



Bangkok Dusit Medical Services (BGH)

Investor Presentation

1Q14 Results

May 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

- Overview
- Healthcare Industry
- Operational Statistics
- Financial Highlights

Overview

Overview

- Established on February 26, 1972
- Largest private hospital operator in Thailand in terms of revenues from patient services and market capitalization
- Owns and manages 31 hospitals (with total beds* of 5,616) under 6 hospital brands:

	Brand	No. of Hospitals	No. of Beds*
	Bangkok Hospital	16	2,652
	Phyathai Hospital	5	1,237
	Samitivej Hospital	4	975
	Paolo Memorial Hospital	3	557
	BNH Hospital	1	144
	Royal International Hospital	2	51

* Maximum number of beds according to the structure of the hospitals

Shareholding Structure

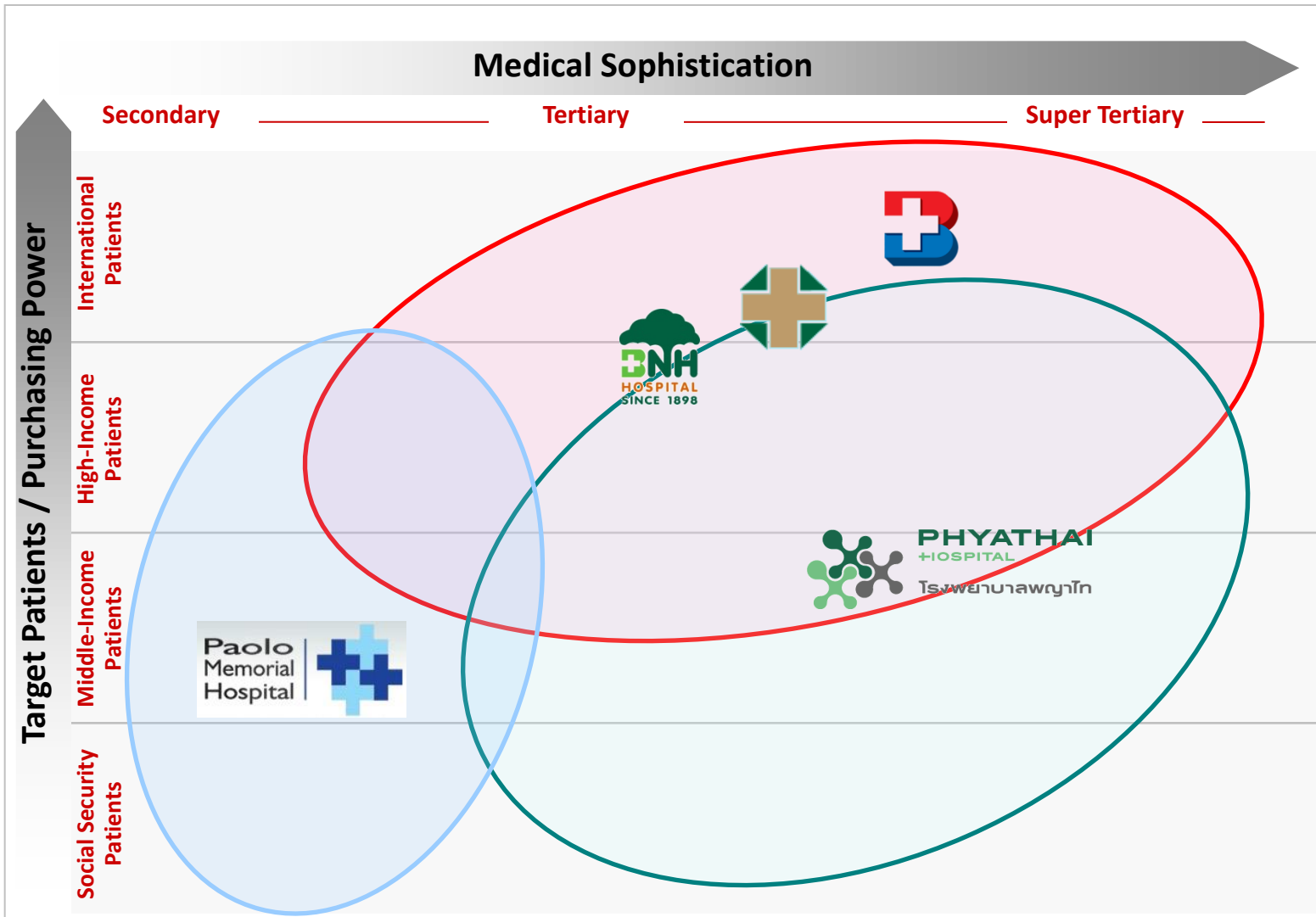
As of 23 Jan 2014

		% of Shareholding
1	Mr. Prasert Prasarttong-Osoth, M.D. and family	24.3%
2	Mr. Wichai Thongtang and family	15.3%
3	Bangkok Airways*	7.8%
4	The Viriyah Insurance Co., Ltd.	6.2%
5	Mr. Chirothana Suchato, M.D. and family	2.7%
6	Thai NVDR Co., Ltd.	2.6%
7	Ladpli family	2.5%
8	HSBC (SINGAPORE) NOMINEES PTE LTD	2.4%
9	Bangkok Bank Public Co., Ltd.	2.3%
10	Mr. Chuladej Yossundharakul, M.D. and family	1.9%
	Total	68.0%

Source: Summary of the information from Thailand Securities Depository Company Limited (TSD)

* Consisted of Bangkok Airways Co., Ltd., Bangkok Airways Holding Co., Ltd, and Bangkok Air Catering Co., Ltd


Diversification of Patient Mix



Hospital Network in Key Strategic Locations

Hospitals under Management



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

	<u>Group 2</u>	<u>Ownership</u>	<u>No. of Beds</u>
	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

	<u>Group 3</u>	<u>Ownership</u>	<u>No. of Beds</u> ⁽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

	<u>Group 4</u>	<u>Ownership</u>	<u>No. of Beds</u>
	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

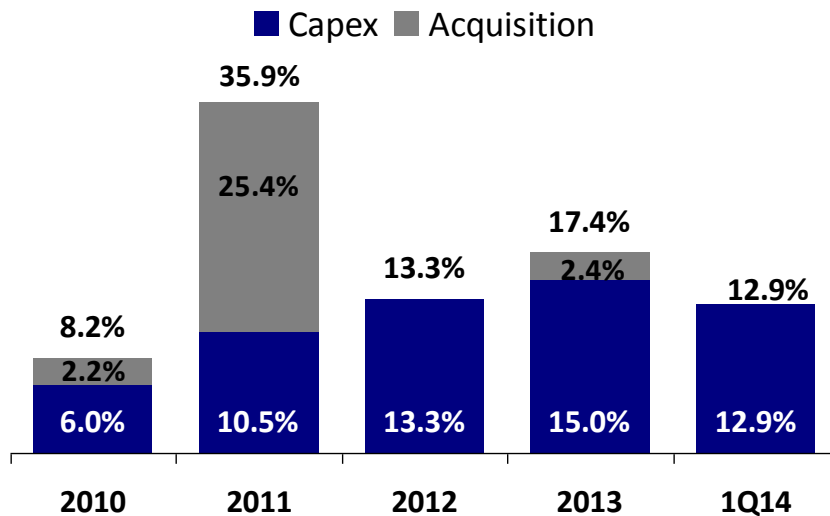
	<u>Group 5</u>	<u>Ownership</u>	<u>No. of Beds</u> ⁽³⁾
	24. Phyathai 1 (PYT1)	100%	350
	25. Phyathai 2 (PYT2)	99.1%	260
	26. Phyathai 3 (PYT3)	98.2%	230
	27. Phyathai Sriracha (PYTS)	74.1%	257
	28. Phyathai Nawamin (Pnwm) ⁽⁴⁾	99.8%	140
	29. Paolo Paholyothin (Pmed)	100%	237
	30. Paolo Samutprakarn (Psamut)	93.5%	200
	31. Paolo Chokchai 4 (Pchok)	85.7%	120

