



Bangkok Dusit Medical Services (BGH)

Analyst Presentation

1Q14 Results

May 29, 2014

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BDMS Updates & Highlights

Consolidated Financial Summary

1Q14 Results

- Operating income of THB 14,017 mm increased by 13% from 1Q13 mainly from growing number of outpatients and inpatients across network hospitals, an increase in patient acuity together with consolidation of new network hospitals and non-hospital business
- EBITDA of THB 3,463 mm increased by 13% yoy from growth in patient revenue together with cost containment measures from both direct cost and SG&A
- Net profit of THB 2,075 mm increased by 7% yoy

Liabilities Management

Interest Rate Swap

- BDMS entered into a 9 year interest rate swap for THB 4,000 mm debentures
- Structures are as follows:-

Before

- Fixed rate at 4.63%



Swap Rate

Year 1 : Fixed rate 3.11%

Year 2-4 : Fixed rate 4.63%

Year 5-9 : 6mFDR* +1.73%

* Current Fixed Deposit Rate (FDR) = 1.42%

- Interest saving totaling THB 60 mm (THB 45 mm in 2014 and THB 15 mm in 2015)

Investment Updates

New Hospitals in Pipeline



Bangkok Hospital Chiangmai



Royal Phnom Penh Hospital



Hospitals	Total Beds	1 st Phase	Project Details	Commission Date
1 Bangkok Hospital Chinatown	58	24	Basic Tertiary care hospital aiming to tap into affluent ethnic Thai- Chinese residents	By 3Q14
2 Bangkok Hospital Khon Kaen	120	50	Acquired Vachprasit Hospital during 2Q13 and upgrading to become Basic Tertiary care hospital	By 3Q14
3 Bangkok Hospital Chiangmai	185	34	Hub Tertiary care hospital targeting Thai & international patients	By 3Q14
4 Royal Phnom Penh Hospital, Cambodia	104	50	Basic Tertiary care hospital targeting Cambodian and expatriates	By 3Q14
5 Sri-Rayong Hospital	195	25	<ul style="list-style-type: none"> Secondary care hospital targeting middle income patients Initial opening as clinic & ER (Dec 2013) 	By 3Q14

Investment Updates

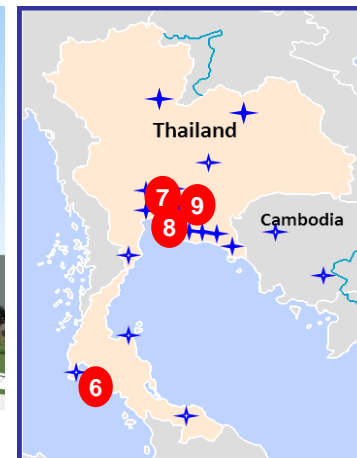
New Hospitals in Pipeline



Samitivej Chonburi Hospital



Jomtien Hospital

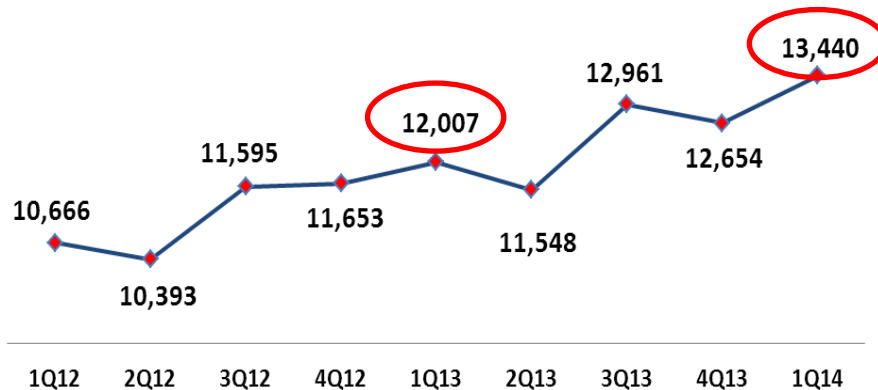


Hospitals	Total Beds	1 st Phase	Project Details	Commission Date
6 Dibuk Hospital (Bangkok Hospital Phuket 2)	100	29	■ Secondary care hospital targeting middle income patients	2014
7 Samitivej Chonburi Hospital	220	59	■ Basic Tertiary care hospital targeting patients living in Chonburi	2015
8 Paolo Rangsit Hospital	150	100	■ Secondary care hospital targeting middle income patients	2015
9 Jomtien Hospital (Bangkok Hospital Pattaya 2)	250	100	■ Secondary care hospital targeting middle income patients ■ Opening as polyclinic & ER (Mid 2014)	2016

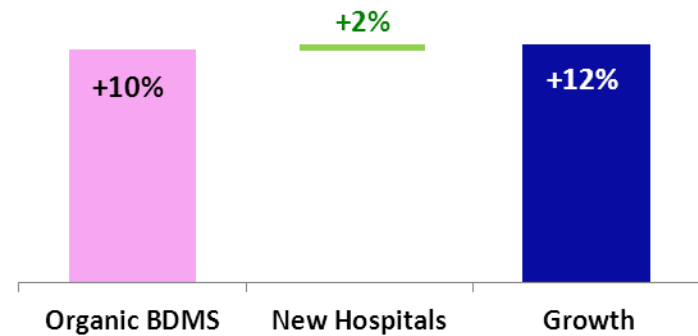
Operational Statistics

Quarterly Patient Revenue Growth

Quarterly Patient Revenue Trend (THB mm)



1Q14 Patient Revenue Growth

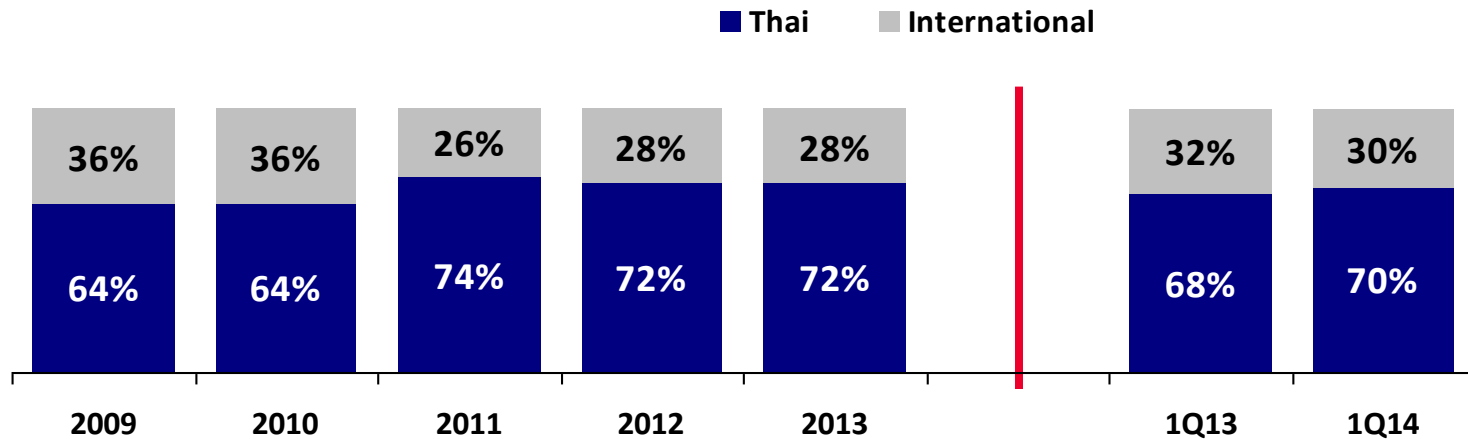


Commentary

- 1Q14 Patient revenue increased by **12% yoy**, primarily from
 - Growth in number of outpatients and inpatients across our network hospitals
 - Rising in healthcare inflation and increasing in intensity
 - Patient ward renovation and an increase in patient referral
 - Consolidation of new network hospitals
 - Samitivej Thonburi (STH) since May 2013
 - Bangkok Hospital Phitsanulok (BPL) since October 2013

