



## **Analyst Meeting No. 4/2007**

**3Q07 Results Update**

**20 November 2007**

**Bumrungrad Hospital Public Company Limited**

# Overview

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## Operational Update

- Although patient volume growth slowing; yield is still a major growth driver

## Financial Performance

- 3Q Sales           ↑ 6% y-o-y
- 3Q EBITDA       ↑ 8% y-o-y
- 3Q Net profit       flat
- Strong balance sheet

## Updates & Strategy

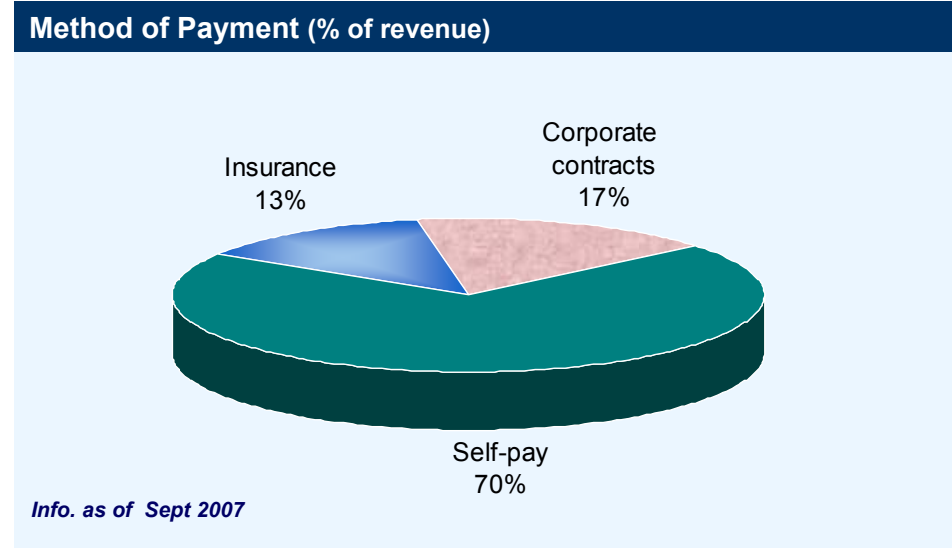
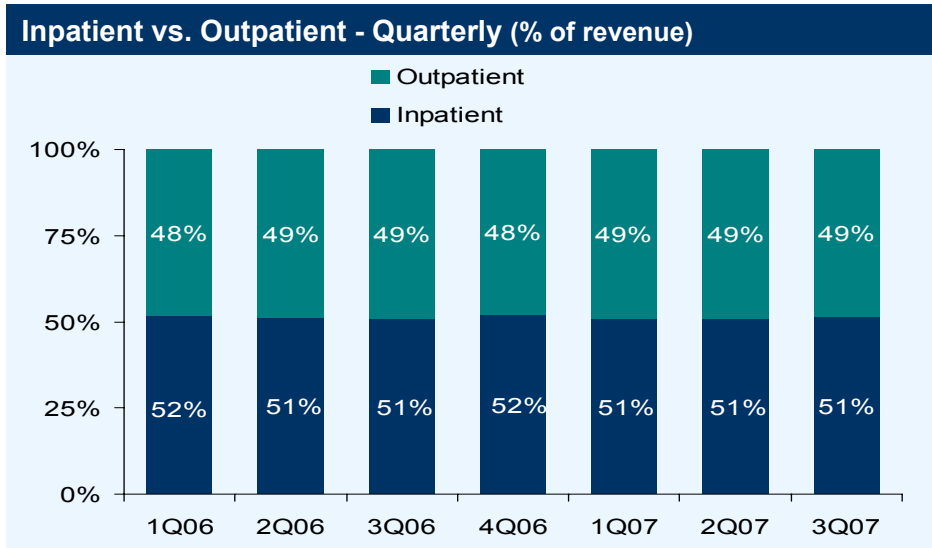
- Increased shareholding in AHI from 43% to 45.5%
- ARC is actively expanding its network
- Microsoft announced a purchase of all of software, intellectual property and other assets of GCS Thailand, BH's 30% associated company

# Agendas

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- **Operational Update**
- **Financial Performance**
- **Recent Updates**

