



## Bangkok Dusit Medical Services (BGH)

### Analyst Presentation

### 3Q14&9M14 Results

November 21, 2014

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## BDMS Updates & Highlights

# Consolidated Financial Summary

## 3Q14 Results

- Revenue from hospital operations of THB 13,832 mm increased by 7% from 3Q13 mainly from increasing in number of outpatients and inpatients across network hospitals together with consolidation of new network hospitals, patient ward renovation and rising in patient referral
- EBITDA (excluding non-recurring items) of THB 3,209 mm increased by 15% yoy
- Net profit (excluding non-recurring items) of THB 1,839 mm, increased by 19% yoy

## 9M14 Results

- Revenue from hospital operations of THB 39,910 mm increased by 9% from 9M13 mainly from increasing in number of outpatients and inpatients across network hospitals together with consolidation of new network hospitals, patient ward renovation and an increase in patient referral
- EBITDA (excluding non-recurring items) of THB 9,380 mm increased by 15% yoy
- Net profit (excluding non-recurring items) of THB 5,415 mm, increased by 15% yoy

# TRIS Rating Update

Upgrades rating to AA- from A+



- TRIS Rating upgrades the company rating and senior unsecured debenture ratings of BDMS to “AA-” from “A+”
- The upgrades reflect Company’s stronger business profile, supported by the ongoing growth of the healthcare industry, Company’s more extensive referral network of hospitals, plus ability to manage the Group’s overall operating performance and maintain an appropriate level of leverage
- The “stable” outlook reflects the expectation that Company will maintain its leading position in both domestic and regional private hospital markets and continue to deliver solid operating performance for both existing and newly-acquired hospitals

# Convertible Bonds

## The First Ever Thai Baht-Denominated Zero-Coupon Convertible Bonds

<b>Issuance Date</b>	18 September 2014
<b>Currency</b>	THB-Denominated, USD-Settled
<b>Issue Size</b>	THB 10.0 billion
<b>Status</b>	Unsecured and unsubordinated convertible bonds
<b>Tenor</b>	5 years
<b>Put Option</b>	At end of year 3 equal to 106.152% of the principal amount (yield 2% p.a.)
<b>Call Option</b>	At any time after end of year 2.5, if the closing price of the Company's shares is at least 130% of the applicable Early Redemption Amount, divided by the effective Conversion Ratio
<b>Coupon</b>	Zero
<b>Redemption Price</b>	110.462% of the principal amount (yield 2% p.a.)
<b>Conversion Price</b>	Baht 21.045 per one newly issued ordinary share. The initial conversion price may be adjusted upon the occurrence of the adjustment events specified in the terms and conditions of the Bonds
<b>Dividend Protection</b>	If the dividend payment is more than 55% of consolidated net profit

Zero Coupon THB-Denominated USD-Settled Convertible Bonds due 2019



THB 10 billion







Joint Bookrunner  
Joint Lead Manager



# BDMS Network Hospitals

Currently owns and manages 37 hospitals with total beds of 6,521 under 6 hospital brands

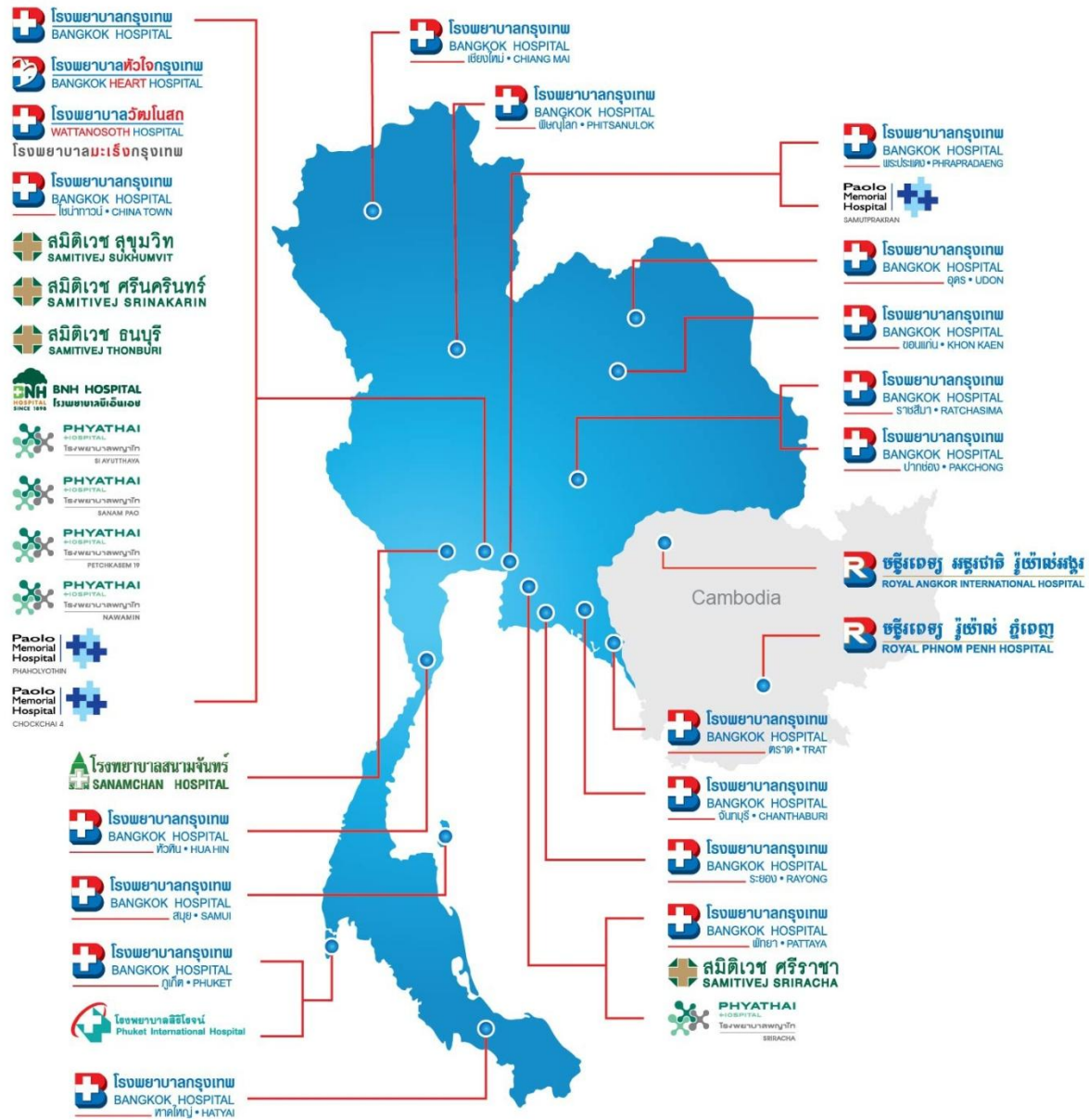
As of 21 November 2014

 <b>BDMS</b> Bangkok Dusit Medical Services	Brand	No. of Hospitals	No. of Beds*
	Bangkok Hospital	19	3,036
	Phyathai Hospital	5	1,237
	Samitivej Hospital	4	975
	Paolo Memorial Hospital	3	557
	Local Hospital	3	451
	Royal International Hospital	2	121
	BNH Hospital	1	144

