



## Bangkok Dusit Medical Services (BGH)

### Analyst Presentation

### 4Q13&2013 Results

March 5, 2014

# Important Notice

- The information contained in this presentation is for information purposes only and does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for share in Bangkok Dusit Medical Services Public Company Limited (“BGH” and shares in BGH, “shares”) in any jurisdiction nor should it or any part of it from the basis of , or be relied upon in any connection with, any contract or commitment whatsoever.
- This presentation may include information which is forward-looking in nature. Forward-looking information involve known and unknown risks, uncertainties and other factors which may impact on the actual outcomes, including economic conditions in the markets in which BGH operates and general achievement of BGH business forecasts, which will cause the actual results, performance or achievements of BGH to differ, perhaps materially, from the results, performance or achievements expressed or implied in this presentation.
- This presentation has been prepared by the BGH. The information in this presentation has not been independently verified. No representation, warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information and opinions in this presentation. None of the BGH or any of its agents or advisors or any of their respective affiliates, advisors or representatives, shall have any liability ( in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.
- This presentation is made, furnished and distributed for information purposes only. No part of this presentation shall be relied upon directly or indirectly for any investment decision-making or for any other purposes.
- This presentation and all other information, materials or documents provided in connection therewith, shall not, either in whole or in part, be reproduced, redistributed or made available to any other person, save in strict compliance with all applicable laws.

# Contents

- **BDMS Updates & Highlights**

- **Operational Statistics**

- **Financial Performance**

- **Strategic Focus**

## BDMS Updates & Highlights

# Additional Investment in Samitivej Thonburi

## Samitivej Thonburi Hospital



## Commentary

- During 4Q13, Samitivej Thonburi Hospital (STH), formerly known as Krungthon Hospital (KDH), increased its capital by rights offering and existing shareholders were not entitled to subscribe shares over their rights. As a result, our shareholding was increased from 48% to 55%
- Renovated emergency, outpatient & inpatient facilities to accommodate more patients in the surrounding area and officially opened since December 2013

# Investment Updates

## 1 Bangkok Hospital Chinatown



## Commentary

- Latest BDMS 58-bed basic tertiary care hospital (1<sup>st</sup> phase 24 beds)
- Located in the heart of Chinatown on Yaowarat Road, Samphantawong District, Bangkok
- Patients services center including cardiology, internal medicine, surgery and emergency services
- Tentative opening by mid 2014



# Investment Updates

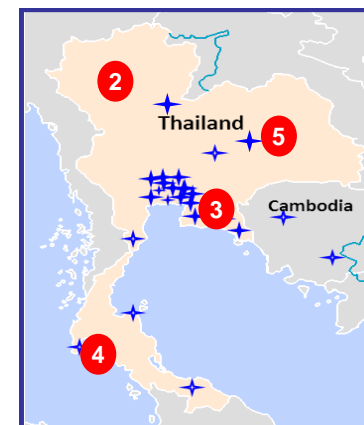
## New Hospitals in Pipeline



Bangkok Hospital Chiangmai



Bangkok Hospital Khon Kaen



Hospitals	Total Beds	1 <sup>st</sup> Phase	Project Details	Commission Date
2 Bangkok Hospital Chiangmai	185	34	<ul style="list-style-type: none"> <li>Hub Tertiary care hospital targeting Thai &amp; international patients</li> </ul>	Mid 2014
3 Sri-Rayong Hospital	195	40	<ul style="list-style-type: none"> <li>Secondary care hospital targeting middle income patients</li> <li>Initial opening as clinic &amp; ER (Dec 2013)</li> </ul>	Mid 2014
4 Dibuk Hospital (Bangkok Hospital Phuket 2)	100	29	<ul style="list-style-type: none"> <li>Secondary care hospital targeting middle income patients</li> </ul>	Mid 2014
5 Bangkok Hospital Khon Kaen	120	50	<ul style="list-style-type: none"> <li>Acquired Vachprasit Hospital during 2Q13 and upgrading to become Basic Tertiary care hospital</li> </ul>	End 2014

# Investment Updates

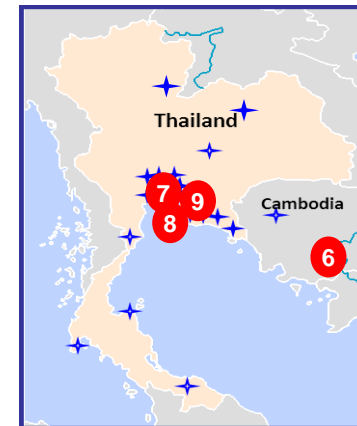
## New Hospitals in Pipeline



Royal Phnom Penh Hospital



Jomtien Hospital



Hospitals	Total Beds	1 <sup>st</sup> Phase	Project Details	Commission Date
6 Royal Phnom Penh Hospital, Cambodia	104	50	<ul style="list-style-type: none"> <li>Basic Tertiary care hospital targeting Cambodian and expatriates</li> </ul>	End 2014
7 Samitivej Chonburi Hospital	220	59	<ul style="list-style-type: none"> <li>Basic Tertiary care hospital targeting patients living in Chonburi</li> </ul>	2015
8 Paolo Rangsit Hospital	150	100	<ul style="list-style-type: none"> <li>Secondary care hospital targeting middle income patients</li> </ul>	2015
9 Jomtien Hospital (Bangkok Hospital Pattaya 2)	250	100	<ul style="list-style-type: none"> <li>Secondary care hospital targeting middle income patients</li> <li>Opening as polyclinic &amp; ER (Mid 2014)</li> </ul>	2016