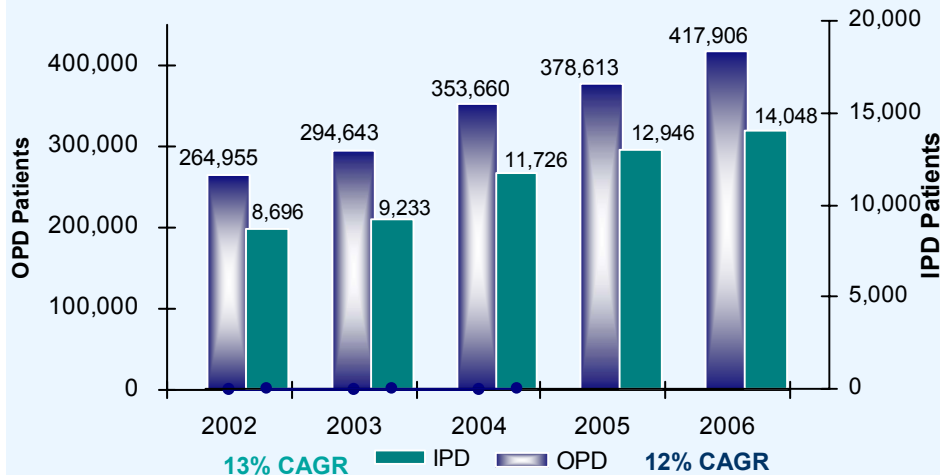
# Revenue Breakdown



- Revenue contribution from outpatient gradually moves up as technology allows more inpatient procedures to be done in outpatient clinics
- Although self-pay remains the primary method of payment, the composition is slowly moving towards more insurance and corporate contracts

# International Patients

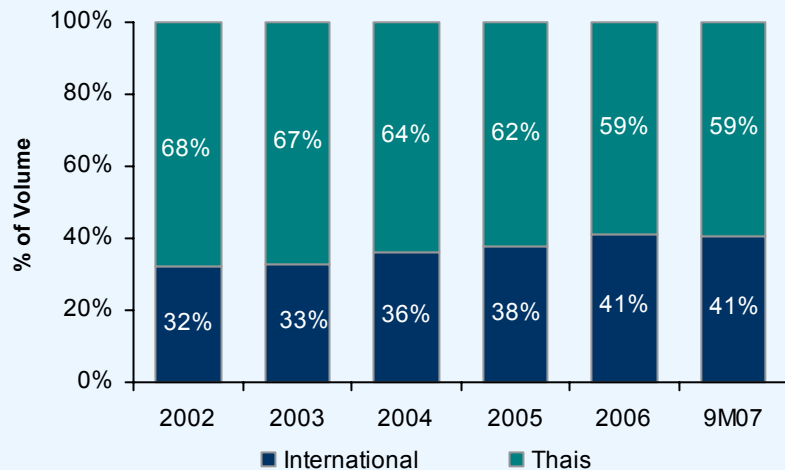
## Growth in International Patients



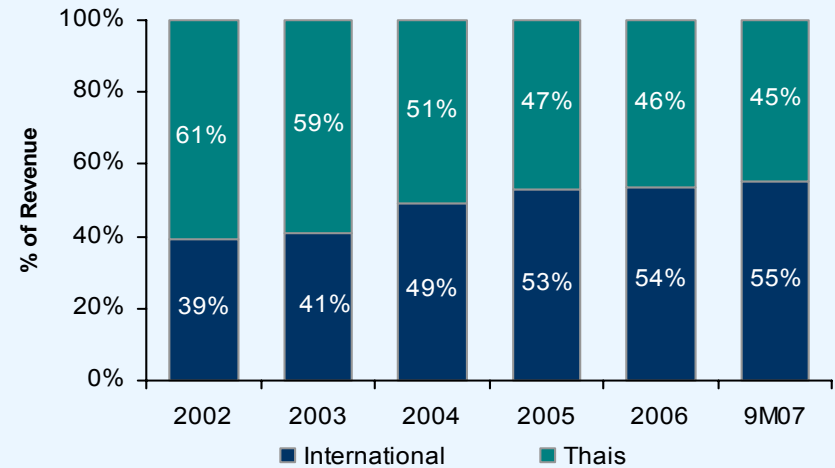
## 9M07 statistics:

- **International volume** for 9M07 y-o-y:
  - Slightly down but yield up sharply
  - Ramadan started 10 days earlier in Sept 07 (13 Sept 07 vs. 23 Sept 06)
  - US economy also sluggish
- **International revenue** for 9M07 y-o-y up 15%
- Top revenue growth by country in 9M07:
  - Qatar
  - Vietnam
  - Ethiopia
  - Myanmar
  - Kuwait