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



## BDMS Network Hospitals



# New Network Hospitals

## Enhancing the Patient Referral System

### North

Bangkok Hospital Chiangmai



### West

Sanamchan Hospital and  
Thepakorn Hospital

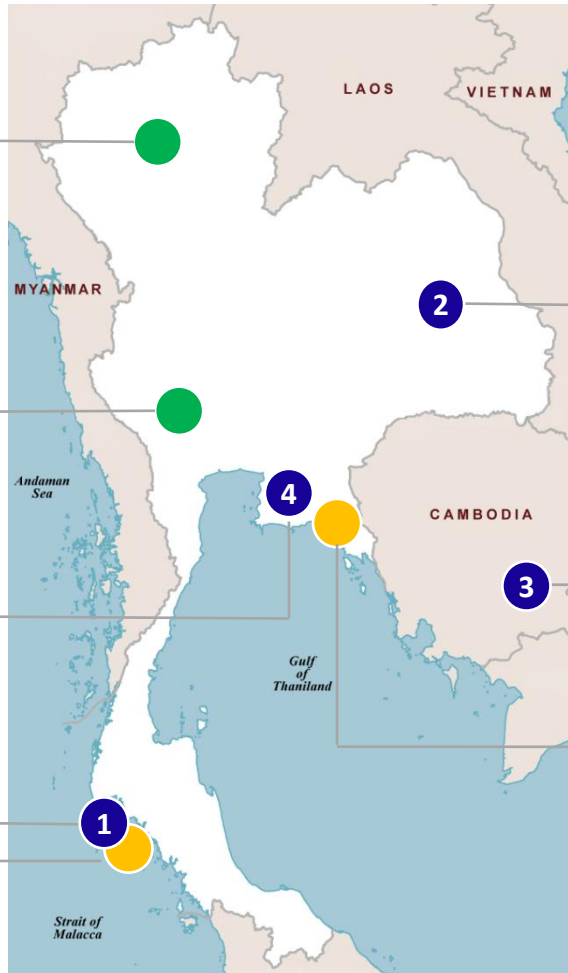
### Bangkok

Bangkok Hospital Chinatown



### South

Phuket International Hospital  
Dibuk Hospital



### Northeast



Bangkok Hospital Khon Kaen

### Cambodia



Royal Phnom Penh Hospital

### East

Sri-Rayong Hospital

- New network hospitals in 3Q14
- New network hospitals in 4Q14
- New network hospitals to be opened by 1Q15

# 1 Phuket International Hospital (Siroj Hospital)

## New Network Hospital



- Phuket International Hospital (Siroj Hospital), a well-recognized secondary care private hospital in Phuket
- Second largest private hospital in Phuket with 151 registered beds and having the capability to accommodate an expansion to become 281 beds
- Conveniently located on Chalermprakit Ror 9 Road, downtown Phuket
- Targeting middle income patients both Thai and International

## 2 Bangkok Hospital Khon Kaen

### New Network Hospital

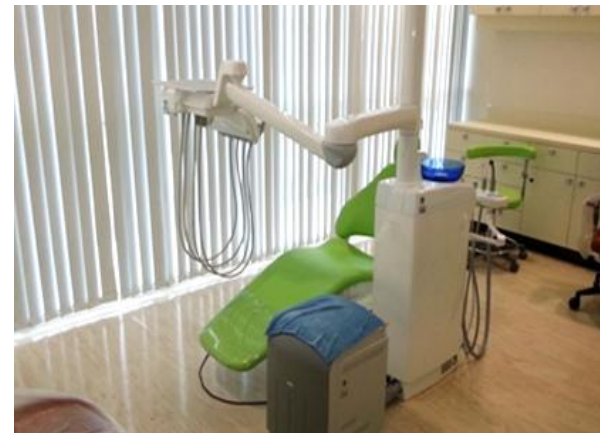
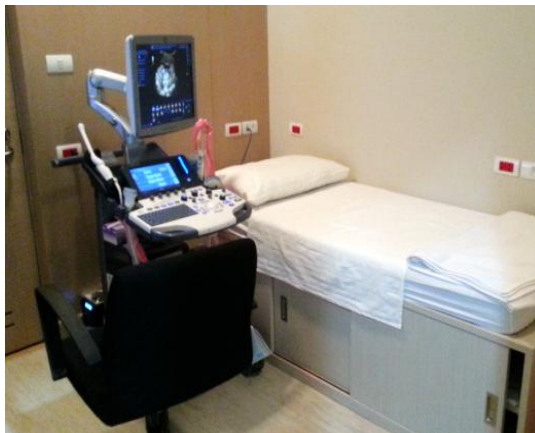


- Acquired 140-bed hospital basic tertiary care hospital, located in the Muang District of Khon Kaen
- Opening 56 beds for the first phase since 1 October 2014
- Equipped with modern medical technology
  - 128-slice CT
  - MRI 3.0 tesla



### 3 Royal Phnom Penh Hospital

#### New Network Hospital



- Greenfield 100-bed hub tertiary care hospital located in the heart of Phnom Penh
- Opening 53 beds for the first phase since 1 October 2014
- This advanced new medical facility will provide comprehensive diagnosis, treatment and rehabilitation services from highly trained and specialized physicians utilizing state-of-the-art medical technology
- Targeting high income patients both Cambodian and expatriates



## 4 Bangkok Hospital Chinatown

### New Network Hospital



- Greenfield 59-bed basic tertiary care hospital, conveniently located in Chinatown, Bangkok
- Opening 31 beds for the first phase since 7 November 2014
- We are ready to serve Thai and International patients with the highest standards of medical care by a team of experienced medical specialists

## 4 Bangkok Hospital Chinatown

### New Network Hospital





- Committed to provide the communities with exceptional healthcare services including
  - Anti- Aging Center
  - Heart Center
  - Orthopedic Center
  - Pediatric Center
  - Women's Health Center



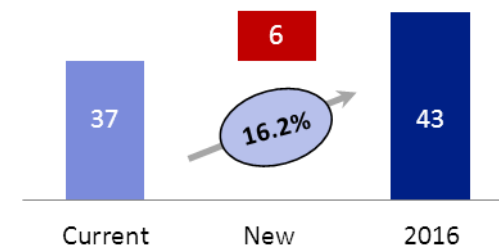
# Investment Updates

## New Hospitals in Pipeline

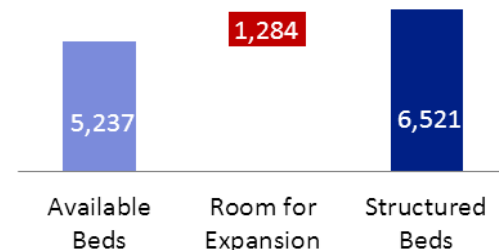
	Hospitals	Location	Total Beds	1 <sup>st</sup> Phase	Opening
1	Sri-Rayong Hospital	Rayong	195	25	By 1Q15
2	Dibuk Hospital	Phuket	100	29	By 1Q15
3	Muang Petch Hospital	Petchburi	255	57	2015
4	 Samitivej Chonburi Hospital	Chonburi	220	59	2015
5	 Paolo Rangsit Hospital	Bangkok	150	59	2016
6	Jomtien Hospital	Pattaya	250	100	2016

