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## Performance Highlights

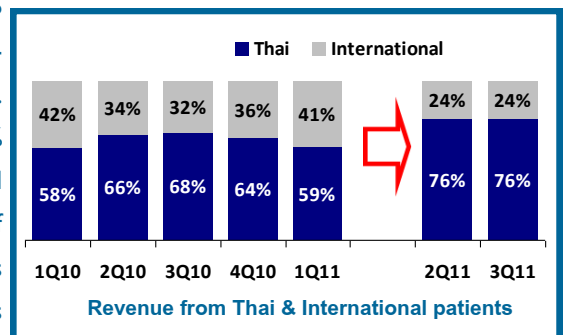
For the first nine months of 2011 ("9M11"), the Company and its subsidiaries recorded a consolidated net profit of Baht 3,495 million; an increase of Baht 1,692 million, or 94% yoy from 9M10. The summarized 9M11 consolidated performance is as follows:-

### 1) Operating income

Operating income during 9M11 were Baht 26,739 million, an increase of Baht 8,921 million or 50% from 9M10, primarily due to:

Revenue from hospital operations during 9M11 were Baht 25,694 million, an increase of Baht 8,165 million or 47% from 9M10, consisted of :

- ◆ the revenue growth of organic BDMS hospital operations of Baht 19,818 million, or increased 13% yoy from 9M10. Revenue from Thai patients grew 11% yoy while revenue from international patients grew 14% yoy. From type of patient perspective, outpatient revenues grew 13% yoy and inpatient revenues grew 12% yoy; and



- ◆ the consolidation of revenues from Phyathai Hospital Group and Paolo Memorial Hospital Group of Baht 5,876 million

Revenue from sales of goods and food were Baht 719 million, an increase of Baht 605 million from 9M10, as a result of consolidation of revenue from sales of goods of A.N.B. Laboratories Company Limited for Baht 599 million since, during 4Q10, Royal Bangkok Healthcare Company Limited, the Company's subsidiary company, acquired 100% of A.N.B. Laboratories Company Limited, a manufacturer and distributor of medicines and pharmaceutical products.

Other incomes were Baht 326 million, an increase of Baht 151 million from 9M10, due mainly to consolidation of Phyathai Hospital Group and Paolo Memorial Hospital Group for Baht 81 million

Thailand



Overseas



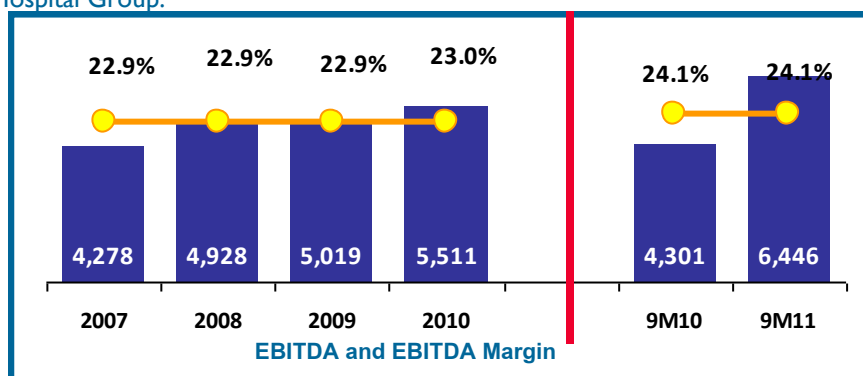
together with Bangkok Hospital Had Yai Company Limited, one of the subsidiaries, receiving an insurance claim from flooding for Baht 24 million during 2Q11.

## 2. Operating expenses

The Company and its subsidiaries reported cost of hospital operations and others of Baht 15,508 million in 9M11, an increase by 55% yoy. An increase was due mainly to the consolidation of Phyathai Hospital Group and Paolo Memorial Hospital Group, an organic growth in revenue from hospital operations together with the rise in doctor fee especially specialized doctors and rise in clinical staff expenses from newly graduated nurses recruitment together with the recruitment of experienced nurses to support the continued business growth. In addition, the cost of hospital operations and others also included cost of good sold from A.N.B. Laboratories Company Limited. Since the revenue from hospital operations and revenue from sales of goods and foods grew at the slower pace than cost of hospital operations and others, the gross margin decreased from 43.4% in 9M10 to 42.4% in 9M11.

The administrative expenses were Baht 4,784 million in 9M11, an increase by 37% yoy, due mainly to the consolidation of Phyathai Hospital Group and Paolo Memorial Hospital Group.

EBITDA(excluding non-recurring items); however, increased from Baht 4,301 million in 9M10 to Baht 6,446 million in 9M11, increased by 50% yoy. While the EBITDA margin remains unchanged at 24.1% in 9M10 and 9M11.