## Volume Contribution by Nationality



## Revenue Contribution by Nationality



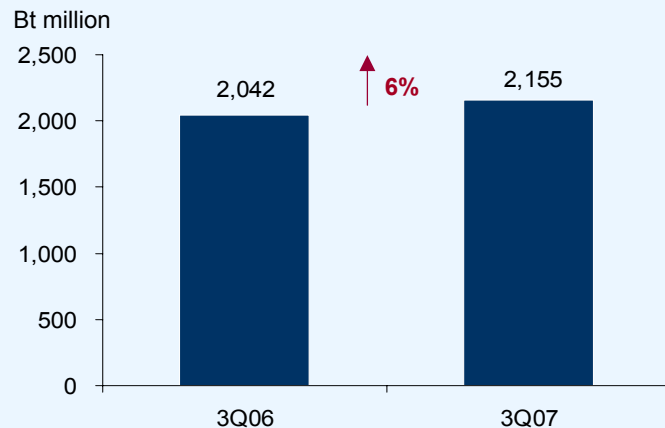
# Agendas

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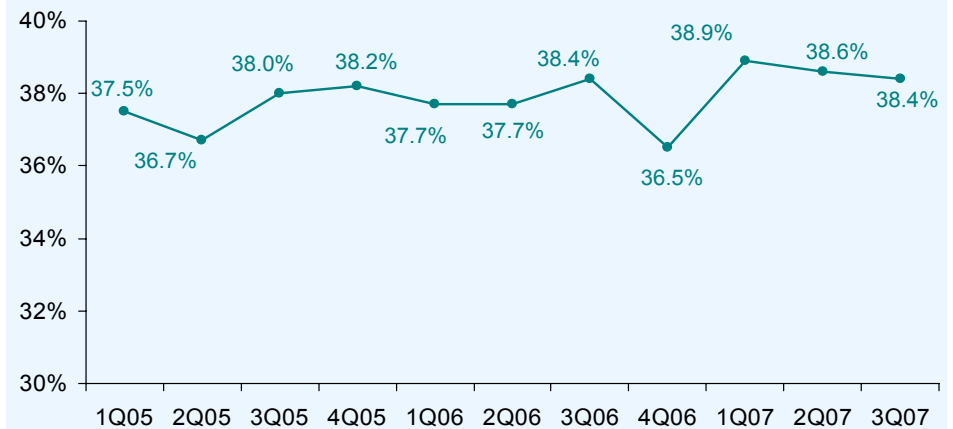
- **Operational Update**
- **Financial Performance**
- **Recent Updates**

# Sales & Gross Margin

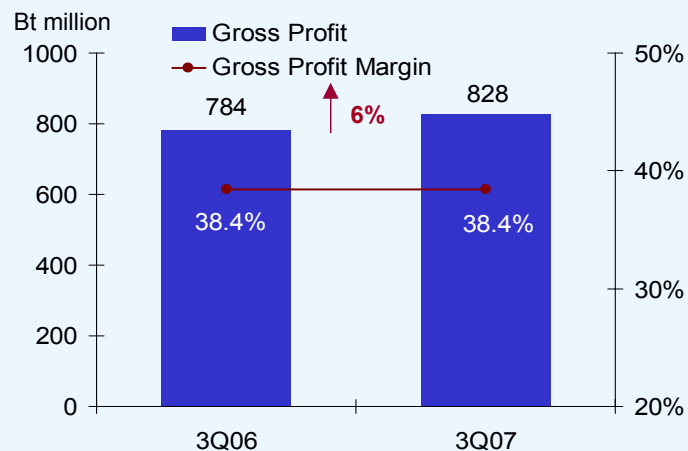
## Sales from Hospital Operations



## Gross Margin Trend



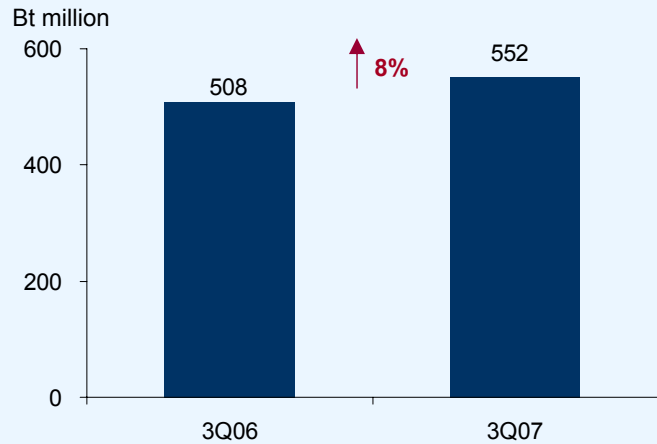
## Gross Profit & Gross Margin



- Sales from hospital operations was up 6% as a result of:
  - Inpatient revenue growth of 8%
  - Outpatient revenue growth of 6%
- Gross profit also increased by 6%, in line with the increase in sales
- Gross margin remains consistent in the 38% range in 2007