As of 21 November 2014

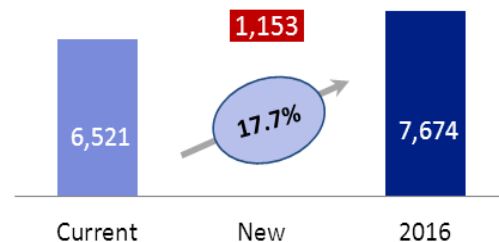
### Number of Hospitals



### Ramp-Up Capacity of Existing Hospitals



### Number of Structured Beds





# Bangkok Save Drug

## Healthcare-Related Business Investment



- Acquired Save Drug Center Co., Ltd (Save Drug) at price of THB 222 million since 30 October 2014
- Save Drug engages in retail sale of medicine, supplementary food, and medical supplies and equipments businesses through 107 stores and branches nationwide
- This investment would further enhance BDMS healthcare-related business and create synergy within the network

# International Health Alliance

## Partnership with Oregon Health and Science University

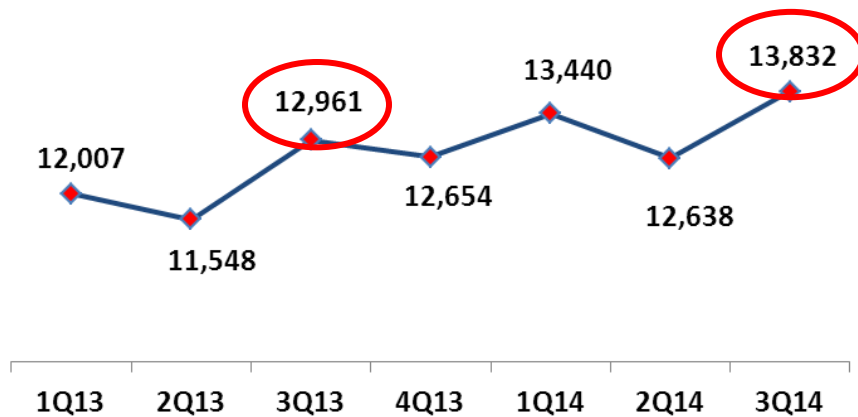


- Oregon Health and Science University (OHSU) and BDMS signed a five-year memorandum of understanding establishing the “*BDMS-OHSU International Health Alliance*” to create “Centers of Excellence” building on an interprofessional approach while focusing on occupational health and informatics
- OHSU is one of only four Total Worker Centers of Excellence recognized by the United States Centers of Disease Control and Prevention

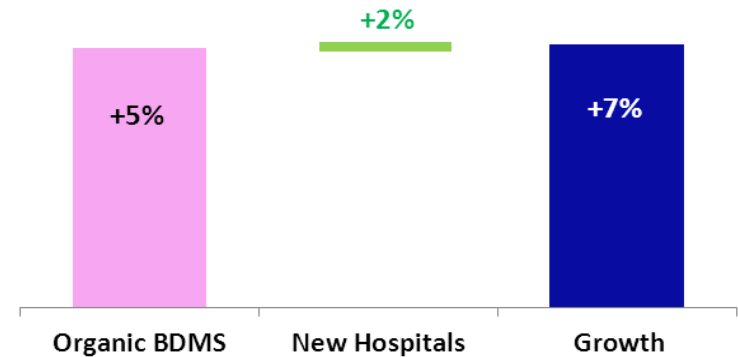
# Operational Statistics

# Quarterly Patient Revenue Growth

## Quarterly Patient Revenue Trend (THB mm)



## 3Q14 Patient Revenue Growth



Remark:- New hospitals included BUD, STH, BPL, BCM, Sanamchan Hospital and Thepakorn Hospital.

## Commentary

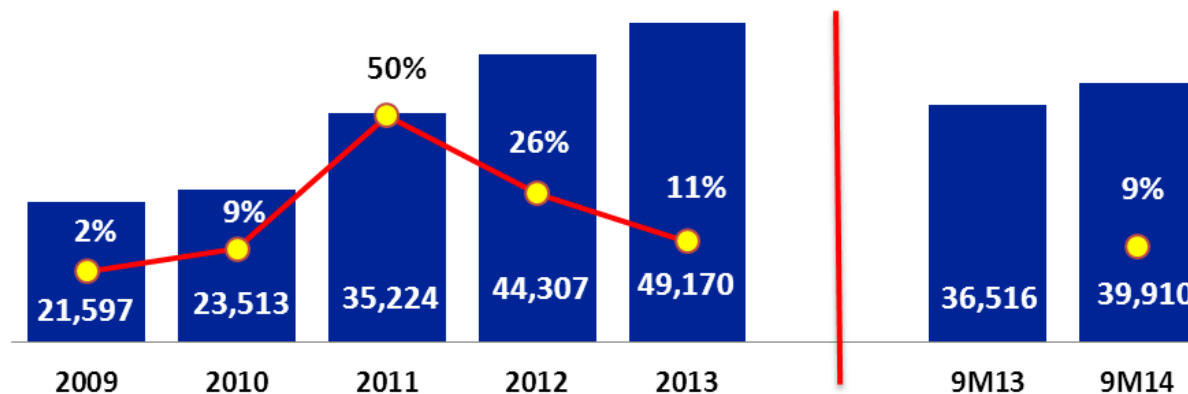
- 3Q14 Patient revenue increased by **7%** yoy, primarily from
  - Growth in number of outpatients and inpatients across our network hospitals
  - Consolidation of new hospitals
    - Samitivej Thonburi since May 2013
    - Bangkok Hospital Phitsanulok since October 2013
    - Bangkok Hospital Chiangmai since July 2014
    - Sanamchan Hospital and Thepakorn Hospital since August 2014
  - Patient ward renovation and rising in patient referral

Remark:- Hospital abbreviation shown on page 35

# Growing Patient Revenue

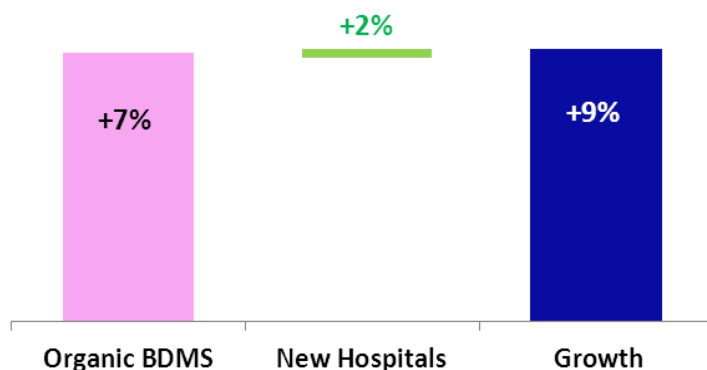
## Patient Revenue Trend

(THB mm)



