



Bangkok Dusit Medical Services (BGH)

Investor Presentation

2Q14&6M14 Results

Sep 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:

 BDMS Bangkok Dusit Medical Services	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

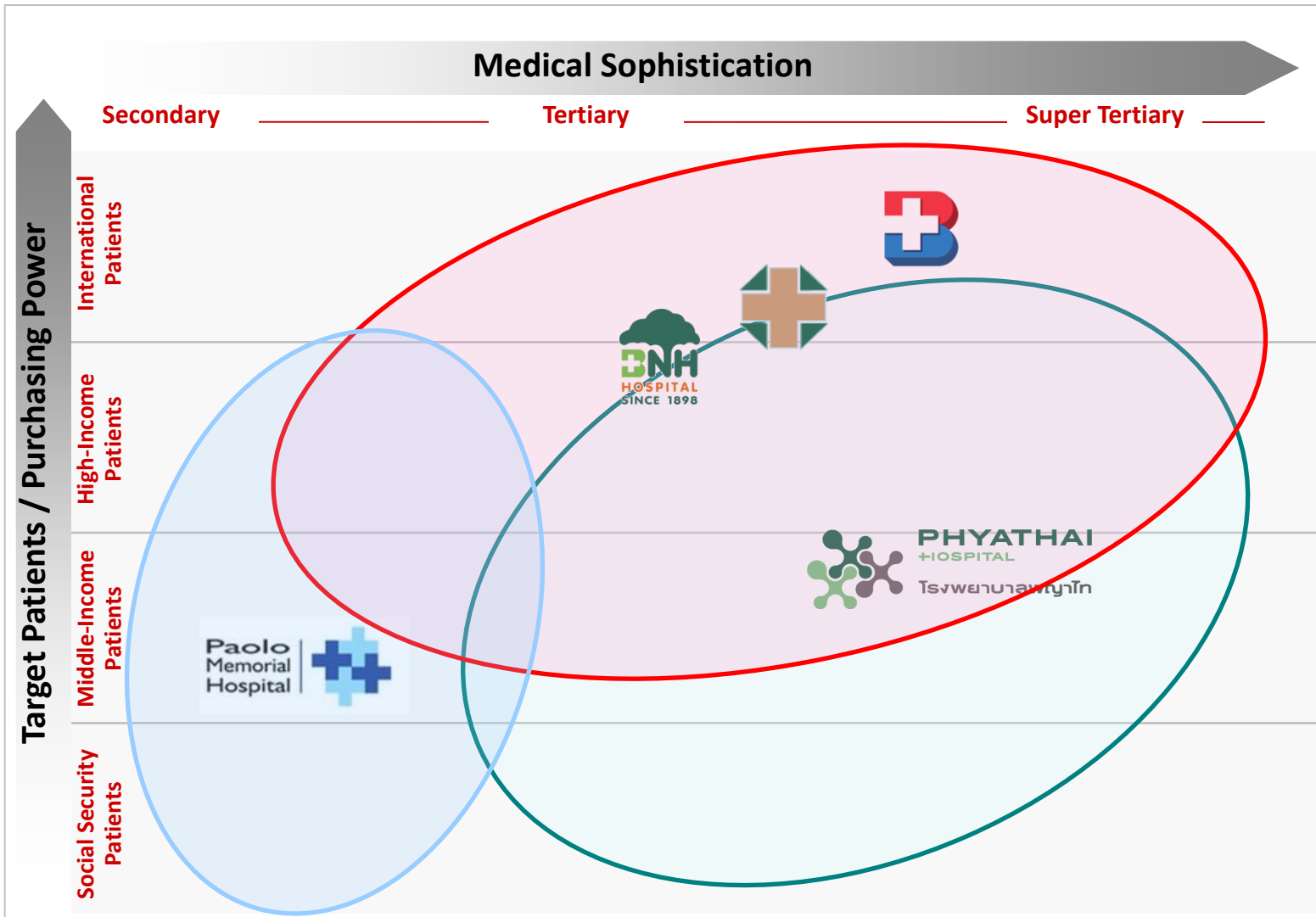
As of 3 July 2014

		% 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%
	Total	66.5%

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 ⁽¹⁾
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 ⁽²⁾ (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 ⁽¹⁾
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

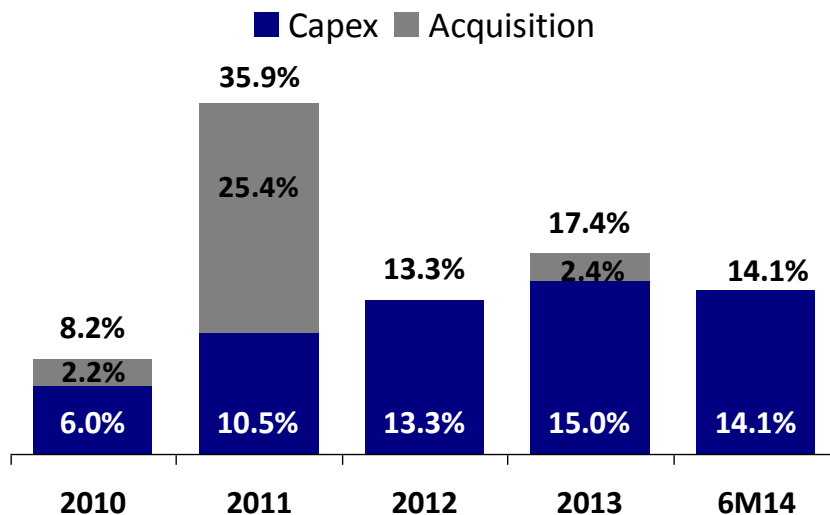
	Ownership	No. of Beds ⁽³⁾
27. Phyathai 1 (PYT1)	100% ⁽⁴⁾	350
28. Phyathai 2 (PYT2)	99.2% ⁽⁴⁾	260
29. Phyathai 3 (PYT3)	98.2% ⁽⁴⁾	230
30. Phyathai Sriracha (PYTS)	74.1% ⁽⁴⁾	257
31. Phyathai Nawamin (Pnwm) ⁽⁵⁾	99.8%	140
32. Paolo Paholyothin (Pmed)	100%	237
33. Paolo Samutprakarn (Psamut)	93.5%	200
34.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

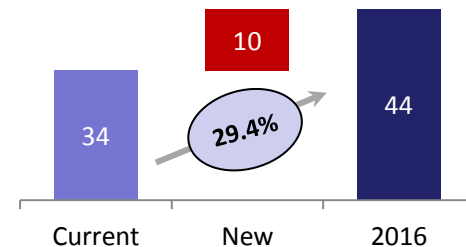
Investment Updates

New Hospitals in Pipeline

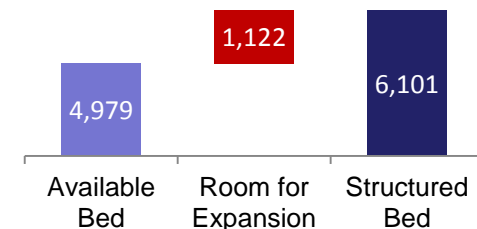
	Hospitals	Total Beds	1 st Phase	Opening
1	 Bangkok Hospital Chinatown	58	24	2014
2	Phuket International Hospital	151*	145	2014
3	 Bangkok Hospital Khon Kaen	120	56	2014
4	 Royal Phnom Penh Hospital, Cambodia	104	53	2014
5	Sri-Rayong Hospital	195	25	2014
6	Dibuk Hospital	100	29	2014
7	Muang Petch Hospital	255	57	2015
8	 Samitivej Chonburi Hospital	220	59	2015
9	 Paolo Rangsit Hospital	150	59	2015
10	Jomtien Hospital	250	100	2016

