Q3 2023

1. Process optimization
- **Narrative:** Management highlighted their focus on improving operational efficiency through strategic expansions, specifically mentioning both brownfield and greenfield projects. The goal is to optimize processes and enhance the company's ability to achieve breakeven rapidly.
- **Management's Guidance:**
- Management expects the brownfield expansions to achieve breakeven within the first two quarters following the commencement of the unit. Management also anticipates the greenfield project in Gurugram to reach breakeven within 12 to 15 months.
- **Actual Results:**
['Q2', '2024']:
- No specific data points were mentioned in the provided transcript with a proper number, plan, and metric.
['Q1', '2024']:
- ALOS stood at 4.1 days in Q1 FY24, compared to 4.2 days in Q1 FY23 and 4.4 days in Q4 FY23. ARPOB was 74.8 INR/OBD in Q1 FY24, compared to 66.0 INR/OBD in Q1 FY23 and 70.7 INR/OBD in Q4 FY23. Everything else is on time except for Max Smart, where there is a delay due to forest approvals.
['Q3', '2023']:
- Average Length of Stay (ALOS) decreased by 0.5 days from 4.8 days for the 9 months ending Dec 2021 to 4.2 days for the 9 months ending Dec 2022.
['Q4', '2023']:
- In Q4 FY23, management reported that EBITDA per bed grew to INR 65.9 lakhs from INR 53.9 lakhs last year (+22% YoY), indicating improved operational efficiency. Additionally, Abhay Soi stated that the operation rate increased from 75%-76% to 77%-78%, and they have operated at 80%-81%, reflecting process optimization efforts.
- **Evaluation:**
- Insufficient Info: The actual results provided do not include specific data points or metrics related to the breakeven timelines for the brownfield and greenfield projects, making it impossible to assess whether management's expectations were met, exceeded, or not met.

2. Cost management strategies
- **Narrative:** Management emphasized the importance of optimizing operational efficiency, specifically focusing on cost management strategies to enhance profitability. The discussion highlighted initiatives to streamline the supply chain as a key area for achieving cost reductions.
- **Management's Guidance:**
- The COO mentioned a target to reduce supply chain costs by 5% within the next two quarters.
- **Actual Results:**
['Q2', '2024']:
- In Q2 FY24, the company reported that direct costs were 667 (38.5%) and indirect overheads were 567 (32.8%). This data indicates changes in cost structures, but specific details on the achievement of the 5% reduction in supply chain costs were not provided in the available information.
['Q4', '2023']:
- In Q4 FY23, the company reported that direct costs were 605 or 39.0%, and indirect overheads were 510 or 32.8%. The actual results indicate operational cost management efforts, but specific supply chain cost reduction figures were not provided. However, the overall operational costs were reportedly reduced by 8% in the last fiscal year.
['Q3', '2023']:
- In Q3 FY23, the direct costs were reported as INR 573 Cr, constituting 38.8% of net revenue, indicating efforts towards cost management strategies.
['Q1', '2024']:
- The hospital reduced operational costs by 10% in the last quarter.
- **Evaluation:**
- Insufficient Info: The actual results provide overall operational cost reductions but lack specific details on the 5% reduction target for supply chain costs, making it impossible to determine if the expectations were met.

3. Geographic expansion plans
- **Narrative:** Management has outlined a comprehensive plan to expand the company’s geographical footprint significantly over the next four years. This expansion strategy is underpinned by a substantial investment aimed at consolidating their presence in key markets.
- **Management's Guidance:**
- The company plans to conduct its expansion at a cost of about Rs. 4,000 - 4,500 crore over the next 4 years, funded entirely through approximately 50% of its free cash flows.
- **Actual Results:**
['Q2', '2024']:
- As of September 2023, Max Lab has 435+ partner-run collection centers and 23 company-owned collection centers.
['Q3', '2023']:
- In Q3 FY23, MaxLab expanded its geographic footprint to 36 cities and reported gross revenue of Rs. 34 crore, reflecting like-to-like growth of 39% year-on-year.
['Q4', '2023']:
- In Q4 FY23, MaxLab expanded its geographic footprint to 36 cities and reported gross revenue of Rs. 34 crore, reflecting like-to-like growth of 39% year-on-year. Additionally, the company now operates in over 10+ cities.
['Q1', '2024']:
- MaxLab expanded its geographic footprint to 36 cities and reported gross revenue of Rs. 34 crore, reflecting like-to-like growth of 39% year-on-year.
- **Evaluation:**
- Expectations Met: MaxLab's geographic expansion to 36 cities and the establishment of numerous collection centers align with the management's guidance of significant expansion over the next four years, indicating that the initial stages of their plan are on track.

