



## Bangkok Dusit Medical Services (BGH)

### Investor Presentation

### 2Q14&6M14 Results

Aug 2014

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## 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 34 hospitals (with total beds\* of 6,101) under 6 hospital brands:

	Brand	No. of Hospitals	No. of Beds*
	Bangkok Hospital	17	2,837
	Phyathai Hospital	5	1,237
	Samitivej Hospital	4	975
	Paolo Memorial Hospital	3	557
	BNH Hospital	1	144
	Royal International Hospital	2	51
	Local Hospital	2	300

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

# Shareholding Structure

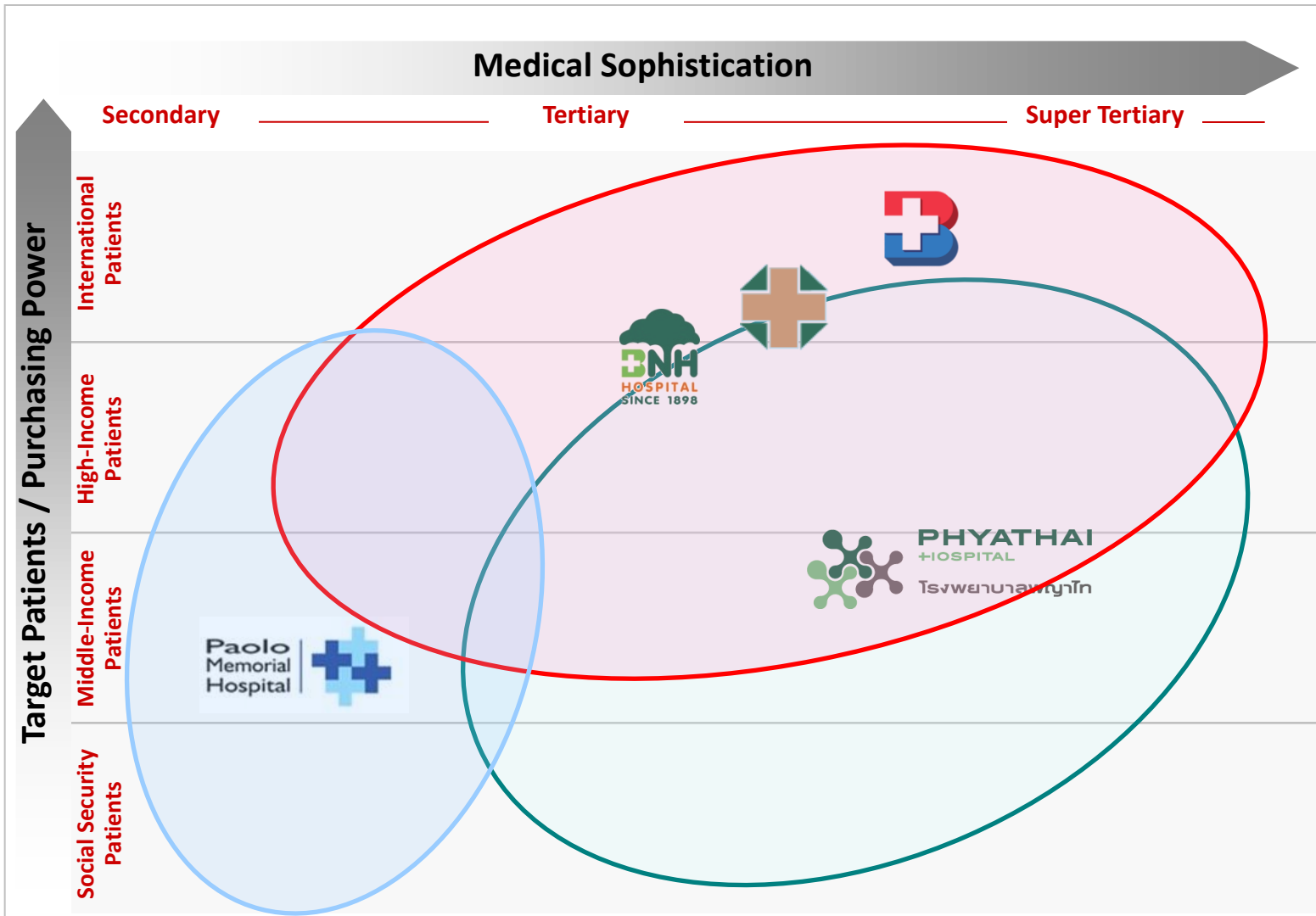
As of 3 July 2014

		% of Shareholding
1	Mr. Prasert Prasarttong-Osoth, M.D. and family	23.2%
2	Mr. Wichai Thongtang and family	15.1%
3	Bangkok Airways*	7.8%
4	The Viriyah Insurance Co., Ltd.	6.2%
5	Mr. Chirothana Suchato, M.D. and family	2.7%
6	Ladpli family	2.5%
7	Thai NVDR Co., Ltd.	2.5%
8	HSBC (SINGAPORE) NOMINEES PTE LTD	2.4%
9	Bangkok Bank Public Co., Ltd.	2.2%
10	Mr. Chuladej Yossundharakul, M.D. and family	1.9%
	<b>Total</b>	<b>66.5%</b>

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



### Group 1

	Ownership	No. of Beds <sup>(1)</sup>
1. Bangkok Hospital	100%	343
2. Bangkok Heart Hospital (BMC)	100%	97
3. Wattanosoth Hospital	100%	48
4. Bangkok Huahin (BHN)	100%	60
5. Bangkok Chiangmai (BCM)	100%	185
6. Sanamchan Hospital (SNC)	100%	200
7. Thepakorn Hospital (TPK)	44.5%	100



### Group 2

8. Samitivej Sukhumvit (SVH)	95.8%	275
9. Samitivej Srinakarin (SNH)	95.8%	400
10. Samitivej Sriracha (SSH)	69.8%	150
11. Samitivej Thonburi <sup>(2)</sup> (STH)	55.7%	150
12. BNH Hospital (BNH)	91.5%	144

- Remark (1) Structured beds  
 (2) Formerly known as Krungdhon hospital (KDH)  
 (3) Registered beds  
 (4) Percentage of shareholding by subsidiaries  
 (5) Formerly known as Paolo Nawamin Hospital



### Group 3

	Ownership	No. of Beds <sup>(1)</sup>
13. Bangkok Pattaya (BPH)	97.3%	400
14. Bangkok Rayong (BRH)	100%	220
15. Bangkok Chanthaburi (BCH)	99.7%	170
16. Bangkok Trat (BTH)	99.8%	114
17. Bangkok Phuket (BPK)	99.7%	317
18. Bangkok Hat Yai (BHH)	98.8%	165
19. Bangkok Samui (BSH)	100%	50
20. Bangkok Phrapradaeng (BPD)	84.0%	60



### Group 4

21. Bangkok Ratchasima (BKH)	90.9%	300
22. Bangkok Pakchong	90.9%	30
23. Bangkok Udon (BUD)	100%	120
24. Bangkok Phitsanulok (BPL)	100%	100
Children Ratanavej Hospital at Phitsanulok	100%	58
25. Royal Angkor International	80.0%	21
26. Royal Rattanak International	70.0%	30



### Group 5

	Ownership	No. of Beds <sup>(3)</sup>
27. Phyathai 1 (PYT1)	100% <sup>(4)</sup>	350
28. Phyathai 2 (PYT2)	99.2% <sup>(4)</sup>	260
29. Phyathai 3 (PYT3)	98.2% <sup>(4)</sup>	230
30. Phyathai Sriracha (PYTS)	74.1% <sup>(4)</sup>	257
31. Phyathai Nawamin (Pnwm) <sup>(5)</sup>	99.8%	140
32. Paolo Paholyothin (Pmed)	100%	237
33. Paolo Samutprakarn (Psamut)	93.5%	200
34. Paolo Chokchai 4 (Pchok)	85.7%	120