Expanding Both Thai and International Patients

Revenue Contribution by Nationality



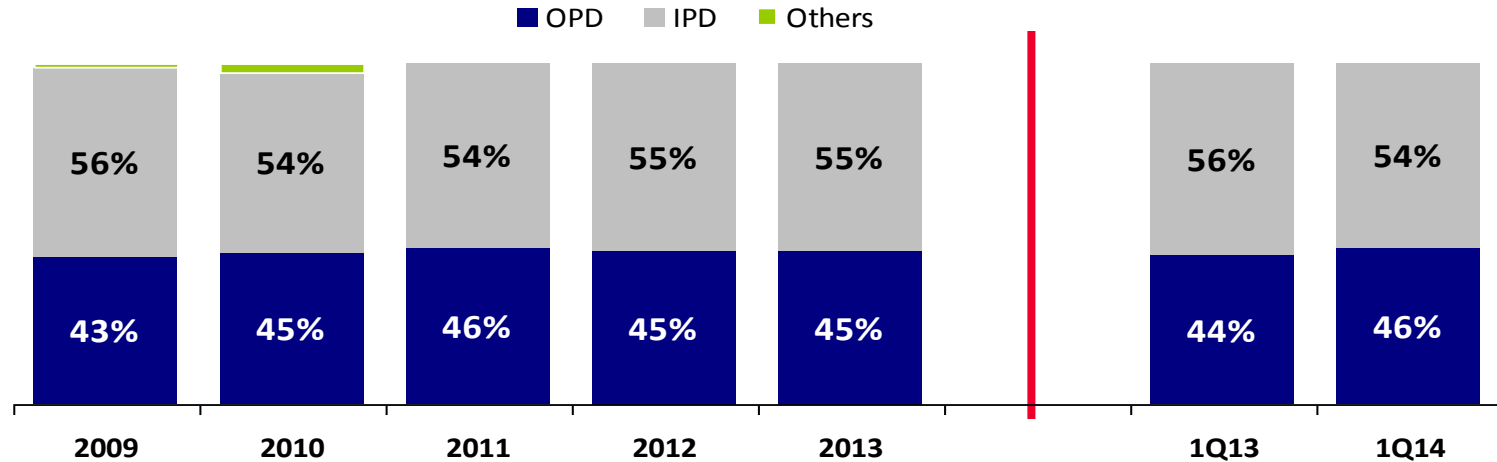
Commentary

- **1Q14** revenue from Thai patients grew 15% while international patients grew 4% yoy
- Top 5 international patient revenues are from Japan, UK, Myanmar, Germany and USA which contribute 2.7%, 2.0%, 1.8%, 1.8% and 1.6% of total patient revenues respectively
- International patient revenues grew significantly for Russia (+15%), Myanmar (+15%) and Japan (+9%)

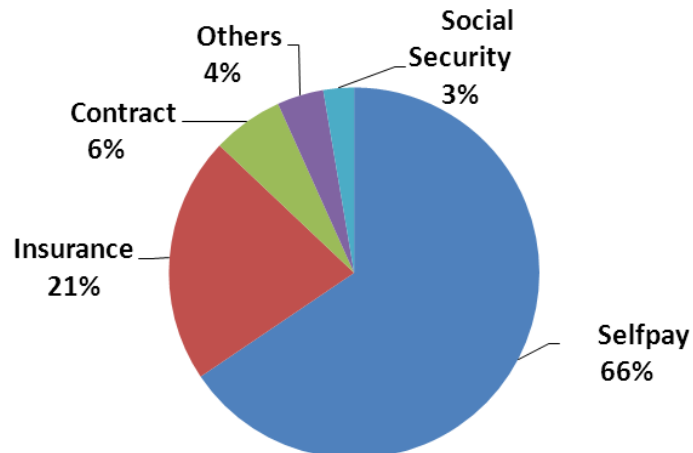
Remarks:- Operational statistics data in 2011 are including PYT & Paolo since Jan 2011

Patient Mix

Revenue Breakdown by Patient Types



1Q14 Patient Revenue by Payor

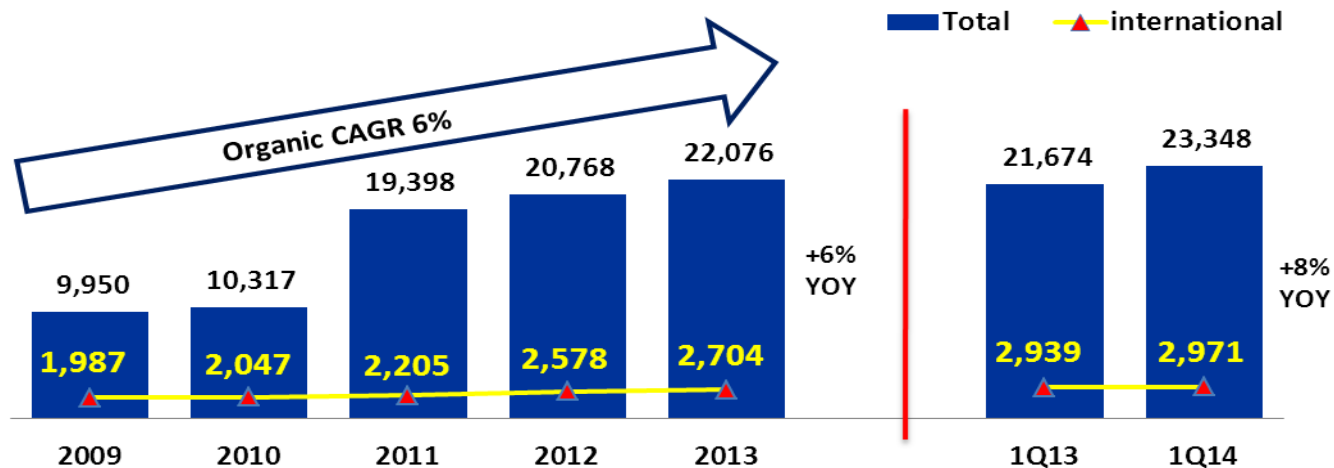


Commentary

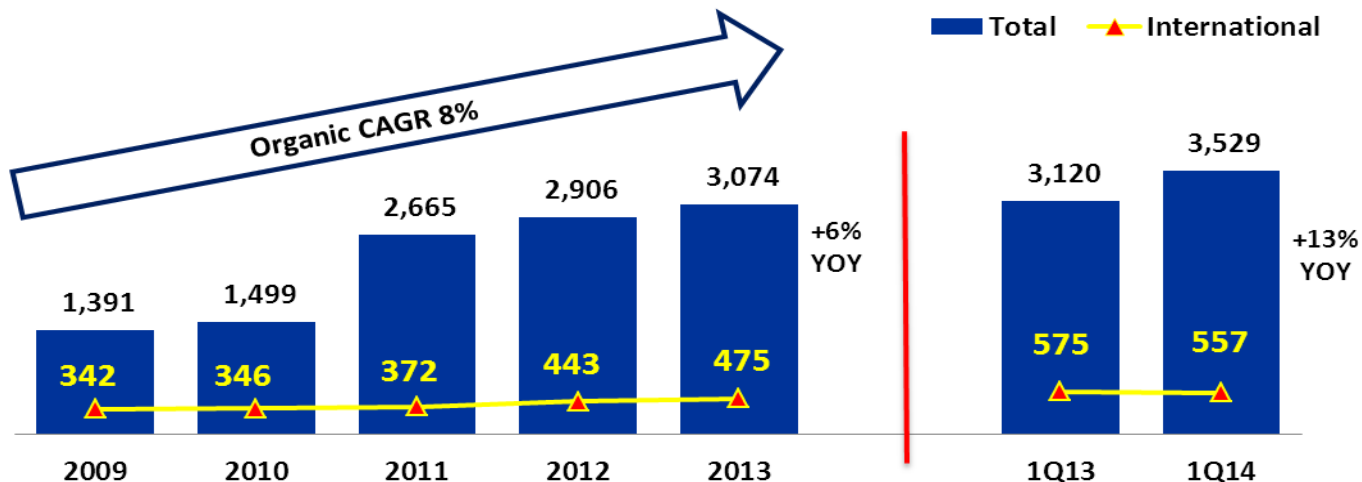
- **1Q14** OPD revenues increased 10% yoy while IPD revenues increased 14% yoy

Patient Base Expansion From Both Organic Growth & Acquisitions

Number of OPD Visits per Day



Average Daily Census (ADC)

