



Your Trusted Healthcare Network



Bangkok Dusit Medical Services (BDMS)

Investor Presentation

3Q15 & 9M15 Results

February 2016

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Contents

- Overview
- Healthcare Industry
- Operational Statistics
- Financial Highlights

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 43 hospitals (with total beds* of 7,669) 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 Hospital	4	798
	BNH Hospital	1	144
	Royal International Hospital	2	130
	Local Hospital	7	1,126

* Maximum number of beds according to structure of the hospitals

Shareholding Structure

As of 2 February 2015

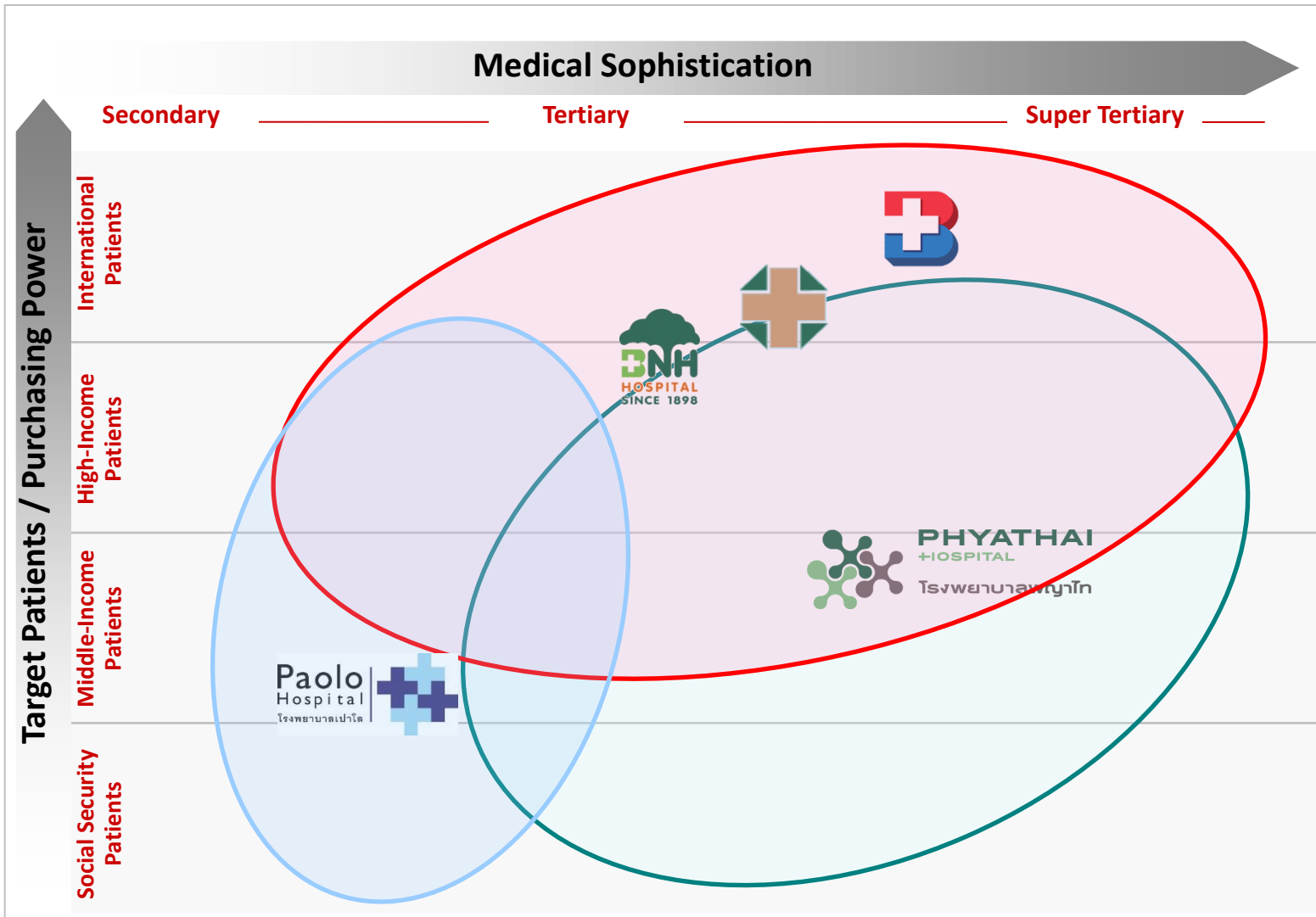
		% of Shareholding
1	Mr. Prasert Prasarttong-Osoth, M.D. and family	22.8%
2	Mr. Wichai Thongtang and family	14.4%
3	Bangkok Airways*	7.8%
4	The Viriyah Insurance Co., Ltd.	6.2%
5	Mr. Chirothana Suchato, M.D. and family	2.7%
6	Ladpli family**	2.5%
7	Thai NVDR Co., Ltd.	2.3%
8	HSBC (SINGAPORE) NOMINEES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

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

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

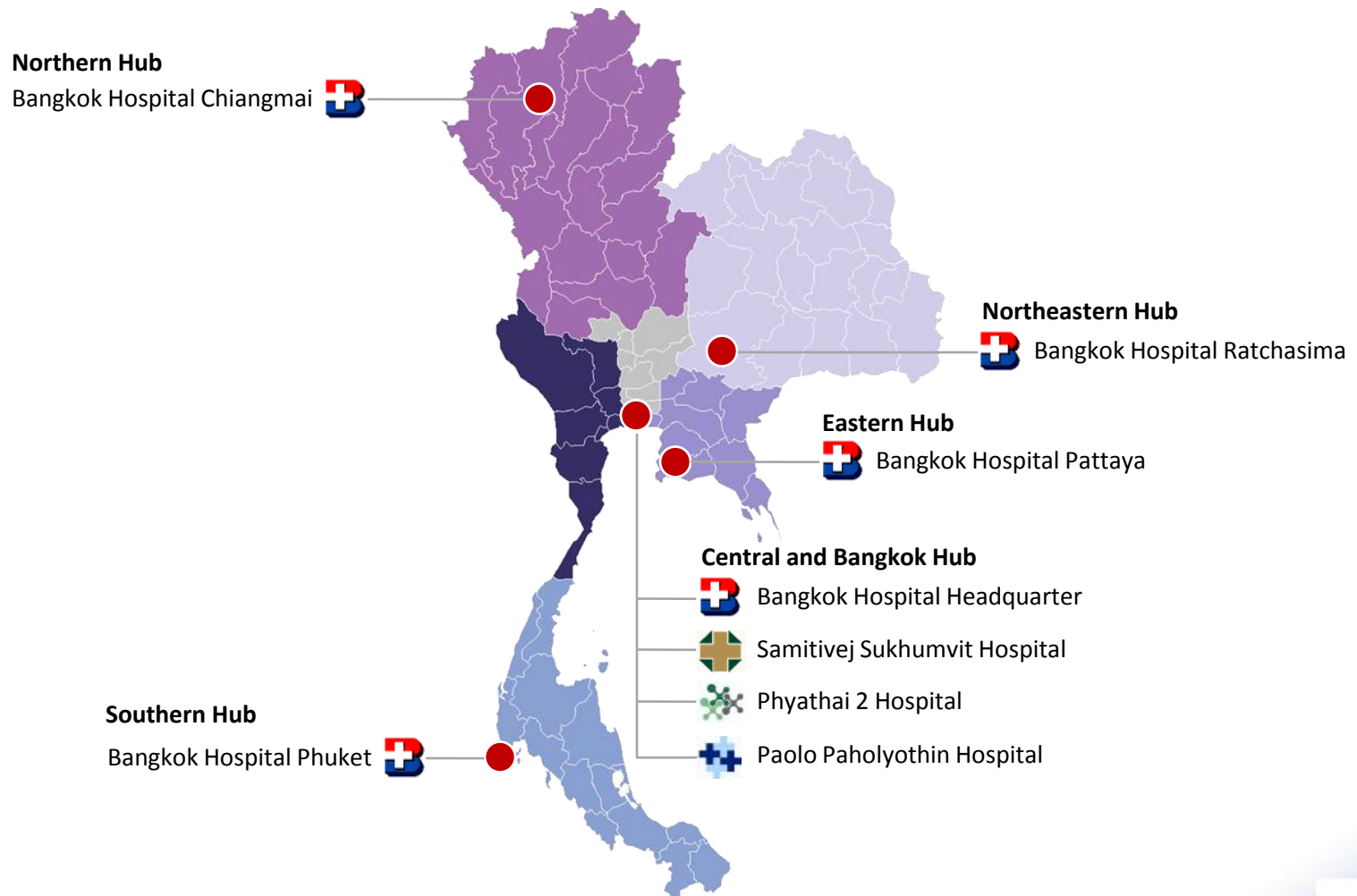
** Consisted of Miss Noppamas Ladpli, Mrs. Atinuch Malakul Na Ayudhaya and Mr. Parameth Ladpli

