



## **Bumrungrad Hospital Public Company Limited**

*Analyst Meeting No.1/2012 – 4Q11 and 2011 Results Update*

*2 March 2012*

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# Overview

## Operational Update

- 4Q11: Outpatient service revenue decreased by 7.0% while inpatient service revenue increased by 8.8% year over year.
- 2011: Outpatient service revenue increased by 11.7% while inpatient service revenue increased by 13.6% year over year.

## Financial Performance

|                   |              |                 |             |
|-------------------|--------------|-----------------|-------------|
| • 4Q11 Revenues   | 1.6% y-o-y   | 2011 Revenues   | 12.4% y-o-y |
| • 4Q11 EBITDA     | -14.0% y-o-y | 2011 EBITDA     | 15.1% y-o-y |
| • 4Q11 Net profit | 8.5% y-o-y   | 2011 Net profit | 26.2% y-o-y |

## Updates and Ongoing Focus

- BI Bangkok
- Thailand
- International

# Agenda

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***Strategy***

***Operational Update***

***Financial Performance***

***Associated Companies***

***Recent Events***

# Strategy

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## Bumrungrad International Hospital

- Campus Expansion
- Doctor Recruitment

## Metro Bangkok

- Expand in our existing market segment – **2<sup>nd</sup> Campus**
- Expand into a new market segment – **2<sup>nd</sup> Brand**

## Mid Tier Market Thailand

- Invested in Kasemrad Hospital Group

## International

- Review of selective opportunities

# Campus Expansion

## Back office

- Move off campus into leased office space
- Move into new BI Support Building

## Clinics

- Open 5 floors in Bumrungrad International Clinic building
- Expand clinics in Bumrungrad International Hospital Building

## Inpatient

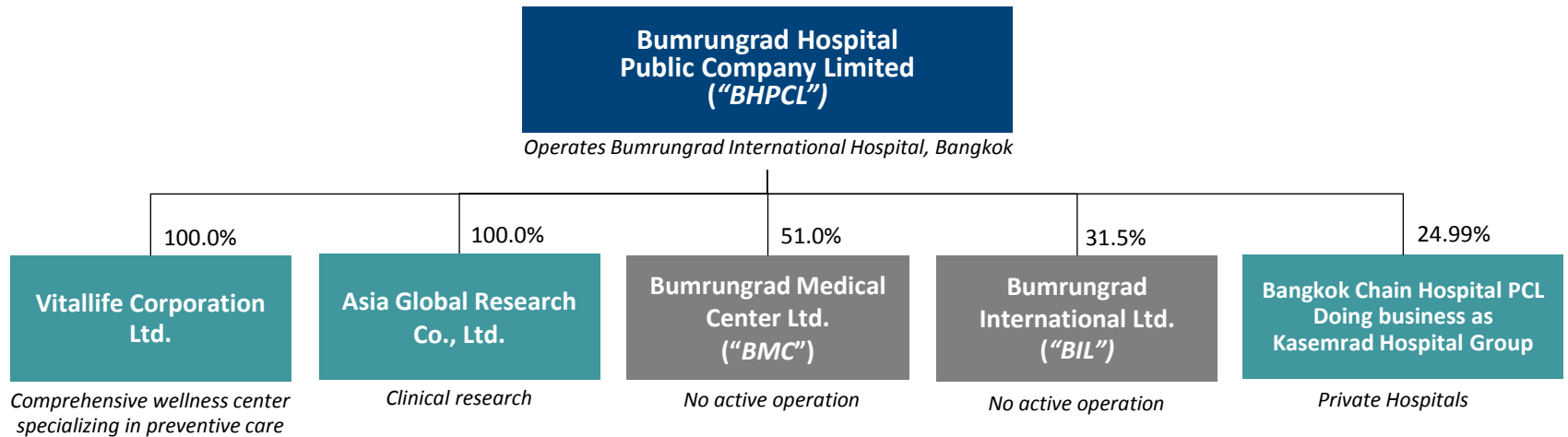
- Add 46 ICU beds and 60 ward beds in Bumrungrad International Hospital building
- Expand ancillary services

## Bumrungrad International Support Building

- Bought 6,700 sq. meters of land on Petchburi Road.
- Capability to construct building for back offices, employee housing and parking

| Est. Capital Investment (Million THB) | Y11 | Y12 | Y13   | Y14 | Y15 | Total |
|---------------------------------------|-----|-----|-------|-----|-----|-------|
|                                       | 794 | 924 | 1,273 | 888 | 49  | 3,928 |

# Strategy – Realignment of the Corporate Structure



- Bumrungrad Group revised expansion strategy during 2011 to focus on Thailand.
- BIL divested Asian Hospital Inc. & did not renew the management services agreement for Mafrag Hospital.
- BIL ceased its operating activity and is pursuing the distribution of its funds to shareholders via capital reduction.
- BMC became operationally inactive in 2008, and BHPCL divested a 49% stake in BMC in 2011.
- BHPCL also has minority interests in other dormant companies for which divestment plans are being reviewed. No material financial impact is expected.

