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## Performance Highlights

### Major Development in 2Q14

#### 1. New network hospitals

##### ◆ Bangkok Hospital Chiangmai

Since July 11, 2014, Bangkok Hospital Chiangmai ("BCM") has become our 32<sup>nd</sup> network hospital. BCM is the hub tertiary care hospital located in Northern region with total of 185 structured beds, of which 36 beds are opened during the first phase. BCM would target Thai and international patients in Chiangmai, Northern region and neighboring countries.

##### ◆ Sanamchan Hospital

On May 28, 2014, Board of Directors approved the establishment of new subsidiary namely Bangkok Hospital Sanamchan Co., Ltd. and approved an acquisition of the entire business of Sanamchan Hospital Co., Ltd. with approximately Baht 3,655 million in cash. In this regard, Bangkok Sanamchan Co., Ltd. will acquire all assets and liabilities of Sanamchan Hospital Co., Ltd., including all shares held by Sanamchan Hospital Co., Ltd. in Tepakorn Hospital Co., Ltd., a private hospital located in Nakhonpathom province, and G. Wasupol Co., Ltd. which currently operates Muang Ratch Hospital, a private hospital located in Ratchburi province, representing equity interests of 44.5% and 25.0% respectively and also assets of Muang Petch Thon Buri Hospital, a private hospital located in Petchburi province. The Entire Business Transfer is expected to be completed by the third quarter of 2014.

#### 2. Resolution of Extraordinary General Meeting of Shareholders on Aug 5, 2014

Shareholders approved the key following resolutions:

- ◆ Approved an issuance and offering of convertible bonds in an amount not exceeding Baht 10,000 million or an equivalent amount in other currencies with the maturity date of not more than 5 years.
- ◆ Approved a cancellation of the increase in the registered capital of the Company and the allocation of Baht 1,549.1 million shares under general mandate as previously approved by the 2014 Annual General Meeting held on April 18, 2014. Shareholders also approved reduction of the registered capital of Company by the amount of Baht 154.9 million

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from the existing registered capital of Baht 1,704.0 million to Baht 1,549.1 million.

- ◆ Approved the increase in registered capital of the Company by Baht 100.7 million from the existing registered capital of Baht 1,549.1 million to Baht 1,649.8 million by issuing 1,006.9 million shares, divided into newly issued ordinary shares to support the conversion of the convertible bonds in the amount of not exceeding 542.2 million shares and newly issued ordinary shares under the general mandate in the amount of not exceeding 464.7 million shares in which 1) up to 232.4 million newly issued ordinary shares is to be offered on a public offering basis and 2) up to 232.4 million newly issued ordinary shares is to be offered on a private placement basis. The allocation of the newly issued ordinary shares pursuant to item 1) or 2) or both shall not, in aggregate, exceed 1.5% of the Company’s paid-up capital or totaling not exceeding 232.4 million shares.

**6M14 Performance**

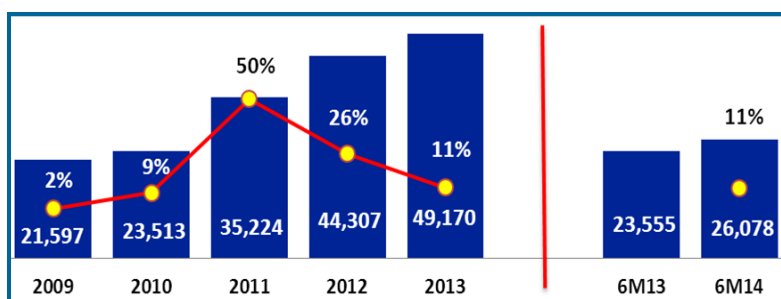
Bangkok Dusit Medical Services Public Company Limited (“Company”) reported consolidated net profit of Baht 3,576 million, increased by 14% yoy. If including non-recurring items which are gain on fair value adjustment of investments totaling Baht 148 million in 6M13, net profit would increase 9% yoy. The summarized 6M14 consolidated performance is as follows:-

1. Operating income

Total operating income were Baht 27,204 million, an increase of Baht 2,747 million or 11% from 6M13, primarily due to:

- ◆ Revenues from hospital operations were Baht 26,078 million, an increase of Baht 2,523 million or 11% from 6M13. The growth was contributable to an increase in number of outpatients and inpatients across our network hospitals, an increase in healthcare inflation and patient intensity together with hospital network expansion namely Bangkok Phitsanulok Hospital since October 2013, patient ward expansion and renovation, an increase in patient referral and qualified clinical staffs and specialist doctors.