# Consolidated Financial Summary

## 4Q13 Results

- Revenue from hospital operations of THB 12,654 mm increased by 9% from 4Q12 mainly from growing number of outpatients and inpatients across network hospitals together with rising healthcare inflation, an increase in patient acuity and consolidation of new network hospitals
- EBITDA of THB 2,725 mm slightly increased by 1% yoy as a result of an increase in both clinical and non-clinical staff expenses to accommodate rising demand of network hospitals and in preparation for new network hospitals
- Net profit (excluding non-recurring items) of THB 1,400 mm, slightly increased by 1% yoy

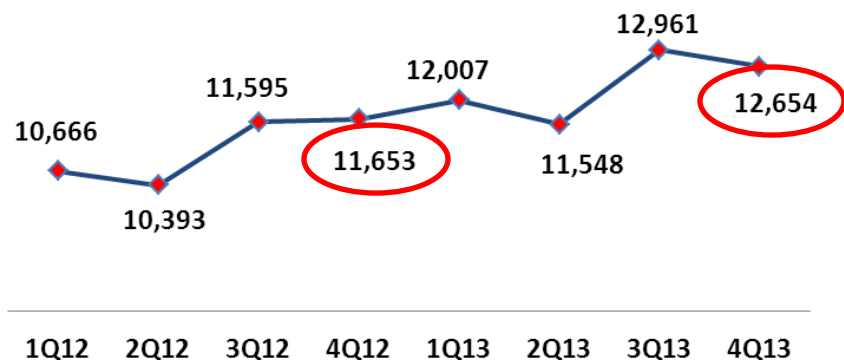
## 2013 Results

- Revenue from hospital operations of THB 49,170 mm increased by 11% from 2012 mainly from growing number of outpatients and inpatients across network hospitals together with rising healthcare inflation, an increase in patient acuity, patient ward renovation, an increase in patient referral and consolidation of new network hospitals
- EBITDA of THB 10,877 mm slightly increased by 1% yoy as a result of an increase in both clinical and non-clinical staff, newly recruited specialist doctors, utilities and rental expenses together with rising in provisioning for doubtful debts
- Net profit (excluding non-recurring items) of 6,113 mm, increased by 6% yoy

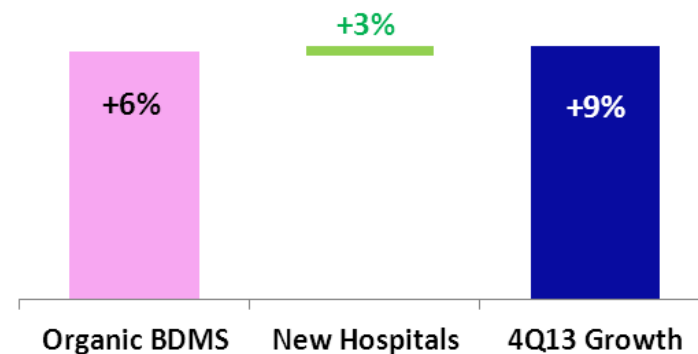
# Operational Statistics

# Quarterly Patient Revenue Growth

## Quarterly Patient Revenue Trend (THB mm)



## 4Q13 Patient Revenue Growth (THB mm)



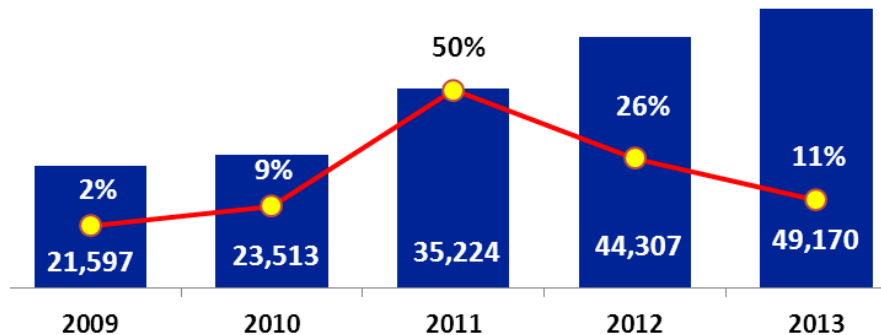
## Commentary

- Despite political unrest in late 4Q13, patient revenue continued to grow 9% yoy mainly from
  - Growth in number of outpatients and inpatients across our network hospitals
  - Rising healthcare inflation and increasing intensity
  - Consolidation of new network hospitals
    - Bangkok Hospital Udon (BUD) since December 2012
    - Samitivej Thonburi (STH) since May 2013
    - Bangkok Hospital Phitsanulok (BPL) since October 2013

# Growing Patient Revenue

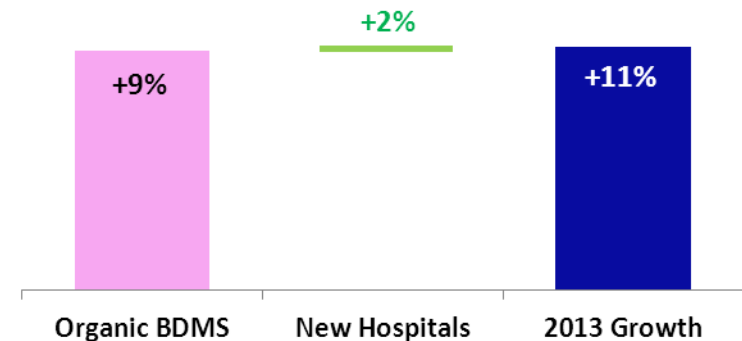
Patient Revenue Trend

(THB mm)



2013 Patient Revenue Growth

(THB mm)