* Having the capability to accommodate an expansion to become 281 beds

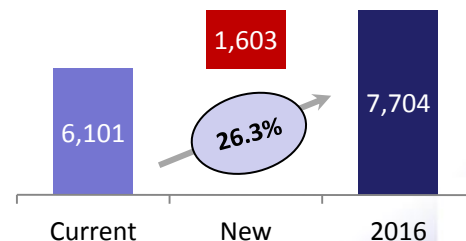
Number of Hospitals



Ramp-Up Capacity of Existing Hospitals



Number of Structured Beds



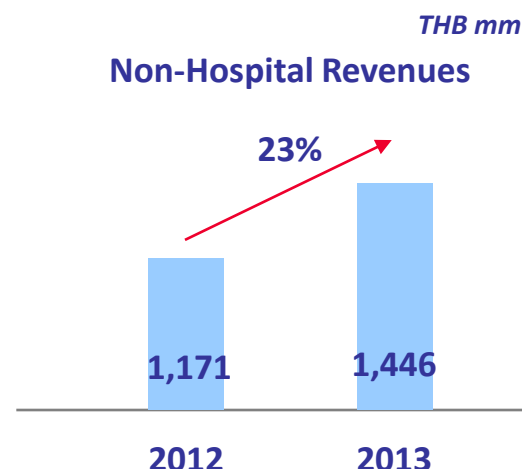
Investments

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

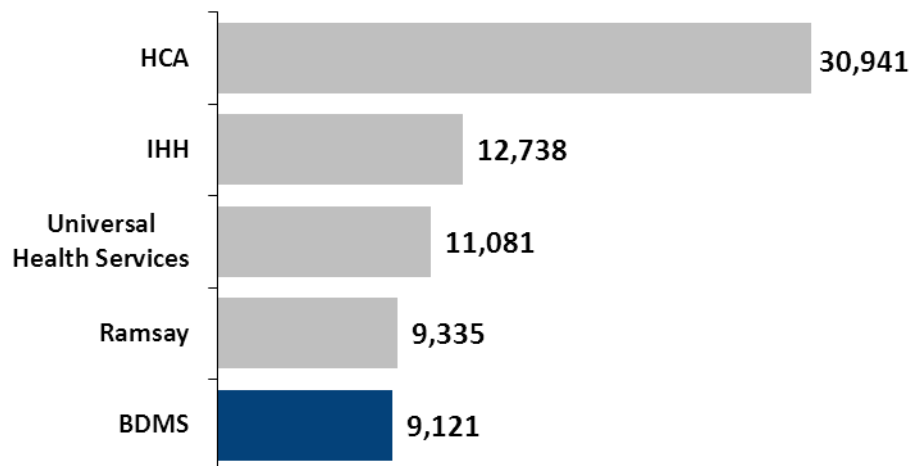


Region	Total Private Hospital Beds	BGH Registered Beds	Market Share
Bangkok	14,042	2,540	18%
Central	10,688	1,765	17%
South	2,376	450	19%
Northeast	2,889	281	10%
North	4,036	158	4%
Total	34,031	5,194	15%

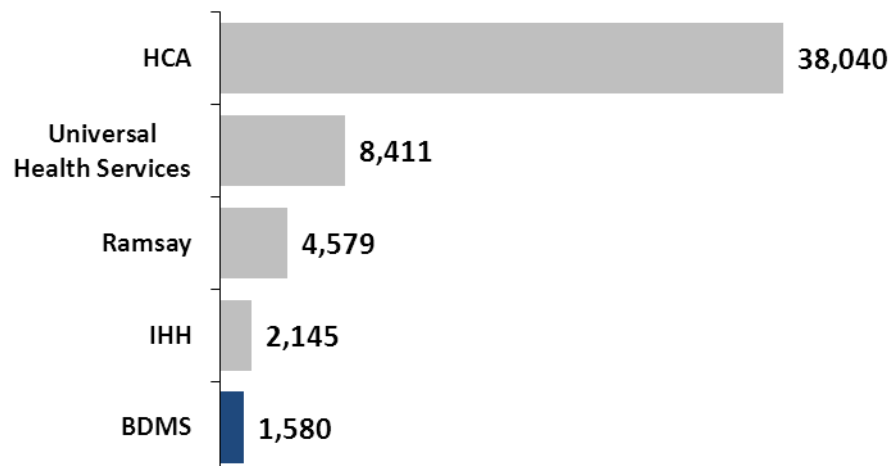
Source: Department of Health Service Support as of Sep 2013

Global Hospital Rankings

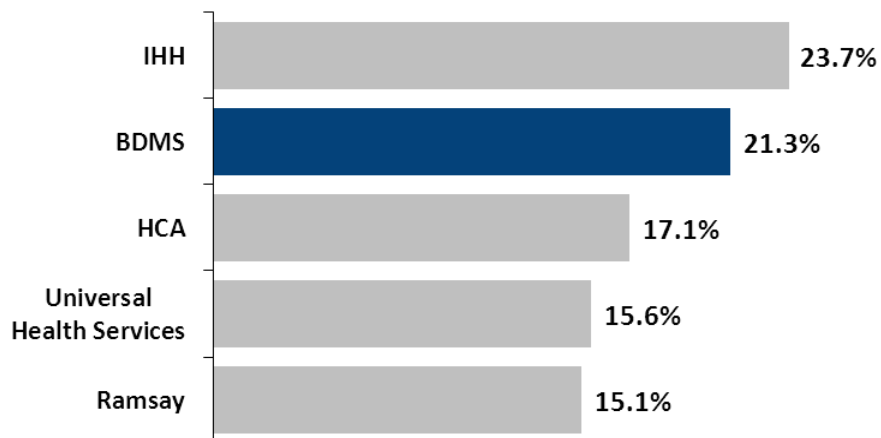
Market Capitalization (USD mm)



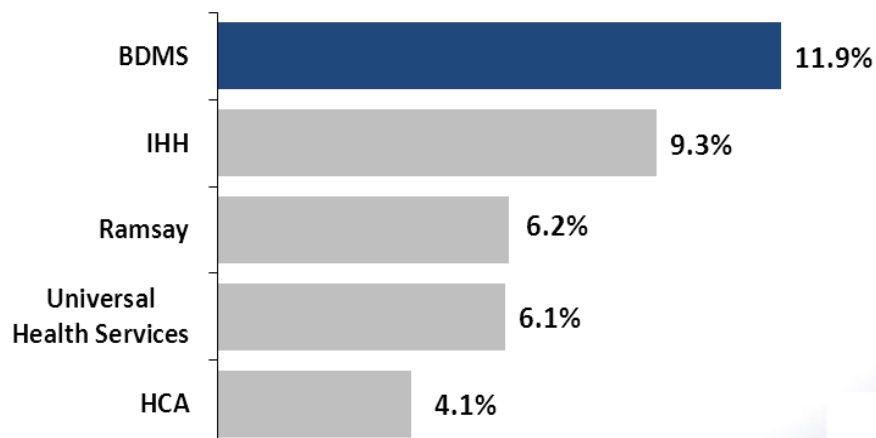
Revenue (USD mm)