Expansion Plans and Investment Criteria

Expansion Plans

- Expansion of existing hospitals where utilization is reaching 75-80%
- New greenfield hospitals
- New hospitals from acquisitions
- Expansion in complementary non-hospital investments

CAPEX as % of Revenue *



Remark:- CAPEX based on fixed assets addition

* Revenue from hospital operations, revenue from sales of goods and other income

Investment Criteria

- Strategic fit & potential synergy
 - Strategic location/ high growth areas
 - Proven track record
 - Patient base expansion
 - Potential to attract both local and international patients
- Financial Return
 - IRR / Payback period
 - Investment cost per bed
 - Profit break-even point
 - Revenue & profit contribution to Group
- Impact to Balance Sheet
 - Gearing ratios

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	June 2014
2 Bangkok Hospital Khon Kaen	120	50	▪ Acquired Vachprasit Hospital during 2Q13 and upgrading to become Basic Tertiary care hospital	June 2014
3 Bangkok Hospital Chiangmai	185	34	▪ Hub Tertiary care hospital targeting Thai & international patients	July 2014
4 Royal Phnom Penh Hospital, Cambodia	104	50	▪ Basic Tertiary care hospital targeting Cambodian and expatriates	July 2014
5 Sri-Rayong Hospital	195	25	▪ Secondary care hospital targeting middle income patients ▪ Initial opening as clinic & ER (Dec 2013)	Mid 2014

Investment Updates

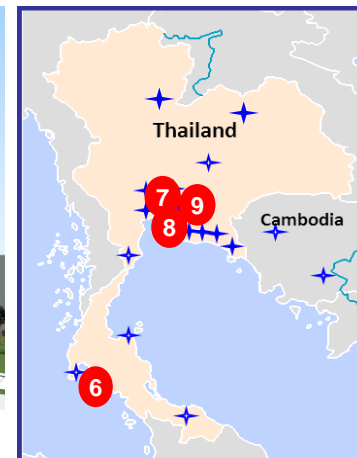
New Hospitals in Pipeline



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	End 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

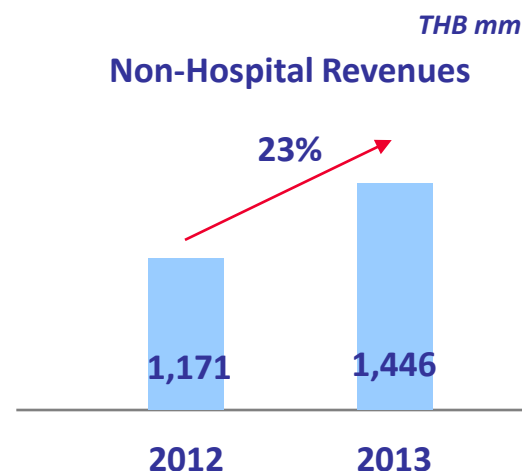
Investments

Investments in Other Hospitals : - Listed Companies

- Ramkhamhaeng Hospital PCL 38.24%
- Bumrungrad Hospital PCL 23.95%

Non- Hospital Strategic Investments⁽¹⁾

- National Healthcare Systems 100% central lab, central supply chain & other shared services
- Greenline Synergy 100% shared IT services
- A.N.B. Laboratories 100% medicine & pharmaceutical product manufacturer & distributor
- Bangkok Premier Life Insurance Broker 100% health & life insurance broker
- Bio Molecular Laboratories 95% central lab for bio molecular study & examination
- Medic Pharma 87% pharmaceutical product manufacturer
- Sodexo 74% support services
- Bangkok Helicopter Services 49% transportation of patients via helicopter services



(1) Not included all BGH's investments

Extensive Market Coverage in Bangkok and Vicinity Area

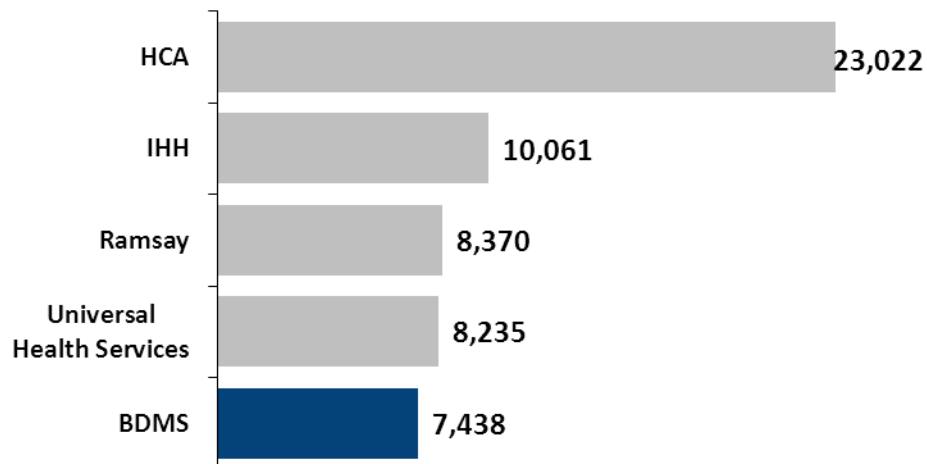


Region	Total Private Hospital Beds	BGH Registered Beds	Market Share
Bangkok	14,042	2,540	18%
Central	10,688	1,390	13%
South	2,376	450	19%
Northeast	2,889	281	10%
North	4,036	158	4%
Total	33,848	4,819	14%

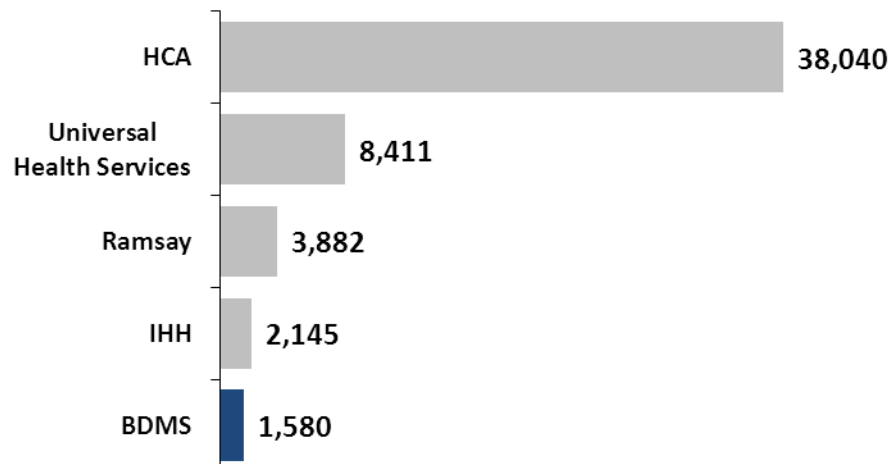
Source: Department of Health Service Support as of Sep 2013

Global Hospital Rankings

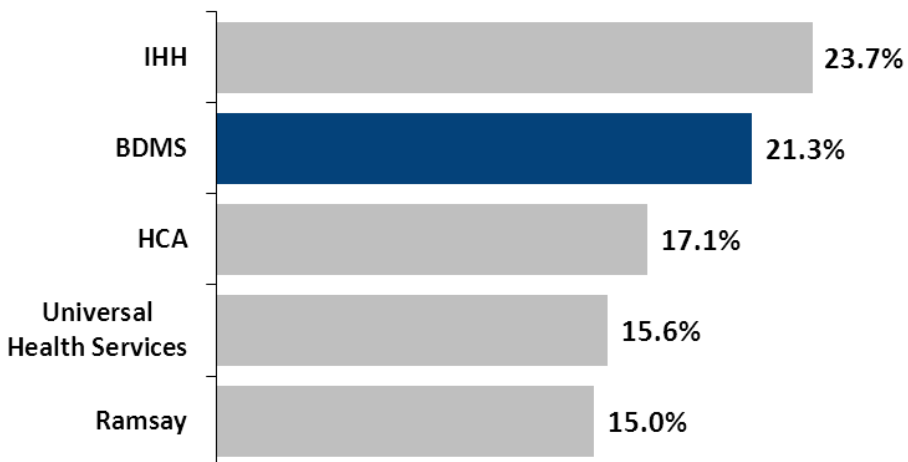
Market Capitalization (USD mm)



