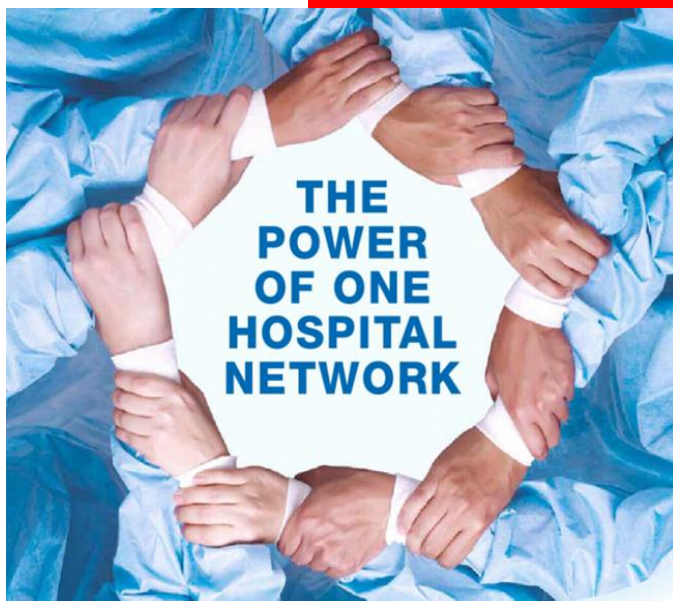




Your Trusted Healthcare Network



**Bangkok Dusit Medical Services (BDMS)**

**Investor Presentation**

**1Q15 Results**

**July 2015**

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# 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 41 hospitals (with total beds\* of 7,394) under 6 hospital brands:

	Brand	No. of Hospitals	No. of Beds*
	Bangkok Hospital	19	2,936
	Phyathai Hospital	5	1,340
	Samitivej Hospital	5	1,195
	Paolo Memorial Hospital	3	648
	BNH Hospital	1	144
	Royal International Hospital	2	130
	Local Hospital	6	1,001

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

# Shareholding Structure

As of 2 February 2015

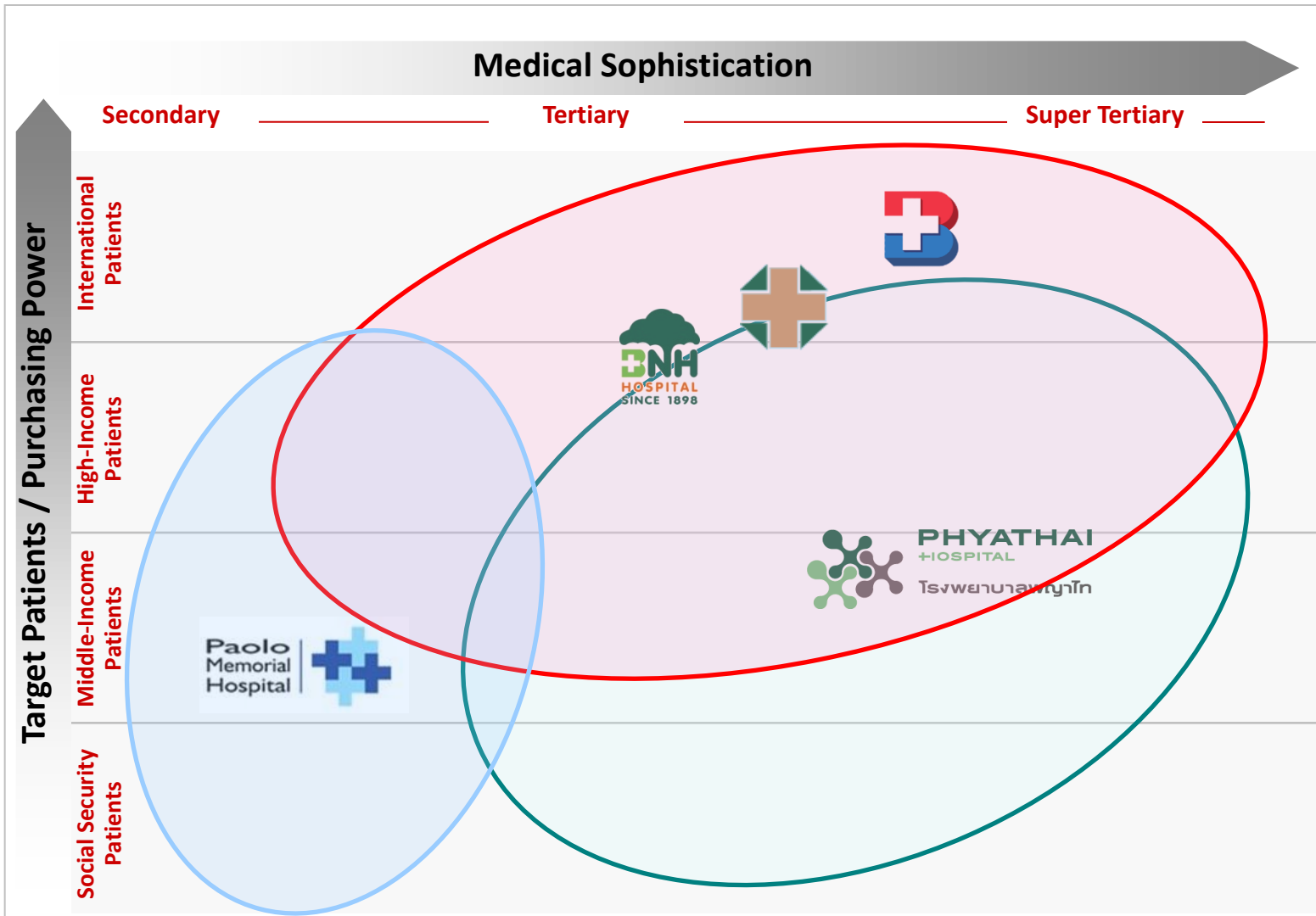
		% of Shareholding
1	Mr. Prasert Prasarttong-Osoth, M.D. and family	22.8%
2	Mr. Wichai Thongtang and family	14.4%
3	Bangkok Airways*	7.8%
4	The Viriyah Insurance Co., Ltd.	6.2%
5	Mr. Chirothana Suchato, M.D. and family	2.7%
6	Ladpli family**	2.5%
7	Thai NVDR Co., Ltd.	2.3%
8	HSBC (SINGAPORE) NOMINEES PTE LTD	2.0%
9	Mr. Chuladej Yossundharakul, M.D. and family	1.9%
10	Social Security Office	1.5%
	<b>Total</b>	<b>64.1%</b>

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

\* Consisted of Bangkok Airways PCL and Bangkok Airways Holding Co., Ltd

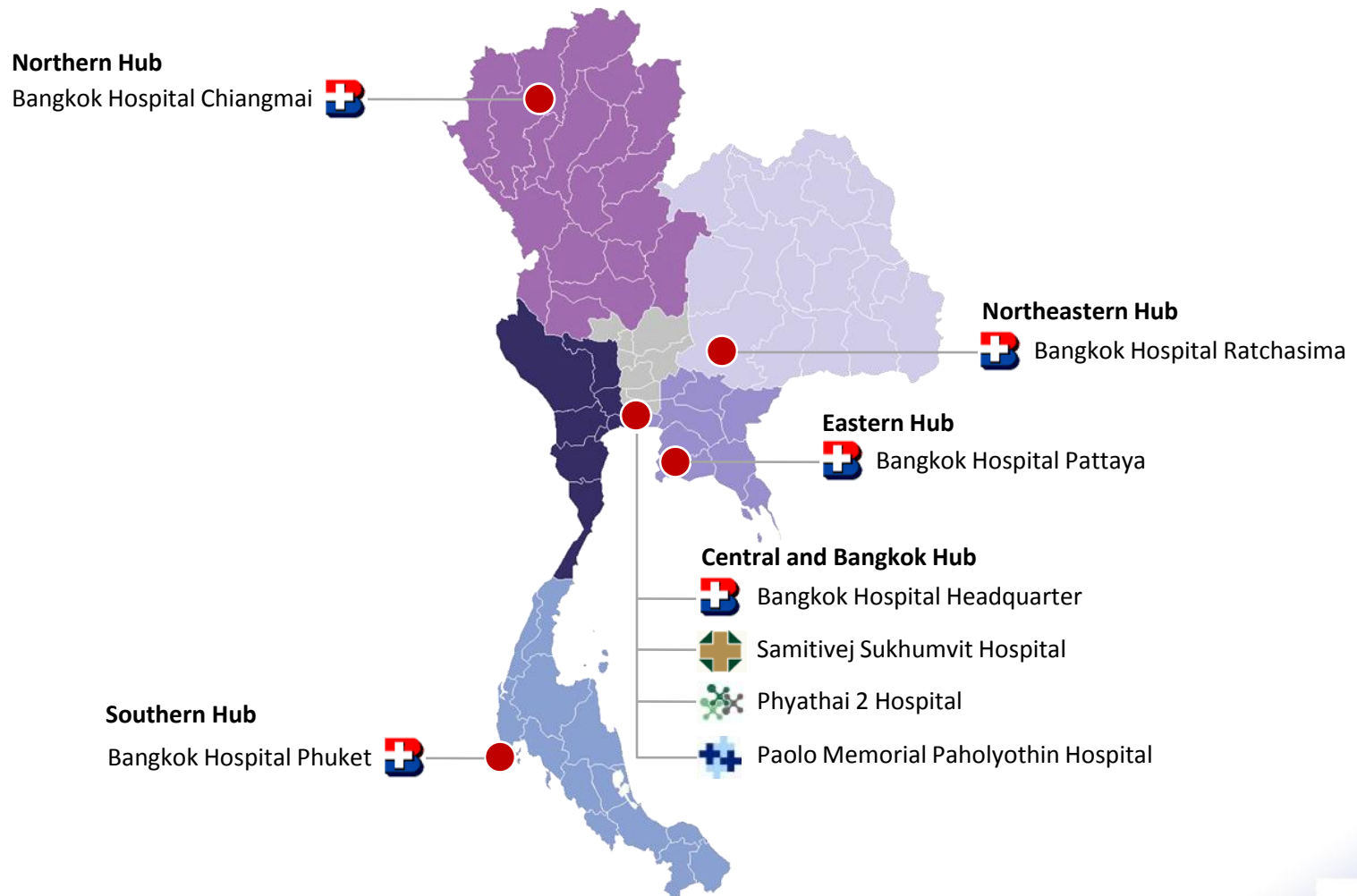
\*\* Consisted of Miss Noppamas Ladpli, Mrs. Atinuch Malakul Na Ayudhaya and Mr. Parameth Ladpli

