

No. BIZ 002/2020

20 February 2020

Subject: Management Discussion and Analysis for the year ended 31 December 2019

To: The President  
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) and its subsidiaries would like to submit this Management Discussion and Analysis of the Company’s operation for the year ended 31 December 2019, with details as follows

Statement of Comprehensive Income for the year ended 31 December 2019

Statement of Comprehensive Income	The year ended 31 December 2019	The year ended 31 December 2018	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Income from sales of goods	520.90	464.73	56.17	12.09%
Income from rendering of services	165.51	129.85	35.66	27.46%
Income from construction	35.82	63.94	(28.12)	(43.98%)
Income from hospital operations	2.28	0.00	2.28	100.00%
<b>Income from business operation</b>	<b>724.51</b>	<b>658.52</b>	<b>65.99</b>	<b>10.02%</b>
Profit from Exchange	1.00	0.98	0.02	1.96%
Other Income	8.49	5.19	3.30	63.54%
<b>Total Other Income</b>	<b>9.49</b>	<b>6.17</b>	<b>3.32</b>	<b>53.72%</b>
<b>Total Revenue</b>	<b>734.00</b>	<b>664.69</b>	<b>69.31</b>	<b>10.43%</b>
Cost of sales of goods	362.54	335.82	26.72	7.96%
Cost of rendering of services	138.25	107.20	31.05	28.96%
Cost of construction	28.93	58.09	(29.16)	(50.20%)
Cost of hospital operations	10.53	0.00	10.53	100.00%
<b>Gross Profit</b>	<b>184.27</b>	<b>157.41</b>	<b>26.86</b>	<b>17.07%</b>
Distribution costs	21.89	20.20	1.69	8.34%
Administrative expenses	55.69	42.85	12.84	29.98%
<b>Earnings Before Interest &amp; Tax</b>	<b>116.17</b>	<b>100.53</b>	<b>15.64</b>	<b>15.57%</b>
Interest Expenses	7.53	1.04	6.49	625.87%
<b>Earnings Before Tax</b>	<b>108.64</b>	<b>99.49</b>	<b>9.15</b>	<b>9.20%</b>
Tax Expenses	27.85	21.12	6.73	31.88%
<b>Net Profit (Loss)</b>	<b>80.79</b>	<b>78.37</b>	<b>2.42</b>	<b>3.09%</b>
Profit attributable to:				
<b>Equity holders of the parent</b>	<b>91.46</b>	<b>80.60</b>	<b>10.86</b>	<b>13.47%</b>
Non-controlling interest	(10.67)	(2.23)		

## **Revenue from business operation**

For the year ended 31 December 2019, the Company and its subsidiary generated revenue from sales, services and construction of 724.51 million Baht, increasing by 65.99 million Baht or 10.02%, when compared to the previous year, with details as follows:

### 1. Revenue from sales of goods

For the year ended 31 December 2019, the Company and its subsidiary generated revenue from sales of 520.90 million Baht, increasing by 56.17 million Baht or 12.09%, when compared to the previous year of 464.73 million Baht. This increase was due to the Company has delivered many large projects.

### 2. Revenue from rendering of services

For the year ended 31 December 2019, the Company and its subsidiary generated a revenue from rendering of services of 165.51 million Baht, increasing by 35.66 million Baht or 27.46%, when compared to the previous year of 129.85 million Baht. This increase was due to the company generate additional revenue from Genetic Diagnosis service of 4.31 million Baht. In addition, the product warranty under the purchase contract after the delivery has expired many projects. Therefore, there are many service contracts is increased during this period.

### 3. Revenue from Construction

For the year ended 31 December 2019, the Company and its subsidiary recognized revenue from construction of project centers treating cancer patients with protons radiotherapy of King Chulalongkorn Memorial Hospital of 35.82 million Baht which the Company recorded cost of construction according to percentage of completion. Therefore, as of 31 December 2019, the Company has recognized revenue from construction of the project of 99.63%

### 4. Revenue from hospital operations

Revenue from hospital operations investment in Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment. The subsidiary started its operations in 1 October 2019. For the year ended 31 December 2019, the Company and its subsidiary generated a revenue from hospital operations of 2.28 million Baht.

### 5. Other Revenue

For the year ended 31 December 2019, the Company and its subsidiary generated other revenue of 9.49 million Baht, increasing by 3.32 million Baht or 53.72%, when compared to the previous year. The increase was because the Company received additional revenue from interest on deposit and reversed other provisions.

## **Cost of sales of goods and Gross Profit Margin from sales of goods**

For the year ended 31 December 2019, the Company and its subsidiary had a gross profit from sales of 158.36 million Baht or equivalent to gross profit margin of 30.40%, of the same period of previous year at 27.74%.

### **Cost of rendering of services and Gross Profit Margin from rendering of services**

For the year ended 31 December 2019, the Company and its subsidiary had a gross profit from services of 27.26 million Baht or equivalent to gross profit margin of 16.47%, of the same period of previous year at 17.44%.

### **Cost of Construction and Gross Profit Margin from Construction**

For the year ended 31 December 2019, the Company and its subsidiary generated gross profit margin from construction of 6.89 million Baht or equivalent to gross profit margin of 19.24% Because For the Quarter 4 ended 31 December 2019 the construction cost has been decreased classification of construction insurance cost cover to the construction and machine installation contracts. However, total gross profit margin project of 10.75% according to construction budget.

### **Cost of hospital operations and Gross Loss from hospital operations**

For the year ended 31 December 2019, the Company and its subsidiary had a gross loss from hospital operations of 8.24 million Baht or equivalent to gross loss of 360.49%, The subsidiary started its operations in 1 October 2019, the Company subsidiary had fixed costs such as human resource cost and medical equipment depreciation cost.

### **Distribution costs and Administrative Expenses**

For the year ended 31 December 2019, the Company and its subsidiary had a distribution cost of 21.89 million Baht, increasing by 1.69 million Baht or 8.34% of the same period of previous year at 20.20 million Baht.

For the year ended 31 December 2019, the Company had administrative expenses of 55.69 million Baht, increasing by 12.84 million Baht or 29.98% compared to the previous year. the Company subsidiary had administrative expenses increase was due to human resource expenses and advisory fees which related to business operation and depreciation of fixed asset.

### **Finance Costs**

For the year ended 31 December 2019, the Company and its subsidiary had financial costs of 7.53 million Baht, increasing by 6.49 million Baht or 625.87%, when compared to the previous year, resulting from recognition of interest expense of advance payment from customer of 3.64 million Baht and The company subsidiary had interest expenses for construction hospital and purchase medical equipment totally 3.12 million Baht.

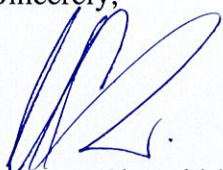
### **Net Profit and Net Profit Margin**

For the year ended 31 December 2019, the Company and its subsidiary had a net profit attributable to equity holder of the parent of 91.46 million Baht, or equivalent to net profit margin of 12.46% compared to the previous year, which had the net profit attributable to equity holder of the parent of 80.60 million Baht of the same period of previous year at 12.13%.

The Company recognized a loss incurred from its investment in Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment of 19.78 million Baht proportional to 65%.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)  
Chief Executive Officer  
Business Alignment Public Company Limited

Business Alignment