



## **Bumrungrad Hospital Public Company Limited**

*Analyst Meeting No. 4/2012 – 3Q12 Results Update*

*16 November 2012*

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# Overview

## Operational Update

- 3Q12: Volumes increased from 3Q11 to at or near record levels for both outpatient and inpatient services provided.
- 3Q12: Patient revenue intensity also improved from 3Q11 contributing to increases in both inpatient and outpatient service revenues of 5.7% and 10.9%, respectively.
- Results for 3Q12, 9M12 and 9M11 included extraordinary items related to the sale of investments in KH, ABSPC Group Co., Ltd. (formerly known as “BMC”), and activity within the BIL group. The details of these transactions are presented in the Associated Companies section. Applicable amounts including and excluding these extraordinary items are presented below:

## Financial Performance

	<u>3Q12 growth</u>	<u>9M12 growth</u>
Total revenues	36.3%	22.5%
<b>Total revenues excluding extraordinary items</b>	<b>10.7%</b>	<b>13.5%</b>
EBITDA	13.9%	14.3%
Net profit	159.8%	86.4%
<b>Net profit excluding extraordinary items</b>	<b>13.7%</b>	<b>27.4%</b>

## Updates and Ongoing Focus

- BI Bangkok
- Thailand
- International

# Agenda

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***Strategy***

***Operational Update***

***Financial Performance***

***Associated Companies***

# 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**

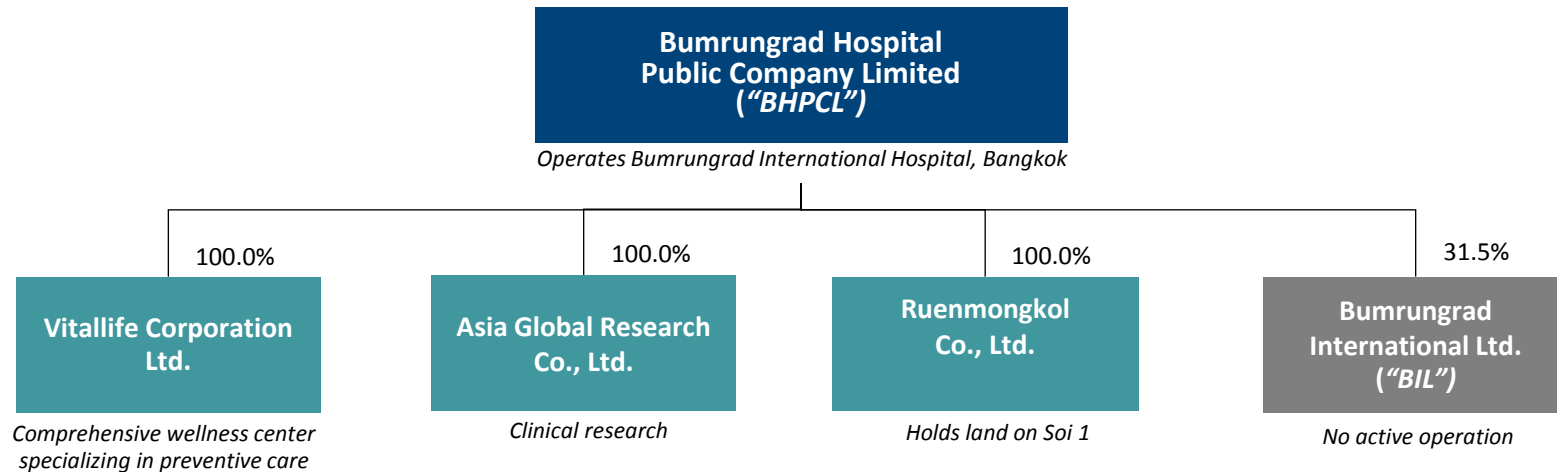
## International

- Review of selective opportunities

# Campus Expansion

<b>Back office</b>	<ul style="list-style-type: none"> <li>• Move off campus into leased office space</li> </ul>																
<b>Clinics</b>	<ul style="list-style-type: none"> <li>• Open 5 floors in Bumrungrad International Clinic</li> <li>• Expand clinics in Bumrungrad International Hospital</li> </ul>																
<b>Inpatient</b>	<ul style="list-style-type: none"> <li>• Add 44 ICU beds and 61 ward beds in Bumrungrad International Hospital building</li> <li>• Expand ancillary services</li> </ul>																