# Diversification of Patient Mix



# 'Hub-and-Spoke' Model

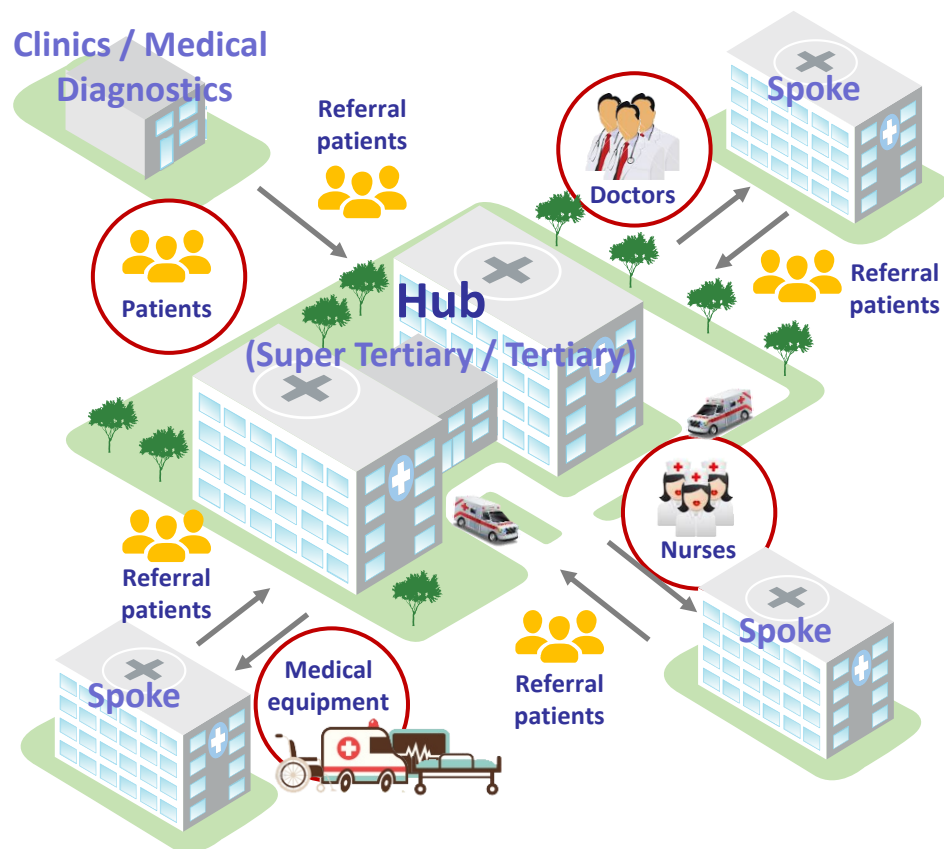
Providing a Proven Patient Referral System and Creating Efficiency Through Scale





# 'Hub-and-Spoke' Model

Effective hub and spoke model within each hospital group or region



1

Strong patient referral system within and across each hub and spoke

2

Enhances synergies and benefits of scale among hospitals within the group

3

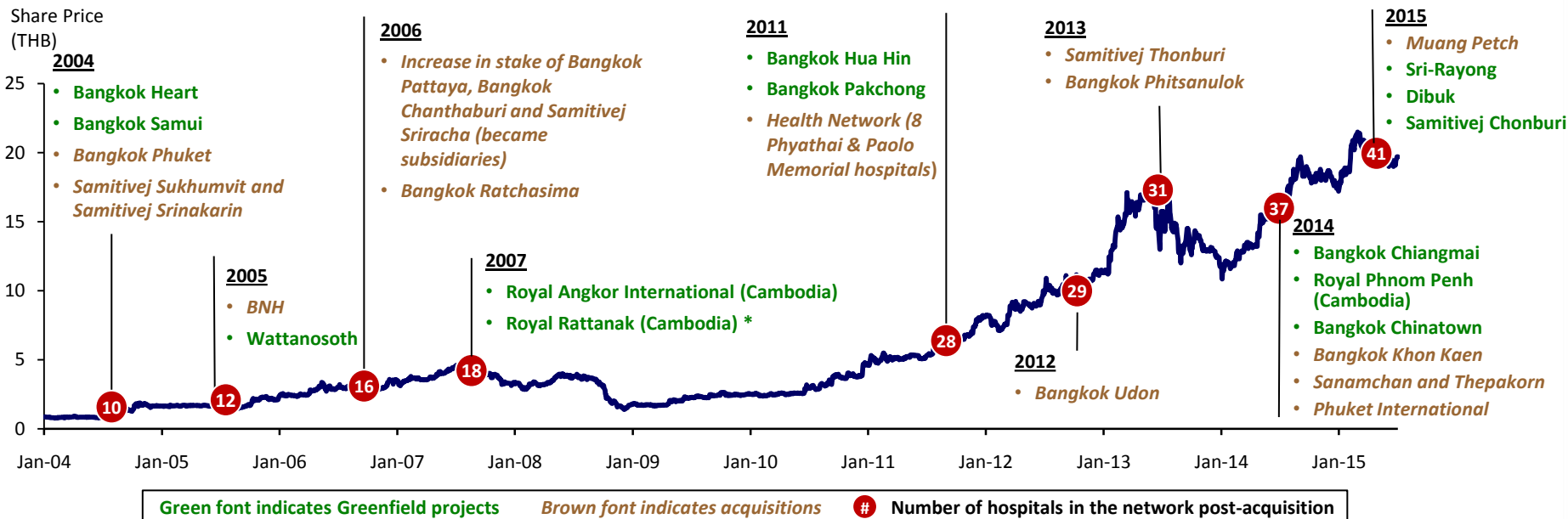
Shared supporting services among multiple hubs which enhance efficiency and competitiveness of BDMS

4

Established system provides a platform for future expansion

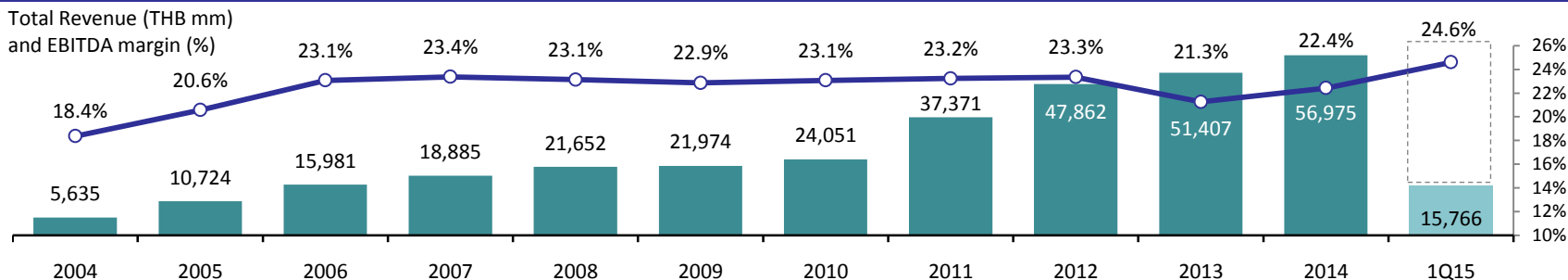
# Successful Track Record of Expansion Through M&A and Greenfield Projects