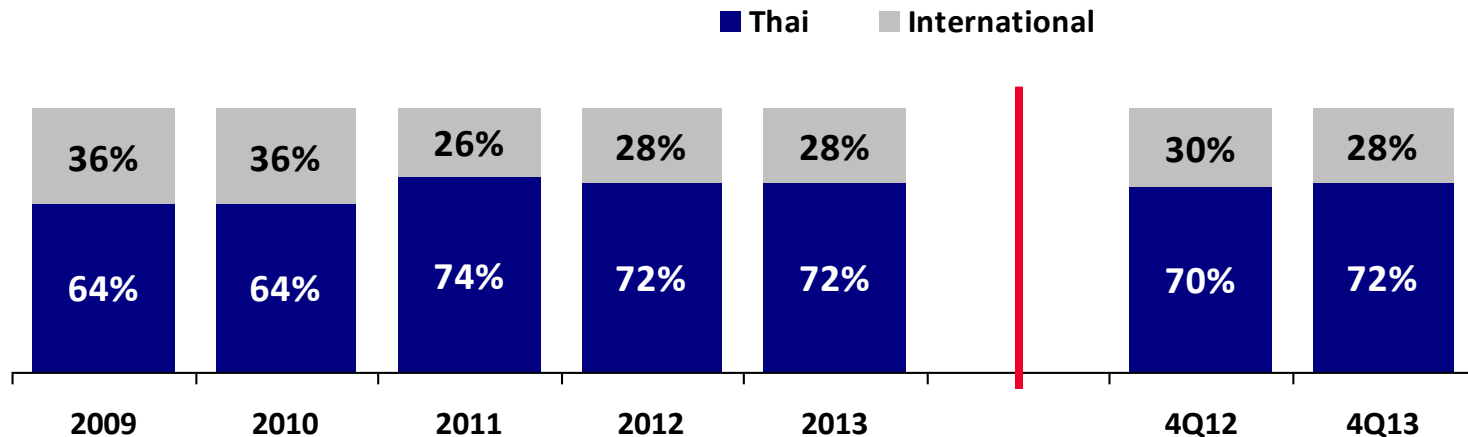


## Commentary

- 2013 Patient revenue increased by 11% yoy mainly from
  - Growth in number of outpatients and inpatients across our network hospitals
  - Rising healthcare inflation and increasing intensity
  - Patient ward renovation and rising in patient referral
  - Consolidation of new network hospitals
- During Jan-Feb 2014, patient revenue continue to grow in the high single-digit yoy

# Expanding Both Thai and International Patients

## Revenue Contribution by Nationality



## Commentary

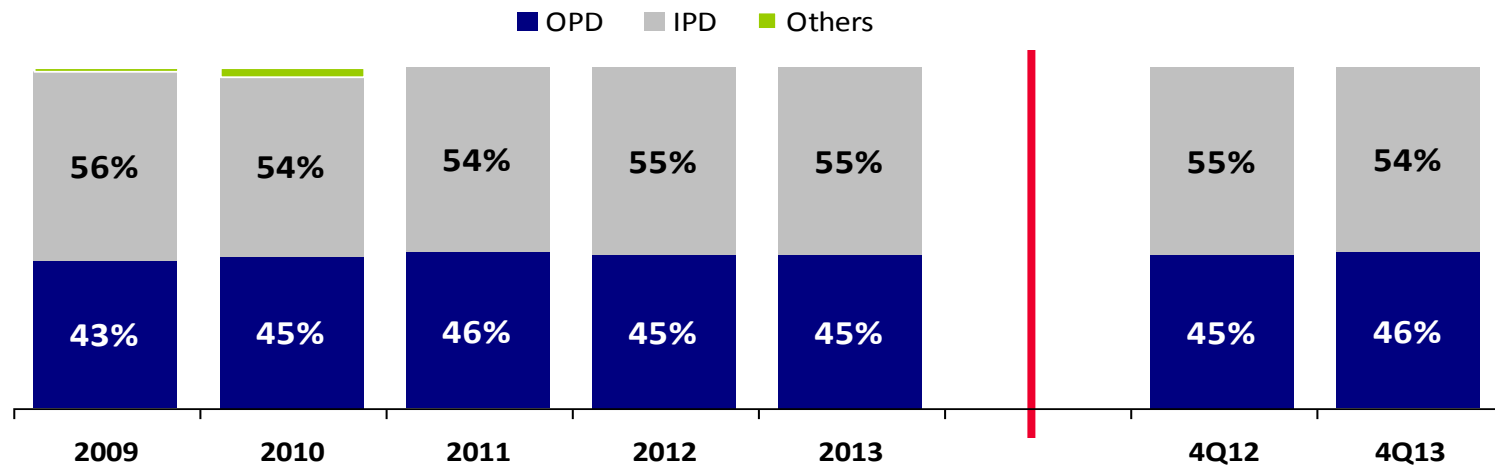
- **2013** revenue from Thai patients grew 10% while international patients grew 11% yoy
  - Top 5 international patient revenues are from Japan, Australia, Myanmar, UK and UAE which contribute 2.7%, 1.9%, 1.8%, 1.8% and 1.7% of total patient revenues respectively
  - International patient revenues grew significantly for Russia (+41%), Myanmar(+26%) and Australia(+19%)

Remarks:- Operational statistics data in 2011 are including PYT & Paolo since Jan 2011