Diversification of Patient Mix



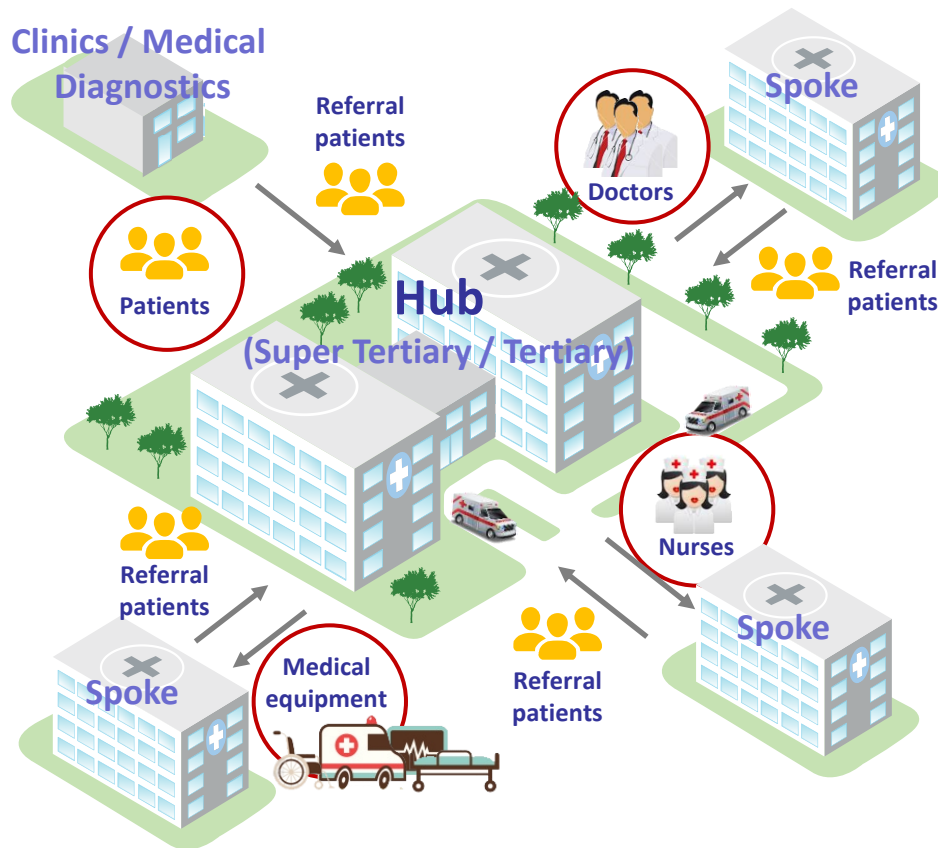
'Hub-and-Spoke' Model

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

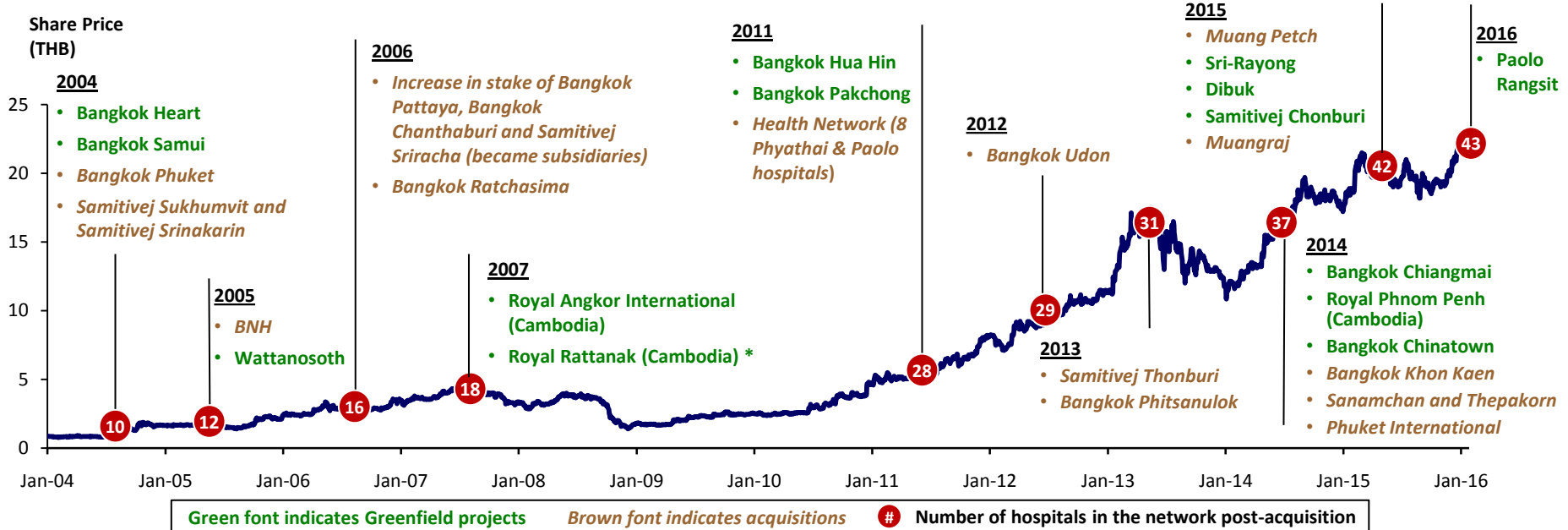
Shared supporting services among multiple hubs which enhance efficiency and competitiveness of BDMS

4

Established system provides a platform for future expansion

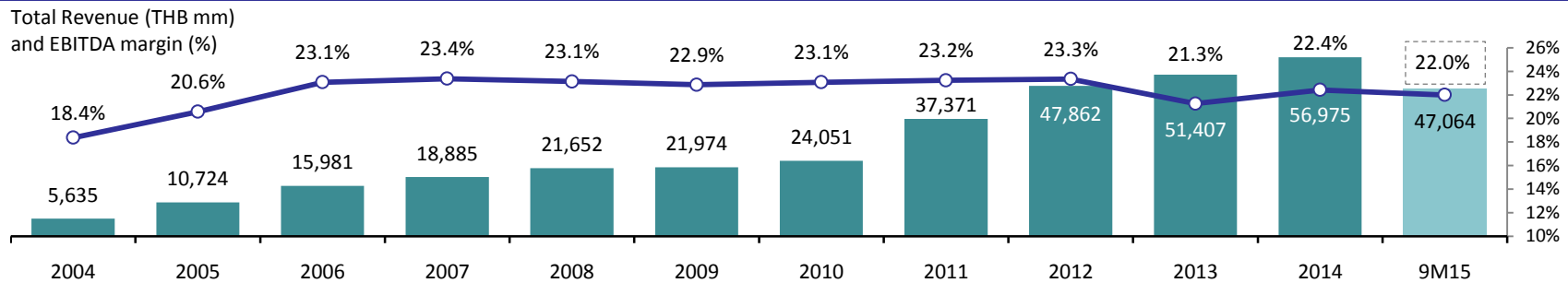
Successful Track Record of Expansion Through M&A and Greenfield Projects

Strong Share Price Performance Backed by a Successful Expansion Track Record



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

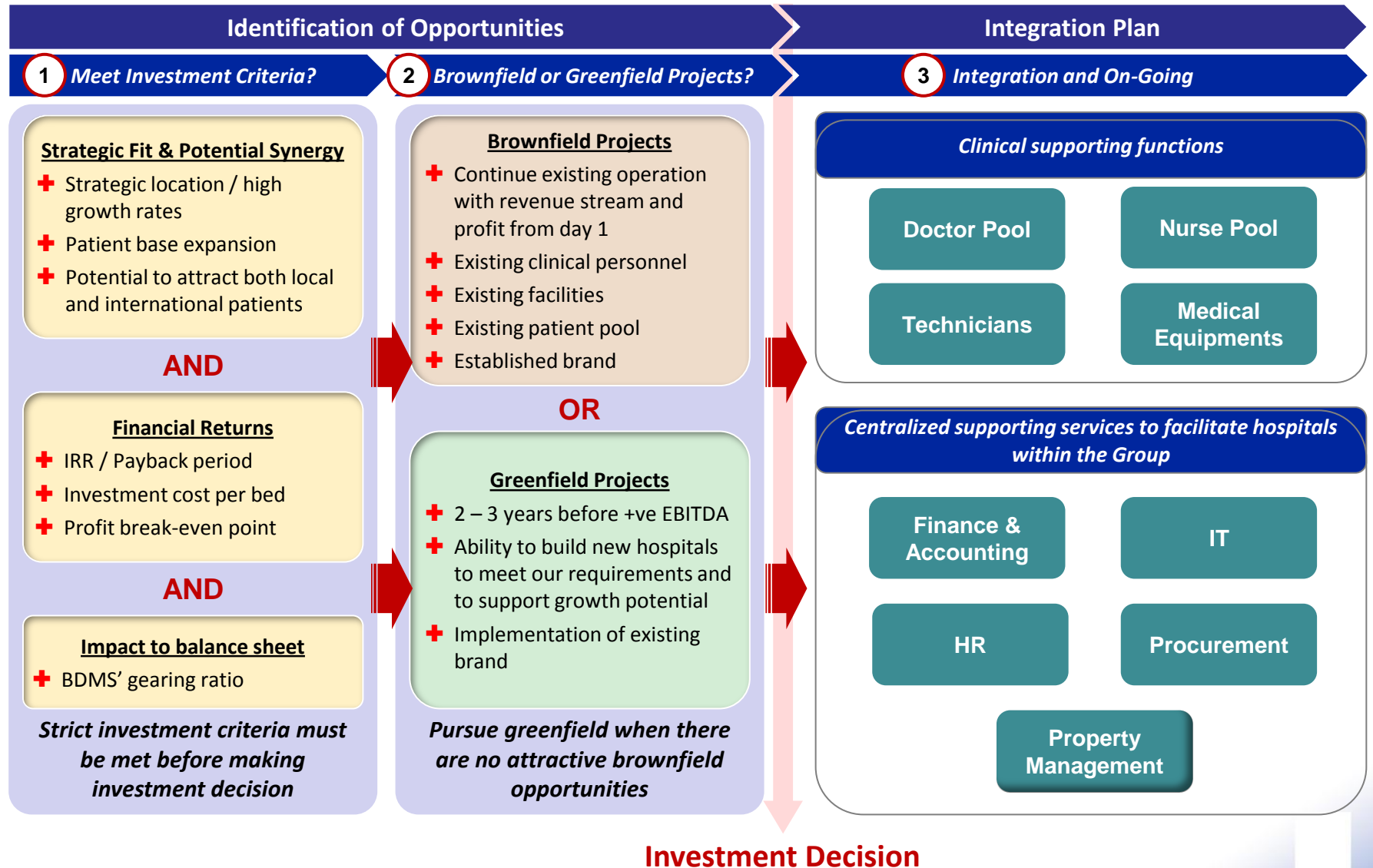
Solid Revenue Growth Over the Past Decade (2004-2014 CAGR of 23.4%) with Resilient EBITDA margin