## Strong Share Price Performance Backed by a Successful Expansion Track Record



\* Transfer of business to our new facility, Royal Phnom Penh

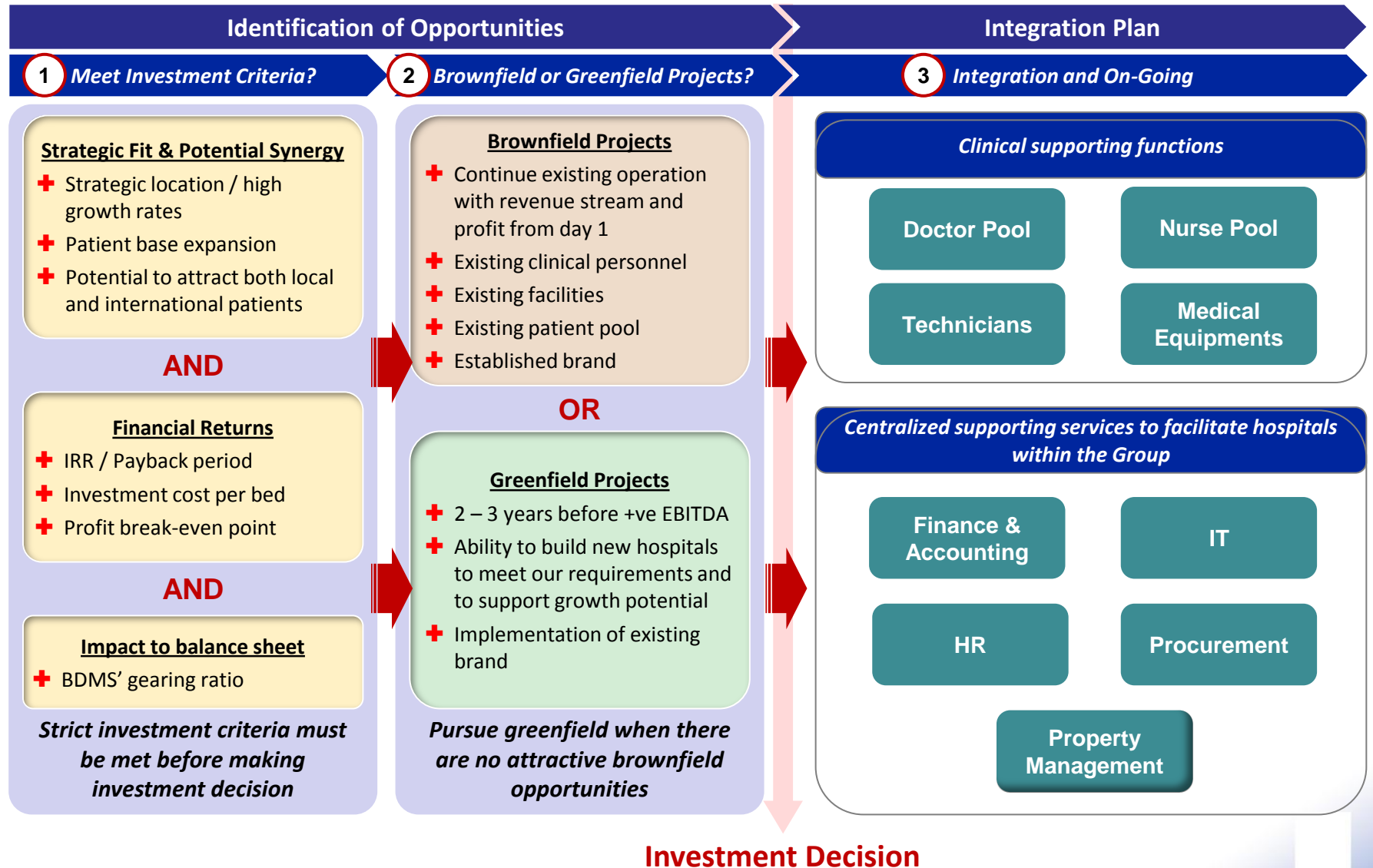
## Solid Revenue Growth Over the Past Decade (2004-2014 CAGR of 23.4%) with Resilient EBITDA margin



Source: Derived from BDMS' financial statements

BDMS has developed 12 new hospitals and acquired a total of 28 hospitals to date


# Proven Growth Strategy Through Hospital Network Expansion



# Investment in Pipeline

## Greenfield Projects

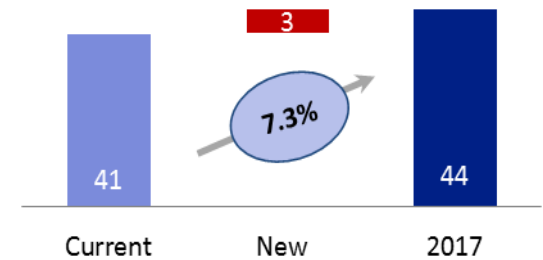
As of July 2015

Hospitals	Location	Total Beds	1 <sup>st</sup> Phase	Opening
1  Paolo Rangsit Hospital	Bangkok	150	59	2016
2 Jomtien Hospital	Pattaya	250	100	2017

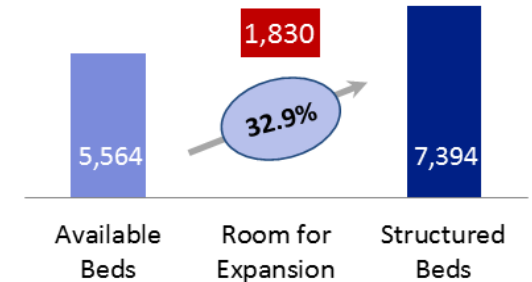
## Acquisition

Hospitals	Location	Total Beds	Progress	Target Completion
3 Muangraj Hospital	Ratchaburi	125	Under Due Diligence	Sep 2015

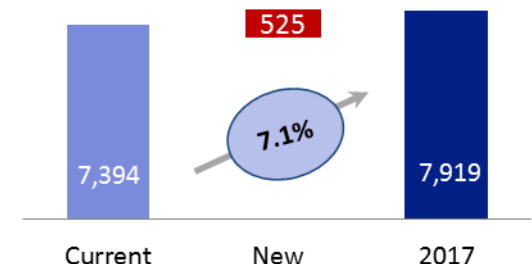
## Number of Hospitals



## 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<sup>(1)</sup>

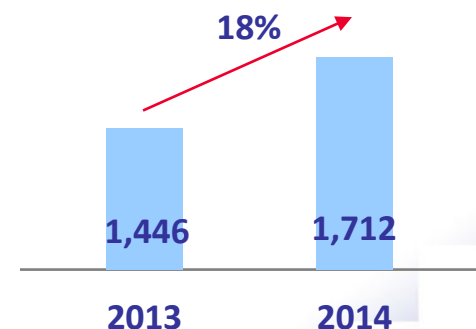
### Pharmaceutical Business

- A.N.B. Laboratories 100% Sterile pharmaceutical product manufacturer & distributor
- Save Drug Center 100% Drugstore
- The Medic Pharma 87% Generic pharmaceutical product manufacturer
- General Hospital Products PCL 45% Sterile pharmaceutical product manufacturer

### Other Complimentary Business

- National Healthcare Systems 100% Central lab, central supply chain, procurement & other shared services
- Greenline Synergy 100% Shared IT services
- Bangkok Premier Life Insurance Broker 100% Health & life insurance broker
- Bangkok Health Insurance 100% Health Insurance
- Sodexo 74% Support services
- Bangkok Helicopter Services 49% Transportation of patients via helicopter services

### Non-Hospital Revenues THB mm



(1) Not included all BDMS' investments

# Extensive Market Coverage in Bangkok and Vicinity Area



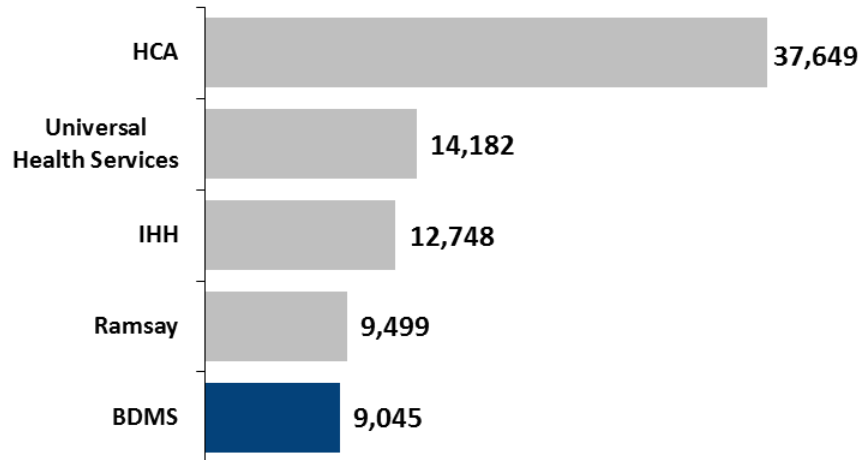
Region	Total Private Hospital Beds	BDMS Registered Beds	Market Share
Bangkok	14,339	2,571	18%
Central	10,654	1,790	17%
South	2,467	601	24%
Northeast	2,904	337	12%
North	4,128	194	5%
<b>Total</b>	<b>34,492</b>	<b>5,493</b>	<b>16%</b>

Source: Department of Health Service Support as of Sep 2014

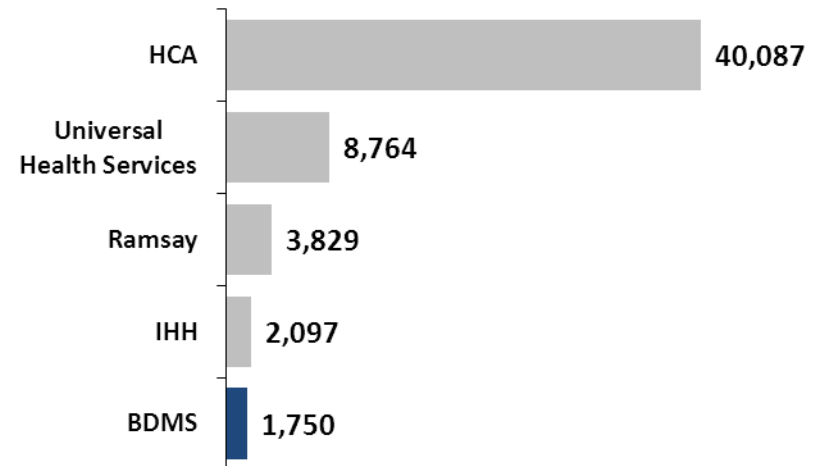


# Global Hospital Rankings

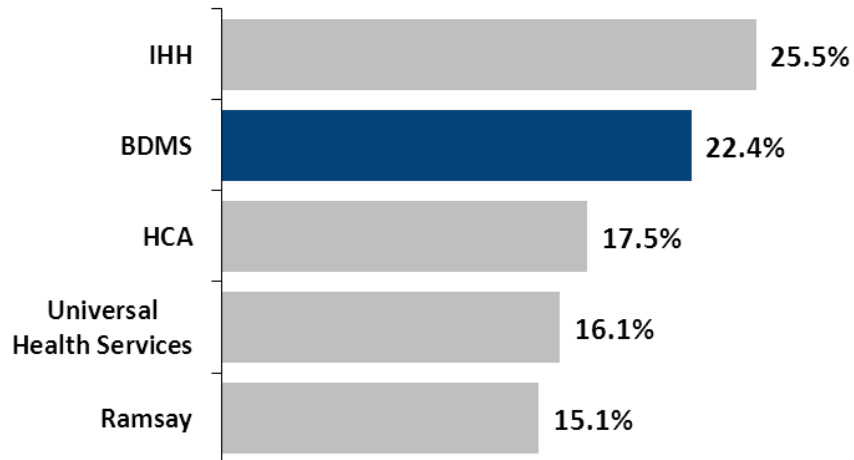
## Market Capitalization (USD mm)