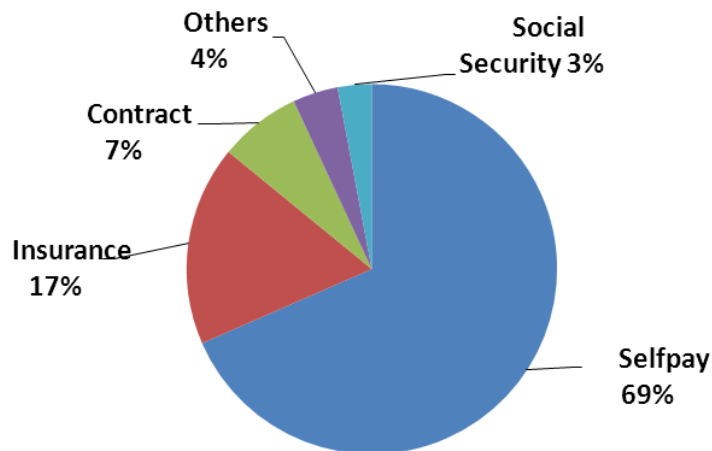


# Patient Mix

## Revenue Breakdown by Patient Types



## 2013 Patient Revenue by Payor

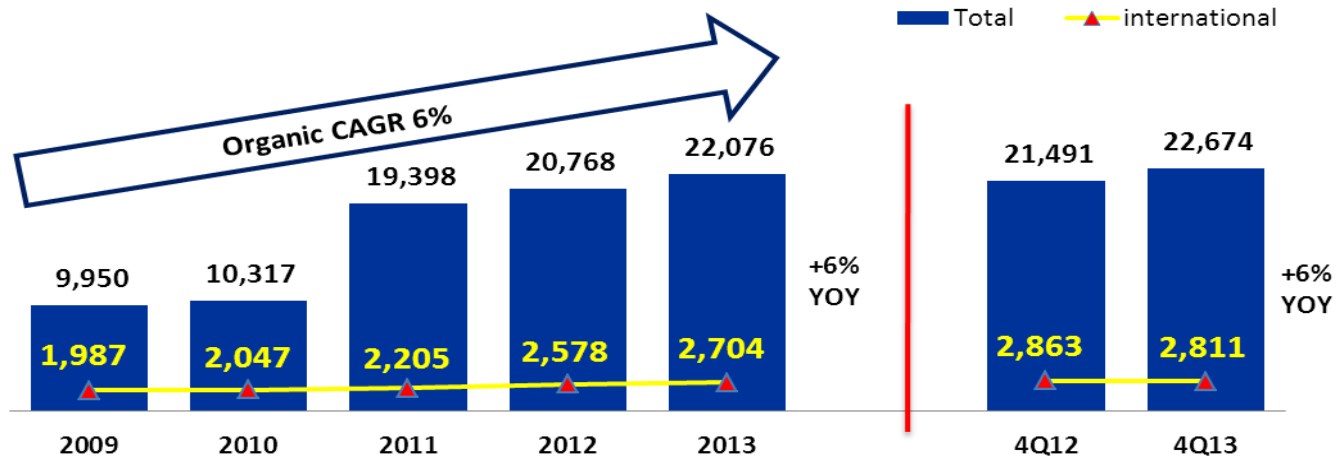


## Commentary

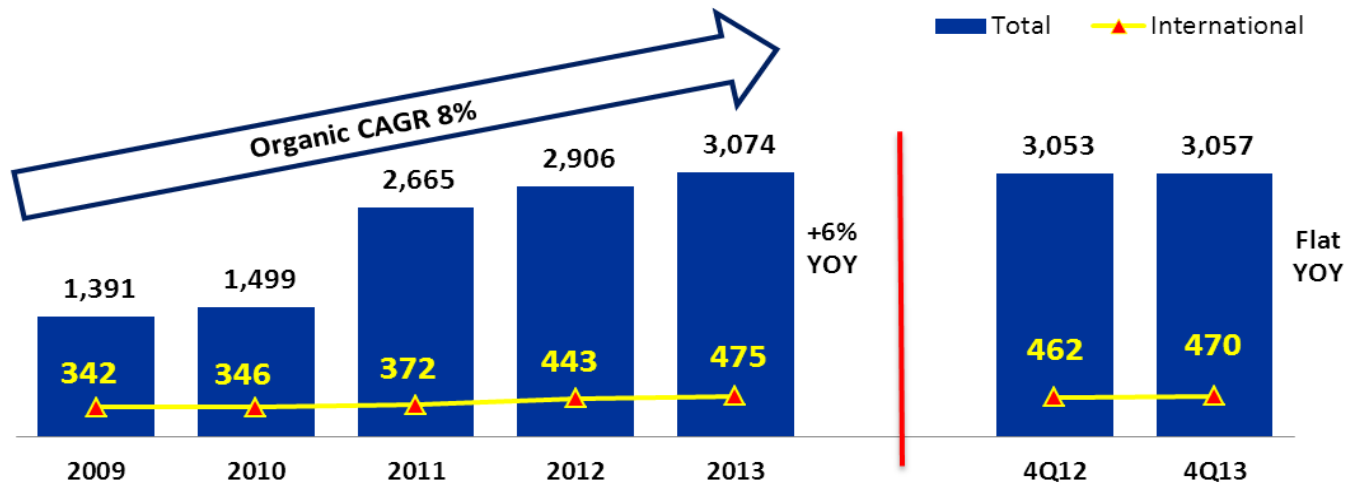
- **4Q13** OPD revenues increased 11% yoy while IPD revenues also increased 6% yoy
- **2013** OPD revenues increased 11% yoy while IPD revenues increased 10% yoy

# Patient Base Expansion From Both Organic Growth & Acquisitions

## Number of OPD Visits per Day



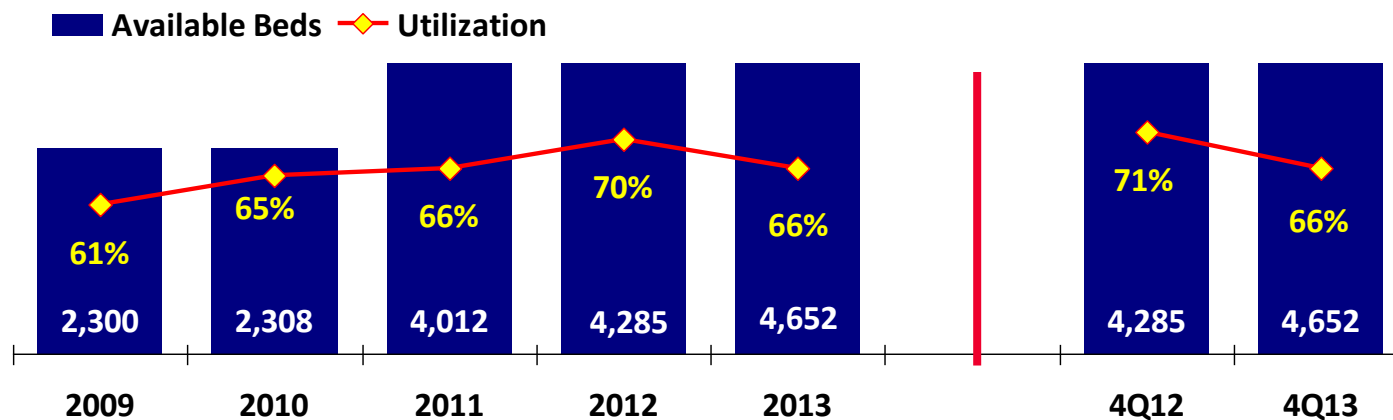
## Average Daily Census ( ADC )



