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Performance Highlights

Major Development

1. Tris Rating upgraded the Company rating and senior unsecured debenture rating at “AA”

On 24 October 2019, TRIS Rating upgraded the Company and senior unsecured debenture ratings to “AA” from “AA-“, with stable outlook. The upgrades reflect following factors:-

- ◆ Company’s faster-than-expected debt reduction efforts and larger equity base, while maintaining sound operating performance and strong cash flow.
- ◆ The Company has the largest hospital referral network nationwide which helps reduce reliance on its flagship hospitals and diversify the source of income; providing a comprehensive array of healthcare services spanning all levels of care from preventive care to curative care.
- ◆ Strong brand franchises with various customer segments help support revenue growth.
- ◆ The Company has adequate liquidity.

2. Divestment in RAM

During 1Q19, the Company divested all of its investment in RAM totaling 4,588,424 ordinary shares, or approximately 38.24% of issued and paid-up shares of RAM. The company realized the total gain (net of tax and expenses) of Baht 6,094 million.

3. Convertible Bond

On 18 September 2014, Company issued zero coupon convertible bonds (“CB”) to investors outside Thailand for Baht 10,000 million and expired in September 2019. At present, the Company has no outstanding liability of the CB.

In summary, some holders exercised right to early redeem CB and the rest are converted all the remaining CB at Baht 21.045 per share into ordinary shares.

Thailand



Overseas



Details are summarized as follows:-

Status	CB Outstanding (THB mm)	Number of Shares (mm)
Issued CB	10,000	15,491.0
Early Redemption in 2017	(1,560)	-
CB holders exercised		
– In 2018	(3,746)	178.0
– In 2019	(4,694)	223.0
Outstanding as of 29 July 19	-	15,892.0

4. Impact to new financial reporting standards, TFRS 16 lease, effective in 2020

TFRS 16 leases sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

The Company's management is currently finalizing the impact of this standard on the financial statements in the year when it is adopted.

5. Business expansion in 2019

◆ Hospital business:

The Company added 2 hospitals to network as follow:-

Hospital	# Structured beds	Opening month
Bangkok Chiangrai	80	Jan 19
Bangkok International	172	Jul 19

- ◆ Mövenpick BDMS Wellness Resort Bangkok opened on 1 June 2019 with the cooperation with Mövenpick Hotels & Resorts. It is an international wellness resort located in the heart of Bangkok in coordination with BDMS Wellness Clinic to provide in-house personalized wellness program and promote prevention and lifestyle improvement. The resort consists of around 290 guest rooms with the restaurants serving with healthy selection of organic food and health-conscious menu.

6. Lifelong medical care program (For Details, please refer to Notes to consolidated financial statements #22)

In January 2020, the Supreme Court prohibited the Company from appealing some of the past cases filed by the members against the Company, making such cases final as per the judgments of the Court of First Instance and the Court of Appeal, wherein it was ruled that the terms of the agreement and the programs did not possess the characteristics of an insurance, and ordered the Company to continue to comply with the terms of the programs. For these reasons, the Company had thus delivered letters to notify the members that the Company intends to comply with the law and the final judgments of the courts, and will launch the programs for operation from 1 March 2020.

As per the judgment of the Civil Court, the Company and its subsidiary hereby records the provision for lifelong medical care programs as of 31 December 2019 in the consolidated financial statements amounts to approximately Baht 724 million, net of the amounts refunded from the former members.

2019 Performance

If excluding non-recurring item in 2019, Bangkok Dusit Medical Services Public Company Limited (“Company”) reported consolidated net profit of Baht 10,053 million, slightly decreased by 1% yoy. The summarized 2019 consolidated performance is as follows:-

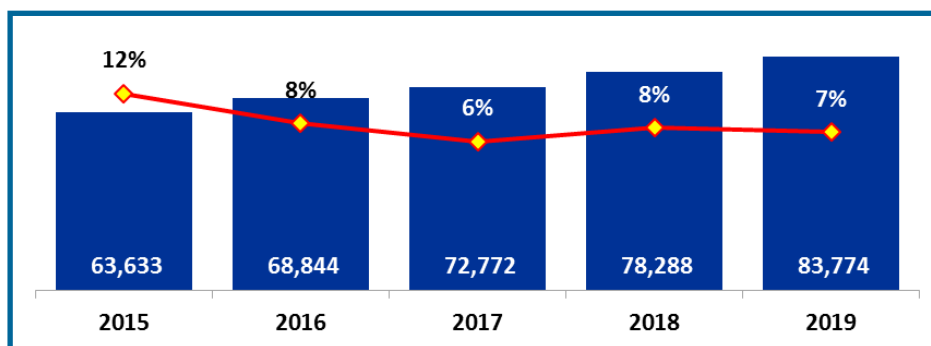
1. Operating income

In 2019, total operating income were Baht 83,774 million, an increase of Baht 5,486 million or 7% yoy, primarily due to

- ◆ Revenues from hospital operations were Baht 79,630 million, an increase of Baht 5,344 million or 7% yoy, in 2019. Key growth drivers were a higher volume and price intensity along with an expansion of insurance patients’ base. In addition, the Company has the Bangkok Emergency Services to coordinate timely patients’ referral in case of accident or patients in critical conditions.

