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Performance Highlights

Major Development

1. TRIS affirmed the Company rating and senior unsecured debenture rating at AA-

On January 25, 2017, Tris Rating affirmed the Company and senior unsecured debenture ratings at AA- with stable outlook. The ratings reflect Company's leading market position as the largest private hospital operator in Thailand, the extensive hospital network and solid reputations of hospital brands, as well as the experienced management team and capable physicians. The ratings also take into consideration the sound operating performance and a moderate financial risk profile, reflecting a rise in cash flow, satisfactory liquidity and moderate use of debt.

During 2017-2019, TRIS Rating forecasts that BDMS will deliver a sound operating performance driven by growth in patient volume and the new hospitals added to the network. The operating margin may be pressured from fixed operation cost, depreciation and amortization charges for new hospitals, and a ramp up of BDMS Wellness Clinic. However, BDMS is expected to manage expenditures and continues cost saving effort, in order to maintain operating margin.

2. BDMS Wellness Clinic

On September 28, 2016, Board of Directors approved the establishment of a subsidiary under the name of BDMS Wellness Clinic Company Limited with registered capital of Baht 6,400 million to purchase and acquire land in the Nai Lert Park project with the total area of approximately 15 rai including the structures located thereon, comprising Swiss Hotel Park Nai Lert, Promenade building and other buildings for the purposes of the development of the holistic service medical center project through BDMS Wellness Clinic Co., Ltd. The operation will be started in 2017.

The total value of transaction is approximately Baht 12,800 million including the purchase price of land and building of Baht 10,800 million and investment and development of asset for business operation of Baht 2,000 million.

On February 20, 2017, BDMS Wellness Clinic accepted the transfer of ownership of the land and building from the sellers sooner than planned originally by 2Q17 with the payment of Baht 2,000 million and the rest will pay by May 27, 2017.

3. Expansion of network hospitals

Since 2016 till now, company had added two hospitals as follows:-

♦ New network hospitals

| Hospital | Number of Structured beds | Opening Month |
|-----------------------------|------------------------------|---------------|
| Paolo Rangsit | 150 | Jan 16 |
| Paolo Kaset (Mayo Hospital) | 162 | Jan 17 |

♦ Existing hospital expansion

During 1Q16, Phuket International Hospital has opened a brand new six-storey building complex with over 21,000 square meters in total with 46 structured beds to deliver world-class cosmetic procedures to medical tourism.

4. Expansion of Medicpharma

On November 2, 2016, Medicpharma opened new medicine factory located in Sinsakhon Industrial Estate with the land size of 15 rai. This new factory will increase manufacturing capacity and will produce generic drug in the form of solid, liquid, semi-solid dosage and penicillin in accordance with international standard. The factory also achieved Good Manufacturing Practice: GMP PIC/s. The old factory will shift to vitamin and food supplement.

5. Purchasing shares of Bangkok Helicopter Services Co., Ltd. (BHS) and purchasing of new Helicopter

In May 2016, Royal Bangkok Healthcare Co., Ltd., a subsidiary company, purchased remaining shares of BHS, a helicopter operator who provides sky ICU service to BDMS network, at the amount of Baht 42.84 million. As a result, Company increased its shareholding in BHS from 49% to 100%.

Moreover, the Company bought new Helicopter H145 which is compact to land in confined areas. H145 is quiet aircraft during taking-off, cruise flight and approach making it more friendly to community. This model can share cost of pilots, mechanics, spare parts and special equipment with the old model resulting in operating cost saving.

In this regard, the Company can enhance our Company competitive edge in developing our Centers of Excellence network.