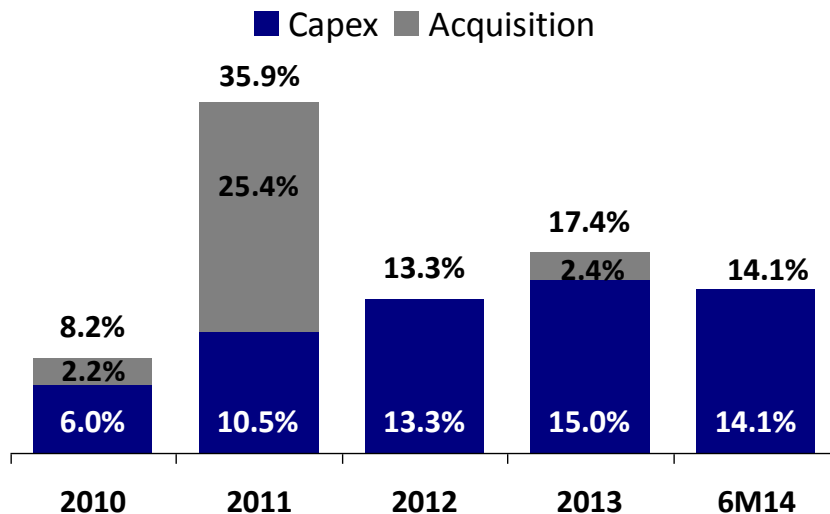


# Expansion Plans and Investment Criteria

## 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

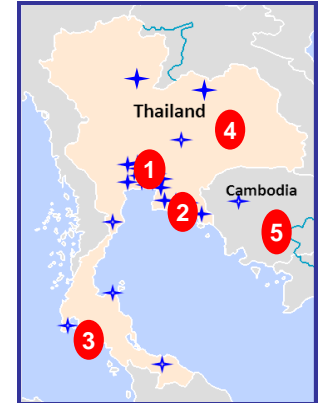
## New Hospitals in Pipeline



Sri-Rayong Hospital



Royal Phnom Penh Hospital



Hospitals	Total Beds	1 <sup>st</sup> Phase	Project Details	Commission Date
1 Bangkok Hospital Chinatown	58	24	<ul style="list-style-type: none"> <li>Basic Tertiary care hospital aiming to tap into affluent ethnic Thai- Chinese residents</li> </ul>	2014
2 Sri-Rayong Hospital	195	25	<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>	2014
3 Dibuk Hospital, Phuket	100	29	<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>	2014
4 Bangkok Hospital Khon Kaen	120	56	<ul style="list-style-type: none"> <li>Acquired Vachprasit Hospital during 2Q13 and upgrading to become Basic Tertiary care hospital</li> </ul>	2014
5 Royal Phnom Penh Hospital, Cambodia	104	53	<ul style="list-style-type: none"> <li>Basic Tertiary care hospital targeting Cambodian and expatriates</li> </ul>	2014

# Investment Updates

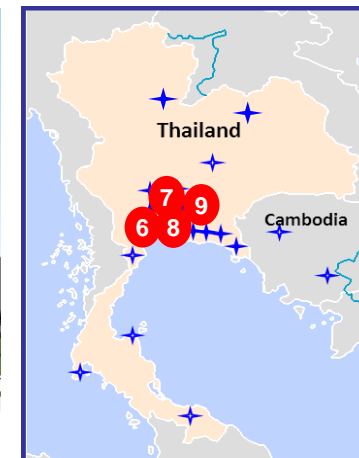
## New Hospitals in Pipeline



Samitivej Chonburi Hospital



Jomtien Hospital



Hospitals	Total Beds	1 <sup>st</sup> Phase	Project Details	Commission Date
6 Muang Petch Hospital	255	57	■ Secondary care hospital targeting middle income patients	2015
7 Samitivej Chonburi Hospital	220	59	■ Basic Tertiary care hospital targeting patients living in Chonburi	2015
8 Paolo Rangsit Hospital	155	59	■ Secondary care hospital targeting middle income patients	2015
9 Jomtien Hospital, Pattaya	250	100	■ Secondary care hospital targeting middle income patients ■ Opening as polyclinic & ER (Mid 2014)	2016

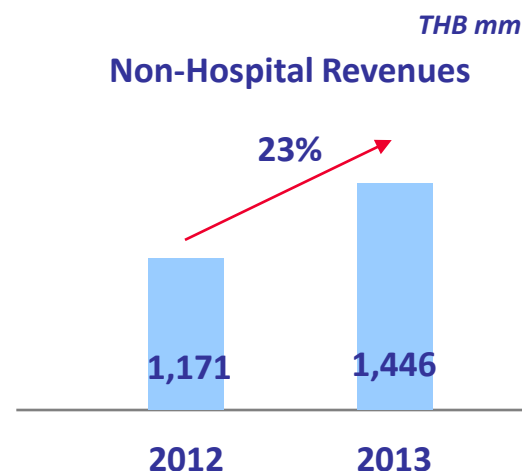
# Investments

## Investments in Other Hospitals : - Listed Companies

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

## Non- Hospital Strategic Investments<sup>(1)</sup>

- 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



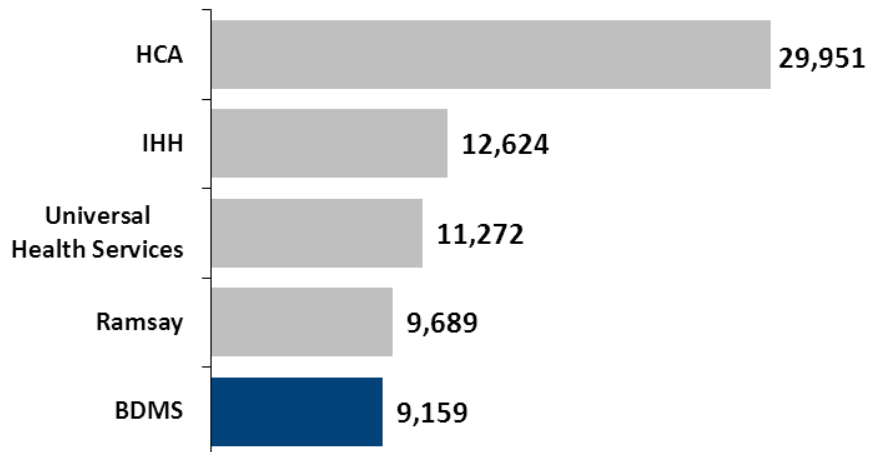
Region	Total Private Hospital Beds	BGH Registered Beds	Market Share
Bangkok	14,042	2,540	18%
Central	10,688	1,390	13%
South	2,376	450	19%
Northeast	2,889	281	10%
North	4,036	158	4%
<b>Total</b>	<b>34,031</b>	<b>4,849</b>	<b>14%</b>