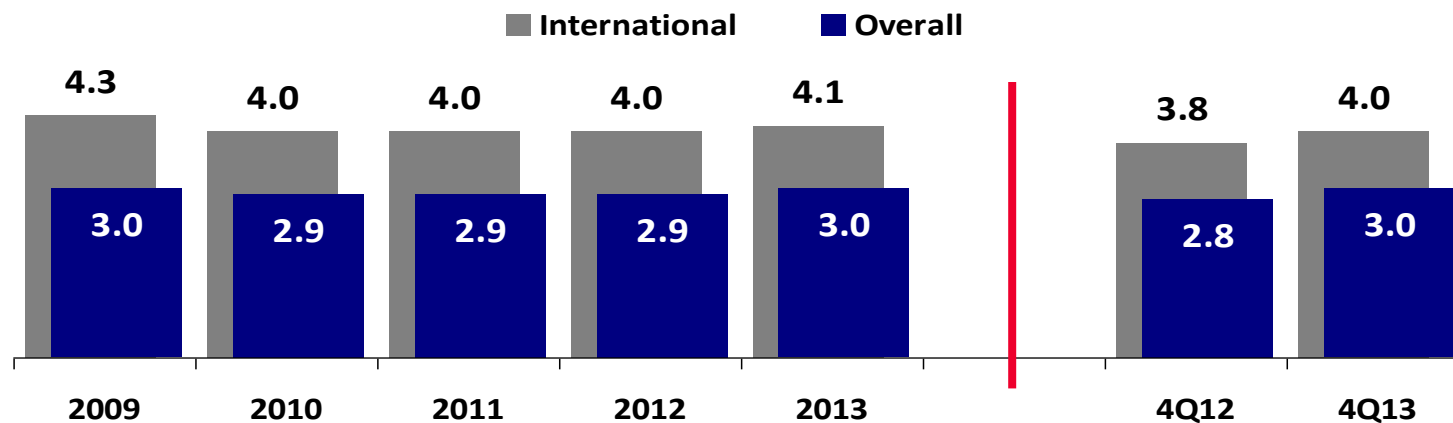
Remarks:- Including social security

# Utilization of Beds

## Utilization Based on Available Beds



## Average Length of Stay (days)

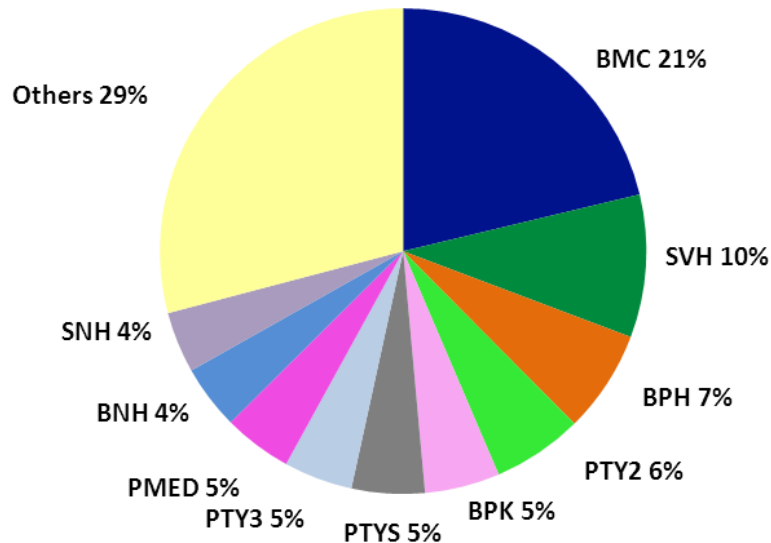


Remarks:- Including social security patients

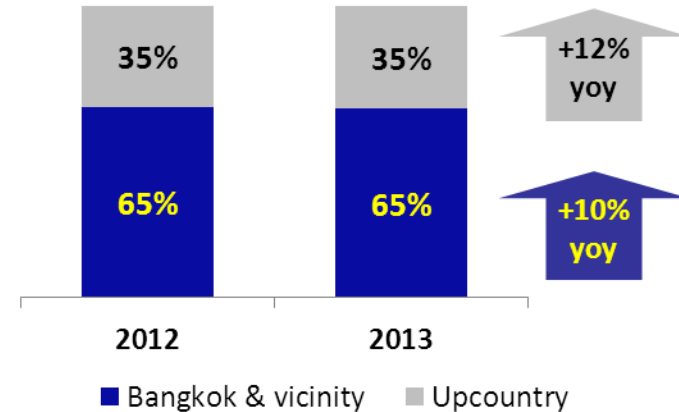
# Financial Performance

# Diversified Sources of Revenues

## Revenue Contribution in 2013



## Revenue Contribution & Growth by Locations



## Commentary

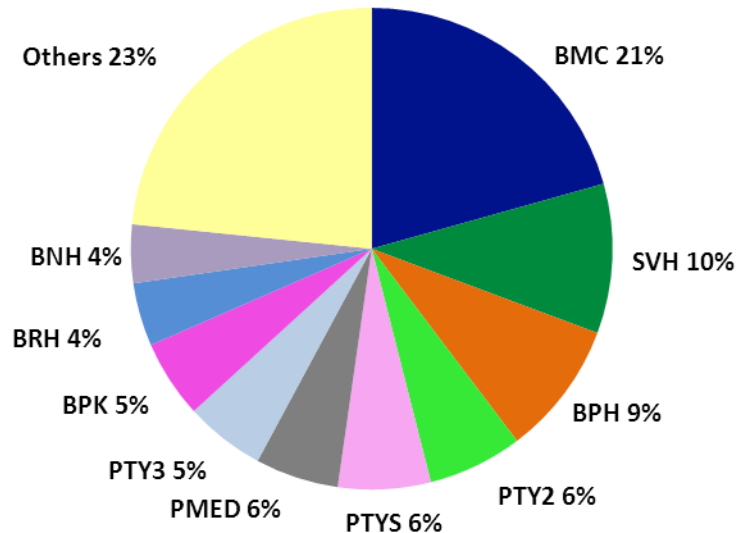
- During **2013**, top 5 hospitals (by location) contributed 49% of total revenue
- Bangkok & vicinity hospitals that grew more than 10% yoy : - PNWM(+19%), Pchok(+14%), BNH(+13%), Pmed(+12%) and PYT3(+10%)
- Upcountry hospitals that grew more than 12% yoy :- BHN(+36%), BHH(+19%), BSH(17%) and BKH(+15%)