## 9M14 Patient Revenue Growth

## Commentary



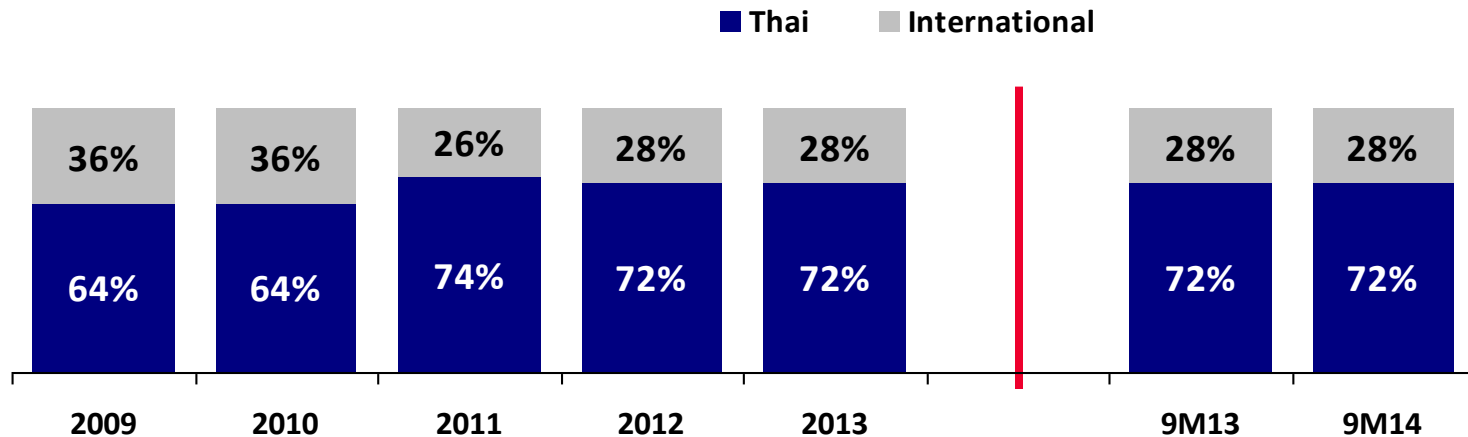
Remark:- New hospitals included BUD, STH, BPL, BCM, Sanamchan Hospital and Thepakorn Hospital.

- 9M14 Patient revenue increased by **9%** yoy mainly from
  - Growth in number of outpatients and inpatients across our network hospitals
  - Consolidation of new network hospitals
  - Patient ward renovation and rising in patient referral

Remark:- Hospital abbreviation shown on page 35

# Expanding Both Thai and International Patients

## Revenue Contribution by Nationality



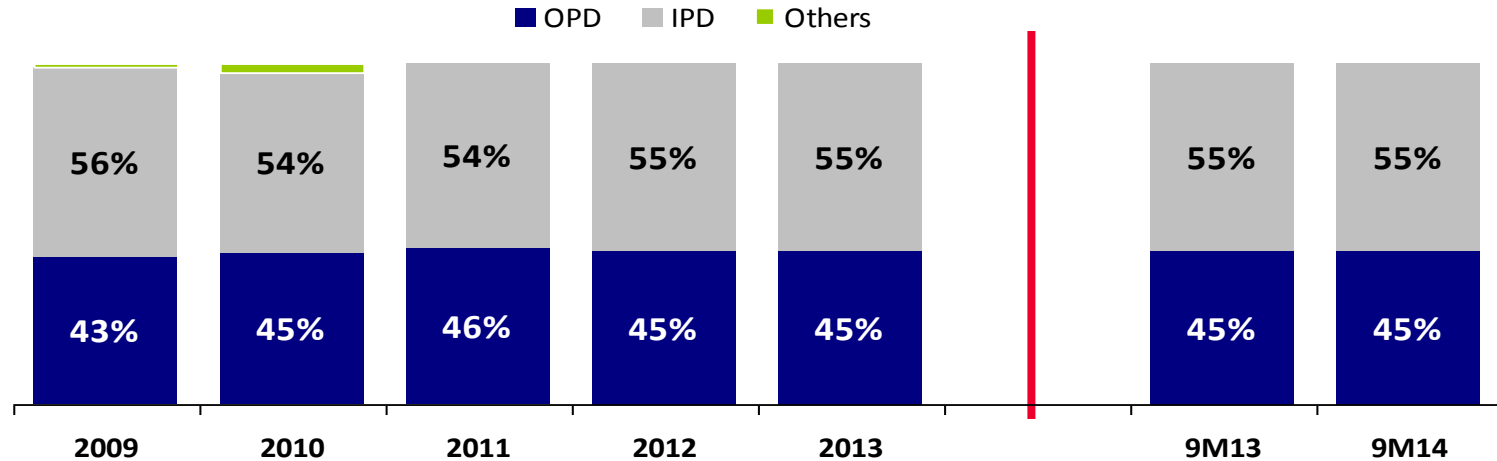
## Commentary

- **9M14** revenue from Thai patients grew 11% while international patients grew 7% yoy
  - Top 5 international patient revenues are from Japan, Myanmar, UK, Australia and UAE which contribute 2.6%, 2.0%, 1.7%, 1.6% and 1.5% of total patient revenues respectively
  - International patient revenues grew significantly for China (+69%), Myanmar (+17%) and Oman (+16%)

