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9 November 2012

Subject: Management Discussion and Analysis for the third quarter 2012 results

To: Directors and Manager
The Stock Exchange of Thailand

**Bumrungrad Hospital PCL.
Management Discussion and Analysis for 3Q12 results
9 November 2012**

Summary

The Company reported Total revenues in 3Q12 of Baht 4,195 million, a 36.3% increase from 3Q11 revenues of Baht 3,077 million. Net profit for 3Q12 grew by 159.8% to Baht 1,180 million from Baht 454 million in 3Q11, with the resulting Net profit margin advancing to 28.1% in 3Q12 compared with 14.5% in 3Q11.

For 9M12, Total revenues increased to Baht 10,697 million, producing a 22.5% improvement over 9M11 revenues of Baht 8,730 million. This revenue growth contributed to 86.4% Net profit increase to Baht 2,263 million in 9M12 from Baht 1,214 million in 9M11. Consequently, the Net profit margin rose to 21.0% in 9M12 from 13.8% in 9M11.

The Company's total revenues and results for 9M12 and 3Q12 included extraordinary items related to the sale of investments in Bangkok Chain Hospital PCL (doing business as "Kasemrad Hospital Group"), ABSPC Group Co., Ltd. (formerly known as "Bumrungrad Medical Center Co., Ltd."), and Asian Hospital Inc. The Company's results for 9M11 included the extraordinary item related to the share repurchase of Bumrungrad International Holdings (Hong Kong) Limited from Bumrungrad International Limited. The details of these transactions are presented in the Extraordinary Items section of this document.

Excluding these extraordinary items, Adjusted Total revenues would be Baht 3,405 million in 3Q12 compared with Baht 3,077 million in 3Q11, leading to adjusted growth of 10.7%. Adjusted Net profit would be total Baht 516 million in 3Q12 compared with Baht 454 million in 3Q11, producing an adjusted increase of 13.7%. The Adjusted Total revenues in 9M12 would be Baht 9,907 million versus Baht 8,730 million in 9M11, resulting in adjusted growth of 13.5%, while Adjusted Net profit in 9M12 would be total Baht 1,610 million compared with Baht 1,264 million in 9M11, resulting in growth of 27.4% for the nine-month period.

Details of the management discussion and analysis are as follow:

Income statements

Quarterly Operational Performance

For 3Q12, the Company reported Revenues from hospital operations of Baht 3,292 million, a 10.0% increase year-over-year from Baht 2,994 million in 3Q11. Volumes increased slightly in 3Q12 compared with 3Q11 in both Thai and international markets for outpatients, and in the Thai market for inpatients. Inpatient days rose due to a moderate increase in both admissions and a longer average length of stay, while revenue intensity in inpatient services remained stable compared with 3Q11. For outpatient services, revenue intensity improved year-on-year. As a result, inpatient and outpatient service revenue increased by 5.7% and 10.9%, respectively. The revenue contribution from inpatient services in 3Q12 was 48.4% and from outpatient services was 51.6%, compared with 49.6% and 50.4%, respectively, for 3Q11. In terms of revenues by nationality in 3Q12, international patients accounted for 60.5% with the remaining 39.5% from Thai patients, reflecting a higher revenue intensity and ratio of international business than the prior period.

Interest income increased to Baht 39 million in 3Q12 from Baht 14 million in 3Q11 mainly due to Baht 4,482 million in net cash proceeds from the sale of all shares in Bangkok Chain Hospital PCL in July 2012. The Company also recognized a pretax gain from this sale of Baht 790 million in 3Q12, as further explained in the Extraordinary Items section of this document. Exchange gains grew to Baht 20 million from Baht 10 million due to higher collections on Middle East contracts. Total revenues in 3Q12 were Baht 4,195 million, compared to Baht 3,077 million in 3Q11, a 36.3% increase year-over-year. Excluding the pretax gain from the sale of the investment in Bangkok Chain Hospital PCL of Baht 790 million, Adjusted Total revenues would be Baht 3,405 million in 3Q12 versus Baht 3,077 million in 3Q11, producing Adjusted Total revenue growth of 10.7%.

