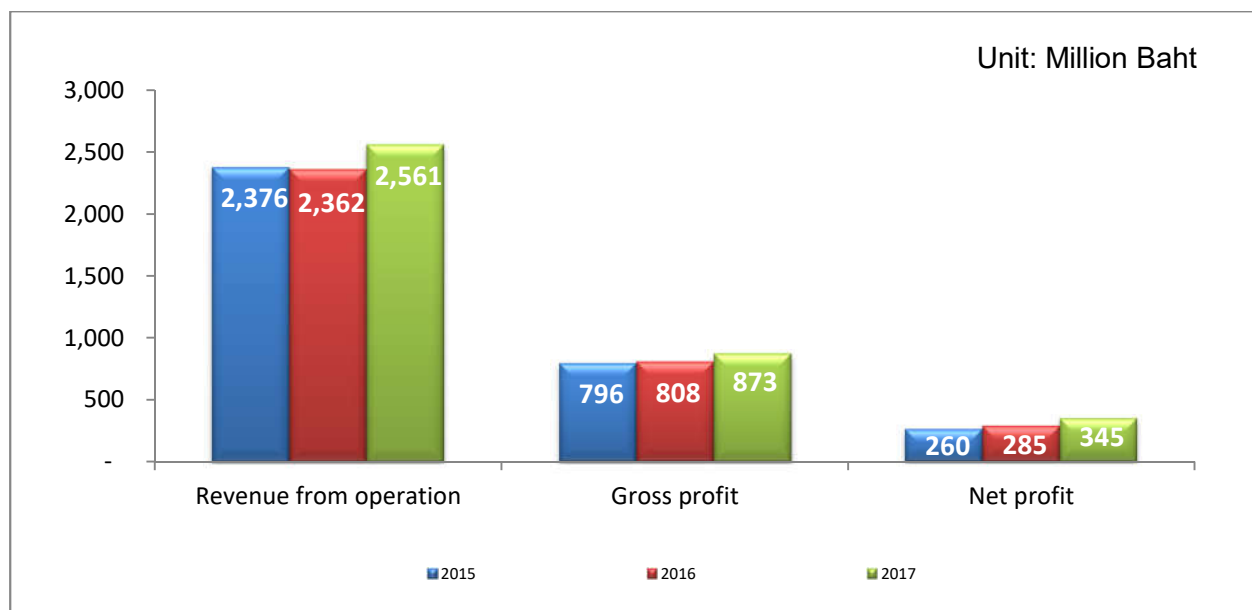
Samitivej Public Company Limited (“The Company”) has submitted the financial statements for the 2nd Quarter ended 30 June 2017 and 2016 which was reviewed by the Company’s Auditor and the Audit Committee. The consolidated financial statements presented operating result with net profit Baht 345 million and Baht 285 million increased 21% and 10% respectively, comparing to the same period of 2016. The separate financial statements resulted with net profit were Baht 336 million and Baht 306 million increased 10% and 42% respectively, comparing to the same period of 2016.

Due to continuously focus development in medical services, Samitivej Hospital was well recognized among Thai and foreign patients with the high standard of care. Direction and strategic plan were clearly defined especially in Children patient care. Effective supported services and human resource management were introduced and resulting in better hospital performance.

The operating results are as follow:-

The Consolidated Financial Statements

The operating result for the three – month period



▪ **Revenue**

Samitivej Srinakarin and Sukhumvit customer mainly are Thai. Samitivej Srinakarin has foreign patients approximately 10% while Samitivej Sukhumvit has foreign patients approximately 41% mostly Arabic and Japanese patients. The operating revenue at OPD and IPD increased 5% and 13% respectively. The revenue mainly came from medicines, medical supplies, lab services and doctor's fee.

- Revenue from hospital operations and sales of goods Q2/2017 was Baht 2,561 million, increased by Baht 199 million or 8% from the same period of 2016.