Note: As of 31 December 2011

# Agenda

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***Strategy***

***Operational Update***

***Financial Performance***

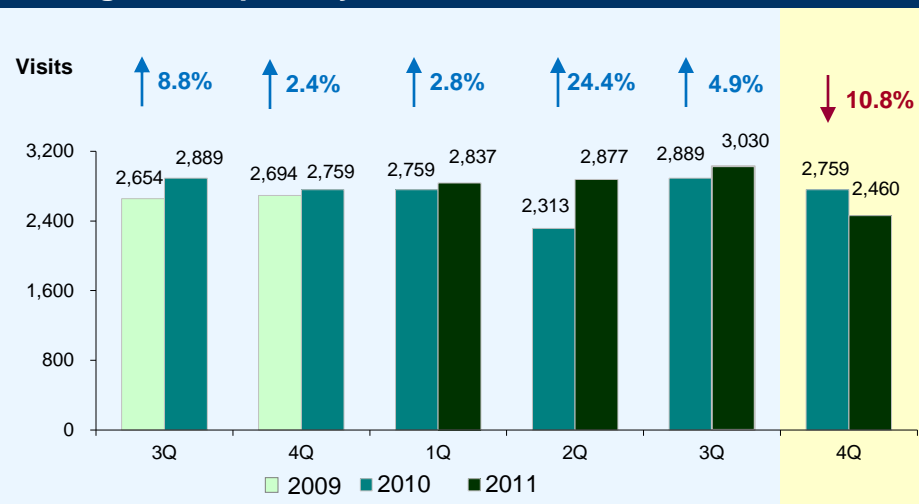
***Associated Companies***

***Recent Events***



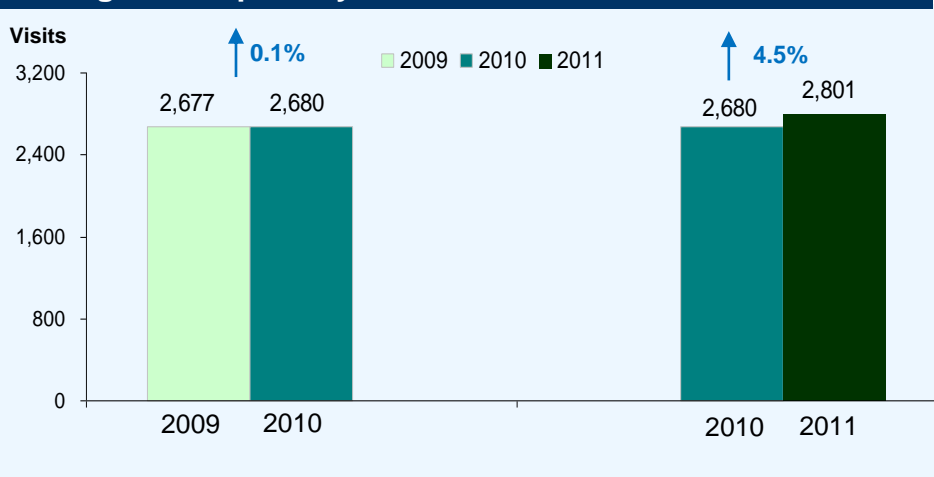
# Outpatient Visit Volume Trend

## Average Visits per Day



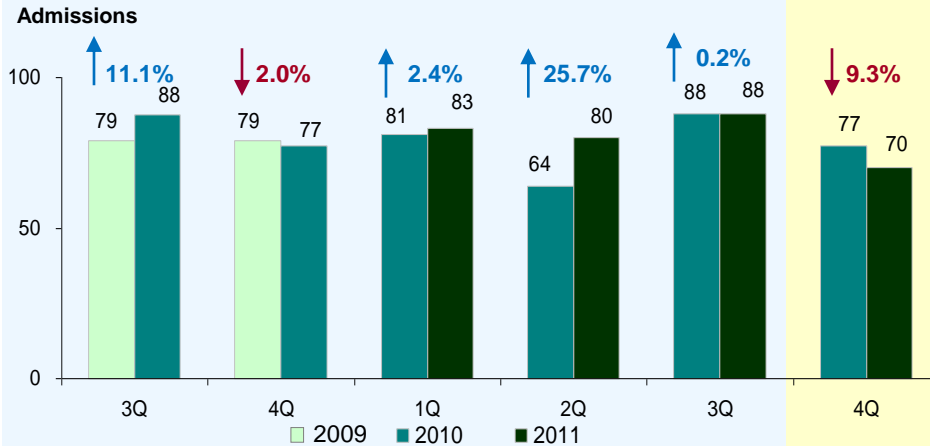
- As a result of flooding in parts of Bangkok and surrounding provinces, outpatient volumes decreased in 4Q11 compared with 4Q10. The impact was greater with international segment.
- 2011 OPD volume increased from 2010, primarily from the international segment. Domestic visits increased from prior year at a lower rate.

