



**Bangkok Dusit Medical Services (BDMS)**

**Analyst Presentation 1Q17 Results**

**18 May 2017**

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# **BDMS Summary & Updates**

# Consolidated Financial Summary

## 1Q17 Results

- Operating income of THB 17,395 mm was slightly up 1% yoy in 1Q17
  - Patient revenues was slightly up 1% yoy in 1Q17. Key factors were
    - Thai patient volume dropped yoy mainly to sharp drop in epidemic widespread in Thailand
    - Overall price intensity increased yoy from increasing intensity and complexity cases
    - Thai patient revenues was flat yoy while int'l patient revenue grew 4% yoy
- Total EBITDA of THB 3,790 mm (EBITDA margin of 21.8%) decreased by 7% yoy
- Net profit of THB 1,974 mm (NPAT margin of 11.3%) decreased by 18% yoy

# Key Update

## Partial Sale Investment in BH

- On 28 April 2017, BDMS disposed the equity investment in Bumrungrad Hospital PCL (BH) of 25,189,494 shares (or 3.45% of BH's issued and paid-up shares) with a selling price of THB 179 per share, receiving total cash of THB 4,508.92 million and capital gain of THB 2,198 million (after taxes)
- Reducing stake in BH from 23.95% to 20.50%
- The purpose of this transaction is to raise funds for further business expansion

## Resolution of AGM – Approved Issuance of Debenture Not Exceed THB 40,000 million

- On 12 April 2017, BDMS shareholders approved the issuance and offering of debenture in the amount of not exceeding THB 40,000 million

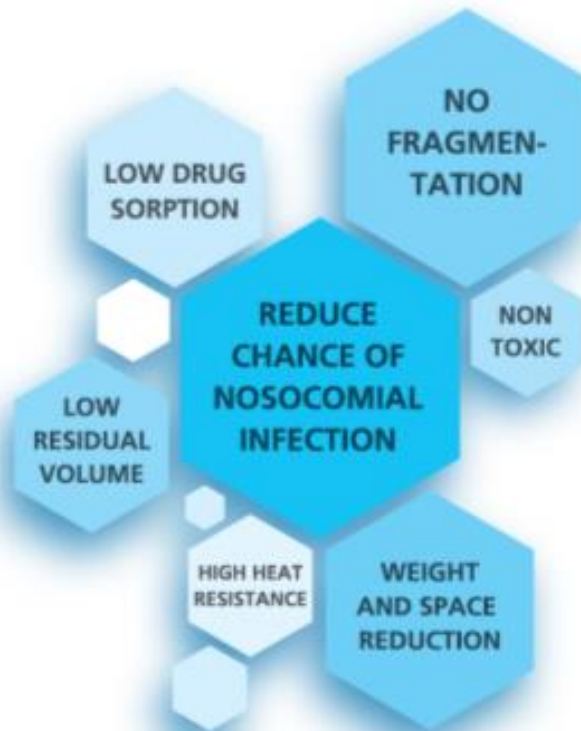
# Key Update

## Resolution of AGM - Approved capital reduction and capital increase (General Mandate)

	Shares (mm)	Amount (THB mm)
Current registered capital	16,497.9	1,659.8
Capital reduction	<u>(464.7)</u>	<u>(46.5)</u>
After capital reduction	16,033.2	1,603.3
General mandate	<u>1,549.0</u>	<u>154.9</u>
New registered Capital	17,582.2	1,758.2

- (1) Public offering: Up to 774.5 mm shares (5% of the Company's paid-up capital)
- (2) Private placement: Up to 774.5 mm shares (5% of the Company's paid-up capital)
- (1) and/or (2) not exceeding 5% of the Company's paid-up capital

## First IV soft bag manufacturer in Thailand



- ANB is the first manufacturer of IV soft bag containers in Thailand
- Launch in May 2017 with production of 1.8 million bags per month serving demand in Thailand
- Improving patient safety and reduction of the chance of infection
- Lower weight and reduce storage space for healthcare unit

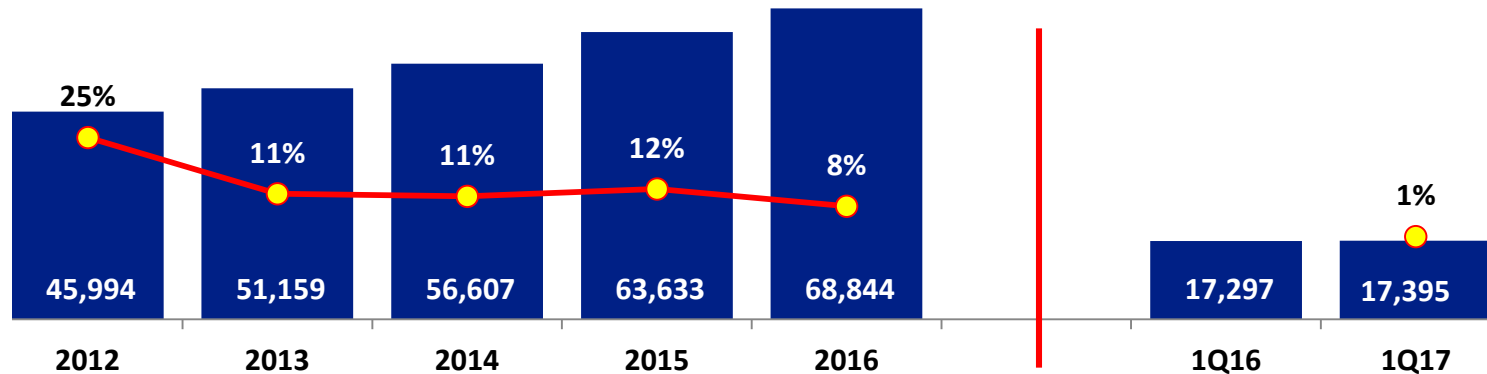


# Operational Statistics

# Operating Income Growth

## Operating Income Trend

(THB mm)



