

# **Bumrungrad Hospital Public Company Limited**

**Analyst Meeting No. 4/2010**

**3Q10 Results Update**

**1 December 2010**



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# Overview

## Operational Update

- Patient volume increased in 3Q10, compared to 3Q09, as a result of a more severe flu season caused by a very rainy Q3 together with volume from pent-up demand overflowing from 2Q10 as patients postponed their medical treatments due to the political unrest.

## Financial Performance

- 3Q10 results reflected improved operation
- 3Q10 Revenues ↑ 14% y-o-y      9M10 Revenues ↑ 9% y-o-y
- 3Q10 EBITDA ↑ 19% y-o-y      9M10 EBITDA ↑ 7% y-o-y
- 3Q10 Net profit ↑ 18% y-o-y      9M10 Net profit ↓ 3% y-o-y

## Updates & Ongoing Focus

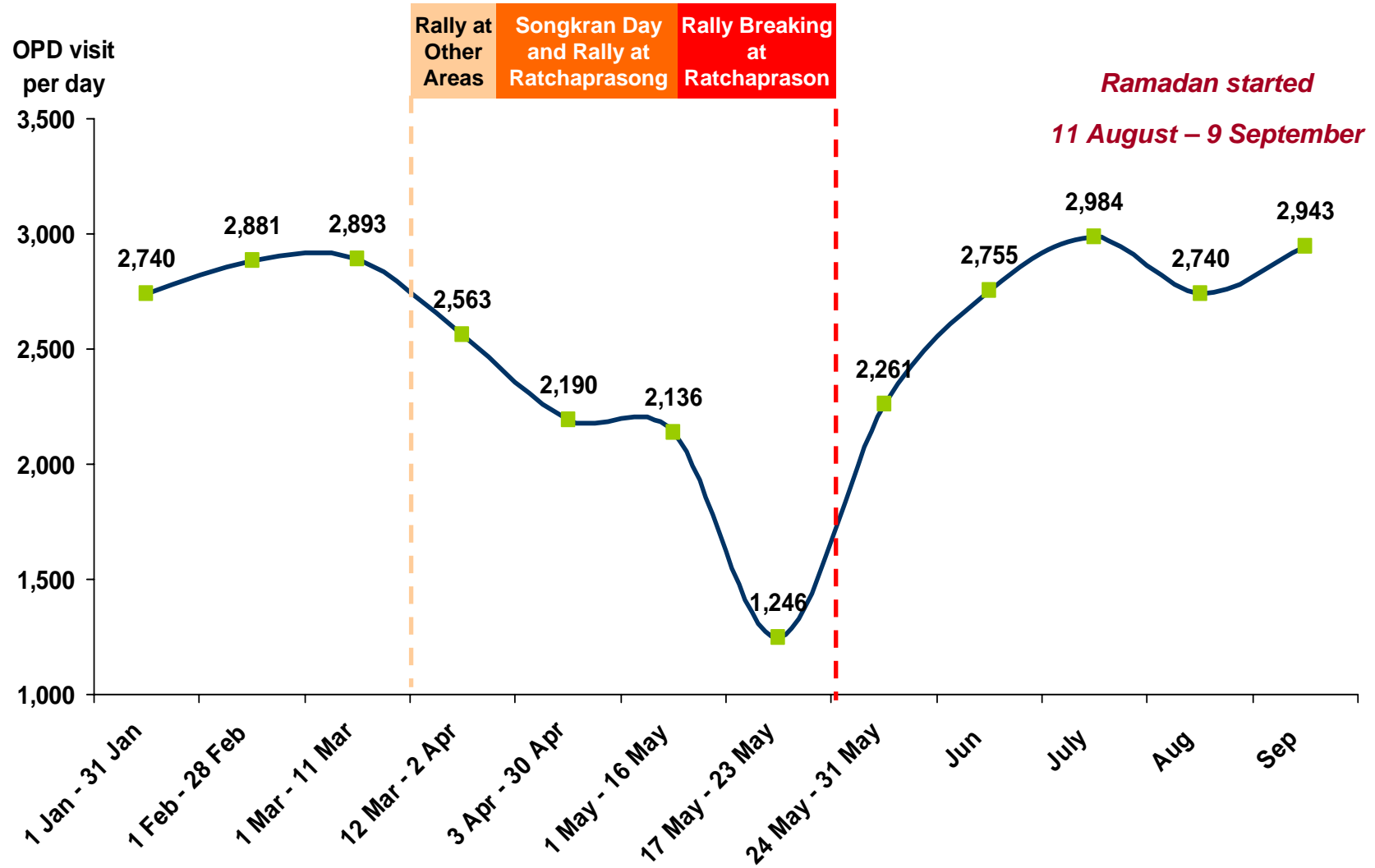
- Physician recruitment
- Bumrungrad International Limited:
  - BIL to focus on its core business of hospital ownership and management