4. New facility openings
- **Narrative:** Management has articulated a clear strategy for market expansion through the opening of new facilities. This includes a significant increase in the number of clinics, emphasizing their commitment to broadening their market reach and enhancing service availability.

- **Management's Guidance:**
- Management targets the opening of 50 new clinics by the end of the next calendar year, which is a critical component of their expansion strategy.
- **Actual Results:**
['Q4', '2023']:
- No specific actual results for the opening of new clinics in Q4 FY23 were provided. However, there was a report of the acquisition of a 550-bed Sahara Hospital in Lucknow, which aligns with the overall expansion strategy.
['Q2', '2024']:
- In Q2, 2024, the board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow. This update, however, does not directly address the number of new clinic openings as outlined in the management's guidance, which was focused on the establishment of smaller clinic facilities rather than large hospital acquisitions.
['Q1', '2024']:
- The actual results for Q1 2024 indicate that management has not specifically reported on the number of new clinic openings in this period. However, the board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow.
['Q3', '2023']:
- In Q3 2023, management reported the acquisition of a 550 bed Sahara Hospital in Lucknow, which aligns with their broader market expansion strategy but did not provide specific updates on the number of new clinic openings as per their guidance.
- **Evaluation:**
- Expectations Not Met: Management's guidance was to open 50 new clinics, but actual results did not report on the opening of any new clinics, instead focusing on the acquisition of a large hospital, which does not align with the specific guidance for clinic openings.

5. Digital health initiatives and app launches
- **Narrative:** Management discussed the upcoming launch of the digital health app 'Max MyHealth', which is scheduled for the fourth quarter of the current year. This initiative is part of the company's broader digital transformation strategy, aimed at enhancing patient engagement and expanding their digital health footprint.
- **Management's Guidance:**
- The CEO announced that the digital app 'Max MyHealth' is set for a formal launch in the fourth quarter of the current year.
- **Actual Results:**
['Q2', '2024']:
- Digital revenue stood at INR 395 Cr, ~22% of overall revenue. Digital revenue through web-based marketing activities and online appointments was INR 751 Cr, representing a 59% year-over-year growth and 21% of overall revenues.
['Q3', '2023']:
- In Q3 2023, approximately 90,000 downloads of the 'Max MyHealth' app were recorded since its soft launch at the end of September 2022. Digital revenue from online marketing activities, web-based appointments, and digital lead management stood at INR 272 crore, accounting for 17% of overall revenue. The 'Max MyHealth' downloads stood at approximately 90k, with a monthly active user base touching around 40k.
['Q1', '2024']:
- Digital revenue stood at INR 356 Cr, approximately 21% of overall revenue, with website traffic growing by +12% YoY to reach 36 lakhs+ sessions. Cumulative downloads for “Max MyHealth” stood at ~3.3 lakhs as of the end of June 2023.
['Q4', '2023']:
- In Q4 FY23, “Max MyHealth” downloads stood at approximately 150K, with a monthly active user base reaching around 50K. Additionally, digital revenue grew to INR 292 crore, accounting for 18% of overall revenue, with website traffic increasing by 14% year-over-year to over 33 lakh sessions.
- **Evaluation:**
- Expectations Met: The management expected the 'Max MyHealth' app to launch in Q4, and it was successfully launched with substantial user engagement, as reflected in the approximately 150,000 downloads and 50,000 active users, aligning with the company's digital transformation strategy.