## Commentary

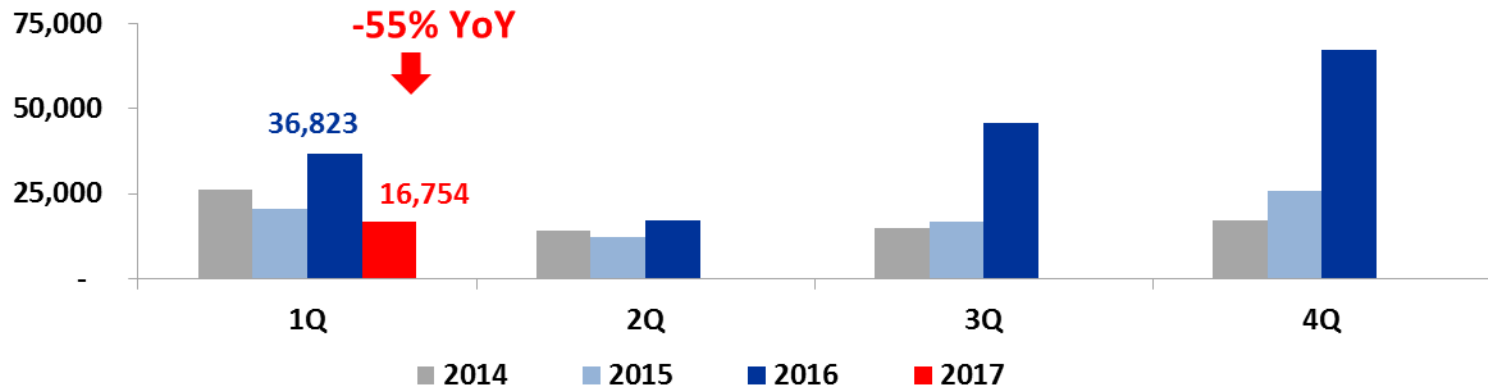
- 1Q17 Operating income slightly up 1% yoy. Such slow growth was mainly from
  - Declining in patient volume both OPD and IPD given
    - Significant decline in influenza and dengue fever cases in Thailand
    - Paolo Paholyothin exited from social security program since Jan 2017
    - Decline in Middle East patients since 2Q16
  - Meanwhile overall price intensity up well yoy due to increasing healthcare inflation, intensity and complexity cases

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

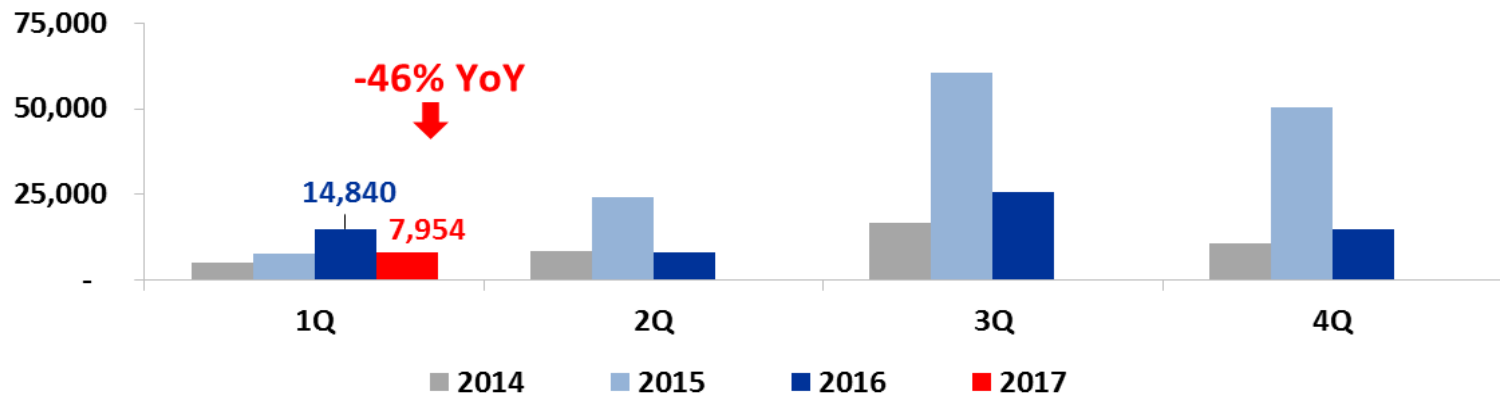
# Statistic of Epidemic Widespread in Thailand