Remark:- Hospital abbreviation shown on page 25

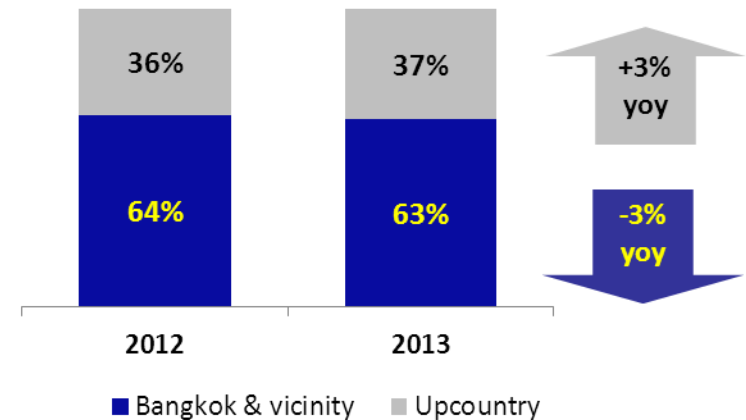


# EBITDA Contribution

## EBITDA Contribution in 2013



## EBITDA Contribution & Growth by Locations



## Commentary

- During **2013**, top 5 hospitals (by location) contributed 52% of total EBITDA
- EBITDA of hospitals in BKK & vicinity decreased 3% yoy mainly from an increase in staff expenses, newly recruited specialist doctors, utilities and rental expenses together with rising in provisioning for doubtful debts

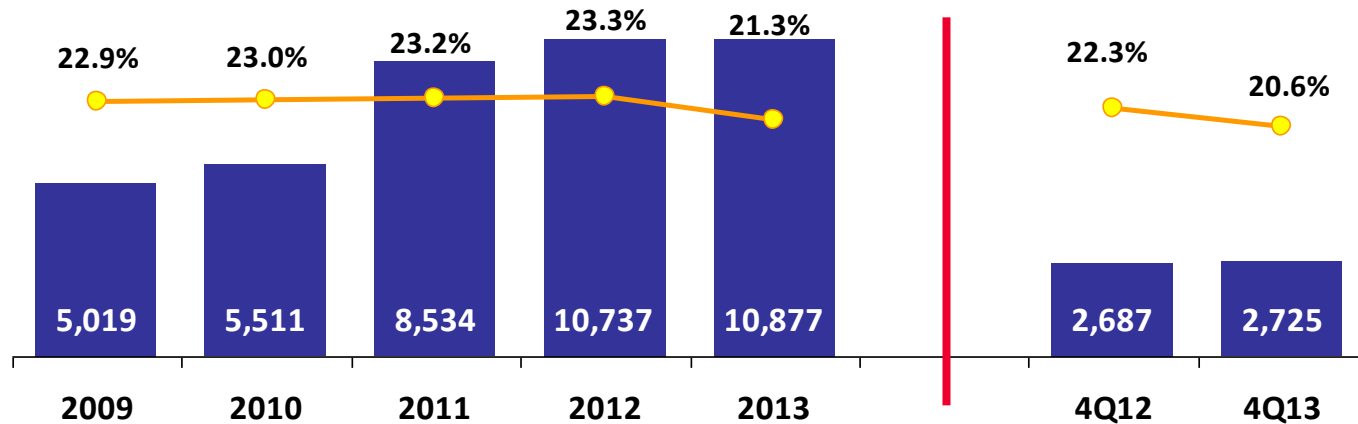
Remark:- Hospital abbreviation shown on page 25

EBITDA is calculated from revenue from hospital operations + revenue from F&B + other income – cost from hospital operations – SG&A expenses