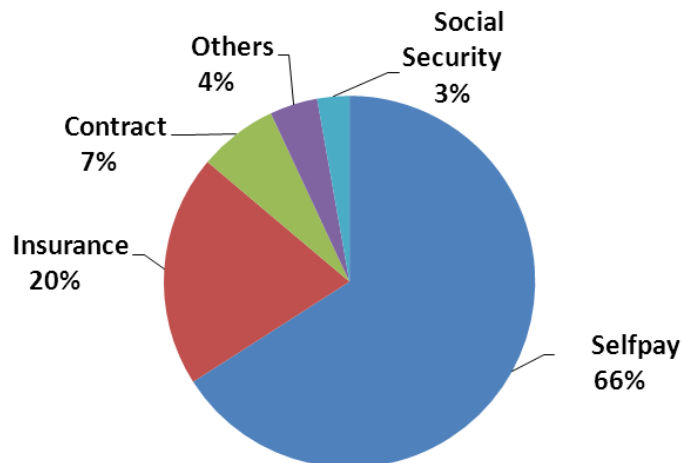


# Patient Mix

## Revenue Breakdown by Patient Types



## 9M14 Patient Revenue by Payor

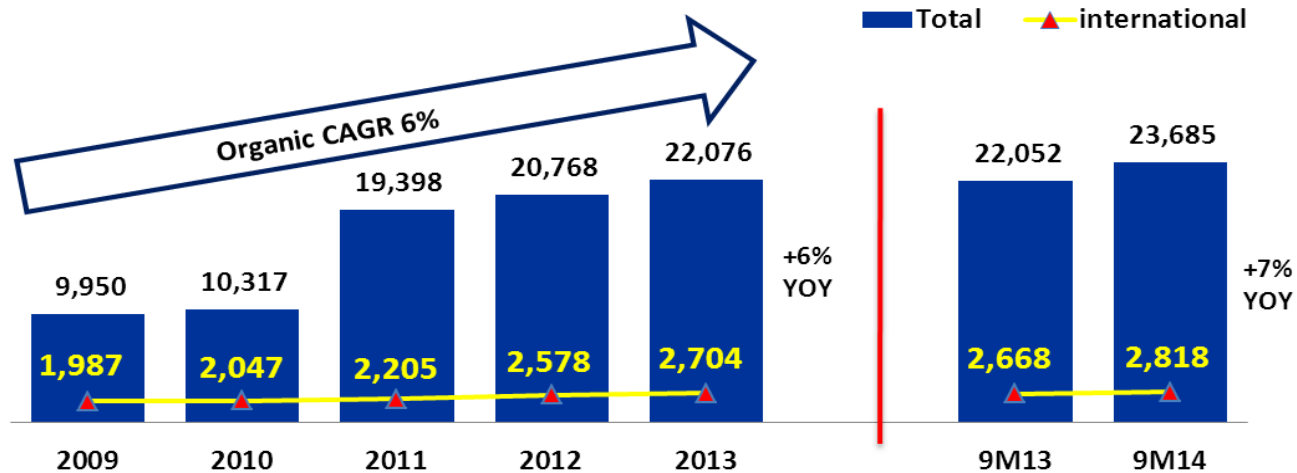


## Commentary

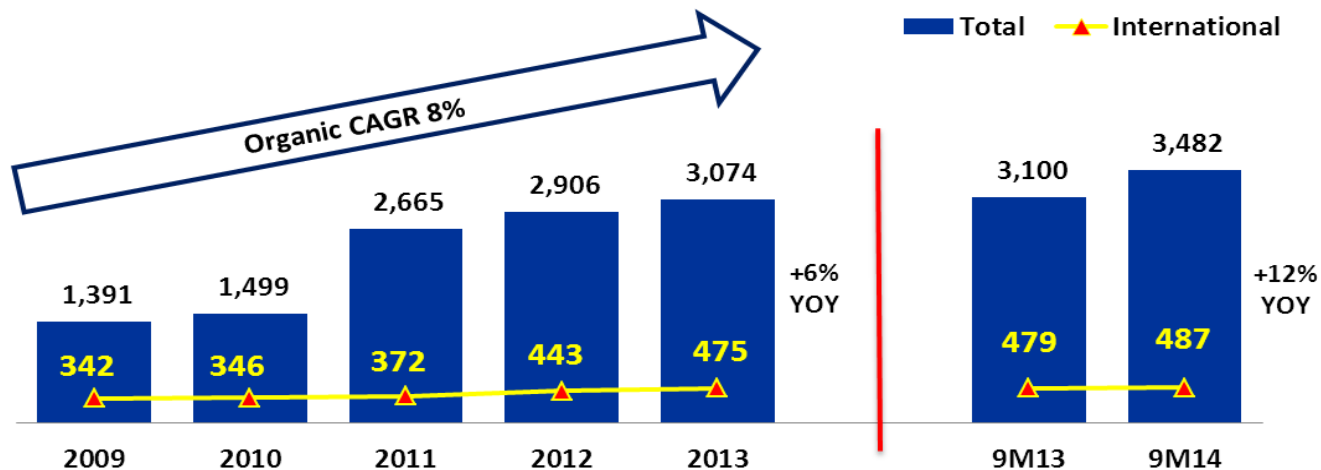
- **9M14** OPD revenues increased 10% yoy while IPD revenues increased 10% yoy