Source: Department of Health Service Support as of Sep 2013

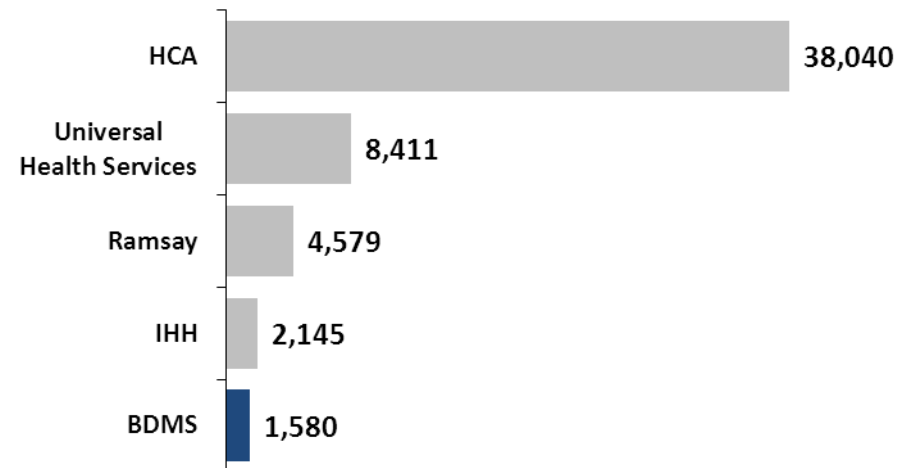


# Global Hospital Rankings

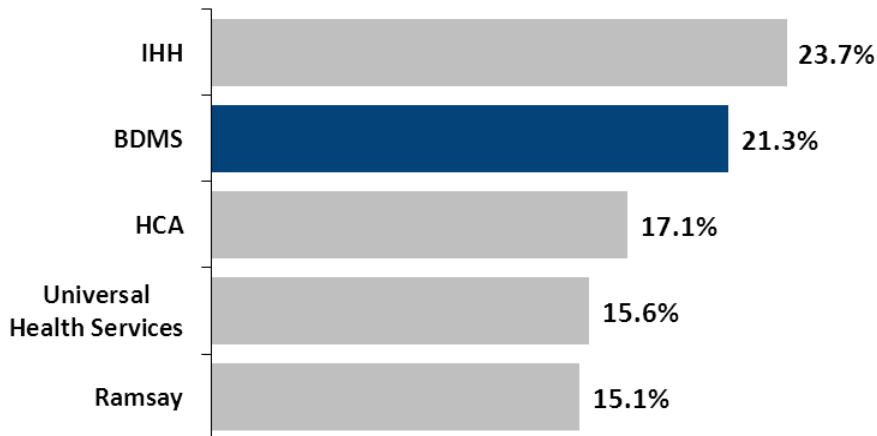
## Market Capitalization (USD mm)



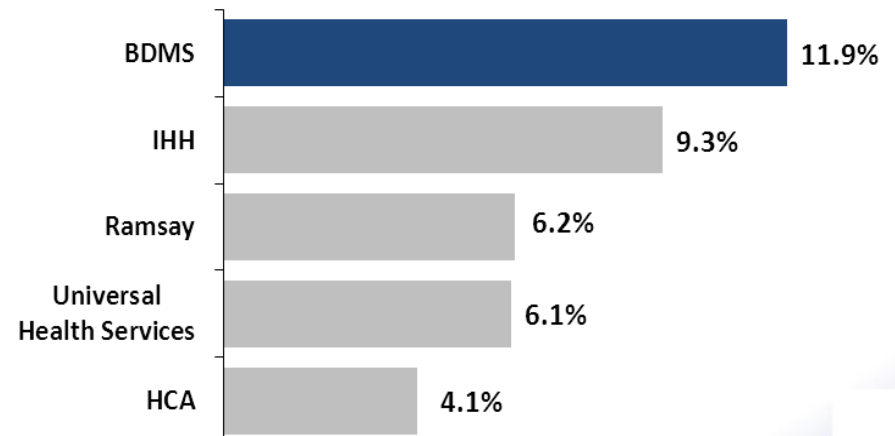
## Revenue (USD mm)



## EBITDA Margin



## Net Profit Margin



Remark: - Market capitalization as of 27 Aug 2014

- Financial performance (excluding non-recurring items) for year ended December 2013 except Ramsay for year ended June 2014

# 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

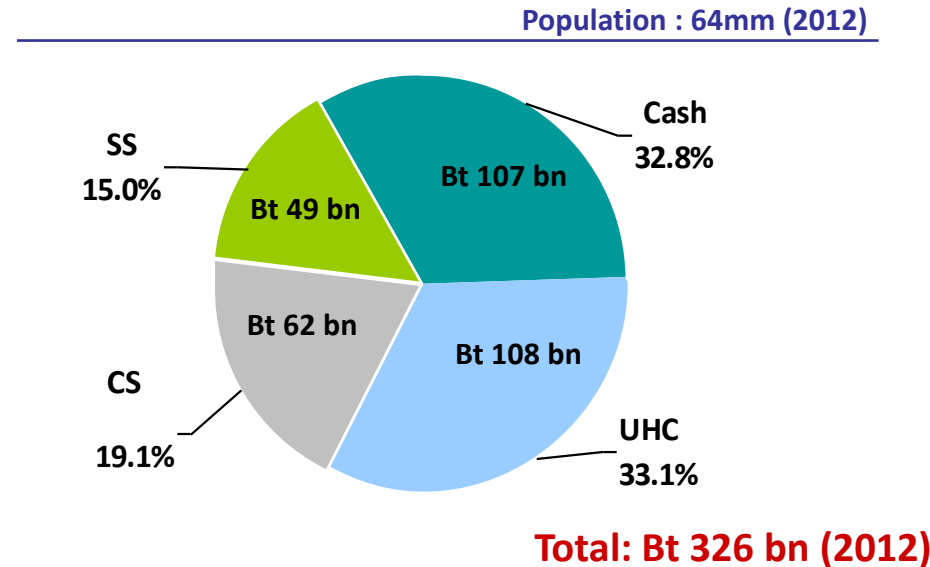
- Clear market segmentation among 6 hospital brands
- Enhance BDMS corporate identity to all stakeholders