## Average Visits per Day



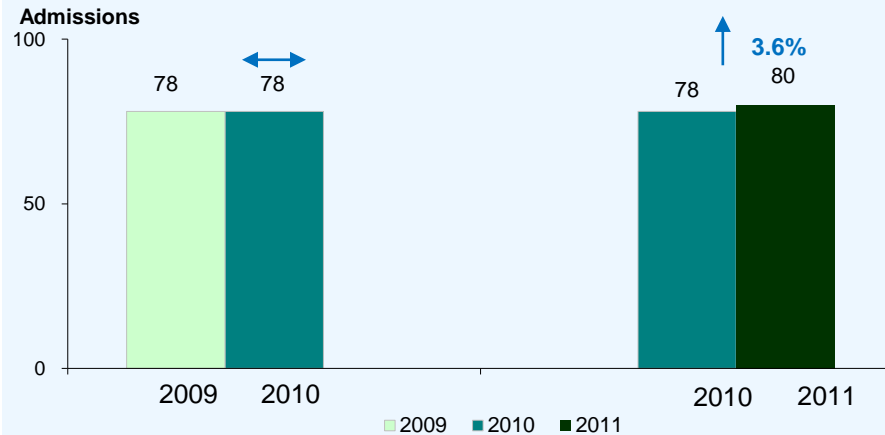
# Admission Volume Trend

## Average Admissions per Day

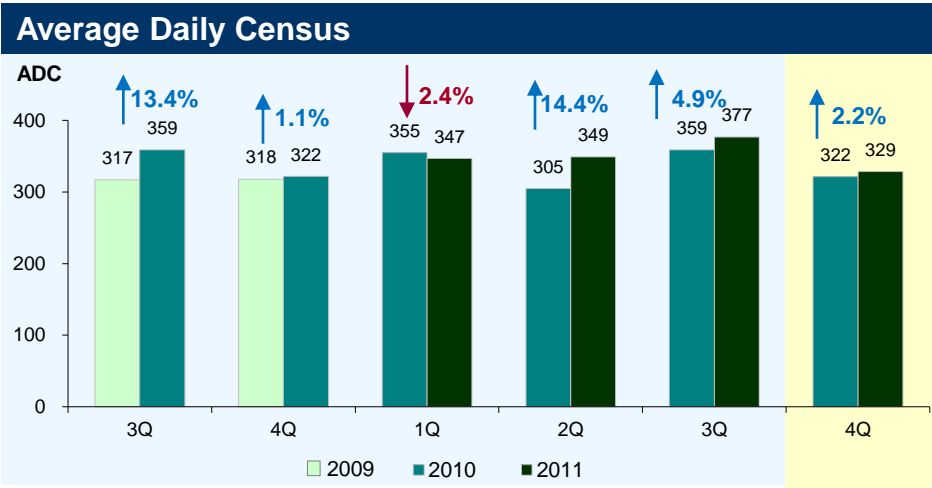


- As a result of flooding in parts of Bangkok and surrounding provinces, inpatient volumes decreased in 4Q11 compared with 4Q10. The impact was greater in the domestic segment.
- 2011 average admissions per day increased primarily from the international segment.

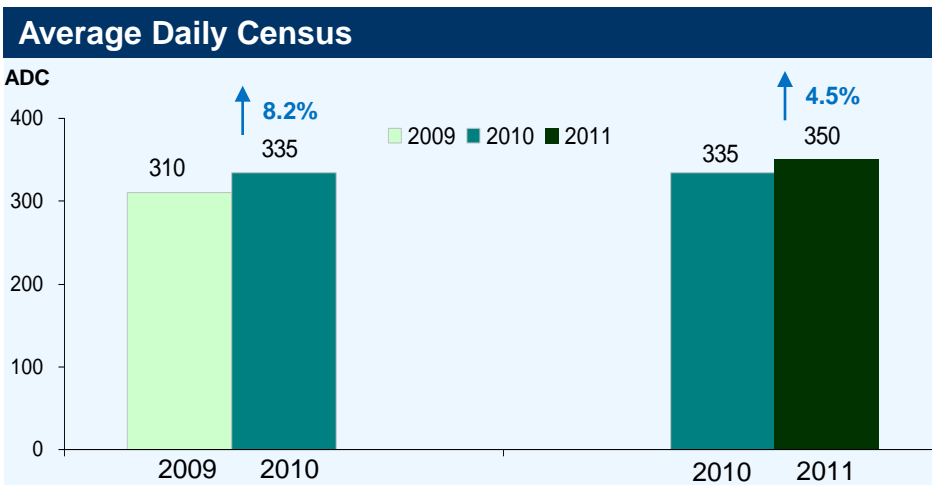
## Average Admissions per Day



# ADC Volume Trend

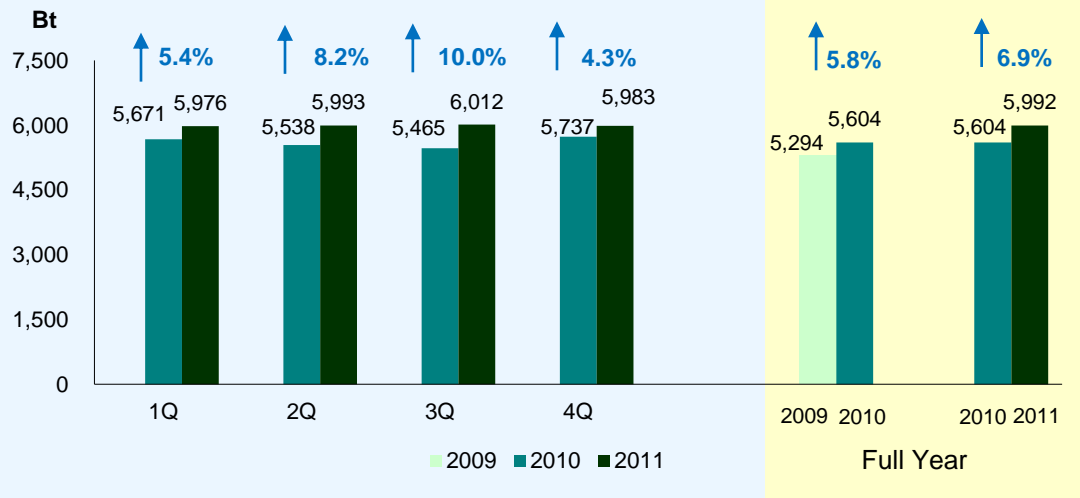


- ADC increased by 2.2% in 4Q11 and 4.5% for 2011 which is higher than the growth rate of admission due to the higher length of stay.