EBITDA Margin



Net Profit Margin



Remark: - Market capitalization as of 15 September 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

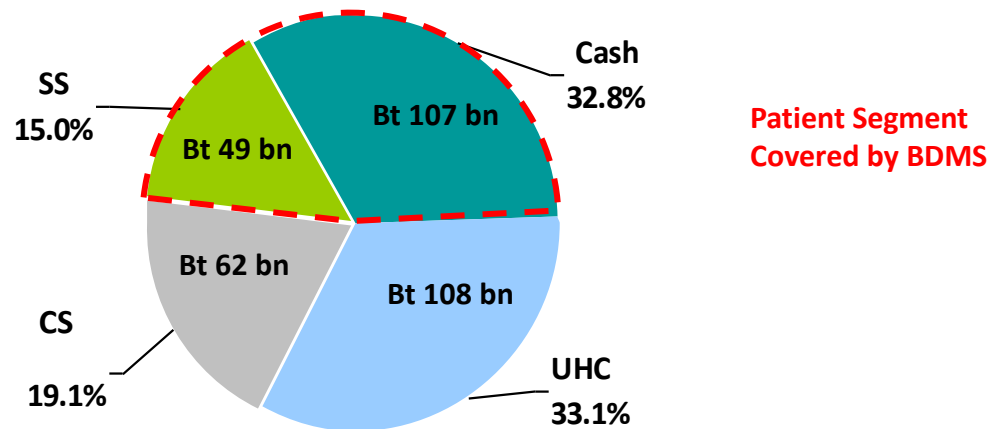
- Clear market segmentation among 6 hospital brands
- Enhance BDMS corporate identity to all stakeholders

Healthcare Industry

Thailand Healthcare Coverage

Healthcare Segments in Thailand

Total Expenditure for 2012: THB 326 bn



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 (Cash)	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

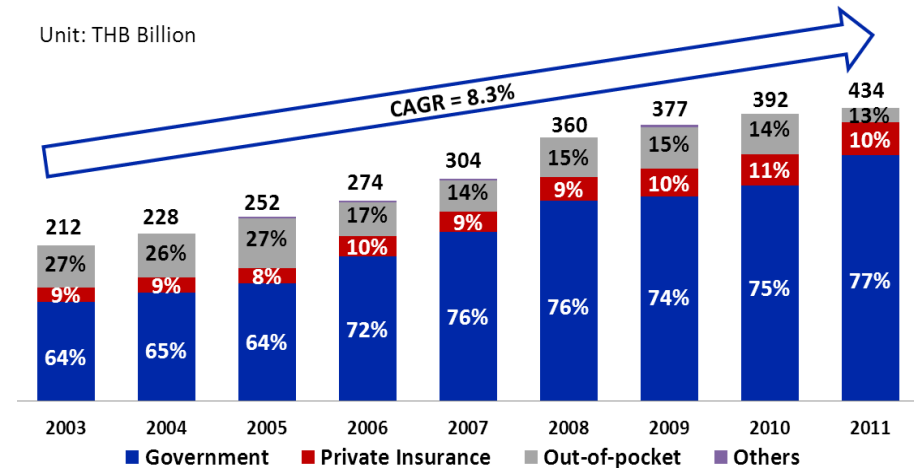
Population growth higher than supply

	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)

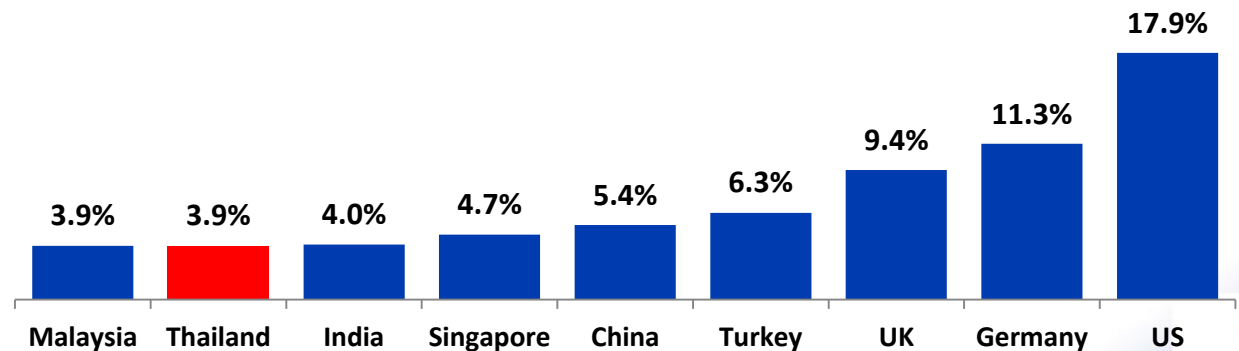
Unit: THB Billion



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



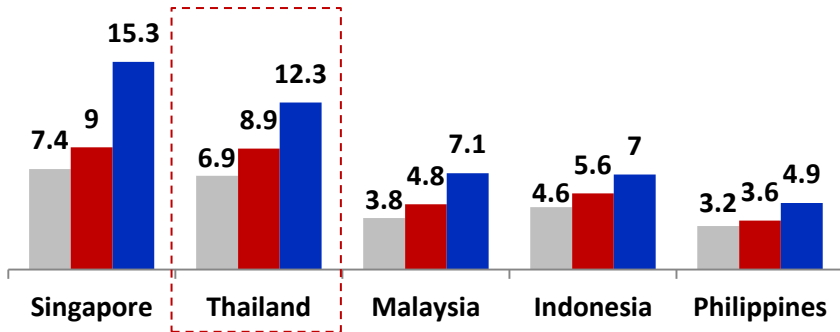
Source: World Health Organization for 2012

Increasing Healthcare Demand

Population Growth and Aging Profile

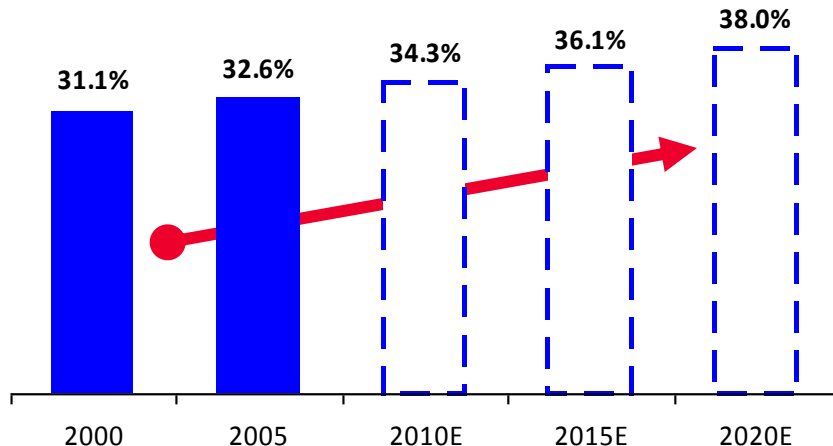
Percentage of population above 65 years (%)