## Sharp Drop yoy for Influenza and Dengue Fever Cases for Thailand during 1Q17

### Number of Influenza cases in Thailand



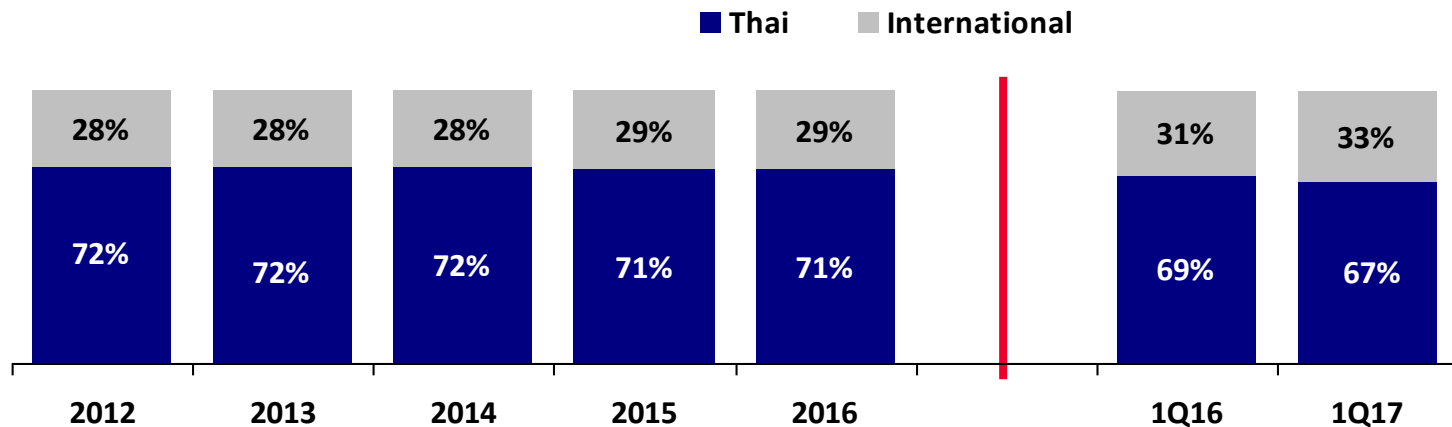
### Number of Dengue Fever cases in Thailand



Source: Department of Disease Control, Ministry of Public Health

# Thai and International Patients

## Revenue Contribution by Nationality

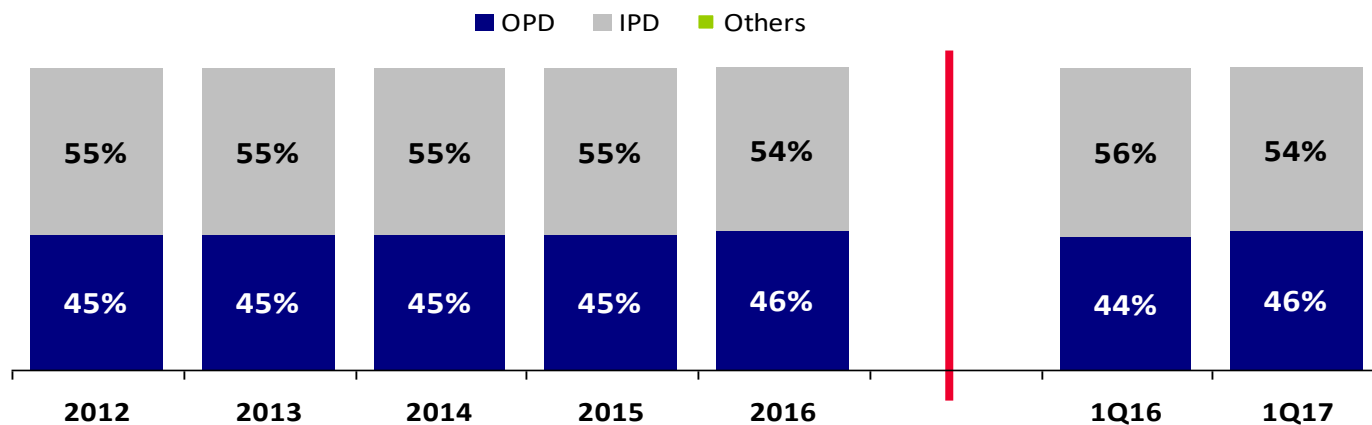


## Commentary

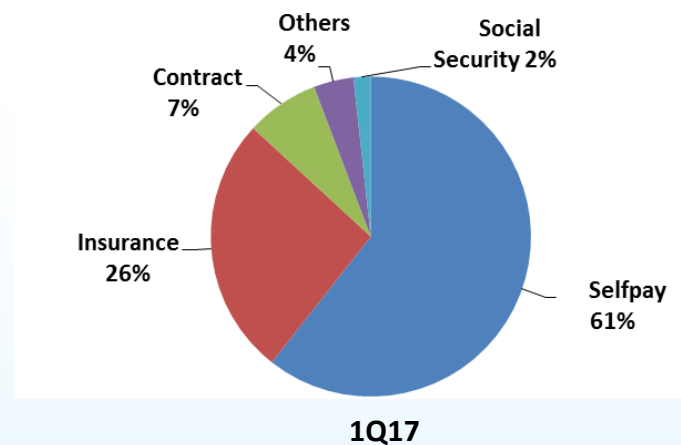
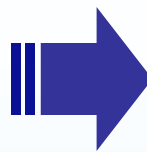
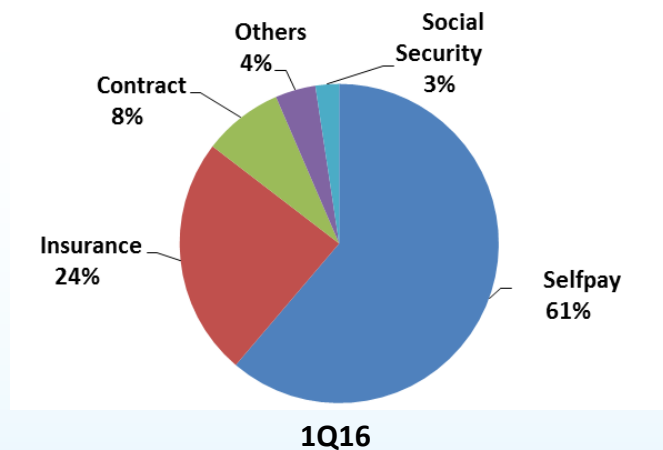
- 1Q17 revenues from Thai patients was flat yoy while international patients grew 4% yoy
  - Top 5 international patient revenues are from Japan, UK, USA, Myanmar and Germany which contribute 2.4%, 2.0%, 1.8%, 1.8% and 1.8% of total patient revenues respectively
  - Key growth for International patient revenues are Russia (+47%) China (+23%), USA (+19%)