Revenue of Bangkok and vicinity hospitals grew 6% yoy while outside Bangkok hospitals grew 9% yoy in 2019.

Revenue from Thai patients and international patient grew 7% yoy in 2019. Key drivers were mainly from increase in Emiratis patients 56% yoy, Omanis patients 56% yoy and Cambodian patients 16% yoy. The revenue proportion between Thai and international patients remains unchanged at 70%:30% in 2018 and in 2019.



Revenue from hospital operations

- ◆ Revenues from sales of goods were Baht 3,092 million, similar to 2018.
- ◆ Other income were Baht 1,051 million, increased by 15% yoy.

2. Operating expenses

In 2019, the Company and its subsidiaries reported total operating expenses & depreciation of Baht 71,723 million, an increase of Baht 5,223 million or 8% yoy due mainly to non-recurring items (before income tax) as follow:-

- (1.) Provisions for employee benefits of Baht 616 million. According to legal retirement benefit rates for employees who have worked for an uninterrupted period of 20 years or more, such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate.
- (2.) One-time expenses of Baht 110 million for Metropolitan Electricity Authority in finding the land to locate electricity sub-station to accommodate electricity usage at Bangkok International Hospital.
- (3.) Impairment loss on commercial rights from Save Drug Center Co., Ltd of Baht 50 million.

In 2018, the company recorded non-recurring expenses (before income tax) of Baht 382 million. If excluding these non-recurring expenses in, total operating expenses and depreciation would grow 7% yoy.

The depreciation and amortization expenses were Baht 5,752 million in 2019, increased by 7% yoy due mainly to depreciation and amortization of new network hospital, and opening of BDMS Wellness Clinic and Mövenpick BDMS Wellness Resort Bangkok (“BWR”)

3. Others majors items

- ◆ Share of income from investments in associates were Baht 1,022 million in 2019, decrease of 39% yoy due mainly to divestment of all investment in RAM in 1Q19. Share of income from investments in associates in 2019 were mainly from investment in Bumrungrad Hospital Public Co., Ltd. of Baht 933 million.
- ◆ Finance cost decreased to Baht 929 million in 2019 or decreased by 20% yoy due mainly to full conversion of the remaining convertible bonds (“CB”) together with the repayment of loans from financial institutions since 1Q19.
- ◆ Tax expenses in 2019 were Baht 3,873 million, increased from Baht 2,740 million in 2018, due mainly to tax expenses from non-recurring items totaling of Baht 1,379 million. (Details are shown in non-recurring items)

4. Non-recurring items

During 2019, the Company recorded non-recurring items (net of income tax) of Baht 5,464 million. Details as follows:-

(THB mm)	Amount	Tax	Net of tax
(1) Gain on sales in RAM	7,617	(1,523)	6,094
(2) Provisions for employee benefits (400 days)	(616)	123	(493)
(3) One-time expenses in finding the land to locate electricity sub-station for Bangkok International Hospital	(110)	22	(88)
(4) Impairment loss on commercial rights from Save Drug	(50)	-	(50)
(5) Gain on sales in other long-term investment	2	(1)	1
Total	6,843	(1,379)	5,464

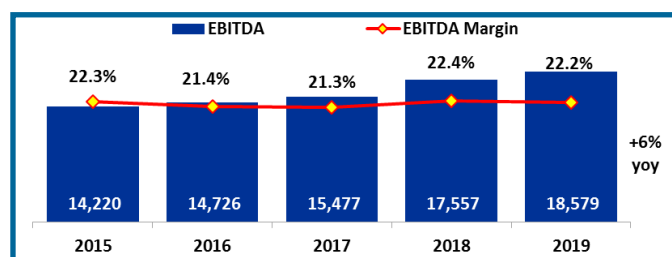
During 2018, the Company recorded non-recurring items (net of income tax) of Baht 945 million. Details as follows:-

(THB mm)	Amount	Tax	Net of tax
(1) Partial Income tax expense from disposal of all investment in RAM	-	(727)	(727)
(2) Provisions for lifelong membership program	(185)	125*	(61)
(3) Provision for employee for long service awards	(115)	23	(92)
(4) CSR activities	(82)	16	(66)
Total	(382)	(562)	(945)