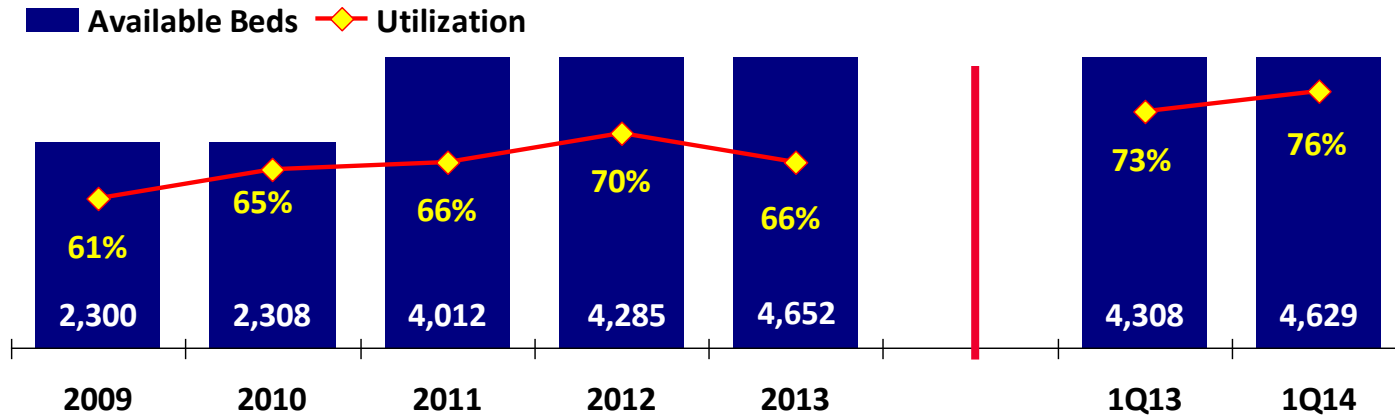


Remarks:- Including social security

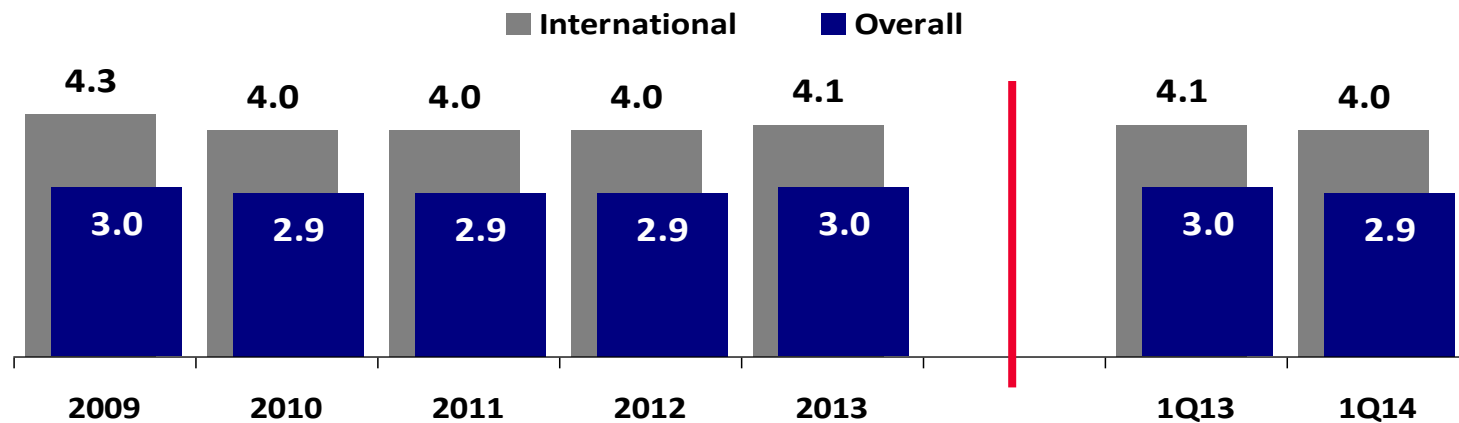


Utilization of Beds

Utilization Based on Available Beds



Average Length of Stay (days)

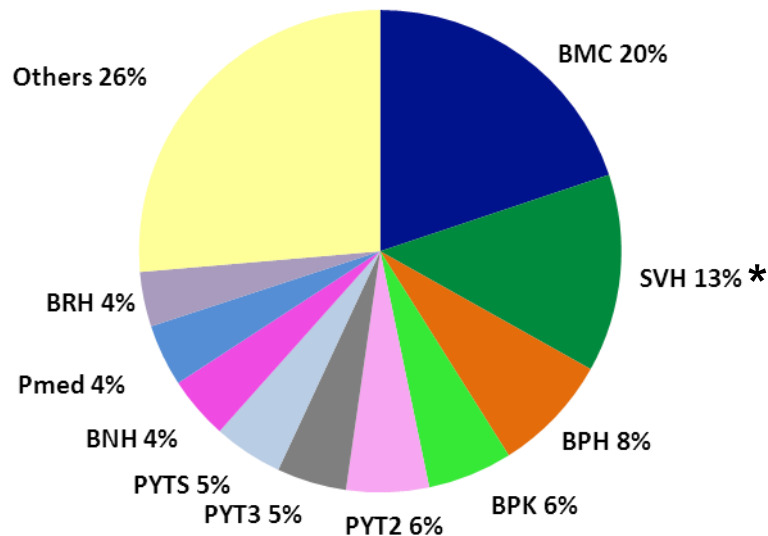


Remarks:- Including social security patients

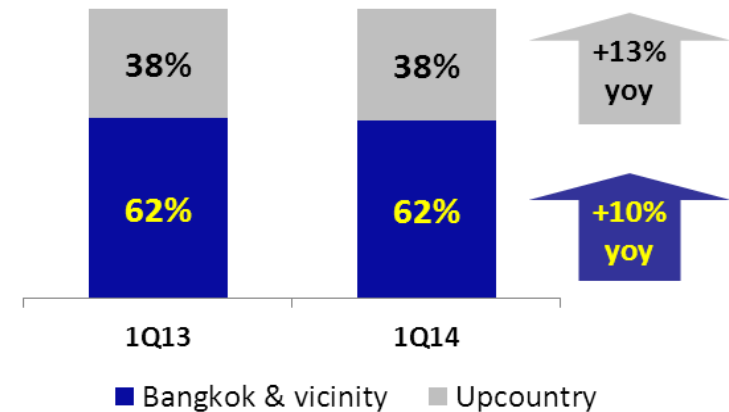
Financial Performance

Diversified Sources of Revenues

Revenue Contribution in 1Q14



Revenue Contribution & Growth by Locations



Commentary

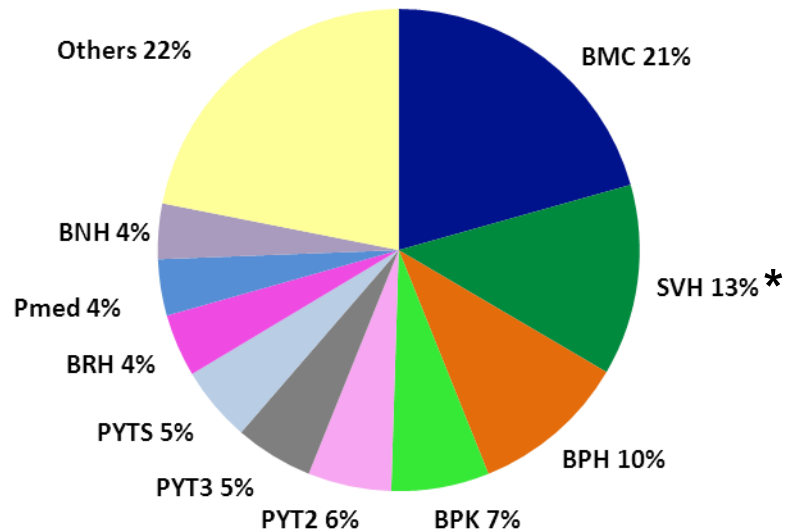
- During **1Q14**, top 5 hospitals (by location) contributed 53% of total revenue
- Bangkok & vicinity hospitals that grew more than 10% yoy : - PNWM(+29%), PYT3(+19%), Psamut(+15%), Pchok(+14%) and Pmed(+11%)
- Upcountry hospitals that grew more than 13% yoy :- BUD(+47%), BHN(+24%), BHP(+22%), BCH(+19%), RAH(+19%), SSH(+18%), BPD(+17%), RRH(+17%) and BTH(+14%)