## 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

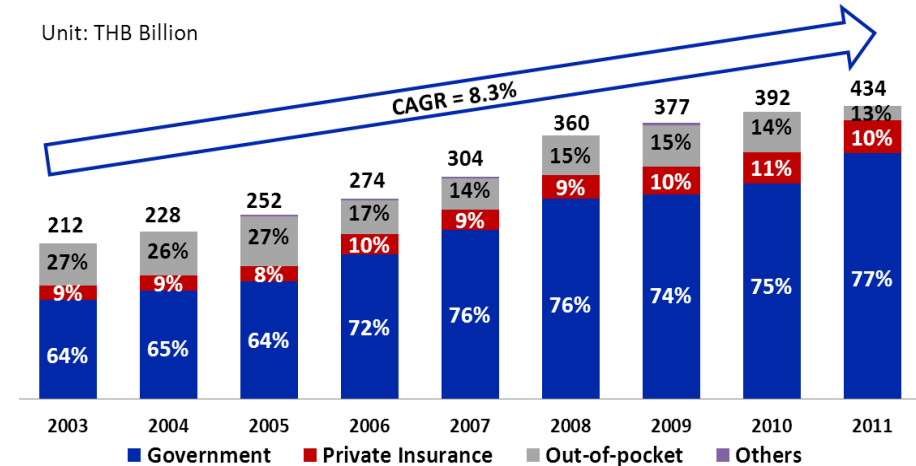
Population growth higher than supply

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

Source: Ministry of Public Health and World Health Organization

## Increasing Healthcare Expenditures in Thailand (2003 – 2011)

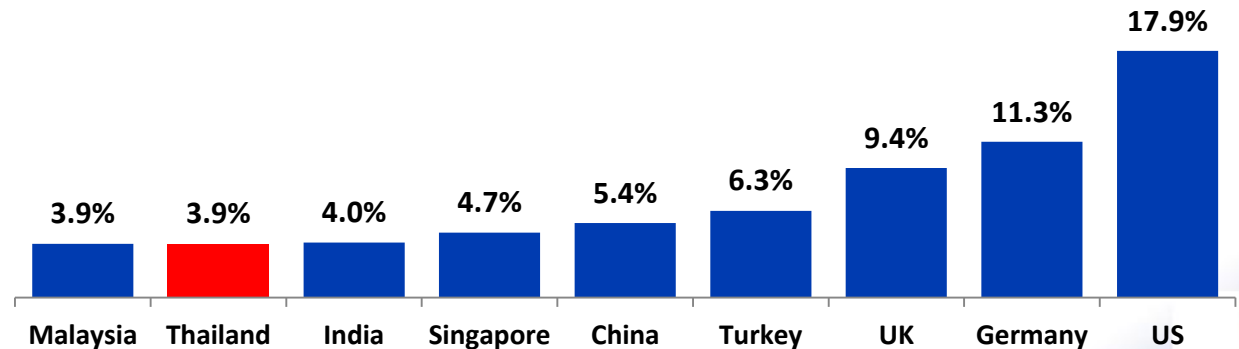
Unit: THB Billion



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

## Low Healthcare Penetration

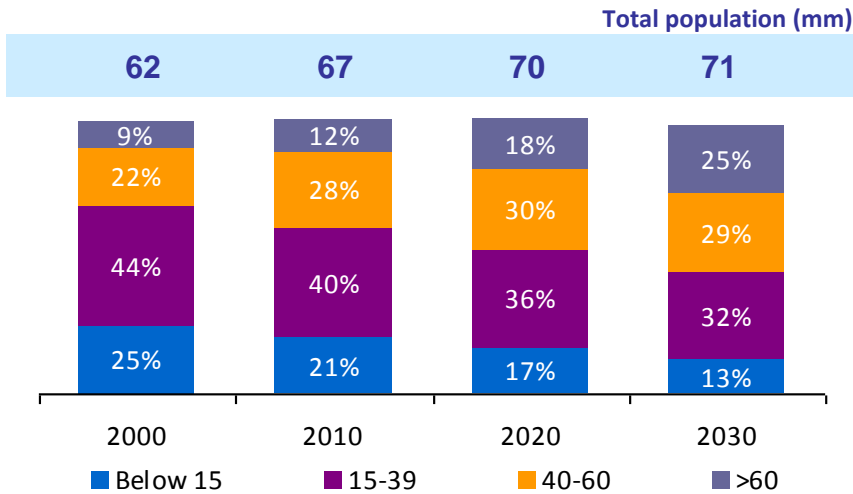
- Healthcare expenditure as % of GDP in Thailand is still low compared to other developing and developed countries



Source: World Health Organization for 2012

# Increasing Healthcare Demand

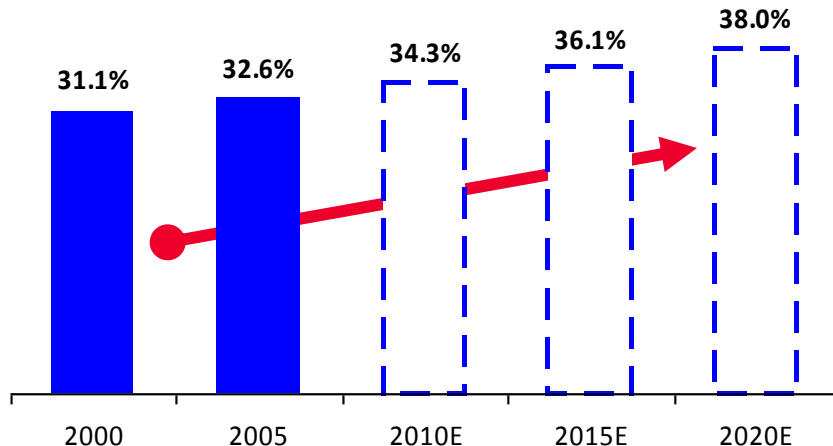
## Population Growth and Aging Profile



## Commentary

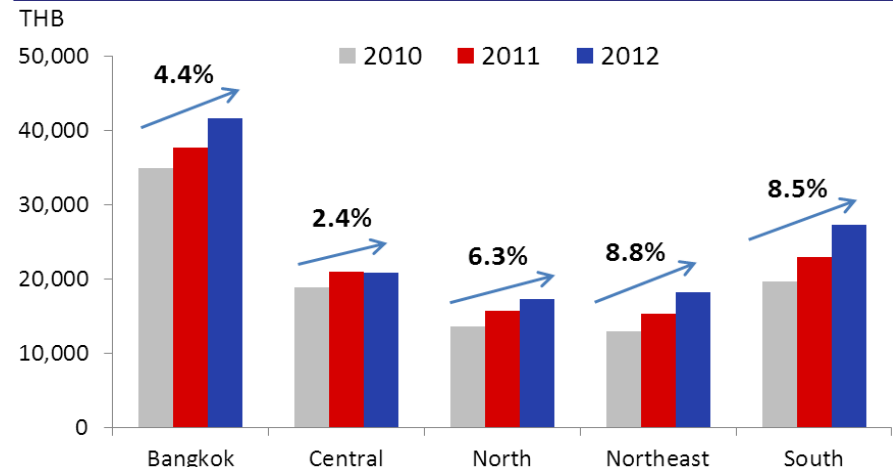
- Aging population will have great implications on both healthcare costs as well as its capacity to serve demand. In addition, aging population also means a strain on healthcare capacity if it fails to catch up well with increasing demand
- Increasing degree of urbanization is expected over time from 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)

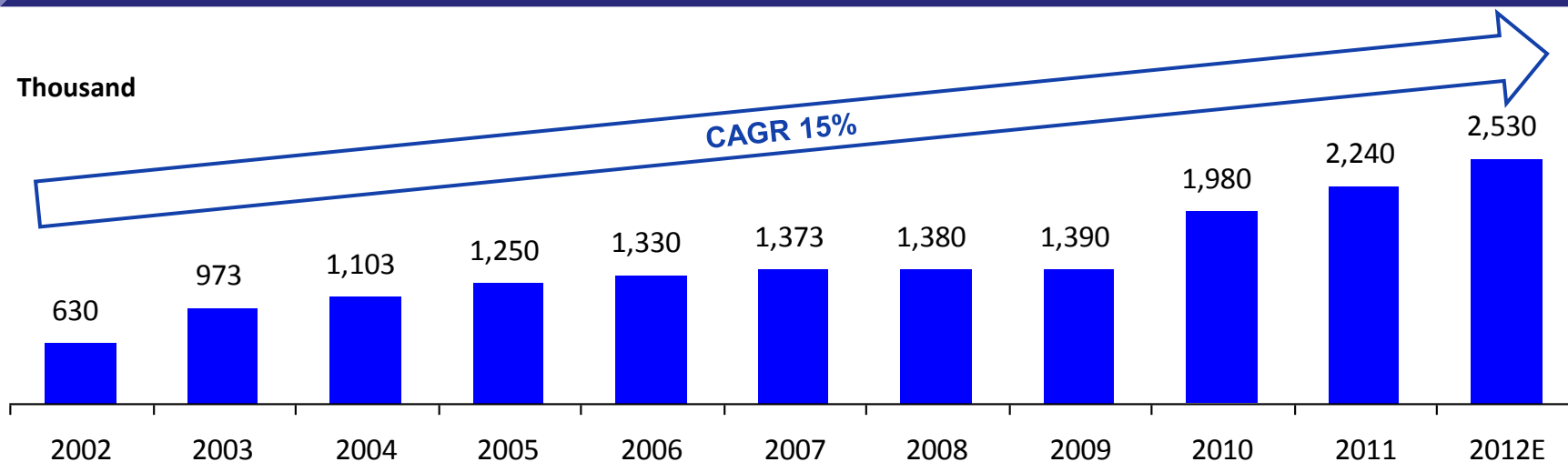
## Rising Income per Capita



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

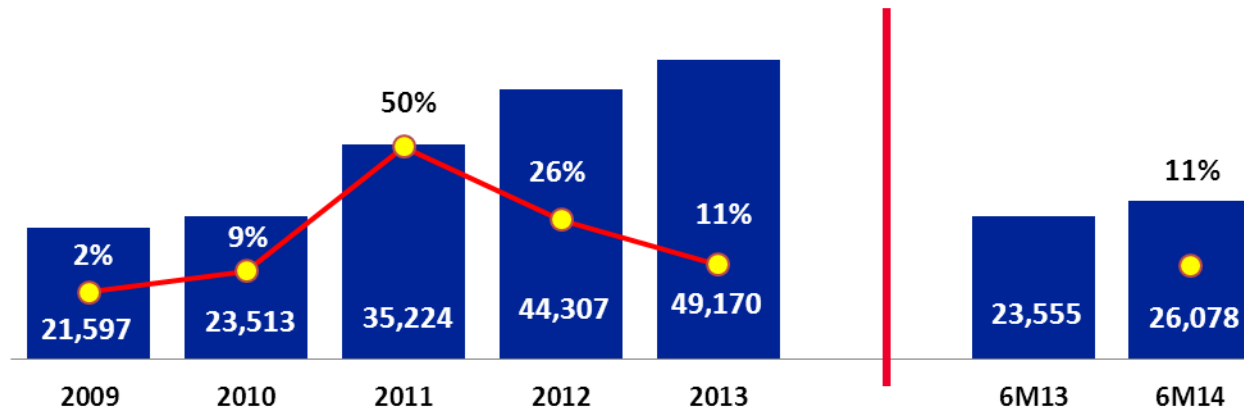
Source: "Patient Beyond Border" by Josef Woodman