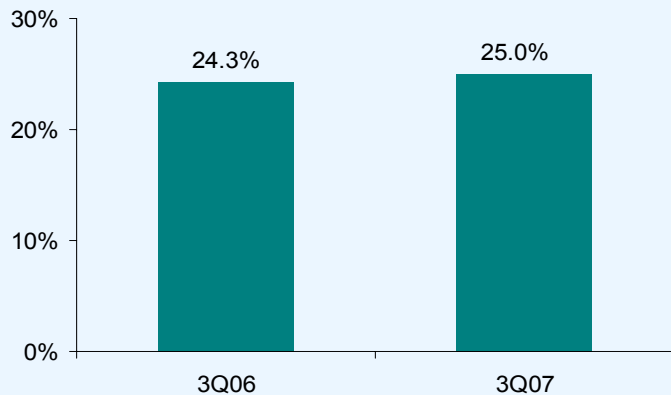
# EBITDA & EBITDA Margin

## EBITDA

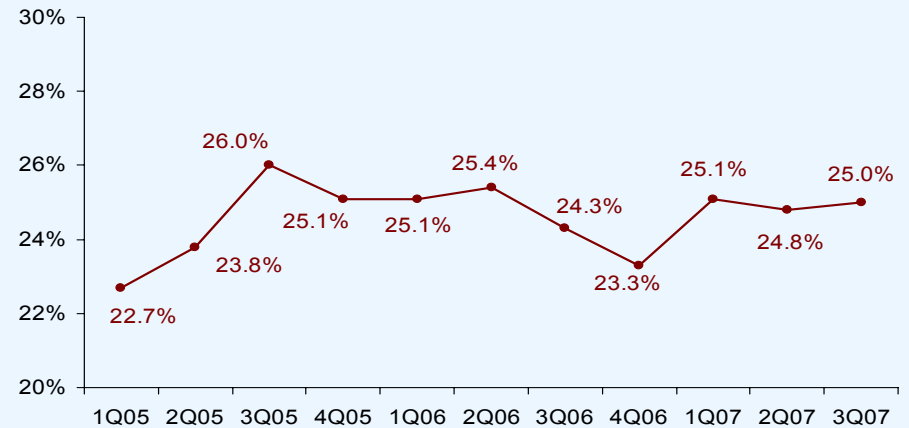


- EBITDA increased by 8%, slightly higher than increase in revenues because of effective control of SG&A
- EBITDA margin remains stable in the 24-25% range