# Agendas

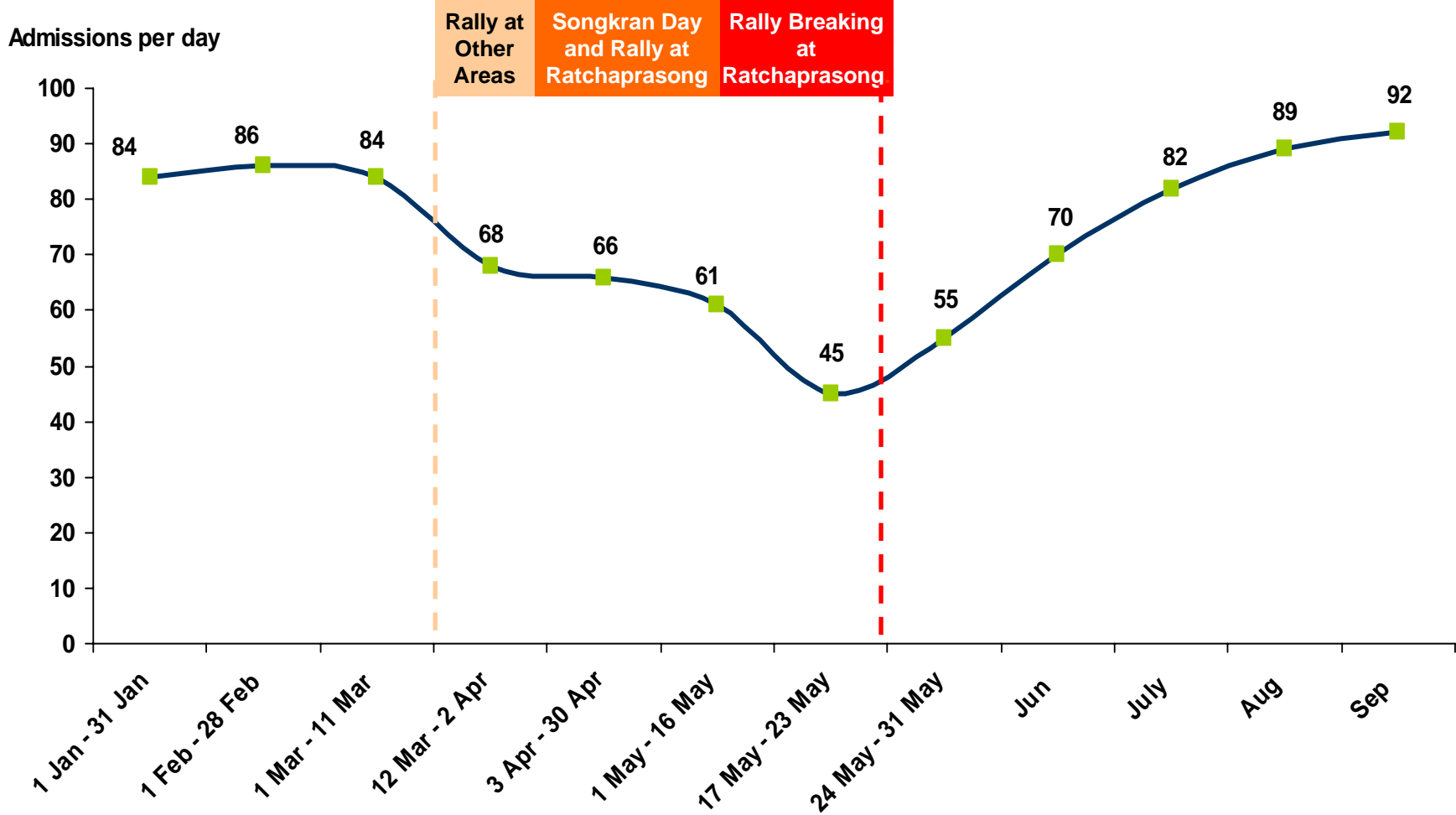
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- **Operational Update**
- **Financial Performance**
- **Recent Updates**

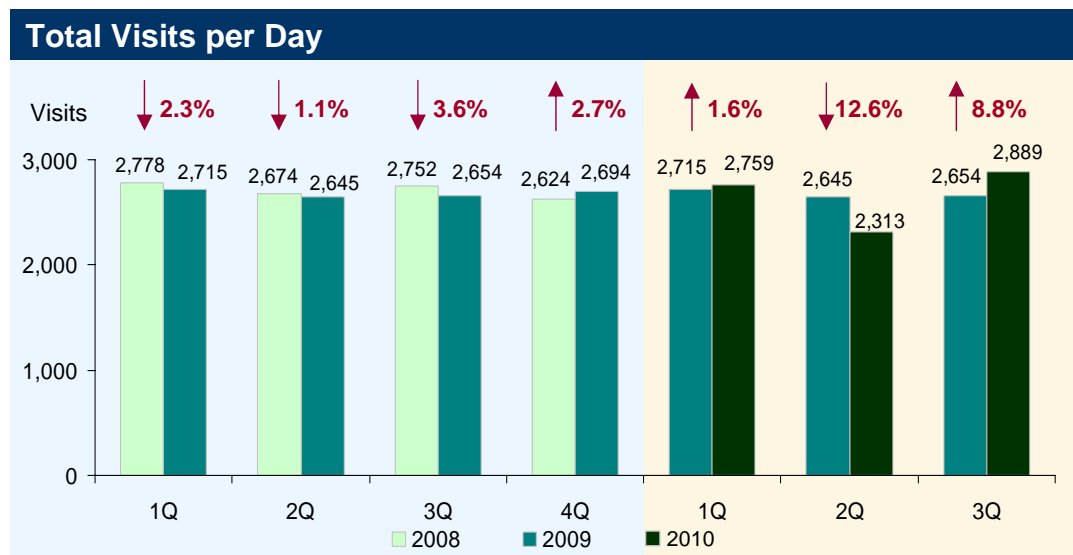
# OPD Visits per Day (Jan – Sep 2010)



# IPD Average Admissions per Day (Jan – Sep 2010)

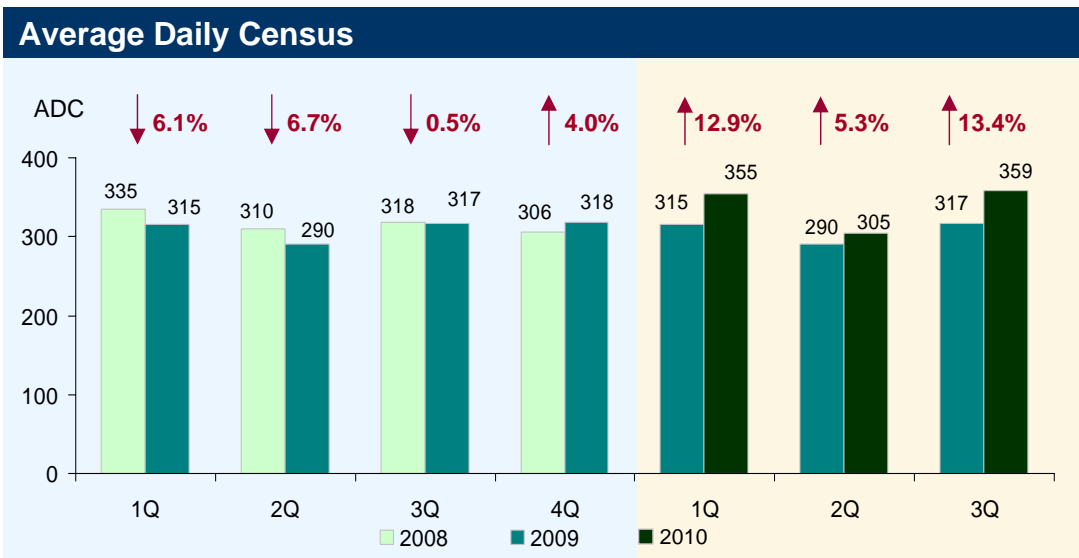
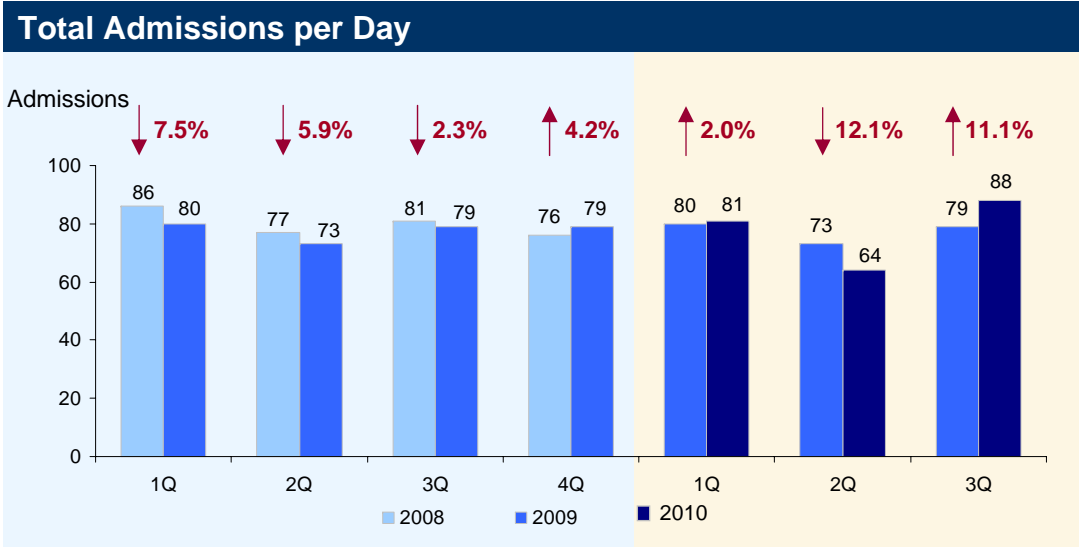