The Company reported Cost of hospital operations of Baht 1,969 million for 3Q12, a 10.9% increase year-over-year from Baht 1,775 million in 3Q11. The increase in Cost of hospital operations was slightly higher than the 10.0% increase in Revenues from hospital operations due to additional staff related expense, mostly as a result of the government mandated minimum wage adjustment effective on 1 April 2012. Gross profit for 3Q12 was Baht 1,323 million, an 8.6% increase year-over-year from Baht 1,219 million in 3Q11, effecting a Gross profit margin of 40.2% in 3Q12 compared to 40.7% in 3Q11. Excluding the impact of the minimum wage adjustment, the Gross profit margin improved year-over-year.

Administrative expenses for 3Q12 were Baht 521 million, relatively stable compared with Baht 519 million in 3Q11. The increase in additional staff related expense and outsourced services expense, mostly due to volume increases and the minimum wage adjustment in 2012, were offset by lower marketing related expenses due to timing differences of expenditures between periods, and lower bad debt expense. EBITDA was Baht 876 million in 3Q12, a 13.9% increase from Baht 769 million in 3Q11, with EBITDA margin improving to 26.0% in 3Q12 from 25.1% in 3Q11.

Ongoing capital spending contributed to increased 3Q12 Depreciation and amortization of Baht 184 million from Baht 163 million in 3Q11. The Company reported Baht 18 million Share of loss from investments in associates in 3Q12, compared to Share of profit of Baht 59 million in 3Q11. Included in the 3Q11 amount was Baht 49 million attributable to Share of profit from Bangkok Chain Hospital PCL which was sold in early July 2012, resulting in no Share of profit in this quarter. The 3Q12 Share of loss was mostly due to Bumrungrad International Limited relative to capital gain taxes associated with the sale of its investment in Asian Hospital Inc. in December 2011, along with certain wind-down costs as further explained in the Extraordinary Items section of this document.

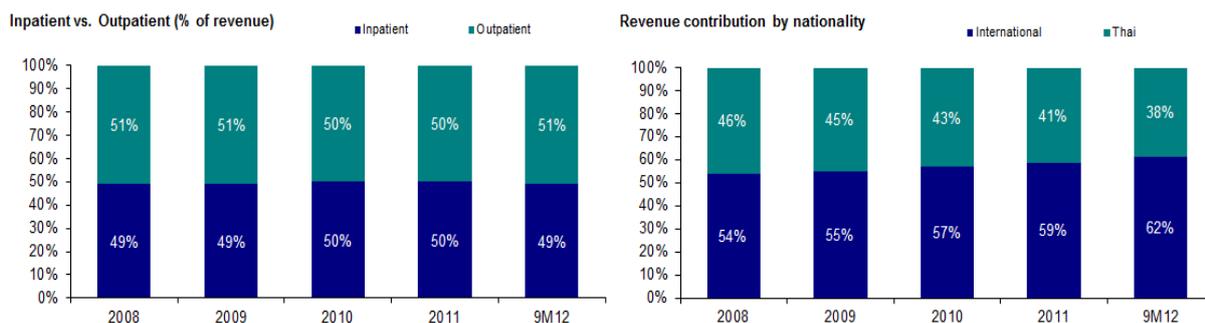
Finance cost increased to Baht 60 million in 3Q12 from Baht 55 million in 3Q11, primarily due to slightly higher interest expense and amortization of bond issuance cost associated with bonds issued in December 2011 to refinance debt.

The reduction of the statutory corporate income tax rate from 30% in 2011 to 23% in 2012 resulted in lower income tax on net profit from operations in 3Q12, compared with 3Q11. However, the income taxes associated with gain on sale of investment in Bangkok Chain Hospital PCL, offset with the tax benefit from the disposition of investment in ABSPC Group Co., Ltd., resulted in an increase in corporate income tax in 3Q12 to Baht 261 million from Baht 170 million in 3Q11. The details of these transactions are presented in the Extraordinary Items section of this document.

Basic EPS for 3Q12 was Baht 1.62, producing a 159.8% increase year-over-year from Baht 0.62 in 3Q11, while 3Q12 Diluted EPS also increased at the same rate to Baht 1.36 from Baht 0.52 in 3Q11. Excluding the extraordinary items related to the sale of investments in Bangkok Chain Hospital PCL, ABSPC Group Co., Ltd., and Asian Hospital Inc., Adjusted Basic EPS for 3Q12 was Baht 0.71, resulting in a 13.7% increase year-over-year from Baht 0.62 in 3Q11, while 3Q12 Adjusted Diluted EPS also increased at the same rate to Baht 0.59 from Baht 0.52 in 3Q11.