<b>Bumrungrad International – 2<sup>nd</sup> Campus</b>	<ul style="list-style-type: none"> <li>• Bought 7,965 sq. meters of land on Petchburi Road.</li> <li>• Capability to construct 150 – 200 bed hospital</li> </ul>																
<b>New Land for Capacity on Soi 1</b>	<ul style="list-style-type: none"> <li>• Bought 6,178 sq. meters of land on Sukhumvit Soi 1.</li> <li>• This land would facilitate the expansion of capacity near the main campus.</li> </ul>																
<b>Acquire Additional Capacity</b>	<ul style="list-style-type: none"> <li>• Determine alternatives for employee housing</li> <li>• Determine alternatives for office space</li> </ul>																
<b>Est. Capital Investment (Million THB)</b>	<table border="1"> <thead> <tr> <th>Y11</th> <th>Y12</th> <th>Y13</th> <th>Y14</th> <th>Y15</th> <th>Y16</th> <th>Y17</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>643</td> <td>2,585</td> <td>2,807</td> <td>1,514</td> <td>487</td> <td>2,239</td> <td>114</td> <td>10,389</td> </tr> </tbody> </table>	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Total	643	2,585	2,807	1,514	487	2,239	114	10,389
Y11	Y12	Y13	Y14	Y15	Y16	Y17	Total										
643	2,585	2,807	1,514	487	2,239	114	10,389										

# Realignment of the Corporate Structure



- Divestment of all Kasemrad Hospital Group ("KH") shares on 10 July 2012.
- Purchase of 100% of issued and paid-up share capital of Ruenmongkol Co., Ltd. ("Soi1") on 24 September 2012.
- Divestment of remaining 51% of Bumrungrad Medical Center Ltd. ("BMC") on 26 September 2012.

## BIL Capital Reductions

Date	From (THB)	To (THB)	BHPCL Received
19 April 2011	3,199.3 million	1,176.0 million	612.6 million
15 March 2012	1,176.0 million	294.0 million	270.6 million
18 May 2012	294.0 million	73.5 million	69.5 million
23 July 2012	73.5 million	18.4 million	17.4 million
25 September 2012	18.4 million	4.6 million	4.3 million