# Patient Base Expansion From Both Organic Growth & Acquisitions

## Number of OPD Visits per Day



## Average Daily Census ( ADC )

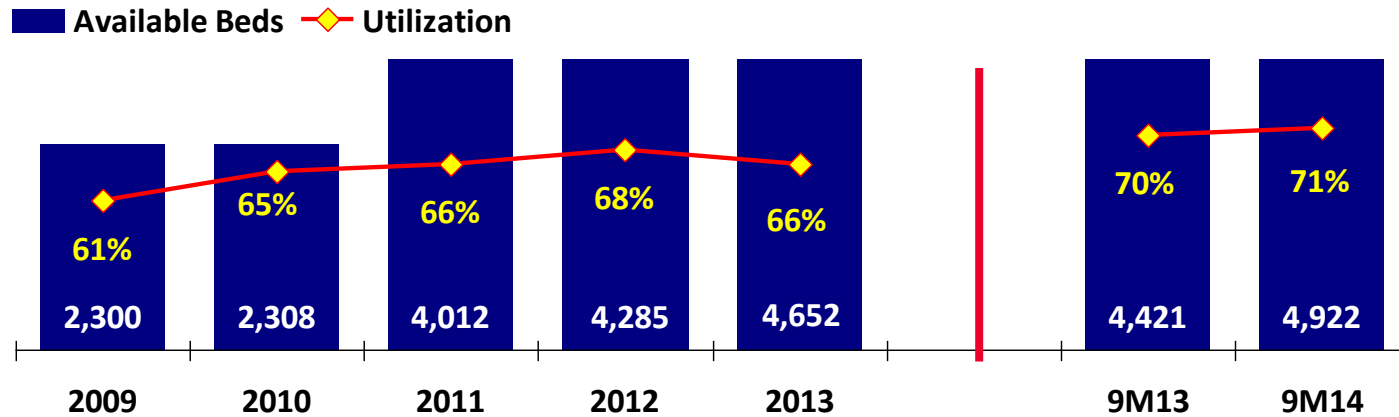


Remarks:- Including social security

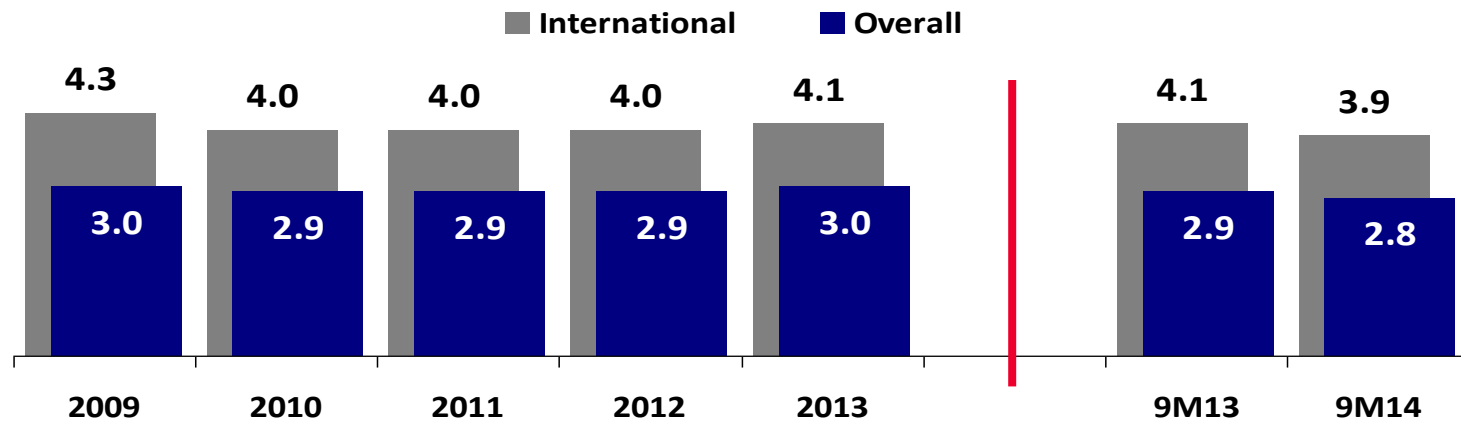


# Utilization of Beds

## Utilization Based on Available Beds



## Average Length of Stay (days)

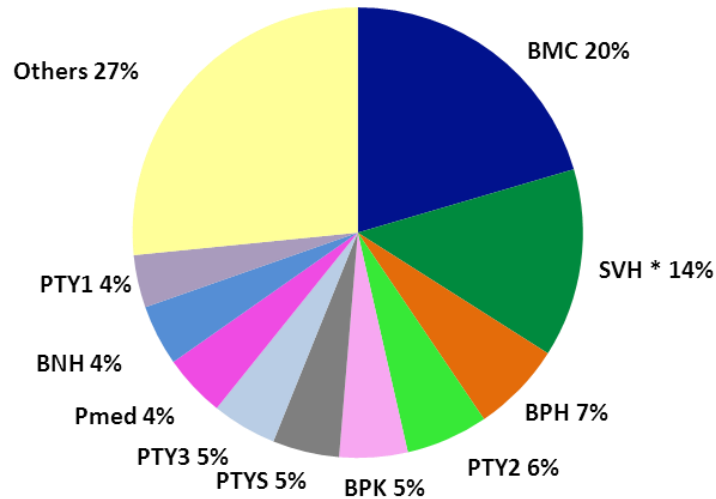


Remarks:- Including social security patients

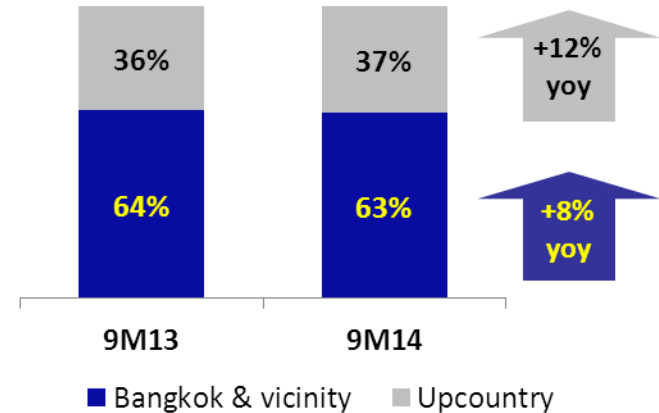
# Financial Performance

# Diversified Sources of Revenues

## Revenue Contribution in 9M14



## Revenue Contribution & Growth by Locations



## Commentary

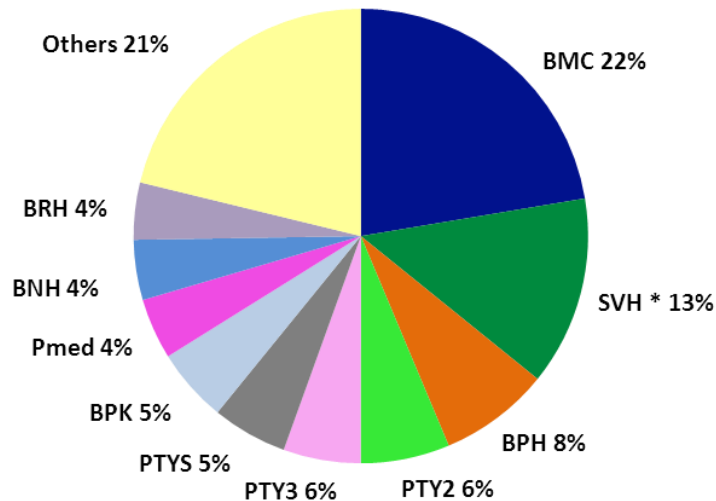
- During **9M14**, top 5 hospitals (by location) contributed 52% of total revenue
- Bangkok & vicinity hospitals that grew more than 8% yoy : - PYTN(23%), PYT3(+11%), BNH(+11%), Pmed(+9%), and SVH(+9%)
- Upcountry hospitals that grew more than 13% yoy :- BUD(+27%), BHN(+25%), RAH(+22%), SSH(+13%) and RRH(+13%)

