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Performance Highlights

Major Development

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

On 24 October 2018, TRIS Rating affirmed the company and senior unsecured debenture ratings at AA- with stable outlook. The ratings reflect BDMS's leading market position as the largest operator of private hospitals in Thailand with an extensive network of hospitals and strong franchise of its hospital brands, supported by its high quality of services and medical staff. The ratings also take into consideration the company's sound operating performance, moderate financial risk profile and exposure to intense competition from local and international healthcare services providers. Over the next 12-24 months, Company's liquidity is adequate considering the sources and used of funds.

2. New financial reporting standards

In 2018, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

3. Investment in Bumrungrad Hospital Public Co., Ltd. ("BH")

On 12 November 2018, the Company acquired 32 million shares of BH or approximately 4.38% of issued and paid-up shares of BH totaling approximately Baht 5,941 million financed by our internal cash and borrowing from financial institutions. The Company's stake in BH has changed from 20.50% to 24.88% of issued and paid-up shares of BH.

Thailand



Overseas



3. Conversion of convertible bonds

On 18 September 2014, the Company issued zero coupon convertible bonds (“CB”) to investors outside Thailand for Baht 10,000 million due in 2019. On 18 September 2017, the CB holders has exercised the put option totaling Baht 1,560 million, resulting the outstanding principle amount of the CB reduced to Baht 8,440 million.

During 2018, the CB holders exercised their conversion rights at Baht 21.045 per share of Baht 3,746 million. As the result, the Company’s paid up capital increased from Baht 1,549 million on 31 December 2017 to Baht 1,567 million on 31 December 2018 while the outstanding principle amount of the CB reduced to Baht 4,694 million.

4. Opening of a new network hospital

In 2018, Company opened new 52-bed hospital, Chiva Transitional Care Hospital, providing intensive rehabilitation programs for postoperative patients by multidisciplinary team including Geriatrics Medicine and Rehabilitation Medicine, Physical therapists, Nurses, Pharmacists and Nutritionists with the room designed especially for rehabilitative patients. The Hospital also provides recreational activities for physical and mental rehabilitation to fasten patient recovery.

Subsequent Event

Disposition of all equity investment in Ramkhamhaeng Hospital Public Company Limited (“RAM”)

During 1Q19, the Company divested all of its investment in RAM totaling 4,588,424 ordinary shares, or approximately 38.24% of issued and paid-up shares of RAM, at the price of Baht 2,800 per share for Baht 12,847.59 million. The company would realize the total gain (net of tax and expenses) of approximately Baht 5,369 million. Details are as follows:-

- 1) In 4Q18: The Company recorded income tax expense of Baht 727 million for deferred tax liabilities (in accordance with Thai Accounting Standard No.12 which stated that deferred tax liabilities has to be set up for share of profit of the associates that the Company had realized since the Company plan to divest all of the investment in the foreseeable future). Income tax expense of Baht 727 million calculated from share of profit from RAM of Baht 3,632 million that the Company had realized in income statement until 31 December 2018.
- 2) In 1Q19: The Company would record net gain from RAM divestment of approximately Baht 6,096 million.

(THB mm)	4Q18	1Q19	Total
Net received from RAM divestment		12,711	
<u>Less</u> Equity method investment		(5,704)	
<u>Add</u> Unrealized profit sharing in comprehensive income		612	
Gain before tax		7,619	7,619
<u>Less</u> Income tax	(727)	(1,524)	(2,250)
Net gain		6,096	5,369

2018 Performance

If excluding non-recurring item in 2017 and 2018, Bangkok Dusit Medical Services Public Company Limited (“Company”) reported consolidated net profit of Baht 9,918 million, increased by 24% yoy. The summarized 2018 consolidated performance is as follows:-