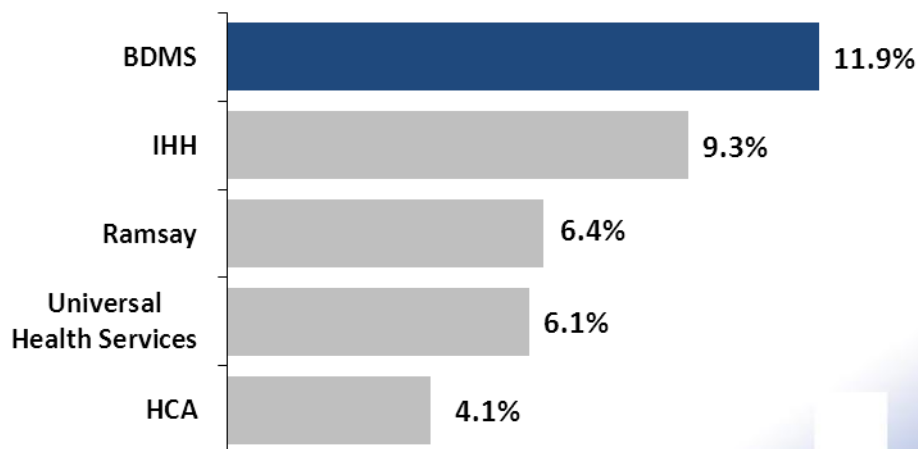
Revenue (USD mm)



EBITDA Margin



Net Profit Margin



Remark: - Market capitalization as of 2 May 2014

- Financial performance (excluding non-recurring items) for year ended December 2013 except Ramsay for year ended June 2013

Group Vision & Strategic Goals

“To be a leader in providing a full continuum of healthcare with Thai hospitality”

Ensure Business Growth

Organic growth & expansion

- Grow revenue from existing market
- Acquire new patients in new markets
- Develop new products/ technologies & increase outreach
- Enhance referral within BDMS and other providers

Improve Organizational Efficiency

Enhance shared services

- Leverage networking competitive advantages
- Optimize tangible asset utilization
- Outsource non- core activities

Become Hospital of Endearment

Attract & maintain healthcare professionals

- Improve clinical & hospitality service standards
- Strengthen payer and alliance relationship
- Strengthen strategic suppliers relationship
- Encourage corporate social responsibility

Strengthen Brand

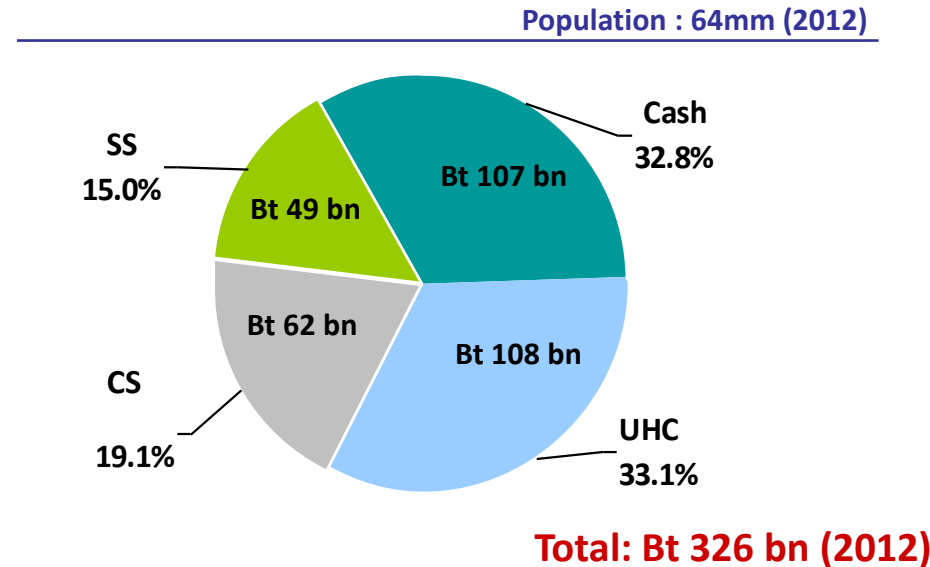
Promote brand positioning

- Clear market segmentation among 6 hospital brands
- Enhance BDMS corporate identity to all stakeholders

Healthcare Industry

Thailand Healthcare Coverage

Healthcare Segments in Thailand



Source: NHSO, SSO, IHPP, BDMS Estimates

- **Universal Healthcare Coverage (UHC)** – A welfare program for Thai people to receive medical coverage for IPD and OPD care at registered facilities for payment of Baht 30 (US\$ 1.00) per visit
- **Civil Servant (CS)** - A welfare program provided to employees of governments and state-owned enterprises
- **Social Security Scheme (SS)** - Minimum requirement of healthcare provided to employees of private companies
- **Private Healthcare** - Proportion of Thai population not covered or choose not to use public healthcare schemes (UHC, CS and SS), though may have private insurance coverage

Increasing Healthcare Demand

Thai Population / Bed

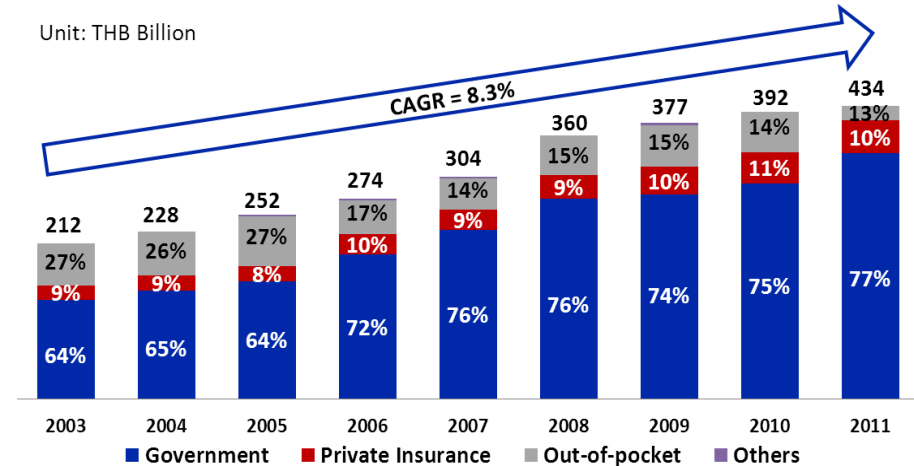
Population growth higher than supply

	2008	2009	2010
Bangkok	312	379	266
Central	402	414	409
Northeast	779	724	714
North	500	679	460
South	492	500	498
Total	502	540	477
Global Average (Y2006-2012)	← 385 →		

Source: Ministry of Public Health and World Health Organization

Increasing Healthcare Expenditures in Thailand (2003 – 2011)

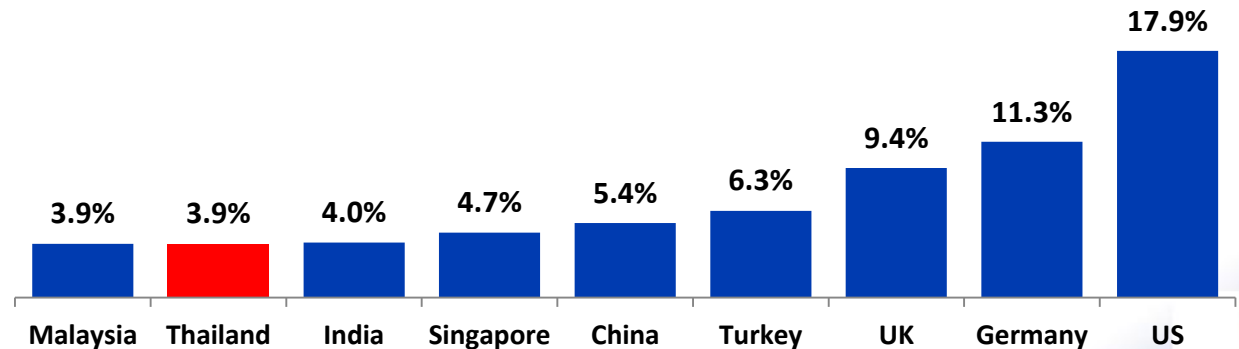
Unit: THB Billion



Source: National Health Account of Thailand and Health Systems Research Institute