■ 2000 ■ 2010 ■ 2020



Source: UN Population Database

Urbanization



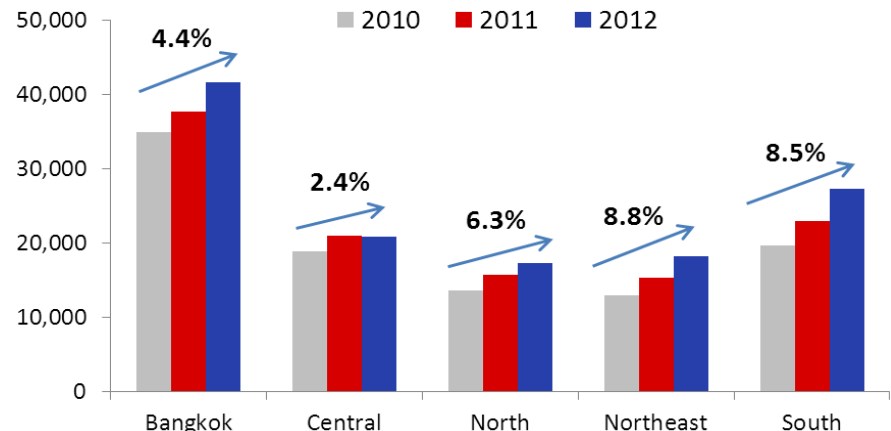
Sources: NESDB, Health & Welfare Surveys, National Statistics Office (Data related to Thailand)

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

Rising Income per Capita

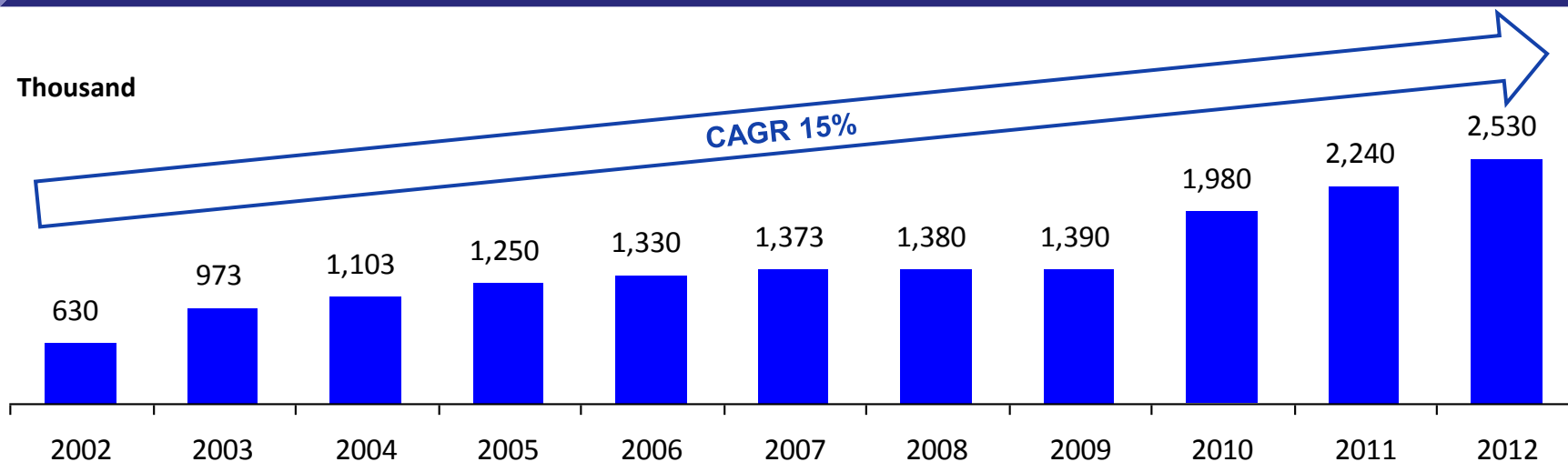
THB



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

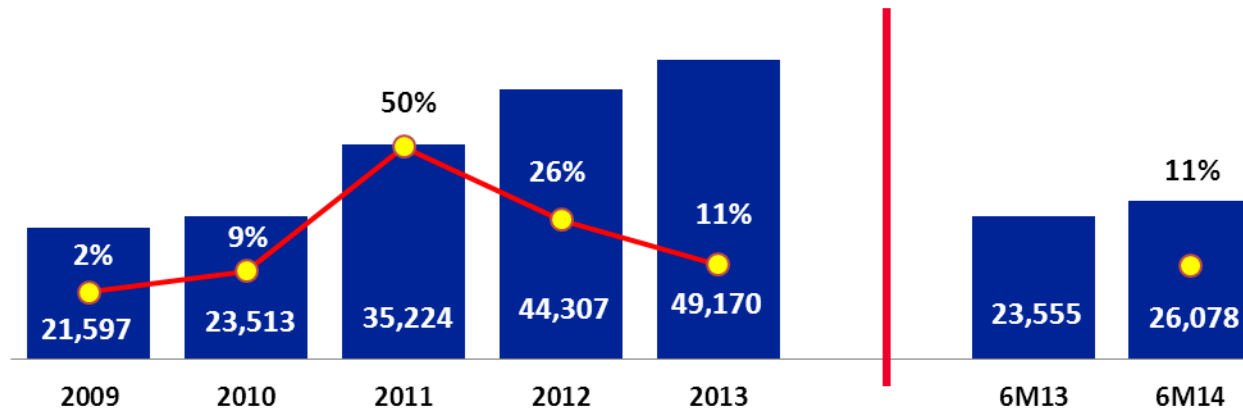
Source: "Patient Beyond Border" by Josef Woodman

Operational Statistics

Continued Double Digit Revenue Growth

Patient Revenue Trend

(THB mm)