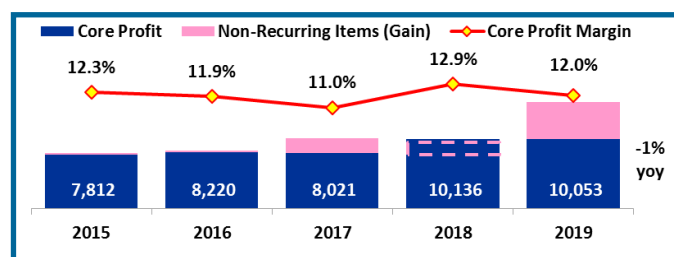
* Including recoding of deferred tax assets

If excluding non-recurring items in 2018 and 2019, core EBITDA increased from Baht 17,557 million in 2018 to Baht 18,579 million in 2019 or increased by 6% yoy. However, core EBITDA margin decreased from 22.4% in 2018 to 22.2% in 2019.

Core profit was Baht 10,053 million, slightly decreased by 1% yoy resulting a decrease in core profit margin from 12.9% in 2018 to 12.0% in 2019.



EBITDA & EBITDA Margin *



Net Profit & Net Profit Margin *

* Excluding non-recurring items

If including non-recurring items, EBITDA was Baht 17,803 million or increased by 4% yoy. However, EBITDA margin decreased from 21.9% in 2018 to 21.3% in 2019.

Net profit were Baht 15,517 million, increased by 69% yoy partly from gain from divestment of all investment in RAM in IQ19. As a result, net profit margin increased from 11.7% in 2018 to 18.5% in 2019. EPS was Baht 0.99 per share or increased by 67% yoy.

Summary of Balance Sheets

(Unit : THB mm)	Dec-19	Dec-18	Chg %
Total Assets	133,662	133,499	0%
Total Liabilities	46,480	60,061	(23)%
Total shareholders' equity	87,182	73,438	15%

As of 31 December 2019, the Company and its subsidiaries reported total assets of Baht 133,662 million, similar to 31 December 2018. Key changes in assets are mainly from an increase in property, premises and equipment of Baht 3,893 million and increase in trade and other receivables of Baht 1,305 million netted with a decrease in investment in associates of Baht 5,109 million mainly from divestment of all investment in RAM.

The Company carried goodwill of Baht 17,539 million, which remain unchanged from 31 December 2018. Such goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. However, the Company has considered that this goodwill is not impaired.

Total consolidated liabilities as of 31 December 2019 were Baht 46,480 million, decreased by 23% from 31 December 2018 due mainly to no outstanding liability of CB. The decrease in liabilities also came from a decrease in long-term loans from financial institutions of Baht 4,626 and decrease in bank overdrafts and short-term loans of Baht 5,855 million.

Total consolidated shareholders' equity as of 31 December 2019 was Baht 87,182 million, increased by 19% from 31 December 2018, due mainly from increase in the Company's ordinary shares from conversion of CB and net profit during the year.

Financial Analysis	2019	2018
Returns (%)		
Return on Asset	11.6	7.2
Return on Equity	20.1	13.8
Liquidity (x)		
Current Ratio	0.8	0.5
Quick Ratio	0.7	0.5
Asset & Liabilities Management (Days)		
Average Collection Period	36.9	35.0
Average Inventory Period	12.0	12.6
Average Accounts Payable	37.1	35.4
Leverage & Coverage Ratio (x)		
Interest Coverage	19.2	14.7
Total Debt to Equity	0.3	0.5
Net Debt to Equity	0.2	0.5
Net Debt to EBITDA	1.1	2.0

Remark

- Assets & Liabilities Management is calculated based on 360 days
- Interest coverage = EBITDA/Interest Expenses
- Debt refers to interest bearing debt

Return on assets ("ROA") and return on equity ("ROE") in 2019 increased significantly from 2018 as a result of net gain from divestment of all investment in RAM.

Current ratio and quick ratio increased from 2018 due to a decrease in CB and decrease in long-term loans and short-term loans from financial institutions.

Average collection period increased from 35.0 days in 2018 to 36.9 days in 2019. The Company and its subsidiaries reported the aging of the outstanding trade accounts receivables which most of them aged not over than 3 months. The Company and its subsidiaries report allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

Average inventory period decreased from 12.6 days in 2018 to 12.0 days in 2019. The Company's inventories were mostly medicines and medical supplies which the Company and its subsidiaries already recorded allowance for the expired medicine and medical supplies to reduce its cost to net realizable value.

Average payable period increased from 35.4 days in 2018 to 37.1 days in 2019.

Interest coverage ratio increased from 14.7 in 2018 to 19.2 in 2019 due to lower finance cost.