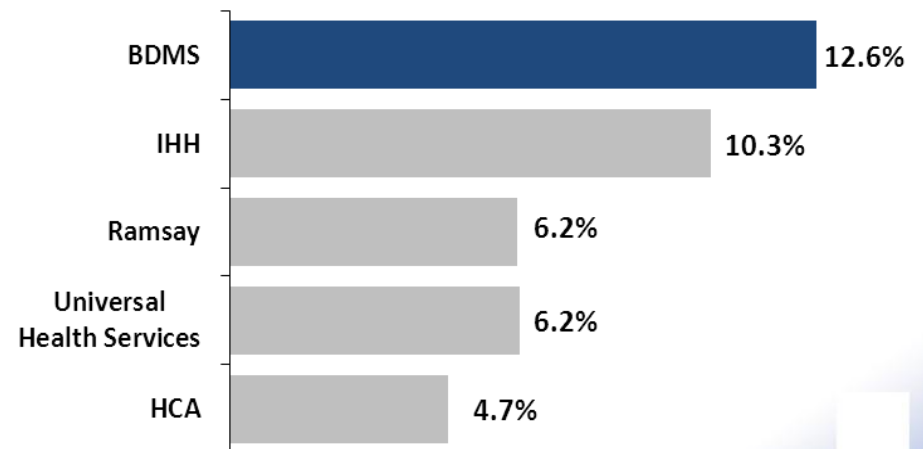
## Revenue (USD mm)



## EBITDA Margin



## Net Profit Margin



Remark: - Market capitalization as of 2 July 2015

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

# Medical Cooperation and Awards for Excellence

## Medical Cooperation



- Partnership with MD Anderson on cancer and stem-cells related cancer treatment



- Partnership with Stanford University for knowledge sharing on orthopedics



- Partnership with Oregon Health and Science University on occupational health and informatics



- Partnership between BDMS hospitals and local hospitals



## Accreditations and Awards for Medical Excellence



### JCI Accreditation

- 13 hospitals and 1 clinic under the Group have been accredited



### Hospital Accreditation of Thailand

- 26 hospitals have been accredited



### Asian Hospital Management Award

- A number of hospitals under the group have been awarded



### Reader's Digest Trusted Brand Award

- Bangkok Hospital Brand was awarded the "Trusted Brand, Gold" for 3 consecutive years from 2010 – 2012

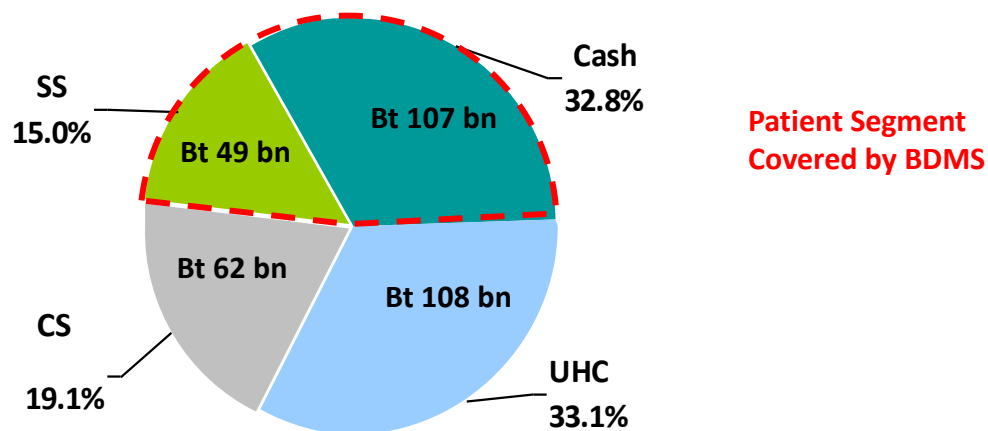


## Healthcare Industry

# Thailand Healthcare Coverage

## Healthcare Segments in Thailand

Total Expenditure for 2012: THB 326 bn



Source: NHSO, SSO, IHPP, BDMS Estimates

<b>Universal Healthcare Coverage (UHC)</b>	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
<b>Civil Servant (CS)</b>	A welfare program provided to employees of governments and state-owned enterprises
<b>Social Security Scheme (SS)</b>	Minimum requirement of healthcare provided to employees of private companies
<b>Private Healthcare (Cash)</b>	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

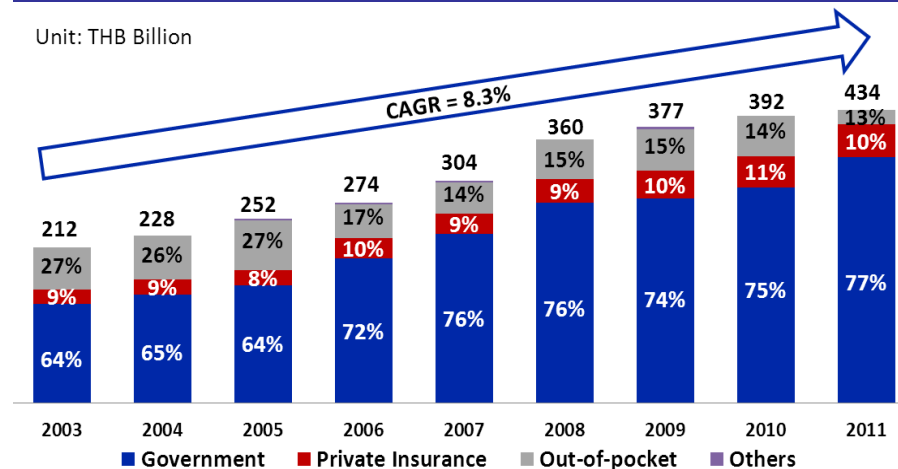
Population growth higher than supply

	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)

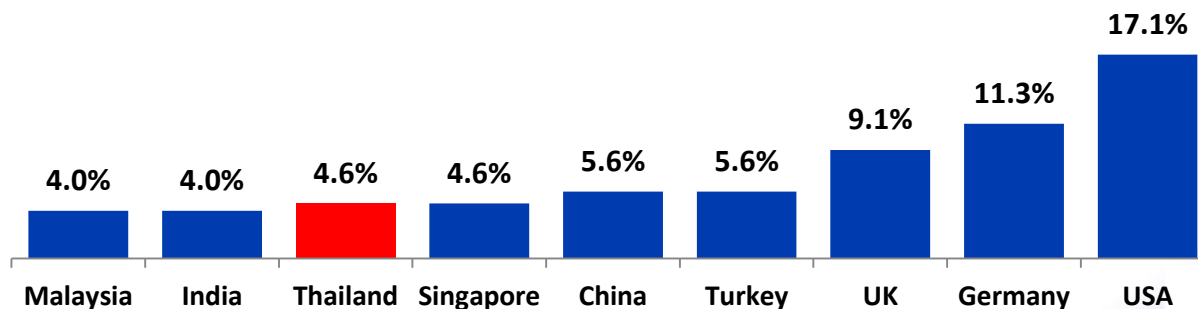
Unit: THB Billion



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

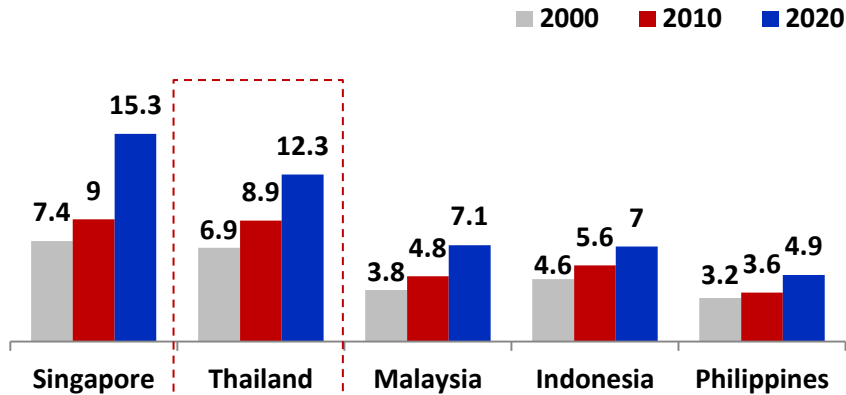


Source: World Health Organization for 2013

# Increasing Healthcare Demand

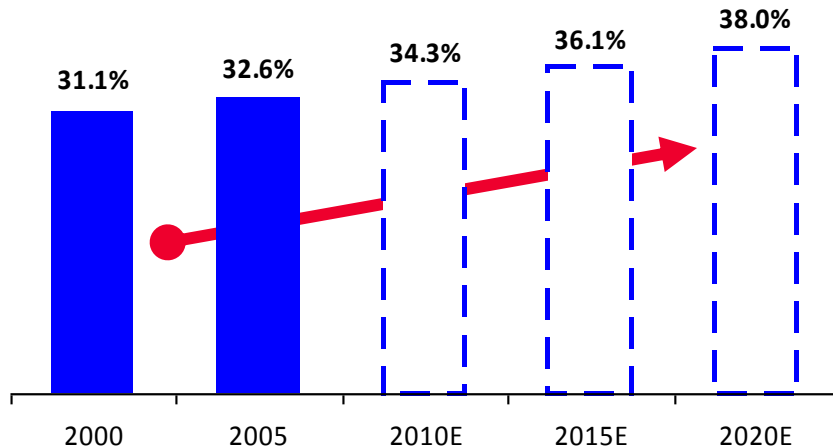
## Population Growth and Aging Profile

Percentage of population above 65 years (%)