## 3. Depreciation and amortization expenses

The depreciation and amortization expenses were Baht 1,981 million in 9M11, an increase by 24% yoy due mainly to the consolidation of property, premises and equipments from Phyathai Hospital Group and Paolo Memorial Hospital Group.

## 4. Others

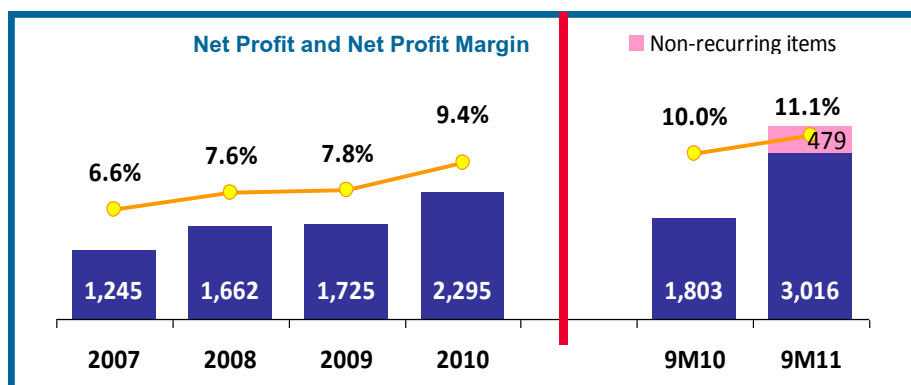
- ◆ Interest income was Baht 38 million, decreased by 2% yoy, as a result of a decrease in short-term investments.
- ◆ Dividend income was Baht 102 million, mainly from the investment in BH.
- ◆ Share of income from investments in associated companies was Baht 283 million, increased by 26% yoy, mainly from share of income from investment in RAM of Baht 262 million.
- ◆ Finance expenses increased to Baht 568 million or increased by 23% yoy due mainly to consolidation of long-term loans from financial institution of Phyathai Hospital Group and Paolo Memorial Hospital Group.
- ◆ Taxes in 9M11 were Baht 1,127 million, an increase from Baht 632 million in 9M10, due mainly to increase in pre-tax profit.

## 5. Non-recurring items

During 2Q11, the Company and its subsidiaries also recorded non-recurring items for gain on fair value adjustment of investments totaling Baht 479 million as a result of “Step Acquisition” in accordance with Thai Financial Reporting Standard (“TFRS 3”) – Business Combinations (effective in 2011) which the Company are required to revalue the original stake from the carrying cost to the fair value and recognize the difference in the statements of income. There are two Step Acquisitions from the following investments:-

(1) Acquisition of PPCL As of 1Q11, the Company held 455.8 million shares or 19.47% of registered and paid up capital in PPCL at the carrying cost of Baht 1,072.5 million. Upon the Entire Business Transfer of Health Network and the completion of the tender offer of PPCL shares during 2Q11, the Company had increased its stake in PPCL to 97.1%. Consequently, on the acquisition date (April 1, 2011), the Company revalued the original stake of 19.47% at fair value, resulting in gain on fair value adjustment of investment in PPCL of Baht 440 million.

(2) Additional investment in Udon Pattana (1994) Co., Ltd. As of 1Q11, the Company held 10% of registered and paid-up capital in Udon Pattana (1994) Co., Ltd. During 2Q11, the Company purchased additional investment of 1,474,000 shares, totaling Baht 35.8 million or 4.91% of shareholding in Udon Pattana (1994) Co., Ltd. together with PPCL shareholding of 10% or 9.71 indirect percentage of shareholding by the Company resulting in an increased in percentage of shareholding from 10% to 24.62% and changes its status to become an associated company. The Company, therefore, revalued the original stake of 10% at fair value using the book value as a benchmark resulting in gain on fair value adjustment of investment in Udon Pattana (1994) Co., Ltd. of Baht 39 million. The Company has also reversed allowance for impairment of such investments of Baht 12 million.



As a result, if excluding non-recurring items which are gain on fair value adjustment of investments totaling Baht 479 million as mentioned, net profit was Baht 3,016 million; an increase of Baht 1,213 million, or 67% yoy. Net profit margin, excluding non-recurring items, increased from 10.0% in 3Q10 to 11.1% in 3Q11 and the basic earnings per share increased from Baht 1.48 in 9M10 to Baht 2.10 in 9M11 or grew 42% yoy.

If including the non-recurring items, the Company and its subsidiaries recorded a consolidated net profit of Baht 3,495 million in 9M11; an increase of Baht 1,692 million, or 94% yoy. Net profit margin significantly increased from 10.0% in 9M10 to 12.6% in 9M11 and the basic earnings per share increased from Baht 1.48 in 9M10 to Baht 2.44 in 9M11 or grew 64% yoy.