# Overall Volume Trend (1)



- The recovery of patient volume has resumed after political unrest in 2Q10
- Growth in outpatient service was mainly driven by a more severe flu season caused by a very rainy Q3 together with volume from pent-up demand overflowing from 2Q10 as patients postponed their medical treatments due to political unrest.

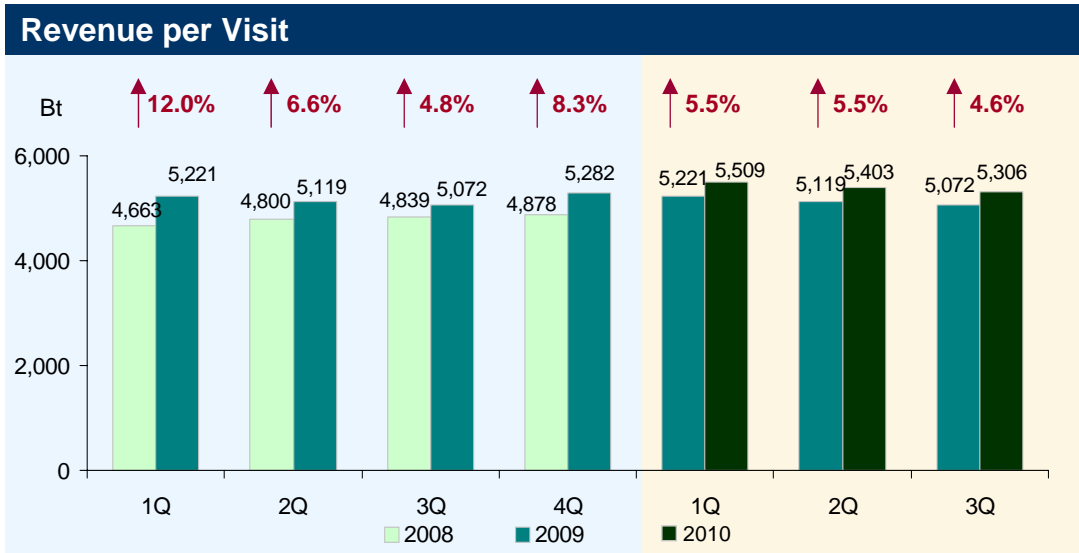
# Overall Volume Trend (2)



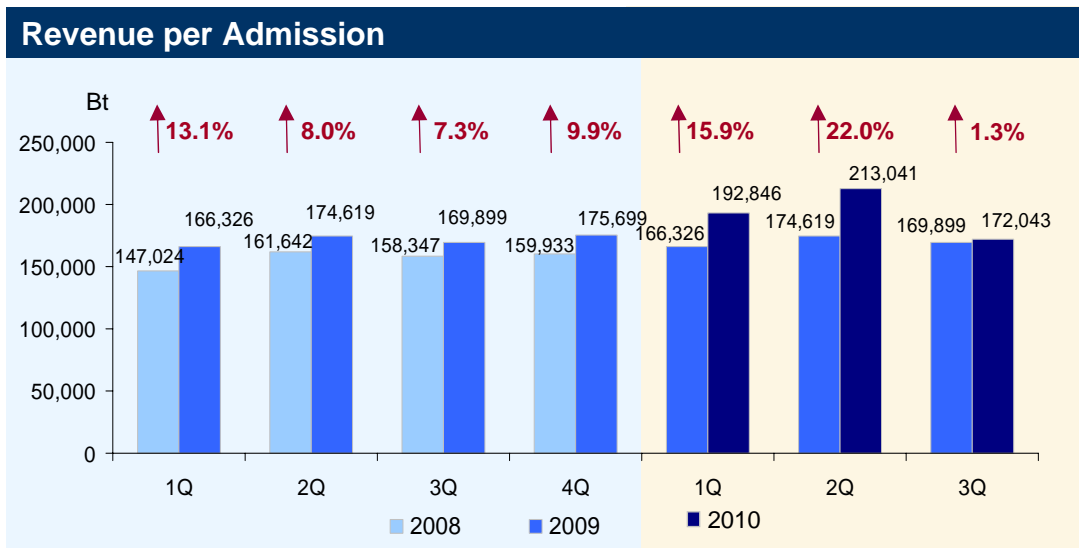
- Inpatient service increased from prior year which was mainly due to increased admissions from flu-related specialties and pent-up demand overflowing from 2Q10.
- Average Daily Census also increased from prior year as a result of increased admissions and higher average length of stay.
- Focus on physician recruitment to grow volume