Source: UN Population Database

## Urbanization

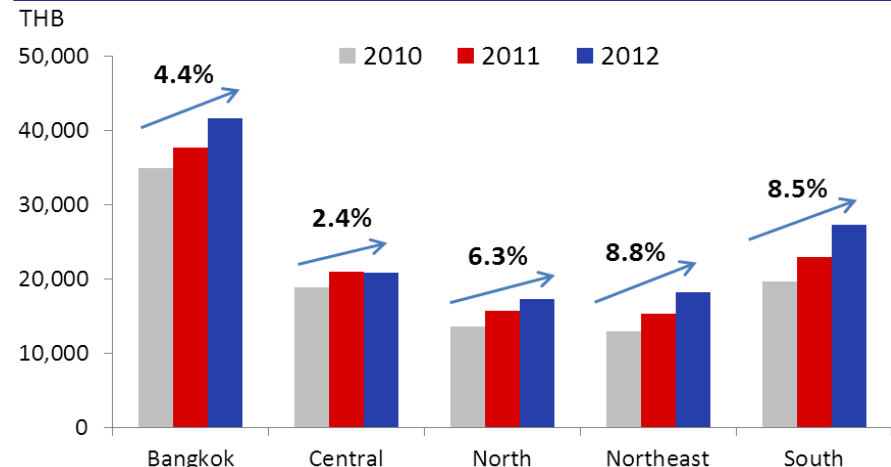


Sources: NESDB, Health & Welfare Surveys, National Statistics Office (Data related to Thailand)

## 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

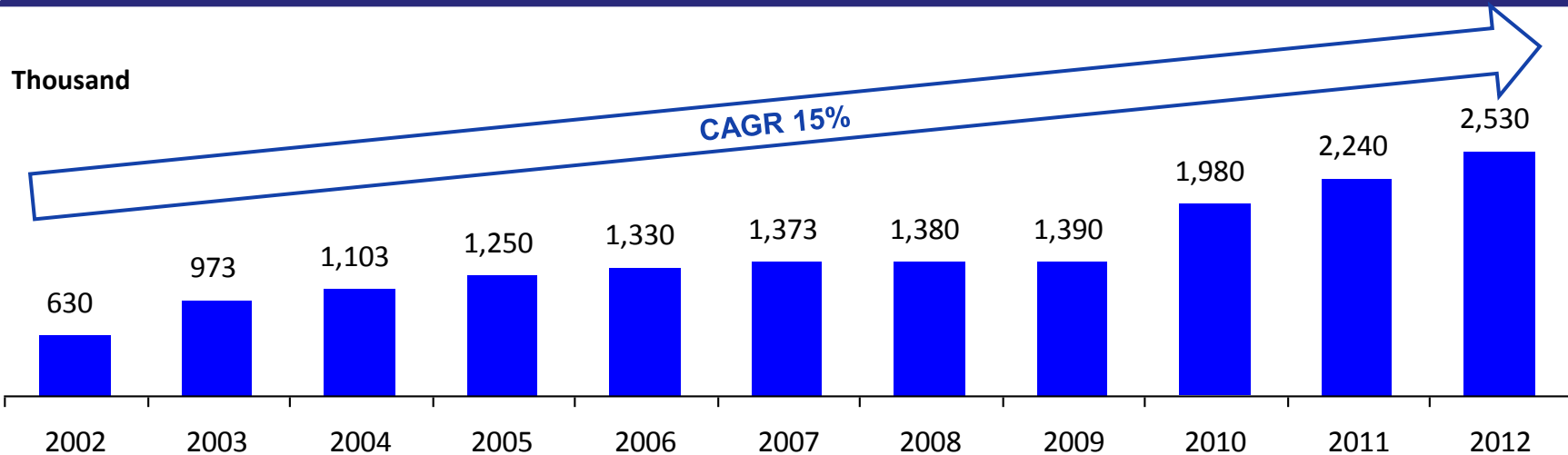
## Rising Income per Capita



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
Coronary Artery Bypass Graft	88,000	54,500	23,000	20,800	14,400
Valve Replacement with Bypass	85,000	49,000	22,000	18,500	11,900
Hip Replacement	33,000	21,400	16,500	12,500	8,000
Knee Replacement	34,000	19,200	11,500	12,500	7,500
Spinal Fusion	41,000	27,800	16,000	17,900	9,500
Gastric Bypass	18,000	13,500	12,000	8,200	6,800

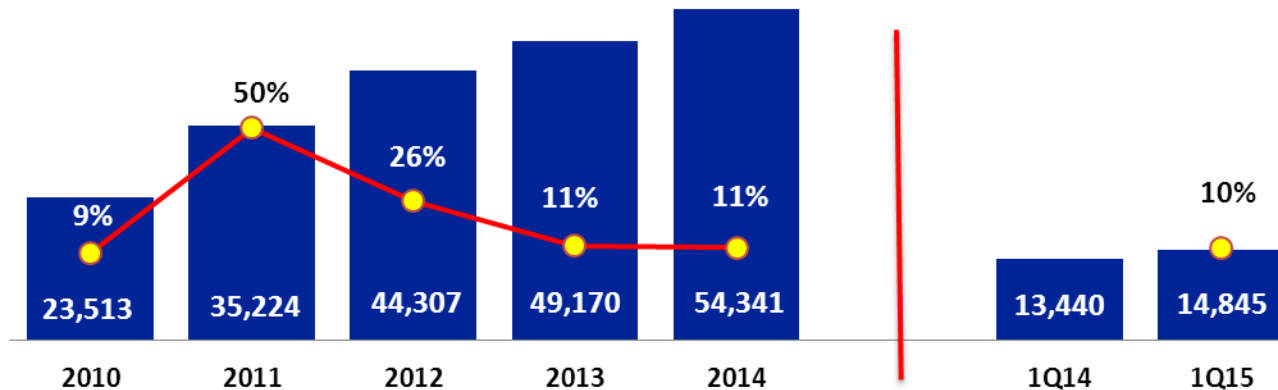
Source: "Patient Beyond Border" 3rd edition by Josef Woodman (2015)

## Operational Statistics

# Continued Double Digit Revenue Growth

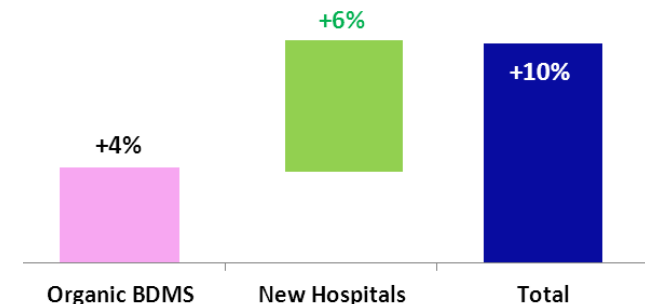
## Patient Revenue Trend

(THB mm)



## Commentary

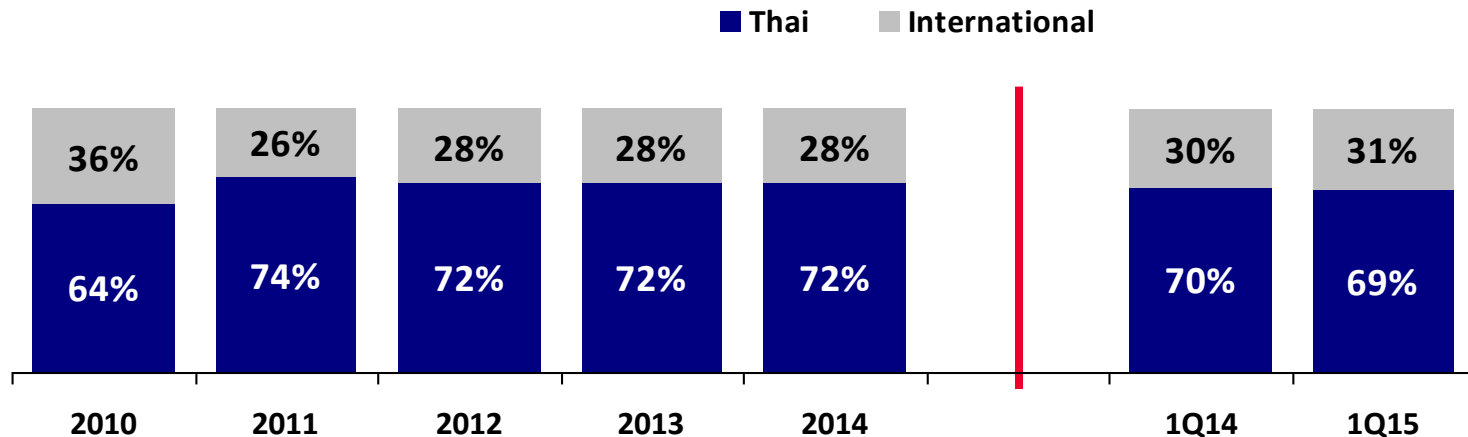
- **1Q15 Patient revenue increased by 10% yoy mainly from**
  - Growth in number of outpatients and inpatients across our network hospitals
  - Consolidation of new network hospitals
  - Patient ward renovation and rising in patient referral



Remark:- New hospitals included STH, BPL, BCM, Sanamchan, Thepakorn, BPI, RPH, BKN, BCT, Muang Petch, Sri Rayong and Dibuk  
 - Hospital abbreviations shown on page 36