Remark:- Hospital abbreviation shown on page 21

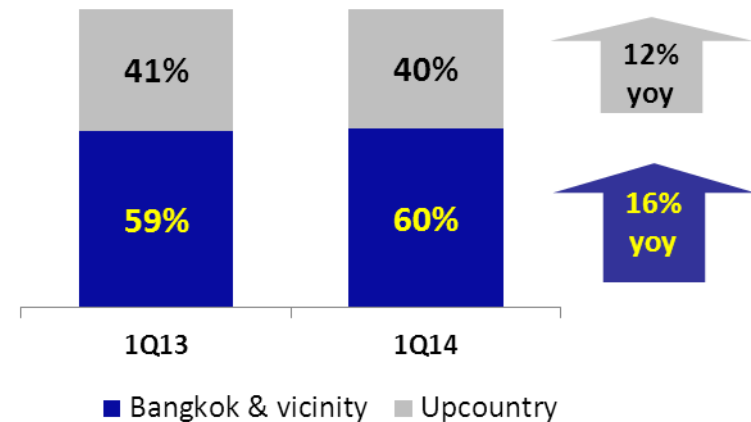
* SVH also included SNH performance

EBITDA Contribution

EBITDA Contribution in 1Q14



EBITDA Contribution & Growth by Locations



Commentary

- During **1Q14**, top 5 hospitals (by location) contributed 57% of total EBITDA

Remark:- Hospital abbreviation shown on page 21

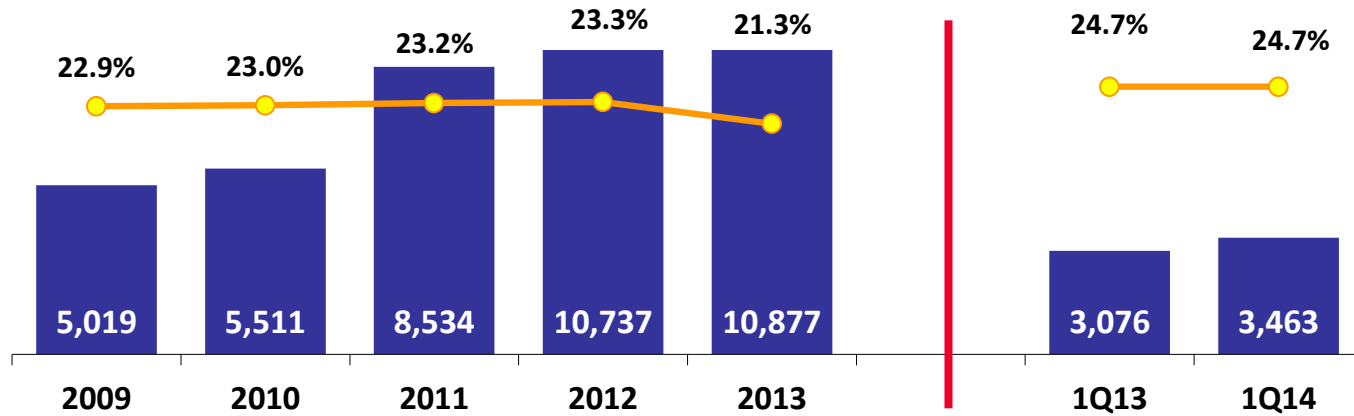
* SVH also included SNH performance

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

Profitability Trend

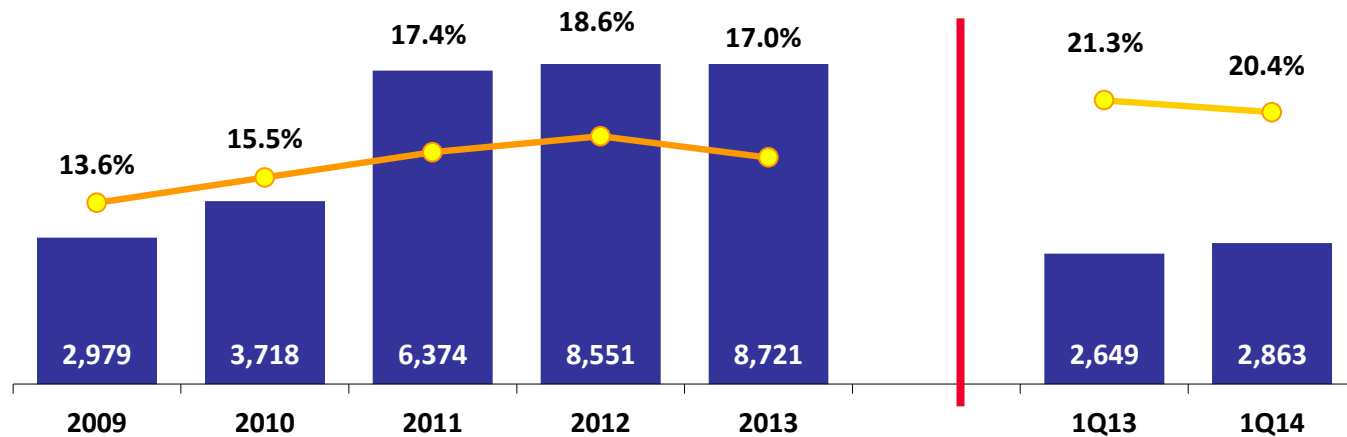
EBITDA & EBITDA Margin*

(THB mm)



EBIT & EBIT Margin*

(THB mm)

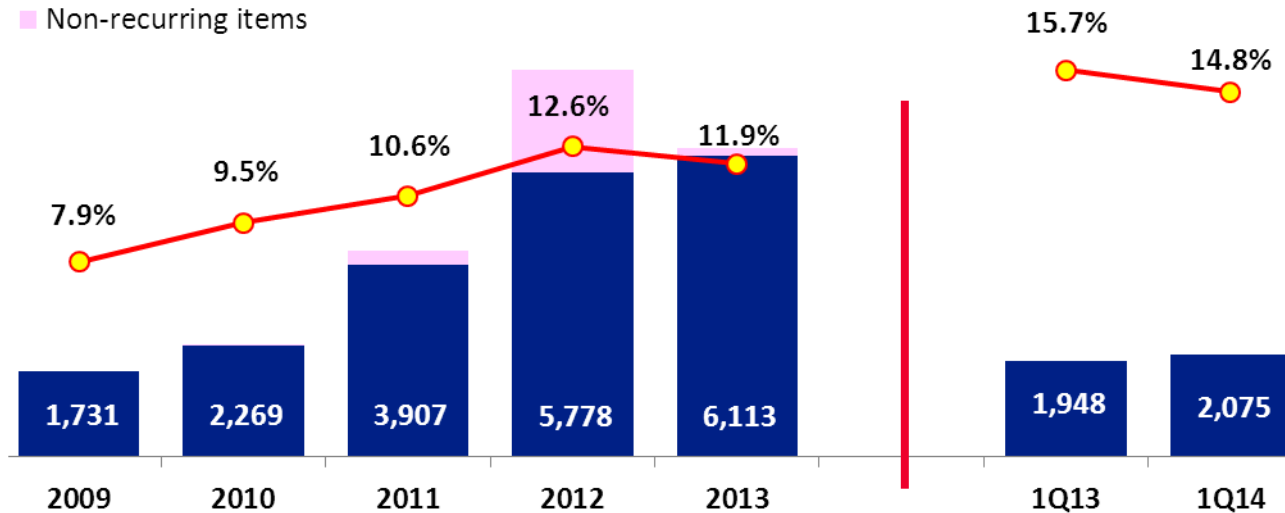


* Excluding non-recurring items

Profitability Trend

Net Profit & Net Profit Margin*

(THB mm)



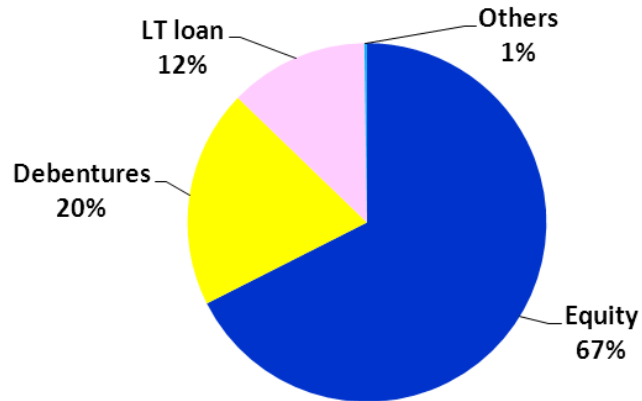
Commentary

- **1Q14** Net profit increased 7% 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 and rental expenses