Nine Months Operational Performance

The Company reported 9M12 Revenues from hospital operations of Baht 9,621 million, contributing to a 13.0% increase year-over-year from Baht 8,511 million in 9M11. Both inpatient and outpatient volumes increased in 9M12 compared with 9M11, driven by growth in both international and Thai markets. Revenue intensity increased in 9M12 for both inpatient and outpatient services. As a result, inpatient revenues increased by 11.2% and outpatient revenues increased by 13.1%. Revenues in 9M12 from inpatient services were 48.9% and from outpatient services were 51.1%, similar to 9M11 contribution percentages. As to contributions by nationality, revenues from international patients were 61.6% and from Thai patients 38.4%, reflecting a somewhat higher growth rate and ratio in international business than those of the prior period.



Interest income grew to Baht 60 million in 9M12 from Baht 20 million in 9M11 mainly due to Baht 4,482 million in net cash proceeds from the sale of shares in Bangkok Chain Hospital PCL in July 2012 and higher interest rates. The Company also recognized a pretax gain from this sale of Baht 790 million in 3Q12. Exchange gains advanced to Baht 54 million in 9M12, versus Baht 32 million in 9M11 due to higher collections on Middle East contracts. Total revenues in 9M12 increased 22.5% year-over-year to Baht 10,697 million from Baht 8,730 million in 9M11. Excluding the pretax gain from the sale of the investment in Bangkok Chain Hospital PCL of Baht 790 million, Adjusted Total revenues in 9M12 would be Baht 9,907 million compared with Baht 8,730 million in 9M11, resulting in an Adjusted Total revenue growth of 13.5% for the nine-month period.

The Company reported Cost of hospital operations of Baht 5,716 million in 9M12, a 13.7% increase from Baht 5,030 million in 9M11. The increase in Cost of hospital operations was slightly higher than the 13.0% increase in Revenues from hospital operations due to additional staff related expense as a result of the government mandated minimum wage adjustment. Gross profit was Baht 3,905 million, 12.1% more than Baht 3,482 million in 9M11, resulting in a Gross profit margin of 40.6% in 9M12 compared to 40.9% in 9M11. Excluding the impact of the minimum wage adjustment, Gross profit margin in 9M12 was comparable year-over-year.

Administrative expenses were Baht 1,531 million in 9M12, leading to a 9.0% increase from Baht 1,404 million in 9M11. The increase was mainly due to additional staff related expense and outsourced services expense as a result of increased volumes and the minimum wage adjustment. EBITDA was Baht 2,600 million in 9M12, or 14.3% more than Baht 2,275 million in 9M11, with EBITDA margin improving to 26.4% in 9M12 versus 26.1% in 9M11.

Continuing capital spending increased 9M12 Depreciation and amortization to Baht 533 million versus Baht 482 million in 9M11. The Company reported Baht 93 million as Share of profit from investments in associates in 9M12, compared to Baht 69 million in 9M11. The increase was primarily attributable to an increase in Share of profit from Bangkok Chain Hospital PCL from Baht 92 million in 9M11 to Baht 107 million in 9M12, while the Share of loss from Bumrungrad International Limited improved from Baht 26 million in 9M11 to Baht 17 million in 9M12. The 9M12 Share of loss from Bumrungrad International Limited included the capital gain taxes associated with the sale of its investment Asian Hospital Inc. in December 2011, along with certain wind-down costs, while those of 9M11 included the loss related to the share repurchase of Bumrungrad International Holdings (Hong Kong) Limited from Bumrungrad International Limited. The details of these transactions are further explained in the Extraordinary Item section of this document.

Finance cost was Baht 180 million in 9M12 compared to Baht 128 million in 9M11, due to interest expense and amortization of bond issuance cost associated with the debt borrowed to fund the purchase of common shares of Bangkok Chain Hospital PCL on 18 March 2011. Such debt, which was refinanced by bonds issued in December 2011, was outstanding for the full nine months in 9M12, compared with just over six months in 9M11.