# Agenda

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***Strategy***

***Operational Update***

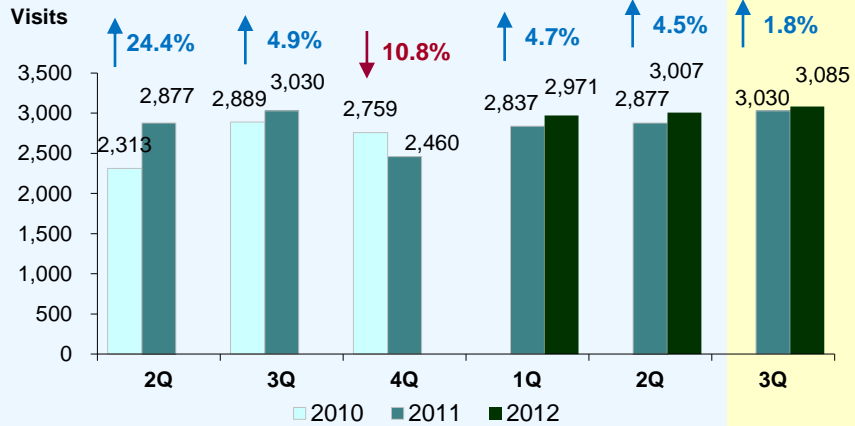
***Financial Performance***

***Associated Companies***



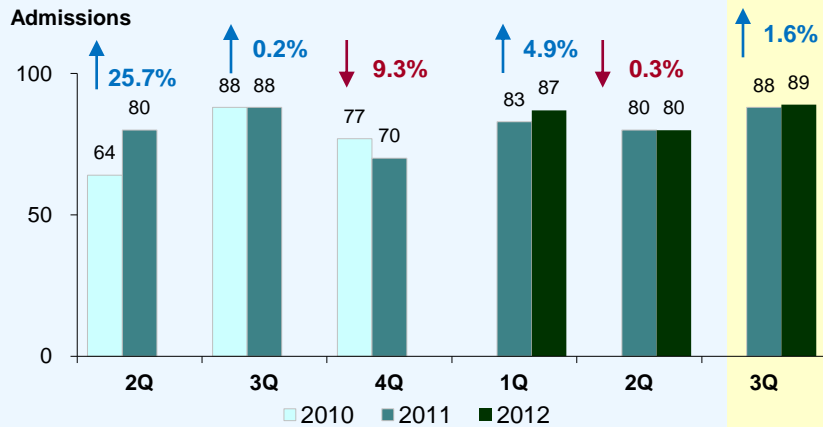
# Overall Volume Trend

## Average Visits per Day

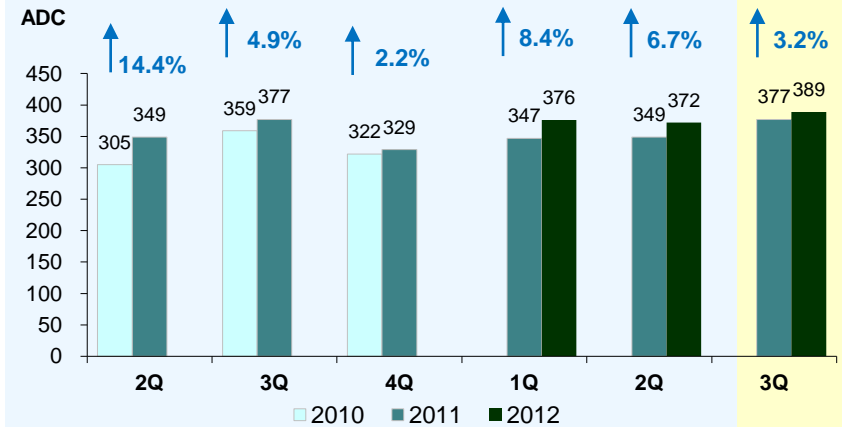


Volumes increased in 3Q12 compared with 3Q11 in both Thai and international markets to at or near record levels for both outpatient and inpatient services. Inpatient days rose due to an increase in admissions and a longer average length of stay.