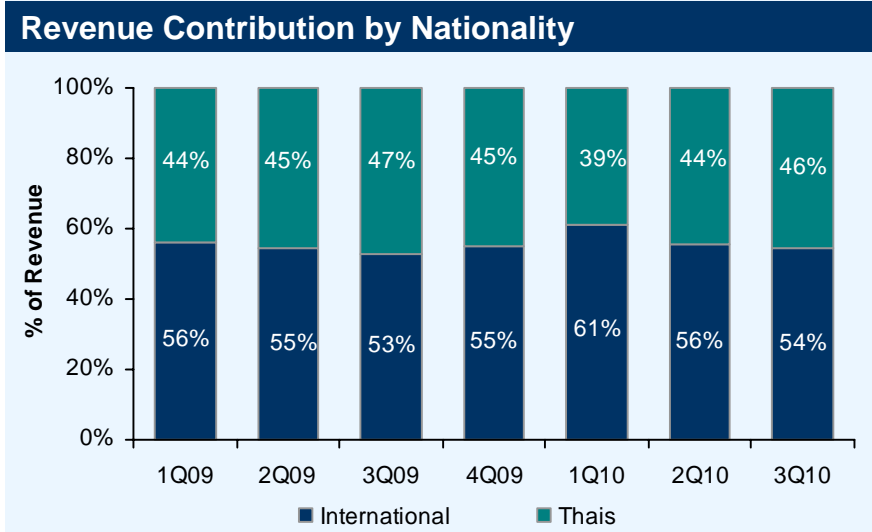
# Revenue Intensity



- Revenue per visit showed strong growth from increased consumption in outpatient ancillary services and annual price adjustment.
- Revenue per admission saw slower growth in 3Q10 as flu related volume are less intense and low acuity patients postponed their medical treatments until after the political unrest ended.



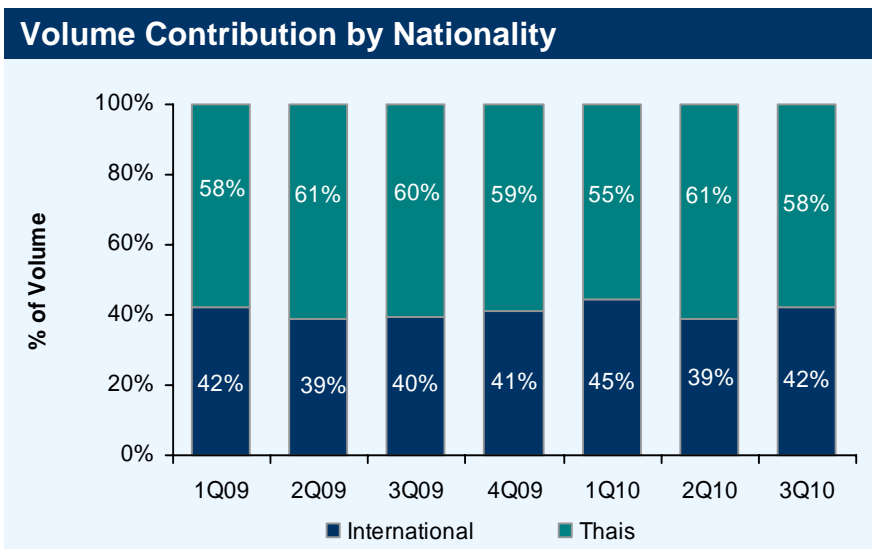
# International Breakdown



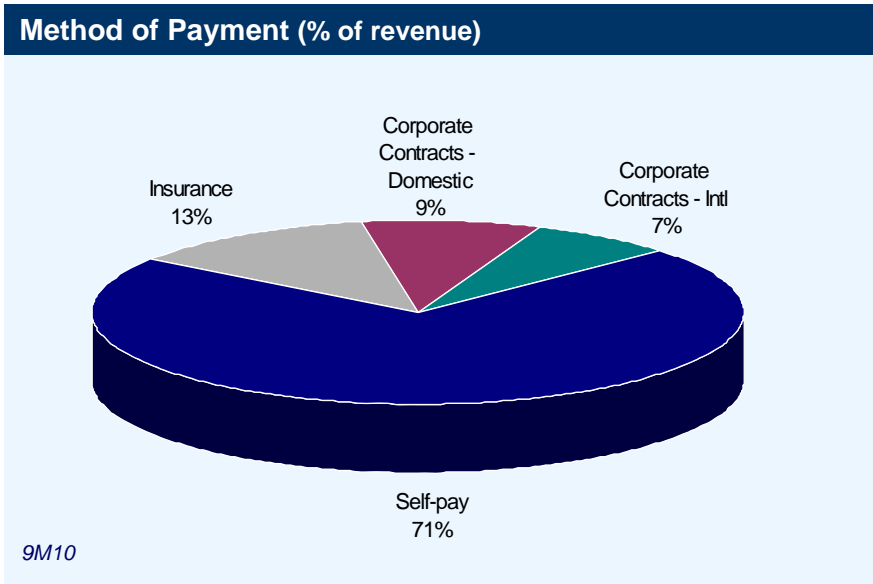
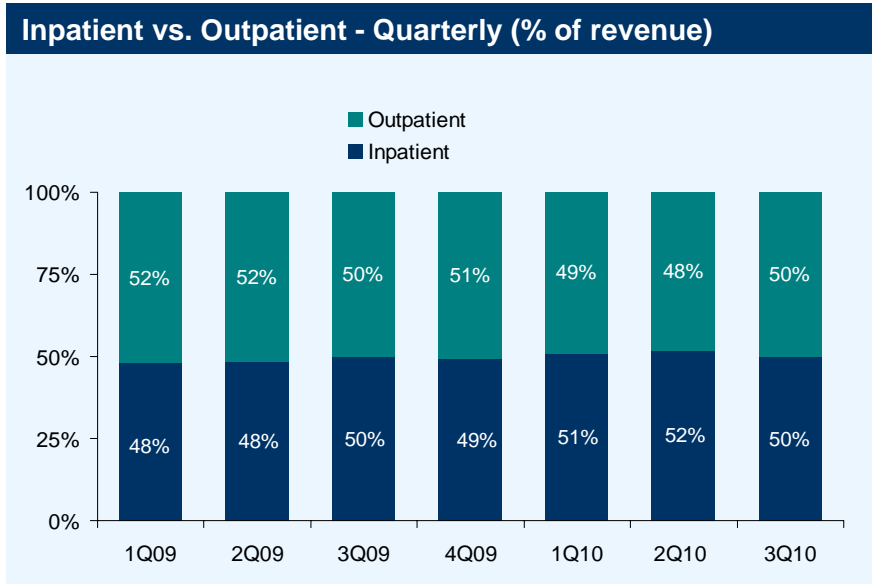
- **International revenue:** 9M10 up 15% y-o-y, primarily from revenue intensity