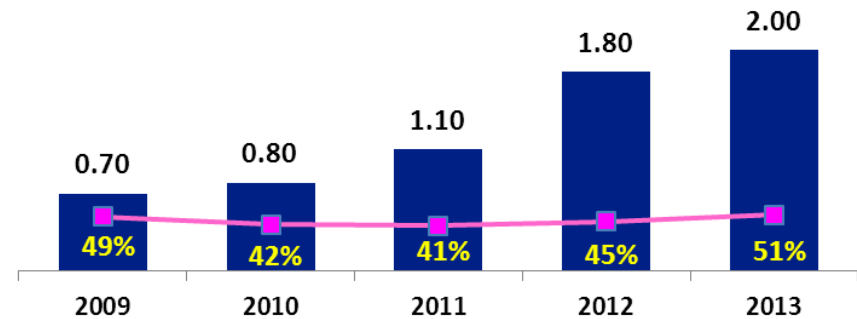
* Excluding non-recurring items

Capital Management

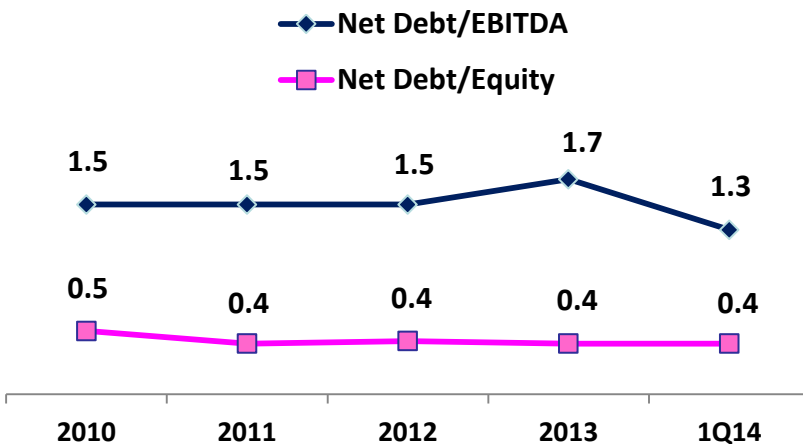
Capital Structure as of Mar 2014



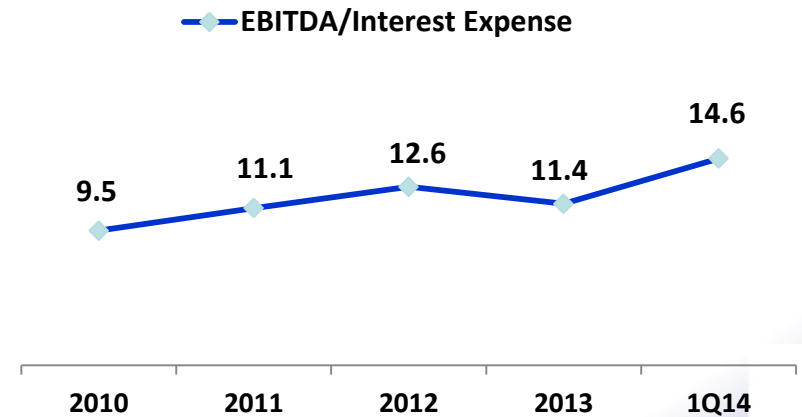
Dividend Payment & Payout Ratio



Gearing Ratios: Well Within Covenants





Interest Coverage



Appendix : Hospital Network in Key Strategic Locations

Hospitals under Management





	Group 1	Ownership	No. of Beds ⁽¹⁾
	1. Bangkok Hospital	100%	343
	2. Bangkok Heart Hospital (BMC)	100%	97
	3. Wattanosoth Hospital	100%	48
	4. Bangkok Huahin (BHN)	100%	60



	Group 2	Ownership	No. of Beds
	5. Samitivej Sukhumvit (SVH)	95.8%	275
	6. Samitivej Srinakarin (SNH)	95.8%	400
	7. Samitivej Sriracha (SSH)	69.8%	150
	8. Samitivej Thonburi ⁽²⁾ (STH)	55.7%	150
	9. BNH Hospital (BNH)	91.5%	144

Remark (1) Structured beds
 (2) Formerly known as Krungdhon hospital (KDH)
 (3) Registered beds
 (4) Formerly known as Paolo Nawamin Hospital



	Group 3	Ownership	No. of Beds ⁽¹⁾
	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

	Group 4	Ownership	No. of Beds
	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

	Group 5	Ownership	No. of Beds ⁽³⁾
	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. Phyathai Nawamin (Pnwm) ⁽⁴⁾	99.8%	140
	29. Paolo Paholyothin (Pmed)	100%	237
	30. Paolo Samutprakarn (Psamut)	93.5%	200
	31. Paolo Chokchai 4 (Pchok)	85.7%	120

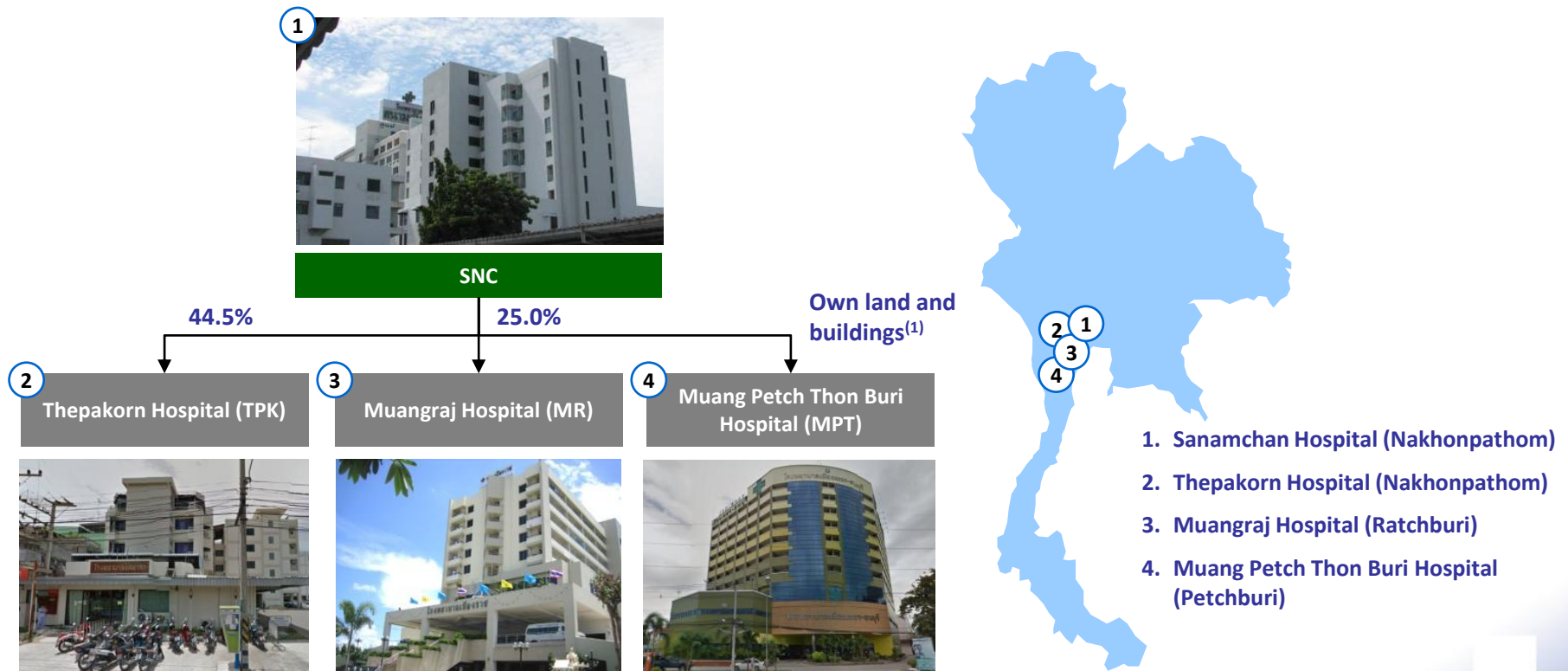


The Acquisition of Sanamchan Hospital

The Acquisition of Sanamchan Hospital

Overview of Sanamchan Hospital

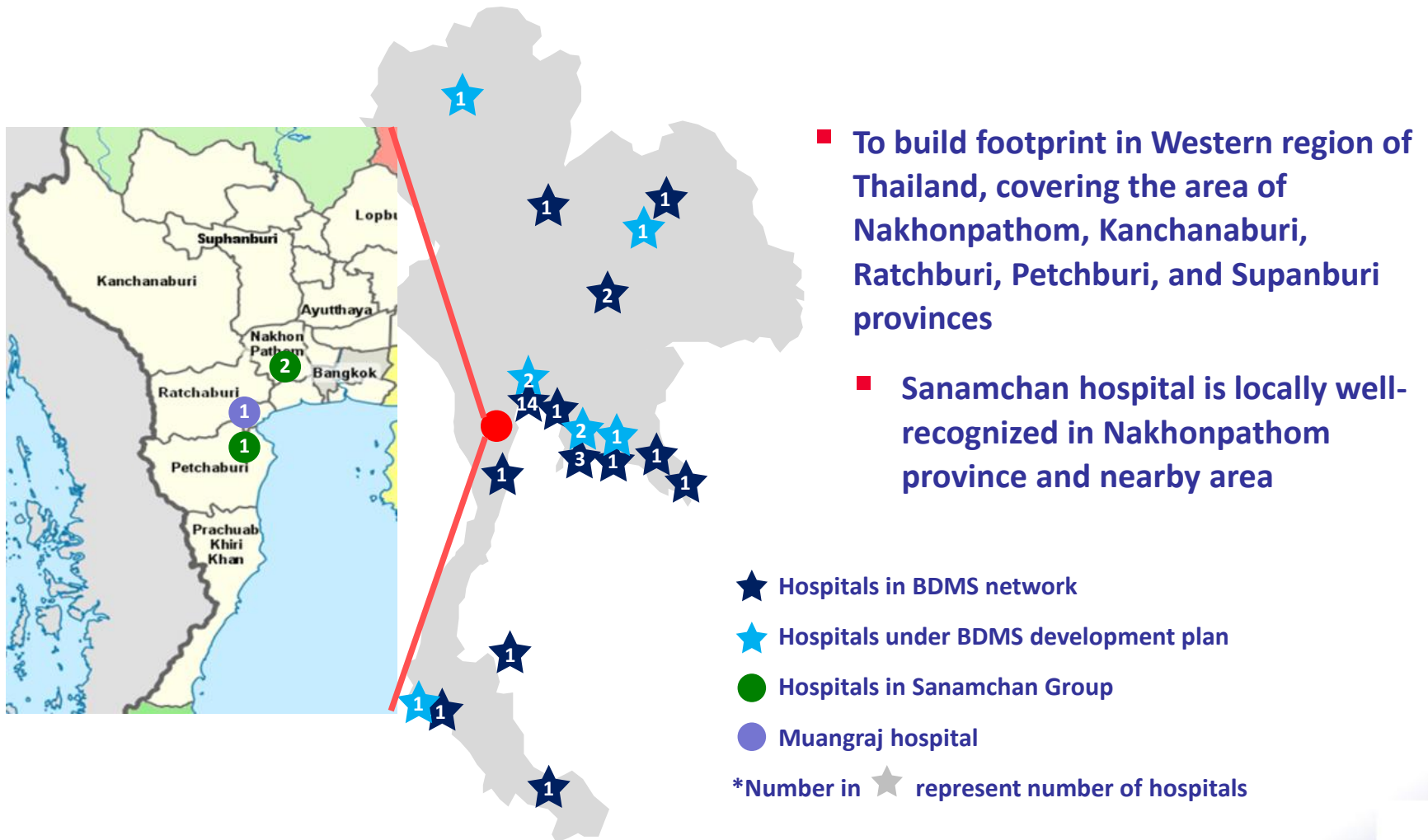
- Sanamchan Hospital (SNC) is a private hospital located in Nakhonpathom province, which also holds shares in Thepakorn Hospital, Muangraj Hospital, and owns land and buildings of Muang Petch Thon Buri Hospital