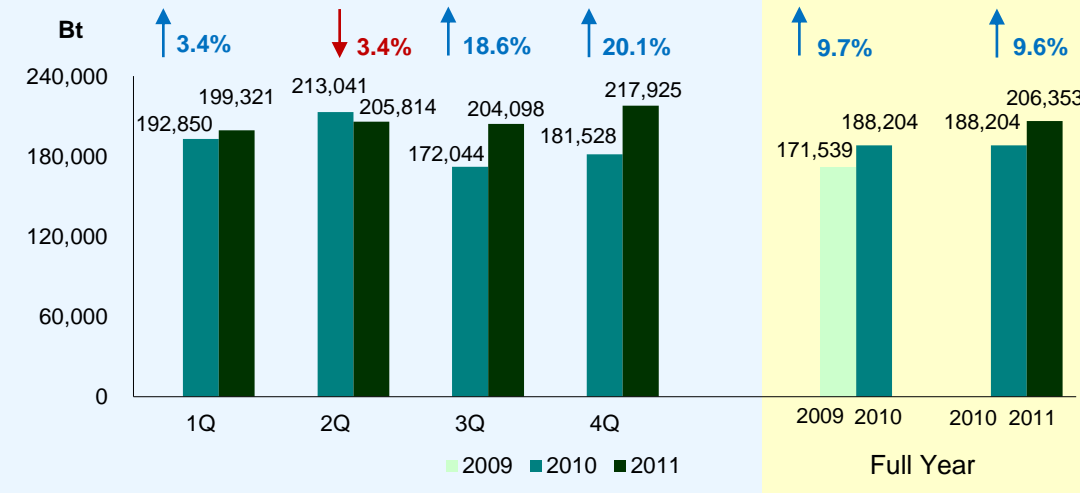
# Revenue Intensity

## Revenue per Visit



- Revenue per visit growth for 4Q and FY2011 resulted from increased consumption in outpatient ancillary services driven by the international market.
- For 4Q and FY2011, revenue per admission growth resulted from longer length of stay and change in specialty mix in both the Thai and international segments.

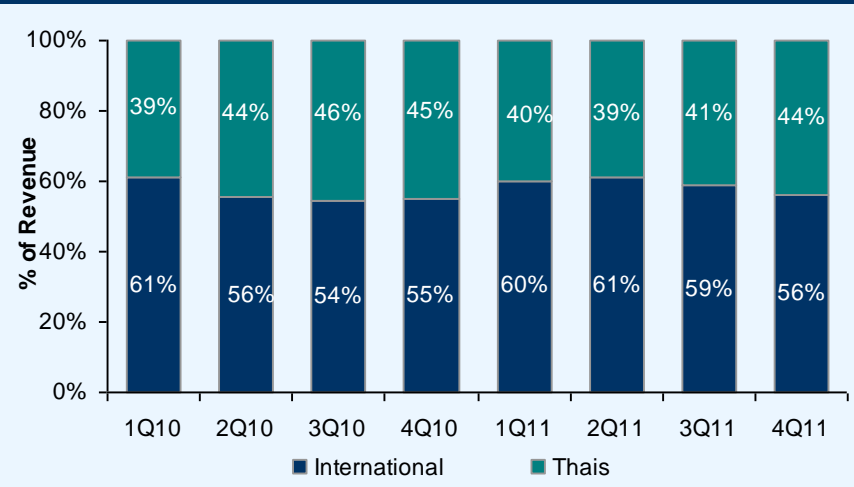
## Revenue per Admission



- Basis of calculating Revenue per Visit has been refined to include consolidated results, rather than hospital operations only, and historical data is adjusted accordingly

# International Breakdown

## Revenue Contribution by Nationality

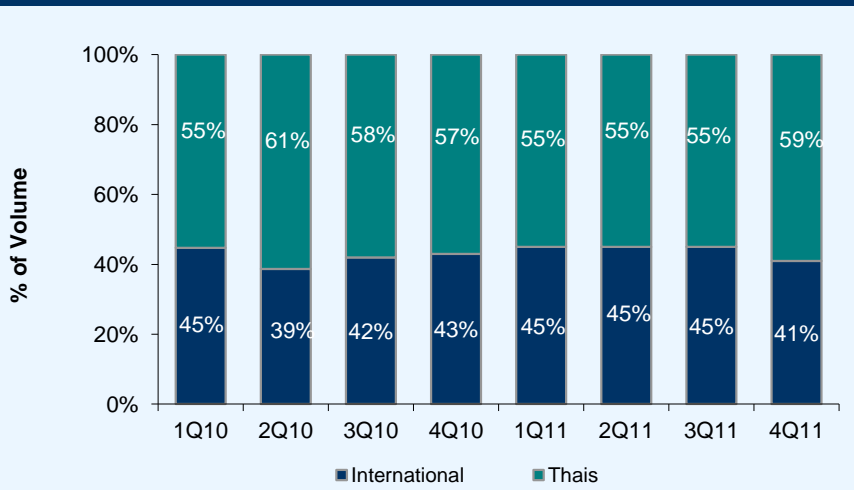


- For 4Q11, international revenue was up 1.4% from 4Q10, primarily from revenue intensity.

- Top 5 revenue contribution countries (2011)

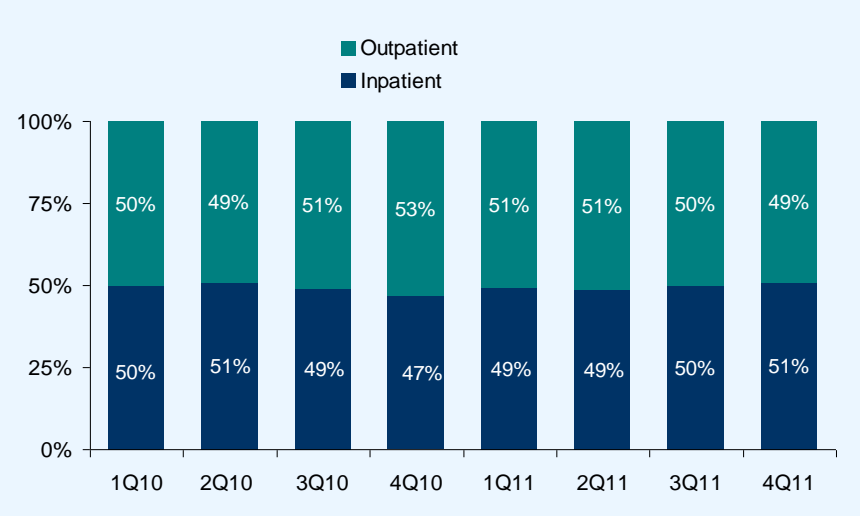
|            |     |
|------------|-----|
| UAE        | 11% |
| USA        | 5%  |
| Myanmar    | 5%  |
| Oman       | 4%  |
| Bangladesh | 3%  |