Remark:- Hospital abbreviation shown on page 35

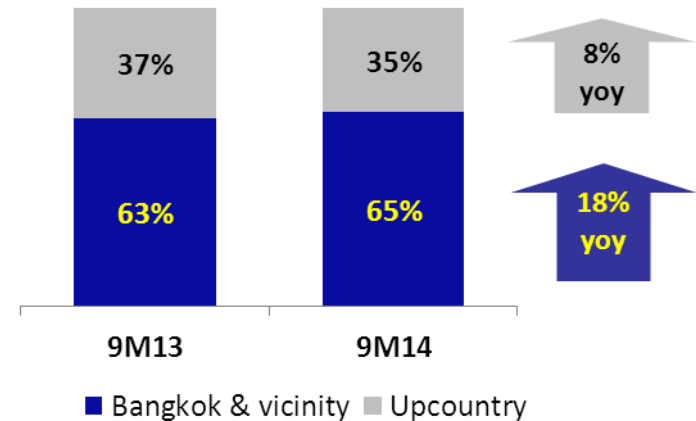
\* SVH also included SNH performance

# EBITDA Contribution

## EBITDA Contribution in 9M14



## EBITDA Contribution & Growth by Locations



## Commentary

- During **9M14**, top 5 hospitals (by location) contributed 55% of total EBITDA

Remark:- Hospital abbreviation shown on page 35

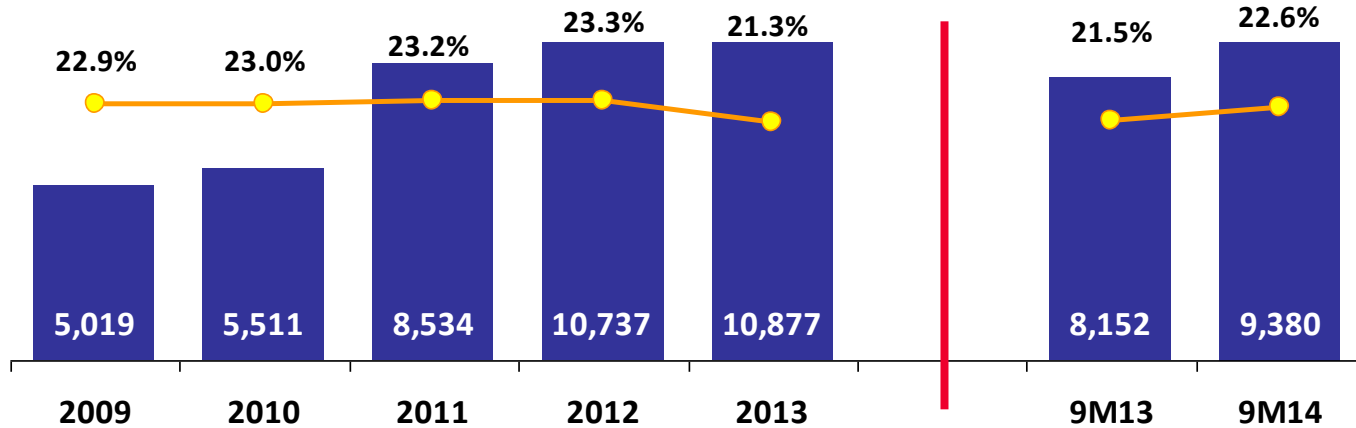
\* SVH also included SNH performance

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

# Profitability Trend

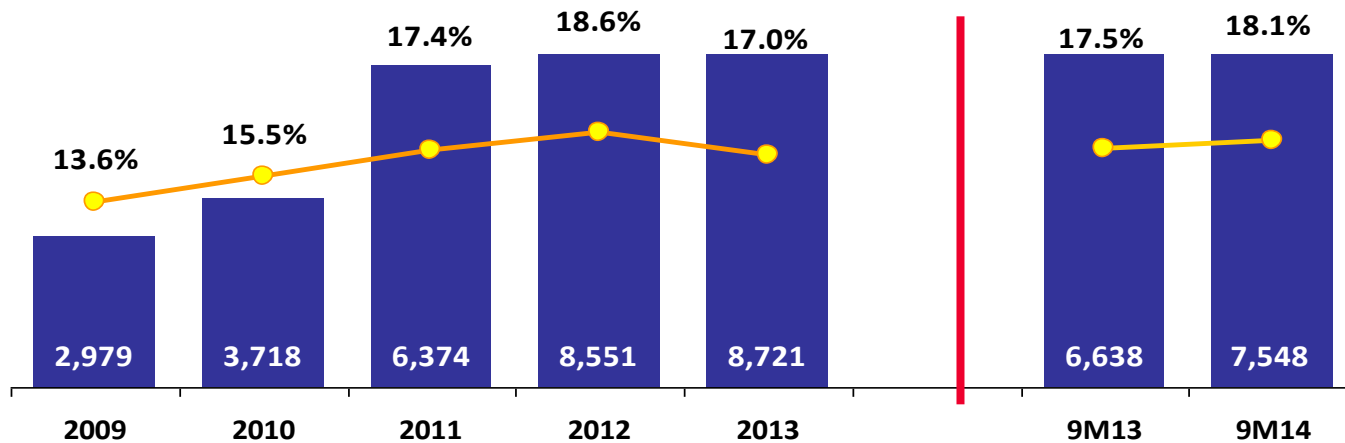
## EBITDA & EBITDA Margin\*

(THB mm)



## EBIT & EBIT Margin\*

(THB mm)

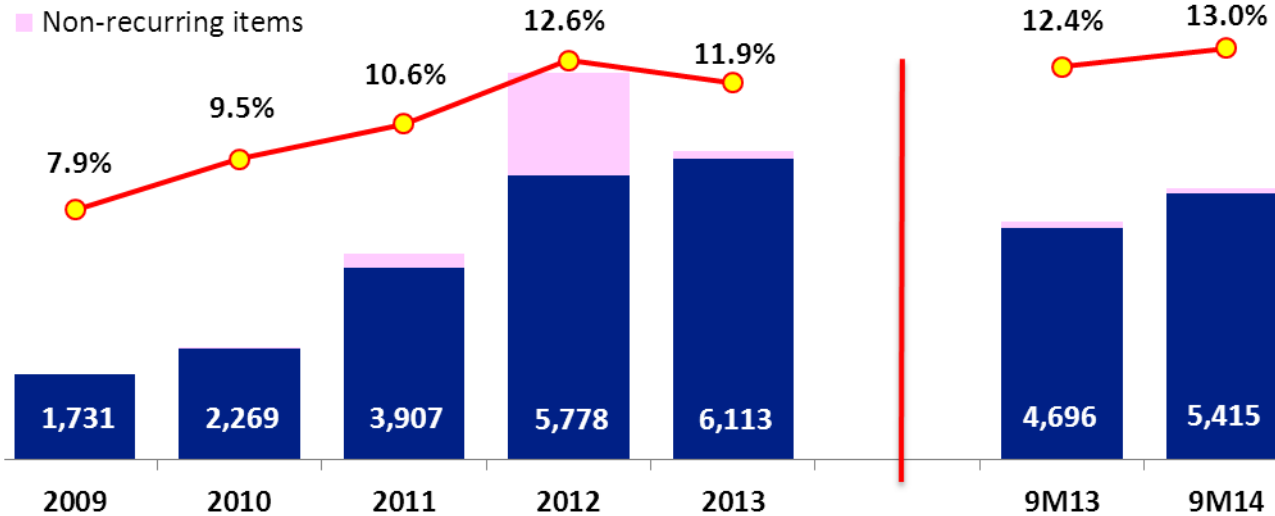


\* Excluding non-recurring items

# Profitability Trend

## Net Profit & Net Profit Margin\*

(THB mm)



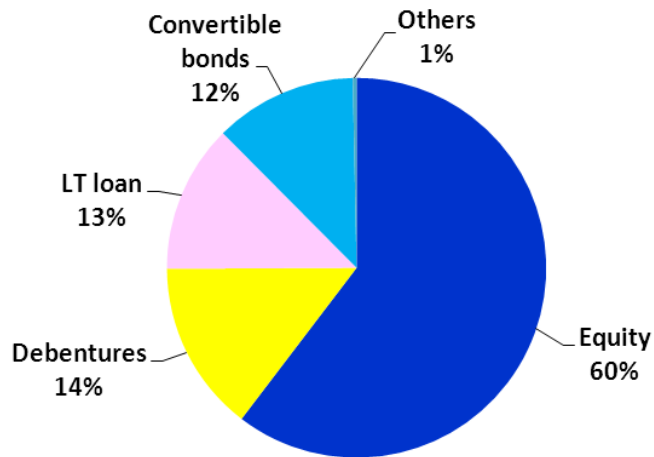
## Commentary

- **9M14** Net profit increased 15% yoy from growth in number of outpatients and inpatients across our network hospitals, hospital network expansion, patient ward expansion and renovation and an increase in patient referral together with cost containment measures