## Operational Statistics

# Continued Double Digit Revenue Growth

## Patient Revenue Trend

(THB mm)

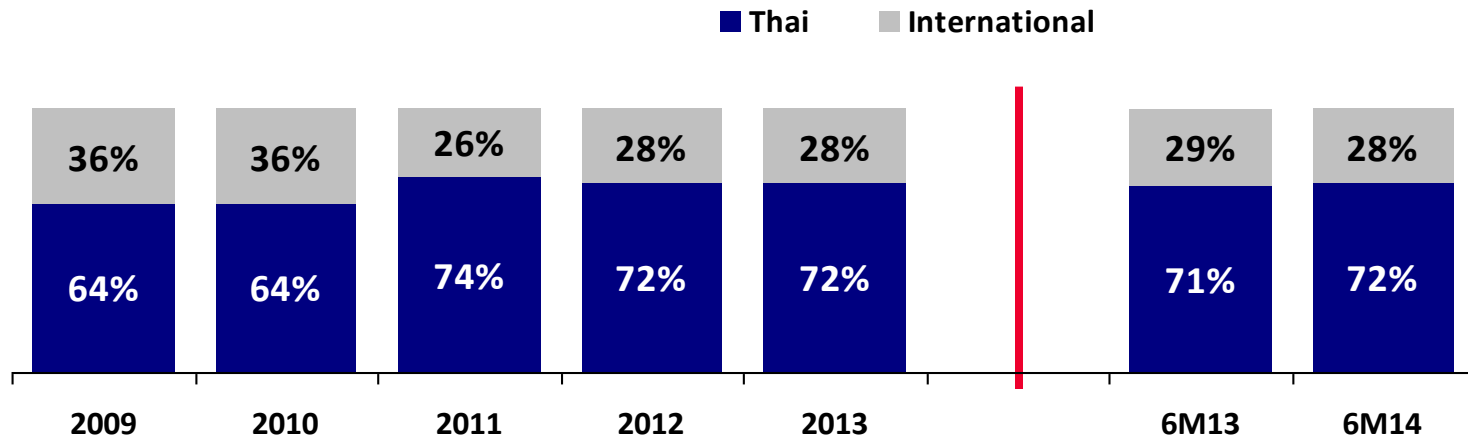


## Commentary

- **6M14** Patient revenue increased by **11% 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
    - Bangkok Hospital Phitsanulok (BPL) since October 2013

# Expanding Both Thai and International Patients

## Revenue Contribution by Nationality



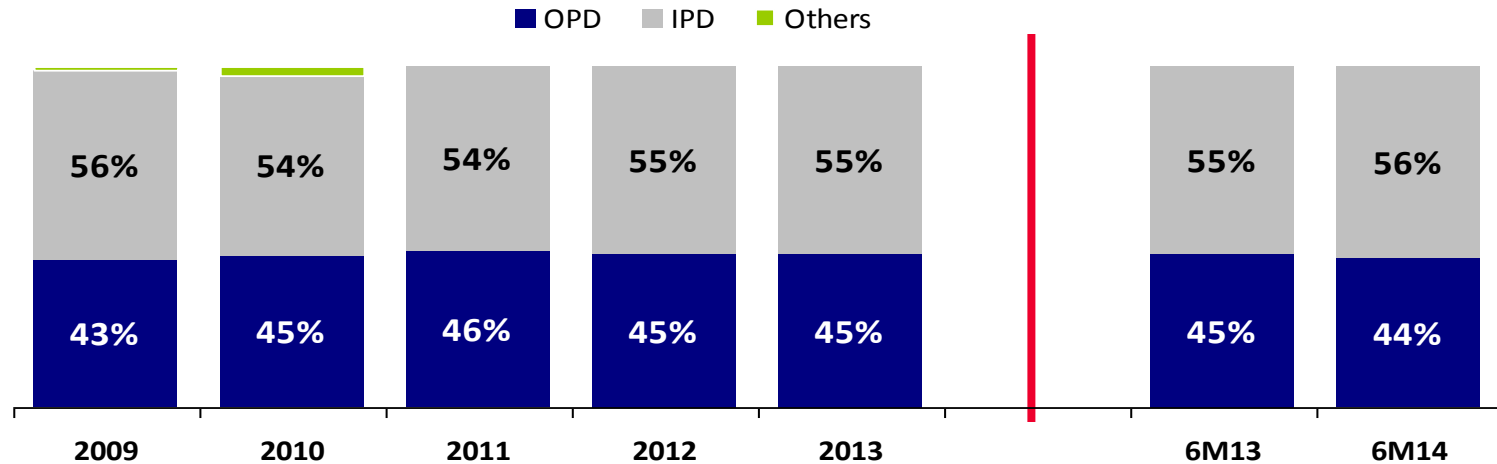
## Commentary

- **6M14** revenue from Thai patients grew 13% while international patients grew 6% yoy
  - Top 5 international patient revenues are from Japan, UK, Myanmar, Australia and USA which contribute 2.6%, 1.9%, 1.9%, 1.6% and 1.5% of total patient revenues respectively
  - International patient revenues grew significantly for China (+87%), Myanmar (+16%) and Russia (+11%)

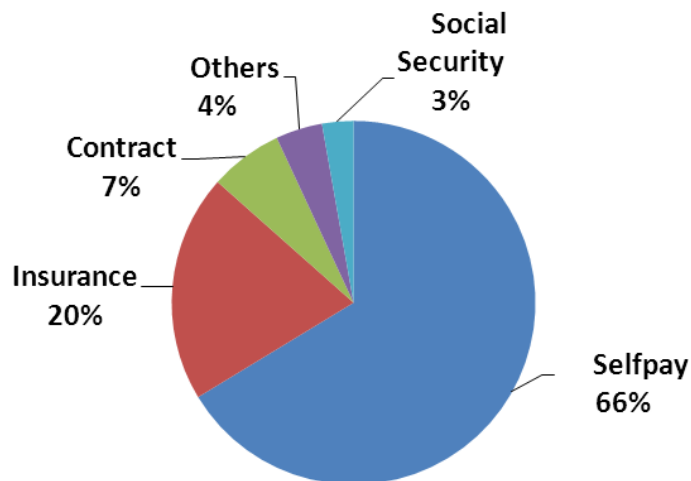
Remarks:- Operational statistics data in 2011 are including PYT & Paolo since Jan 2011