Source: Derived from BDMS' financial statements

BDMS has developed 13 new hospitals and acquired a total of 29 hospitals to date

Proven Growth Strategy Through Hospital Network Expansion



Investments

Investments in Other Hospitals : - Listed Companies

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

Non- Hospital Strategic Investments⁽¹⁾

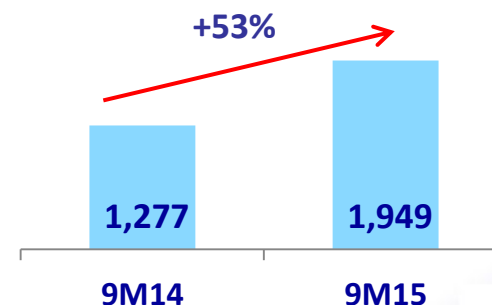
Pharmaceutical Business

- 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
- 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

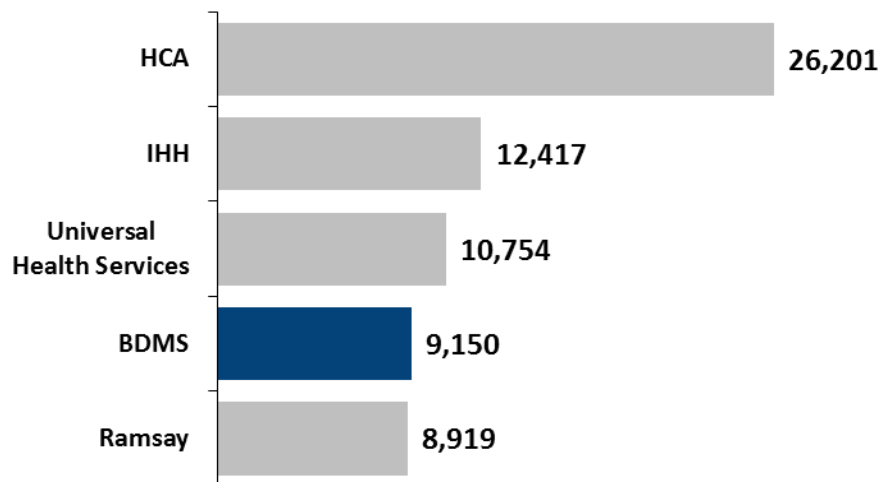


Region	Total Private Hospital Beds	BDMS Registered Beds	Market Share
Bangkok	14,339	2,571	18%
Central	10,654	1,890	17%
South	2,467	601	24%
Northeast	2,904	337	12%
North	4,128	194	5%
Total	34,492	5,593	16%

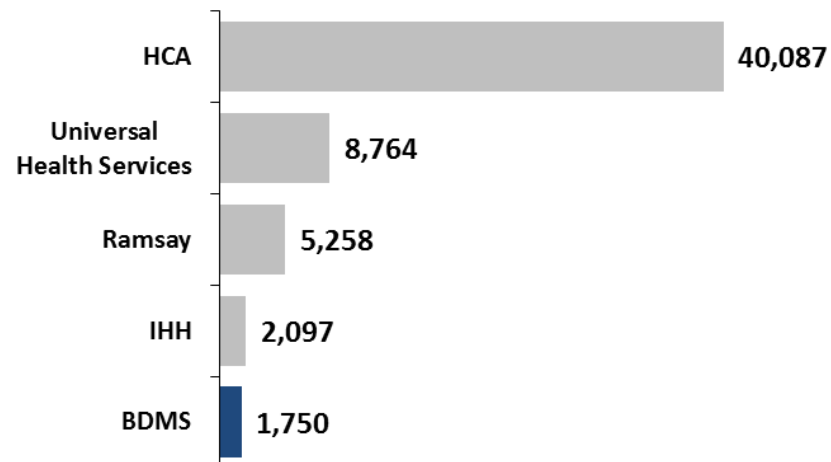
Source: Department of Health Service Support as of Sep 2014

Global Hospital Rankings

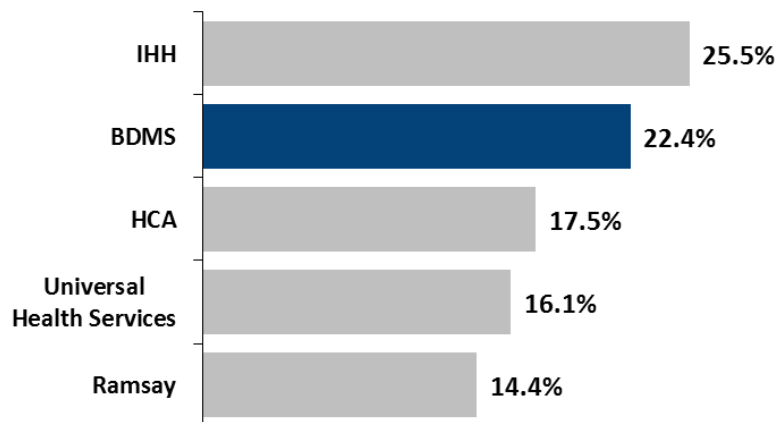
Market Capitalization (USD mm)



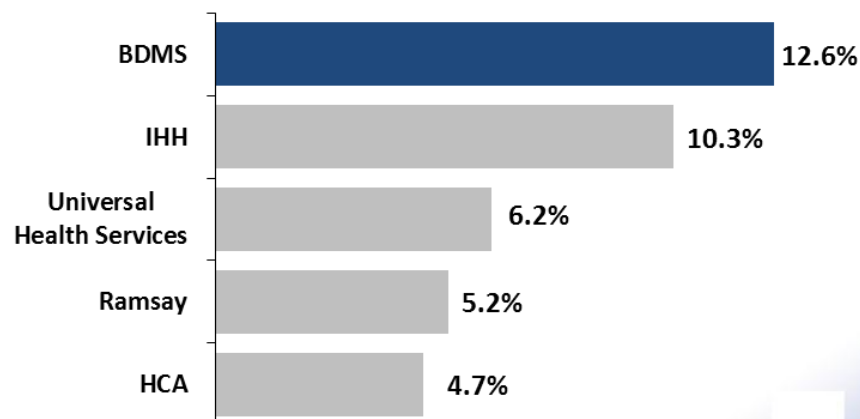
Revenue (USD mm)