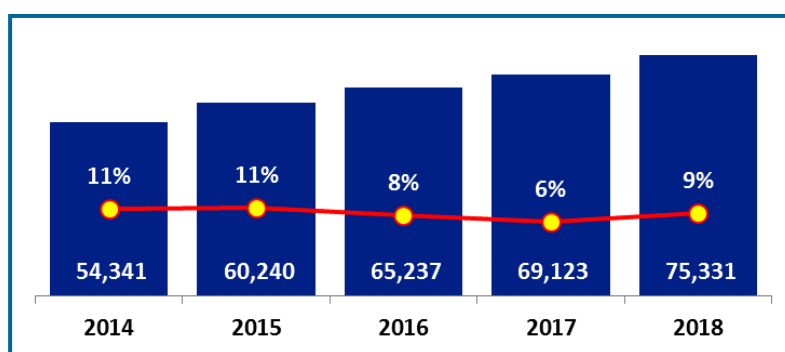
1. Operating income

In 2018, total operating income were Baht 79,333 million, an increase of Baht 6,561 million or 9% yoy, primarily due to

- ◆ Revenues from hospital operations were Baht 75,331 million, an increase of Baht 6,208 million or 9% yoy. Key growth drivers were higher patient volume and price intensity from 10 Centers of Excellence and expanding new patients base especially from insurance patients together with an increase in influenza and outbreaks during 1Q18. In addition, the Company has the Bangkok Emergency Services to timely and efficiently coordinate patients referral in case of accident or patients in critical conditions.

Revenue of network hospitals in Bangkok and vicinity grew 7% yoy while revenue of network hospitals in the upcountry grew 11% yoy.

Revenue from Thai patients and international patients grew 9% yoy. International patients' growth were driven mainly from increase in Kuwaitis 26% yoy, Cambodian 23% yoy and Chinese patients 20% yoy. The revenue proportion between Thai and international patients remain unchanged at 70%:30% in 2017 and 2018. The occupancy rate increased from 64% in 2017 to 66% in 2018.



Revenue from hospital operations

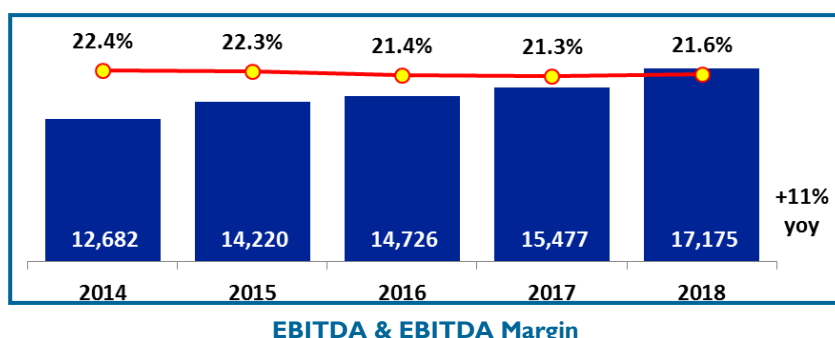
- ◆ Revenues from sales of goods and food were Baht 3,087 million, an increase of 10% yoy, mainly from an increase in sales of Medicpharma Co., Ltd. and A.N.B. Laboratories Co., Ltd.

2. Operating expenses

In 2018, the Company and its subsidiaries reported total operating expenses & depreciation of Baht 67,544 million, an increase of Baht 5,081 million or 8% yoy which grew at the slower pace than total operating income.

- ◆ Cost of hospital operations and others (including depreciation and amortization) were Baht 51,546 million, increased by 7% yoy. An increase was due mainly to higher expenses from doctors & clinical staffs, medicine and medical supplies given the growth in number of outpatients and inpatients.
- ◆ The administrative expenses (including depreciation and amortization) were Baht 15,998 million, increased by 10% yoy, due mainly to an increase in non-clinical personnel expenses, repair and maintenance expenses together with marketing expenses for Happy and Healthy Bike Lane to support public sports activities and the winter festival, “Un Ai Rak Khlai Khwam Nao”, to inherit beautiful Thai culture.
- ◆ The depreciation and amortization expenses were Baht 5,386 million in 2018, increased by 4% yoy due mainly to depreciation and amortization of new network hospitals and opening of BDMS Wellness Clinic.

EBITDA increased from Baht 15,466 million in 2017 to Baht 17,175 million in 2018 or increased by 11% yoy resulting in an EBITDA margin increase from 21.3% in 2017 to 21.6% in 2018.