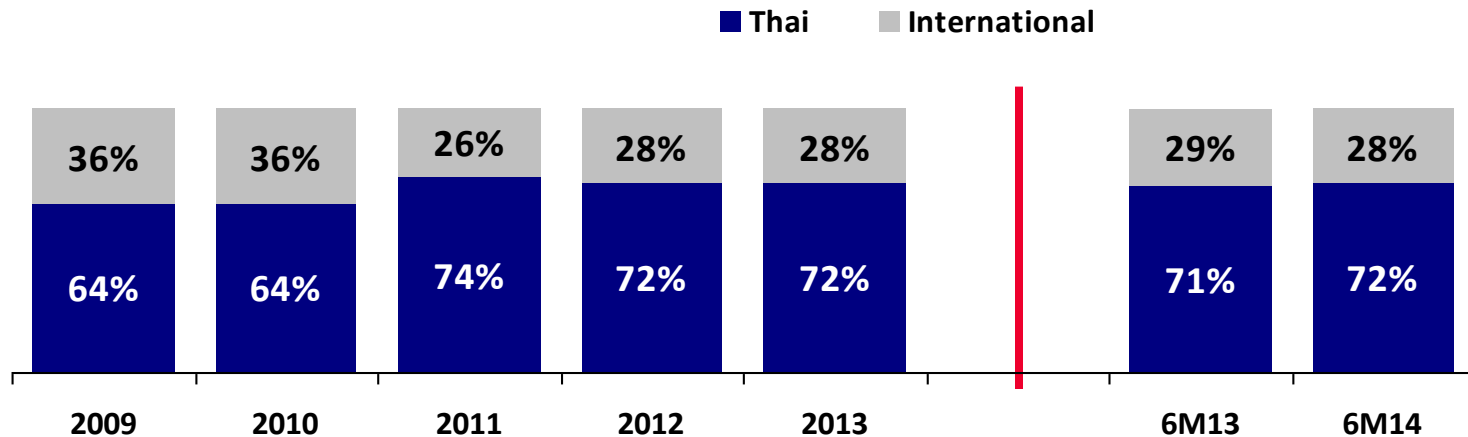


Commentary

- **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



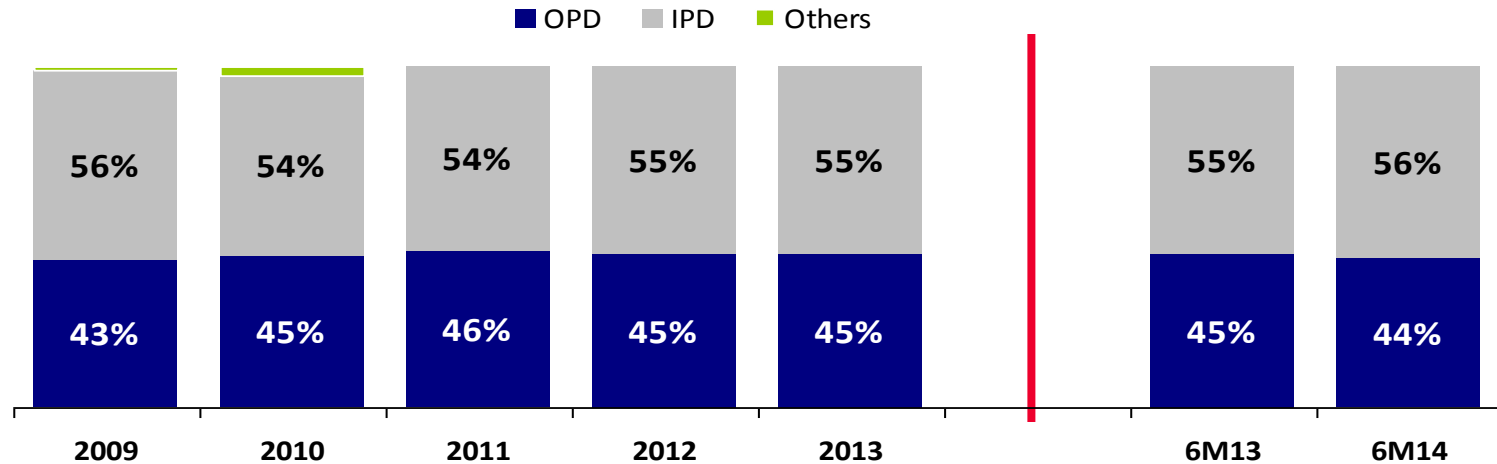
Commentary

- **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%)

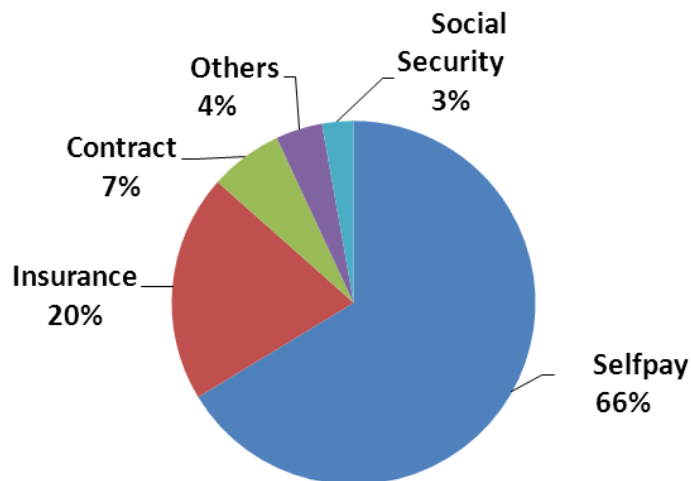
Remarks:- Operational statistics data in 2011 are including PYT & Paolo since Jan 2011

