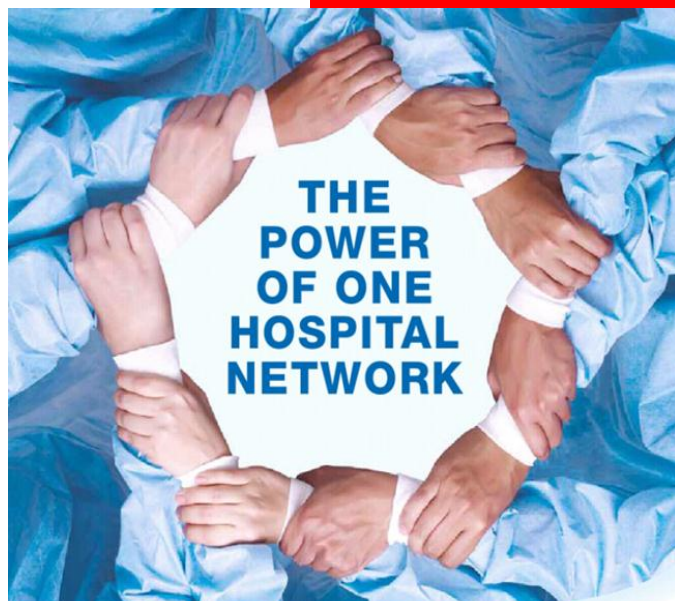




Your Trusted Healthcare Network



**Bangkok Dusit Medical Services (BDMS)**

**Analyst Presentation**

**2Q16&6M16 Results**

**Aug 24, 2016**



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- **BDMS Business Plan & Outlook**

- **BDMS Summary & Updates**

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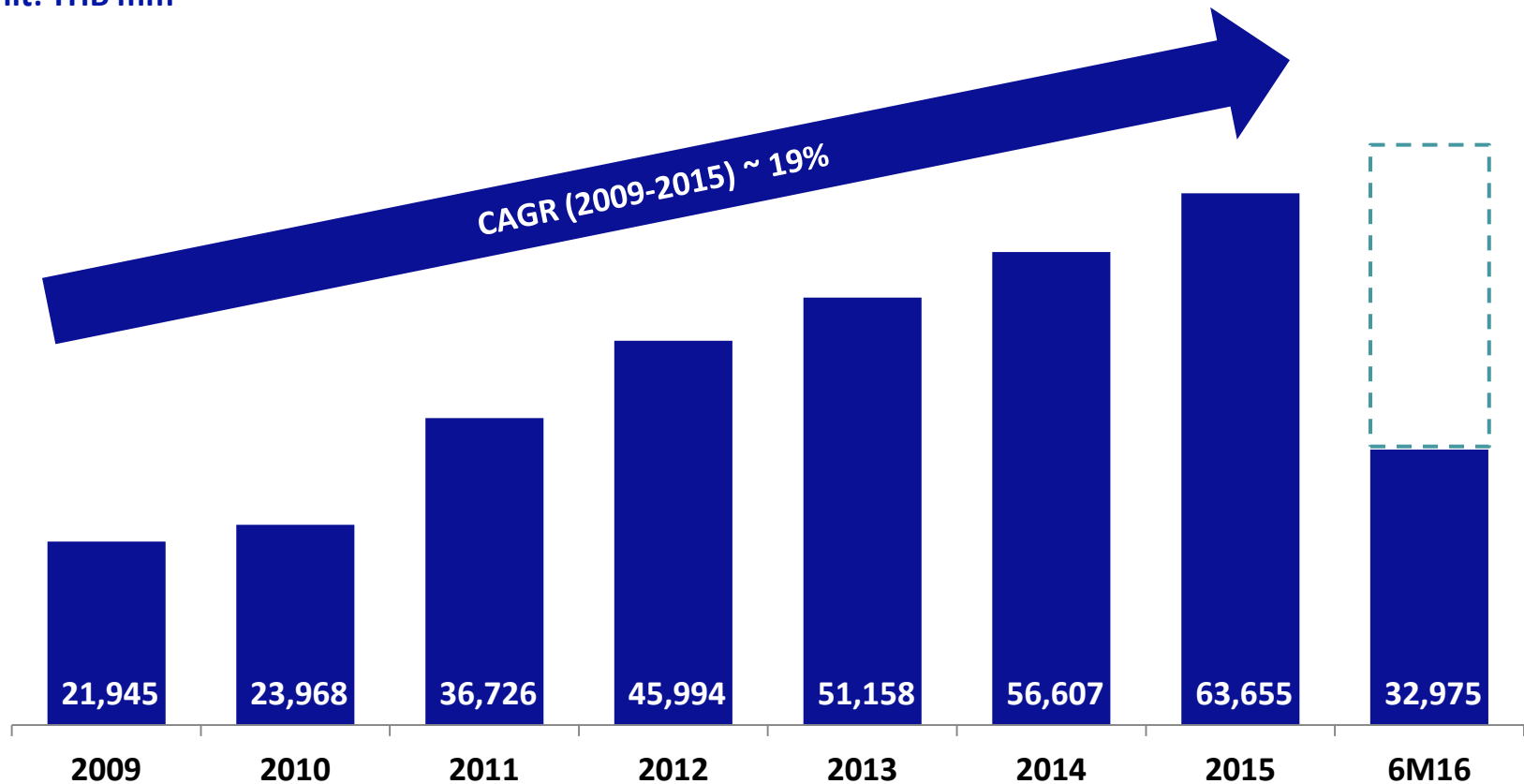
- **Financial Performance**