## Volume Contribution by Nationality

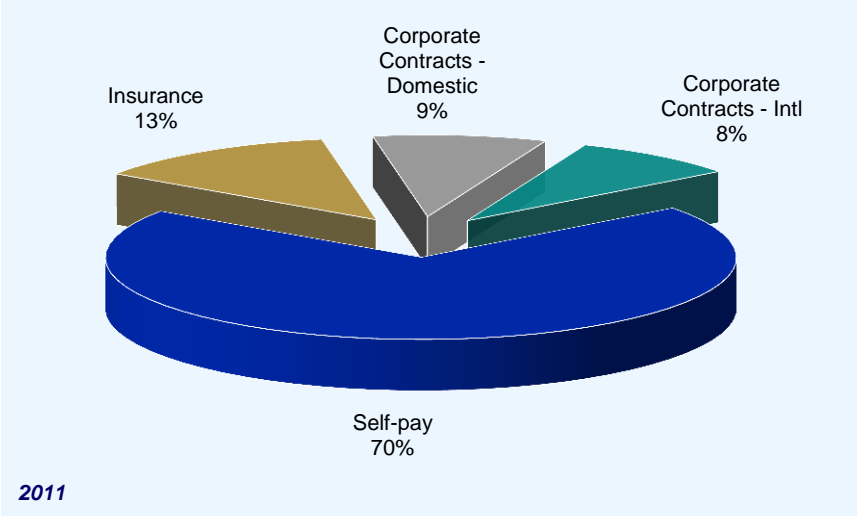


# Revenue Breakdown

Inpatient vs. Outpatient (% of revenue)



Method of Payment (% of revenue)



- Revenue contribution from outpatient service decreased to 49% in 4Q11
- Basis of calculating revenue contribution has been refined to include consolidated results, rather than hospital operations only, and historical data is adjusted accordingly
- Revenue breakdown in 4Q11: Outpatient revenue decreased by 7.0% y-o-y  
 Inpatient revenue increased by 8.8% y-o-y
- Self-pay remains the primary method of payment

# Agenda

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*Strategy*

*Operational Update*

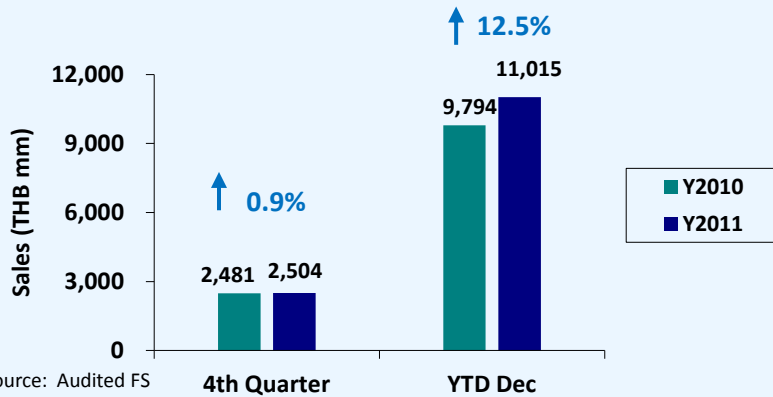
*Financial Performance*

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# Revenue and Gross Margin

## Revenue from Hospital Operations (THB mm)

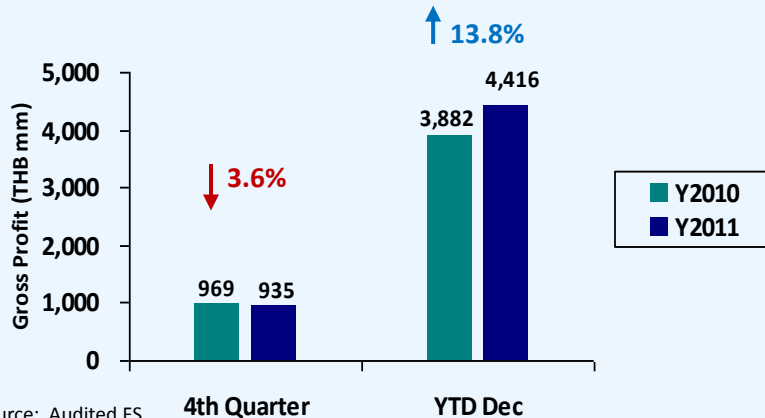


Source: Audited FS

## Gross Profit Margin Trend



## Gross Profit (THB mm)



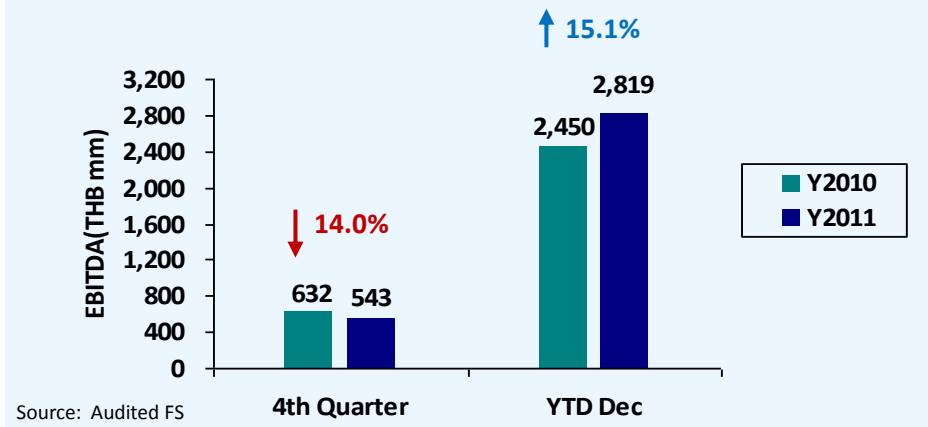
Source: Audited FS

- Revenue growth for 4Q11 was driven by revenue intensity, while revenue growth for FY2011 was driven by revenue intensity and supported by volume increases.
- Gross Profit & Margin levels decreased for 4Q driven by amounts paid as flood relief & benefits to employees & other labor-related payments or adjustments.
- Gross Profit Margin for FY2011 increased to 40.1%, from 39.6% in 2010, due to improved efficiencies in management of medical supplies.
- Cost Allocations between Cost of Hospital Operations and Administrative expenses have been refined and Gross Margin data has been adjusted accordingly.