# Patient Mix

## Revenue Breakdown by Patient Types

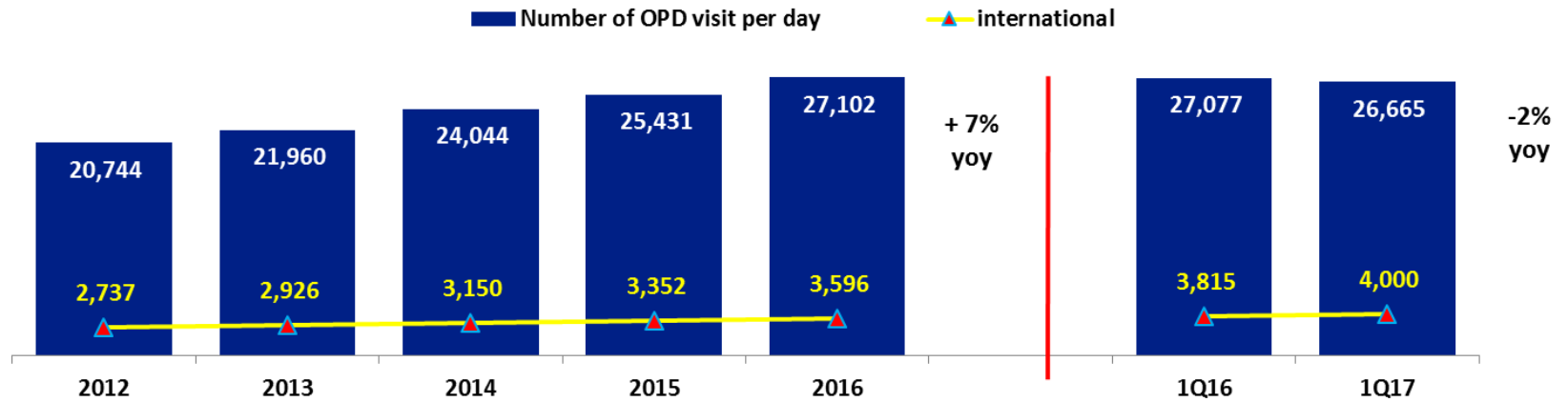


## Patient Revenue by Payor: Increasing Insurance Portion

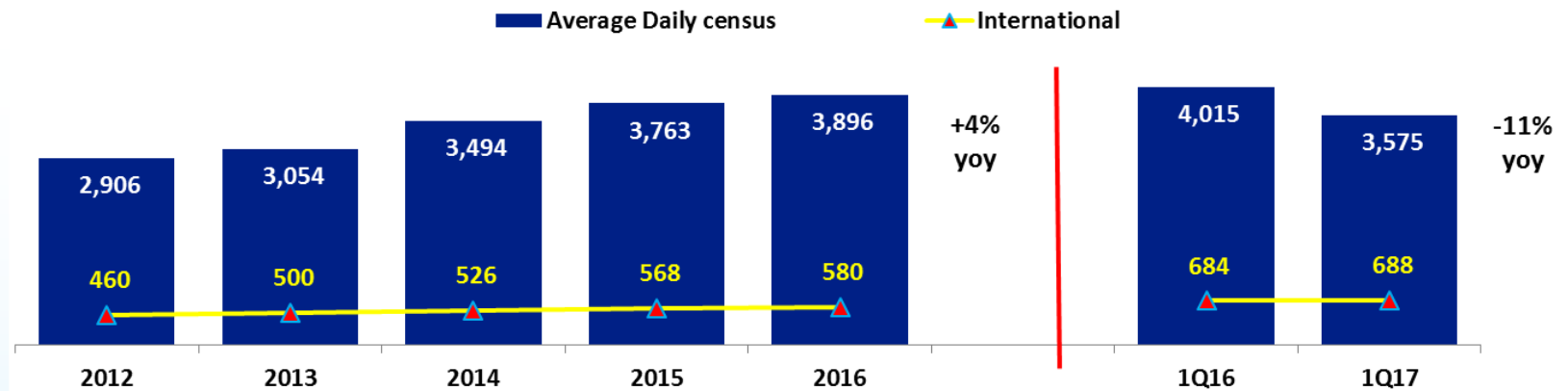


# Patient Volume

## Number of OPD Visits per Day



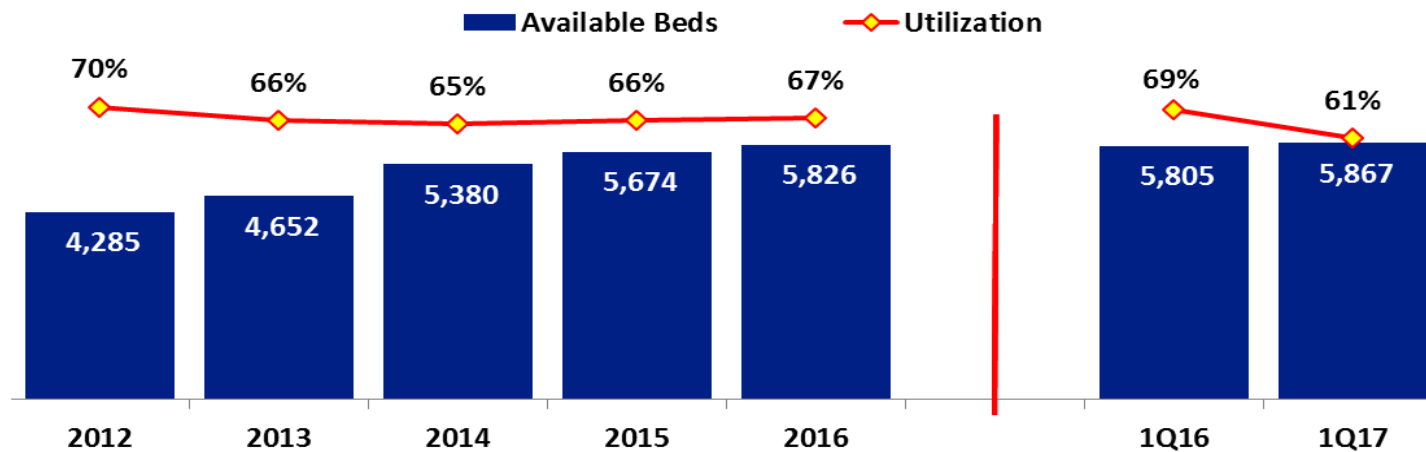