Patient Mix

Revenue Breakdown by Patient Types



6M14 Patient Revenue by Payor

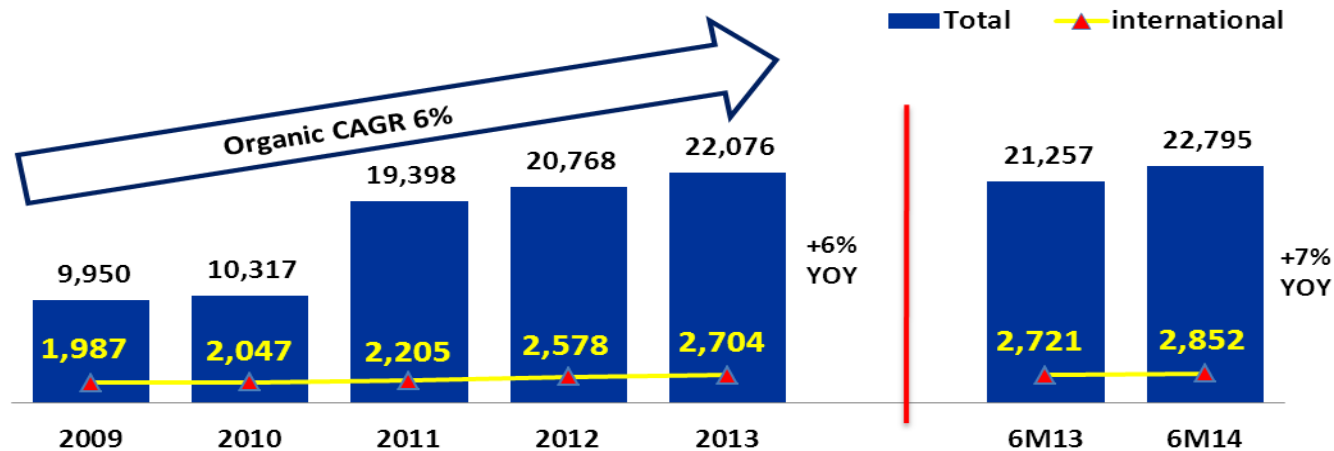


Commentary

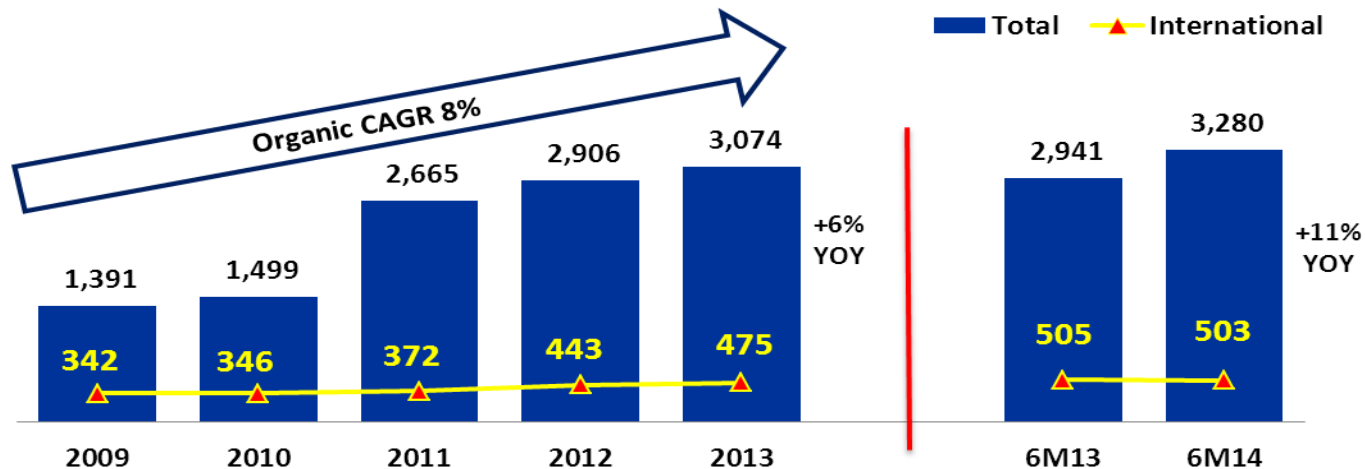
- **6M14** OPD revenues increased 10% yoy while IPD revenues increased 13% yoy

Patient Base Expansion From Both Organic Growth & Acquisitions

Number of OPD Visits per Day



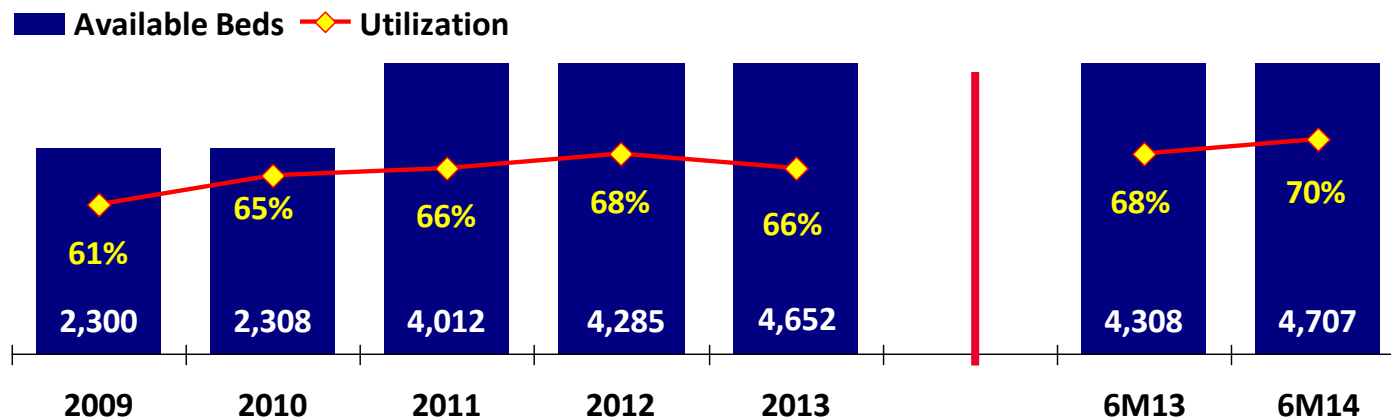
Average Daily Census (ADC)



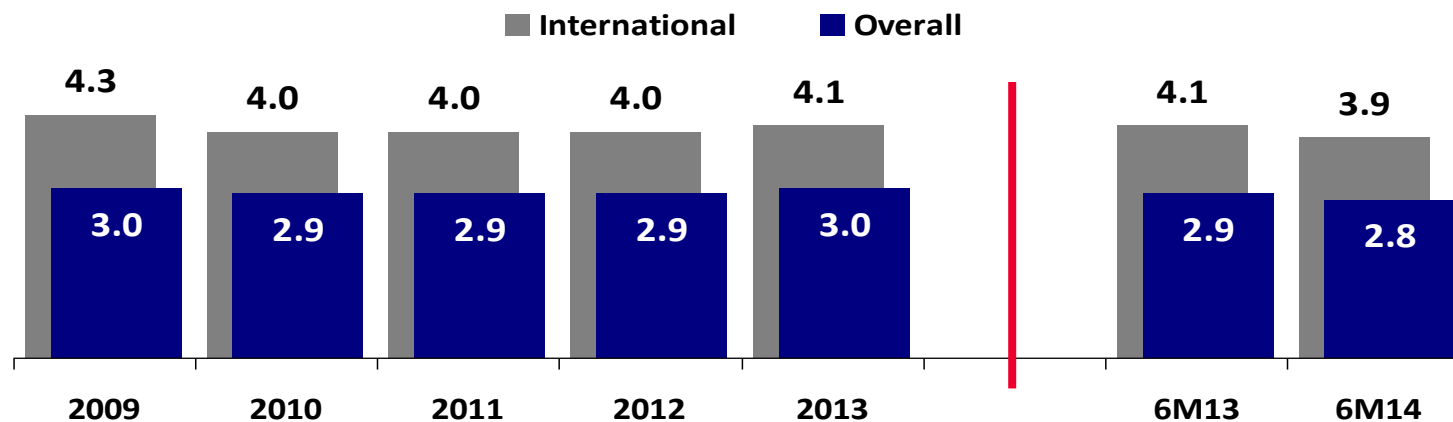
Remarks:- Including social security

Utilization of Beds

Utilization Based on Available Beds



Average Length of Stay (days)