3. Others majors items

- ◆ Share of profit from investments in associates were Baht 1,690 million in 2018, increase of 19% yoy driven mainly from investment in BH of Baht 894 million, increased 6% yoy, and investment in RAM of Baht 725 million, increased 43% yoy mainly from gain on selling of land.
- ◆ Finance expense decreased to Baht 1,165 million in 2018 or decreased by 24% yoy because of a decrease in outstanding of CB after exercising conversion rights.
- ◆ Tax expense in 2018 were Baht 2,740 million, increased from Baht 2,564 million in 2017 as Company recorded income tax expense, non-recurring items, for deferred tax liabilities totaling Baht 727 million in 2018 given divestment in RAM during IQ19.

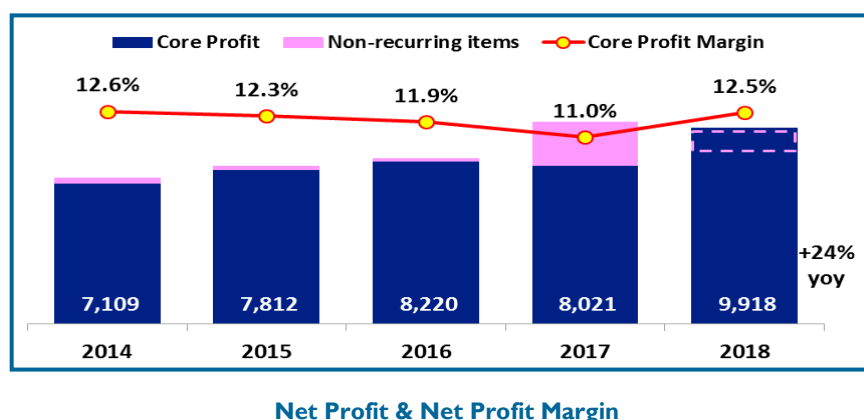
4. Non-recurring items

During 2018, the Company recorded income tax expense, non-recurring items, of Baht 727 million for deferred tax liabilities in accordance with Thai Accounting Standard No.12 from divestment in RAM in IQ19.

During 2017, the Company recorded gain on partial sale of investment in BH of Baht 2,195 million (net of income tax).

As a results, Core profit was Baht 9,918 million in 2018, increased by 24% yoy resulting in an increase in core profit margin from 11.0% in 2017 to 12.5% in 2018. Core EPS was Baht 0.64 per share or increased by 23% yoy.

If including the non-recurring items in 2018 and 2017, net profit was Baht 9,191 million, decreased by 10% yoy resulting in a decrease of net profit margin from 14.0% in 2017 to 11.6% in 2018. EPS was Baht 0.59 per share or decreased by 10% yoy.



Summary of Balance Sheets

(Unit : THB mm)	<u>Dec-18</u>	<u>Dec-17</u>	<u>Chg %</u>
Total Assets	133,499	122,627	9%
Total Liabilities	60,061	56,756	6%
Total shareholders' equity	73,438	65,871	11%

As of 31 December 2018, The Company and its subsidiaries reported total assets of Baht 133,499 million increased by 9% from 31 December 2017, due mainly to an increase in investment in associates of Baht 6,840 million mainly from additional investment in BH during the year together with net increase in property, premises and equipment of Baht 2,937 million from investment in hospital network expansion.

The Company carried goodwill of Baht 17,539 million, which remain unchanged from 31 December 2017. Such goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. However, the Company has considered that this goodwill is not impaired.

Total consolidated liabilities as of 31 December 2018 were Baht 60,061 million increased by 6% from 31 December 2017, due mainly to an increase in bank overdrafts and short-term loans from financial institutions of Baht 5,805 million netted with decreases in CB of Baht 3,718 million and long-term loans from financial institutions of Baht 1,472 million.

Total consolidated shareholders' equity as of 31 December 2018 was Baht 73,438 million, increased by 11% from 31 December 2017, due mainly from net profit during the year.