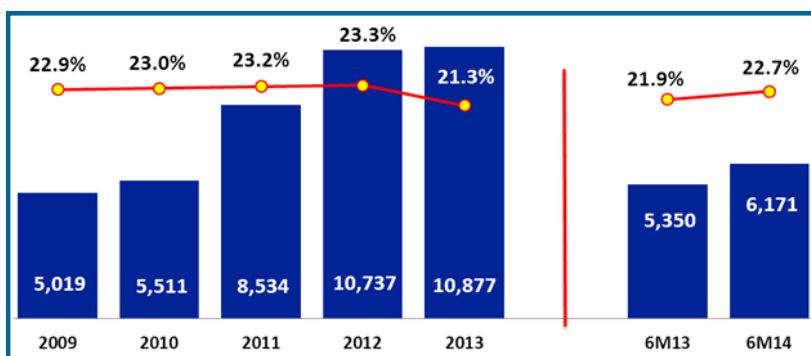
During 6M14, Thai and international patients grew 13% and 6% yoy respectively resulting in the revenue proportion between Thai and international patients changed from 71%:29% in 6M13 to 72%:28% in 6M14. From type of patient perspectives, outpatient revenues grew by 10% yoy while the inpatient revenues increased by 13% yoy.



Revenue from hospital operations

- ◆ Revenues from sales of goods and food were Baht 853 million, an increase by 37% yoy, mainly from an increase in sales of A.N.B. Laboratories Co., Ltd. and consolidation of The Medic Pharma Co., Ltd since June 2013.
  - ◆ Other incomes were Baht 272 million, a decreased by 2% yoy.
2. Operating expenses
- ◆ The Company and its subsidiaries reported cost of hospital operations and others (including depreciation and amortization) were Baht 17,401 million, an increased by 10% yoy. Cost of hospital operations and others are mainly consisted of medicine and medical supplies, doctor fees and clinical staff expenses. Such increase was as a result of an increase in revenues from hospital operations.

- ◆ The administrative expenses (including depreciation and amortization) were Baht 5,363 million, an increased by 10% yoy, due mainly to an increase in non-clinical staffs expenses. However, administrative expenses grew in line with the total operating income.



**EBITDA & EBITDA Margin**

EBITDA, consequently, increased from 5,350 in 6M13 to Baht 6,171 million in 6M14 or increased by 15% yoy. EBITDA margin changed from 21.9% in 6M13 to 22.7% in 6M14.

3. Depreciation and amortization expenses

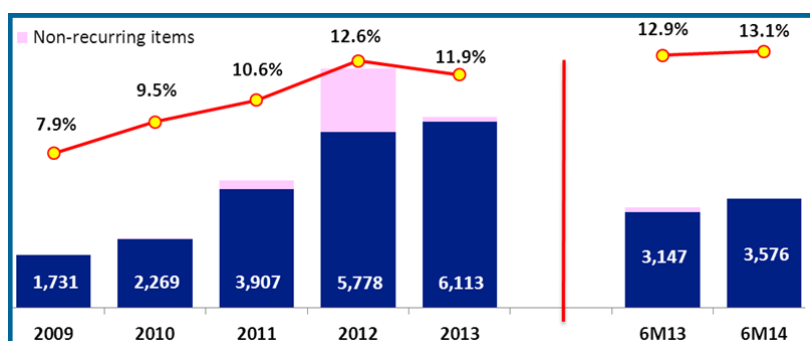
The depreciation and amortization expenses were Baht 1,731 million in 6M14, an increase by 12% yoy due mainly to the renovation expansion of network hospitals and the consolidation of depreciation and amortization of new network hospitals, namely Bangkok Hospital Phitsanulok.

4. Others majors items

- ◆ Share of income from investments in associated companies were Baht 487 million in 6M14, a decrease of Baht 61 million or 11% yoy. Share of income from investments in associated companies in 6M14 were mainly from investment in BH of Baht 305 million together with investment in RAM of Baht 170 million.
- ◆ Finance expenses decreased to Baht 453 million or slightly decreased by 1% yoy.
- ◆ Taxes in 6M14 were Baht 777 million, an increase from Baht 666 million in 6M13, due mainly to an increase in pre-tax profit.

5. Non-Recurring Items

- ◆ During 2Q13, the Company and its subsidiaries recorded non-recurring items of totaling Baht 148 million from gain on fair value adjustment of investments in Thonburi Medical Center Public Co., Ltd of Baht 61 million and in The Medic Pharma Co., Ltd of Baht 87 million.



**Net Profit & Net Profit Margin**

As a result, If excluding the non-recurring items, net profit was Baht 3,576 million in 6M14, an increase of Baht 429 million, or increased by 14% yoy. Net profit margin increased from 12.9% in 6M13 to 13.1% in 6M14. Basic earnings per share were 0.23 Baht per share or increased by 13% yoy.

If including the non-recurring items, net profit was Baht 3,576 million, an increase of Baht 281 million or increased by 9% yoy.