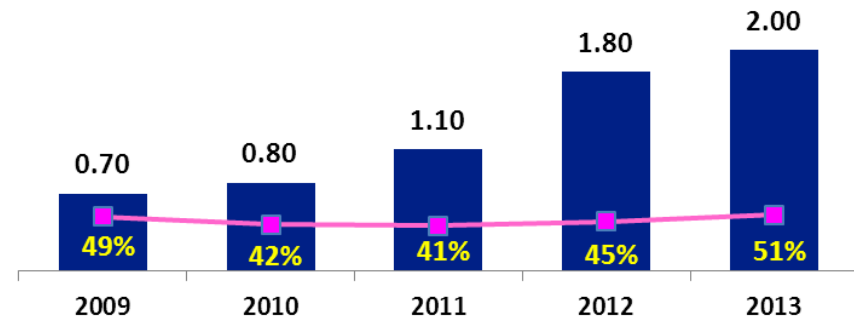
\* Excluding non-recurring items

# Capital Management

## Capital Structure as of Sep 2014



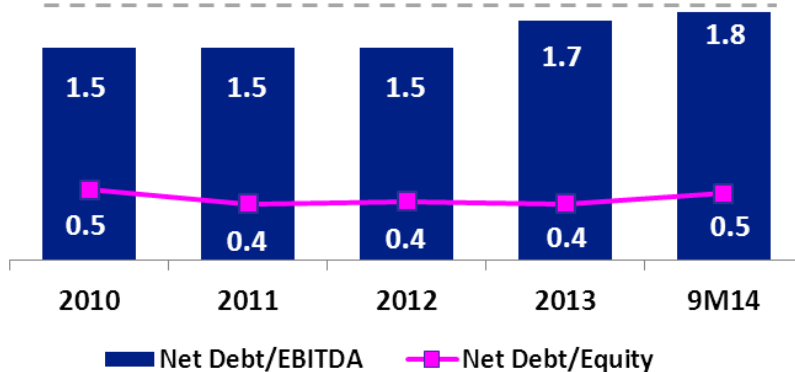
## Dividend Payment & Payout Ratio



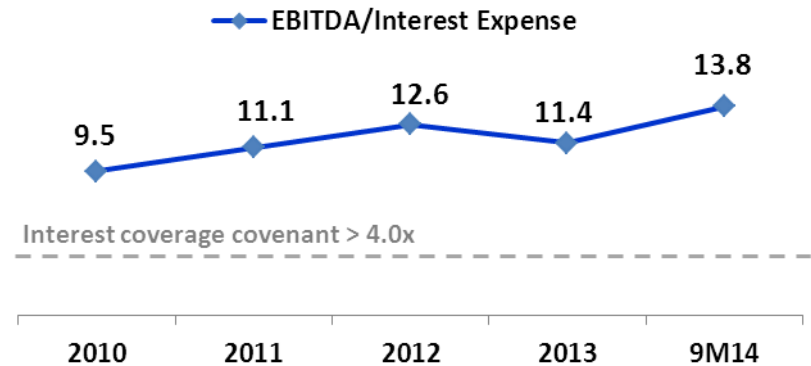
## Gearing Ratios: Well Within Covenants

Net debt / EBITDA covenant < 3.25x

Net debt / equity covenant < 1.75x



## Interest Coverage



## Strategic Focus



# Strategic Focus

## Key Focus in 2015

### Existing Hospitals and Healthcare Related Business

- Targeting strong revenue growth driven by increasing patients volume and revenue intensity
  - Increasing capacity to support increasing demand
    - Full year of 2014 new network hospitals
    - Full year consolidation of Sanamchan Hospital, Thepakorn Hospital and Phuket International Hospital
    - 2 new network hospitals to be opened in 2015
- Enhancing patient referral system through “Hub and Spoke” model
- Expansion of medical and specialist services catering to local and international patients
- Increasing mix of higher revenue intensity cases

# Strategic Focus

## Key Focus in 2015

### Existing Hospitals and Healthcare Related Business

- Focus on EBITDA improvement of the existing hospitals from several cost containment measures
- 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

	<u>Group 1</u>	<u>Ownership</u>	<u>No. of Beds</u> <sup>(1)</sup>
	1. Bangkok Hospital	100%	 343
	2. Bangkok Heart Hospital	(BMC) 100%	 97
	3. Wattanosoth Hospital		 48
	4. Bangkok Huahin (BHN)		 60
	5. Bangkok Chiangmai (BCM)	100%	185
	6. Bangkok Chinatown (BCT)	100%	59
	7. Sanamchan	100%	200
	8. Thepakorn	44.5%	100

	<u>Group 2</u>	<u>Ownership</u>	<u>No. of Beds</u>
	9. Samitivej Sukhumvit (SVH)	95.8%	 275
	10. Samitivej Srinakarin (SNH)	95.8%	 400
	11. Samitivej Sriracha (SSH)	69.8%	 150
	12. Samitivej Thonburi (STH)	55.7%	150
	13. BNH Hospital (BNH)	91.5%	 144

	<u>Group 3</u>	<u>Ownership</u>	<u>No. of Beds</u>
	14. Bangkok Pattaya (BPH)	97.3%	 400
	15. Bangkok Rayong (BRH)	100%	220
	16. Bangkok Chanthaburi (BCH)	99.7%	170
	17. Bangkok Trat (BTH)	99.8%	 114
	18. Bangkok Phuket (BPK)	99.7%	 317
	19. Bangkok Hat Yai (BHH)	98.8%	165
	20. Bangkok Samui (BSH)	100%	 50
	21. Bangkok Phrapradaeng (BPD)	84.0%	 60
	22. Phuket International	100%	151 <sup>(2)</sup>

	<u>Group 4</u>	<u>Ownership</u>	<u>No. of Beds</u> <sup>(1)</sup>
	23. Bangkok Ratchasima (BKH)	90.9%	300
	24. Bangkok Pakchong	90.9%	30
	25. Bangkok Udon (BUD)	100%	120
	26. Bangkok Phitsanulok (BPL)	100%	100
	Children Ratanavej Hospital at Phitsanulok	100%	58
	27. Bangkok Khon Kaen (BKN)	100%	140
	28. Royal Angkor International	80.0%	21
	29. Royal Phnom Penh	100%	100

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

Remark (1) Structured beds  
 (2) Having the capability to accommodate an expansion to become 281 beds  
 (3) Registered beds  
 (4) Percentage of shareholding by subsidiaries