6. Technology advancements and IT infrastructure upgrades
- **Narrative:** In the third quarter of 2023, management highlighted their commitment to digital transformation and innovation, focusing specifically on technology advancements and IT infrastructure upgrades. They discussed strategic initiatives to bolster research and development capabilities, aligning with their long-term vision to accelerate drug development and enhance technological infrastructure.
- **Management's Guidance:**
- The management has projected an increase in R&D spending by 20% for the next fiscal year, aiming to expedite drug development processes and support technological advancements within the company.
- **Actual Results:**
['Q2', '2024']:
- In Q2 FY24, it was reported that website traffic grew by +11% YoY to reach 38 lakhs+ sessions. This indicates digital engagement and may reflect the initial outcomes of digital transformation initiatives. [c49e3dc08c8752b9a22102d996642817]
['Q3', '2023']:
- Traffic on the websites grew by +42% YoY to reach 28 lakhs+ sessions.
['Q1', '2024']:
- Websites traffic grew by +11% YoY to reach 38 lakhs+ sessions.
['Q4', '2023']:
- In Q4 FY23, websites traffic grew by +11% YoY to reach 38 lakhs+ sessions.
- **Evaluation:**
- Insufficient Info: The actual results provided focus primarily on website traffic growth, which is not directly linked to the specific management guidance regarding a 20% increase in R&D spending and advancements in drug development and technological infrastructure. Without direct metrics or outcomes related to these specific goals, there is insufficient information to determine if expectations were met.

7. Mergers and acquisitions activity
- **Narrative:** Management has indicated a strategic focus on mergers and acquisitions to bolster the company's growth trajectory. The Board has granted in-principle approval to secure significant financing, which underscores their commitment to pursuing potential acquisition opportunities that align with the company's long-term strategic objectives.
- **Management's Guidance:**

- The Board has given in-principle approval to raise finance of up to Rs. 4,200 crore through Non-Convertible Debentures (NCDs) to fund future mergers and acquisitions.
- **Actual Results:**
['Q1', '2024']:
- The Boards of Alps Hospitals Ltd and Max Hospitals and Allied Services Ltd have approved a scheme of amalgamation of the two entities.
['Q4', '2023']:
- The Boards of Alps Hospitals Ltd and Max Hospitals and Allied Services Ltd have approved a scheme of amalgamation of the two entities.
['Q2', '2024']:
- In Q2 FY24, the company reported several developments in line with its strategic focus on mergers and acquisitions: - The purchase price allocation of a step-down subsidiary acquisition led to an incremental change in tangible and intangible assets by INR 107 Cr beyond the investment value. - The overall consideration for the acquisition amounted to INR 993 Cr. - Shareholding in Eqova Healthcare Pvt. Ltd. was reported at 60%, with option rights of 40%. - The company recently acquired Sahara Hospital in Lucknow and Alexis Hospital in Nagpur. - A total of Rs. 1,509 crore was spent on these recent acquisitions.
['Q3', '2023']:
- No specific actual results for the theme Strategic Partnerships and Growth, subtheme Mergers and acquisitions activity, were available for Q3 2023 in the provided data.
- **Evaluation:**
- Expectations Exceeded: The strategic focus on mergers and acquisitions was effectively executed with significant acquisitions like Sahara Hospital and Alexis Hospital, amounting to Rs. 1,509 crore, surpassing the initial funding approval, indicating a robust M&A activity beyond expectations.

8. Revenue diversification and growth drivers
- **Narrative:** Management discussed strategies to enhance revenue diversification and drive growth through optimizing the payor mix and improving operational efficiency.
- **Management's Guidance:**
- The payor mix is expected to decrease to 15% in the next 4-5 quarters. EBITDA is projected to increase by 20% per bed.
- **Actual Results:**
['Q1', '2024']:
- In Q1 FY24, the reported actual results were as follows: - Operating EBITDA for Q1 FY24 was INR 436 Cr compared to INR 370 Cr in Q1 FY23, reflecting a growth of +18% YoY, which is slightly below the projected increase of 20% per bed. - EBITDA per bed (annualised) stood at INR 70.4 Lakhs, showing a growth of +14% YoY, which indicates that the management's guidance of a 20% increase per bed was not fully met.
['Q2', '2024']:
- Operating EBITDA per bed increased from 64 INR Lakhs in Q2 FY23 to 75 INR Lakhs in Q2 FY24, indicating a growth of 17% YoY and 7% QoQ. The overall Operating EBITDA increased by 21% from Q2 FY23 to Q2 FY24. Gross revenue in Q2 FY24 was INR 1,827 Cr compared to INR 1,567 Cr in Q2 FY23, reflecting a growth of 17% YoY. The EBITDA margin for the quarter was 28.7% versus 27.7% in Q2 FY23.
['Q3', '2023']:
- In Q3 FY23, the company reported that EBITDA per bed grew by 21% to Rs. 64.4 lakhs, slightly surpassing the management's guidance of a 20% increase. Additionally, the Network Operating EBITDA margin improved to 28.3% from 27.8% in Q3 last year, indicating improved operational efficiency. However, specific results regarding the payor mix were not disclosed in the available data.
['Q4', '2023']:
- In Q4 FY23, the share of revenue was reported as 17.5% for Self Pay, 9.1% for TPA & corporates, 37.8% for International, and 35.6% for Institutional, indicating a change in the payor mix. The annualized EBITDA per bed stood at INR 70.3 Lakhs, reflecting a growth of 25% year-on-year and 5% quarter-on-quarter, surpassing the projected increase of 20% per bed.
- **Evaluation:**
- Expectations Not Met: While the management anticipated a 20% increase in EBITDA per bed, the actual results varied, with Q3 FY23 slightly surpassing the guidance and Q1, Q2, and Q4 FY24 not meeting the target consistently. Additionally, there was no specific information on the payor mix reduction to 15%, making it challenging to fully assess this aspect.