# Expanding Both Thai and International Patients

## Revenue Contribution by Nationality



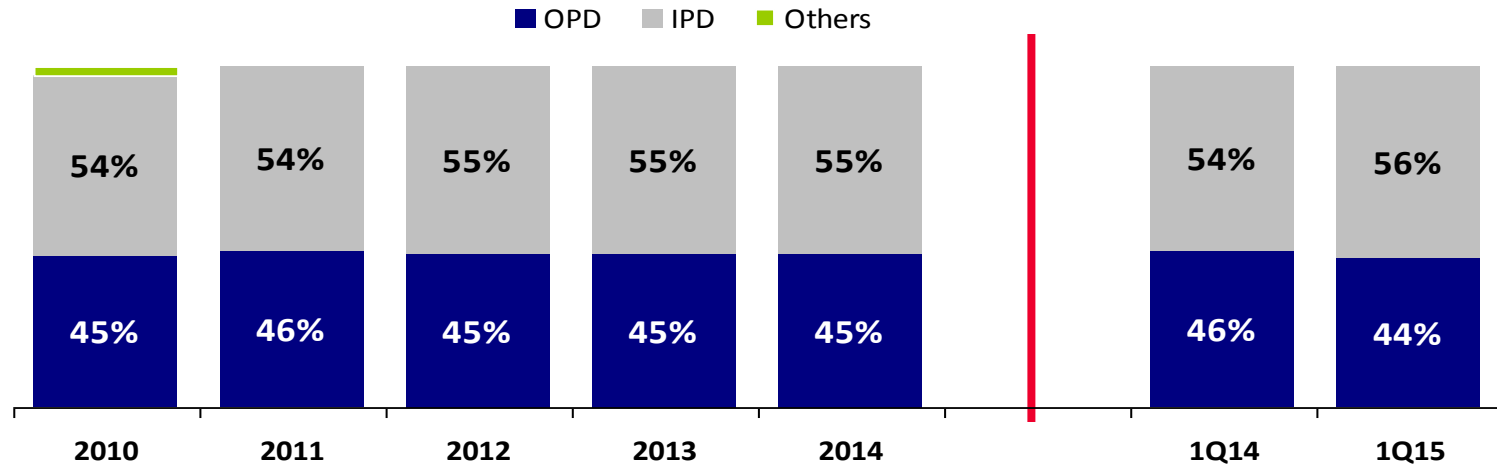
## Commentary

- **1Q15** revenue from Thai patients grew 5% while international patients grew 16% yoy
  - Top 5 international patient revenues are from Japan, UAE, UK, Myanmar and Germany which contribute 2.4%, 2.3%, 1.9%, 1.8% and 1.7% of total patient revenues respectively
  - International patient revenues grew significantly for UAE (+100%), Oman (+91%) and China (+39%)

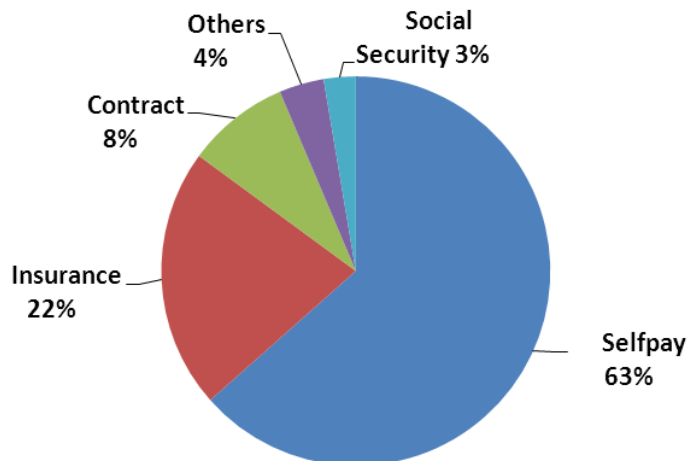


# Patient Mix

## Revenue Breakdown by Patient Types



## 1Q15 Patient Revenue by Payor

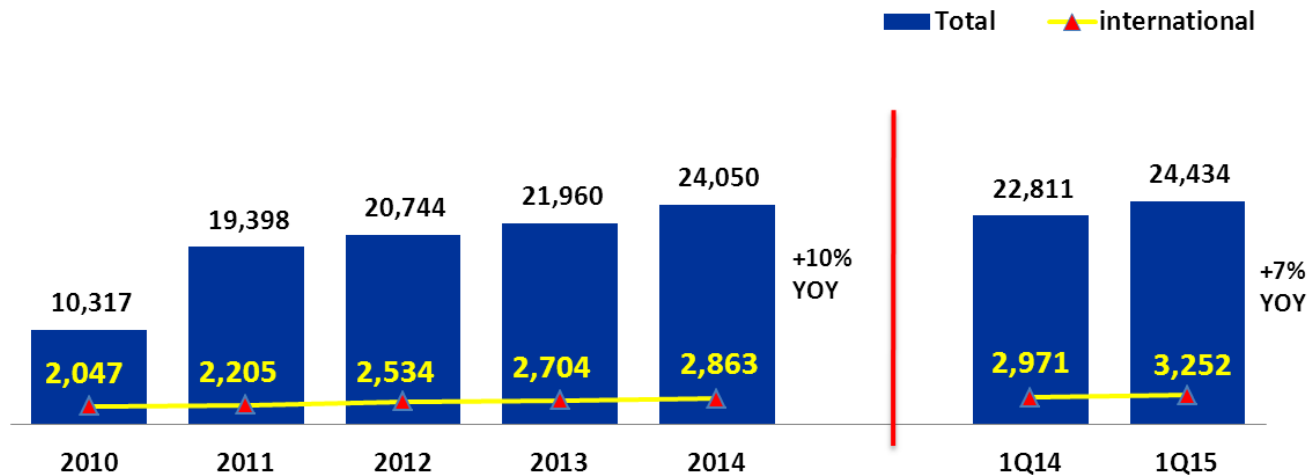


## Commentary

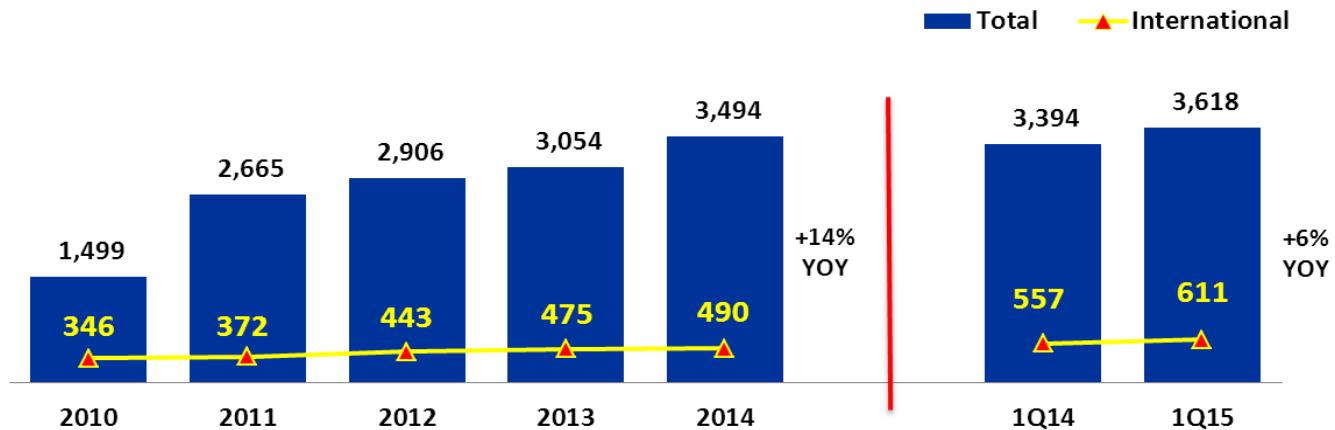
- **1Q15 OPD** revenues increased 12% yoy while IPD revenues increased 9% yoy

# Patient Base Expansion From Both Organic Growth & Acquisitions

## Number of OPD Visits per Day



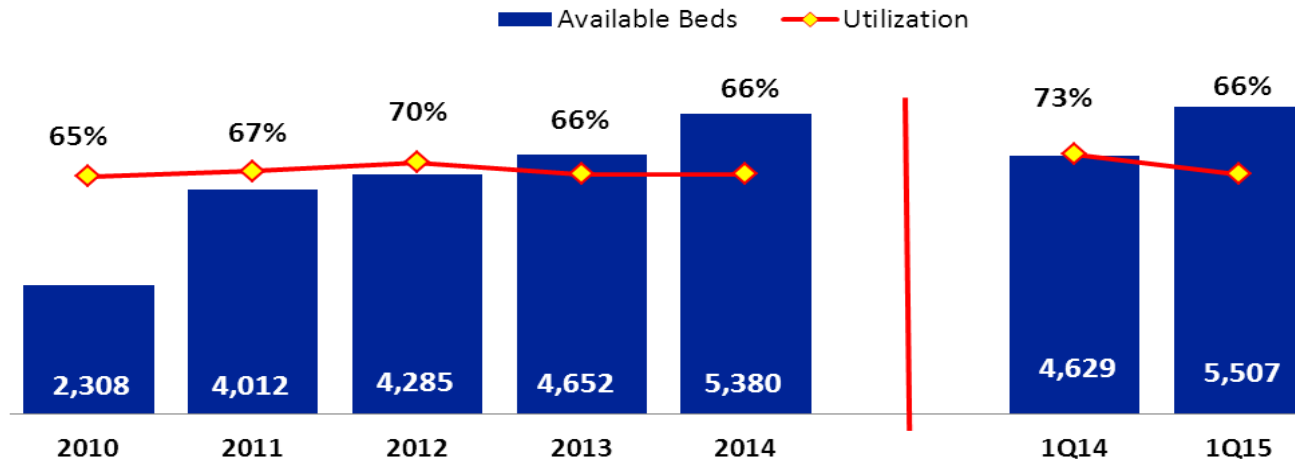
## Average Daily Census ( ADC )