2016 Performance

Bangkok Dusit Medical Services Public Company Limited (“Company”) reported consolidated recurring profit of Baht 8,178 million, increased by 5% yoy. If including non-recurring items which are gain on sale of other long-term investments totaling Baht 206 million (before tax) in 2016, net profit would be Baht 8,386 million or increased by 5% yoy. The summarized 2016 consolidated performance is as follows:-

1. Operating income

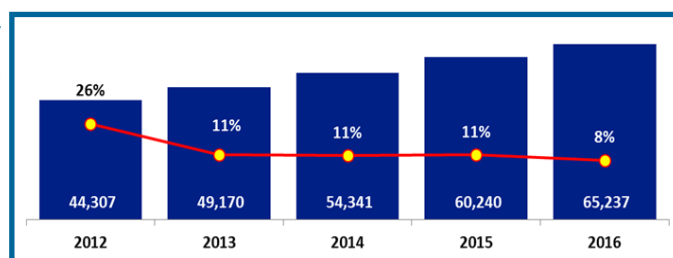
Total operating income were Baht 68,844 million, an increase of Baht 5,211 million or 8% yoy, primarily due to:

- ♦ Revenues from hospital operations were Baht 65,237 million, an increase of Baht 4,997 million or 8% from 2015. The growth was contributable to an increase in number of outpatients and inpatients across our network hospitals, patient ward renovation and qualified clinical staffs and specialist doctors together with the opening of Paolo Rangsit since January 2016 and an increasing healthcare inflation, intensity and complexity cases.

Existing hospitals grew approximately 5% yoy while new network hospitals grew approximately 56% yoy. Such growth from new network hospitals was mainly from Muangraj Hospital, Samitivej Chonburi Hospital, Bangkok Hospital Chiangmai, Phuket International Hospital, Bangkok Hospital Khon Kaen, Royal Phnom Pehn Hospital and Paolo Rangsit Hospital. In addition, the proportion of existing to new hospitals is 92%:8% respectively. Revenue of network hospitals in Bangkok and vicinity grew 6% yoy while revenue of network hospitals in the upcountry grew 12% yoy in 2016.

Revenue of network hospitals in Bangkok and vicinity grew 6% yoy while revenue of network hospitals in the upcountry grew 12% yoy in 2016.

In 2016, Thai and international patients grew 9% and 5% yoy respectively resulting in the revenue proportion between Thai and international patients remained unchanged at 71%:29% in 2015 and in 2016. From type of patient perspectives, outpatient revenues grew by 11% yoy while the inpatient revenues increased by 7% yoy in 2016.



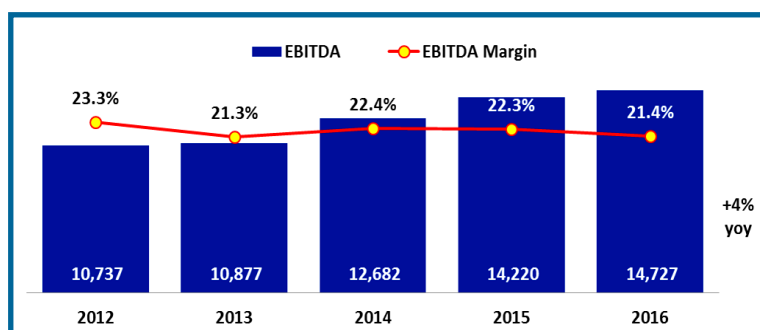
Revenue from hospital operations

- ◆ Revenues from sales of goods and food were Baht 2,749 million in 2016, an increase of 6% yoy, mainly from an increase in sales of A.N.B. Laboratories Co., Ltd. ("A.N.B."), The Medicpharma Co., Ltd ("Medicpharma") and Bangkok Save Drug Co., Ltd. ("Save Drug").
- ◆ Other incomes were Baht 859 million in 2016, increased by 8% yoy mainly from gain on fair value adjustments of investment property of Baht 65 million.

2. Operating expenses

The Company and its subsidiaries reported total operating expenses & depreciation of Baht 58,921 million, an increase of Baht 5,121 million or 10% yoy.