## EBITDA Margin Y-o-Y



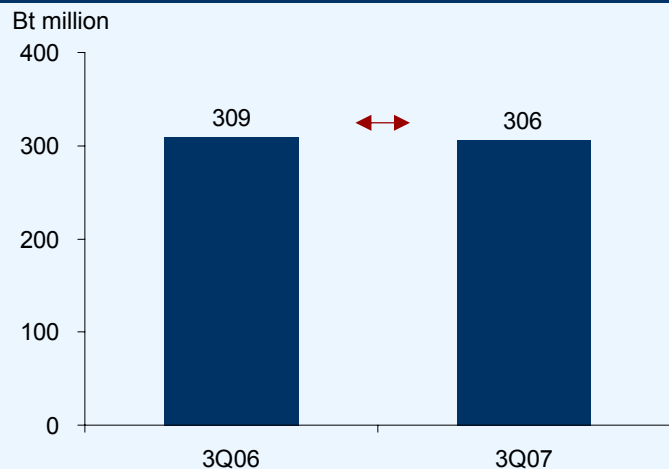
## EBITDA Margin Trend



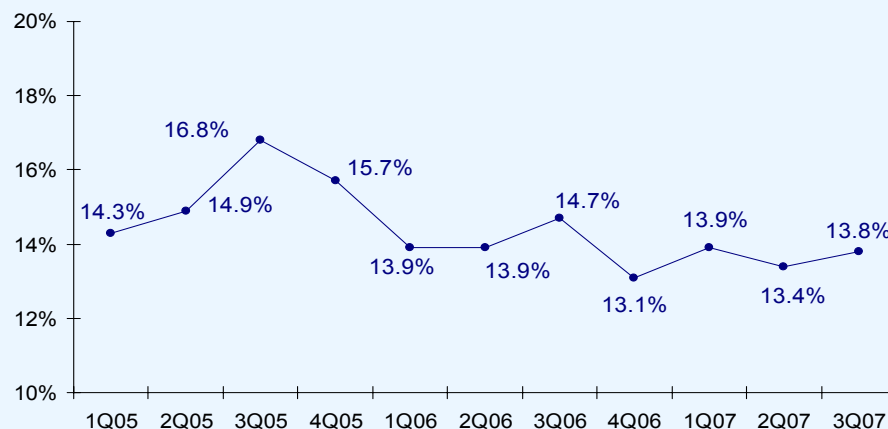


# Net Profit & Net Profit Margin

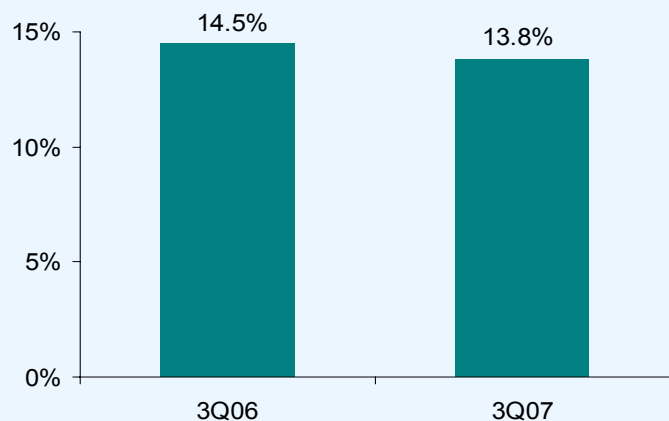
## Net Profit



## Net Margin Trend



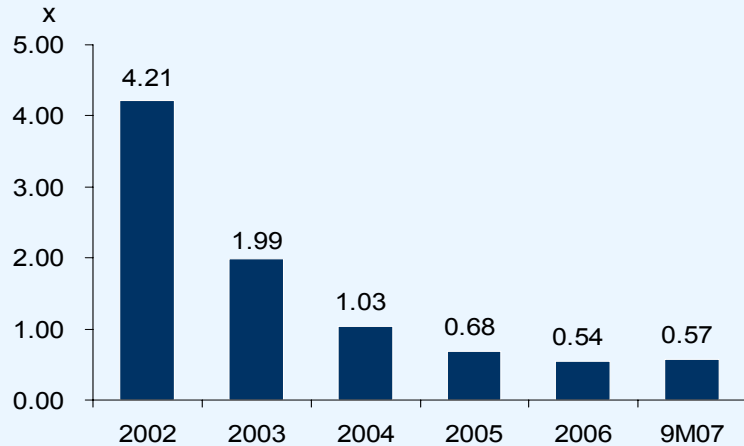
## Net Profit Margin Y-o-Y



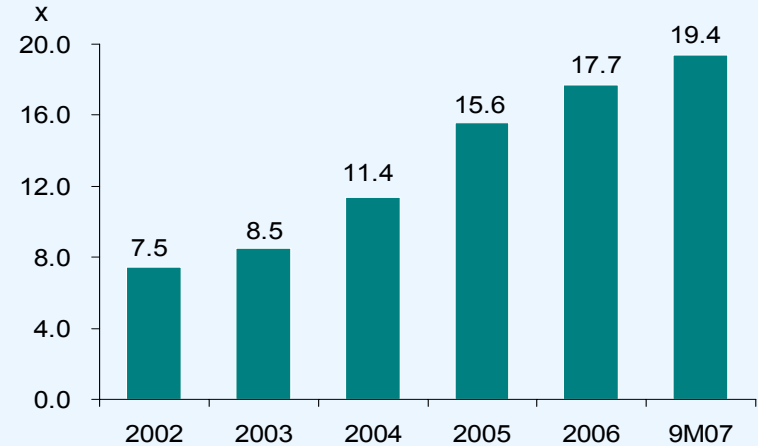
- Although EBITDA increased by 8% y-o-y, net profit was constant y-o-y because:
  - Depreciation increased from Bt 87 million in 3Q06 to Bt 103 million in 3Q07 because of the investments in technology upgrades in 2006, as the existing hospital building reached its tenth year of operations
  - Share of profit from investment under equity method was Bt 30 million in 3Q06 (AHI's share, which included a one-time gain related to the acquisition of AHI of Baht 26 million) vs. Bt 10 million in 3Q07 (BIL's share)
- Therefore, net profit margin for 3Q07 was at 13.8%, compared to 14.5% for 3Q06.