However, net profit margin decreased from 13.5% in 6M13 to 13.1% in 6M14. Basic earnings per share were 0.23 Baht per share or increased by 8% yoy.

# Summary of Balance Sheets

(Unit : THB mm)	<u>Jun-14</u>	<u>Dec-13</u>	<u>Chg %</u>
Total Assets	78,406	76,399	3%
Total Liabilities	35,034	33,755	4%
Total shareholders' equity	43,373	42,644	2%

The Company and its subsidiaries reported total assets of Baht 78,406 million, an increase of Baht 2,007 million or increase of 3% from December 31, 2013, due mainly to an increase in property, premises and equipment of Baht 2,149 million, an increase of 6% yoy mainly from an increase in building under construction and medical equipment under installation for new network hospitals, for example, Bangkok Hospital Chiangmai, Bangkok Hospital Khon Kaen, Royal Phnom Pehn and Bangkok Hospital Chinatown together with the purchase of new medical equipment for both existing and new network hospitals totaling of Baht 3,837 million, netted with depreciation during the period.

However, cash and cash equivalents decreased Baht 849 million or decreased by 21% from December 31, 2013 due mainly to purchase of property, premises and equipment, redemption of maturing debenture and dividend payment. Inventory also decreased Baht 100 million or decreased by 11% from December 31, 2013 as a result of an increase in inventory of the healthcare supporting business which reserves the inventory for services during the beginning of the year.

Total consolidated liabilities as of June 30, 2014 were Baht 35,034 million, an increase of Baht 1,278 million or 4% from December 31, 2013, due mainly to an increase in net short-term from financial institutions of Baht 997 million, net long-term loans from financial institutions of Baht 2,629 million and redemption of maturing debentures of Baht 2,970 million.

Total consolidated shareholders' equity as of June 30, 2014 was Baht 43,373 million, an increased by Baht 729 million or 2% from December 31, 2013. This is due mainly to comprehensive income during 6M14 netted with dividend payment of Baht 3,098 million.

<b>Financial Analysis</b>	<b>6M14</b>	<b>6M13</b>
<b>Returns (%)</b>		
Return on Asset	9.2	8.9
Return on Equity	17.4	17.0
<b>Liquidity (x)</b>		
Current Ratio	0.7	0.9
Quick Ratio	0.6	0.8
<b>Asset &amp; Liabilities Management (Days)</b>		
Average Collection Period	36.7	35.9
Average Inventory Period	9.0	9.1
Average Accounts Payable	39.4	40.3
<b>Leverage &amp; Coverage Ratio (x)</b>		
Interest Coverage	13.6	11.7
	<b>Jun-14</b>	<b>Dec-13</b>
Total Debt to Equity	0.5	0.5
Net Debt to Equity	0.5	0.4
Net Debt to EBITDA	1.6	1.7

*Excluding non-recurring items*

**Remark**

- Assets & Liabilities Management is calculated based on 360 days
- Interest coverage = EBITDA/Interest Expenses

Return on assets and return on equity during 6M14 increased from 6M13. Current ratio and quick ratio during 6M14 decreased from 6M13 as a result of an increase in current liabilities totaling Baht 1,735 million from 6M13 mainly from an increase in short-term loans from financial institutions and long-term loans from financial institutions.

Average collection period increased from 35.9 days in 6M13 to 36.7 days in 6M14 due mainly to growth in private health insurance.

In addition, the Company and its subsidiaries continue to maintain strong leverage & coverage ratios. Interest coverage ratio increased from 11.7x as of June 30, 2013 to 13.6x as of June 30, 2014. Total debt to equity remains unchanged at 0.5x as of December 31, 2013 and as of June 30, 2014 while net debt to equity increased slightly from 0.4x as of December 31, 2013 to 0.5x as of June 30, 2014. Net debt to EBITDA decreased from 1.7x as of December 31, 2013 to 1.3x as of June 30, 2013.

The leverage and coverage ratios are well within the financial covenant of the long-term loans and debentures.

# IR Activities

## Analyst Meeting



BDMS hosted the 3/2014 Analyst meeting for the 2Q14 and 6M14 results on Aug 20, 2014. The meeting was led by Dr. Chatree Duangnet, BDMS Executive Vice President and COO-Medical Affairs and CEO, Bangkok Medical Center, Khun Narumol Noi-Am, BDMS CFO, and Khun Ajaya Intaraprasong, BDMS Finance Director, Investor Relations. The meeting provided the investment community an opportunity to update on the Company's performance and addressed any questions or comment to the management.

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



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**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 78,406 million in assets as of June 2014. Bangkok Dusit Medical Services Public Company Limited ("BDMS") currently has 32 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 oversea 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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