- **Top 5 countries revenue contribution (9M10)**

- UAE 11%
- US 6%
- Oman 4%
- Myanmar 4%
- Bangladesh 3%



# Revenue Breakdown



- Revenue contribution from outpatient service turned to a normal level of 50% in 3Q10 and recovered from 48% in 2Q10
- Revenue breakdown in 3Q10:
  - Outpatient revenue growth of 14% y-o-y
  - Inpatient revenue growth of 13% y-o-y
- Revenue by method of payment:
  - Self-pay remains the primary method of payment
  - Increasing trend on international corporate contracts

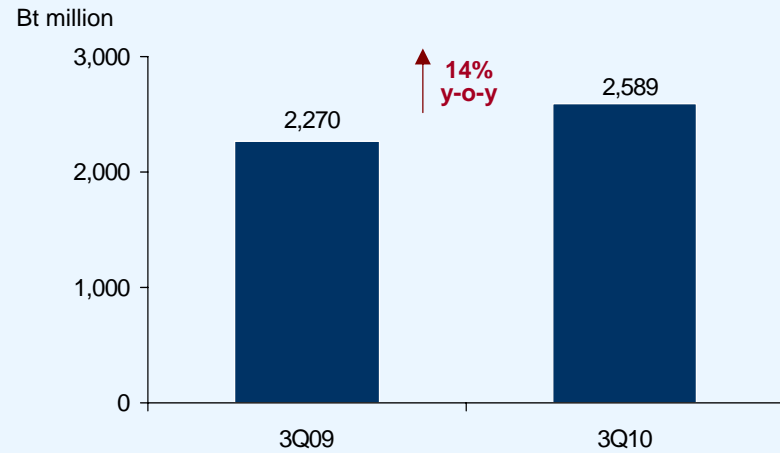
# Agendas

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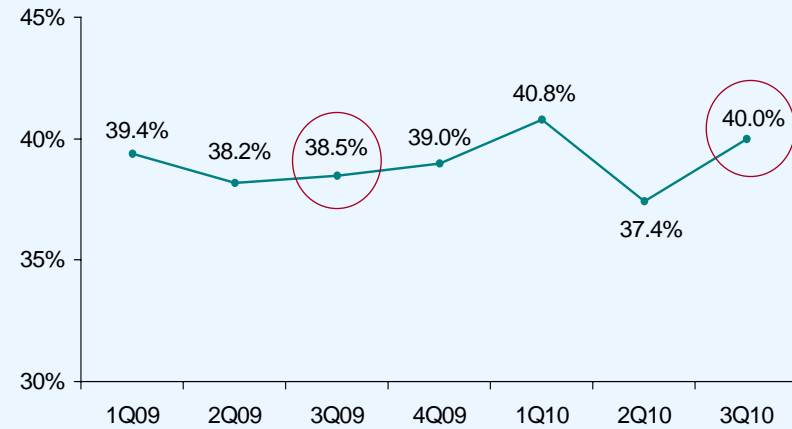
- Operational Update
- Financial Performance
- Recent Updates

# Revenue & Gross Margin – 3Q10

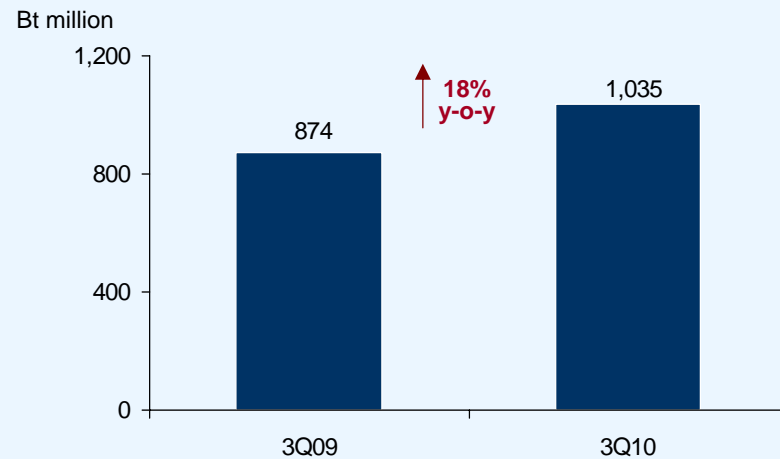
## Revenue from Hospital Operations



## Gross Margin Trend



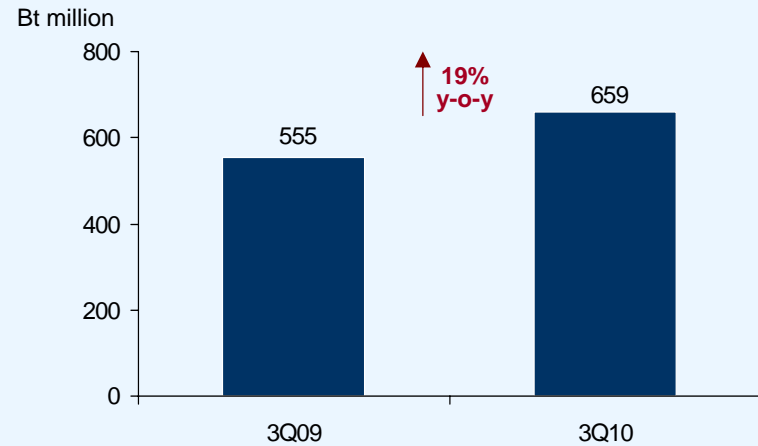
## Gross Profit



- Revenues from hospital operations increased 14% y-o-y, primarily from an increase in patient volume due to a more severe flu season together with volume from pent-up demand overflowing from 2Q10 due to political unrest.
- 3Q10 gross margin increased to 40.0% from 38.5% in 3Q09, attributable to higher patient volume resulting in better asset utilization and benefit from economies of scale.