From the conversion of the remaining CB and the repayment of loans from financial institutions during the period, total interest bearing debt to equity decreased from 0.5x as of 31 December 2018 to 0.3x as of 31 December 2019. Net interest bearing debt to equity also decreased from 0.5x as of 31 December 2018 to 0.2x as of 31 December 2019. Net interest bearing debt to EBITDA decreased from 2.0x as of 31 December 2018 to 1.1x as of 31 December 2019.

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

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Net interest bearing debt to EBITDA decreased from 2.0x as of 31 December 2018 to 1.1x as of 31 December 2019.

Management's Outlook

We expect short-term negative impact to our business from COVID-19 outbreak as some international patients and tourists tend to avoid travelling and postpone medical treatment. After outbreak is under control, we confident that, in the long-term, our business would turn to positive territory from our key competitive edge; diversified portfolio of network hospitals, capable physicians and nurses and strong franchise of our hospital brands together with customer service experience enhancement through innovation.

Increasing healthcare demand

Long-term prospect of healthcare sector is still intact from the aging population, rising income per capita, especially those in the rural area, rising health and wellness trend where people pay more attention to their health wishing to live longer with a better quality of life together with growth of health insurance in Thailand.

On the other hand, international healthcare demand continues to rise as Thailand remains one of the world's most attractive medical tourism destinations for our quality of care, Thai hospitality and value for money. Potential growth markets are China, CLMV, Middle East and Expatriate market.

In term of supply, private hospital operators continued to expand business to serve these rising healthcare demand.

These favorable factors support our strategy of focusing on preventive care services at BDMS Wellness Clinic and BWR together with upgrading our clinical capabilities at our Centers of Excellence with multidisciplinary specialists, state of the art medical equipment and experienced staffs to accommodate increasing demand of healthcare.

Key strategic priorities

The Company's diverse portfolio of network hospitals with multiple brands and diversified market segments play a crucial role in continuous growth in healthcare business and serving rising healthcare demand in the future. The company would focus on the following strategic priorities:

◆ **Increasing asset utilization**

With the rising healthcare inflations, we foresee private health insurance as one of the key potential growth drivers for healthcare business going forward. We are working closely with both domestic and international insurance companies to develop exclusive insurance policies that would help expand our patient base. Also the development of e-claims and e-billing system will provide convenience for both insurance companies and patients. These initiatives would help diversify our payor base by growing private health insurance portion and increase our bed utilization unlocking the true potential of our hospital network growth prospects.

◆ **Improving operational efficiencies**

We continue to improve operational efficiencies, profitability and asset utilization of ramping-up hospitals by improving their standard of care and encouraging cooperation among our network hospitals. We divided network hospitals into 6 groups. Its cluster enables us to realize the scale benefit, utilize shared services functions and increase efficiency of our operations.

◆ **Center of Excellence**

With the determination for continuous development of the 10 Center of Excellence to be in accordance with the Joint Commission International (JCI), we also would continue to collaborate with world leading institutions to uplift our Thai standard of care effectively to be equivalent to the international standard.

IR Activities

Finansia Investment Conference 2020



On 14 January 2020, Khun Ajaya Intaraprasong, AVP and Khun Jitima Ratanatam, Assistant Director, Investor Relations have been invited to join Finansia Investment Conference organized by Finansia Syrus Securities PCL at St. Regis, Bangkok. BDMS has met with 14 international and local fund managers. This is an opportunity for the Company to update our recent development, strategy and outlook

Citi-Thailand C-Suite Corporate Day



On 17 January 2020, Khun Ajaya Intaraprasong, AVP and Khun Jitima Ratanatam, Assistant Director, Investor Relations have been invited to join Citi-Thailand C-Suite Corporate Day organized by Citi at St. Regis, Bangkok. BDMS has met with 27 international and local fund managers. This is a opportunity for the Company to address Company's strategy and plan going forward.

IR Activities

Analyst Meeting 4Q19 Results



BDMS hosted the 1/2020 Analyst meeting for 4Q19 results on 27 February 2020. The meeting was led by Khun Narumol Noi-Am, Acting President and CFO, Dr. Chairat Panthuraamphorn, COO and CEO Group 2 and Khun Ajaya Intaraprasong, AVP, Investor Relations. The meeting provided the investment community an opportunity to update on the Company's performance and strategic direction together with addressing any questions or comment to the management.

Presentation material and webcast also posted on our website at www.bangkokhospital.com under investor relations.

Thailand



Overseas



Bangkok Dusit Medical Services Public Company Limited (SET Symbol : BDMS) is the largest private hospital operator in Thailand in terms of patient services revenue and market capitalization with approximately THB 133,662 million in assets as of December 2019. Bangkok Dusit Medical Services Public Company Limited ("BDMS") currently has 46 hospitals in Thailand and 2 hospitals in Cambodia. BDMS is focused on Bangkok and various high-growth markets in Thailand and overseas. 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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