# Leverage

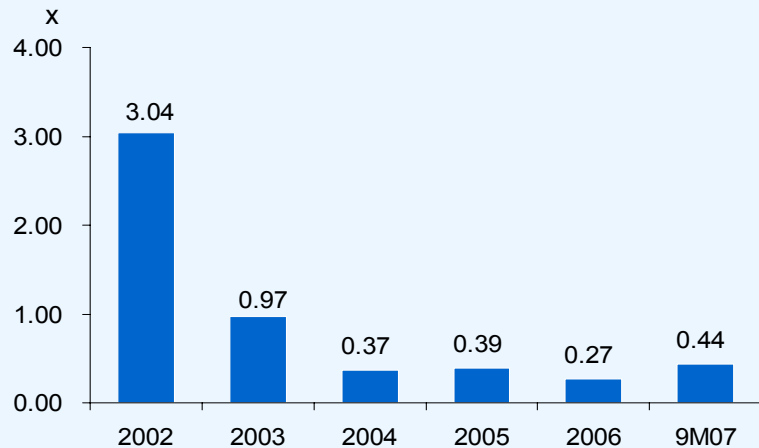
## Debt to Equity



## Interest Coverage

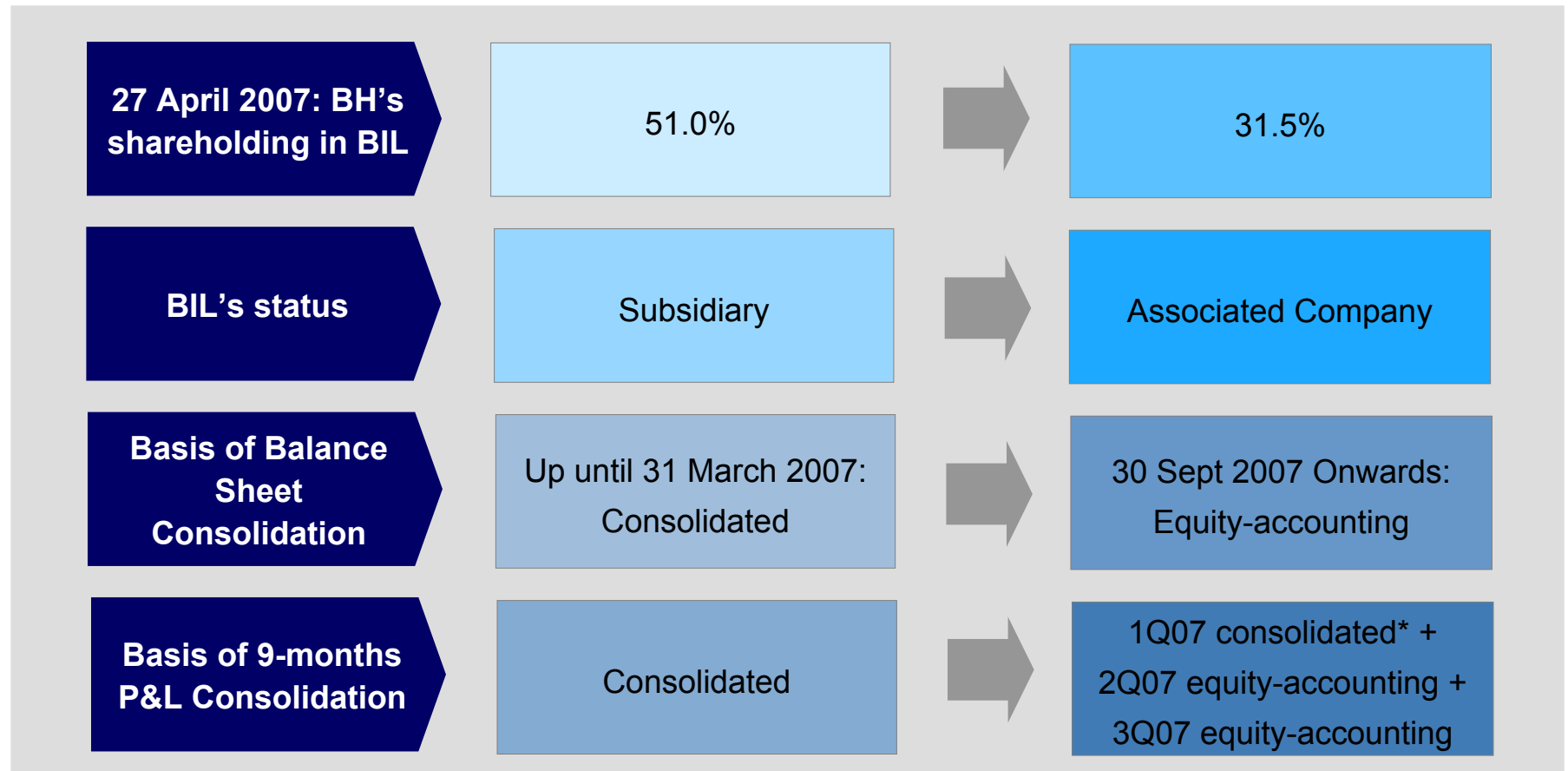


## Net Debt to Equity



- Significant improvement of the balance sheet over the years as:
  - Debt outstanding position decreases
  - Shareholders' equity improves as a result of better performance
- Higher D/E ratio for 9M07 because of the drawdown of loans:
  - KTB loan of Bt 104 million (net of loan repayment)
  - Additional short-term loan of Baht 200 million

# Basis of Consolidation of BIL (Reminder)



\* Share of profit from investment under equity method in 1Q07 is AHI's share

**Minimal affect on P&L accounts as size of BIL is relatively small compared to BH.**

**No affect on bottom line.**

# Agendas

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- **Operational Update**
- **Financial Performance**
- **Recent Updates**

# Bangkok Facility: BI Clinic Update

## Bumrungrad International Clinic:

The construction of the additional 7 floors is underway and on budget:

- Sky Lobby: Welcome Centers; Napa Lounge
- The Mezz
- Service Level: Robotic Pharmacy & Lab
- FI 12 new clinics + OPD Diagnostic Center
- FI 14 new Heart Center
- FI 15 new clinics
- FI 16 new clinics

The schedule to open in April 2008 is still on-track

**This will boost outpatient capacity by 40%**



# Bangkok Facility: Inpatient Room Renovation



New Inpatient Rooms

The hospital *room of the future* – today!