# Profitability Trend

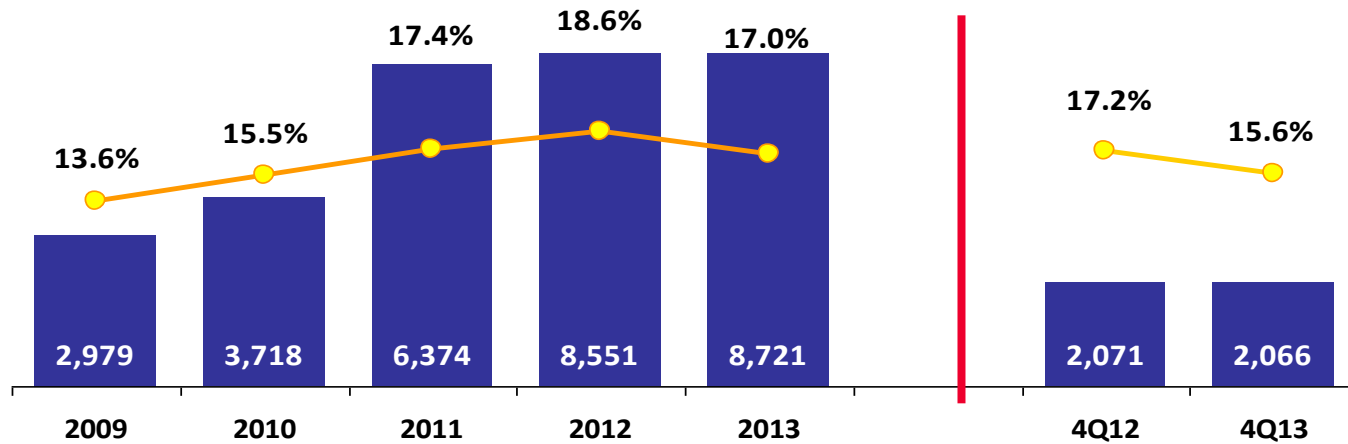
## EBITDA & EBITDA Margin\*

(THB mm)



## EBIT & EBIT Margin\*

(THB mm)

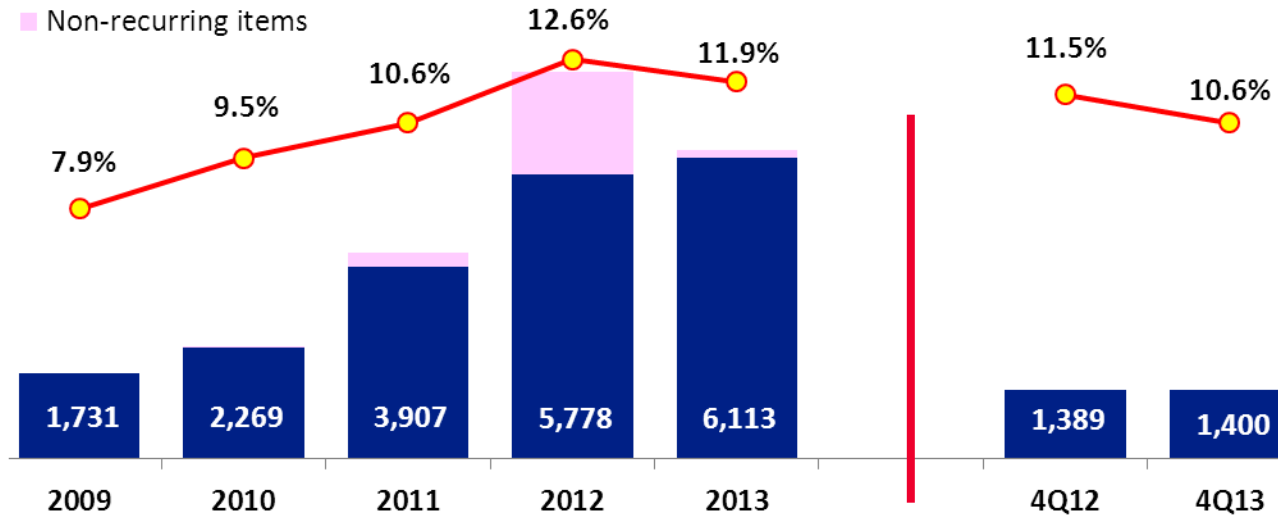


\* Excluding non-recurring items

# Profitability Trend

## Net Profit & Net Profit Margin\*

(THB mm)



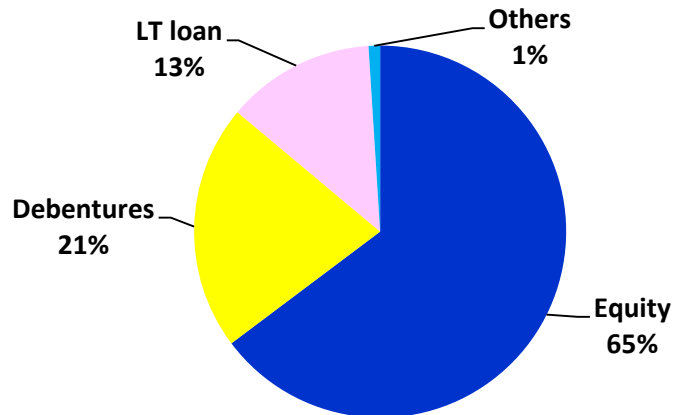
## Commentary

- **2013** Net profit (excluding non-recurring items) increased 6% yoy from growth in number of outpatients and inpatients across our network hospitals, rising in healthcare inflation and increasing in intensity netted with an increase in both clinical and non-clinical staff costs, utilities and rental expenses together with rising in provisioning for doubtful debts