# BDMS Business Plan & Outlook



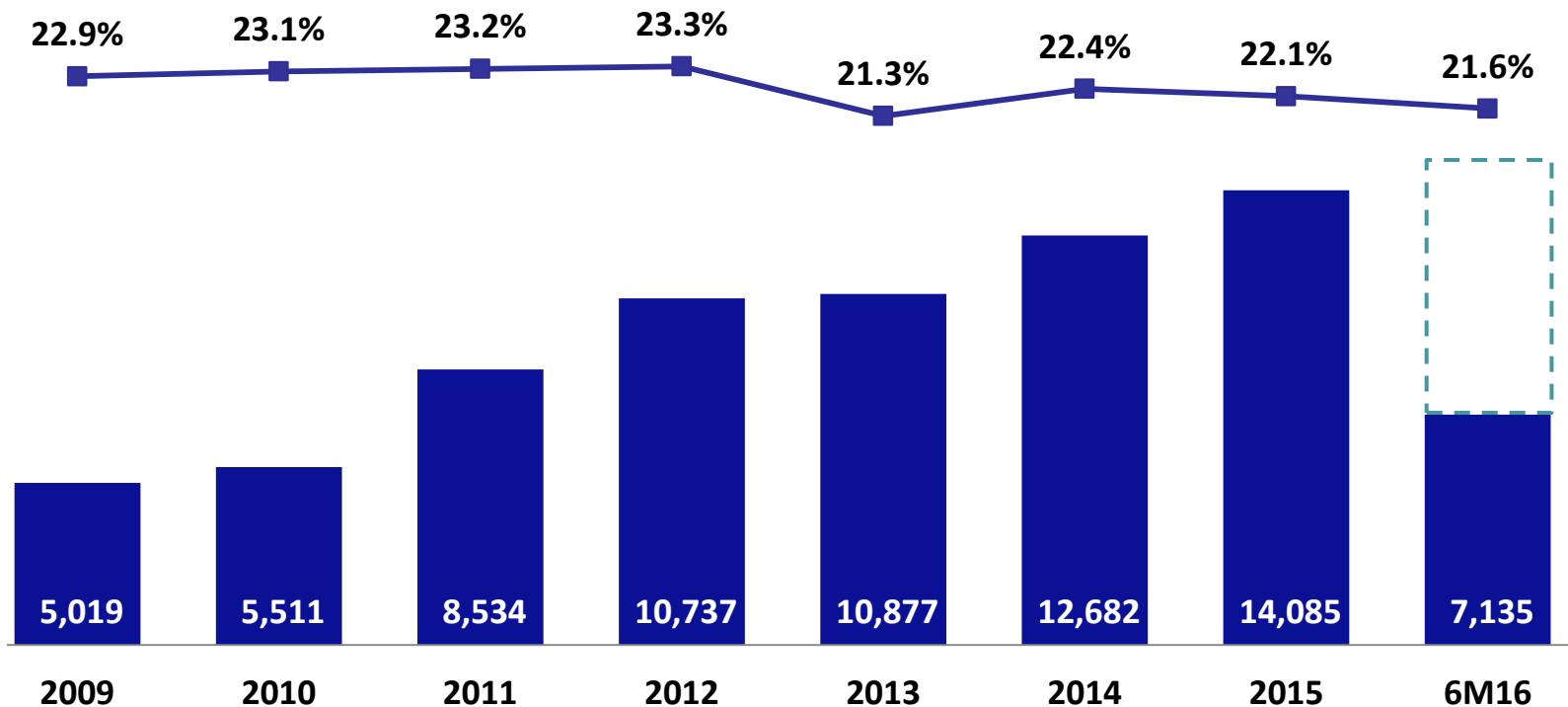
# BDMS Solid Operating Income Growth of 19% p.a. during 2009-2015 from Organic and M&A

Unit: THB mm



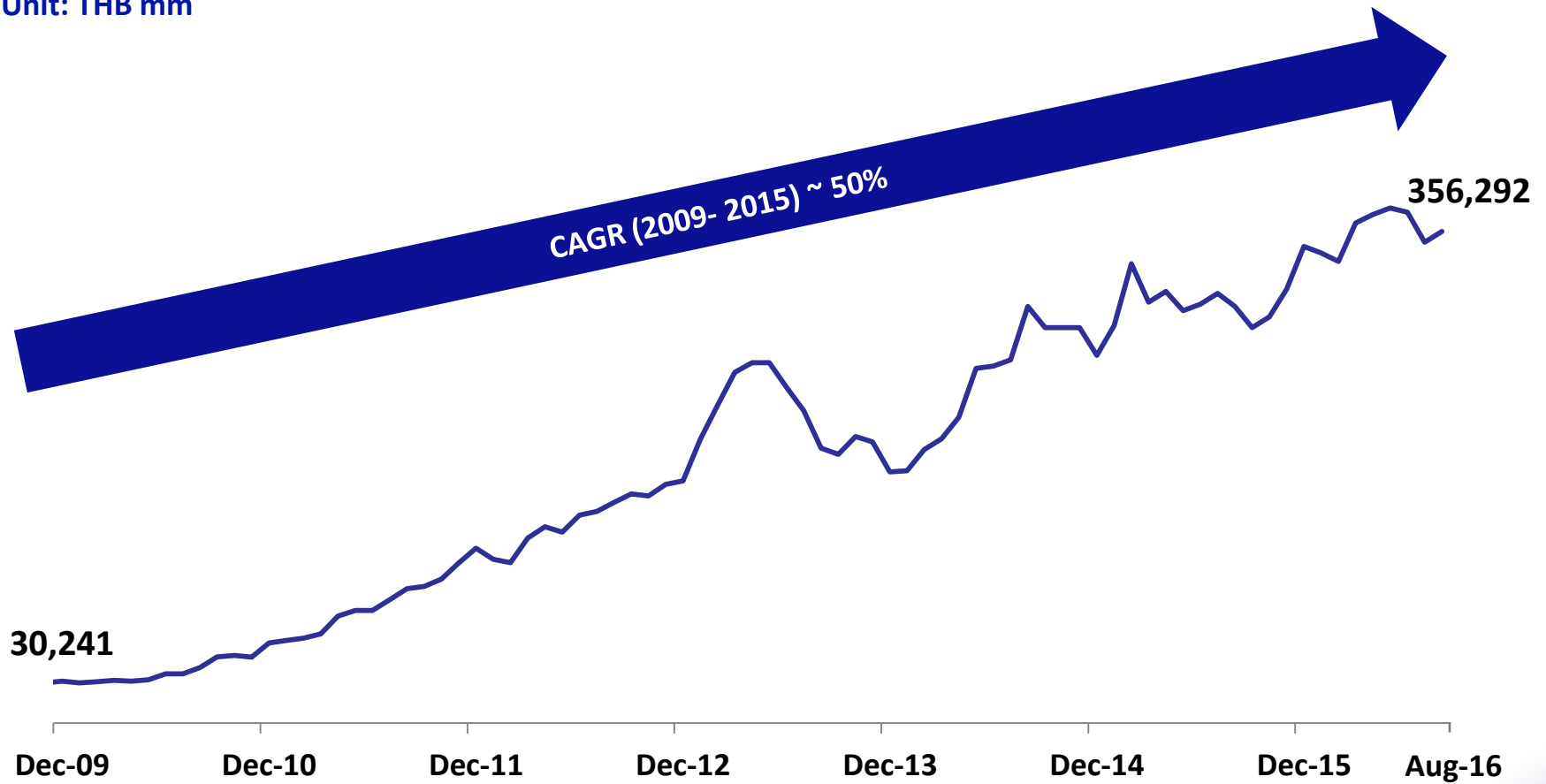
# Strong EBITDA Trend and Margin Despite Continued Investment

Unit: THB mm



# Strong Market Capitalization Backed by Successful Expansion Track Record and Future Healthcare Prospect

Unit: THB mm



# BDMS Summary & Updates



# Consolidated Financial Summary

## 2Q16 Results

- Operating income of THB **15,678 mm** increased by **6%** from 2Q15 mainly from an increase of patient revenue of 5% yoy
- Total EBITDA of THB **3,058 mm** (EBITDA margin of 19.5%) increased by **4%** yoy
- Net profit (excluding non-recurring items) of THB **1,608 mm** (NPAT margin of 10.3%) increased by **8%** yoy

## 6M16 Results

- Operating income of THB **32,975 mm** increased by **8%** from 6M15 mainly from an increase of patient revenue of 8% yoy
- Total EBITDA of THB **7,135 mm** (EBITDA margin of 21.6%) increased by **5%** yoy
- Net profit (excluding non-recurring items) of THB **4,014 mm** (NPAT margin of 12.2%) increased by **6%** yoy

# Liabilities Management

## Issuance of Debentures

- BDMS had issued debentures of THB 3,000 mm (10-year) at 2.99% p.a.
- Tris Rating assigns the rating of “AA-” with stable outlook to these debentures
  - The ratings reflect Company’s leading market position as the largest private hospital operator in Thailand, extensive referral network of hospitals, sound operating performance, healthy balance sheet, our experienced management team and capable physicians.