# EBITDA and EBITDA Margin

## EBITDA (THB mm)



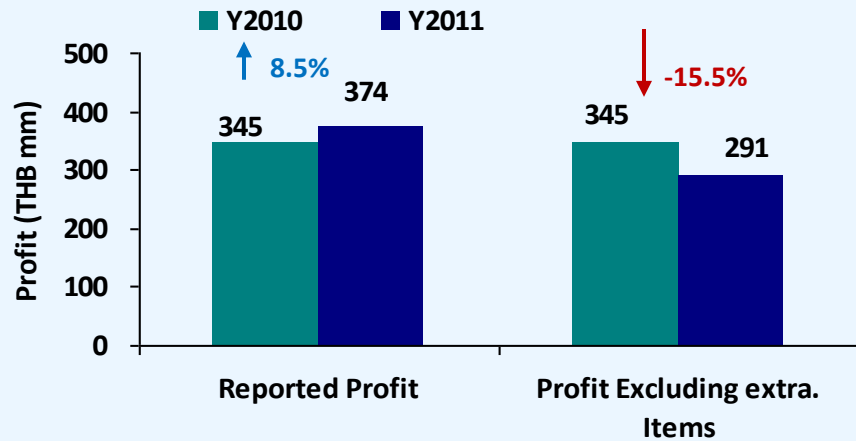
- EBITDA and EBITDA Margin decreased in 4Q11 driven by amounts paid as flood relief & benefits to employees & other labor-related payments or adjustments, certain accounting changes, and legal fees associated with various projects.
- EBITDA Margin increased to 25.0% in FY2011 from 24.4% in FY2010, with revenue growth, improved efficiencies in management of medical supplies and economies of scale.

## EBITDA Margin Trend

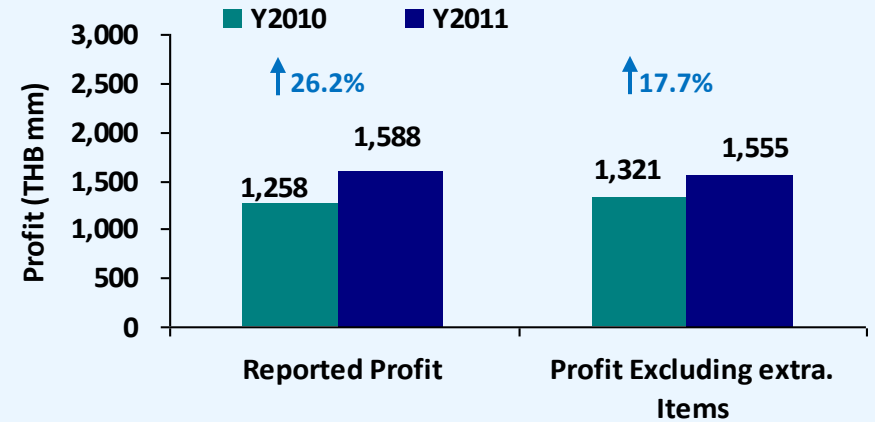


# Net Profit

4Q Net Profit (THB mm)



Full Year Net Profit (THB mm)



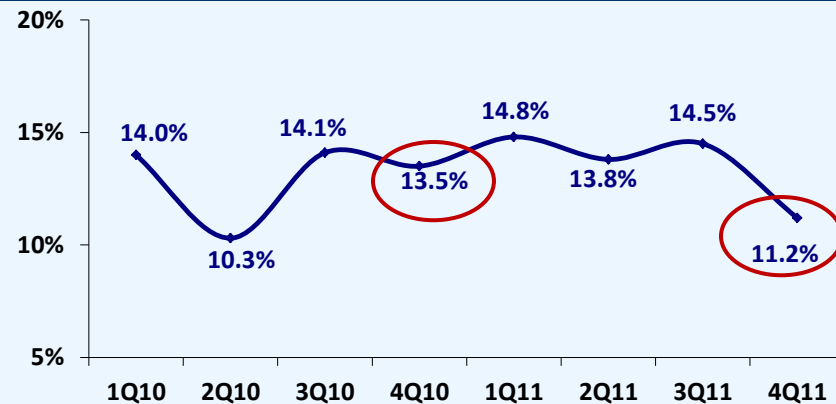
The increase in both 4Q and FY2011 net profit was impacted by extraordinary items related to the realignment of the corporate structure of the group to focus on expansion in Thailand. The details of these extraordinary items are included in the next slide.

# Net Profit Margin and Extraordinary Items

Net Profit Margin



Net Profit Margin, excluding extraordinary items



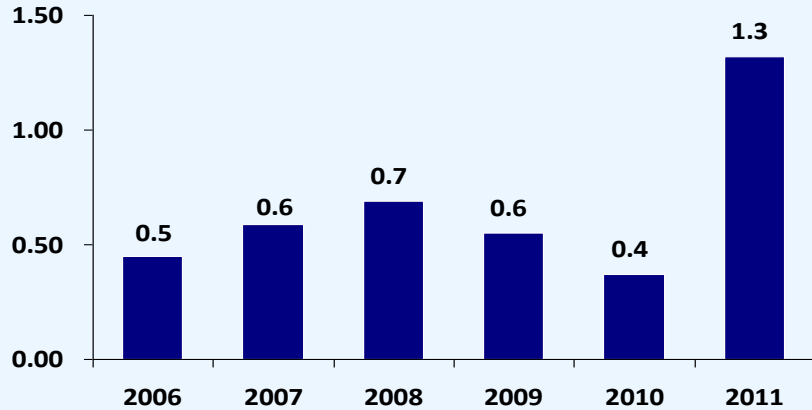
Extraordinary Items for Y2010 and Y2011:

| (Unit: Baht Million)     | Q1 | Q2   | Q3 | Q4   |
|--------------------------|----|------|----|------|
| <b>Y2011</b>             |    |      |    |      |
| Loss on share repurchase | -  | (50) | -  | -    |
| Loss on sale AHI         | -  | -    | -  | (24) |
| Tax loss on sale BMC     | -  | -    | -  | 106  |
| <b>Y2010</b>             |    |      |    |      |
| Loss on sale ARC         | -  | (63) | -  | -    |