The reduction of the statutory corporate income tax rate from 30% in 2011 to 23% in 2012 resulted in lower income tax on net profit from operations in 9M12, compared with 9M11. However, the income taxes associated with gain on sale of investment in Bangkok Chain Hospital PCL, offset with the tax benefit from the disposition of investment in ABSPC Group Co., Ltd., resulted in a slight increase in corporate income tax in 9M12 to Baht 566 million from Baht 541 million in 9M11. Details of these transactions are presented in the Extraordinary Items section of this document.

Basic EPS was Baht 3.11 for 9M12, an 86.4% increase year-over-year from Baht 1.67 in 9M11. Diluted EPS also grew by the same rate year-over-year to Baht 2.61 in 9M12 from Baht 1.40 in 9M11. Excluding extraordinary items, Adjusted Basic EPS for 9M12 was Baht 2.21, resulting in a 27.4% increase year-over-year from Adjusted Basic EPS of Baht 1.73 in 9M11, while 9M12 Adjusted Diluted EPS also increased at the same rate to Baht 1.86 from Adjusted Diluted EPS of Baht 1.46 in 9M11.

| Income statements | | | | | | |
|---|-------|-------|---------|--------|-------|--------|
| (Unit: Baht million) | 3Q12 | 3Q11 | Change | 9M12 | 9M11 | Change |
| Revenues from hospital operations | 3,292 | 2,994 | 10.0% | 9,621 | 8,511 | 13.0% |
| Gain from sale of investment in a subsidiary and an associate | 790 | 0 | NA | 790 | 0 | NA |
| Total revenues | 4,195 | 3,077 | 36.3% | 10,697 | 8,730 | 22.5% |
| Gross profit | 1,323 | 1,219 | 8.6% | 3,905 | 3,482 | 12.1% |
| EBITDA | 876 | 769 | 13.9% | 2,600 | 2,275 | 14.3% |
| Share of profit (loss) from investments in associated companies | (18) | 59 | -131.4% | 93 | 69 | 35.0% |
| Net profit | 1,180 | 454 | 159.8% | 2,263 | 1,214 | 86.4% |
| <i>Gross profit margin</i> | 40.2% | 40.7% | | 40.6% | 40.9% | |
| <i>EBITDA margin</i> | 26.0% | 25.1% | | 26.4% | 26.1% | |
| <i>Net profit margin</i> | 28.1% | 14.5% | | 21.0% | 13.8% | |
| EPS | | | | | | |
| (Unit: Baht) | 3Q12 | 3Q11 | Change | 9M12 | 9M11 | Change |
| EPS – Basic | 1.62 | 0.62 | 159.8% | 3.11 | 1.67 | 86.4% |
| EPS – Diluted | 1.36 | 0.52 | 159.8% | 2.61 | 1.40 | 86.4% |

Statements of financial position

As at 30 September 2012, the Company reported Total current assets of Baht 7,300 million, an increase from Baht 2,704 million as at 31 December 2011, mostly due to an additional Baht 4,411 million in Cash and cash equivalents relative to the net cash proceeds from sale of the investment in Bangkok Chain Hospital PCL, doing business as Kasemrad Hospital Group. Trade accounts receivable was Baht 1,303 million as at 30 September 2012 versus Baht 1,110 million as at 31 December 2011. The collection period decreased to 36.5 days as at 30 September 2012 from 37.2 days as at 31 December 2011, due largely to collections on Middle East contracts.

Total non-current assets decreased to Baht 8,006 million as at 30 September 2012 from Baht 10,768 million as at 31 December 2011, mainly caused by the decrease in Investments in associates from the sale of all investments in Bangkok Chain Hospital PCL, and capital reductions associated with the wind-down of Bumrungrad International Limited. Property, plant and equipment increased from capital expenditures associated with the campus expansion. Total assets increased to Baht 15,306 million as at 30 September 2012 from Baht 13,473 million as at 31 December 2011.

Total current liabilities were Baht 2,001 million as at 30 September 2012, an increase from Baht 1,506 million as at 31 December 2011, primarily from Baht 260 million increase in various accrued expenses and Baht 130 million increase in Income tax payable.