Low Healthcare Penetration

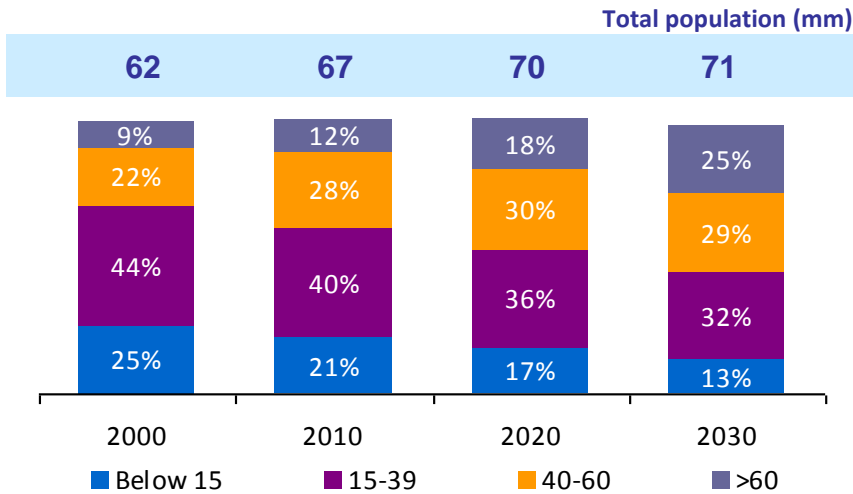
- Healthcare expenditure as % of GDP in Thailand is still low compared to other developing and developed countries



Source: World Health Organization for 2012

Increasing Healthcare Demand

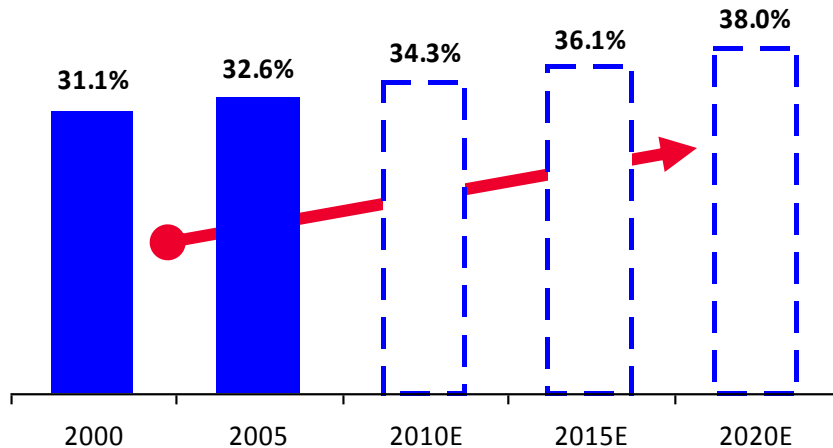
Population Growth and Aging Profile



Commentary

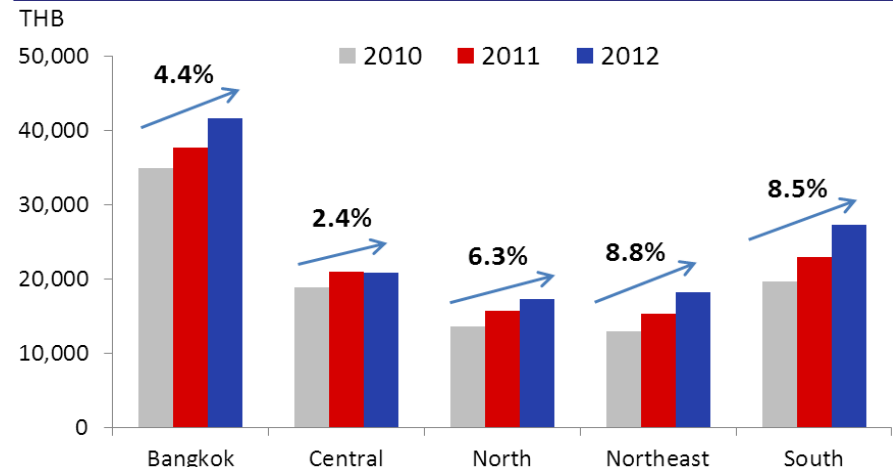
- Aging population will have great implications on both healthcare costs as well as its capacity to serve demand. In addition, aging population also means a strain on healthcare capacity if it fails to catch up well with increasing demand
- Increasing degree of urbanization is expected over time from 31.1% in 2008 to 38.0% in 2020
- The trend has also been the same for overall South East Asia countries where rapid urbanization is expected from 36.7% in 2000 to 50.6% in 2025

Urbanization



Sources: NESDB, Health & Welfare Surveys, National Statistics Office (Data related to Thailand)

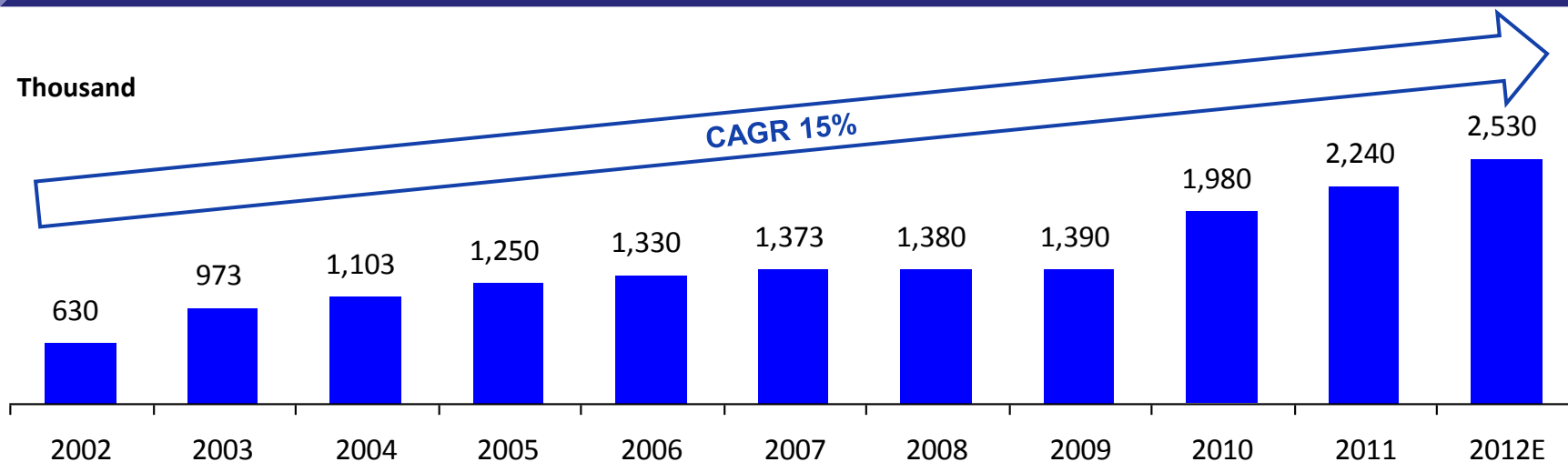
Rising Income per Capita



Sources: NESDB

Medical Tourism

Increasing trend of international patient visits



Source: Department of Export Promotion, Ministry of Commerce.