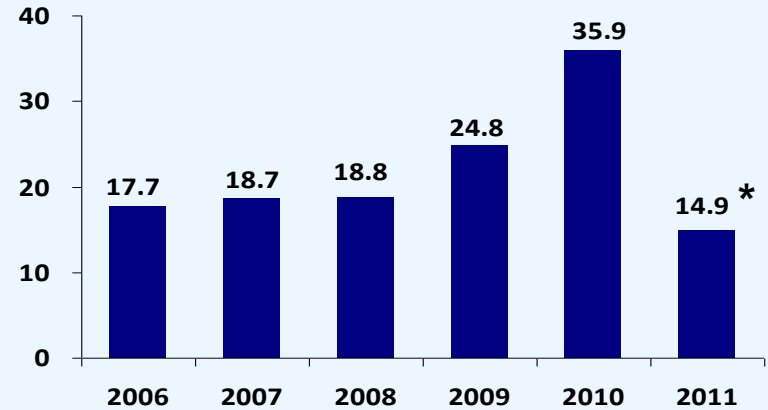
FY 2011 Reported Net Profit Margin increased to 13.9%, from 12.5% in 2010.

# Leverage

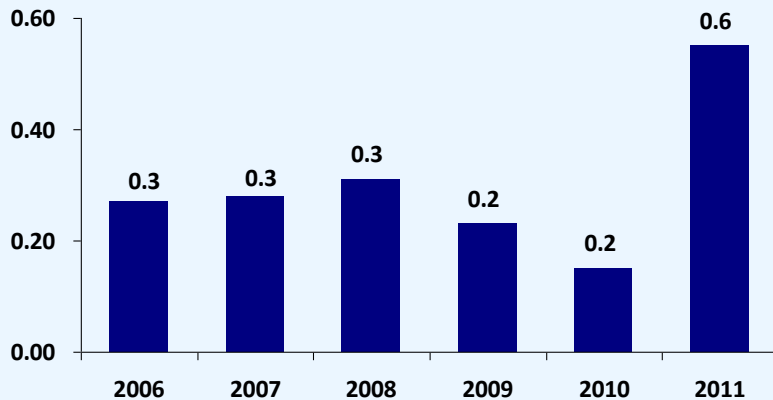
## Net Debt to EBITDA



## Interest Coverage



## Net Debt to Equity

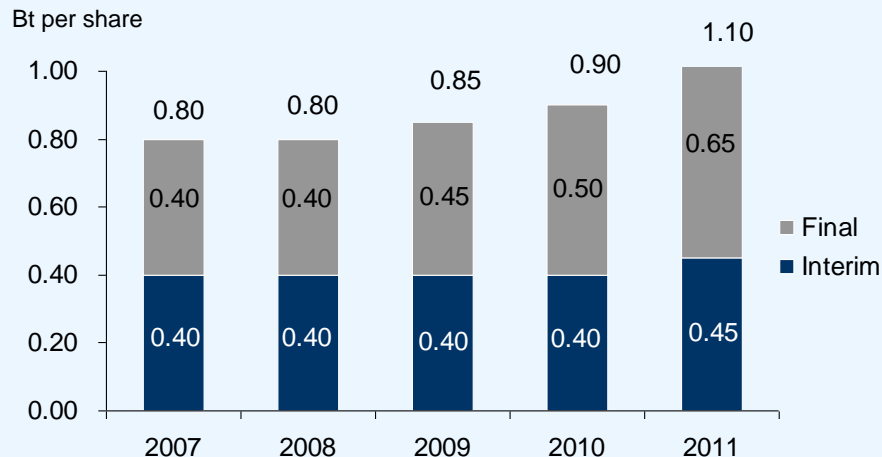


• Interest expense related to the purchase of common shares of Bangkok Chain Hospital PCL doing business as Kasemrad Hospital Group to calculate interest coverage ratio was Baht 111 million based on remaining days after the transaction settled. Assuming this interest expense was incurred for the full year, interest expense from this transaction would be Baht 140 million and interest coverage ratio would be 12.9x

The changes in leverage metrics from 2010 reflect an increase in debt levels resulting from the Baht 3,570 debt financing to fund the purchase of common shares of Kasemrad Hospital Group in 2011.

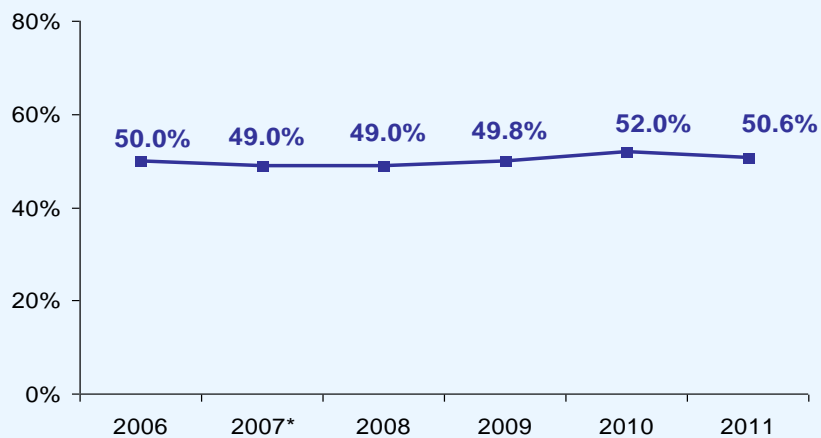
# Dividend Payment

## Dividend Payment



The board of directors announced the dividend payment for the year 2011 of Bt 1.10 per share.