EBITDA Margin



Net Profit Margin

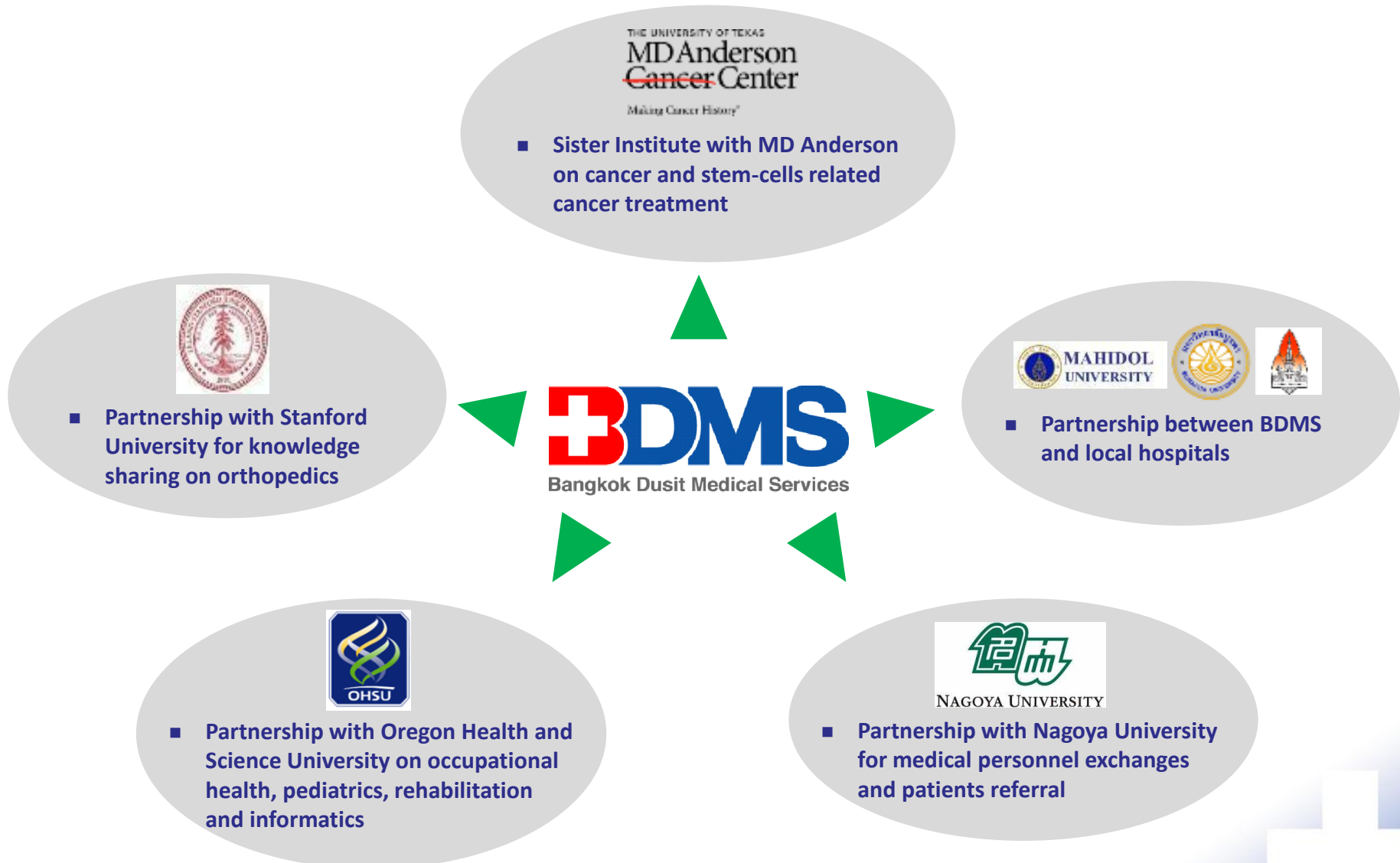


Remark: - Market capitalization as of 19 January 2016

- Financial performance (excluding non-recurring items) for year ended December 2014 except Ramsay for year ended June 2015

Medical Cooperation

Local and International Partnership

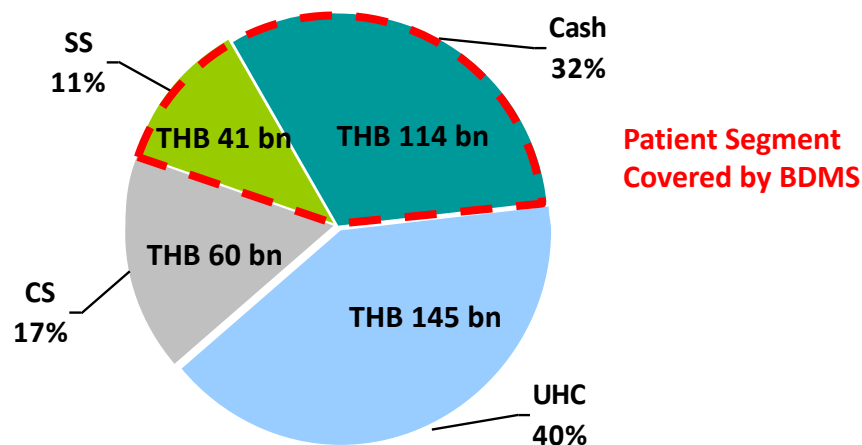


Healthcare Industry

Thailand Healthcare Coverage

Healthcare Segments in Thailand

Total Expenditure for 2014: THB 360 bn



Source: SSO, NHSO, WHO, BOT, Phatra Securities 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

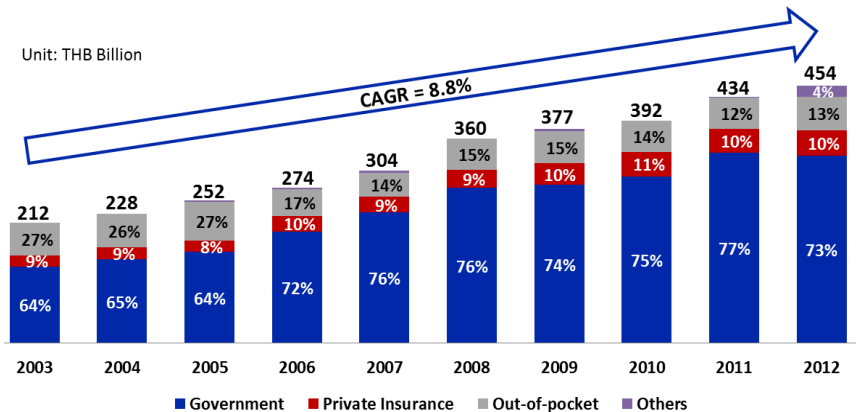
Thai Population / Bed

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

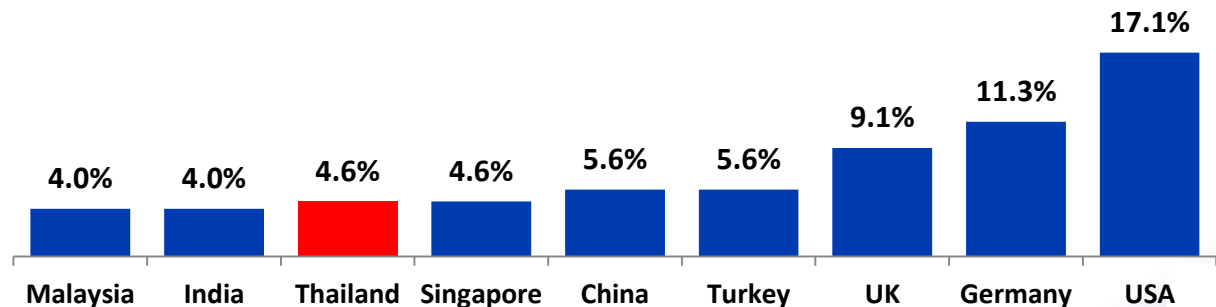
Increasing Healthcare Expenditures in Thailand (2003 – 2012)



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

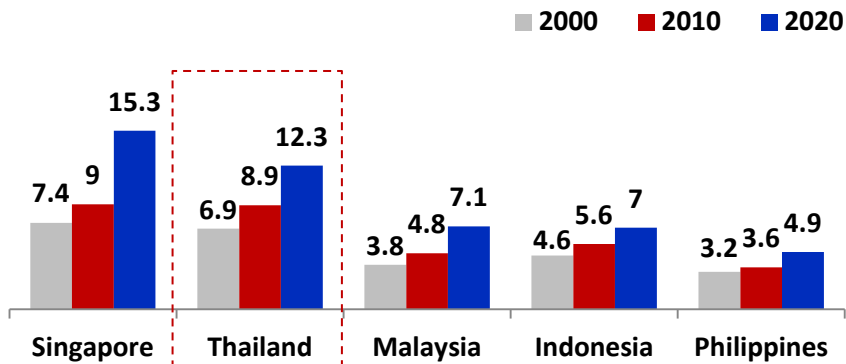


Source: World Health Organization for 2013

Increasing Healthcare Demand

Population Growth and Aging Profile

Percentage of population above 65 years (%)

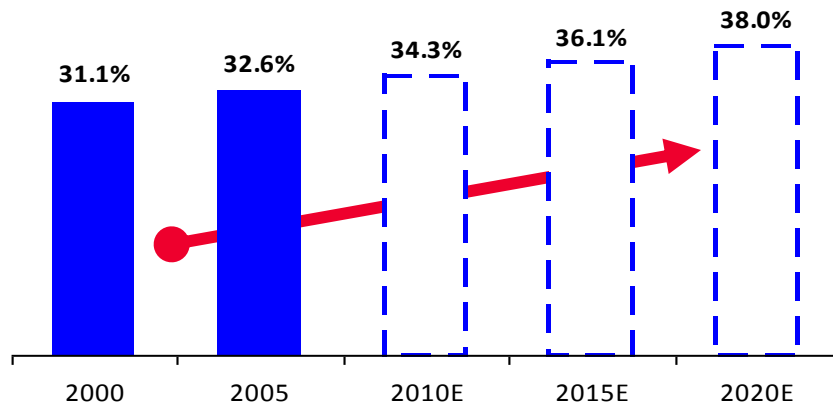


Source: UN Population Database

Commentary

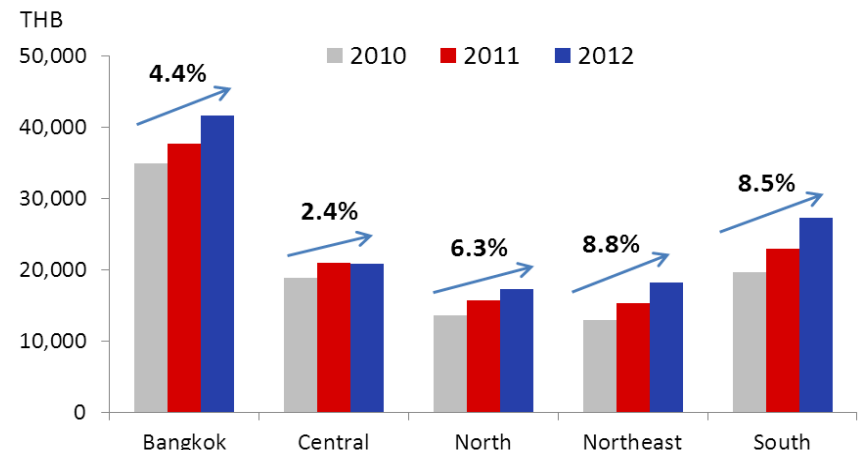
- Aging population will have great implications on both healthcare costs as well as its capacity to serve demand. In addition, aging population also means a strain on healthcare capacity if it fails to catch up well with increasing demand
- Increasing degree of urbanization is expected over time from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