▪ **Expenses**

- Total expense for Q2/2017 was Baht 2,167 million, increased by Baht 141 million or 7% from the same period of 2016 because of the increasing cost of hospital operations, sales and services by Baht 134 million or 9% and increased from administrative expenses Baht 7 million or 2% due to the cost of medicine and medical supply, lab services, doctor's fee and depreciation of the Company and its subsidiaries from building improvement and new medical equipment.

▪ **Income Tax**

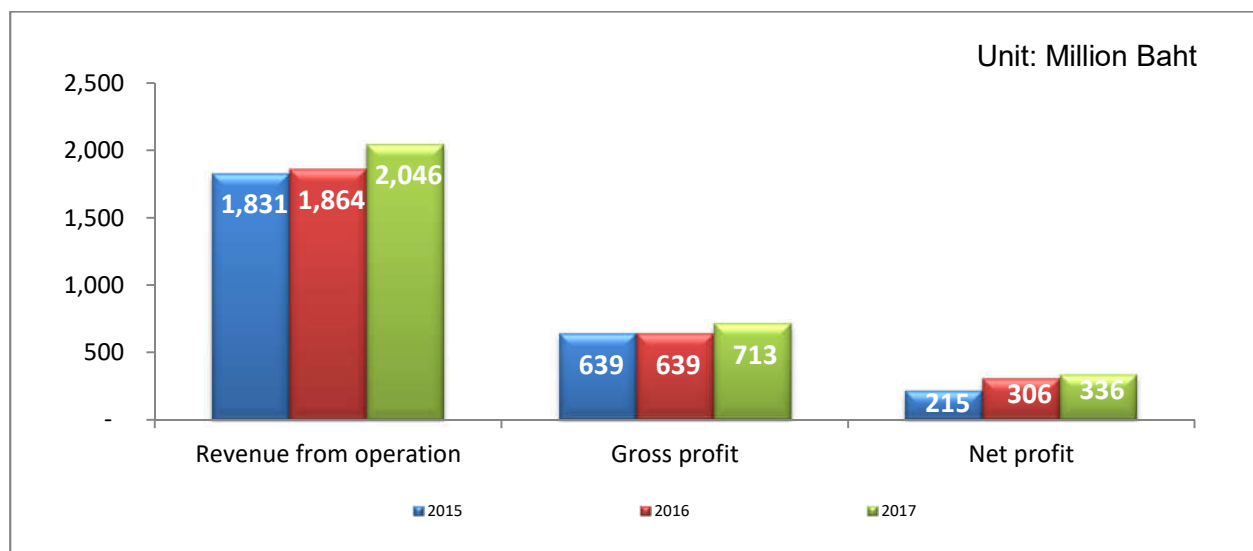
- Income Tax for Q2/2017 was Baht 80 million, increased by Baht 9 million or 13%, from the same period of 2016 which was consistent with increasing in net profit.

▪ **Net Profit**

- Net profit for Q2/2017 was Baht 345 million, increased by Baht 60 million or 21% from the same period of 2016.

The Separate Financial Statements

The operating result for the three – month period



▪ **Revenue**

- Revenue from hospital operations for Q2/2017 was Baht 2,046 million, increased by Baht 182 million or 10% from the same period of 2016. The operating revenue at OPD and IPD increased 5% and 18% respectively.

▪ **Expenses**

- Total expense for Q2/2017 was Baht 1,728 million, increased by Baht 104 million or 6% from the same period of 2016 because of an increasing cost of hospital operations, sales and services by Baht 108 million or 9% and decreasing from administrative expenses by Baht 4 million or 1%, mainly increased from cost of medicine and medical supply, lab services, doctor's fee and depreciation of building improvement and new medical equipment.

▪ **Income Tax**

- Income Tax for Q2/2017 was Baht 66 million, increased by Baht 13 million or 24%, from the same period of 2016 which was consistent with increasing in net profit.

▪ **Net Profit**

- Net profit for Q2/2017 was Baht 336 million, increased by Baht 30 million or 10% from the same period of 2016.