# Continue to Expand Our Footprint in the Upcountry

## New Hospitals in Pipeline



Bangkok Hospital Surat



Bangkok Hospital Chiangrai



Hospitals	Total Beds	1 <sup>st</sup> Phase	Project Details	Commission Date
1 Bangkok Hospital Surat	150	50	<ul style="list-style-type: none"> <li>Secondary care hospital</li> <li>Targeting middle income patients in Surat and networking with Bangkok Hospital Samui</li> </ul>	2017
2 Bangkok Hospital Chiangrai	80	56	<ul style="list-style-type: none"> <li>Basic tertiary care hospital</li> <li>Targeting residents of Chiangrai, Phayao and Nan area and international patients from Southern China, Myanmar and Laos</li> </ul>	2018

# Expansion of Existing Hospitals

## Accommodate Rising Demand in Healthcare



Chiva Residence & Royal Care Hospital



Hospitals	Total Beds	Project Details	Commission Date
1 Chiva Residence	93	<ul style="list-style-type: none"> <li>Residence for patient's relatives, visiting doctors and staffs</li> <li>Conveniently located near Bangkok Hospital Headquarter</li> </ul>	2016
2 Royal Care Project	58	<ul style="list-style-type: none"> <li>Focus on elderly care and rehabilitation for patients who require extended hospitalization</li> </ul>	2017



# Expansion of Existing Hospitals

## Upgrading Current Hub Hospitals



Phoenix Project

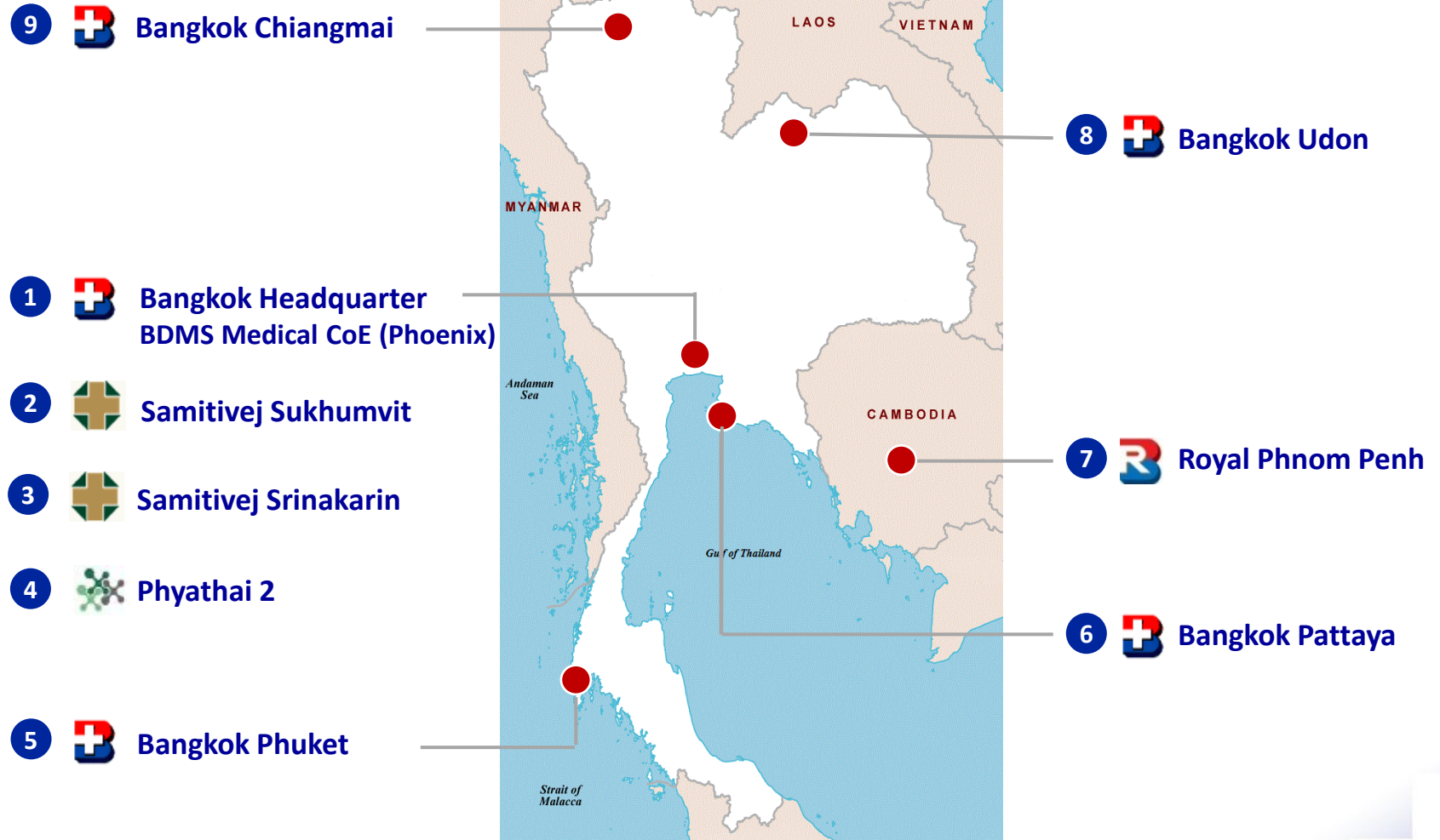


Expansion of Samitivej Sukhumvit Hospital

Hospitals	Total Beds	Project Details	Commission Date
3 Phoenix Project at Bangkok Hospital Headquarter (BHQ)	220	<ul style="list-style-type: none"> <li>Focus on Neurology Center, Orthopedics Center, Spine Center, Longevity Care Center and Rehabilitation Center</li> <li>Located next to BHQ on the land of 4 Rai</li> </ul>	2018
4 Expansion of Samitivej Sukhumvit Hospital	45	<ul style="list-style-type: none"> <li>Focus on Japanese patients, liver and Gastrointestinal</li> <li>Located near Samitivej Sukhumvit Hospital on the land of 1 Rai</li> </ul>	2018

# Centers of Excellence

Upgrading 9 Hospitals to Become Centers of Excellence with the Focus on International Patients



# Medical Cooperation

## International and Local Partnership

### Cancer



- Sister Institute with MD Anderson on cancer

### Occupational health, Pediatrics, Rehabilitation and Informatics



- Collaboration with Oregon Health and Science University on occupational health, pediatrics, rehabilitation, clinical simulation and informatics