# Patient Mix

## Revenue Breakdown by Patient Types



## 6M14 Patient Revenue by Payor



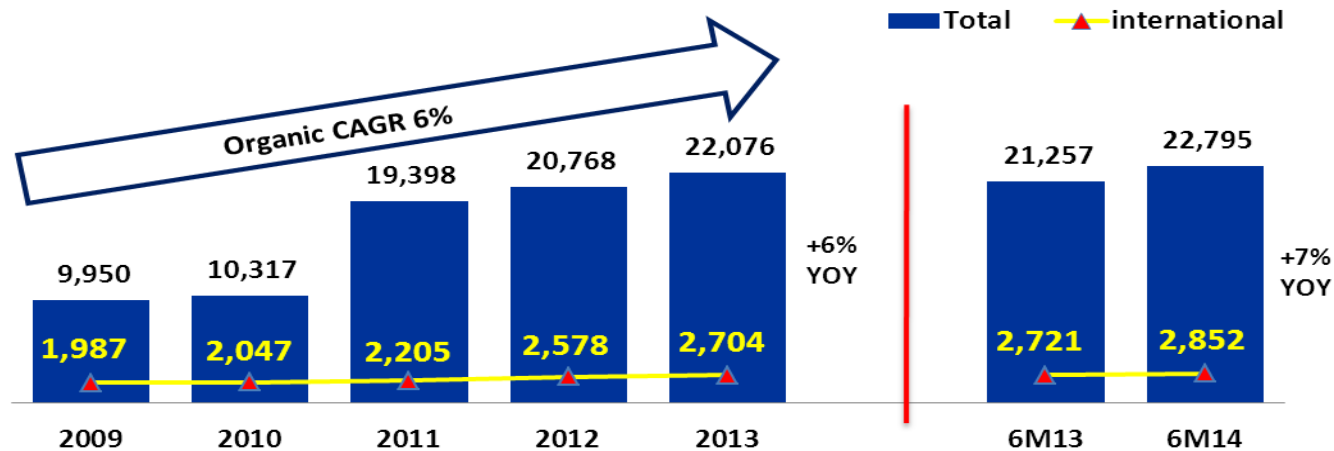
## Commentary

- **6M14** OPD revenues increased 10% yoy while IPD revenues increased 13% yoy

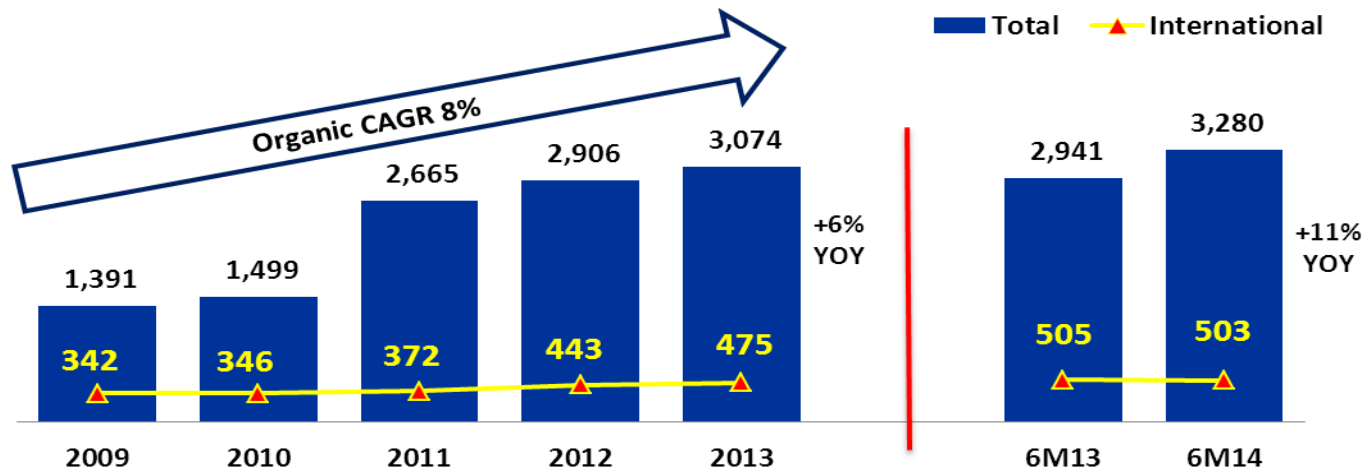


# Patient Base Expansion From Both Organic Growth & Acquisitions

## Number of OPD Visits per Day



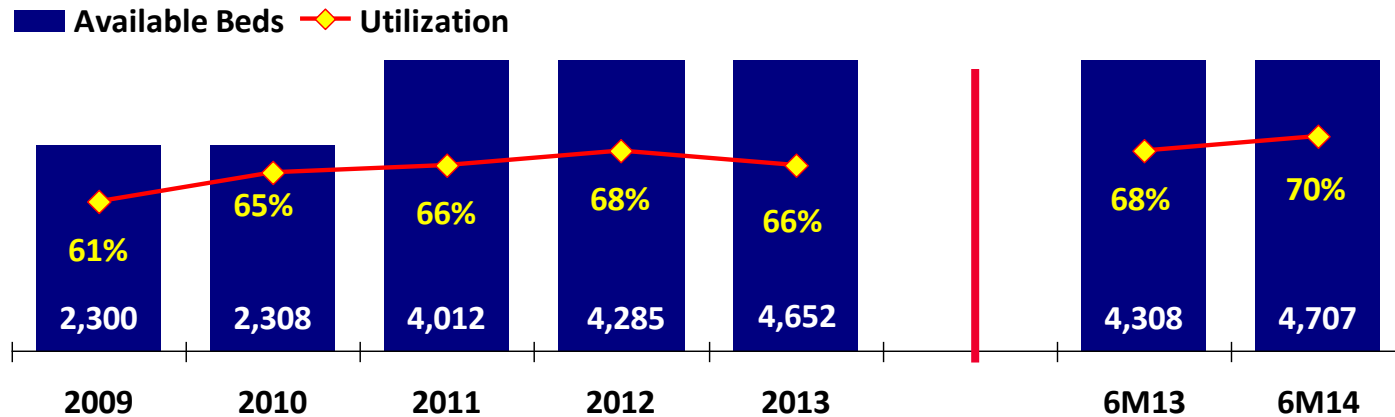
## Average Daily Census ( ADC )