## Average Daily Census ( ADC )



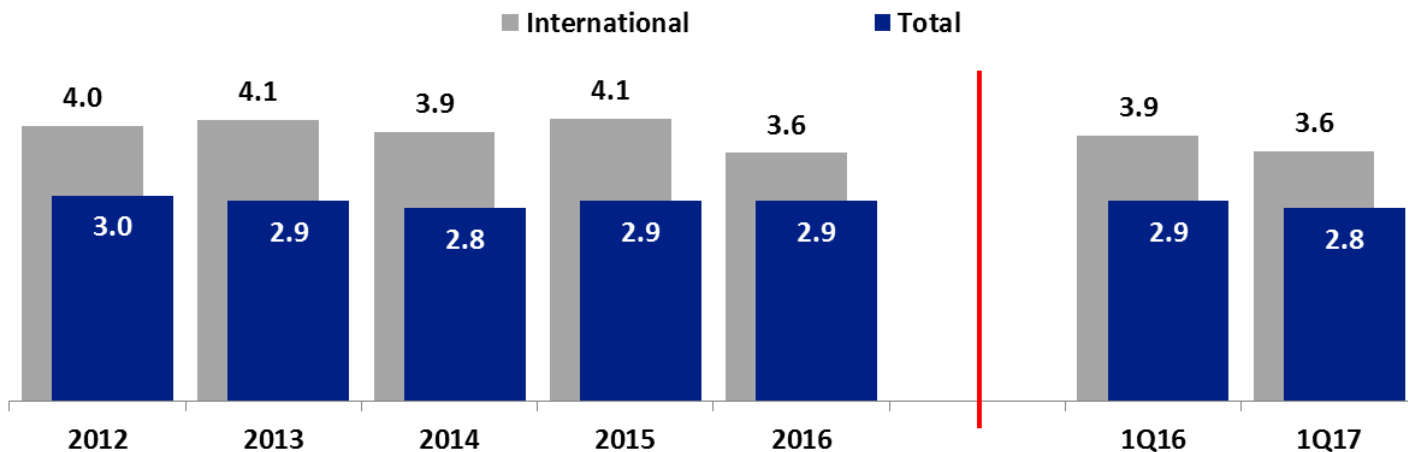
Remarks: - Including social security

# Utilization of Beds

## Utilization Based on Available Beds



## Average Length of Stay (days)



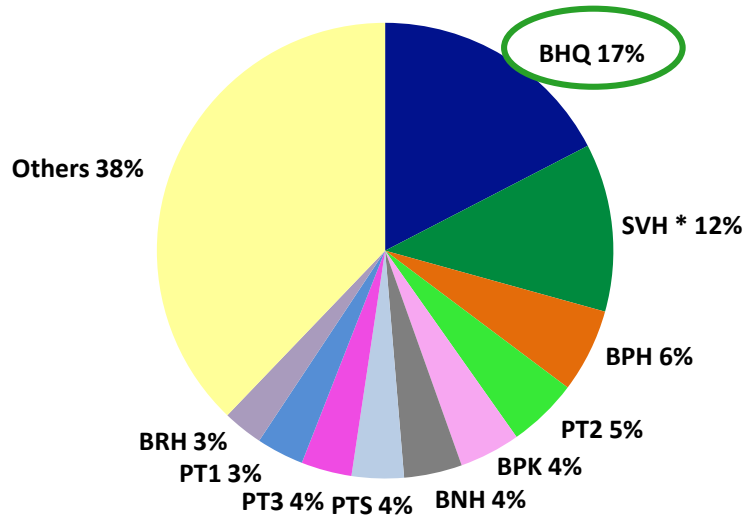
Remarks:- Including social security patients