- ◆ Cost of hospital operations and others (including depreciation and amortization) were Baht 45,277 million, increased by 10% yoy. An increase was due mainly to rising in doctor fees and clinical staffs expenses as a result of an increase in newly recruited specialist doctors both full-time and part-time and clinical staffs to accommodate the network expansion together with cost of sales of A.N.B, Medicpharma and Save Drug.
- ◆ The administrative expenses (including depreciation and amortization) were Baht 13,644 million, increased by 8% yoy, due mainly to an increase non-clinical personnel expenses and other administrative expenses.
- ◆ The depreciation and amortization expenses were Baht 4,804 million in 2016, increased by 10% yoy due mainly to depreciation and amortization of new network hospitals.



EBITDA & EBITDA Margin

EBITDA, consequently, increased from 14,220 in 2015 to Baht 14,727 million in 2016 or increased by 4% yoy. However, EBITDA margin decreased from 22.3% in 2015 to 21.4% in 2016.

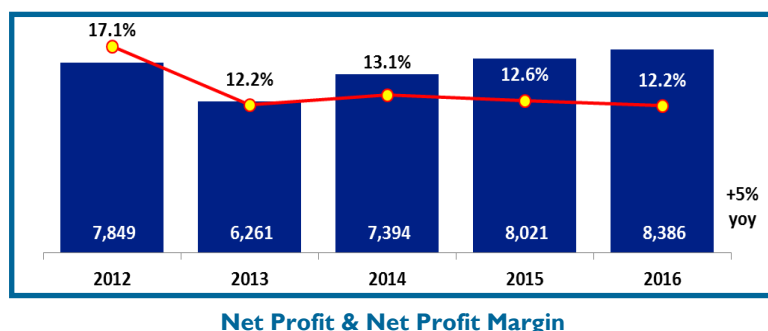
3. Other Major Items

- ◆ Share of income from investments in associated companies were Baht 1,370 million in 2016, an increase of Baht 111 million or 9% yoy. Share of income from investments in associated companies were mainly from investment in BH of Baht 868 million together with investment in RAM of Baht 435 million.
- ◆ Finance expenses decreased to Baht 881 million in 2016 or decreased by 22% yoy due mainly to (1) an interest rate swap contract with financial institution for debenture totaling Baht 4,000 million by the exchange of a floating interest rate for a fixed rate resulting in interest savings during this period together with (2) an adjustment in the assumption for calculating expected convertible bonds redemption in relation to the BDMS share price.
- ◆ Tax expenses in 2016 were Baht 1,922 million, slightly increase from Baht 1,895 million in 2015, due mainly to an increase in pre-tax profit netted with tax savings from tax privileges on fixed-asset investment.

4. Non-recurring items

In 2016, the Company and its subsidiaries recorded non-recurring items of totaling Baht 209 million mainly from gain on sale of investment in Bangkok Chain Hospital Public Co., Ltd. of Baht 206 million (before taxes).

In 2015, the Company and its subsidiaries recorded non-recurring items of totaling Baht 209 million from gain on fair value adjustments of investment in relation to the Entire Business transfer of G. Wasupol Co., Ltd. (Muangraj-Hospital).



As a results, recurring profit was Baht 8,178 million in 2016, increased by 5% yoy. However, recurring profit margin decreased from 12.3% in 2015 to 11.9% in 2016. EPS (pre non-recurring) was Baht 0.53 per share increased by 5% yoy.

If including the non-recurring items, net profit was Baht 8,386 million, increased by 5% yoy. However, net profit margin decreased from 12.6% in 2015 to 12.2% in 2016. EPS was Baht 0.54 per share or increased by 5% yoy.