### Trauma and Orthopedics



- Collaboration with Missouri Orthopaedic Institute, University of Missouri Health Care in education, training and research



- Collaboration with Hannover Medical School for education and research on trauma and orthopedics



- Collaboration with Stanford University for knowledge sharing on orthopedics

# Medical Cooperation

## International and Local Partnership

### Neuroscience



- Research collaboration with Department of Neurosurgery, Cedars-Sinai on the TRFS laser device for brain tumor surgery

- Collaboration with Black Brain Health Center of Dr. Keith L. Black, one of the world leading neurosurgeons



- Collaboration with Cleveland Clinic on epilepsy and sleep medicine

### Gastrointestinal



- Collaboration with Sano Hospital on Gastrointestinal Medicine

### Others



- Collaboration with Nagoya University for education, medical treatment assistance and patient referral



- Collaboration with local institutions

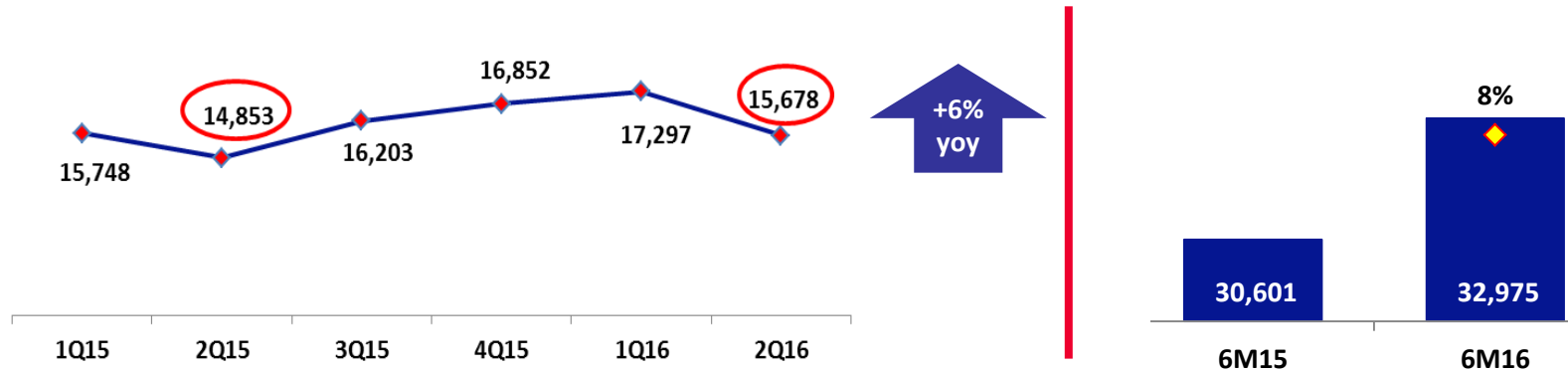


# Operational Statistics

# 2Q16 & 6M16 Operating Income Growth

## Operating Income Trend

(THB mm)



## Commentary

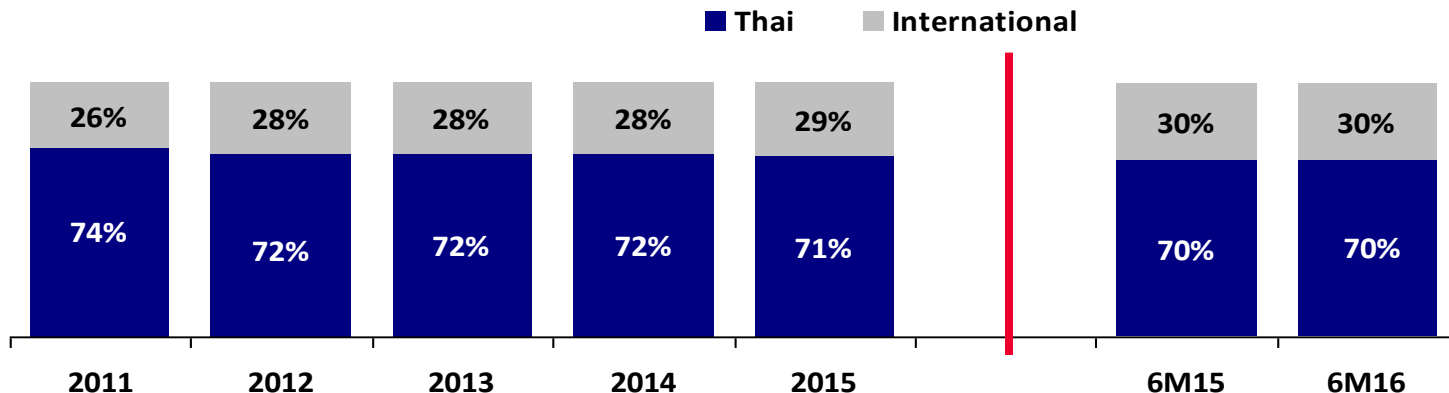
- **6M16** Operating income increased by **8%** yoy, primarily from
  - Revenue from hospital operations grew **8%** yoy mainly from
    - Growth in number of outpatients and inpatients across our network hospitals
    - Increasing healthcare inflation, intensity and complexity cases
    - Consolidation of new network hospitals
    - Patient ward renovation and patient referral system

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

- 13 new network hospitals (less than 2 full calendar years) are consisted of BCM, BSN, TPK, PIH, RPH, BKN, BCT, MPH, SRH, DBK, SCH, Muangraj and PLR
- Hospital abbreviations shown in appendix 1