Remark: (1) SNC purchased MPT's assets, including land and buildings, from Sukhumvit Asset Management in 2012

The Acquisition of Sanamchan Hospital

Operating Landscape

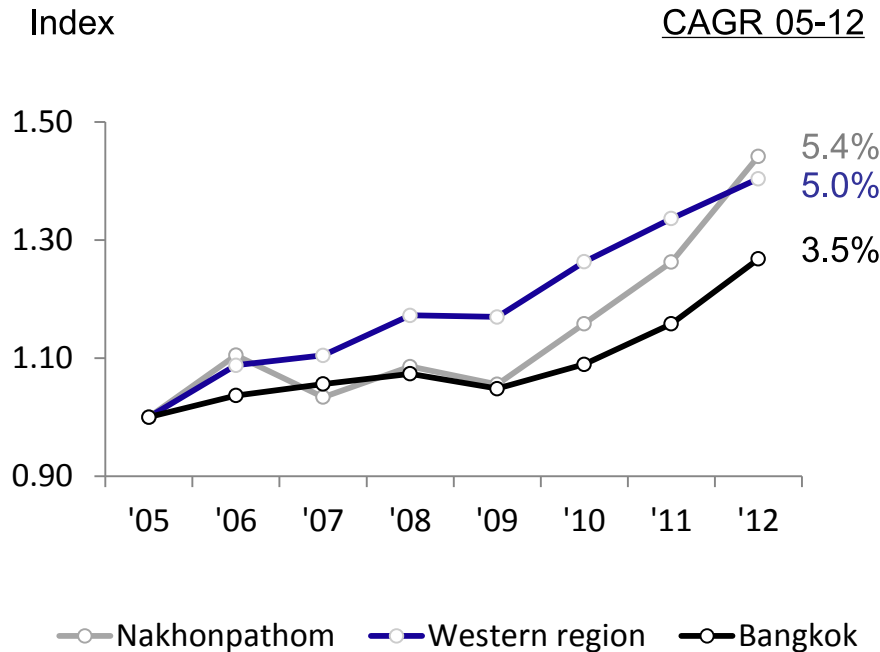


The Acquisition of Sanamchan Hospital

Operating Landscape

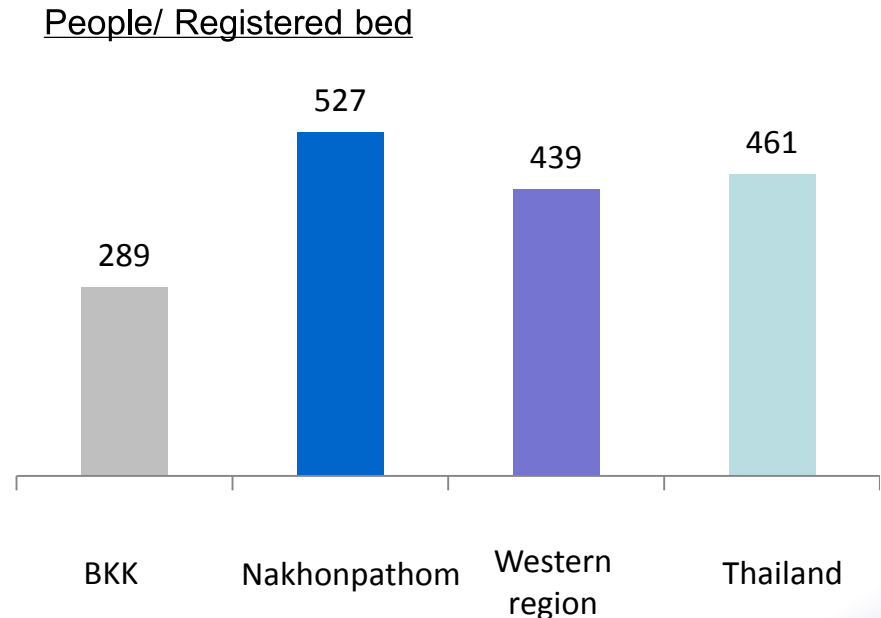
- Nakhonpathom and western region economy have been growing during the past years at 5.4% and 5.0%
- The lack of medical infrastructure in this area should serve as an opportunity for SNC and its affiliates

GDP per capita index



*Source: NESDB, Ministry of Public Health

Population / bed in 2011



*Source: NESDB and MOPH

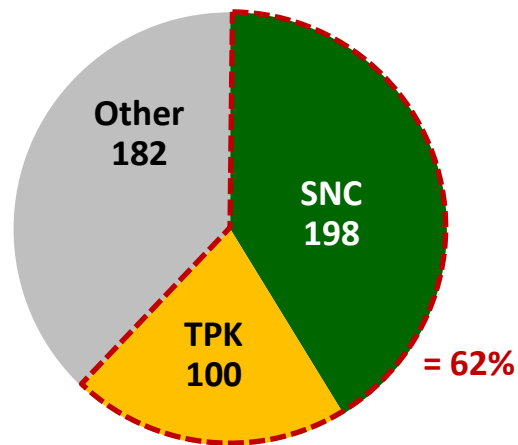
The Acquisition of Sanamchan Hospital

Transaction Rationale

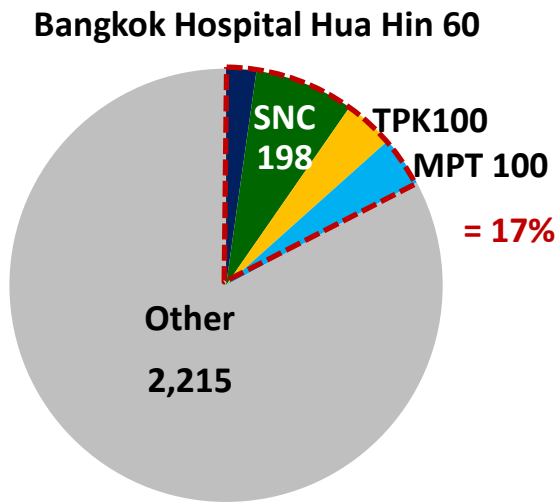
- BDMS could immediately increase patient base in Western region
- Potential referral of patients from Sanamchan group to BDMS

Private hospital beds in Nakhonpathom

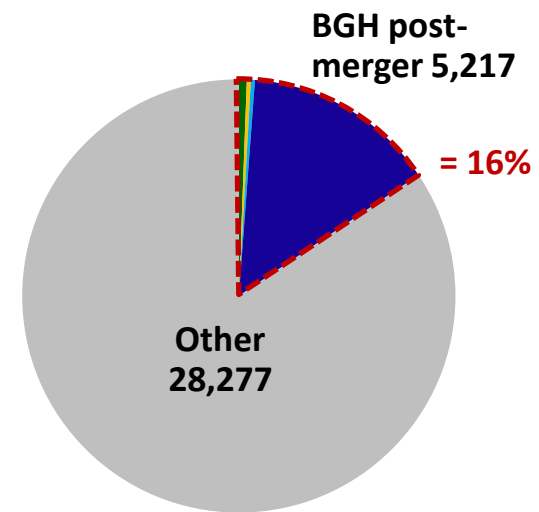
Registered Beds



Private hospital beds in Western region



Private hospital beds in Thailand



*Source: Ministry of Public Health

Remark: SNC is in the process of obtaining approval to reduce the registered beds from 275 to 198