Non-current liabilities, consisting mostly of Long-term debentures, had no significant changes as the Company completed the bond issuance in December 2011, with little, if any, subsequent change. As a result of the increase in Cash and cash equivalents related to strong operating results, increased collections, and net cash proceeds from the sale of investments, the total debt as at 30 September 2012 was lower than the cash and cash equivalents balance, leading to a net cash balance after considering outstanding debt. The Company's Interest coverage ratio was 14.4x in 9M12 compared to 17.8x in 9M11. The decrease in the Interest coverage ratio was due to higher interest expense associated with the debt financing related to the investment in Bangkok Chain Hospital PCL.

Total shareholders' equity grew to Baht 8,058 million as at 30 September 2012 from Baht 6,734 million as at 31 December 2011. This increase primarily resulted from the Company's 9M12 Net profit of Baht 2,263 million, offset by a dividend payment of Baht 912 million. Average return on assets (ROA) increased from 14.0% in 2011 to 21.0% in 9M12. Similarly, Average return on equity (ROE) increased from 24.8% in 2011 to 40.8% in 9M12.

| Unit: Baht million | 30-Sep-12 | 31-Dec-11 | Change |
|----------------------------|-----------|-----------|--------|
| Total assets | 15,306 | 13,473 | 13.6% |
| Total liabilities | 7,248 | 6,739 | 7.6% |
| Total shareholders' equity | 8,058 | 6,734 | 19.7% |

| | 9M12 | 9M11 |
|-----------------------------|------|-------|
| Interest coverage ratio (x) | 14.4 | 17.8* |

** Interest expenses related to the purchase of common shares of Bangkok Chain Hospital PCL doing business as Kasemrad Hospital Group to calculate interest coverage ratio was Bt 69.5 million based on remaining days in the period after the transaction settled. If we assumed impact for the full period, interest expense from this transaction would be Bt 98.8 million and interest coverage ratio will be 14.5x*

| | 9M12 | 2011 |
|----------------------------------|---------|-------|
| Average collection period (days) | 36.5 | 37.2 |
| Average inventory period (days) | 11.6 | 13.2 |
| Average payables period (days) | 27.3 | 30.1 |
| Net debt to equity (x) | (0.1)** | 0.6 |
| Average return on assets (%) | 21.0% | 14.0% |
| Average return on equity (%) | 40.8% | 24.8% |

*** Cash and cash equivalents balance exceed the total debt as at 30 September 2012*

Cash flow statements

The Company's Net cash flows from operating activities in 9M12 was Baht 2,302 million, compared to Baht 1,666 million in 9M11, due to stronger operating results, improved working capital, and reduced Income tax payments in 9M12. Net cash inflows from investment activities were Baht 3,174 million in 9M12, versus net cash flows used in 9M11 of Baht 3,173 million. The Baht 3,563 million impact from the purchase of common shares of Bangkok Chain Hospital PCL was included in 9M11, while 9M12 included the receipt of net proceeds of Baht 4,482 million from the sale of all this investment. In addition, the Company received the proceeds from the capital reduction exercise by Bumrungrad International Limited of Baht 362 million during 9M12, compared with Baht 613 million received during 9M11. In September 2012, the Company acquired all common shares of Ruenmongkol Co., Ltd. for Baht 1,045 million for the ownership in its land and buildings located in Sukhumvit Soi 1 area, to facilitate the expansion of capacity near the main campus. Capital expenditures also increased compared with the same period last year, mainly for the expansion of capacity at the existing campus and the acquisition of land on Petchaburi Road to support future growth plans.

The Company reported Net cash used in financing activities of Baht 1,062 million in 9M12, versus Baht 2,621 million provided by financing activities in 9M11, as the Company received Baht 3,570 million from short-term loans in 9M11 relative to the purchase of common shares of Kasemrad Hospital Group. The dividend payment also increased in 9M12 in line with the growth of net profit. As a result, Cash and cash equivalents were Baht 5,672 million as at 30 September 2012, compared to from Baht 1,741 million as at 30 September 2011.