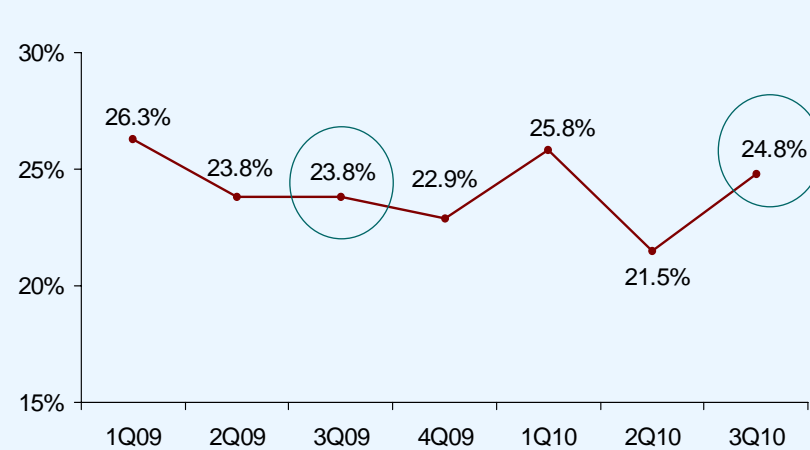
# EBITDA & EBITDA Margin - 3Q10

## EBITDA

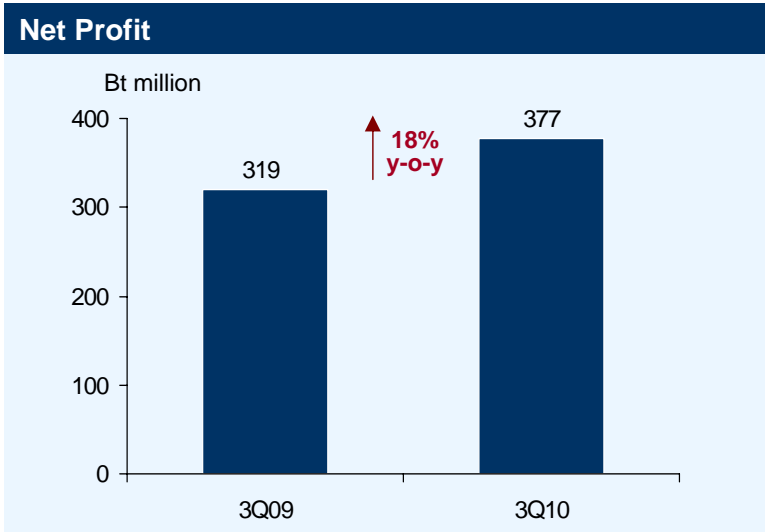


- Administrative expenses increased 14% y-o-y, in line with growth of total revenues, from:
  - Increased salary expenses and marketing expenses
- EBITDA margin in 3Q10 was 24.8% compared to 23.8% in 3Q09