## Average Admissions per Day

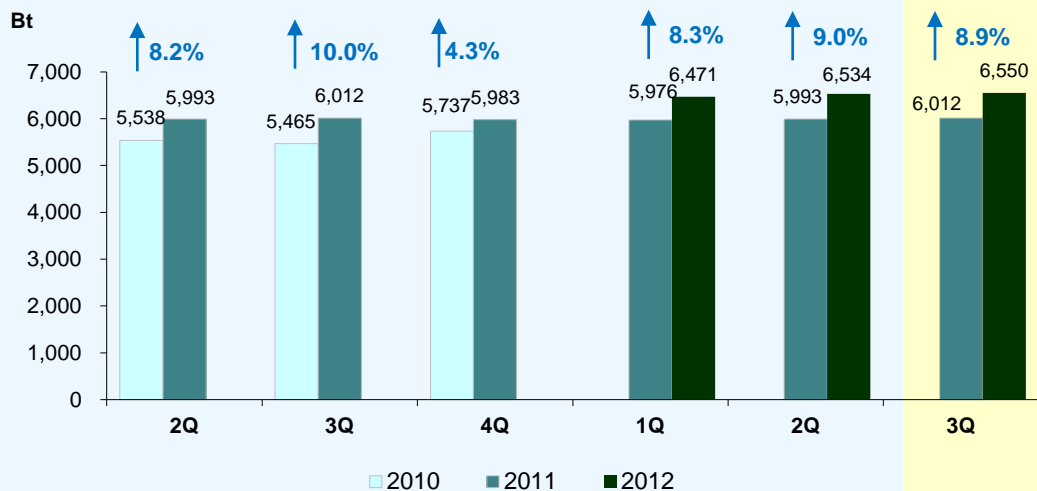


## Average Daily Census



# Revenue Intensity

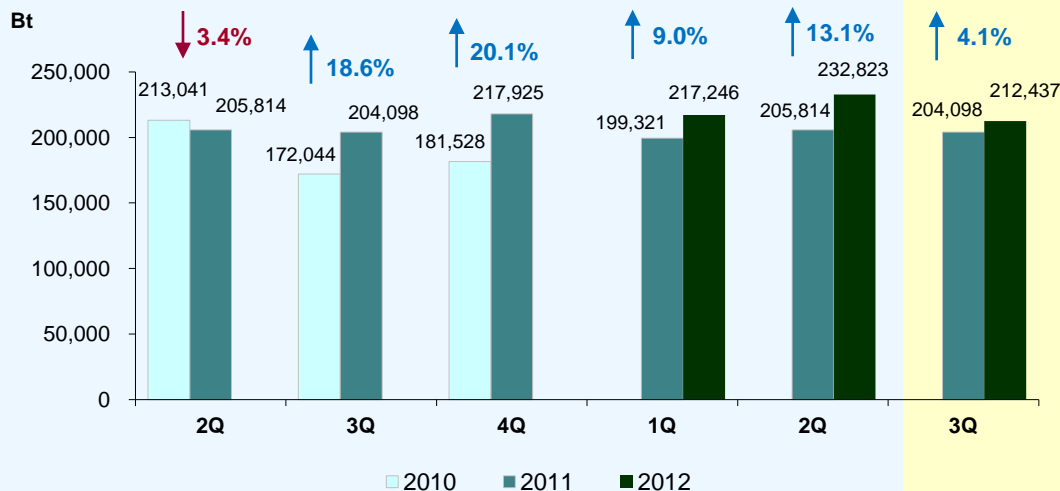
## Revenue per Visit



Revenue per unit of service in 3Q12 reflects a 4.4% effective increase from price adjustments. The remaining amount is revenue intensity or increased consumption for 3Q12:

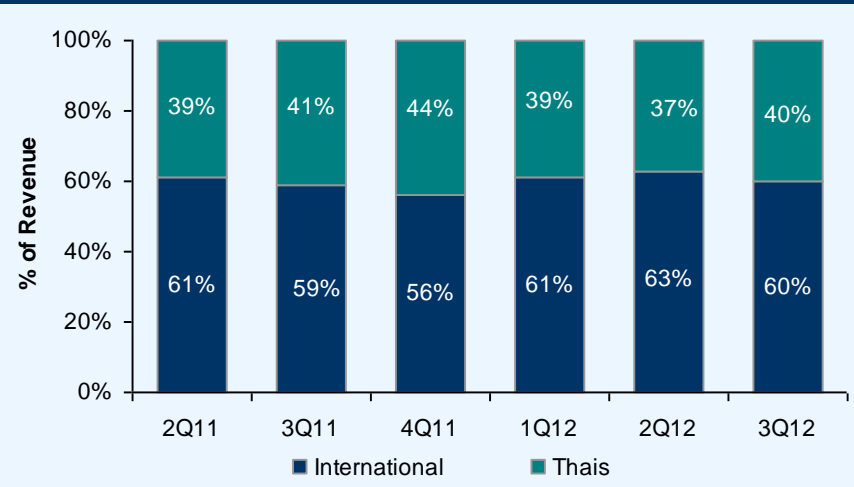
- OPD revenue intensity per visit increased 4.7%
- IPD revenue intensity per admission remained relatively stable while average length of stay increased slightly.