The Company's Liquidity ratio as at 30 September 2012 increased to 3.6x from 1.8x as at 31 December 2011, due to the increase in Cash and cash equivalents. Similarly, the Quick ratio increased to 3.5x as at 30 September 2012 from 1.6x as at 31 December 2011.

| Unit: Baht million | 9M12 | 9M11 |
|--|-----------|-----------|
| Net cash flows from operating activities | 2,302 | 1,666 |
| Net cash flows (used in) from investing activities | 3,174 | (3,173) |
| Net cash flows (used in) from financing activities | (1,062) | 2,621 |
| Net increase in cash and cash equivalents | 4,411 | 1,114 |
| Cash and cash equivalents at end of period | 5,672 | 1,741 |
| | 30-Sep-12 | 31-Dec-11 |
| Liquidity ratio (x) | 3.6 | 1.8 |
| Quick ratio (x) | 3.5 | 1.6 |

Extraordinary Items

9M11 Net profit included an extraordinary loss of Baht 50 million. In 2010, Bumrungrad International Limited (BIL) completed the sale of an investment in Asia Renal Care Limited (ARC), a 100% indirectly owned subsidiary. As a result of the sale of ARC, BIL's cash balances were in excess of its cash requirements. A decision to reduce capital reflected the exercise of prudent financial management and corporate governance. Excess cash was held by BIL's 100% owned subsidiary, Bumrungrad International Holdings (Hong Kong) Limited (BIHL), which had previously held shares in ARC. As part of the strategy to complete the capital reduction by BIL, BIHL repurchased its own shares from BIL. The share repurchase transaction resulted in a Share of loss by the Company from a translation adjustment that was partially offset by a foreign exchange gain on the repayment of an intercompany loan between BIL and BIHL. These exchange rate-related factors led to a Share of loss from BIL of Baht 50 million recorded in 2Q11, and were the primary cause for the Company's total Share of loss from BIL for 9M11. No extraordinary item occurred in 3Q11.

During the nine months of 2012, the Company recorded 3 extraordinary items as follow:

- 1) On 10 July 2012, the Company sold all of its investment in Bangkok Chain Hospital PCL, doing business as "Kasemrad Hospital Group", totaling 498.75 million shares (including shares received by the Company as a dividend in 2011), at a price of Baht 9.15 for each share. The Company received proceeds from the share sale of Baht 4,482 million after deducting applicable transaction costs associated with the sale. A pre-tax gain on sale of Baht 790 million was part of total revenue and net profit in the consolidated financial statements in 3Q12 and 9M12.

Taxes incurred on the sale were Baht 192 million and Baht 204 million for 3Q12 and 9M12, respectively. As a result, a net gain on the sale of Baht 598 million and Baht 586 million is included in the 3Q12 and 9M12 net profit, respectively. The sale of this investment was made in accordance with a resolution of the Company's Board of Directors Meeting held on 2 July 2012.

- 2) On 26 September 2012, the Company sold all of its investment in a subsidiary (ABSPC Group Co., Ltd., formerly known as "Bumrungrad Medical Center Co., Ltd.") to a third party. This investment, consisting of 63,747 shares and representing a 51% shareholding in BMC, was sold at a price of Baht 24.00 per share, totaling Baht 1.5 million, providing a small gain on the sale of less than Baht 0.1 million. As a result of the sale, ABSPC Group Co., Ltd. is no longer a subsidiary of the Company. The Company recognized an associated tax benefit, from the tax loss on sale, of Baht 85 million in 3Q12. The sale of this investment in ABSPC Group Co., Ltd. was made in accordance with a resolution of the Board of Directors' meeting held on 9 November 2011.
- 3) In 3Q12, the Company recorded the Share of loss from Bumrungrad International Limited which included the capital gain taxes and tax advisory services of Baht 14 million associated with the sale of investment in Asian Hospital Inc., a 56.5% subsidiary which was sold in December 2011, as well as certain wind-down costs of Bumrungrad International Limited of Baht 5 million. Bumrungrad International Limited had applied for Tax Treaty Relief on the sale of Asian Hospital Inc. which was ultimately not granted in the final phase of the process, triggering capital gain taxes on the transaction.

Significant Events

On 24 September 2012, the Company acquired 34,000,000 common shares, representing 100% of the total issued and paid-up share capital, of Ruenmongkol Co., Ltd. at Baht 10.00 per share. The transaction value was Baht 1,045 million (including investment acquisition expenses), with an objective to have ownership in the land and constructions, located in Sukhumvit Soi 1 area, to facilitate the expansion of capacity near the main campus. This investment was made in accordance with a resolution of the Company's Board of Directors Meeting held on 10 August 2012.

Please be informed accordingly.

Yours faithfully,

(Dr. Chanvit Tanphiphat, MD)

Vice Chairman