9. Debt management strategies
- **Narrative:** The management has articulated a prudent approach towards debt management, particularly emphasizing the maintenance of a stable leverage ratio to support future growth initiatives. This strategy reflects a cautious stance towards increasing debt levels, ensuring that any new acquisitions do not compromise the company's financial stability.
- **Management's Guidance:**
- The management is committed to ensuring that the net debt to EBITDA ratio remains within the 2 to 2.5x range for any new acquisitions, highlighting a disciplined approach to leveraging for inorganic growth.
- **Actual Results:**
['Q1', '2024']:
- In Q1 FY24, Net Cash at the end of June 2023 stood at INR 957 Cr compared to Net Debt of INR 217 Cr as on June 2022 and Net Cash of INR 733 Cr at the end of March 2023. This reflects an improved net cash position, indicating effective debt management practices.
['Q2', '2024']:
- Net cash position improved to INR 1,303 crore at the end of September 2023 compared to net cash of INR 42 crore same time last year.
['Q3', '2023']:
- The company's leverage is within declared norms or prudent norms, which is not more than 2-2.5x Net debt to EBITDA. [4f5ca1747c1fa3f17dd86da5d45a1d4a]
['Q4', '2023']:
- In Q4 FY23, the Net Cash position improved to Rs. 733 crore at the end of March 2023 compared to Net Debt of Rs. 441 crore last year, indicating a strong financial position. Finance cost (net) showed a significant improvement from 2.2% in Q4 FY22 to (0.1%) in Q4 FY23, reflecting effective debt management and cost control strategies during the period.
- **Evaluation:**
- Expectations Exceeded: The management's commitment to maintaining a net debt to EBITDA ratio within the 2 to 2.5x range was not only fulfilled but surpassed, as evidenced by the improved net cash positions reported in Q1 and Q2 FY24, indicating exceptional debt management and financial stability beyond initial expectations.

10. Capital expenditure and cash flow analysis

- **Narrative:** Management provided insights on the financial strategy, specifically focusing on the capital expenditure and cash flow projection associated with the company's operational units. There was a significant emphasis on the timeline for achieving EBITDA break-even for one of the key projects, signaling a strategic focus on optimizing cash flow and ensuring sustainable financial growth.

- **Management's Guidance:**

- The management anticipates that the Dwarka project will achieve EBITDA break-even within a timeline of 12 to 15 months, reflecting a targeted approach to capital investment and operational efficiency.

- **Actual Results:**

['Q2', '2024']:

- In Q2 FY24, cash generated from operations was INR 436 Cr versus INR 287 Cr in Q2 FY23. Further, INR 90 Cr was deployed towards ongoing capacity expansion projects. Net Cash at the end of Sep‘23 stood at INR 1,303 Cr compared to Net Cash of INR 42 Cr as on Sep’22 and Net Cash of INR 957 Cr at the end of Jun’23. The return on capital employed (ROCE) for Q2 FY24 was approximately 38%. Free cash flow from operations was significantly higher this quarter at INR 436 crore.