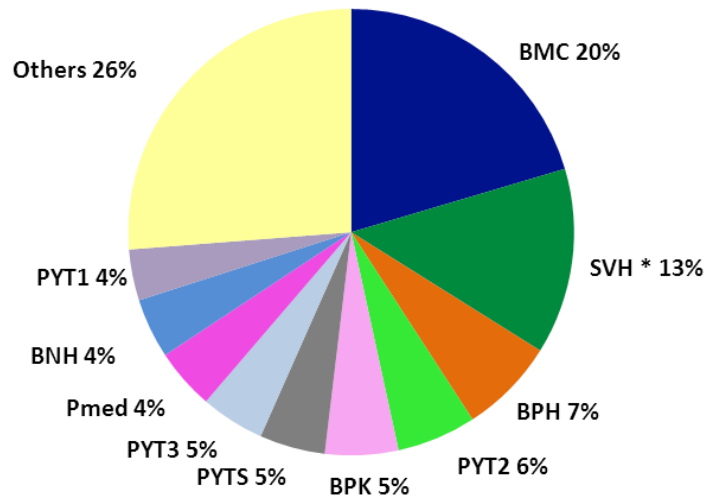


Remarks:- Including social security patients

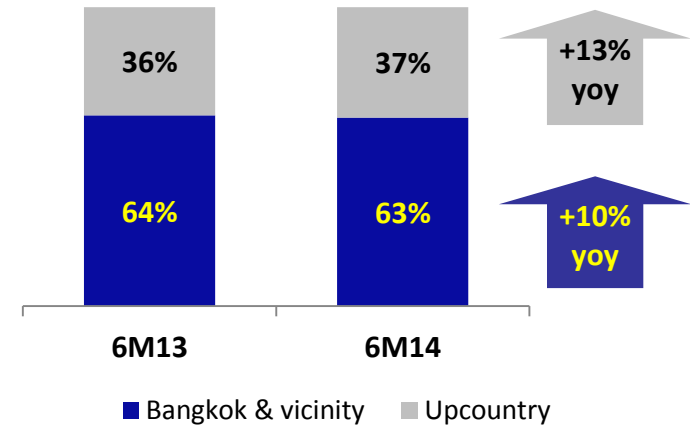
Financial Highlights

Diversified Sources of Revenues

Revenue Contribution in 6M14



Revenue Contribution & Growth by Locations



Commentary

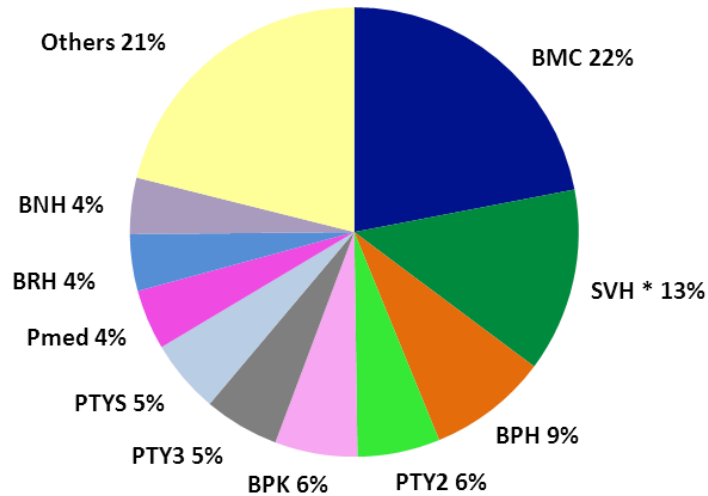
- During **6M14**, top 5 hospitals (by location) contributed 51% of total revenue
- Bangkok & vicinity hospitals that grew more than 10% yoy : - PNWM(+28%), Pmed(+16%), PYT3(+15%), Pchok(+13%), BNH(+12%) and Psamut(+11%)
- Upcountry hospitals that grew more than 13% yoy :- BUD(+38%), BHN(+31%), RAH(+28%),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

Remark:- Hospital abbreviation shown on page 8

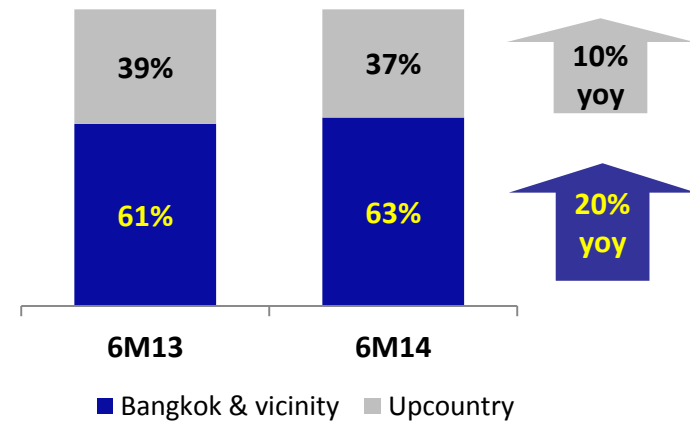
* SVH also included SNH performance

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

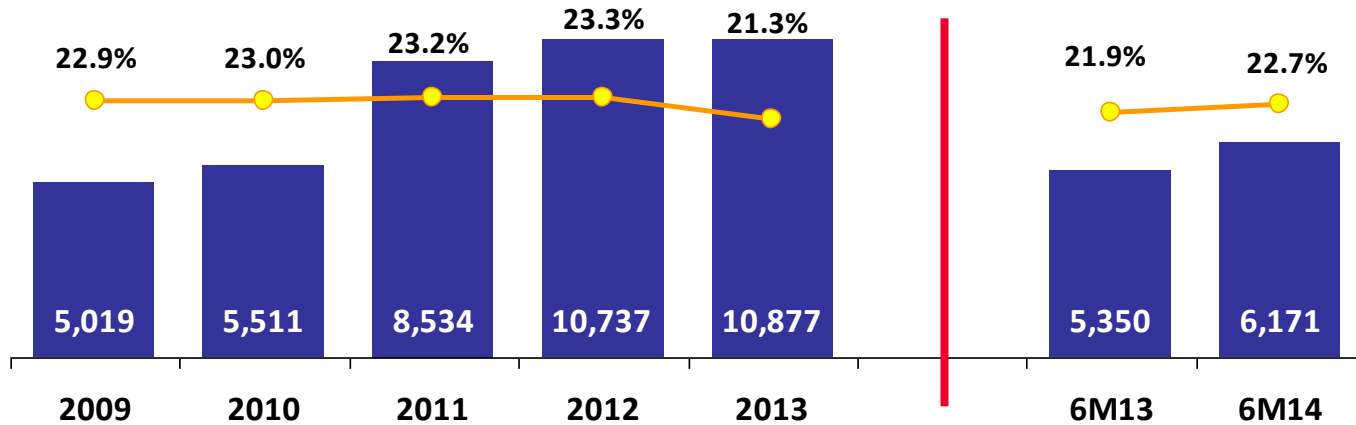
* SVH also included SNH performance

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

Profitability Trend

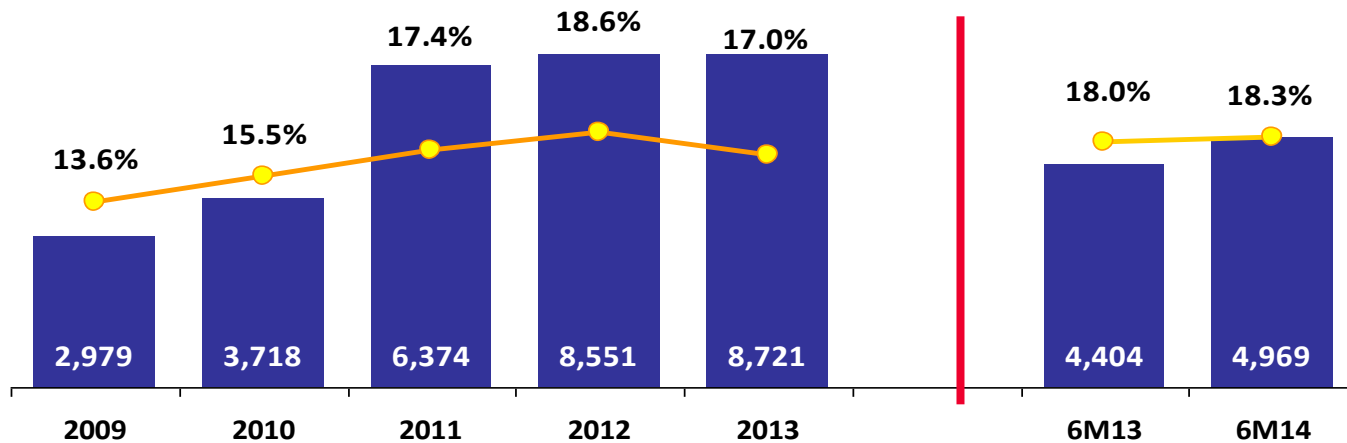
EBITDA & EBITDA Margin*

(THB mm)