# Expanding Both Thai and International Patients

## Revenue Contribution by Nationality

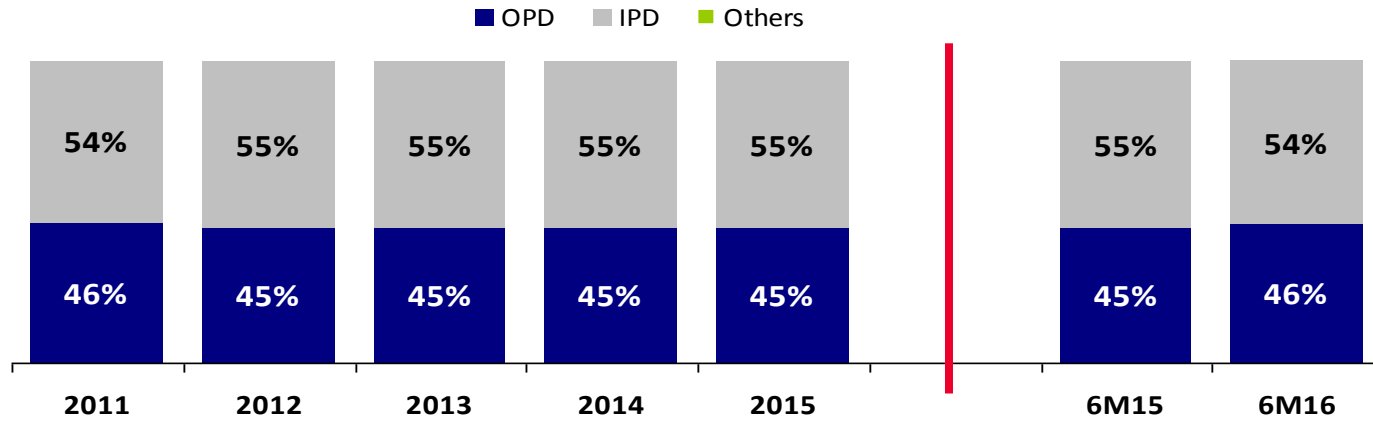


## Commentary

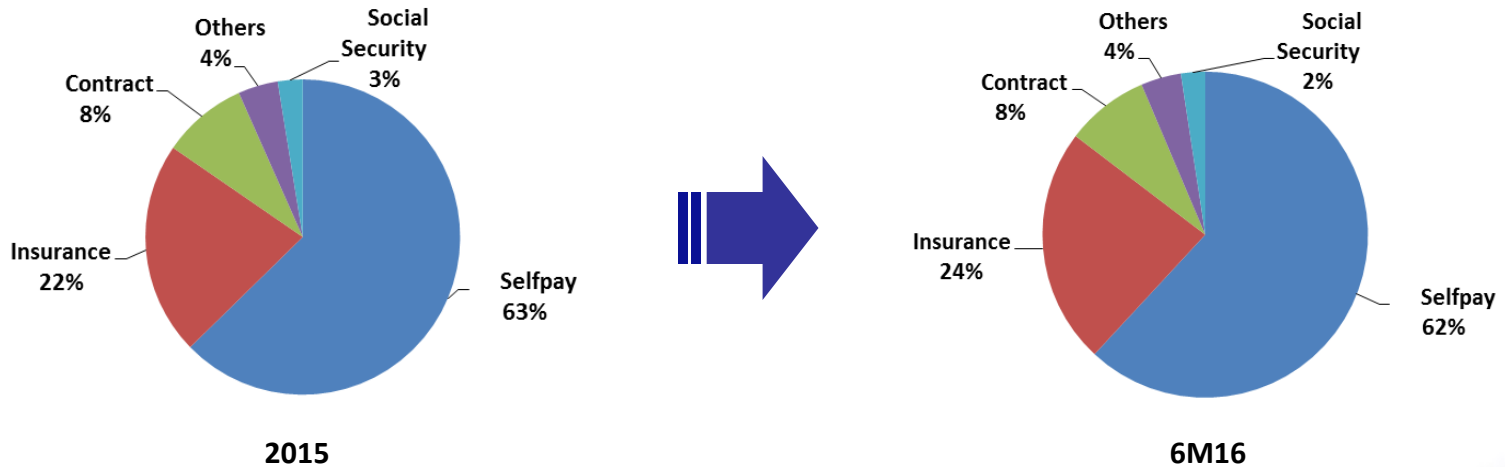
- **6M16** revenue from Thai patients grew 8% while international patients grew 8% yoy
  - Top 5 international patient revenues are from Japan, Myanmar, UAE, UK and Germany which contribute 2.4%, 2.0%, 1.9%, 1.7% and 1.5% of total patient revenues respectively
  - International patient revenues grew significantly for Cambodia (+41%), China (+23%) and Germany (+15%)