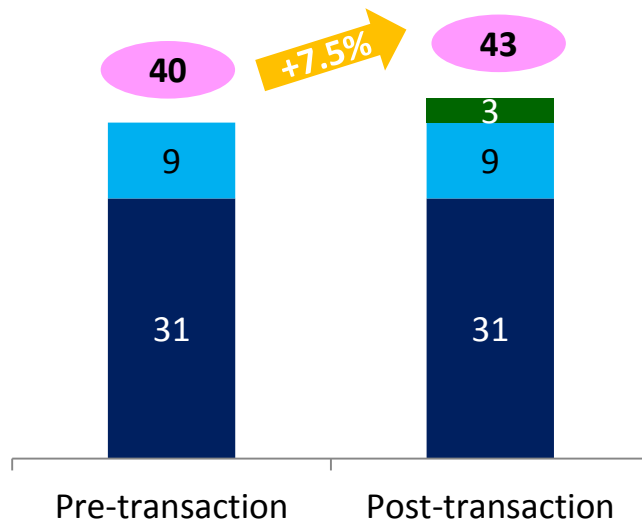
The Acquisition of Sanamchan Hospital

Transaction Rationale (Cont'd)

- Further expand BDMS network nationwide by adding 3 more hospitals with 555 additional structured beds

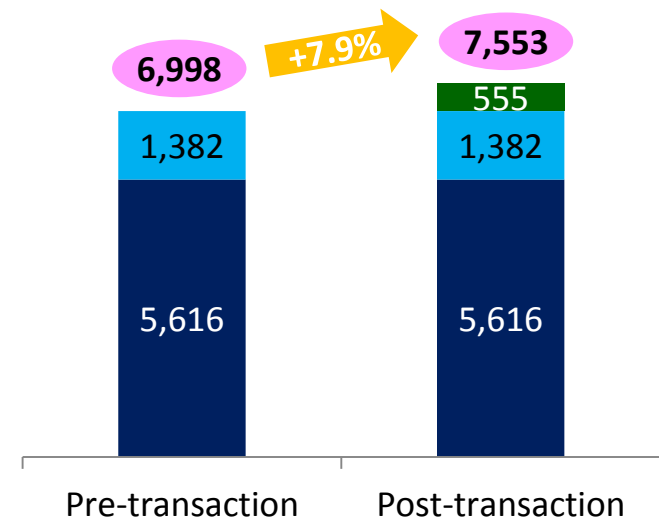
Number of hospitals in BDMS network

Hospitals



Number of structured bed in BDMS network

Beds



Remark: 555 structured beds consisted of 200 beds of Sanamchan Hospital + 100 beds of Thepakorn Hospital + 255 beds of Muang Petch Thon Buri Hospital

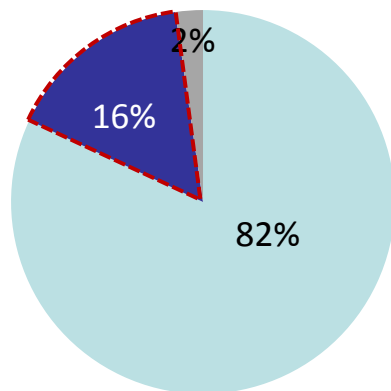
The Acquisition of Sanamchan Hospital

Transaction Rationale (Cont'd)

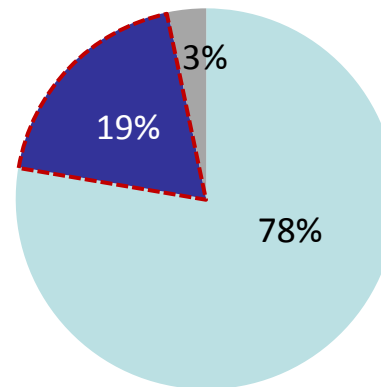
- Expand patient base to capture growth in middle income segment
 - During 2009 – 2011, percentage of middle income population has increased from 16% to 19%

Percentage of Each Income Group to total Population

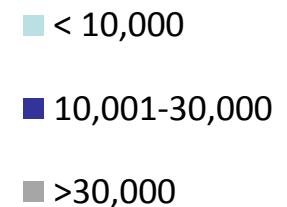
THB/month



2009



2011

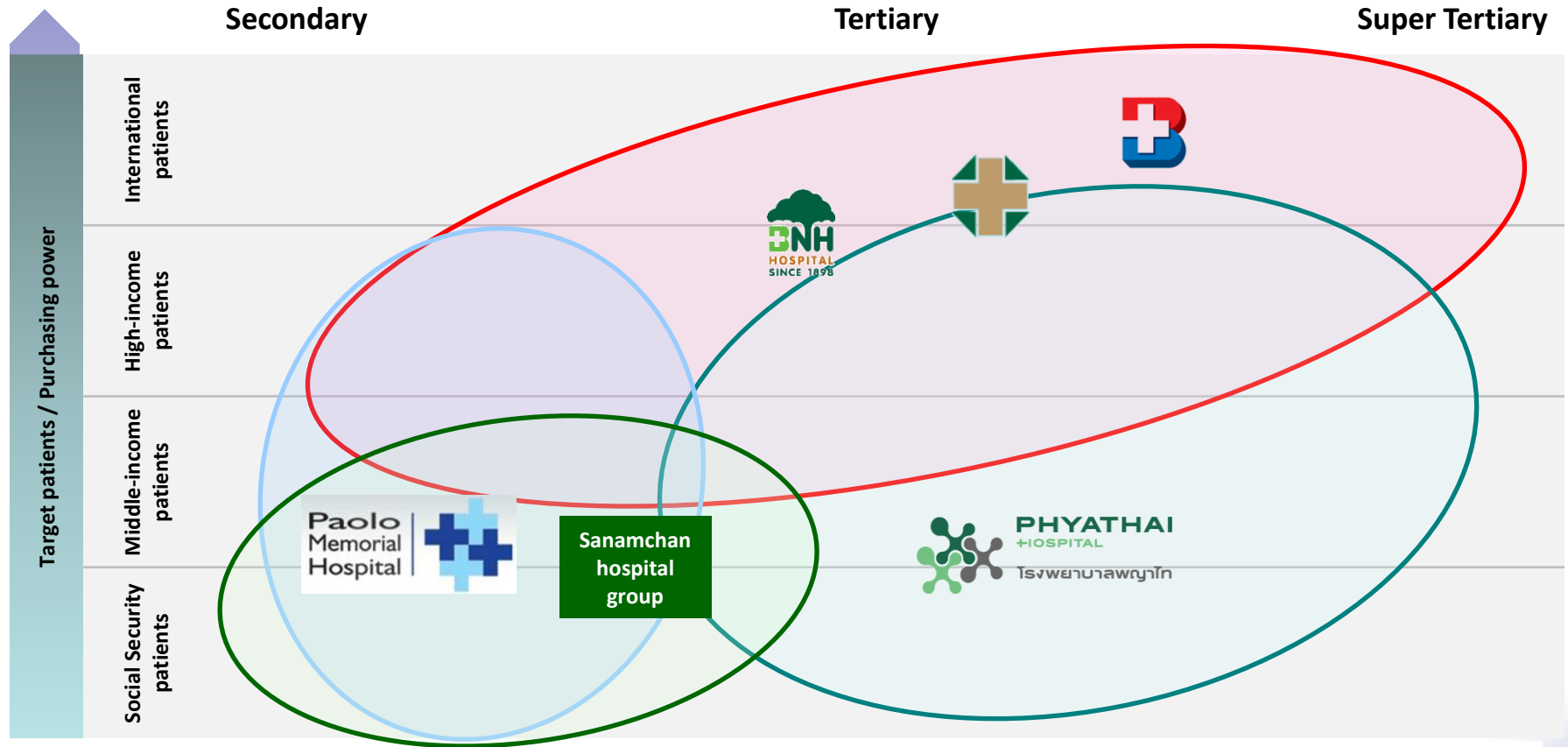


*Source: NSO

The Acquisition of Sanamchan Hospital

Transaction Rationale (Cont'd)

Medical Sophistication



The Acquisition of Sanamchan Hospital

Hospital Overview

	Sanamchan Hospital (SNC)	Thepakorn Hospital (TPK)	Muangraj Hospital (MR)	Muang Petch Thon Buri Hospital (MPT)
Structured beds	200	100	200	255
Available beds	176	60	100	n.a.
Location	Nakhonpathom	Nakhonpathom	Ratchburi	Petchburi
Medical sophistication	Basic tertiary	Secondary	Secondary	Secondary
Key assets	<ul style="list-style-type: none"> Land 38 rai (used 19 rai) 2 hospital buildings with 10-storey and 11-storey 2 support buildings, with 4-storey and 5-storey 	<ul style="list-style-type: none"> Land 2 rai 2 hospital buildings, each has 5-storey 	<ul style="list-style-type: none"> Land 15 rai 9-storey hospital building 	<ul style="list-style-type: none"> Land 9 rai 2 hospital buildings with 10-storey and 3-storey
Key clinics	<ul style="list-style-type: none"> Kidney center Heart center with doctor specialized in heart surgery 	<ul style="list-style-type: none"> General clinic 	<ul style="list-style-type: none"> Kidney center offering dialysis services to patients 	
Key Medical equipment	<ul style="list-style-type: none"> CT 64 slice MRI 1.5 tesla Cath Lab Mammogram 		<ul style="list-style-type: none"> 4D ultrasound CT scan 16 slice 	
Participation in Social Securities Scheme	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Yes (70% of revenue) 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No