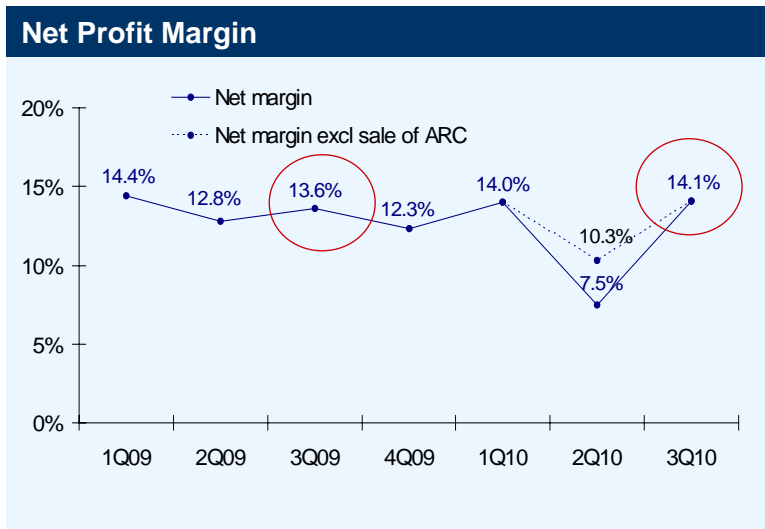
## EBITDA Margin Trend



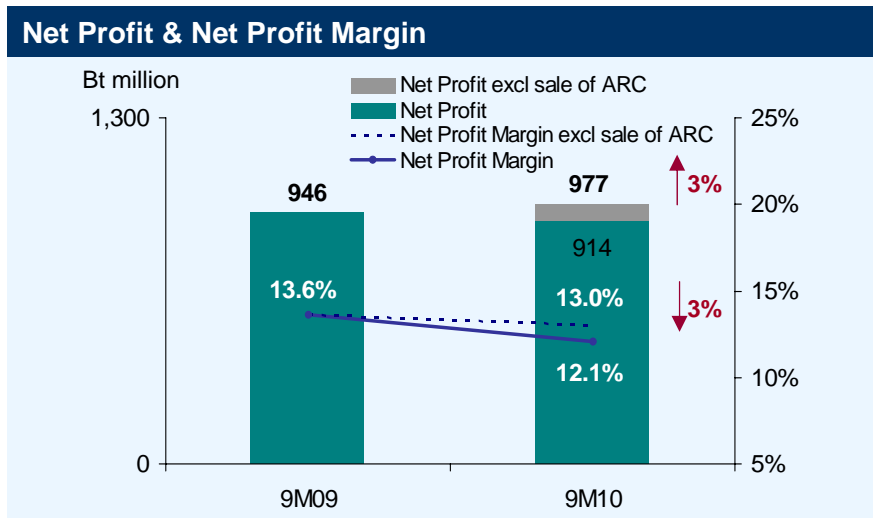
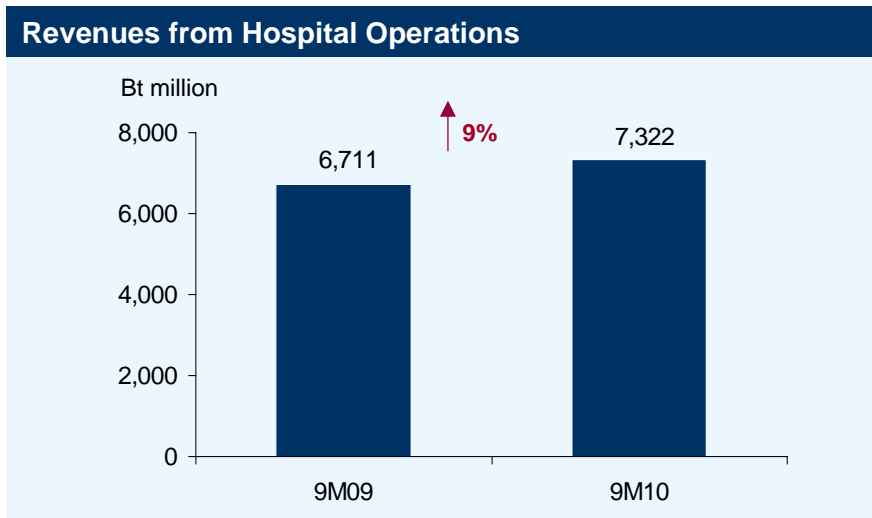
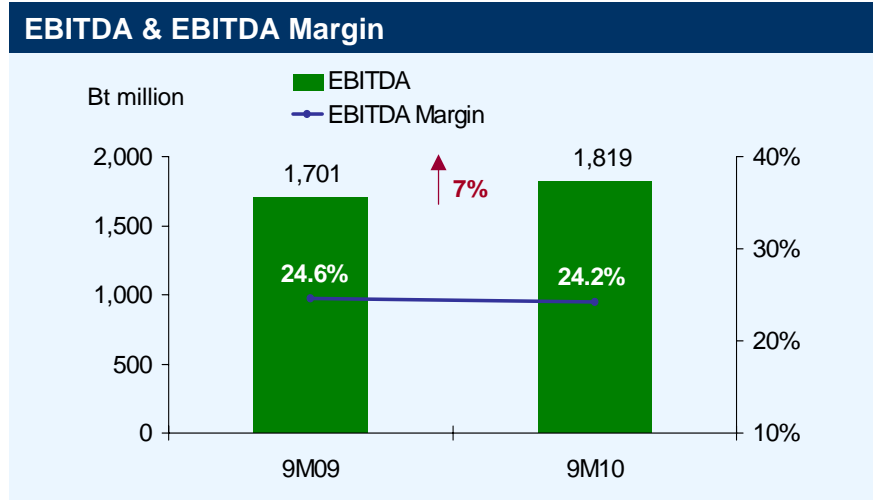
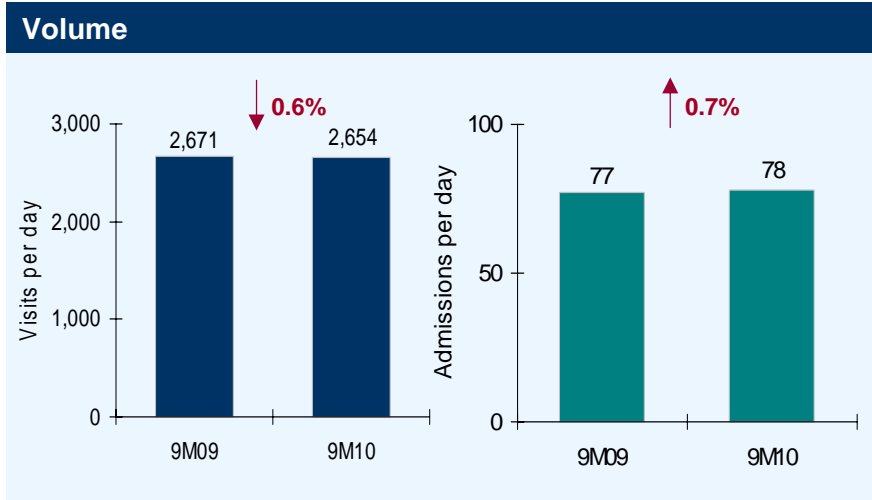
# Net Profit & Net Profit Margin - 3Q10



- Higher depreciation due to the completion of ward renovations and outpatient capacity increases
- Strong volumes and operational efficiencies delivered an increase in net profit to Baht 377 million, 18% increase y-o-y from Baht 319 million in 3Q09.
- Net profit margin increased to 14.1% in 3Q10, from 13.6% in 3Q09