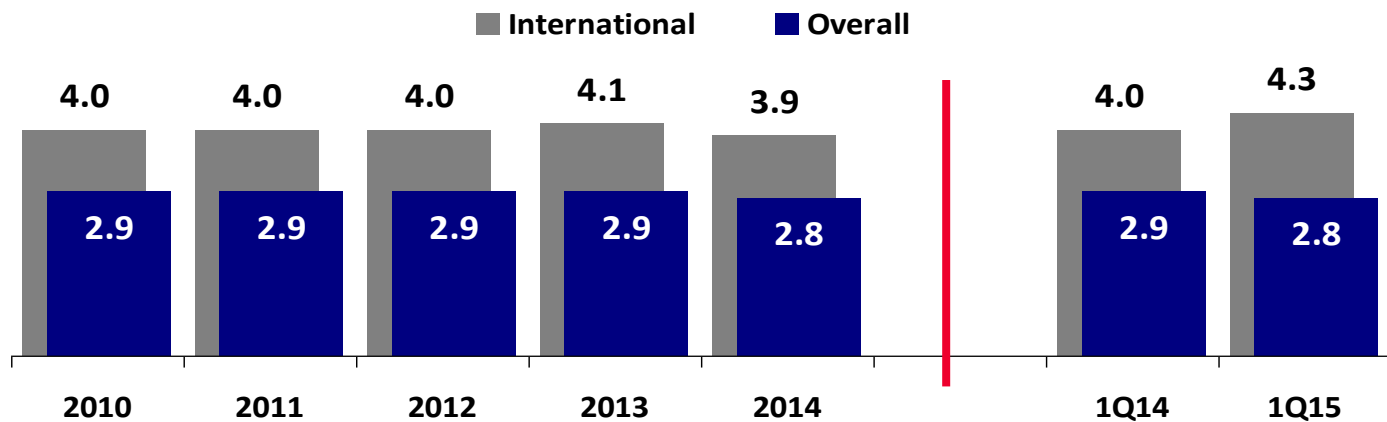
Remarks:- Including social security

# Utilization of Beds

## Utilization Based on Available Beds



## Average Length of Stay (days)

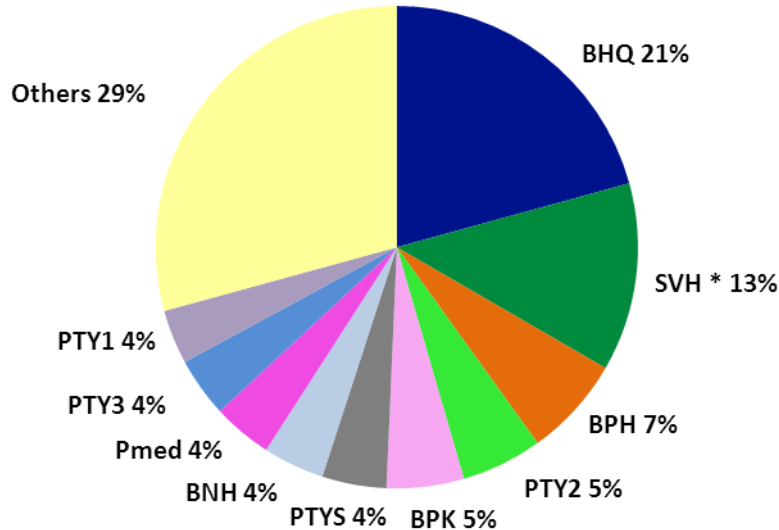


Remarks:- Including social security patients

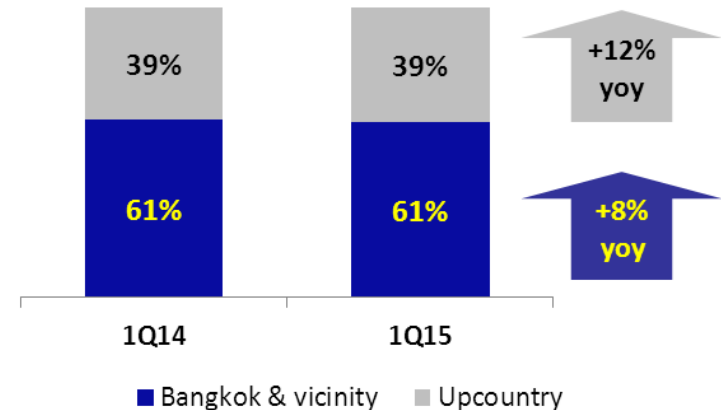
## Financial Highlights

# Diversified Sources of Revenues

## Hospital Revenue Contribution in 1Q15



## Revenue Contribution & Growth by Locations



## Commentary

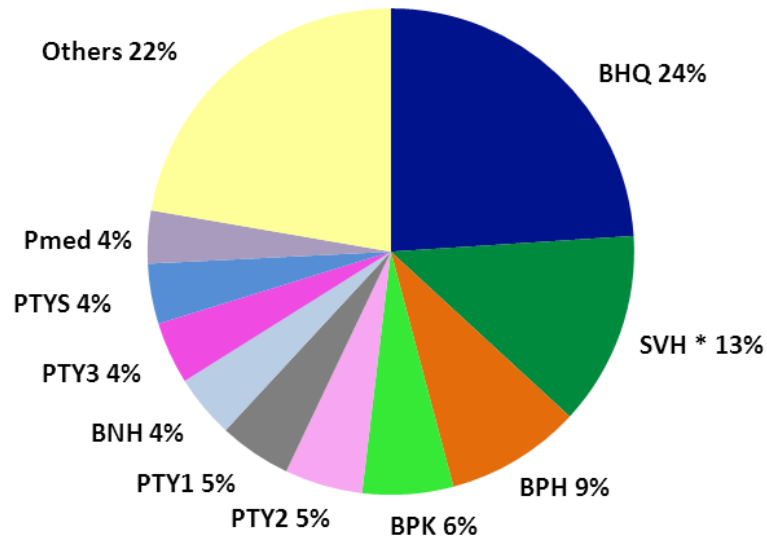
- During **1Q15**, top 5 hospitals (by location) contributed 51% of total revenue
- Bangkok&vicinity hospitals that grew more than 8% yoy : - PYT1 (+17%), BHQ (+15%), PNWM (+12%) and PYT2 (+8%)
- Upcountry hospitals that grew more than 12% yoy :- BUD (+20%) and BHH(+10%)