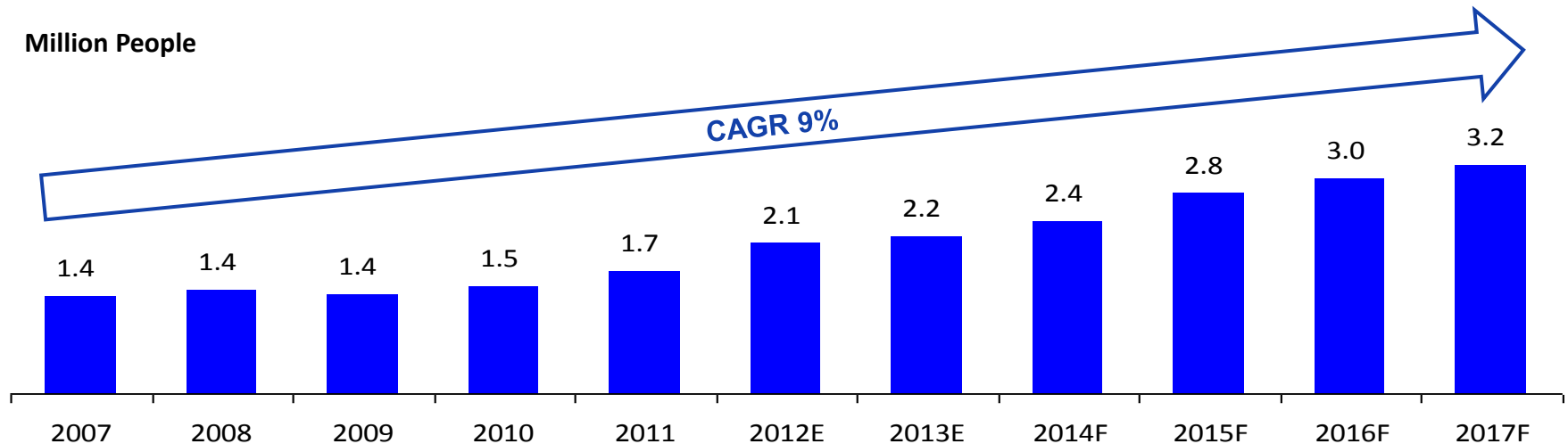


Sources: NESDB

Medical Tourism

Increasing trend of international patient visits

Million People



Source: Economic Intelligence Center, SCB, Department of International Trade Promotion (Ministry of Commerce) and Credit Suisse.

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

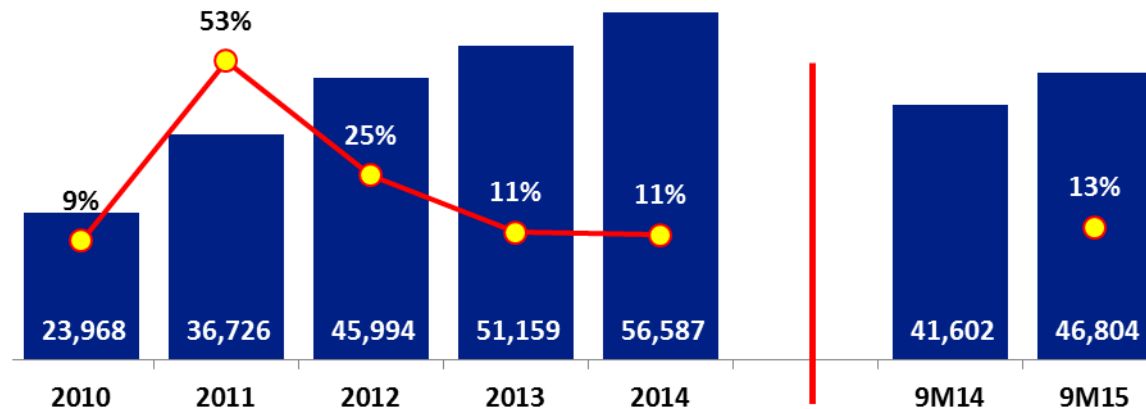
Source: "Patient Beyond Border" 3rd edition by Josef Woodman (2015)

Operational Statistics

Operating Income Growth

Operating Income Trend

(THB mm)



Commentary

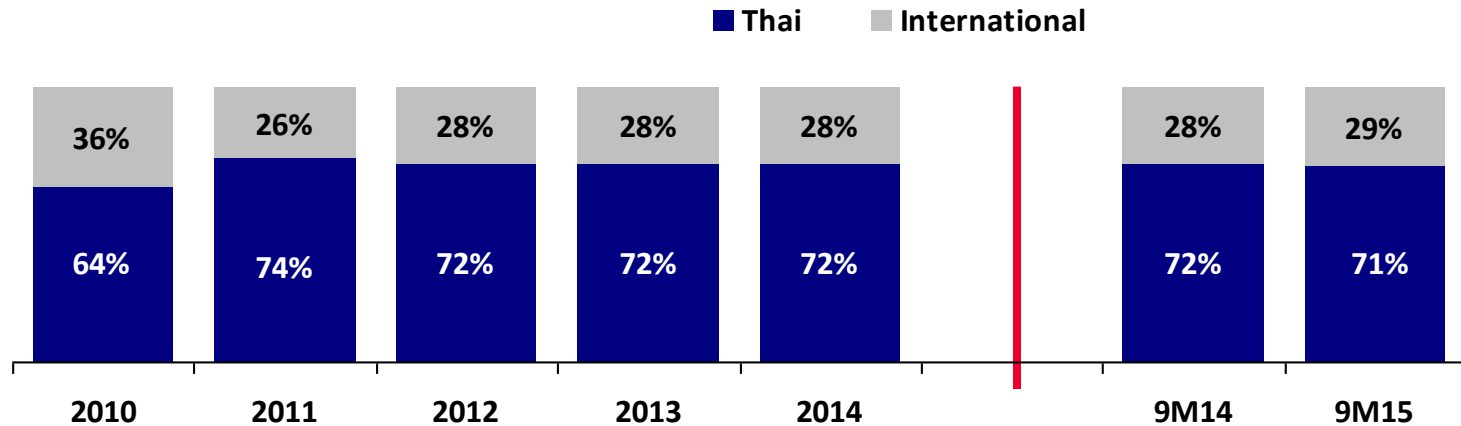
- **9M15** Operating income increased by **13%** yoy, primarily from
 - Revenue from hospital operations grew 11% yoy
 - Existing hospitals grew about 5% yoy while the remaining growth was from 14 new network hospitals
 - Revenue from sales of goods and food grew 53% yoy from consolidation of Save Drug Center

Remark:- Operating income is calculated from hospital revenue + revenue from sales of goods and food + other income

- 14 new hospitals (less than 2 full calendar years) are consisted of STH, BPL, BCM, BSN, TPK, PIH, RPH, BKN, BCT, MPH, SRH, DBK, SCH and Muangraj and consolidation of Save Drug