# Financial Highlights

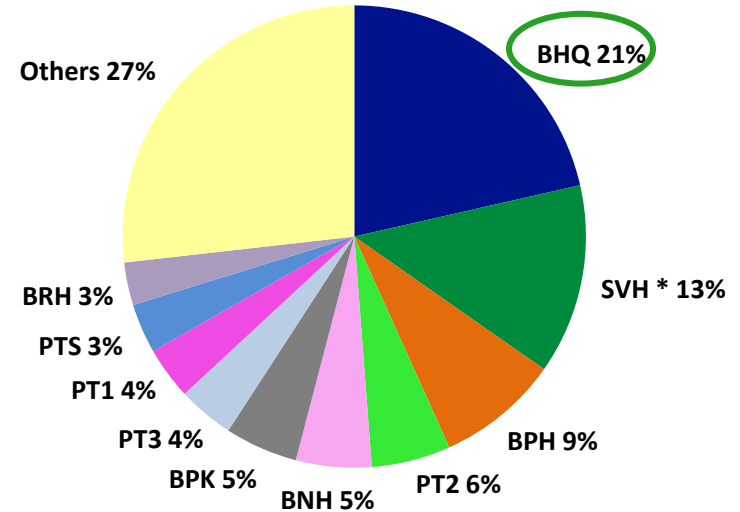


# Diversified Sources of Revenues and Profitability

## Operating Income Contribution in 1Q17



## Total EBITDA Contribution in 1Q17



## Commentary

- In 1Q17, top 5 hospitals contributed 45% of total revenues and 54% of total EBITDA
- Key hospitals that drive revenue growth in 1Q17 was PLR (+97% yoy), BKN (+42% yoy), BCM (+31% yoy), BUD (22% yoy) BPK (+7% yoy), BNH (+7% yoy)

\* SVH also included SNH performance

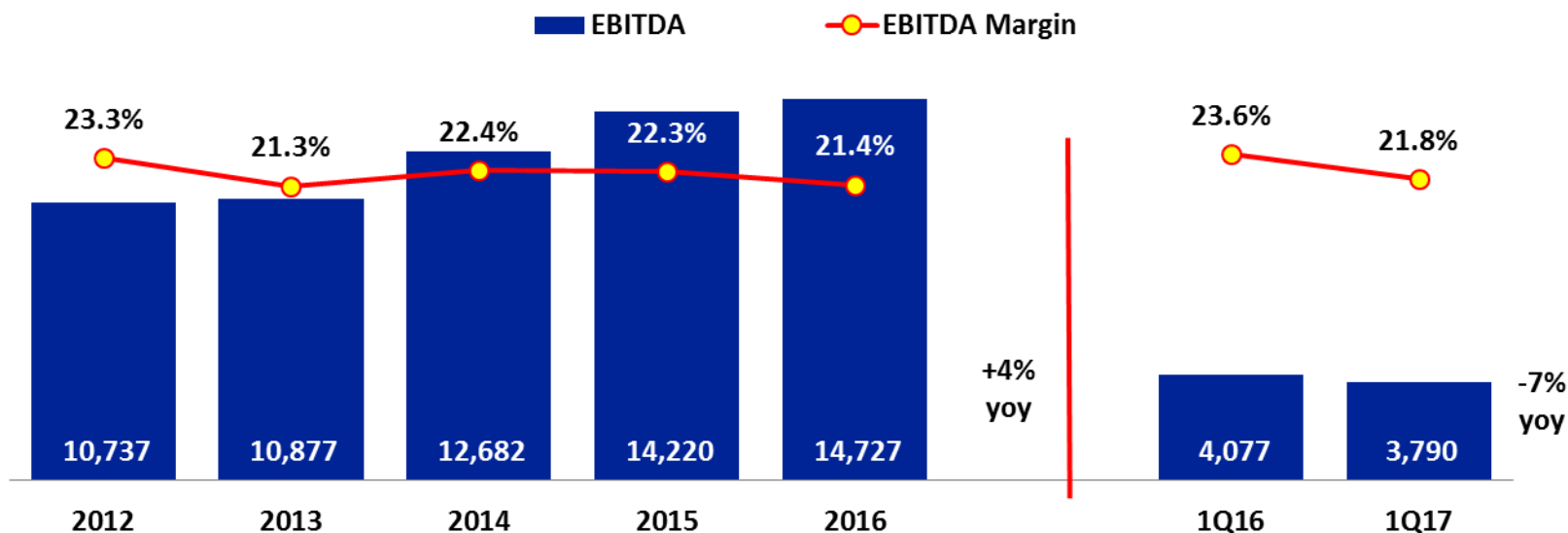
Remark: - Operating income is calculated from hospital revenue + revenue from sales of goods and food + other income

- 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)