Medical Tourism as a Rising Phenomenon

Procedures (In USD)	USA	Singapore	Thailand	Malaysia	India
Heart Bypass	130,000	18,500	11,000	9,000	10,000
Heart Valve Replacement	160,000	12,500	10,000	9,000	9,000
Angioplasty	57,000	13,000	13,000	11,000	11,000
Hip Replacement	43,000	12,000	12,000	10,000	9,000
Hysterectomy	20,000	6,000	4,500	3,000	3,000
Knee Replacement	40,000	13,000	10,000	8,000	8,500
Spinal Fusion	62,000	9,000	7,000	6,000	5,500

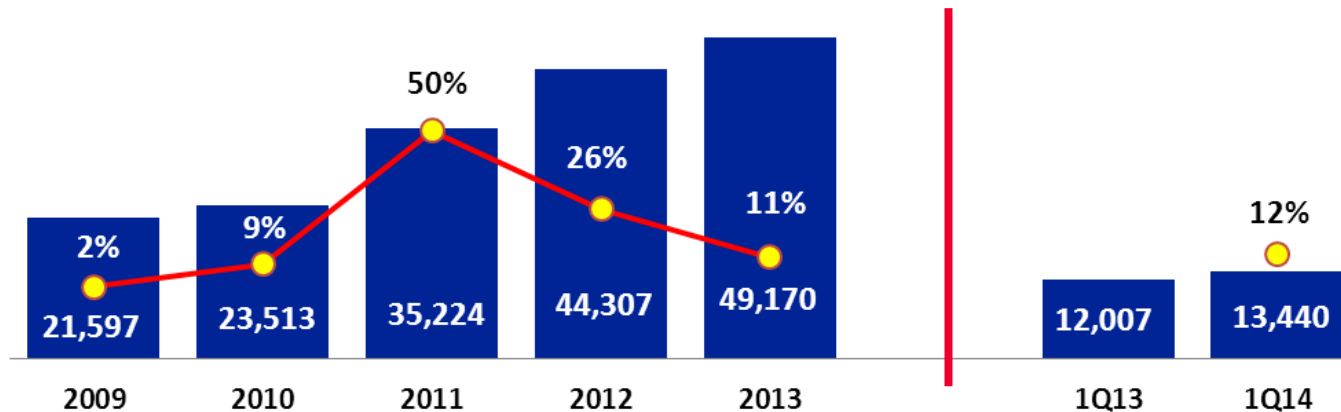
Source: "Patient Beyond Border" by Josef Woodman

Operational Statistics

Continued Double Digit Revenue Growth

Patient Revenue Trend

(THB mm)

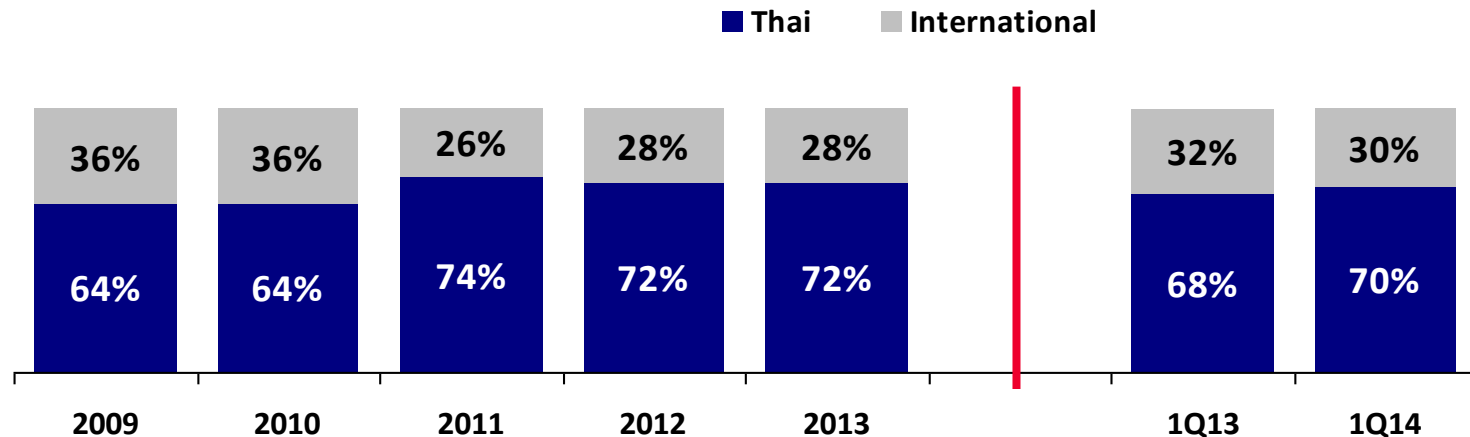


Commentary

- 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



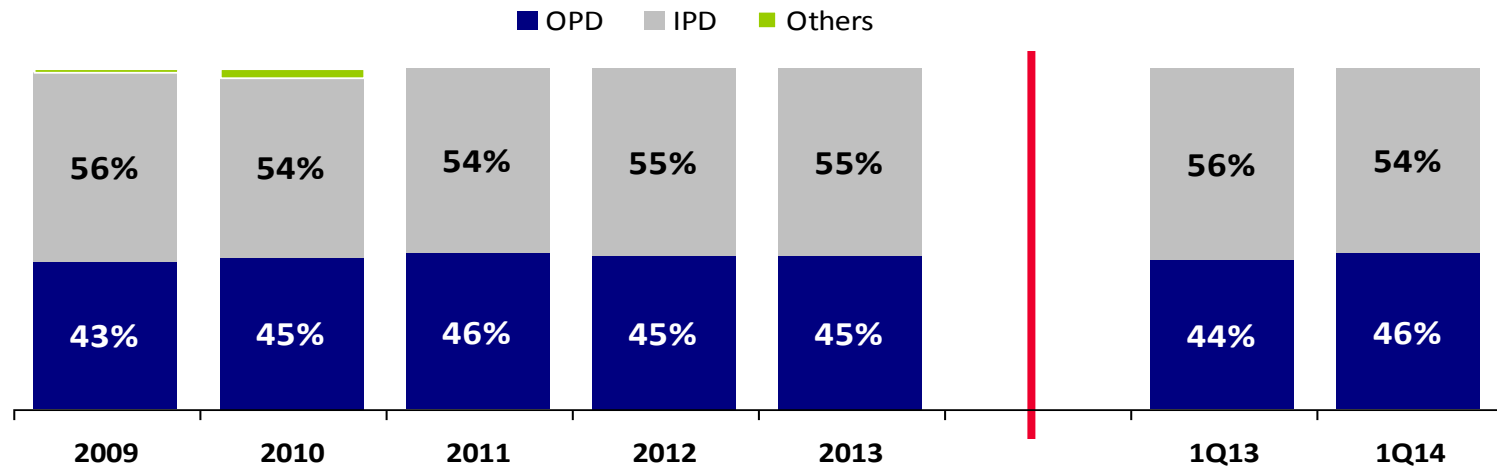
Commentary

- **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%)

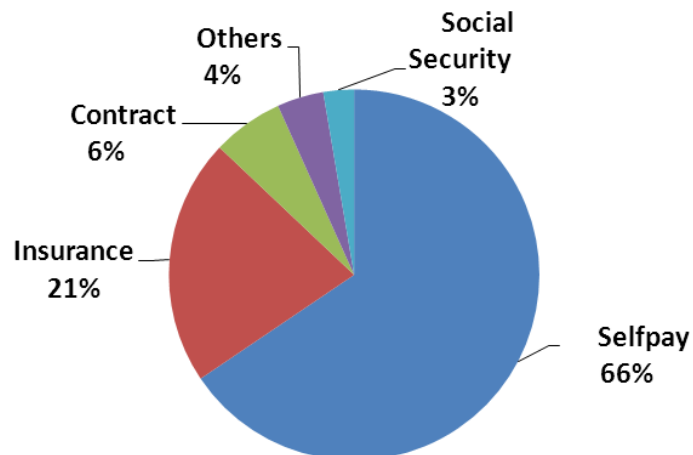
Remarks:- Operational statistics data in 2011 are including PYT & Paolo since Jan 2011