## Revenue per Admission



# International Breakdown

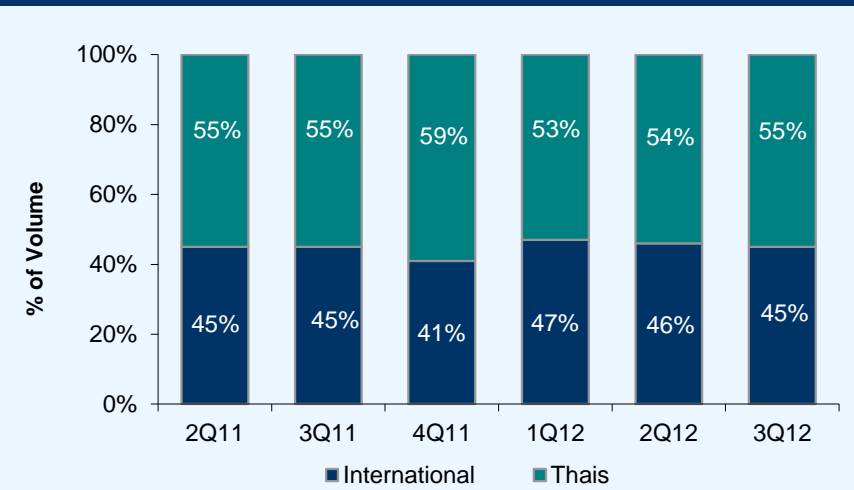
## Revenue Contribution by Nationality



- For 3Q12, International revenue was up 11% from 3Q11, primarily from revenue intensity.
- Top 5 revenue contribution by Non-Thai Nationalities (YTD Sep12)

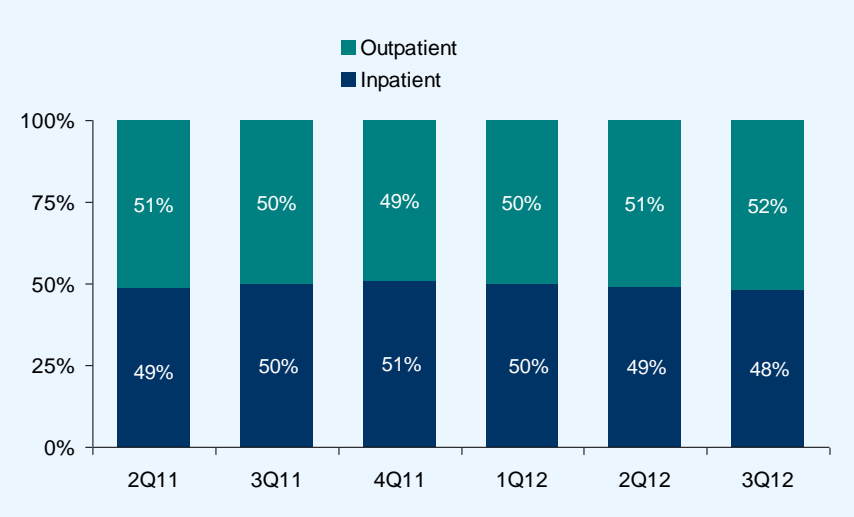
UAE	9%
Myanmar	6%
Oman	5%
USA	5%
Kuwait	4%