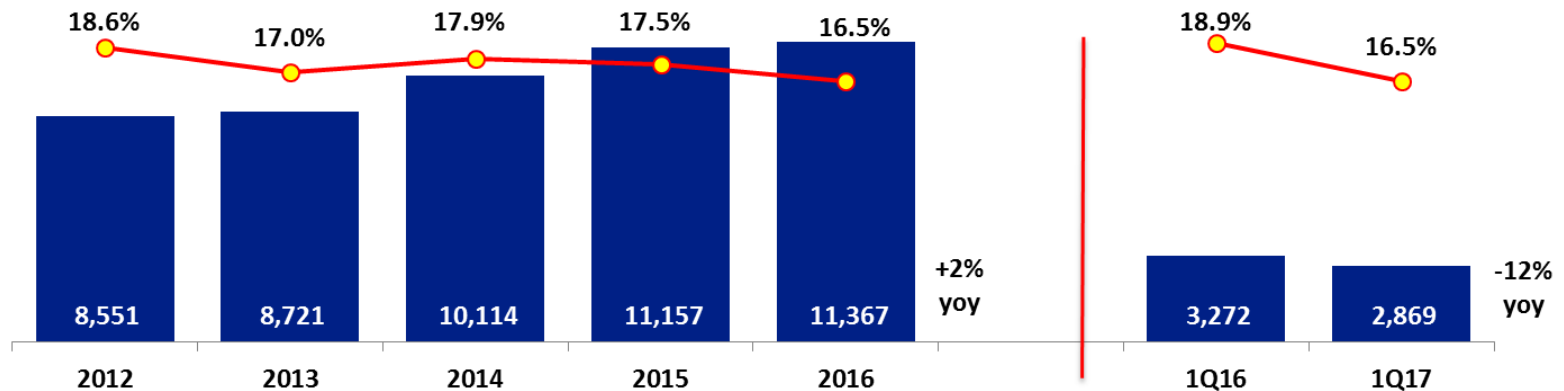
## Commentary

- 1Q17 EBITDA margin decreased 7% yoy due mainly to
  - Lower Thai patient revenues given high influenza and dengue fever last year
  - Declining revenue from in Middle East patients
  - Increasing in personnel expenses for opening of new network hospitals namely Paolo Kaset, Bangkok Hospital Surat and new factory of Medicpharma

# Profitability Trend

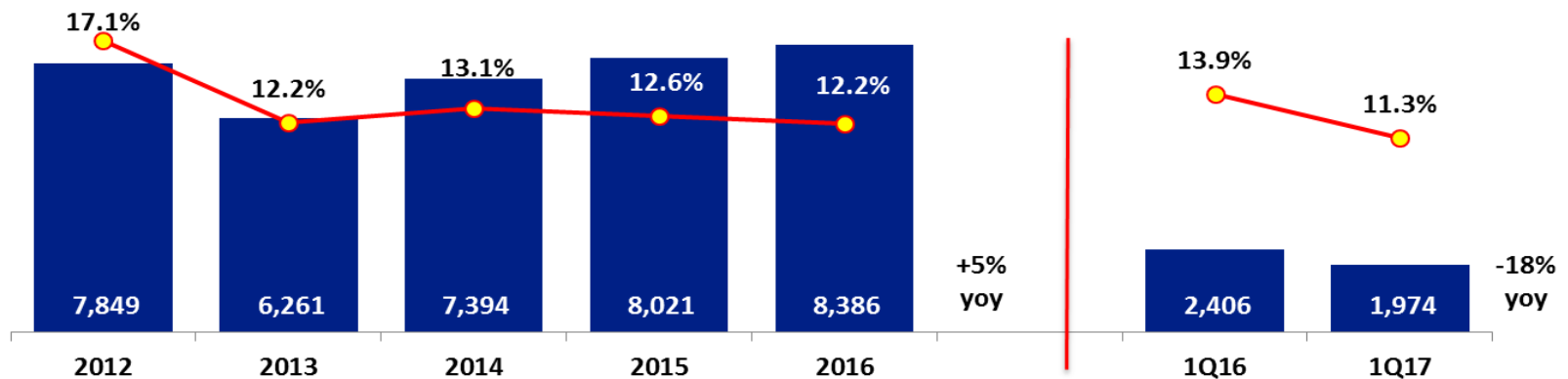
## EBIT & EBIT Margin

(THB mm)



## Net Profit & Net Profit Margin

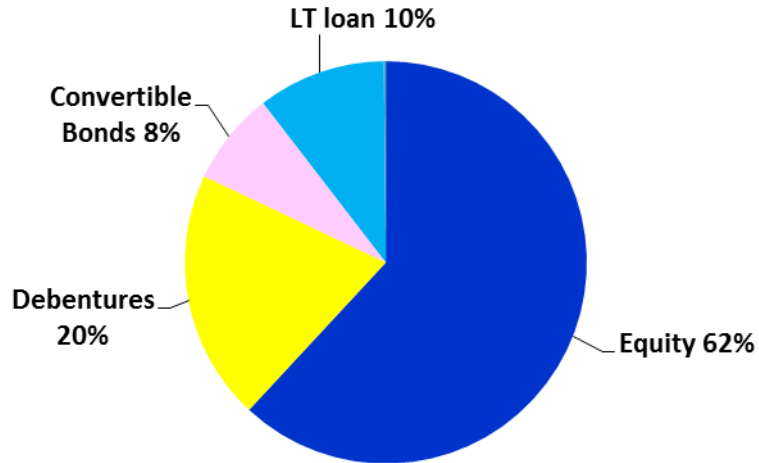
(THB mm)



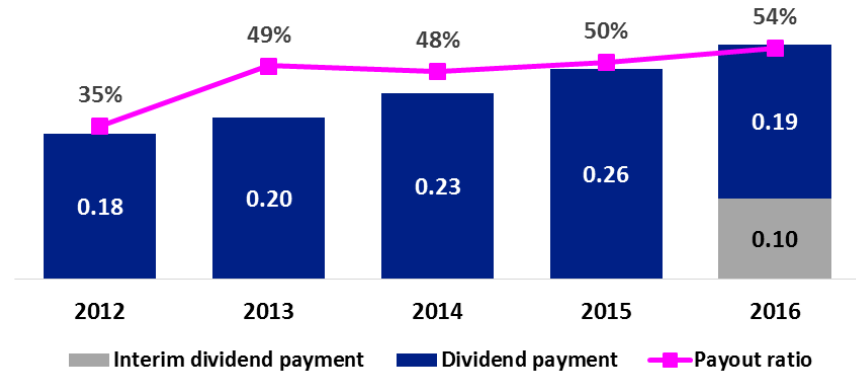
- Finance expenses increased 70% yoy due mainly to the adjustment in calculating the expected convertible bonds redemption together with an issuance of THB 7,000 million debentures