Expanding Both Thai and International Patients

Revenue Contribution by Nationality

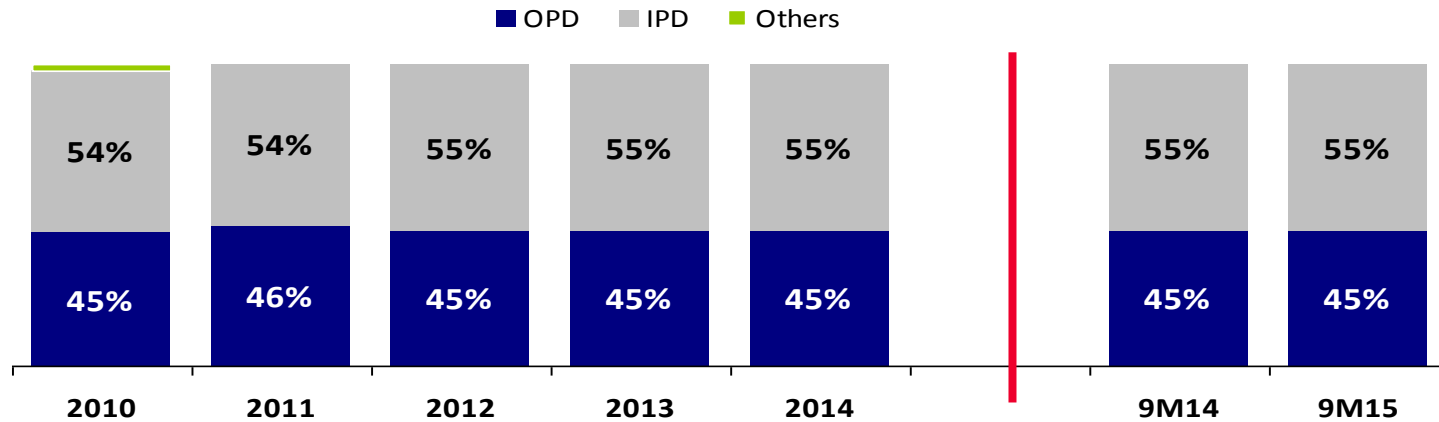


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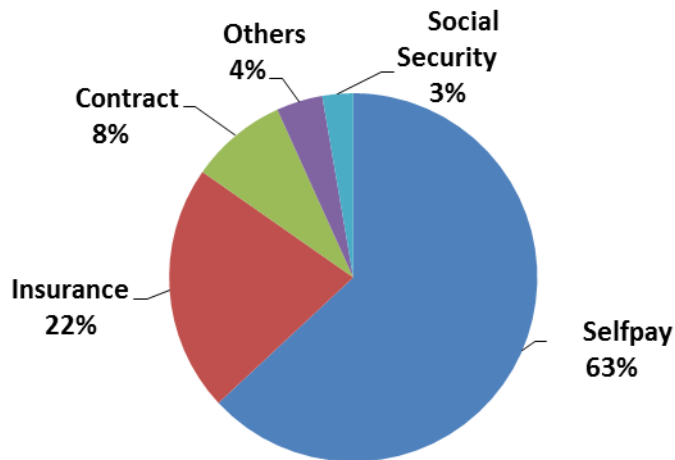
- **9M15** revenue from Thai patients grew 9% while international patients grew 15% yoy
- Top 5 international patient revenues are from Japan, UAE, Myanmar, UK and USA which contribute 2.4%, 2.2%, 1.9%, 1.6% and 1.4% of total patient revenues respectively
- International patient revenues grew significantly for UAE (+67%), Cambodia (+52%) and China (+39%)

Patient Mix

Revenue Breakdown by Patient Types



9M15 Patient Revenue by Payor



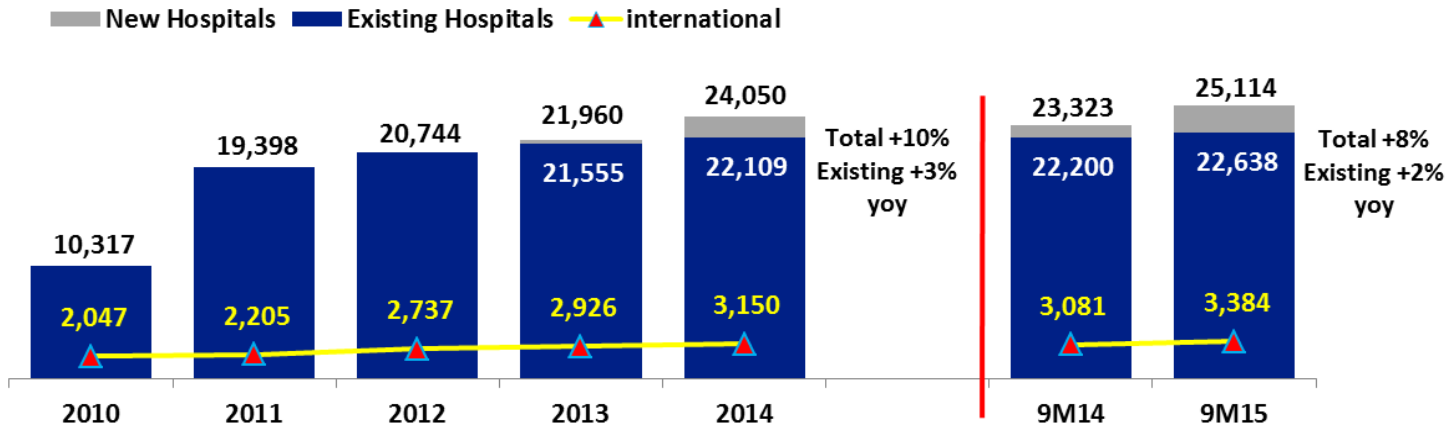
Commentary

- **9M15** OPD revenues increased 11% yoy while IPD revenues increased 10% yoy

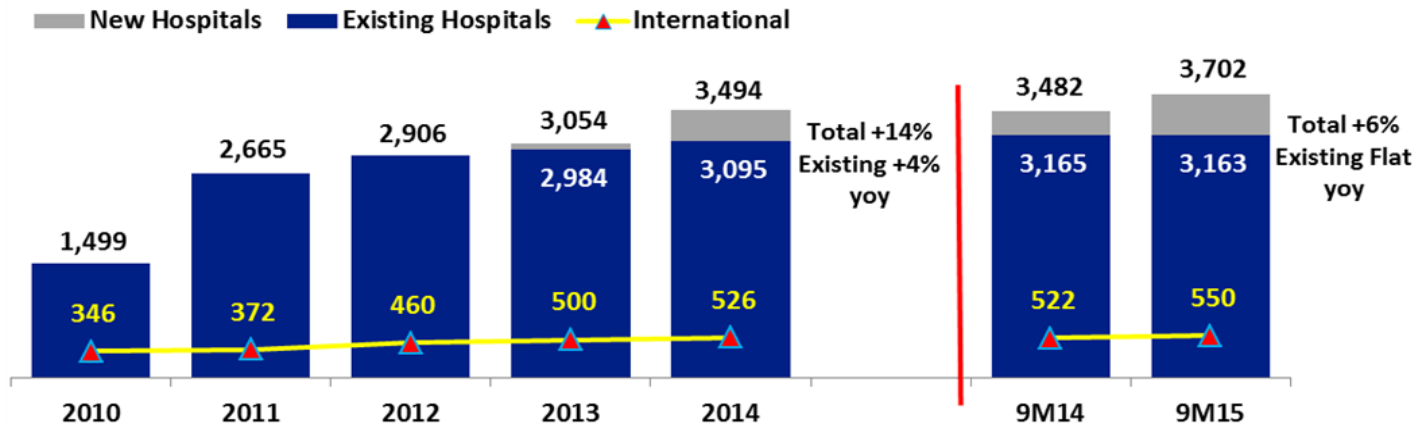
Source:- BDMS management report

Patient Base Expansion From Both Organic Growth & Acquisitions

Number of OPD Visits per Day



Average Daily Census (ADC)

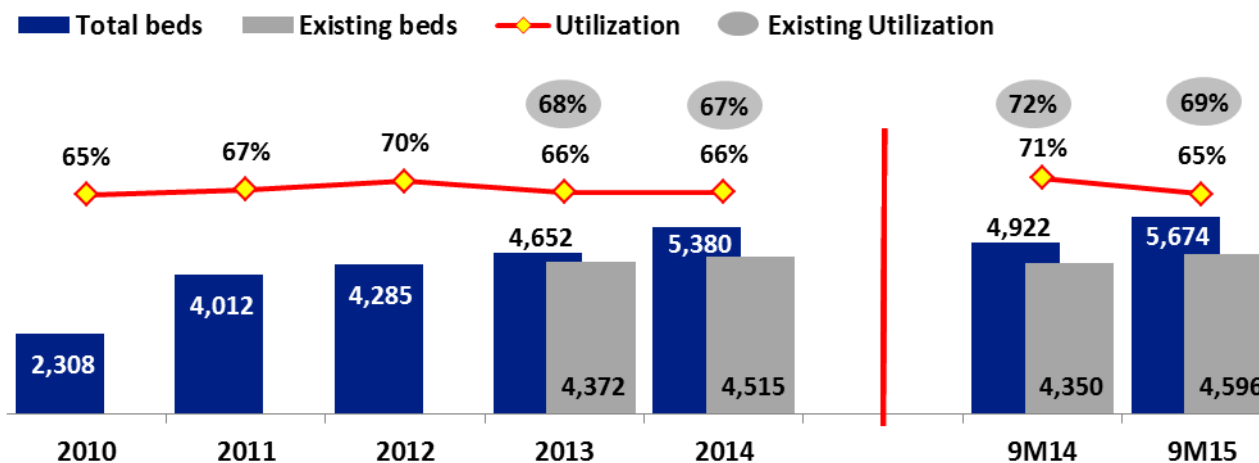


Remarks: - Including social security

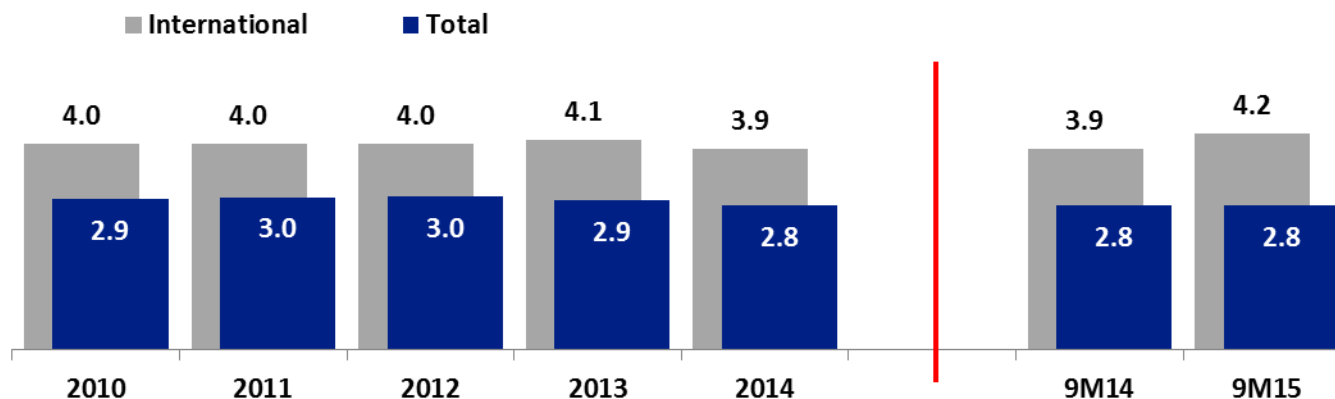
Source: - BDMS Management Report

Utilization of Beds

Utilization Based on Available Beds



Average Length of Stay (days)