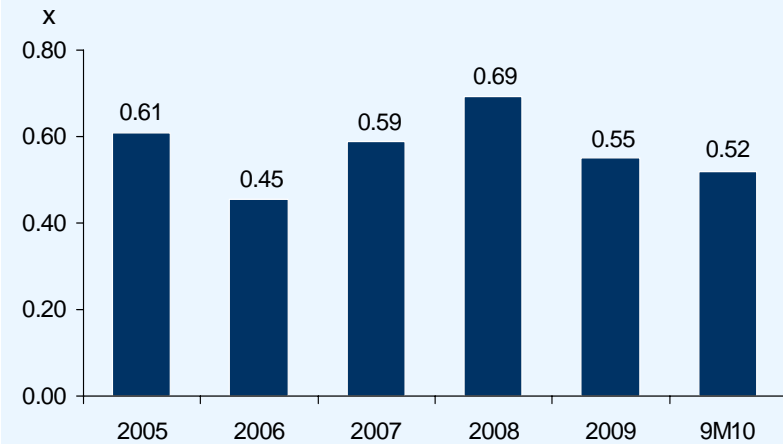
# Financial Summary – 9M10



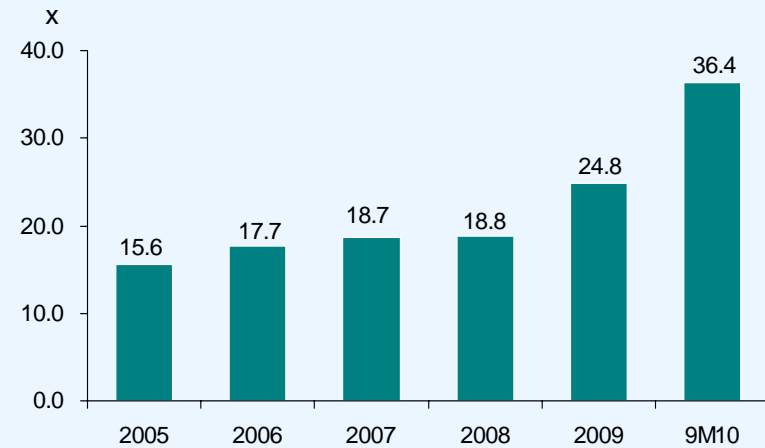


# Leverage

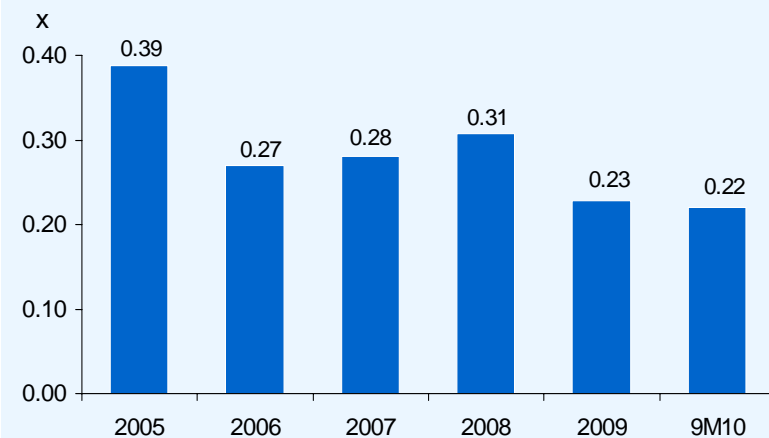
## Net Debt to EBITDA



## Interest Coverage



## Net Debt to Equity



- Low levels of financial leverage provide flexibility for future funding alternatives
- Committed and available, but undrawn, bank facilities total Baht 1.2 billion as of September 30, 2010
- Lenders have indicated a willingness to consider additional loans totaling Baht 8-10 billion

# Agendas

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# Accounting Reclassification in 3Q10

## *Sales of Asia Renal Care Thailand*

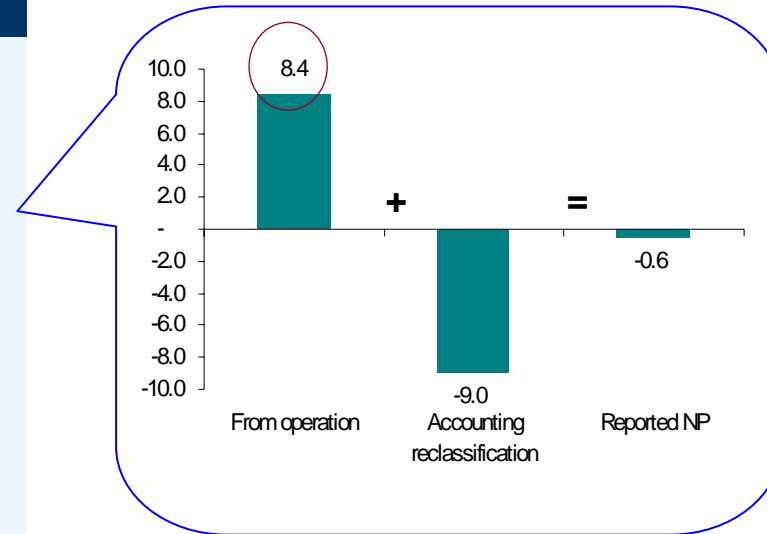
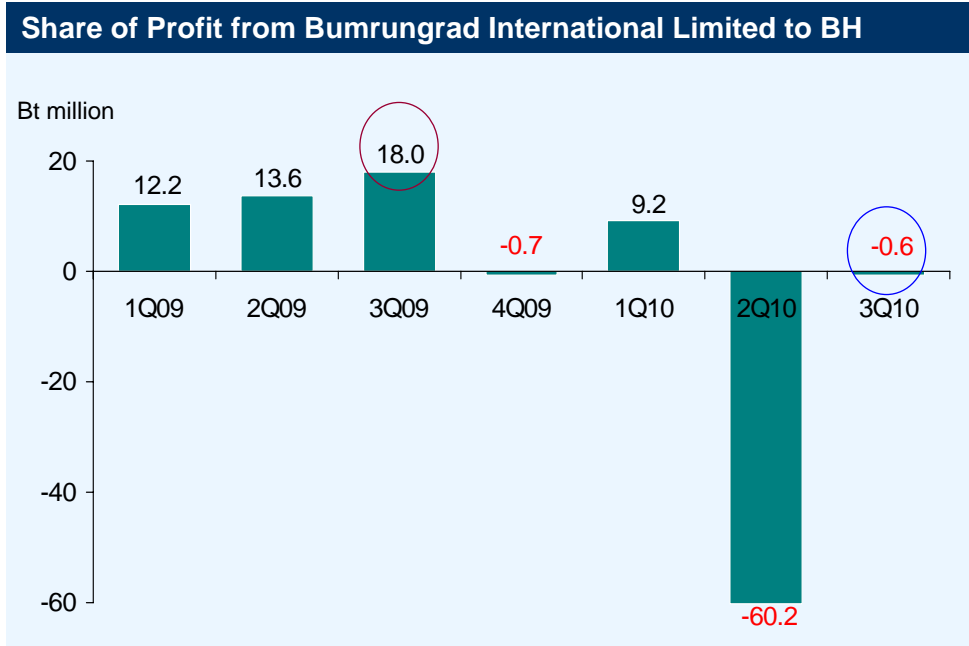
### 2Q10's financial statement

- On 15 May, 2010, Company signed an agreement to sell shares of Asia Renal Care Thailand to Nephrocare (Thailand) Co., Ltd subject to condition precedent.
- On 19 July, 2010, the parties fulfilled the conditions precedent and the transaction was closed, resulting in a gain on sale of investment of approximately Baht 13.0 million and tax expense of Baht 4.0 million.
- In the 2Q10's financial statement, the Company estimated and recorded Baht 9.0 million after tax gain on sale of Asia Renal Care (Thailand) under Share of income from investment in joint venture and associated companies.

### 3Q10's financial statement

- Company reclassified accounting items
- Realizing Bath 13 million Gain from sales of investment in joint venture
- Deducting estimated gain Baht 9 million from Share of income from investment in joint venture and associated companies
- Recording Baht 4 million tax expense from gain on sales
- The accounting reclassification has not affected 3Q10 earnings.

# Contribution from Bumrungrad International Limited



- BIL contributed Baht 0.6 million share of loss was mainly due to Baht 9 million accounting reclassification.
- BIL's normal operation was Baht 8.4 million in 3Q10, declined from Baht 18 million in 3Q09 due to no contribution from Asia Renal Care Limited.

# Updates on Bumrungrad International Limited



- AHI's profitability continues
- Construction of new 14-story building has started; funding by internal cash & debt, no additional equity injection required



- Able to meet KPIs and is entitled to incentive fees

## *Bumrungrad International Limited is focusing on expansion opportunities*

- *In the hospital sector*
- *In Asian markets which are supportive of private sector healthcare*
- *Where valuations are reasonable*
- *Project timing is difficult to predict given decision points of asset sponsors or governments*

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**Thank You**