The Acquisition of Sanamchan Hospital

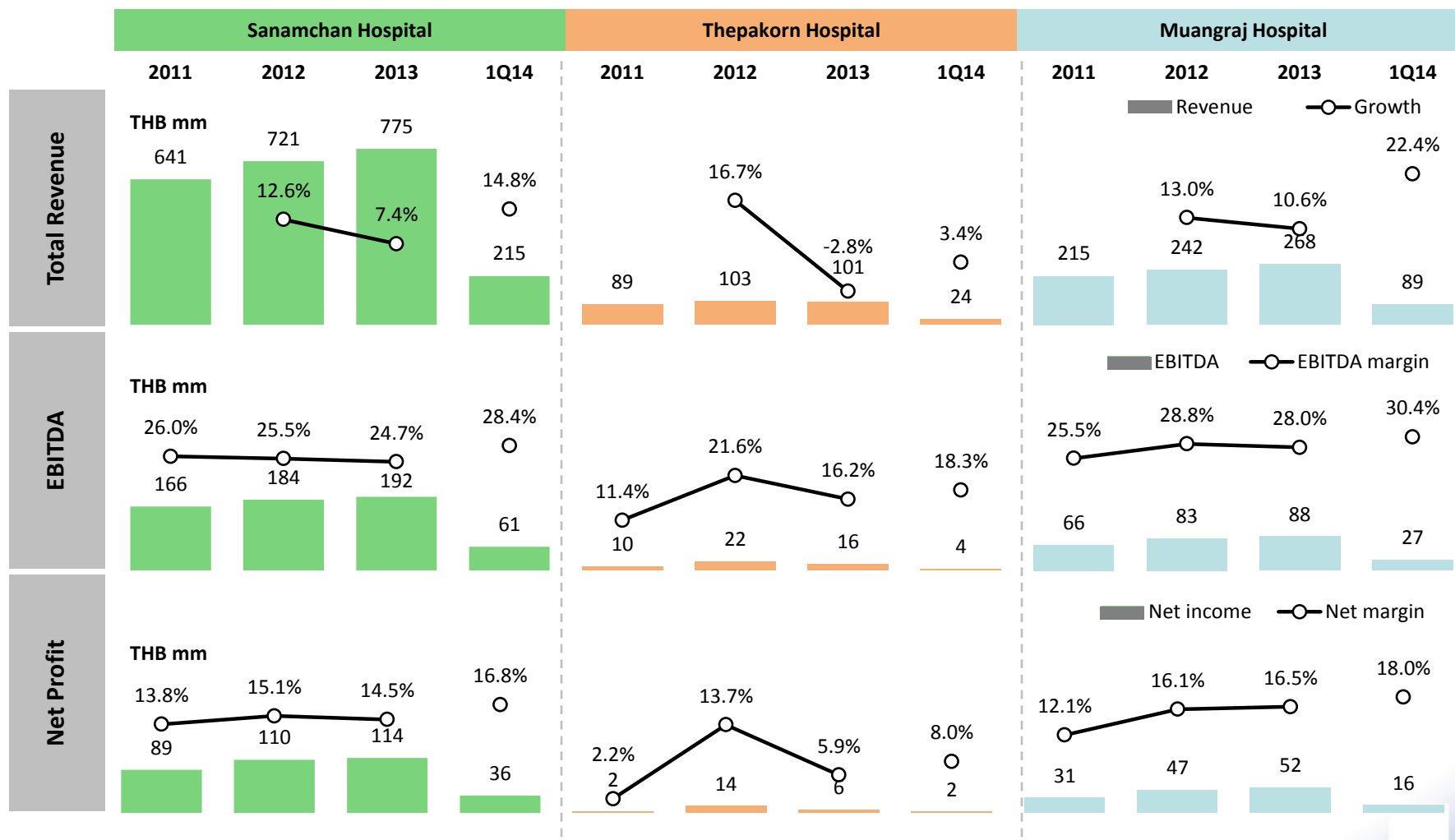
Key Operational Statistics

Operational Statistics 1Q14	Sanamchan Hospital	Thepakorn Hospital	Muangraj Hospital
OPD visits per day (visits)	536	53 / 209	293
ADC (beds)	133	6 / 19	82
Revenue per visit (THB)	~1,800	~700	~1,500
Revenue per patient day (THB)	~11,000	~7,300	~7,400
Utilization rate (%)	75.7%	41.7%	81.8%
Number of registered SS patients (patients)		25,960	
Revenue per registered SS patient (THB)		2,476	

Remark: Thepakorn Hospital's statistics are consisted of general / social securities patients

The Acquisition of Sanamchan Hospital

Historical Financial Performance⁽¹⁾



Remark: Financial data is adjusted to accrual basis and excluded non recurring items

The Acquisition of Sanamchan Hospital

- On May 28, 2014, BDMS's Board of Directors approved the establishment of a new subsidiary under the name of Bangkok Hospital Sanamchan Company Limited (BSNC), and approved that BSNC acquire and receive the transfer of the entire business of Sanamchan Hospital Company Limited (SNC)
- In consideration of the entire business transfer from SNC to BSNC, BSNC will pay approximately **THB 3,555 – 3,655 mm in cash** (at 2014 P/E of 18.4 –19.0x⁽¹⁾ and P/BV ~2.0x⁽²⁾ for their hospital business) to SNC
- However the entering into the entire business transfer of BSNC is subject to the result of the due diligence of SNC. The transaction is expected to be completed by July 2014.

Remarks (1) Multiple adjusted by unused land of SNC, investment in listed securities, and land and buildings of MPT, and others totaling THB 764 mm

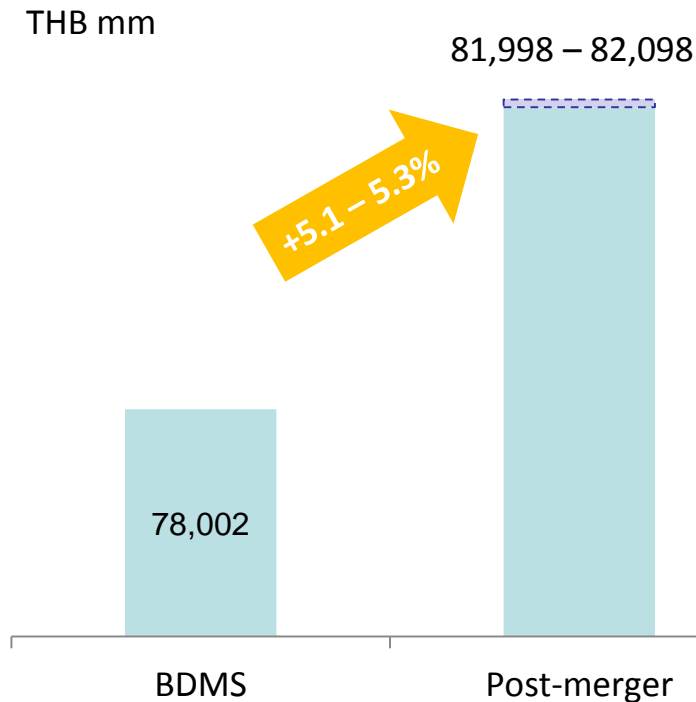
(2) Adjusted by appraisal value

The Acquisition of Sanamchan Hospital

Impact of the Transaction to BDMS Financial Position

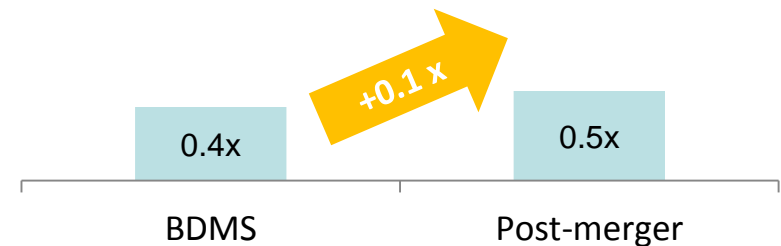
- Assume BDMS borrows debt of THB 3,555 – 3,655 mm to invest in SNC, the company assets will increase by 5.1 – 5.3% while still able to maintain its key leverage ratio at a low level

Assets 1Q14



Leverage Ratio 1Q14

Net debt / equity (covenant < 1.75x)



Net debt / EBITDA (covenant < 3.25x)