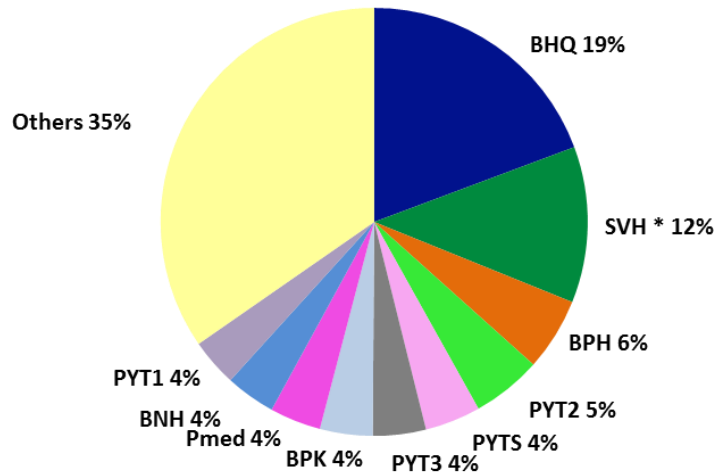


Remarks:- Including social security patients

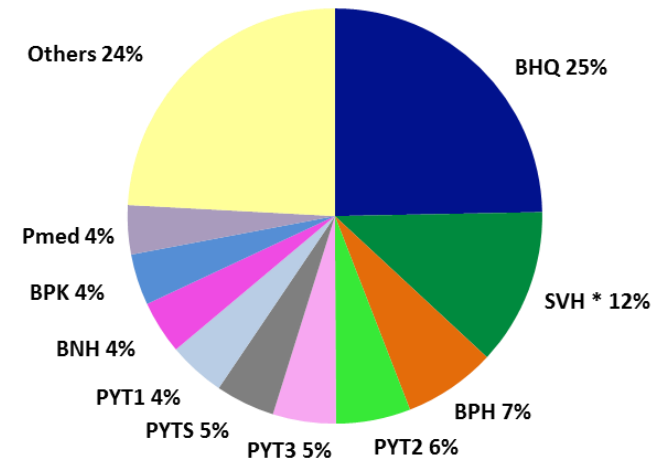
Financial Highlights

Diversified Sources of Revenues and Profitability

Operating Income Contribution in 9M15



Total EBITDA Contribution in 9M15



Commentary

- During **9M15**, top 5 hospitals contributed 46% of total revenue and 55% of total EBITDA
- Revenue of Bangkok&vicinity hospitals grew 7% yoy
 - Hospitals that grew more than 7% yoy are STH (+15%), PYT1 (+13%), PYTN (+13%) and BHQ (+12%)
- Revenue of Upcountry hospitals grew 17% yoy
 - Hospital that grew more than 17% yoy is BUD (+34%)

* SVH also included SNH performance

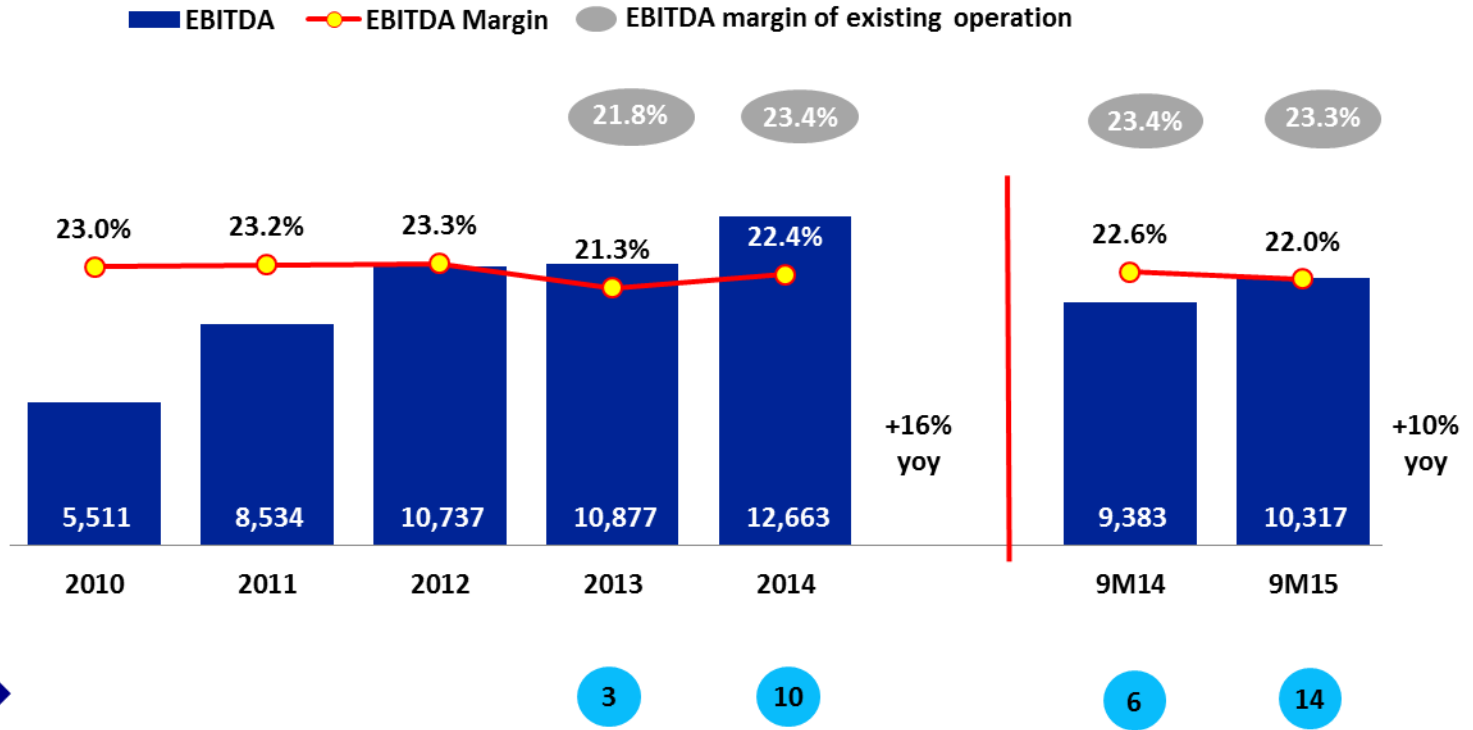
Remark: - Operating income is calculated from hospital revenue + revenue from sales of goods and food + other income

- 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)

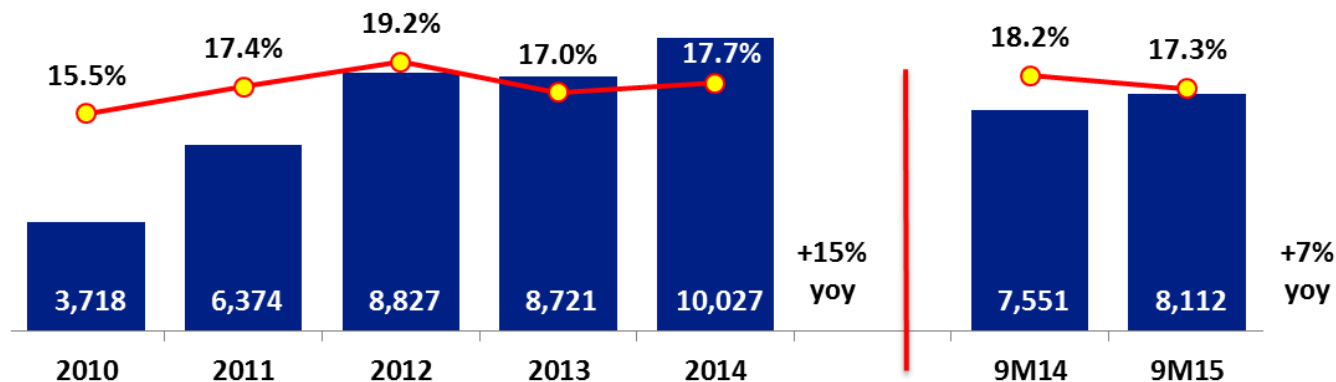


Number of
New Hospitals

Profitability Trend

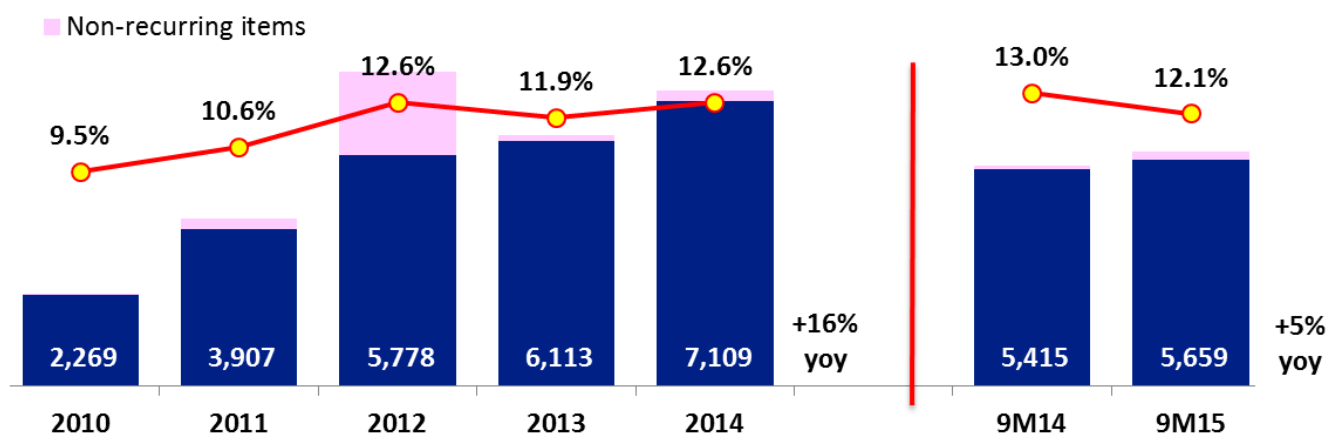
EBIT & EBIT Margin*

(THB mm)