The Company restated financial statements in 2015 resulting in an increase in net profit of Baht 103 million and decrease in retained earnings of Baht 1,177 million due to an adoption of new financial reporting standards and cumulative effects of adjustment of prior years' financial statements. (Please refer to notes to consolidated financial statements #3 and #4)

Summary of Balance Sheets

| (Unit : THB mm) | Dec-16 | Dec-15 | Chg % |
|----------------------------|---------|---------|-------|
| Total Assets | 106,939 | 102,335 | 4% |
| Total Liabilities | 48,635 | 47,338 | 3% |
| Total shareholders' equity | 58,305 | 54,997 | 6% |

The consolidated financial position of the Company and its subsidiaries as of December 31, 2016: The Company and its subsidiaries reported total assets of Baht 106,939 million increased by 4% from December 31, 2015, due mainly to net increase in property, premises and equipment of Baht 3,214 million to expand our network hospitals both existing hospital, namely Bangkok Hospital Headquarter, to become Center of Excellence and new hospital namely Bangkok Hospital Surat together with expansion of manufacturing plant of Medicpharma and the deposit payment for land and building of the Nai Lert Park project of Baht 1,080 million or about 10% of purchase price netted with a decrease in cash and cash equivalents of Baht 1,312 million.

Total consolidated liabilities as of December 31, 2016 were Baht 48,635 million, which was increased from December 31, 2015, due mainly to an issuance of debentures of Baht 3,000 million together with an increase in short-term loans from financial institutions of Baht 1,503 million netted with a redemption of maturing debentures of Baht 1,000 million and repayment of long-term loans from financial institutions of Baht 1,741 million.

Total consolidated shareholders' equity as of December 31, 2016 was Baht 58,305 million, increased by 6% from December 31, 2015, due mainly from net income during 2016 netted with dividend payment of Baht 5,575 million and cumulative effect of changing accounting policy and adjustment of prior years' financial statements of Baht 1,177 million.

| Financial Analysis | 2016 | 2015 |
|--|-------------|-------------|
| Returns (%) | | |
| Return on Asset | 7.8 | 8.0 |
| Return on Equity | 15.1 | 15.7 |
| Liquidity (x) | | |
| Current Ratio | 0.7 | 0.9 |
| Quick Ratio | 0.6 | 0.8 |
| Asset & Liabilities Management (Days) | | |
| Average Collection Period | 35.4 | 37.8 |
| Average Inventory Period | 11.1 | 10.5 |
| Average Accounts Payable | 37.7 | 40.8 |
| Leverage & Coverage Ratio (x) | | |
| Interest Coverage | 16.7 | 12.5 |
| Total Debt to Equity | 0.5 | 0.5 |
| Net Debt to Equity | 0.5 | 0.4 |
| Net Debt to EBITDA | 1.9 | 1.7 |

Return on assets and return on equity slightly decreased from 2015 as a result of the performance of new network hospitals which are ramping up and currently generate lower returns than existing hospitals.

Current ratio and quick ratio in 2016 also slightly decreased from 2015.

Average collection period and average payable period decreased from 37.8 days and 40.8 days in 2015 to 35.4 days and 37.7 days in 2016 respectively while average inventory period increased from 10.5 days in 2015 to 11.1 days in 2016.

Interest coverage ratio increased from 12.5x in 2015 to 16.7x in 2016 due mainly to decrease in finance expenses during the period.

Total interest bearing debt to equity remained unchanged at 0.5x as of December 31, 2015 and as of December 31, 2016. Net interest bearing debt to equity also increased from 0.4x as of December 31, 2015 to 0.5x as of December 31, 2016 and net interest bearing debt to EBITDA increased from 1.7x as of December 31, 2015 to 1.9x as of December 31, 2016.

Remark

- Excluding non-recurring items
- Assets & Liabilities Management is calculated based on 360 days
- Interest coverage = EBITDA/Interest Expenses
- Debt refers to interest bearing debt

The leverage and coverage ratios are well within the financial covenants of the long-term loans and debentures.