# Patient Mix

## Revenue Breakdown by Patient Types



## Patient Revenue by Payor: Increasing Insurance Portion

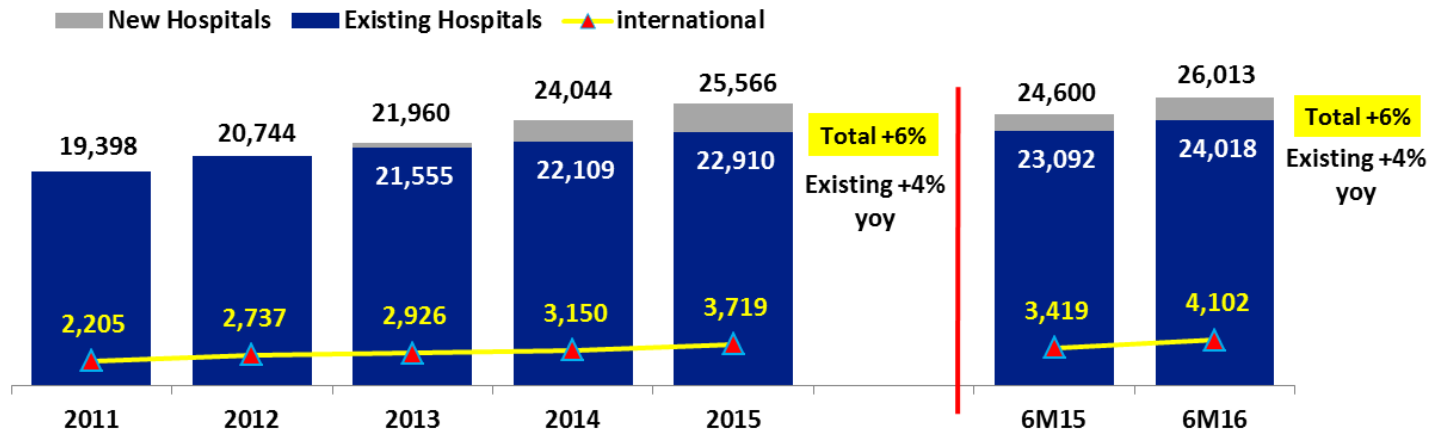


Source:- BDMS management report

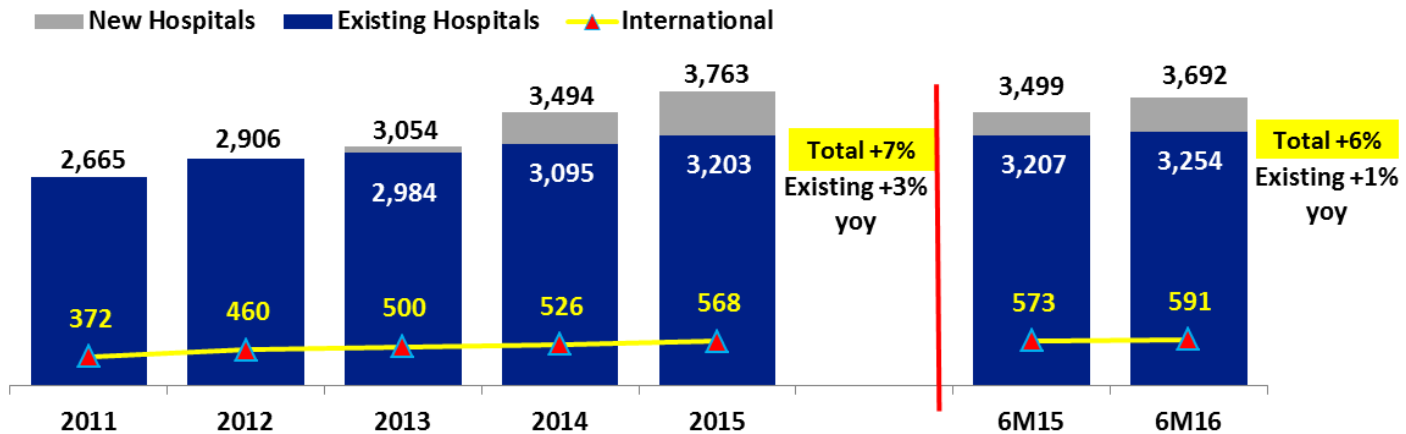


# Patient Base Expansion From Both Organic Growth & Acquisitions

## Number of OPD Visits per Day



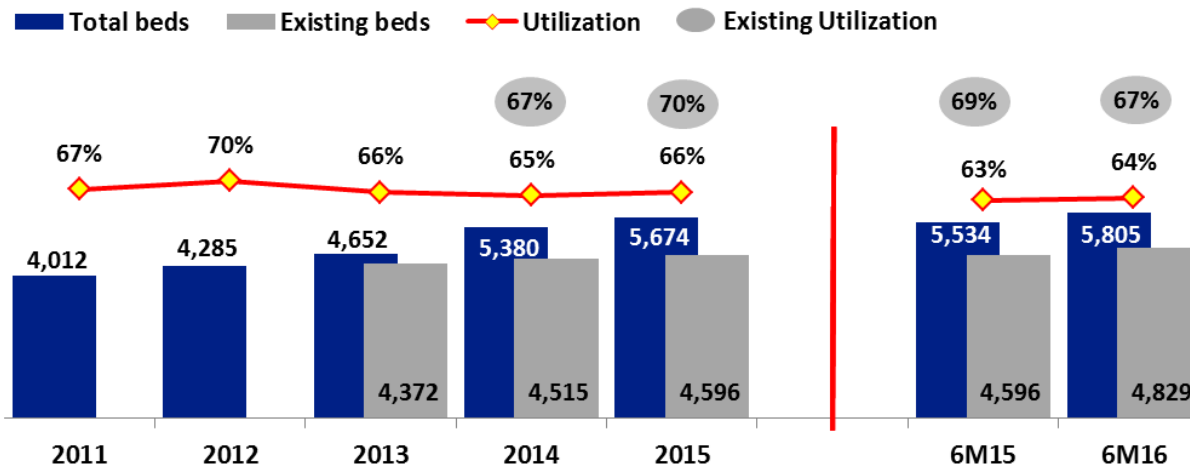
## Average Daily Census ( ADC )



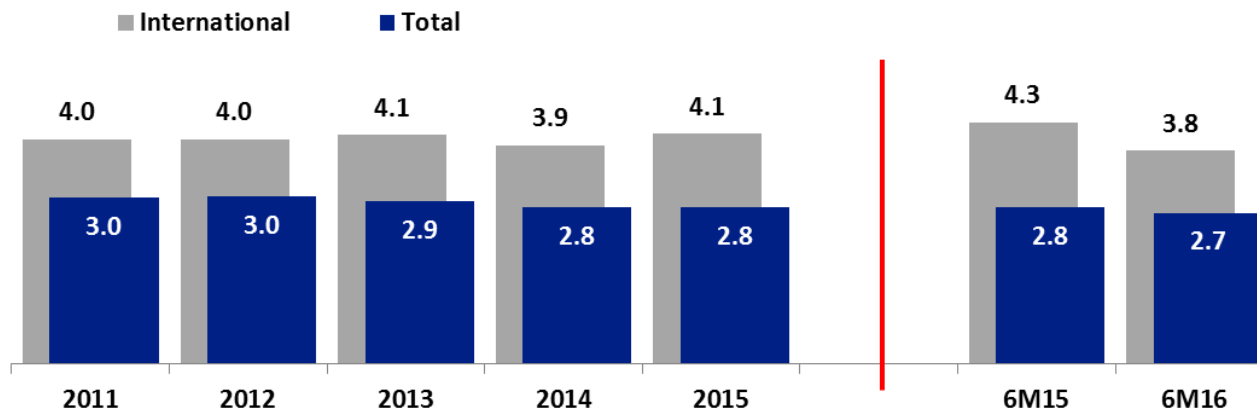
Remarks: - Including social security  
 Source:- BDMS Management Report

# Utilization of Beds

## Utilization Based on Available Beds



## Average Length of Stay (days)

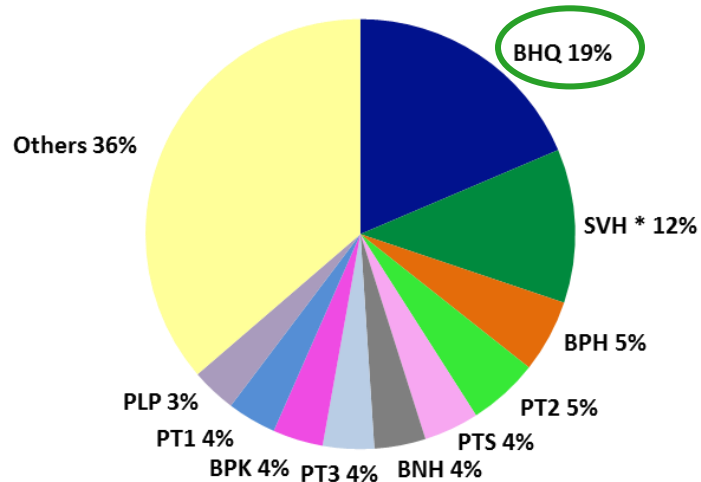


Remarks:- Including social security patients

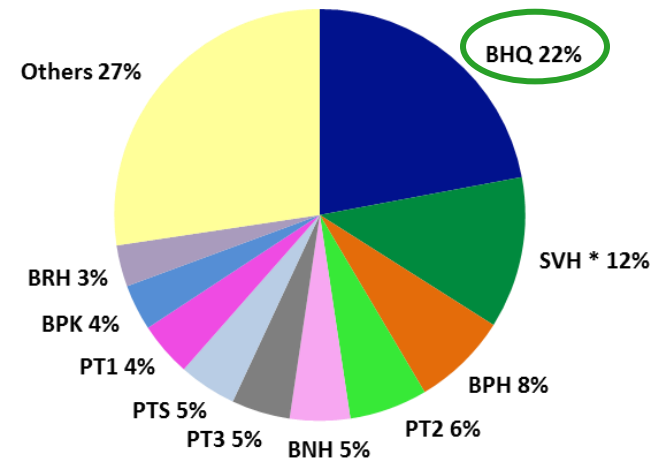
# Financial Performance

# Diversified Sources of Revenues and Profitability

## Operating Income Contribution in 6M16



## Total EBITDA Contribution in 6M16



## Commentary

- During 6M16, top 5 hospitals contributed 45% of total revenue and 53% of total EBITDA
- Revenue of Bangkok&vicinity hospitals grew 6% yoy
  - Hospitals that grew more than 6% yoy are STH (+37%), BNH (+20%), PT1 (+12%), PT2 (+10%) and PT3 (+7%)
- Revenue of Upcountry hospitals grew 11% yoy
  - Hospital that grew more than 11% yoy is BUD (+38%), RAH (+27%), BTH (+20%), BPL (+18%), BPD (+12%), BCH (+12%) and BSH (+12%)

