

No. BCH.106/2018

8 August 2018

Subject : Explanation of the change in operating results of Q2/2018 which exceed 20%

To : The President
The Stock Exchange of Thailand

Bangkok Chain Hospital Public Company Limited (the “Company”) would like to report the operating results of the Company and its subsidiaries for the second quarter ended 30 June 2018 which had been reviewed by the independent auditor as follows:

Consolidated financial statements

The Group reported profit attributable to owners of the Company for Q2/2018 in the amount of Baht 250.0 million (Q2/2017: Baht 172.0 million) which increased by Baht 78 million or 45.3%. Profit before finance costs and income tax were Baht 380.1 million (Q2/2017: Baht 291.4 million) which increased by Baht 88.7 million or 30.4%. The main reasons were:

- Total revenues for Q2/2018 were Baht 1,945.2 million which increased from Q2/2017 by Baht 242.4 million or 14.2% due to the following reasons:

Unit: Million Baht

Revenue Structure	Q2/2018	Q2/2017	Difference	
Cash-Base (Walk-In) Revenue	1,240	1,049.4	190.6	18.2%
Social Security Scheme Revenue	678	604.4	73.5	12.2%
Universal Coverage Revenue	-	22.4	(22.4)	(100%)
Other Revenue	27.3	26.6	0.7	2.6%
Total	1,945.2	1,702.8	242.4	14.2%

- The cash-base patients’ revenue for Q2/2018 were Baht 1,240 million which increased from the Q2/2017 by Baht 190.6 million or 18.2% as a result of the renovation of the hospitals and adding more specialized centers led to the expansion of both local and international patients based to the group. In addition, the rainy season arrived early this year resulted to the higher number of patients.

- The Social Security Scheme revenue for Q2/2018 in the amount of Baht 677.9 million had been growing from Q2/2017 by Baht 73.5 million or 12.2% as a result of service price adjustment for the hospitals in the Social Security Scheme.

- Total expenses for Q2/2018 were reported in the amount of Baht 1,595.6 million which increased from the Q2/2017 by Baht 156.3 million or 10.9% due to the increase in cost of hospital operations in the amount of Baht 136.5 million or 12% which was somehow in line with the increased revenue. Distribution cost and selling & administrative expenses increased in the amount of Baht 17.7 million or 6.5%. And, the financial costs decreased in the amount of Baht 2.2 million or 7.8% which was in line with the improved financial cost management of the Company.

- Income tax for Q2/2018 was in the amount of Baht 61.9 million which increased from Q2/2017 by Baht 10.9 million which was consistent with the increase in profit before income tax.

Separate financial statements

The Company reported profit for the period in the amount of Baht 428.4 million (Q2/2017: Baht 307.2 million) which increased by Baht 121.2 million or 39.5%. The profit before finance costs and income tax were Baht 489.2 million (Q2/2017: Baht 344.3 million) which increased by Baht 144.8 million or 42.1%. The main reasons were:

- Total revenues for Q2/2018 were Baht 1,414.7 million which increased from Q2/2017 by Baht 311.9 million or 28.3% due the following reasons:

Unit: Million Baht

Revenue Structure	Q2/2018	Q2/2017	Difference	
Cash-Base Revenue (Walk-In)	670.7	501.0	169.7	33.9%
Social Security Scheme Revenue	413.3	299.0	114.3	38.2%
Universal Coverage Revenue	-	17.8	(17.8)	(100%)
Other Revenue	330.7	285.0	45.7	16.0%
Total	1,414.7	1,102.8	311.9	28.3%

- Total expenses for Q2/2018 were Baht 955.0 million which increased by Baht 170.1 million or 21.7% as a result of the increase in cost of hospital operations in the amount of Baht 150.3 million or 25.2% which was in line with the increase of the revenue. The increase in expenses was due to the relocation of the insured person under the Social Security Scheme from one of the subsidiaries to the Company. Distribution costs and selling & administrative expenses increased in the amount of Baht 16.8 million or 10.3%. On the other hand, finance costs decreased in the amount of Baht 3.0 million or 11.4% which in line with the improved financial cost management of the Company.

- Income tax for Q2/2018 was Baht 31.4 million which increased from Q2/2017 by Baht 20.6 million in line with the increase in profit before income tax.

Please be informed accordingly.

Yours sincerely,

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Chief Executive Officer