EBIT & EBIT Margin*

(THB mm)

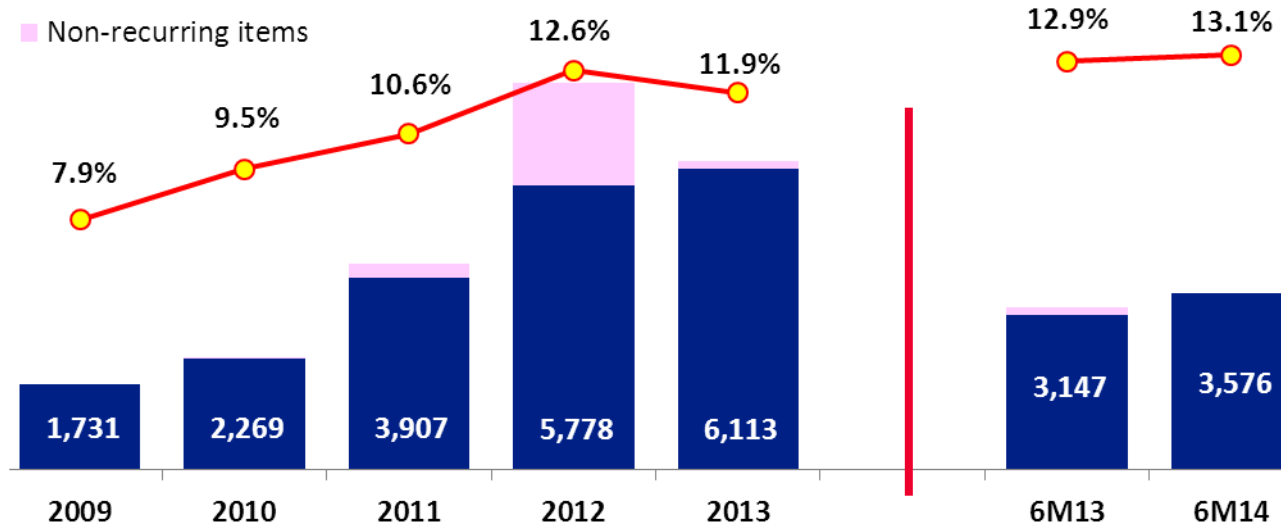


* Excluding non-recurring items

Profitability Trend

Net Profit & Net Profit Margin*

(THB mm)



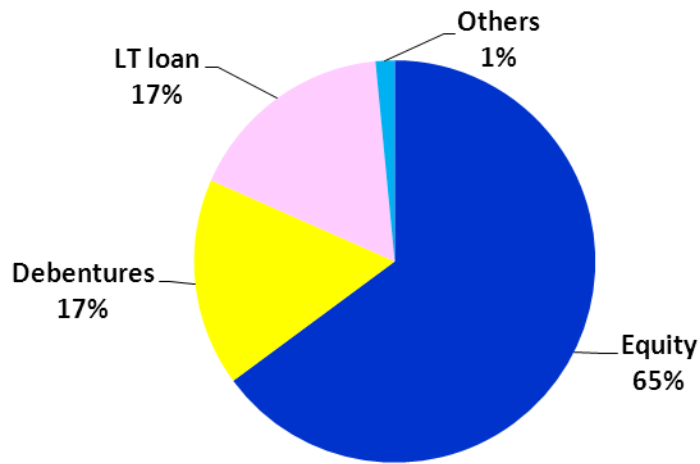
Commentary

- **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

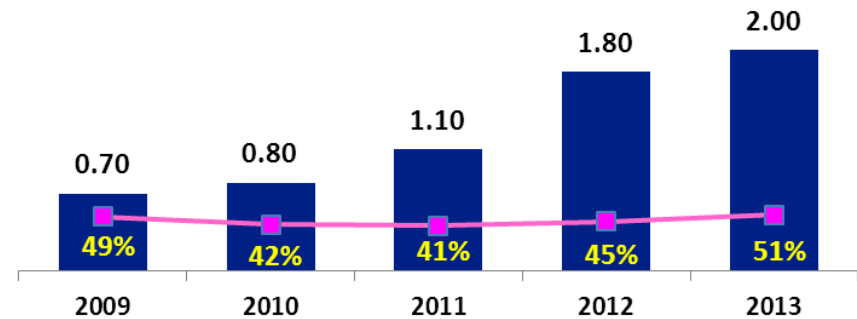
* Excluding non-recurring items

Capital Management

Capital Structure as of Jun 2014



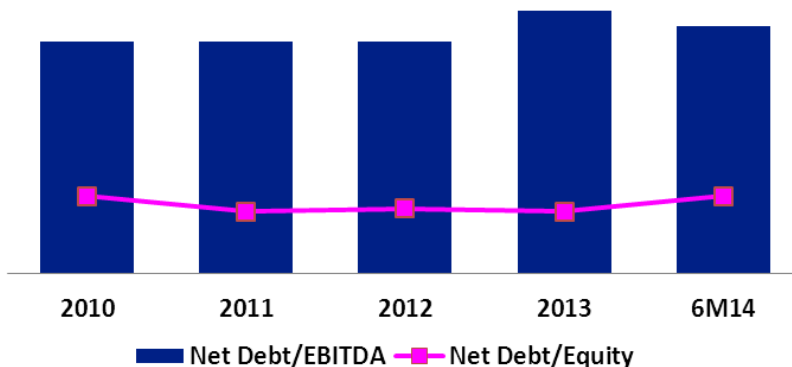
Dividend Payment & Payout Ratio



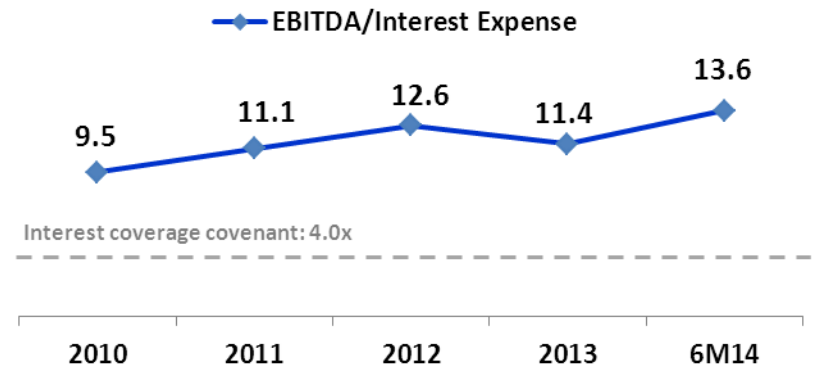
Gearing Ratios: Well Within Covenants

Net debt / EBITDA covenant: 3.25x

Net debt / equity covenant: 1.75x



Interest Coverage



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