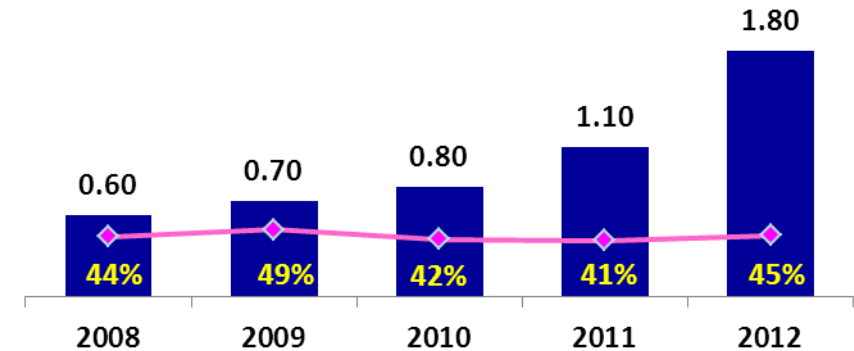
\* Excluding non-recurring items

# Capital Management

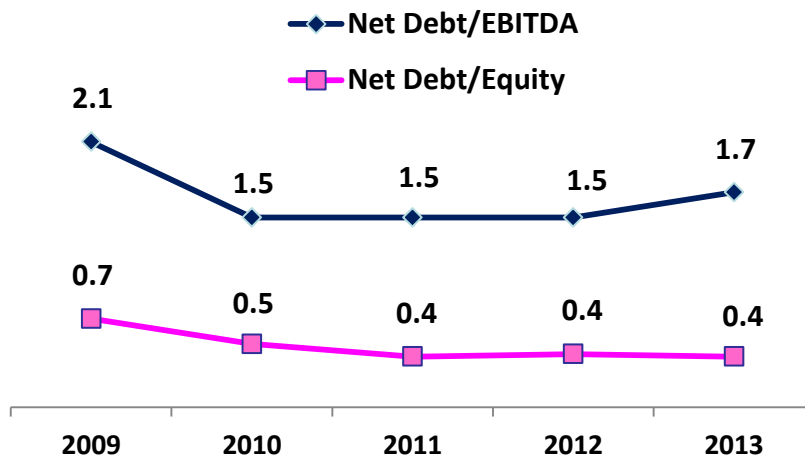
## Capital Structure as of Dec 2013



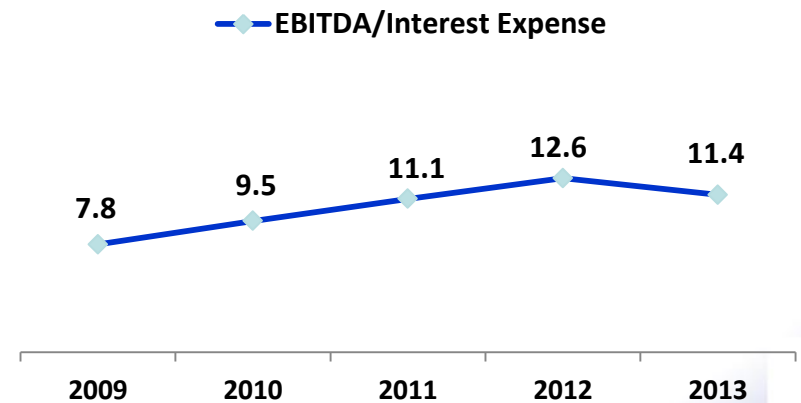
## Dividend Payment & Payout Ratio



## Gearing Ratios: Well Within Covenants



## Interest Coverage



## Strategic Focus



# Strategic Focus

## Key Focus in 2014

### Existing Hospitals and Healthcare Related Business

- Focus on EBITDA improvement from several cost containment measures
  - Headcount freeze
  - Job enlargement and rotation of clinical & non-clinical staffs
  - Decrease marketing expenses
  - Decelerate growth rate of other SG&A through more stringent oversight of discretionary expenses
- Continued focus on patient quality, safety/risk management and medical utilization management




### New Hospitals

- Manage projects to be as planned and control investment costs to achieve financial targets





# Appendix : Hospital Network in Key Strategic Locations

## Hospitals under Management



	<b>Group 1</b>	<b>Ownership</b>	<b>No. of Beds <sup>(1)</sup></b>
	1. Bangkok Hospital	100%	343
	2. Bangkok Heart Hospital (BMC)	100%	97
	3. Wattanosoth Hospital	100%	48
	4. Bangkok Huahin (BHN)	100%	60
	<b>Group 2</b>		
	5. Samitivej Sukhumvit (SVH)	95.8%	275
	6. Samitivej Srinakarin (SNH)	95.8%	400
	7. Samitivej Sriracha (SSH)	69.8%	150
	8. Samitivej Thonburi <sup>(2)</sup> (STH)	55.4%	150
	9. BNH Hospital (BNH)	91.5%	144

Remark (1) Structured beds  
 (2) Formerly known as Krungdhon hospital (KDH)  
 (3) Registered beds

	<b>Group 3</b>	<b>Ownership</b>	<b>No. of Beds <sup>(1)</sup></b>
	10. Bangkok Pattaya (BPH)	97.3%	400
	11. Bangkok Rayong (BRH)	100%	220
	12. Bangkok Chanthaburi (BCH)	99.7%	170
	13. Bangkok Trat (BTH)	99.8%	114
	14. Bangkok Phuket (BPK)	99.7%	317
	15. Bangkok Hat Yai (BHH)	98.8%	165
	16. Bangkok Samui (BSH)	100%	50
	17. Bangkok Phrapradaeng (BPD)	84.0%	60
	<b>Group 4</b>		
	18. Bangkok Ratchasima (BKH)	90.9%	300
	19. Bangkok Pakchong	90.9%	30
	20. Bangkok Udon (BUD)	100%	120
	21. Bangkok Phitsanulok (BPL)	100%	100
	Children Ratanavej Hospital at Phitsanulok	100%	58
	22. Royal Angkor International	80.0%	21
	23. Royal Rattanak International	70.0%	30
	<b>Group 5</b>	<b>Ownership</b>	<b>No. of Beds <sup>(3)</sup></b>
	24. Phyathai 1 (PYT1)	100%	350
	25. Phyathai 2 (PYT2)	99.1%	260
	26. Phyathai 3 (PYT3)	98.2%	230
	27. Phyathai Sriracha (PYTS)	74.1%	257
	28. Paolo Paholyothin (Pmed)	100%	237
	29. Paolo Samutprakarn (Psamut)	93.5%	200
	30. Paolo Chokchai 4 (Pchok)	85.7%	120
	31. Paolo Nawamin (Pnywm)	99.8%	140