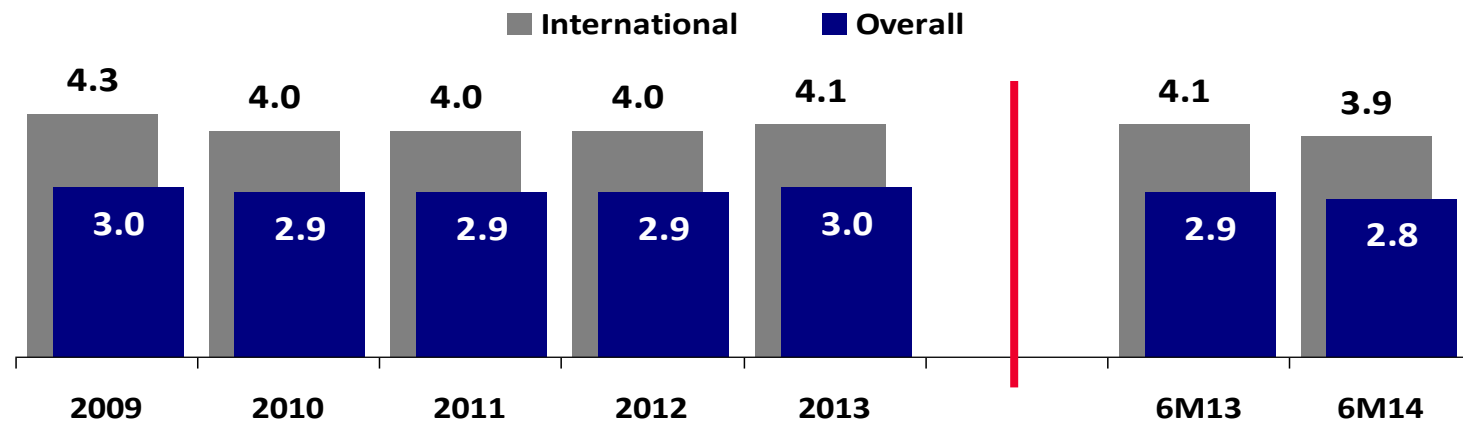
Remarks:- Including social security

# Utilization of Beds

## Utilization Based on Available Beds



## Average Length of Stay (days)

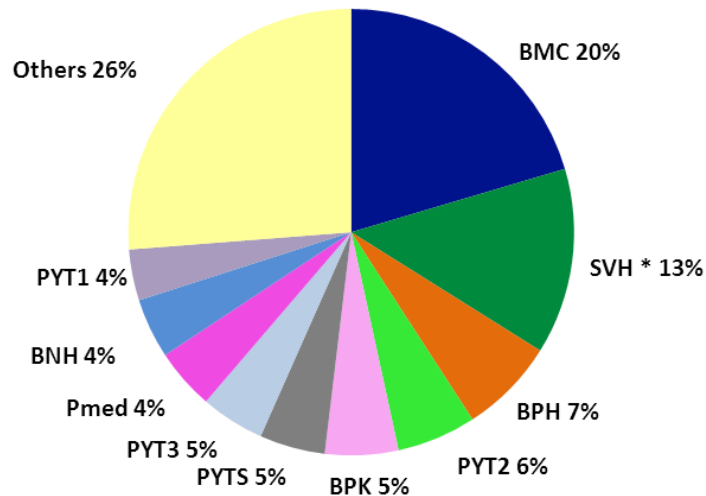


Remarks:- Including social security patients

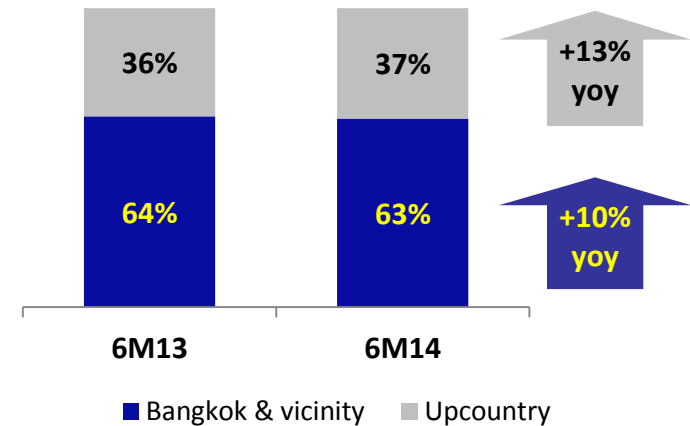
## Financial Highlights

# Diversified Sources of Revenues

## Revenue Contribution in 6M14



## Revenue Contribution & Growth by Locations



## Commentary

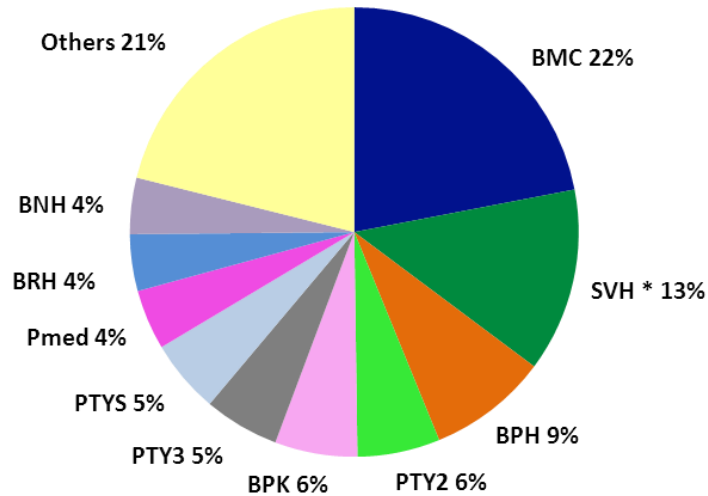
- During **6M14**, top 5 hospitals (by location) contributed 51% of total revenue
- Bangkok & vicinity hospitals that grew more than 10% yoy : - PNWM(+28%), Pmed(+16%), PYT3(+15%), Pchok(+13%), BNH(+12%) and Psamut(+11%)
- Upcountry hospitals that grew more than 13% yoy :- BUD(+38%), BHN(+31%), RAH(+28%), RRH(+20%), BHP(+15%), BCH(+14%), BTH(+14%) and SSH(+14%)

Remark:- Hospital abbreviation shown on page 8

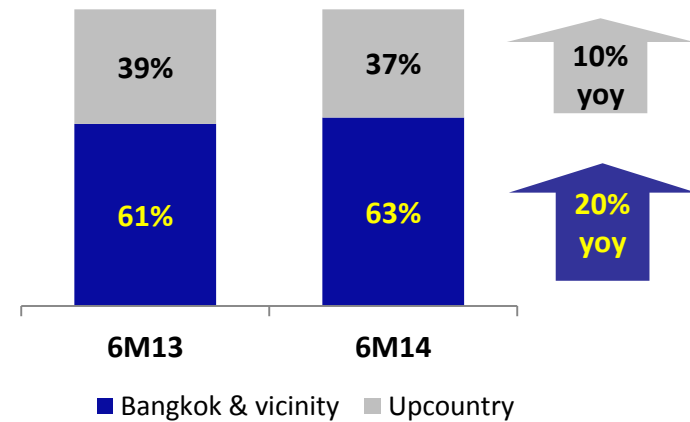
\* SVH also included SNH performance

# EBITDA Contribution

## EBITDA Contribution in 6M14



## EBITDA Contribution & Growth by Locations



## Commentary

- During **6M14**, top 5 hospitals (by location) contributed 57% of total EBITDA

Remark:- Hospital abbreviation shown on page 8

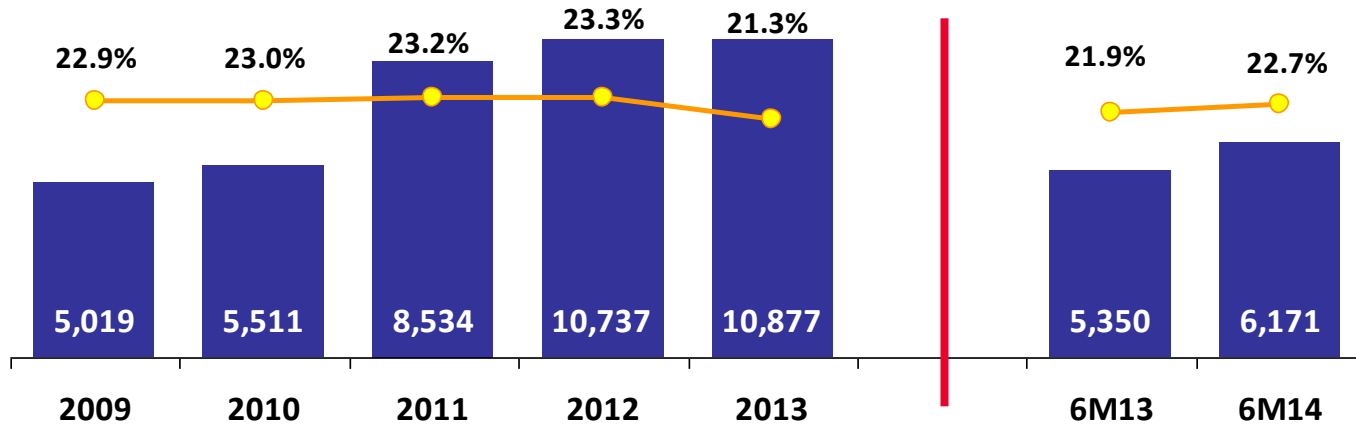
\* SVH also included SNH performance

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

# Profitability Trend

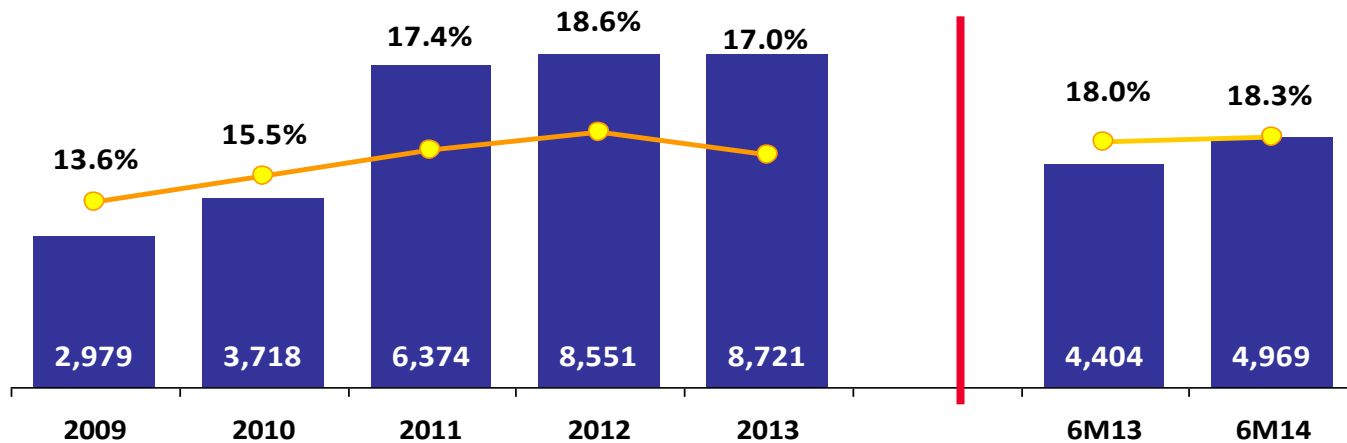
## EBITDA & EBITDA Margin\*

(THB mm)