Management's Outlook

◆ Increasing healthcare demand

Long-term prospect of healthcare sector is still intact as a result of aging population and rising income per capita, especially those in the rural area. People also pay more attention to their health wishing to live longer with a better quality of life. Moreover, increasing demand from medical tourism from Thailand's value for money and the quality of care are positive growth drivers.

These favorable factors support our strategy for the continuous expansion by focusing on preventive care services at BDMS Wellness Clinic and upgrading our clinical capabilities for secondary care and tertiary care together with multidisciplinary specialists, state of the art medical equipment and experienced staffs to accommodate increasing demand of healthcare.

◆ Key strategic priorities

The Company's diverse portfolio of network hospitals with multiple brands and diversified market segments play a crucial role in continuous growth in healthcare business and serving rising healthcare demand in the future. The Company would focus on the following strategic priorities:

Centers of Excellence

The Company is upgrading 9 hub hospitals to be Centers of Excellence. These hospitals are (1) Bangkok Hospital Head-quarter (2) Samitivej Sukhumvit Hospital (3) Samitivej Srinakarin Hospital (4) Phyathai 2 Hospital (5) Bangkok Hospital Pattaya (6) Bangkok Hospital Phuket (7) Bangkok Hospital Chiangmai (8) Bangkok Hospital Udon and (9) Royal Phnom Penh Hospital. With the determination for continuous development of these network hospitals to be in accordance with the Joint Commission International (JCI), we also cooperate with world leading institutions to uplift our Thai standard of care effectively to be equivalent to the international standard.

The international cooperation also includes

- 1) Cancer: The University of Texas MD Anderson Cancer Center
- 2) Trauma : Hannover Medical School
- 3) Orthopedics and Spines : Missouri Orthopaedic Institute
- 4) Neurosciences : Neurosurgical Institute at Cedars-Sinai Medical Center
- 5) Heart Disease / Cardiovascular : Oregon Health & Science University (OHSU)

BDMS Wellness Clinic

BDMS Wellness Clinic provide holistic wellness service focusing on Preventive Medicine, Longevity and Anti-Aging area which will be the first in Asia. The goal is to improve physical and mental health of its visitors which becoming much more prevalent throughout the world. Currently, there are few medical service center that provide the holistic healthcare and wellness services. This development goes in line with the Company's strategies, which focus on horizontal growth and aim to cover all aspects of medical services from medical treatment, pharmaceutical business, medical laboratory as well as health & wellness.

Ramp-up of the new network hospitals

Ramp-up of the new network hospitals

Since the beginning of 2017, the Company already added 44th new network hospital namely Paolo Kaset, which is a high growth potential tertiary care hospital. Moreover, the company plans to add more hospital network in upcountry i.e. Bangkok Hospital Surat and Bangkok Hospital Chiangrai.

To mitigate the operational and financial risks of new hospitals, the Company plans to open new hospitals in phases by gradually increase the bed capacity according to the patient demand.

Since we have added a number of new network hospitals recently, we would continue to focus on ramp-up operations of these new hospitals together with the focus on standardization of care and cooperation among our network hospitals for continued improvement in quality and operational efficiency.

Expanding non-hospital business

Non-hospital business, contributing about 4% of operating income in 2016, is expected to grow continuously especially for medical lab and shared services (National Healthcare Systems Co., Ltd), manufacturer and distributor of pharmaceutical products (A.N.B. and Medicpharma) and our drugstore business (Save Drug). This is attributable to growing demand for our healthcare related products supporting our operating income growth and increase profitability prospects.

Principle of sustainability development

The Company remains cautious with our operations and adapts our strategy to maintain operational resiliency and achieve business sustainability. The Company firmly believes in giving back to and taking care of our society, The Company operates in accordance with the principles of sustainable development, by placing importance on various points that have potential impacts on the service value chain, with regard to organizational capabilities to manage and measure the outcomes. Our hospitals in the BDMS network have received accreditation from JCI, Advanced Hospital Accreditation (Advanced HA) and Hospital Accreditation (HA). Moreover, the Company and Vejdusit Foundation have been working in range of activities i.e. healthy checkup for the less-fortunate that have been running monthly, “Volunteering Project” to encourage our staff to make a contribution to the society through various projects as we are firmly committed to drive company forward as a sustainable organization that keeps growing alongside Thai society.