# Bangkok Facility: Inpatient Wards

## Complete renovation of existing inpatient wards:

- The rolling renovation of the inpatient wards of existing hospital building will start early 2008
- First floor to be renovated is 9<sup>th</sup> floor



New 11<sup>th</sup> Floor Patient Lobby

# International Overview: Bumrungrad International Limited (BIL)

*BIL is starting to contribute profits; 9M07 net profit is ~ USD 0.5 million*

The three existing projects in the portfolio are profitable and contributing to BIL's bottom line:

- ⇒ AHI in the Philippines is starting to become profitable
- ⇒ ARC continues to be a stable source of income
- ⇒ The management fees from Bumrungrad Al Mafraq Hospital is also accretive



# International Updates: Asian Hospital Inc., Philippines (AHI)

- ⇒ Merger complete. Refinancing of debt is progressing
- ⇒ Ownership now 45.5%
- ⇒ The expansion will consist of a 14 storey shell with 2 floors opening in 2010 the rest will be opened progressively to meet demand.



	2004 vs 2005	2005 vs 2006	9M06 vs 9M07	
<b>Volume</b>	No of visits	↑ 52%	↑ 20%	↑ 13%
	No of admissions	↑ 50%	↑ 13%	↓ 7%
<b>Financial Performance</b>	Total Revenues	↑ 53%	↑ 24%	↑ 13%
	EBITDA	↑ 3,515%*	↑ 125%	↑ 68%
	Operating Profits	↑ 565%*	↑ 67%	↑ 59%
	Net Profit	Positive in 2005**		Positive in 9M07
<b>Balance Sheet</b>	D/E ratio significantly improved from 3.7x in 2004 to 0.9x in 2005 and 2006 as a result of significant improvement in shareholders' equity			

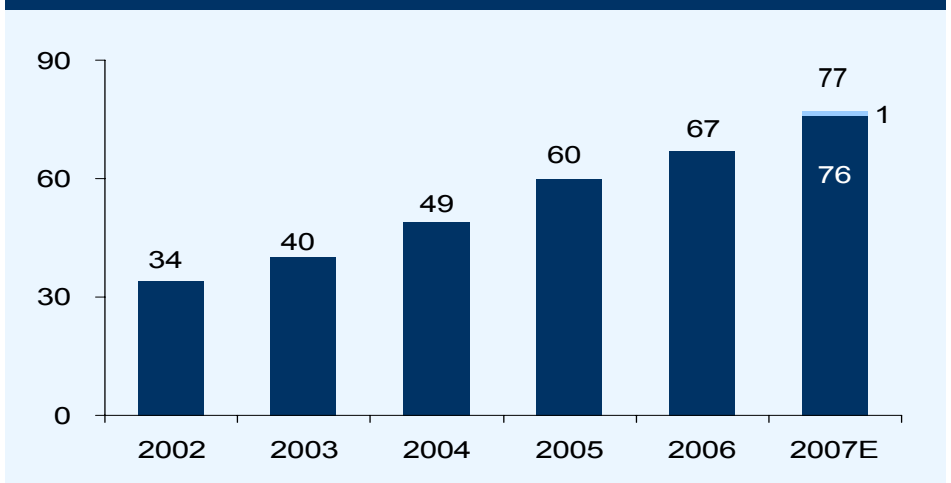
\* from a very small base in 2004

\*\* because of extraordinary gain from debt restructuring

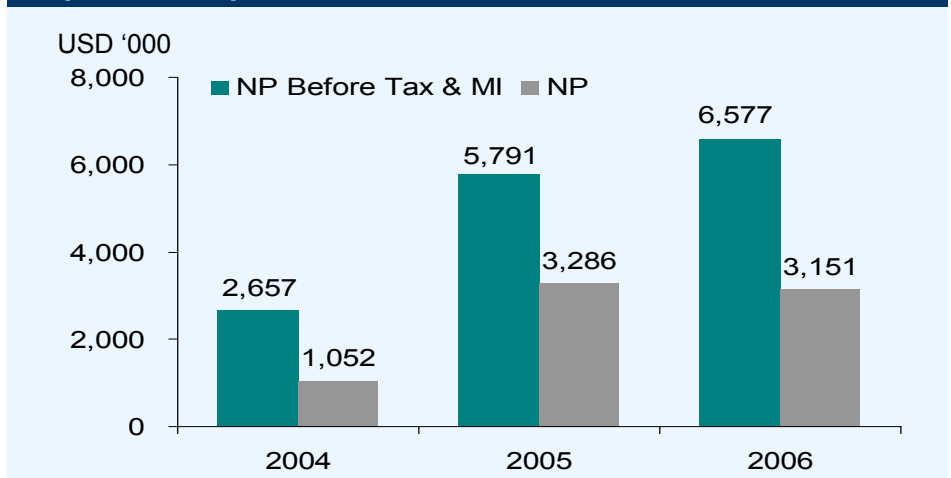
# International Updates: Asia Renal Care (ARC)