## Payout Ratio



\* Net profit used to calculate the dividend payout ratio in 2007 is:  
 2007 net profit Baht 1,605 million  
 -share gain from GCS - Baht 829 million  
 -+ dividend received from GCS + Baht 418 million  
 = Net profit for dividend payment Baht 1,195 million

# Agenda

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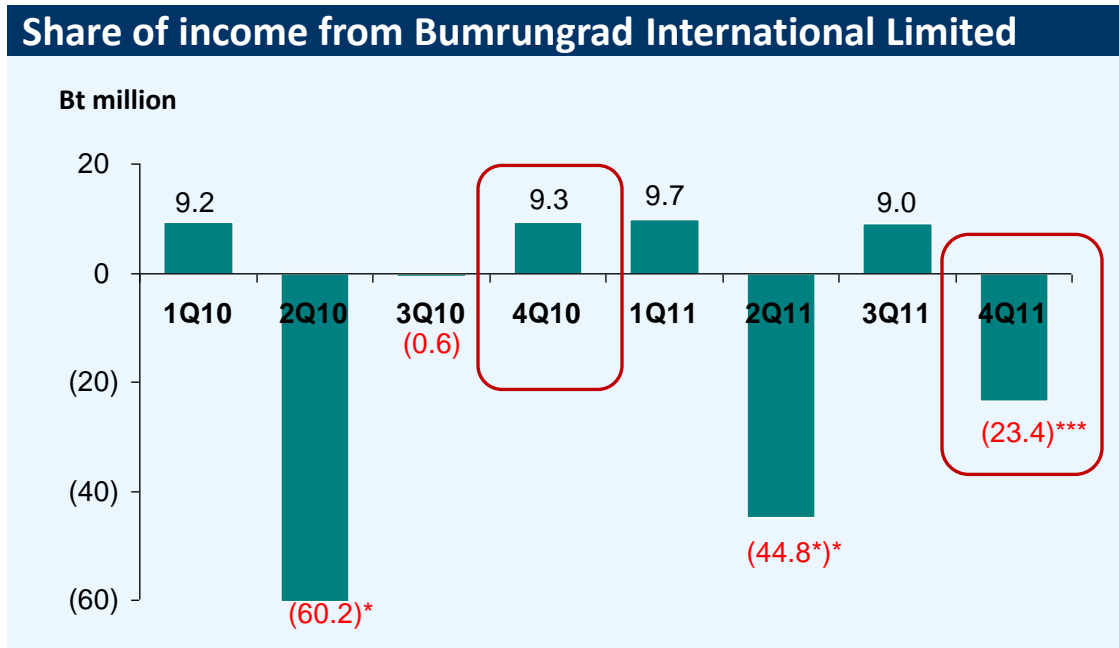
# Kasemrad Hospital Group (KH)

- KH's 4Q11 reported net profit was Baht 161 million, a 4.9% increase from Baht 153 million of 4Q10. For 2011, Net profit was Baht 673 million, a 5.3% increase from Baht 639 million in 2010.
- BH recognized KH's share of income in 4Q11 and 2011, following the investment in March 2011, as set out in the table below.

| (Unit: Thousand Baht)                     | 4Q11          | 2011<br>(Apr-Dec'11) |
|---|---------------|----------------------|
| KH's net profit in 2011                   | 160,737       | 529,836              |
| BH %                                      | 24.99%        | 24.99%               |
| <b>Share of income from KH</b>            | <b>40,168</b> | <b>132,406</b>       |
| Depreciation for fixed assets revaluation | (3,640)       | (3,640)              |
| <b>Share of income from KH -net</b>       | <b>36,528</b> | <b>128,766</b>       |

- The Company did not recognize the share of income of Baht 3.6 million from Kasemrad Hospital Group in 1Q11.

# Contribution from Bumrungrad International Ltd.



\* BIL contributed share of loss of Baht 60 million to the Company in 2Q10 which was due primarily to a loss from translation adjustment of Baht 63 million from the sale of ARC.

\*\* BIL contributed share of loss of Baht 45 million to the Company in 2Q11 which was due primarily to a loss from translation adjustment that was partially offset by a foreign exchange gain on the repayment of an intercompany loan between BIL and BIHL of Baht 50 million from the share repurchase transaction.

\*\*\* BIL completed the sale of its investment in Asian Hospital Inc. (AHI), a 56.5% subsidiary in December 2011. The sale resulted in a share loss to the Company at the above amount due to a loss from translation adjustment of Baht 40 million. The sale of the interests in AHI provided BIL with excess cash, prompting the Board of BIL to pursue a further capital reduction process.



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# Recent Events

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## New Debentures

- In December 2011, existing short-term and long-term loans were refinanced with the issuance of new debentures in three tranches with different terms to maturity:
  - 5 Year . : Baht 1,500 million with interest rate of 4.13%
  - 7 Year : Baht 1,000 million with interest rate of 4.59%
  - 10 Year : Baht 2,500 million with interest rates of 4.97%,  
(weighted average interest rate of 4.64% for first 5 years)
- TRIS Rating affirmed the Company rating of “A” with Stable outlook and assigned the rating of “A” to these debentures.



## The amendment of terms and conditions of the Convertible bonds

- An EGM on 8 Dec 2011 approved :
  - The cancellation of the condition that prohibited the Company from creating any liabilities and indebtedness without prior written consent of the holders of the Convertible bonds.
  - The extension of the tenor of the Convertible bonds for an additional 5 years resulting in maturities on 23 August 2017.
  - The release of certain security interests of the holders of the Convertible bonds as of 23 August 2012.