# Capital Management

## Capital Structure as of March 2017

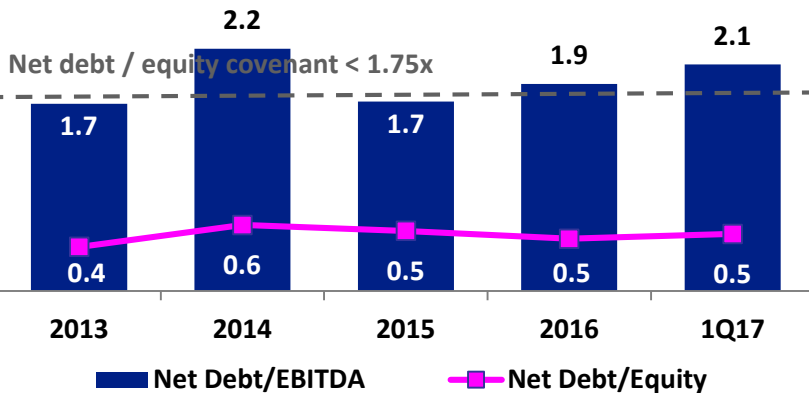


## Dividend Payment & Payout Ratio

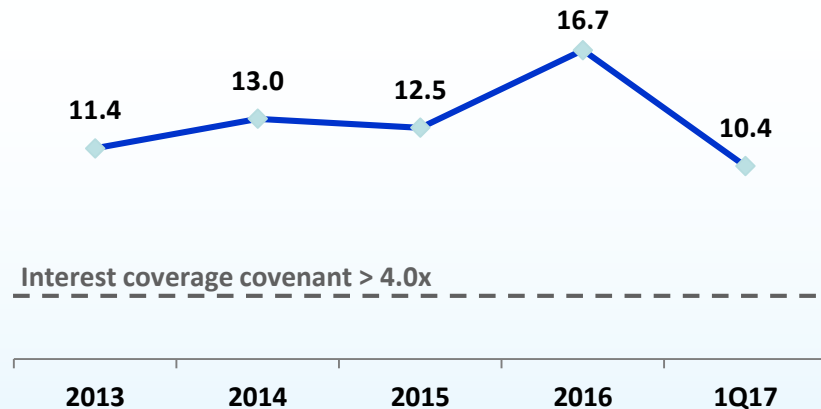


## Gearing Ratios: Well Within Covenants

Net debt / EBITDA covenant < 3.25x



## Interest Coverage



## **BDMS Action Plan**

# BDMS Action Plan

## Revenue Enhancement

- Focusing on e-commerce to facilitate accessibility to patients
- Increasing patients through new distribution channels
- Strengthening partnership with international health insurance companies
- New BDMS products and services designed to serve travel insurance companies



# BDMS Action Plan

## Cost Efficiency Goals

- FTE & Benefits Management
- FMS & Environment & Energy Management
- 5S & Inventory Management
- Medical Equipment Utilization and Management
- Bad Debt & AR Management
- MSO & DF Management
- Clinical Risk Management
- Decreasing SG&A from supporting expenses e.g. training, marketing, travelling and other expenses
- Headcount freeze and job enlargement

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## CAPEX

- Delay some investments especially renovation and supporting projects
- Reduce CAPEX spending to be in line with top-line growth

# Appendix

## Your Trusted Healthcare Network



### Group 1 (Bangkok&West&Cambodia) Ownership No. of Beds

1. Bangkok Hospital	} (BHQ)	100%		343
2. Bangkok Heart Hospital		100%		97
3. Wattanosoth Hospital		100%		48
4. Bangkok Huahin (BHN)		100%		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 (BMR)		100%		125
10. Royal Phnom Penh (RPH)		100%		100
11. Royal Angkor International (RAH)		80.0%		30


### Group 2

12. Samitivej Sukhumvit (SVH)	95.8%		275
13. Samitivej Srinakarin (SNH)	95.8%		400
14. Samitivej Sriracha (SSH)	69.8%		184
15. Samitivej Thonburi (STH)	63.5%		150
16. Samitivej Chonburi (SCH)	100%		220
17. BNH Hospital (BNH)	91.5%		144

### Group 3 (East)

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

### Group 4 (North&Northeast)


23. Bangkok Chiangmai (BCM)	100%		181
24. Bangkok Ratchasima (BKH)	91.4%		180
25. Bangkok Pakchong (BHP)	91.4%		31

Remark:- Number of beds is structured beds




### Group 4 (North&Northeast)

	Ownership	No. of Beds
26. Bangkok Udon (BUD)	100%	120
27. Bangkok Phitsanulok (BPL)	100%	195
28. Bangkok Khon Kaen (BKN)	100%	140
29. Bangkok Phrapradaeng (BPD)	84.0%	60

### 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)	74.8%		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
39. Paolo Kaset (PLK)	100%		162

### Group 6 (South)

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

### Group 7: Non-Hospital

1. National Healthcare System	100%
2. Bio Molecular Laboratories	95.0%
3. The Medicpharma	87.1%
4. A.N.B Laboratories	100%
5. Save Drug Center	100%
6. General Hospital Products	44.7%