## Summary of Balance Sheets

- ◆ The consolidated financial position of the Company and its subsidiaries as of September 30, 2011 : The Company and its subsidiaries reported total assets of Baht 56,821 million, an increase of Baht 24,624 million or 76% from December 31, 2010, due mainly to an increase in property, premises and equipments of Baht 10,361 million and a recording of goodwill arise from the Merger of Baht 9,310 million. Such increases were due mainly to the consolidation of Phyathai and Paolo Memorial Hospital Group. In addition, there was also an increase in other long-term investments of Baht 2,604 million, mainly from an investment in BH of Baht 3,456 million, offset with change in investment in PPCL of Baht 1,072 million from other long-term investments to become the Company's subsidiary.

- ◆ Total consolidated liabilities as of September 30, 2011 were Baht 25,126 million, an increase of Baht 9,212 million or 58% from December 31, 2010, due mainly to an increase in long-term loans from financial institutions of Baht 5,271 million together with an increase in accrued expenses of Baht 1,403 million. Such increase was due mainly to the consolidation of Phyathai and Paolo Memorial Hospital Group. Total debt to equity decreased from 0.7x as of December 31, 2010 to 0.5x as of September 30, 2011 while net debt to equity decreased from 0.5x as of December 31, 2010 to 0.4x as of September 30, 2011
- ◆ Total consolidated shareholders' equity were Baht 31,695 million, increased by Baht 15,412 million or 95% from the year ended 2010. This is due mainly to total comprehensive income during 9M11 together with an issuance of 295.2 million ordinary shares of Baht 13,175 million in relation to the Entire Business Transfer of Health Network and the tender offer for PPCL shares. In addition, the Company sold 4.1 million newly issued ordinary shares totaling Baht 156 million to major shareholders of Health Network Public Company Limited on a private placement basis. This is offset by change in non-controlling interests of subsidiaries from purchase investment in subsidiaries as a result of additional investment in PPCL of Baht 1,680 million and the cumulative effect of change in accounting policy for employee benefits of Baht 536 million. For the first-time adoption of TAS 19 employee benefits, the Company elected to recognize the transitional liability, which exceeds the liability that would have been recognized at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

## Rating Update



- ◆ **Rating Rational**

TRIS Rating upgrades the company and issue ratings of Bangkok Dusit Medical Services PLC (BGH) to "A+" from "A". The upgrade reflects BGH's enhanced capacity of its facilities and larger franchise network after completing merger with the Phyathai Hospital Group (PPCL) and the Paolo Memorial Hospital Group (Paolo) in the second quarter of 2011. The ratings also take into consideration BGH's leading position as the largest private hospital operator in Thailand, its experienced management team and capable physicians, high quality services, and good equipments. These strengths are partially offset by the intense competition from both local and international healthcare operators and potential future debtfinancing investments.

- ◆ **Rating Outlook**

The "stable" outlook reflects the expectation that BGH will be able to maintain its leading position in both domestic and regional private hospital markets. With the strong levels of brand equity, TRIS Rating expects BGH will continue to attract more patients and maintain its solid operating performance. BGH is expected to keep ample liquidity. Future investments or acquisitions, if any, should be prudently considered in order to keep its financial profile strong.

(TRIS Rating Credit News are also posted at our website [www.bangkokhospital.com](http://www.bangkokhospital.com) under investor relations)

# Analyst Presentation



BDMS hosted the Analyst meeting for the 3Q11 results on November 24, 2011. The meeting provided the investment community an opportunity to update the performance and address any questions or comment to the management. Participants are both buy-side and sell-side analysts, investors, together with BDMS management, Khun Narumol Noi-Am, BDMS CFO and Ajaya Intaraprasong, BDMS Finance Director, Investor Relations

Presentation material also posted on our website at [www.bangkokhospital.com](http://www.bangkokhospital.com) under investor relations.



Bangkok Dusit Medical Services

Thailand



Overseas



**Bangkok Dusit Medical Services Public Company Limited** ( SET Symbol : BGH ) is the largest private hospital operator in Thailand in terms of patient services revenue and market capitalization with approximately THB 56.8 billion in assets as of September 2011. Bangkok Dusit Medical Services Public Company Limited ("BDMS") has 26 hospitals in Thailand and 2 hospitals in Cambodia. BDMS is focused on Bangkok and various high-growth markets in the Southern and Eastern regions of Thailand and overseas locations. The Company is committed to be the leading network healthcare provider by meeting the needs of Thai and foreign patients with high quality, internationally-accepted standards, and value for money services together with the state-of-the art medical technology.

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