Financial Analysis	2018	2017	
Returns (%)			
Return on Asset	7.2	8.9	Return on assets ("ROA") and return on equity ("ROE") decreased from 2017 as there was gain from partial disposal of investment in BH in 2017. If excluding such non-recurring item, ROA and ROE increased from a strong performance in 2018.
Return on Equity	13.8	17.2	
Liquidity (x)			
Current Ratio	0.5	1.1	Current ratio decreased from 1.1x in 2017 to 0.5x in 2018 while quick ratio decreased from 0.9x in 2017 to 0.5x in 2018 mainly from increases in short-term loans from financial institutions and current portion of CB as CB will be matured in 2019.
Quick Ratio	0.5	0.9	
Asset & Liabilities Management (Days)			
Average Collection Period	34.6	34.0	Average collection period increased from 34.0 days in 2017 to 34.6 days in 2018. The Company and its subsidiaries reported the aging of the outstanding trade accounts receivable which most of them aged not over than 3 months. The Company and its subsidiaries report allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.
Average Inventory Period	12.3	12.2	
Average Accounts Payable	34.7	34.3	
Leverage & Coverage Ratio (x)			
Interest Coverage	14.7	10.1	
Total Debt to Equity	0.5	0.6	
Net Debt to Equity	0.5	0.5	
Net Debt to EBITDA	2.0	2.2	
Remark			
- Assets & Liabilities Management is calculated based on 360 days			
- Interest coverage = EBITDA/Interest Expenses			
- Debt refers to interest bearing debt			

Average inventory period slightly increased from 12.2 days in 2017 to 12.3 days in 2018. The Company's inventories were mostly medicines and medical supplies which the Company and its subsidiaries already recorded allowance for the expired medicine and medical supplies to reduce its cost to net realizable value.

Average payable period also increased from 34.3 days in 2017 to 34.7 days in 2018.

Interest coverage ratio increased from 10.1x in 2017 to 14.7x in 2018 due mainly to a decrease in finance expense.

Total interest bearing debt to equity decreased from 0.6x as of 31 December 2017 to 0.5x as of 31 December 2018. Net interest bearing debt to equity remain unchanged at 0.5x as of 31 December 2017 and as of 31 December 2018. Net interest bearing debt to EBITDA decreased from 2.2x as of 31 December 2017 to 2.0x as of 31 December 2018.

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

IR Activities

Finansia Investment Conference



On 24 January 2019, Khun Ajaya Intaraprasong, AVP and Khun Jitima Ratanatam, Assistant Director, Investor Relations have been invited to join Finansia Investment Conference organized by Finansia Syrus Securities PCL at Grand Hyatt Erawan Bangkok. BDMS has met with 24 international and local fund managers. This is an opportunity for the Company to update our recent development, strategy and outlook

J.P. Morgan's Thailand Conference 2019



On 24 January 2019, Khun Narumol Noi-am, Acting President and CFO together with Khun Ajaya Intaraprasong, AVP and Khun Jitima Ratanatam, Assistant Director, Investor Relations have been invited to join J.P. Morgan's Thailand Conference 2019 at St. Regis Hotel, Bangkok. BDMS has met with 11 international and local fund managers. This is a opportunity for the Company to address Company's strategy and plan going forward.

IR Activities

Forbes Alternative Investments 2019



On 31 January 2019, Mr. Raymond Chong , CEO of BDMS Wellness Clinic and Dr. Tanupol Virunhagarun, COO of BDMS Wellness Clinic and Director of Regenerative Clinic were invited by Forbes and TISCO Wealth to be a speaker on Mega trend & Advancement in Regenerative Medicine and Anti-aging. More than 200 high net-worth clients of TISCO Wealth were attended in the event

Analyst Meeting 4Q18 & 2018 Results



BDMS hosted the 1/2019 Analyst meeting for 4Q18 & 2018 results on 1 March 2019. The meeting was led by Khun Narumol Noi-Am, Acting President and CFO, Dr. Chairat Panthuraamphorn, COO and CEO Group 2, Dr. Trin Charumilind, CMO 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.



Bangkok Dusit Medical Services

Thailand



Overseas



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 133,499 million in assets as of December 2018. Bangkok Dusit Medical Services Public Company Limited ("BDMS") currently has 44 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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