['Q3', '2023']:

- Operating EBITDA for Q3 FY23 was INR 419 Cr compared to INR 364 Cr in Q3 FY22 and INR 410 Cr in Q2 FY23. The EBITDA margin for the quarter improved to 28.3% versus 27.6% in Q3 FY22 and 27.7% in Q2 FY23. Cash generated from operations was INR 332 Cr versus INR 287 Cr in Q2 FY23. Pre-tax ROCE for Q3 FY23 stood at 34.2% versus 32.2% in Q3 FY22 and 33.4% in Q2 FY23.

['Q1', '2024']:

- The fair valuation exercise has led to an increase in the tangible and intangible assets of the Network by INR 3,662 Cr, which includes INR 252 Cr towards the Partner Healthcare Facilities. Additionally, reported EBITDA was 417 INR Cr for MHC Network (Consolidated). Cash generated from operations was INR 261 Cr versus INR 237 Cr in Q1 FY23. Strong cash generation from operations INR ~261 Cr in Q1 FY24. Free cash flow from operations stood at Rs. 261 crore, with Rs. 38 crore deployed towards ongoing capacity expansion projects. Yogesh Sareen mentioned that the project CAPEX spend is around Rs. 900 crore for this year. Yogesh Sareen confirmed that typically they spend around Rs. 170-180 crore in a year, and this quarter alone Rs. 70 crore was spent.

['Q4', '2023']:

- In Q4 FY23, EBITDA was reported as 0%, indicating that the project did not achieve the anticipated break-even point within the expected timeline. Cash generated from operations was INR 425 Cr, showing a strong operational cash flow despite the EBITDA result. Additionally, free cash flow from operations stood at INR 425 crore, with a breakdown of Rs. 211 crore for routine CAPEX and Rs. 208 crore for capacity expansion.

- **Evaluation:**

- Expectations Not Met: The management expected the Dwarka project to achieve EBITDA break-even within 12 to 15 months; however, by Q4 FY23, the project did not reach the anticipated break-even point, as indicated by the reported 0% EBITDA.

11. Bed capacity additions

- **Narrative:** The management at MHC has articulated a comprehensive plan to significantly enhance bed capacity through strategic internal reconfigurations and new operational initiatives. This includes a focus on expanding critical care facilities to address existing system bottlenecks. The company is poised to operationalize a substantial number of beds across multiple locations, with a major expansion at Dwarka and Shalimar Bagh in the coming fiscal quarters.

- **Management's Guidance:**

- - The management expects to add over 100 beds in the next two quarters at some of their hospitals through internal reconfigurations. - The CEO confirmed that an additional 100 beds are expected through internal reconfiguration by Q1 or Q2 of FY '24. - The operations team plans to start operations of 100 beds at Shalimar Bagh in the current quarter. - The plan is to operationalize 300 beds at Dwarka by Q2 FY '24. - Abhay Soi stated that over the next 6-7 months, the company is coming out with over 500 beds, with 300 in Dwarka, 100 in Shalimar Bagh, and additional beds totaling over 500. - Abhay Soi confirmed that 200-250 beds with the existing capacity on the Shalimar Bagh should be available for the full year FY '24. - The company plans to add 100 beds to their existing capacity, focusing on critical care beds rather than single rooms or deluxe rooms.

- **Actual Results:**

['Q2', '2024']:

- Max Shalimar Bagh reported a YoY Revenue & EBITDA growth of +41% & +48% respectively with average occupancy of 78% on expanded bed capacity of 402 Beds. Max Healthcare had a current capacity of approximately 3,530 beds. Expansion, overall institutional bed share stood at 25.4% during the second quarter. Abhay Soi mentioned that they will do about 164 beds.

['Q3', '2023']:

- The company added 500 new beds in the past year. Operational beds in Delhi were 962 in Q3 FY23. Shalimar Bagh had 85% occupancy in quarter 3.

['Q1', '2024']:

- Max Shalimar Bagh reported a YoY Revenue & EBITDA growth of 37% & 43% respectively with average occupancy of 77% after addition of 122 beds in the last 4 months, taking overall capacity to 402 beds. The company has added 44 beds to its capacity through internal reconfiguration during this quarter. Abhay Soi mentioned they added 44 beds through internal restructuring during the 1st Quarter. Abhay Soi mentioned that they added 144 beds, 80 ICU beds, and 10 OTs.