## EBIT & EBIT Margin\*

(THB mm)

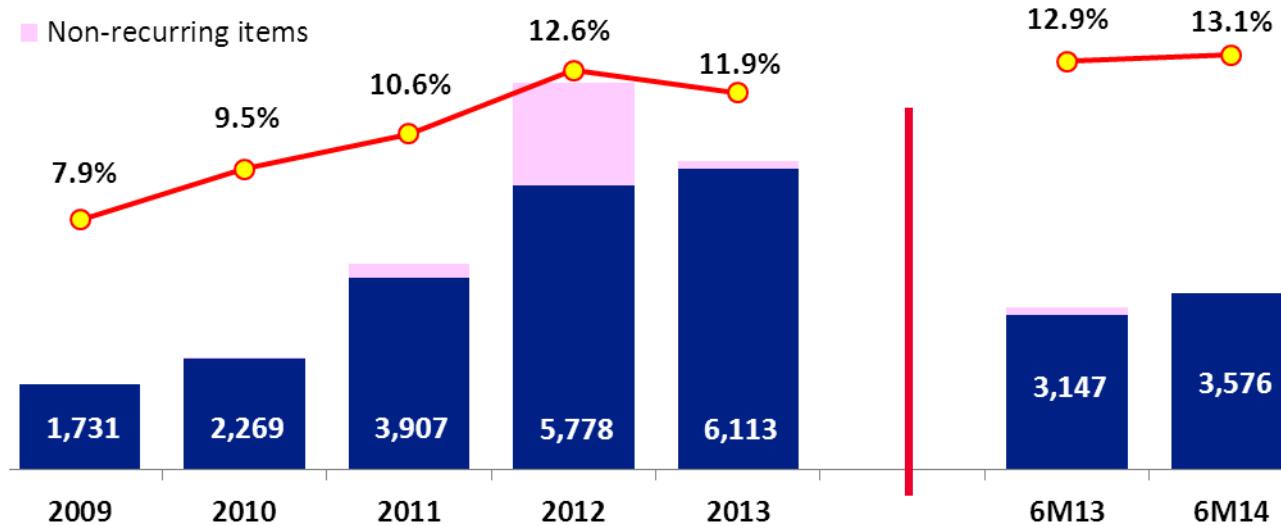


\* Excluding non-recurring items

# Profitability Trend

## Net Profit & Net Profit Margin\*

(THB mm)



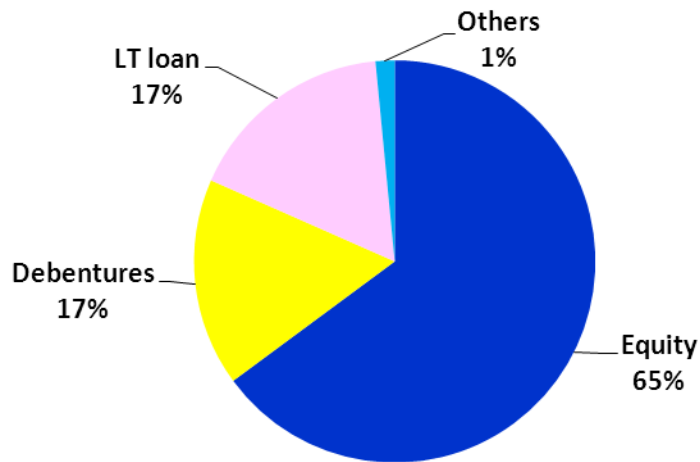
## Commentary

- **6M14** Net profit increased 14% yoy from growth in number of outpatients and inpatients across our network hospitals, rising in healthcare inflation and increasing in intensity together with hospital network expansion, patient ward expansion and renovation and an increase in patient referral

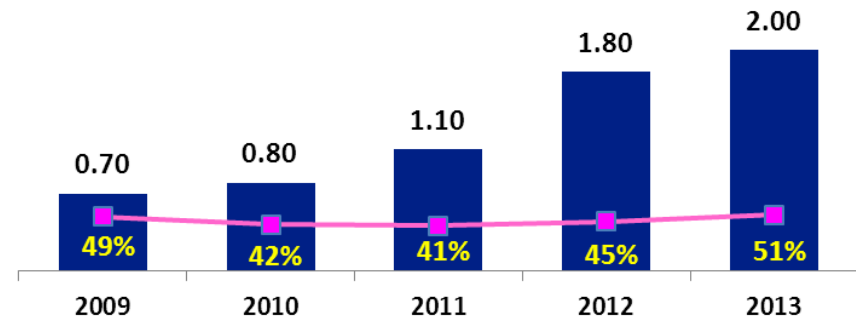
\* Excluding non-recurring items

# Capital Management

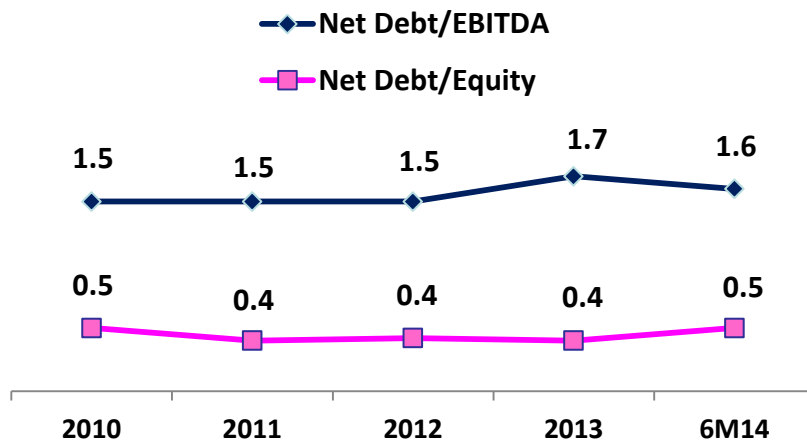
## Capital Structure as of Jun 2014



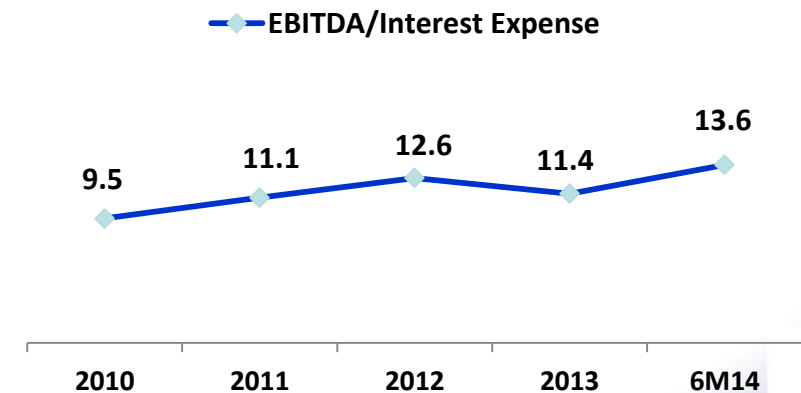
## Dividend Payment & Payout Ratio



## Gearing Ratios: Well Within Covenants



## Interest Coverage





For more information & updates :- [www.bangkokhospital.com](http://www.bangkokhospital.com)