Patient Mix

Revenue Breakdown by Patient Types



1Q14 Patient Revenue by Payor

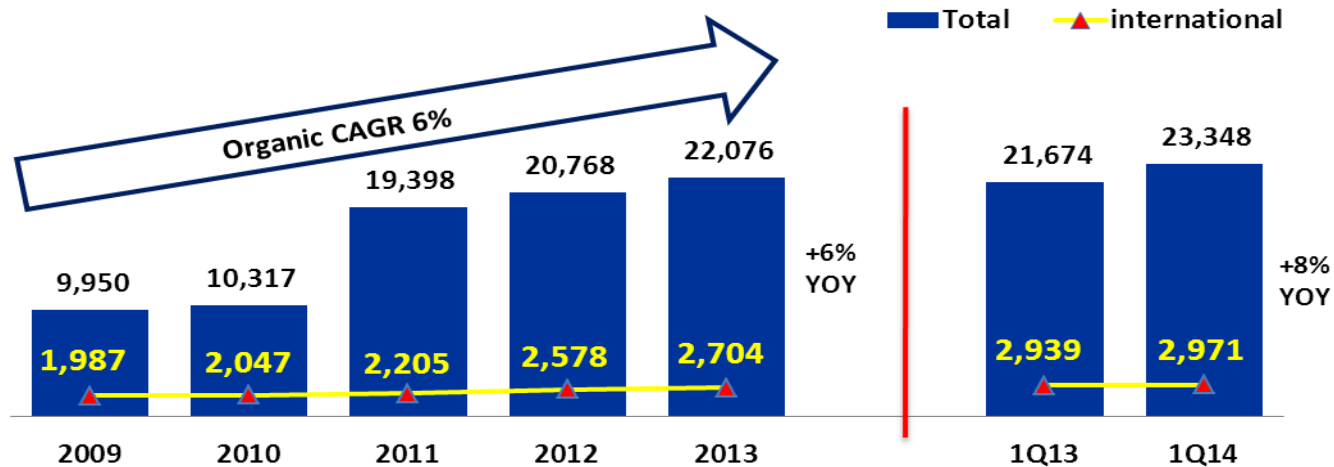


Commentary

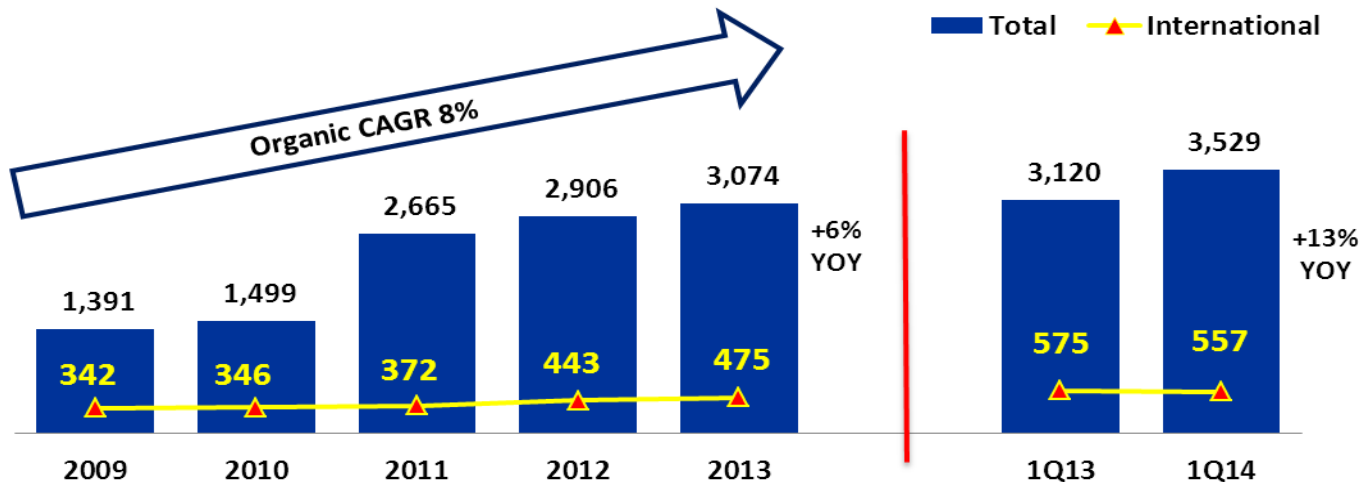
- **1Q14** OPD revenues increased 10% yoy while IPD revenues increased 14% yoy

Patient Base Expansion From Both Organic Growth & Acquisitions

Number of OPD Visits per Day



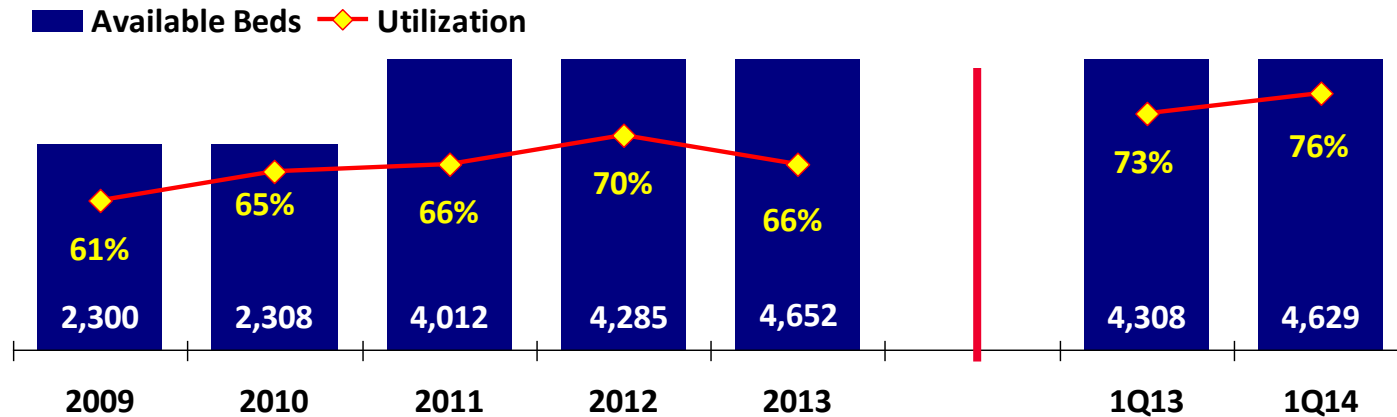
Average Daily Census (ADC)



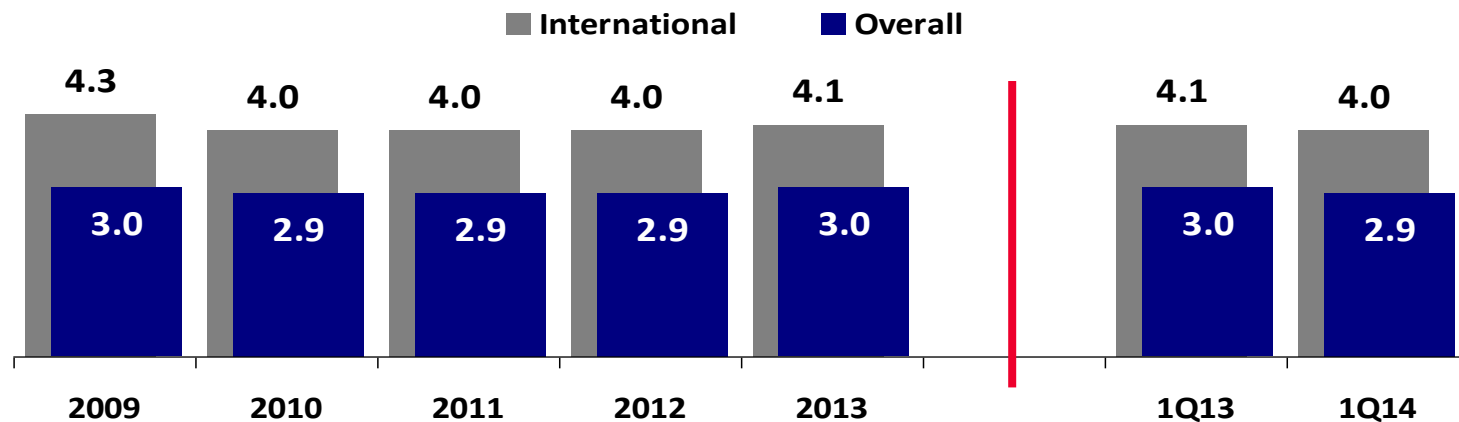
Remarks:- Including social security

Utilization of Beds

Utilization Based on Available Beds



Average Length of Stay (days)