\* SVH also included SNH performance

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

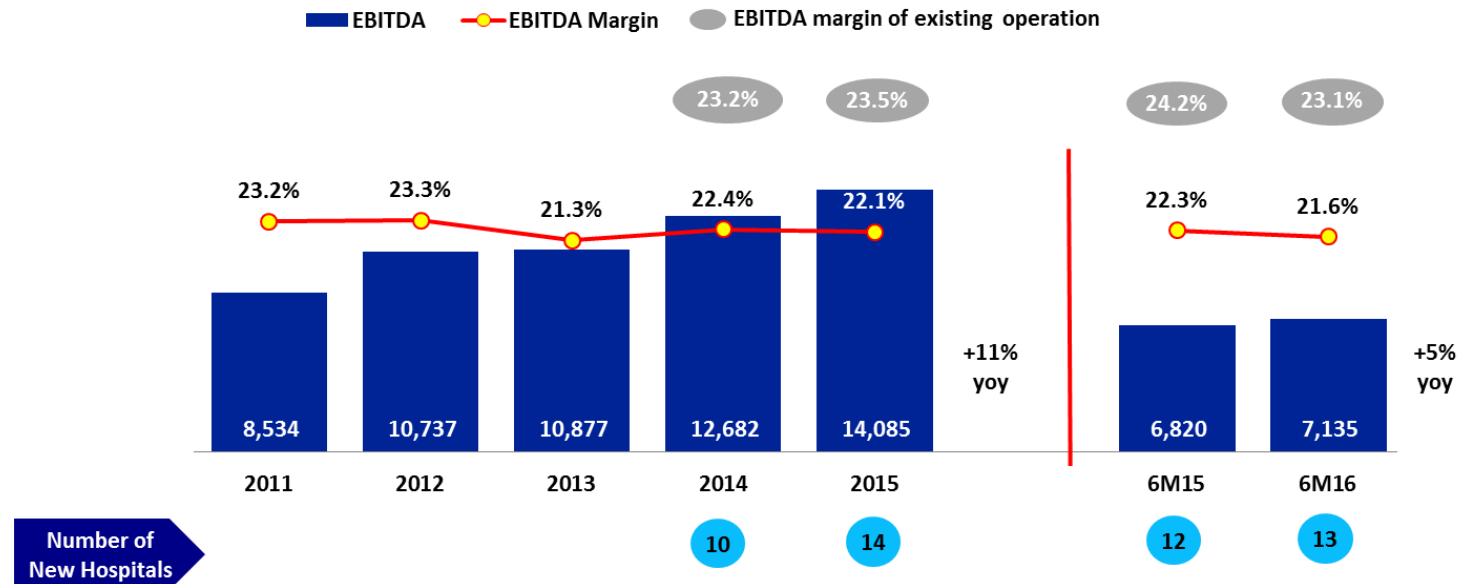
- EBITDA is calculated from revenue from hospital operations + revenue from F&B + other income – cost from hospital operations – SG&A expenses



# Profitability Trend

## EBITDA & EBITDA Margin

(THB mm)



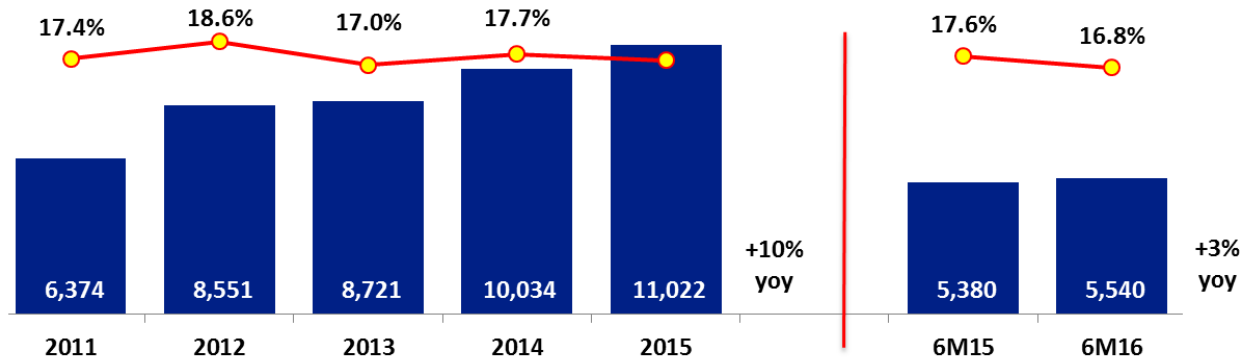
## Commentary

- **6M16** EBITDA margin decreased slightly yoy due mainly to
  - Slowdown of international patients growth from 15% in 6M15 to 8% in 6M16
  - Slower growth in the Southern group hospitals in Phuket due to shift in nationality of international patients and expansion of Phuket International Hospital

# Profitability Trend

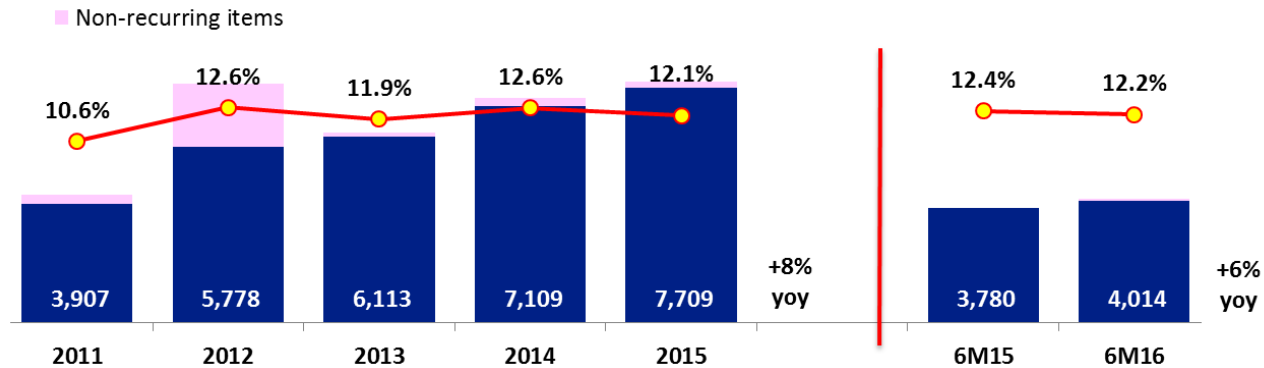
## EBIT & EBIT Margin\*

(THB mm)



## Net Profit & Net Profit Margin\*

(THB mm)