IR Activities

Medicphama Factory Site Visit



On December 13, 2016, Khun Wisanu Assawes, CEO-Group 7.2 and BDMS IR team welcomed 18 local institutional investors to visit our new factory of The Medicphama Co., Ltd. Which is located at Sinsakhon Industrial Estate.

The new factory's capacity is quadruple that of the old one. This factory will produce generic drug in the form of solid, liquid, semi-solid dosage and penicillin in accordance with international standard.

BLS Thai Corporate Day



On January 12, 2017, Khun Narumol Noi-am, BDMS CFO together with BDMS IR team have been invited to join Thai Corporate Day, organized by Bualuang Securities, at Conrad Bangkok Hotel under theme "Toward Thailand 4.0". The event offered a great opportunity for 24 local institutional investors to gain more insight into the Company's strategic plans and the future prospects of the business.



IR Activities

Tisco Wealth Investment Forum #12



On February 8, 2017, Dr. Chatree Duangnet, Executive Vice President and COO-Medical Affairs, CEO-Bangkok Medical Center has been invited to join Tisco Wealth Investment Forum #12, organized by Tisco Bank to update on Thailand Healthcare market trend and Company's strategy to 300 retail investors at the Stock Exchange of Thailand.

J.P. Morgan Thailand CEO-CFO Conference



On February 10, 2017, Khun Narumol Noi-am, BDMS CFO together with BDMS IR team have been invited to join J.P. Morgan's Thailand CEO-CFO Conference at Grand Hyatt Erawan, Bangkok. This event bring together CEOs & CFOs from leading Thai corporations and senior investors from the world's most renowned global investment institutions.

BDMS has met with 17 international and local fund managers. This is a opportunity for the Company to address Company's strategy and plan going forward.

IR Activities

Analyst Meeting 4Q16 Results



BDMS hosted the 1/2017 Analyst meeting for 4Q16 and 2016 results on March 8, 2017. The meeting was led by Dr. Chatree Duangnet, Executive Vice President and COO-Medical Affairs, CEO-Bangkok Medical Center, Khun Narumol Noi-am, BDMS CFO, Dr. Poramaporn Prasarttong-Osoth, CEO Group I and Khun Ajaya Intaraprasong, AVP, Investor Relations. The meeting provided the investment community an opportunity to update on the Company's performance and strategic direction together with addressing any questions or comment to the management.

Presentation material and webcast also posted on our website at www.bangkokhospital.com under investor relations.

Awards & Recognition

The Best Managed Company Award for Thailand 2016-Large Capitalization



On February 22, 2017, BDMS has received "The Best Managed Company Award for Thailand 2016-Large Capitalization" at Conrad Hotel, Hong Kong from Asiamoney. The award received was from the vote of fund managers and analysts on the basis of rising market share, leadership in industry, financial performance, executive leadership and corporate governance.

In this regard, BDMS also received rank #2 for "The Best for Investor Relations for Thailand 2016" from Asiamoney.



Bangkok Dusit Medical Services Public Company Limited (SET Symbol : BDMS) is the largest private hospital operator in Thailand in terms of patient services revenue and market capitalization with approximately THB 106,939 million in assets as of December 2016. Bangkok Dusit Medical Services Public Company Limited ("BDMS") currently has 42 hospitals in Thailand and 2 hospitals in Cambodia. BDMS is focused on Bangkok and various high-growth markets in Thailand and overseas. The Company is committed to be the leading network healthcare provider by meeting the needs of Thai and foreign patients with high quality, internationally-accepted standards, and value for money services together with the state-of-the art medical technology.

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