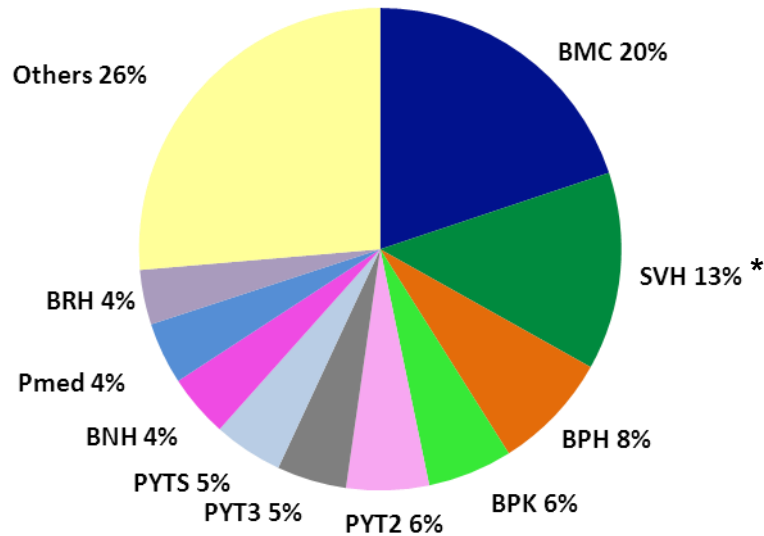


Remarks:- Including social security patients

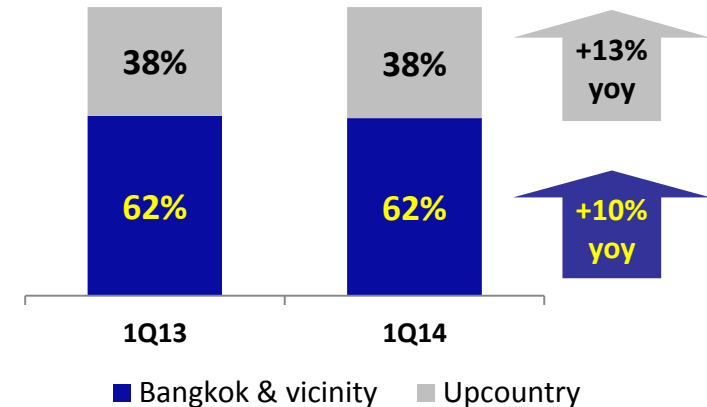
Financial Highlights

Diversified Sources of Revenues

Revenue Contribution in 1Q14



Revenue Contribution & Growth by Locations



Commentary

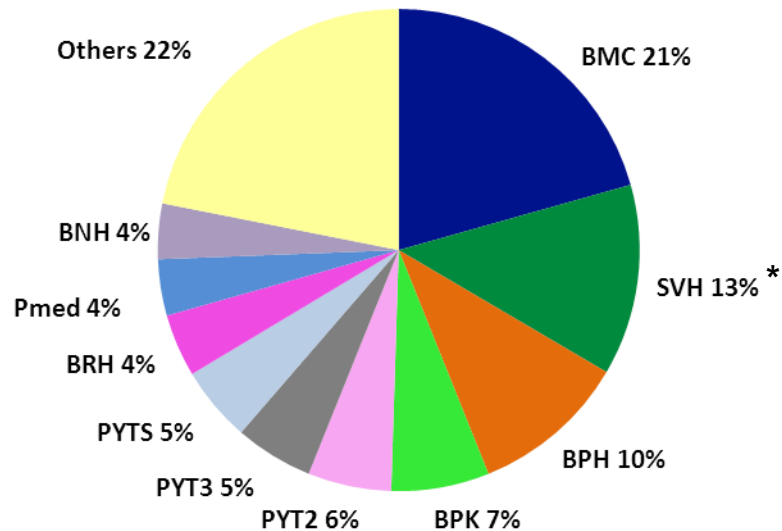
- During **1Q14**, top 5 hospitals (by location) contributed 53% of total revenue
- Bangkok & vicinity hospitals that grew more than 10% yoy : - PNWM(+29%), PYT3(+19%), Psamut(+15%), Pchok(+14%) and Pmed(+11%)
- Upcountry hospitals that grew more than 13% yoy :- BUD(+47%), BHN(+24%), BHP(+22%), BCH(+19%),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