Cash Flows

(Unit: Million Baht)

Consolidated financial statements	<u>30 June</u> <u>2017</u>	<u>30 June</u> <u>2016</u>	<u>Change</u>	<u>%</u>
Net cash flows from operating activities	997	701	296	42
Net cash flows from (used in) investing activities	(321)	(165)	(156)	95
Net cash flows from (used in) financing activities	(633)	(534)	(99)	19
Net increase (decrease) in cash and cash equivalents	43	2	41	2,050
Cash and cash equivalents at beginning of the period	528	917	(389)	42
Cash and cash equivalents at end of the period	571	919	(348)	38

For Q2/2017 ended 30 June 2017, the Company and its subsidiaries have net increased in cash and cash equivalent in the amount of Baht 43 million, cash equivalents at the beginning of the period by Baht 528 million resulting cash and cash equivalent at the end of period was Baht 571 million.

Details of cash flow by activities are as follows:-

1. The Company and its subsidiaries have net cash flows from operating activities of Baht 997 million resulting from
 - Profit before income tax Baht 933 million reconcile with depreciation and amortization expense Baht 296 million and cash paid for others operating activities of Baht 7 million.
 - Decreased in operating assets of Baht 72 million, decreased in operating liabilities of Baht 73 million.
 - Cash received from interest income Baht 10 million.
 - Paid for corporate income tax Baht 213 million.
2. The Company and its subsidiaries have net cash flows used in investing activities were Baht 321 million, resulting from
 - Purchase of medical equipment and other fixed assets Baht 380 million.
 - Decrease in short-term loan to related parties Baht 40 million.
 - Cash received from sale of investments Baht 19 million.
3. The Company and its subsidiaries have net cash flows financing activities were Baht 633 million, resulting from
 - Paid dividend by Baht 600 million.
 - Paid dividend by a subsidiary company to non-controlling interests by Baht 34 million.

Cash and cash equivalents at end of the period of Baht 571 million are Cash and deposit at financial institutions of Baht 544 million, Fixed deposits for 3 months of Baht 26 million.

Financial Ratio

Ratios Analysis	30 June 2017	30 June 2016	Change
Profitability Ratio			
▪ Gross Profit Margin	34.10	34.22	(0.12)
▪ Net Profit Margin	13.28	11.91	1.37
▪ Return on Asset (ROA)	4.26	3.79	0.47
▪ Return on Equity (ROE)	4.74	4.14	0.60
Accounts Receivable Turnover	3.16	2.94	0.22
Average Collection Period	28.79	30.95	2.16

Financial ratio did not change significantly from the previous year.

Statements of financial position

(Unit: Million Baht)

Consolidated financial position	30 June 2017	31 December 2016	Change	%
Total Assets	10,399	10,393	6	0.06
Total Liabilities	2,521	2,638	(117)	(4.44)
Equity attributable to owners of the Company	7,336	7,216	120	1.66
Total shareholders' equity	7,878	7,755	123	1.59

Total assets of the Company and its subsidiaries as at 30 June 2017 were Baht 10,399 million, increased by Baht 6 million. **Increased from** Cash and cash equivalents Baht 43 million, Short-term investment Baht 4 million, Other current assets Baht 14 million, Investments in associated companies Baht 1 million, Property, premises and equipment Baht 79 million. **Decreased from** Trade and other receivables Baht 80 million, Short-term loan to a related party Baht 40 million, Inventories Baht 2 million, Intangible assets Baht 4 million and Other non-current assets Baht 9 million.

Total liabilities of the Company and its subsidiaries as at 30 June 2017 were Baht 2,521 million decreased by Baht 117 million. **Increased from** Trade and other payables Baht 6 million, Deferred tax liabilities Baht 11 million. **Decreased from** Income tax payable Baht 48 million, Accrued expenses Baht 84 million, and Other current liabilities Baht 2 million.

Total shareholders' equity of the Company and its subsidiaries as at 30 June 2017 were Baht 7,878 million, increased Baht 123 million from net profit for this period.

Please kindly be informed accordingly.

Yours sincerely,

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(Mr.Jirat Jakpitaksat)

Authorized to sign on behalf of the Company