Net Profit & Net Profit Margin*

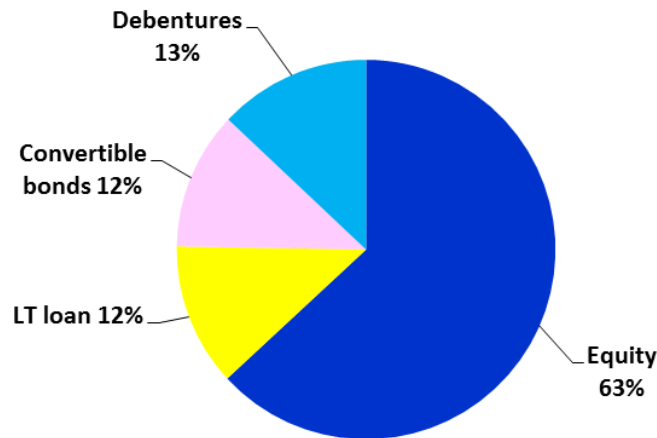
(THB mm)



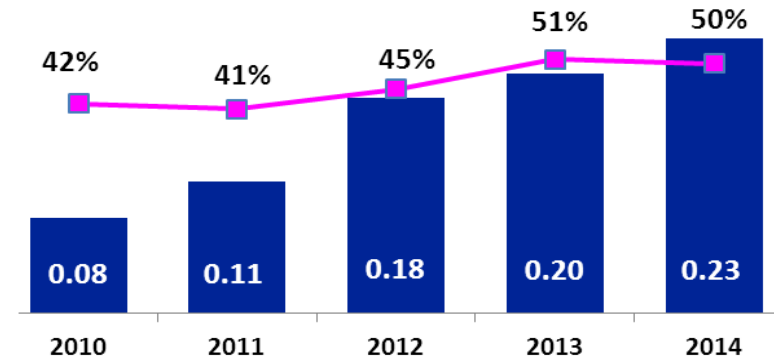
* Excluding non-recurring items

Capital Management

Capital Structure as of Sep 2015

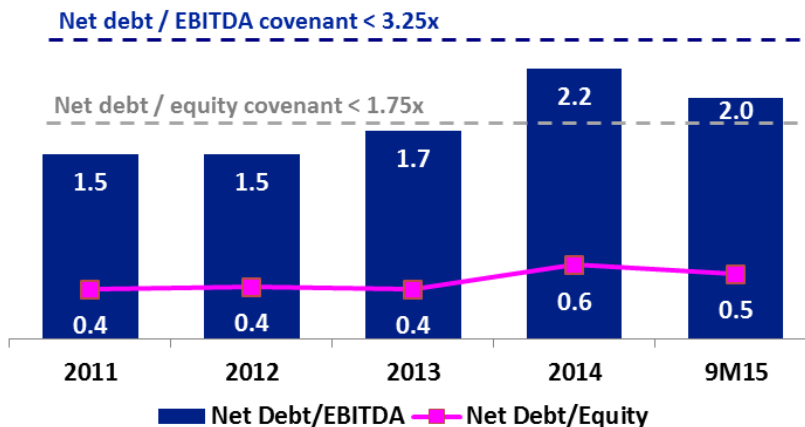


Dividend Payment & Payout Ratio

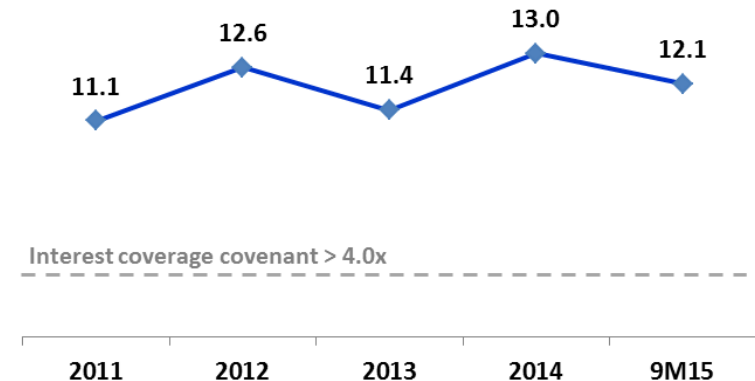


Remark:- Dividend payment has been adjusted to reflect the change in par value from THB 1.00/share to THB 0.10/share since April 2014

Gearing Ratios: Well Within Covenants



Interest Coverage



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
- BDMS 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 68% : Float 32%

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

Issuance Date	18 September 2014
Currency	THB-Denominated, USD-Settled
Issue Size	THB 10.0 billion
Status	Unsecured and unsubordinated convertible bonds
Tenor	5 years
Put Option	At end of year 3 equal to 106.152% of the principal amount (yield 2% p.a.)
Call Option	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
Coupon	Zero
Redemption Price	110.462% of the principal amount (yield 2% p.a.)
Conversion Price	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
Dividend Protection	If the dividend payment is more than 55% of consolidated net profit

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



Bangkok Dusit Medical Services

THB 10 billion

Joint Bookrunner

Joint Lead Manager

Bank of America
Merrill Lynch

Phatra

CREDIT SUISSE

SCB
Innovative

Appendix 2

Your Trusted Healthcare Network

<u>Group 1</u>	<u>Ownership</u>	<u>No. of Beds</u> ⁽¹⁾		<u>Group 4</u>	<u>Ownership</u>	<u>No. of Beds</u> ⁽¹⁾
1. Bangkok Hospital	100%	343	} (BHQ)	26. Bangkok Khon Kaen (BKN)	100%	140
2. Bangkok Heart Hospital	100%	97		27. Bangkok Phrapradaeng (BPD)	84.0%	60
3. Wattanosoth Hospital	100%	48		28. Royal Phnom Penh (RPH)	100%	100
4. Bangkok Huahin (BHN)	100%	60		29. Royal Angkor International (RAH)	80.0%	30
5. Bangkok Chinatown (BCT)	100%	59				
6. Sanamchan (BSN)	100%	200		<u>Group 5</u>		
7. Thepakorn (TPK)	44.5%	100		30. Phyathai 1 (PYT1)	100%	350
8. Muang Petch (MPH)	100%	255		31. Phyathai 2 (PYT2)	99.2%	260
9. Muangraj	100%	125		32. Phyathai 3 (PYT3)	98.2%	240
				33. Phyathai Sriracha (PYTS)	74.4%	350
<u>Group 2</u>				34. Phyathai Nawamin (Pnwm)	99.8%	140
10. Samitivej Sukhumvit (SVH)	95.8%	275		35. Paolo Paholyothin (Pmed)	100%	300
11. Samitivej Srinakarin (SNH)	95.8%	400		36. Paolo Samutprakarn (Psamut)	93.6%	200
12. Samitivej Sriracha (SSH)	69.8%	150		37. Paolo Chokchai 4 (Pchok)	85.7%	148
13. Samitivej Thonburi (STH)	58.0%	150		38. Paolo Rangsit	100%	150
14. Samitivej Chonburi (SCH)	100%	220				
15. BNH Hospital (BNH)	91.5%	144		<u>Group 6</u>		
				39. Bangkok Phuket (BPK)	99.7%	266
<u>Group 3</u>				40. Phuket International (PIH)	100%	151 ⁽²⁾
16. Bangkok Pattaya (BPH)	97.3%	400		41. Dibuk (DBK)	100%	100
17. Bangkok Rayong (BRH)	100%	220		42. Bangkok Hat Yai (BHH)	98.8%	200
18. Bangkok Chanthaburi (BCH)	99.7%	170		43. Bangkok Samui (BSH)	100%	52
19. Bangkok Trat (BTH)	99.8%	114				
20. Sri Rayong (SRH)	100%	195		<u>Group 7: Non-Hospital</u>		
				1. National Healthcare System	100%	
<u>Group 4</u>				2. Bio Molecular Laboratories	95.0%	
21. Bangkok Chiangmai (BCM)	100%	181		3. The Medicpharma	86.9%	
22. Bangkok Ratchasima (BKH)	91.4%	180		4. A.N.B Laboratories	100%	
23. Bangkok Pakchong	91.4%	31		5. Save Drug Center	100%	
24. Bangkok Udon (BUD)	100%	120		6. General Hospital Products	44.7%	
25. Bangkok Phitsanulok (BPL)	100%	195				

Remarks ⁽¹⁾ Structured beds

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