- ARC is near completion of obtaining a US\$20 million loan facility to fund acquisitions.
- Since BIL's acquisition in June 2007, ARC's number of clinics has increased from 73 to 76 as of October 2007: 3 additional clinics in Taiwan
- 3 other acquisitions are imminent, one of which is a 30 bed nephrology hospital in Korea and the other 2 are minority shareholders in two holding companies.
- Management's strategy is to continue to aggressively expand the ARC network, especially in the next 2-3 years

No of Clinics



Reported net profit



# International Updates: UAE



## Bumrungrad Al Mafraq Hospital

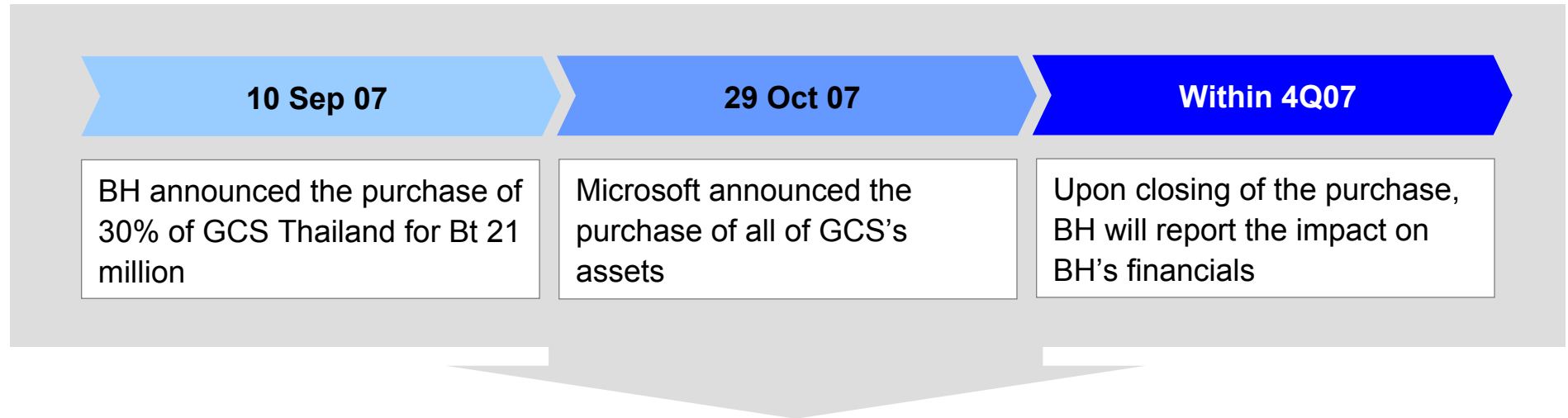
- Since the award of the management contract, BIL is in the process of assessing the hospital's operations
- Mr. Ralph Beaty has been appointed CEO of the hospital
- Full management of the hospital will commence in December 2007



## Bumrungrad Hospital Dubai

- Construction of the hospital on-going
- The hospital is expected to be open in 2009

# Global Care Solutions (Thailand)



## Impact on BH:

- 1. Financially:** GCS will incur a one-time gain on sale of assets, of which 30% will reflect in BH's financial statements
- 2. Strategically:** Microsoft will continue to be an alliance for the hospital software development, which will support BH's continuous improvements in hospital operations and efficiency

*\* After the sale of assets is completed, GCS will become a dormant company*

# 2007-2008 Strategy

## Bangkok Facility

### *Continued growth of the Bangkok facility through:*

- ⇒ Continued focus on yield management for the benefit of shareholders
- ⇒ Gradual relocation of outpatient clinics to the new BI Clinic to boost 2008 capacity by 40%
- ⇒ Renovation of the existing hospital building and hospital technology upgrade
- ⇒ Re-acquisition of serviced apartment and parking building from BBL to renovate into IPD building

## International Expansion

- ⇒ Begin the expansion plan for the capacity of Asian Hospital in the Philippines
- ⇒ Expansion of BIL's presence in the Middle East: Bumrungrad Hospital Dubai & management contract of Al Mafrag Hospital
- ⇒ Expansion of the recently acquired Asian Renal Care
- ⇒ Pursue additional international investment opportunities in the region

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**Thank You**