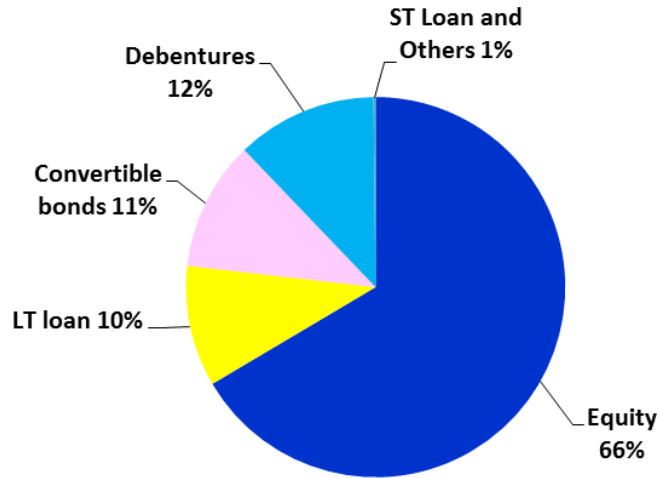


\* Excluding non-recurring items

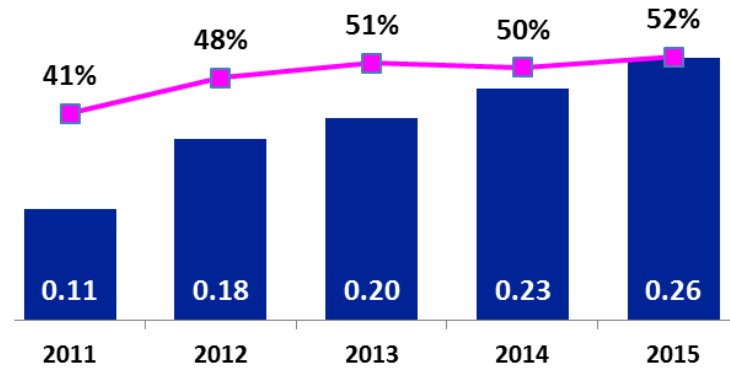


# Capital Management

## Capital Structure as of June 2016



## Dividend Payment & Payout Ratio

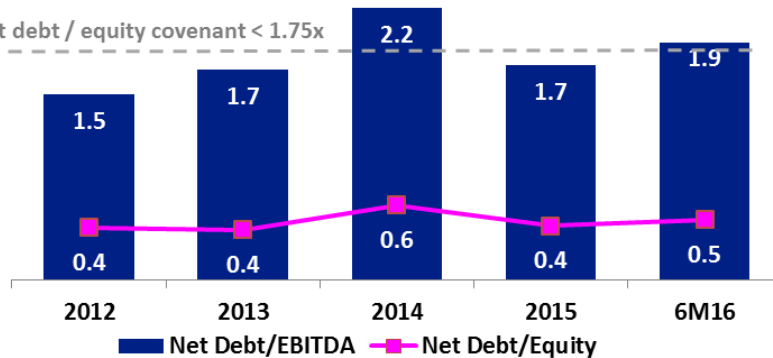


Remark:- Dividend payment has been adjusted to reflect the change in par value from THB 1.00/share to THB 0.10/share since April 2014

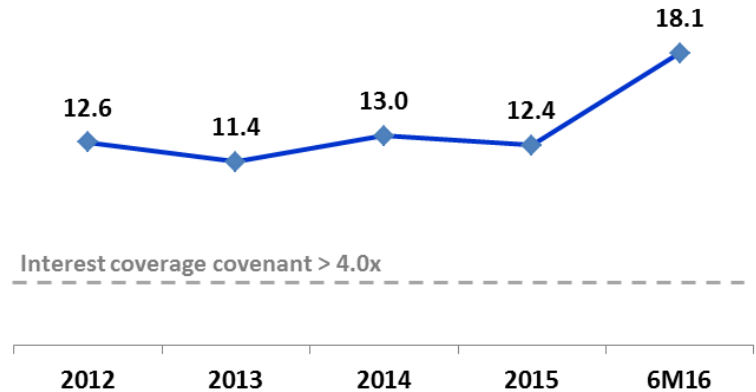
## Gearing Ratios: Well Within Covenants

Net debt / EBITDA covenant < 3.25x

Net debt / equity covenant < 1.75x



## Interest Coverage



Interest coverage covenant > 4.0x

# Appendix 1

## Your Trusted Healthcare Network

### Group 1 (Bangkok and West)

	Ownership	No. of Beds
1. Bangkok Hospital	100%	343
2. Bangkok Heart Hospital	100%  (BHQ)	97
3. Wattanosoth Hospital		48
4. Bangkok Huahin (BHN)		60
5. Bangkok Chinatown (BCT)	100%	59
6. Bangkok Sanamchan (BSN)	100%	200
7. Thepakorn (TPK)	44.5%	100
8. Muang Petch (MPH)	100%	255
9. Muangraj	100%	125

### Group 2

10. Samitivej Sukhumvit (SVH)	95.8%	275
11. Samitivej Srinakarin (SNH)	95.8%	400
12. Samitivej Sriracha (SSH)	69.8%	150
13. Samitivej Thonburi (STH)	63.5%	150
14. Samitivej Chonburi (SCH)	100%	220
15. BNH Hospital (BNH)	91.5%	144

### Group 3 (East)

16. Bangkok Pattaya (BPH)	97.3%	400
17. Bangkok Rayong (BRH)	100%	220
18. Bangkok Chanthaburi (BCH)	99.7%	170
19. Bangkok Trat (BTH)	99.8%	114
20. Sri Rayong (SRH)	100%	195

### Group 4 (North, Northeast and Cambodia)

21. Bangkok Chiangmai (BCM)	100%	181
22. Bangkok Ratchasima (BKH)	91.4%	180
23. Bangkok Pakchong	91.4%	31
24. Bangkok Udon (BUD)	100%	120
25. Bangkok Phitsanulok (BPL)	100%	195

### Group 4 (North, Northeast and Cambodia)

	Ownership	No. of Beds
26. Bangkok Khon Kaen (BKN)	100%	140
27. Bangkok Phrapradaeng (BPD)	84.0%	60
28. Royal Phnom Penh (RPH)	100%	100
29. Royal Angkor International (RAH)	80.0%	30

### Group 5

30. Phyathai 1 (PT1)	100%	350
31. Phyathai 2 (PT2)	99.2%	260
32. Phyathai 3 (PT3)	98.2%	240
33. Phyathai Sriracha (PTS)	74.4%	350
34. Phyathai Nawamin (PTN)	99.8%	140
35. Paolo Paholyothin (PLP)	100%	300
36. Paolo Samutprakarn(PLS)	93.6%	200
37. Paolo Chokchai 4 (PLC)	85.7%	148
38. Paolo Rangsit (PLR)	100%	150

### Group 6 (South)

39. Bangkok Phuket (BPK)	99.7%	266
40. Phuket International (PIH)	100%	151
41. Dibuk (DBK)	100%	100
42. Bangkok Hat Yai (BHH)	98.8%	200
43. Bangkok Samui (BSH)	100%	52

### Group 7: Non-Hospital

1. National Healthcare System	100%
2. Bio Molecular Laboratories	95.0%
3. The Medicpharma	86.9%
4. A.N.B Laboratories	100%
5. Save Drug Center	100%
6. General Hospital Products	44.7%

Remark:- Number of beds is structured beds