Remark:- Hospital abbreviation shown on page 8

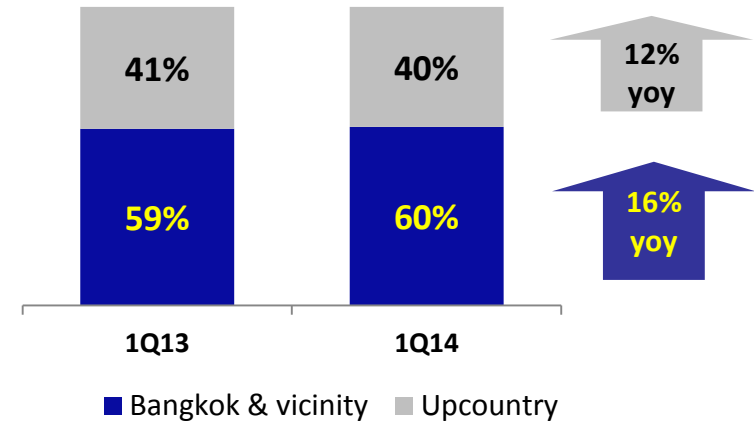
* SVH also included SNH performance

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 8

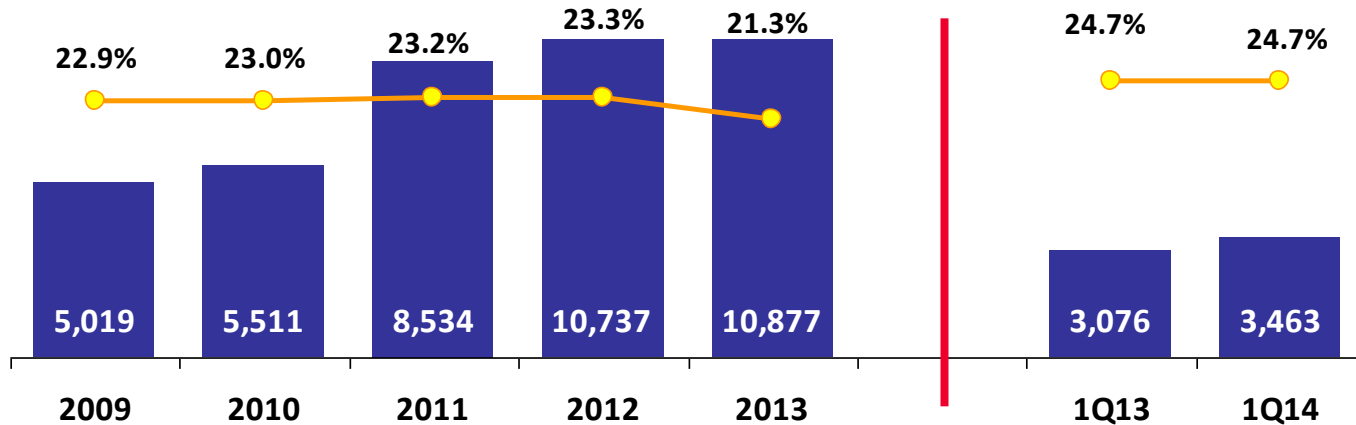
* SVH also included SNH performance

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

Profitability Trend

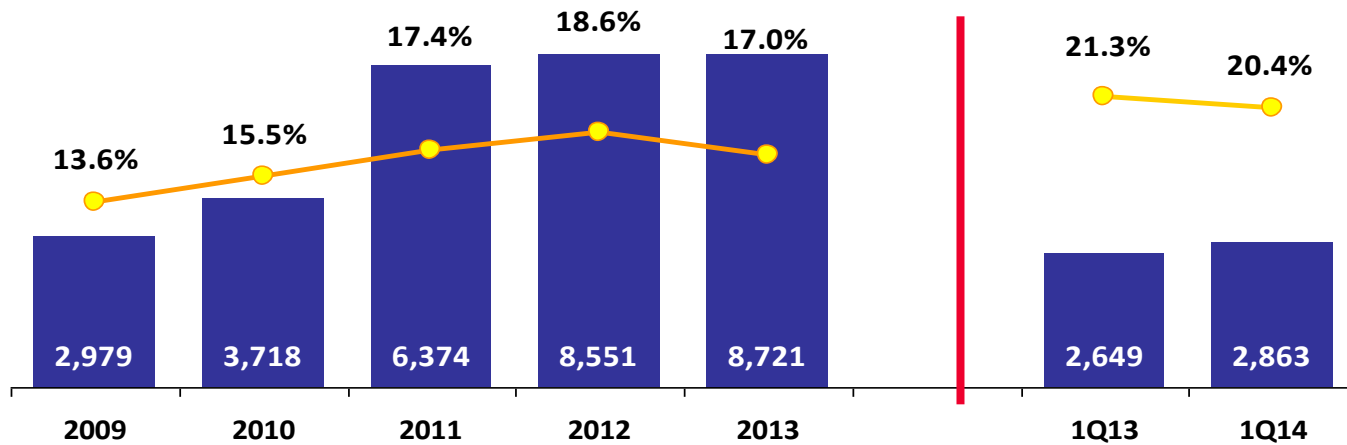
EBITDA & EBITDA Margin*

(THB mm)



EBIT & EBIT Margin*

(THB mm)

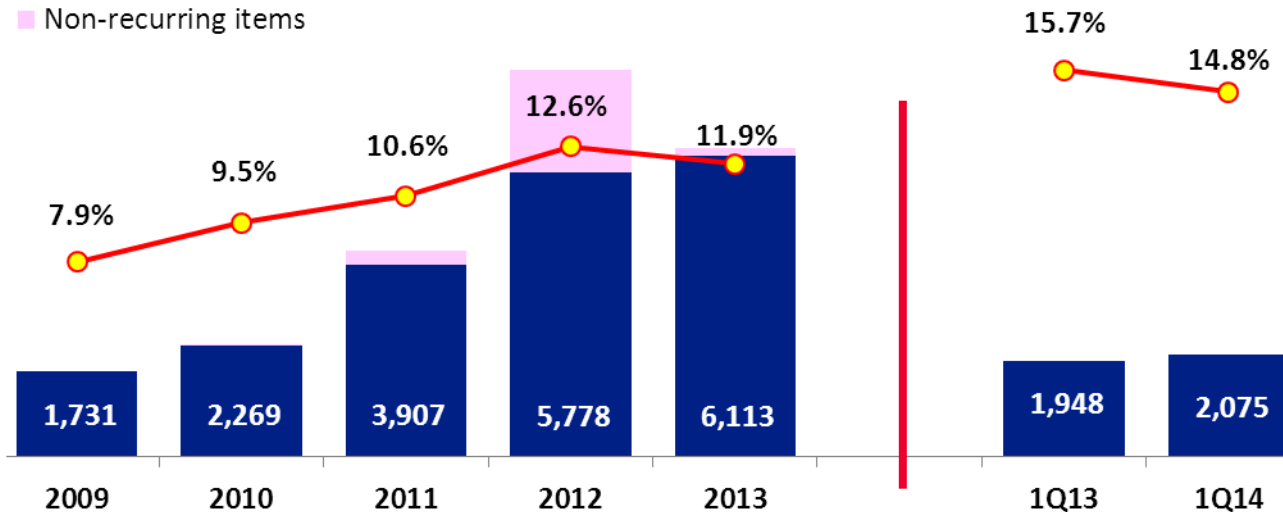


* Excluding non-recurring items

Profitability Trend

Net Profit & Net Profit Margin*

(THB mm)



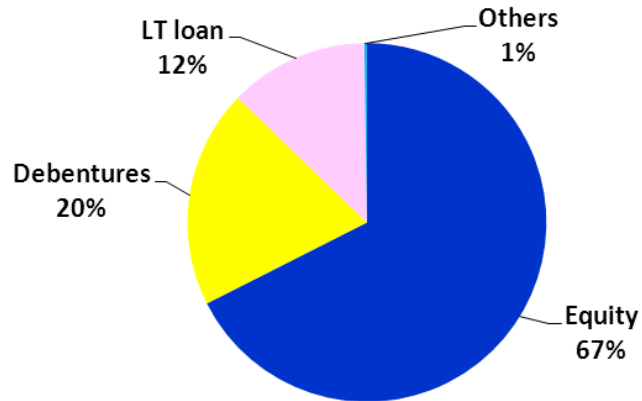
Commentary

- **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 staffs and rental expenses

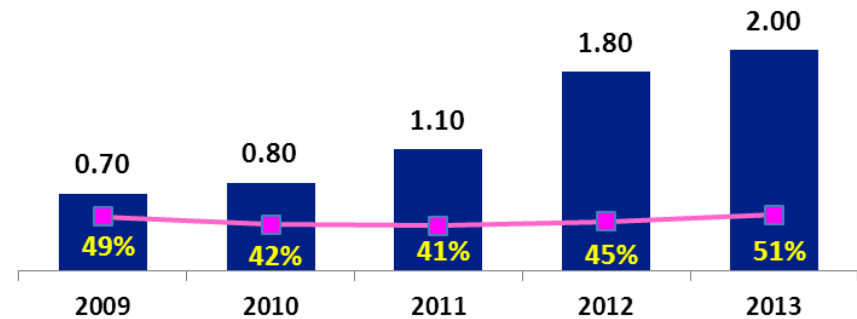
* Excluding non-recurring items

Capital Management

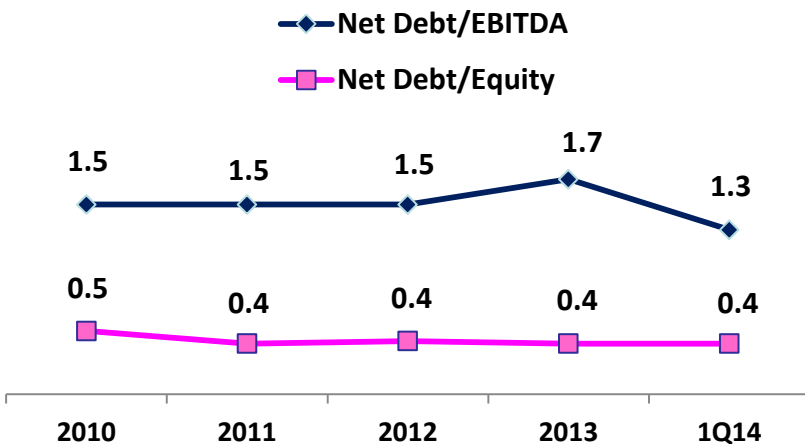
Capital Structure as of Mar 2014



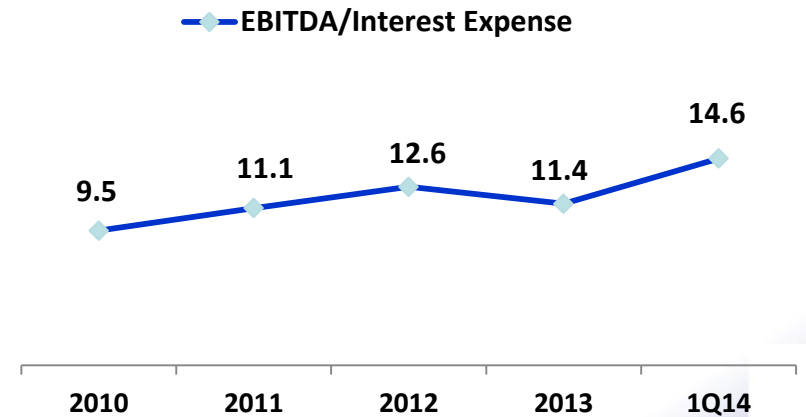
Dividend Payment & Payout Ratio



Gearing Ratios: Well Within Covenants



Interest Coverage



For more information & updates :- www.bangkokhospital.com