['Q4', '2023']:

- Abhay Soi mentioned that they have added 100 more beds, which is about 3% more capacity that has been added. Operating capacity moved up by 100 beds in March 2023 compared to December 2022. The board reported that they operationalized a 92-bed oncology block at Max Shalimar Bagh from 1st March. These results indicate that MHC has made progress in its bed capacity expansion plans with the operationalization of additional beds and new facilities, aligning with the management's guidance for the period.

- **Evaluation:**

- Expectations Met: The management expected to add over 500 beds over the next two quarters, including specific targets for Shalimar Bagh and Dwarka. The actual results show that the company added a significant number of beds, including 122 beds at Shalimar Bagh, and met the overall targeted capacity expansion, aligning with the management's guidance.

12. New hospital and facility developments

- **Narrative:** Management is actively pursuing capacity expansion through the development of new hospital facilities. This includes the commissioning of a new 329-bed facility at Nanavati and ongoing construction efforts for a 300-bed facility at Sector-56 in Gurgaon. These projects are part of the company's broader strategy to enhance its infrastructure and increase patient capacity.

- **Management's Guidance:**

- The company expects to commission the 329-bed facility at Nanavati by the end of FY '25. Work on the 300 beds at Sector-56 Gurgaon (Phase 1) is ongoing,

with excavation and D-wall work expected to be completed by Q1 FY '24. Abhay Soi mentioned that Dwarka will take 12 months to reach a certain level of performance.
- **Actual Results:**
['Q1', '2024']:
- For 300 beds at Sector 56 Gurgaon in Phase I – 50% of site excavation is complete.
['Q4', '2023']:
- In Q4 FY23, the board member reported that the D-wall work for the 300 beds at Sector 56 Gurgaon in Phase-I is complete and excavation is underway. Additionally, the foundation and column work for the 329 beds at Nanavati have already begun.
['Q2', '2024']:
- INR 128 crore was deployed towards ongoing expansion projects.
['Q3', '2023']:
- Abhay Soi mentioned that 80%-85% of the total rollout is towards Brownfields.
- **Evaluation:**
- Expectations Met: The management's expectation to complete the D-wall work for the 300-bed facility at Sector-56 Gurgaon by Q1 FY '24 was met, as reported in Q4 FY '23, and the foundation work for the 329-bed facility at Nanavati has commenced as planned.

13. International patient revenue strategies
- **Narrative:** Management emphasized the higher revenue potential from international patients, highlighting the extended average length of stay and higher average revenue per room compared to domestic patients. This suggests a strategic focus on enhancing revenue through international patient services.
- **Management's Guidance:**
- Management indicated that international patients typically contribute significantly more, with an average revenue per room that is double that of domestic patients and a stay length that is 1.3 times longer than domestic counterparts. This suggests a strategic emphasis on leveraging these differences to boost international patient revenue.
- **Actual Results:**
['Q2', '2024']:
- In Q2 FY24, international patient revenue improved by +25% year-on-year and +11% quarter-on-quarter, accounting for approximately 9% of the hospital revenue. Revenue from international patients stood at INR 301 Cr, representing a 28% year-on-year increase and comprising 9% of the hospital's total revenue. Additionally, the international patient bed share was reported at 5.5% for the quarter. It was also mentioned that for international patients, the cost is typically 1.5 times the cash and insurance rates.
['Q1', '2024']:
- International patient revenue improved by +31% YoY. International patient revenue improved by +3% QoQ. International patient revenue accounted for 9% of the hospital revenue. Revenue from international patients grew by 31% year-on-year and 3% quarter-on-quarter. Our international business has grown by 31%. International bed share is around 5.5%. International beds give 9% revenue.
['Q4', '2023']:
- In Q4 FY23, international patient revenue improved by 43% year-on-year and 10% quarter-on-quarter, contributing 9.1% to the hospital revenue. Revenue from international patients surpassed pre-Covid levels with an 82% year-on-year improvement. Additionally, Delhi NCR accounted for 40% of international footfall into the country.
['Q3', '2023']:
- Revenue from International Patients grew by 62% year-on-year and reflected 110% of pre-COVID average, accounting for around 9% of the revenues. The contribution of international patients during this quarter in revenue was 9%.
- **Evaluation:**
- Expectations Exceeded: The management's expectation was focused on leveraging the higher revenue potential from international patients, and actual results showed a substantial year-on-year growth in international patient revenue, surpassing pre-Covid levels and achieving significant increases in both revenue and revenue share, indicating that the strategic objectives were exceeded.