Remark:- Hospital abbreviations shown on page 36

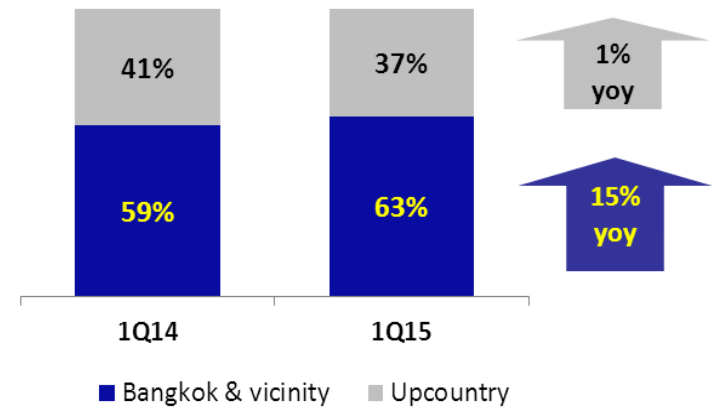
\* SVH also included SNH performance

# EBITDA Contribution

## Hospital EBITDA Contribution in 1Q15



## EBITDA Contribution & Growth by Locations



## Commentary

- During **1Q15**, top 5 hospitals (by location) contributed 57% of total EBITDA

Remark:- Hospital abbreviations shown on page 36

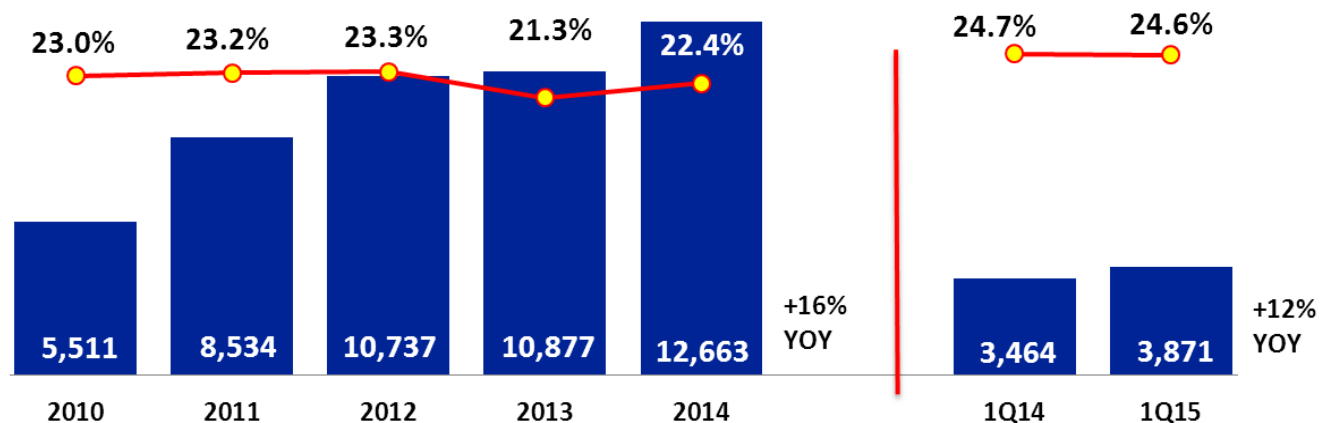
\* SVH also included SNH performance

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

# Profitability Trend

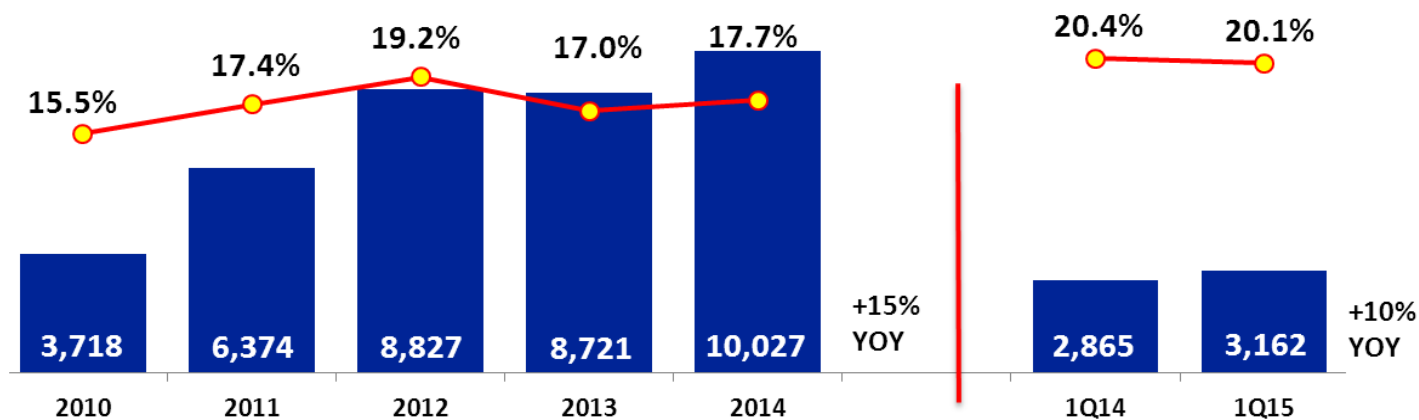
## EBITDA & EBITDA Margin\*

(THB mm)



## EBIT & EBIT Margin\*

(THB mm)

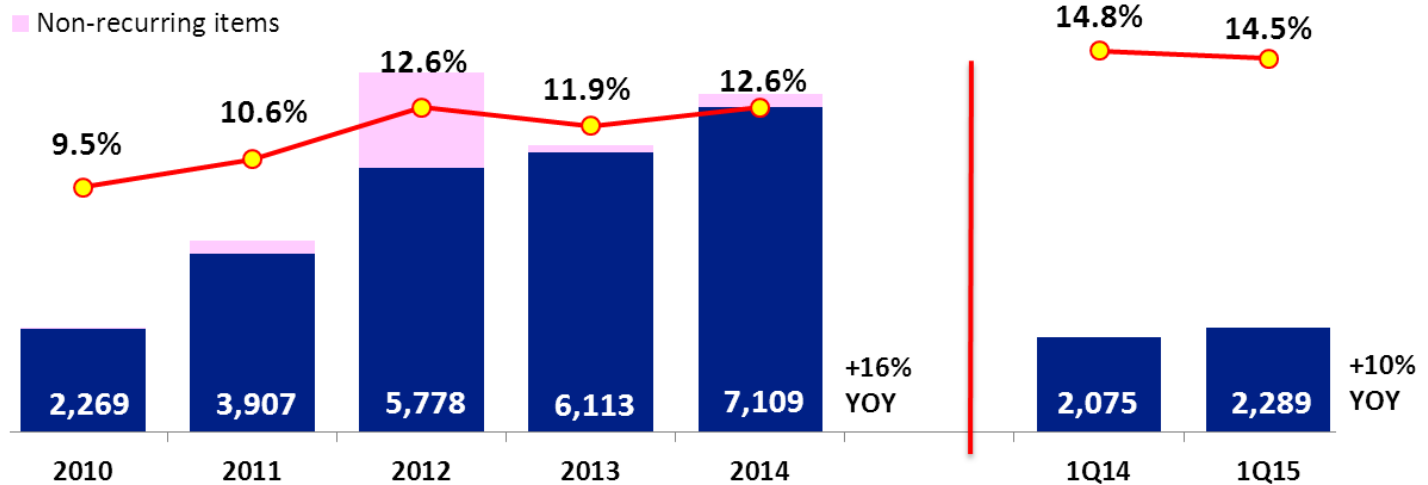


\* Excluding non-recurring items

# Profitability Trend

## Net Profit & Net Profit Margin\*

(THB mm)



## Commentary

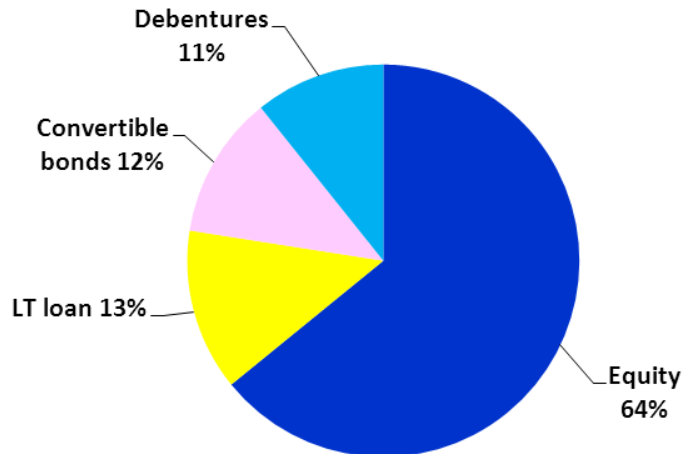
- **1Q15** Net profit increased 10% yoy from growth in number of outpatients and inpatients across our network hospitals, hospital network expansion, patient ward expansion and renovation and an increase in patient referral together with cost containment measures

\* Excluding non-recurring items

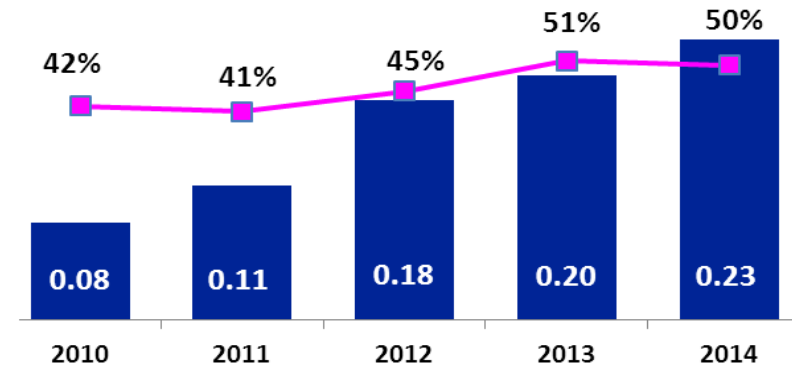


# Capital Management

## Capital Structure as of Mar 2015



## Dividend Payment & Payout Ratio

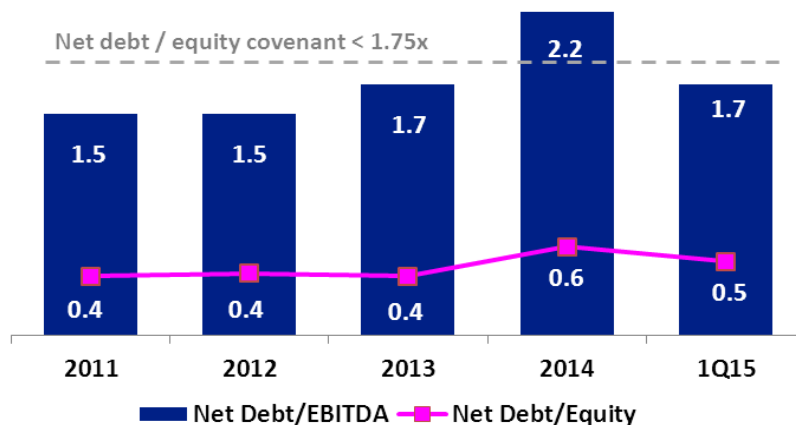


Remark:- Dividend payment has been adjusted to reflect the change in par value from THB 1.00/share to THB 0.10/share since April 2014

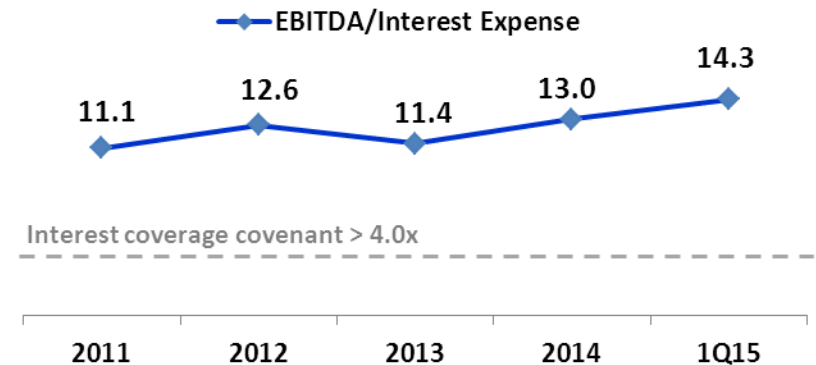
## Gearing Ratios: Well Within Covenants

Net debt / EBITDA covenant < 3.25x

Net debt / equity covenant < 1.75x



## Interest Coverage



Interest coverage covenant > 4.0x

# Financial Management Policies

## Leverage

- Maintain conservative leverage ratios
  - Debt / EBITDA not more than 2.5x
  - Debt / Equity not more than 1.0x

## Dividend Policy

- 50% of Company only net profit, subject to operational results and the ability to pay dividend each year

## Funding and Liquidity

- Manage liquidity as a group by using cash pooling system in order to minimize cost of fund and level of Group borrowing
- BGH has strong financial flexibility
  - Has uncommitted short – term bank facilities of THB 10,000 mm

## Interest Rate Risk

- Maintain appropriated proportion of fixed / floating interest rate debt
- Current proportion: Fixed 73% : Float 27%.

## Currency Risk

- Minimize currency risk by borrowing in THB or using hedging instruments

# Appendix 1

## 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



## Your Trusted Healthcare Network

Remarks	(1) Structured beds (2) Having the capability to accommodate an expansion to become 281 beds
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