## Volume Contribution by Nationality

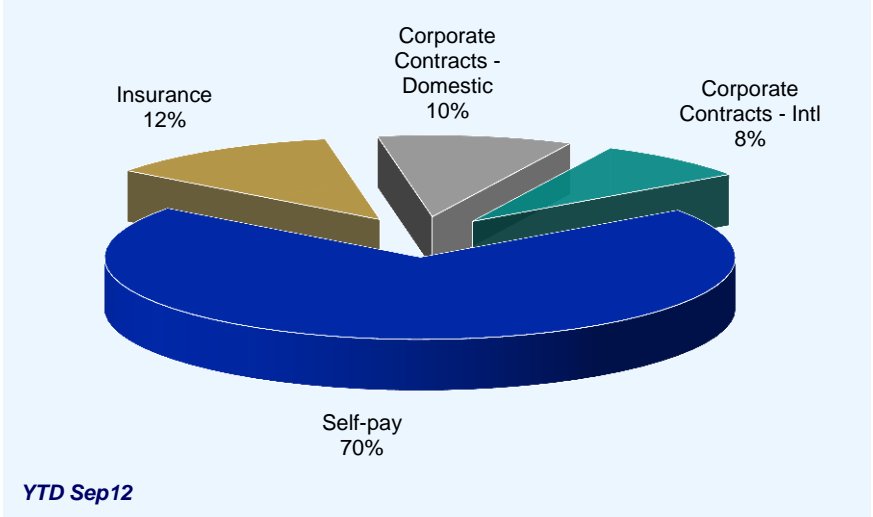


# Revenue Breakdown

## Inpatient vs. Outpatient (% of revenue)



## Method of Payment (% of revenue)



- Revenue contribution for outpatient services increased slightly from historical amounts due to relatively higher volume and intensity growth.
- 3Q12 Revenue growth:
  - Outpatient revenue increased by 10.9% y-o-y
  - Inpatient revenue increased by 5.7% y-o-y
- Self-pay remains the primary method of payment

# Agenda

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***Strategy***

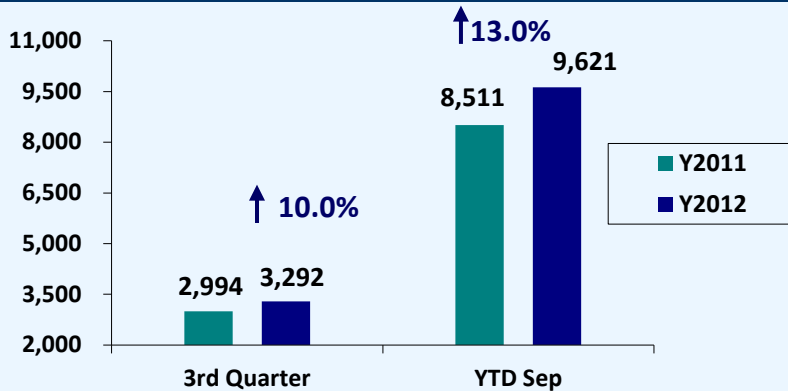
***Operational Update***

***Financial Performance***

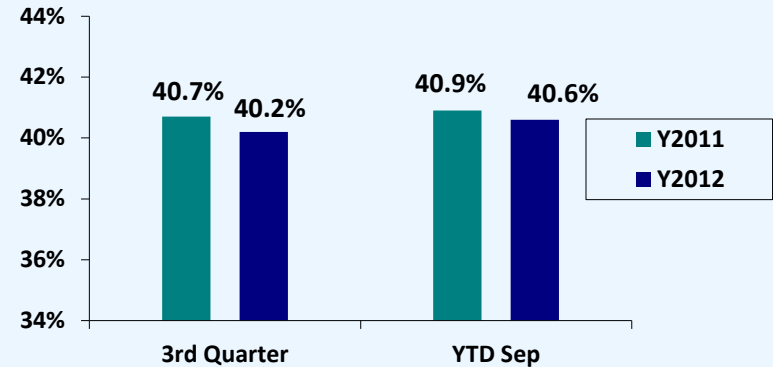
***Associated Companies***

# Revenue and Gross Margin

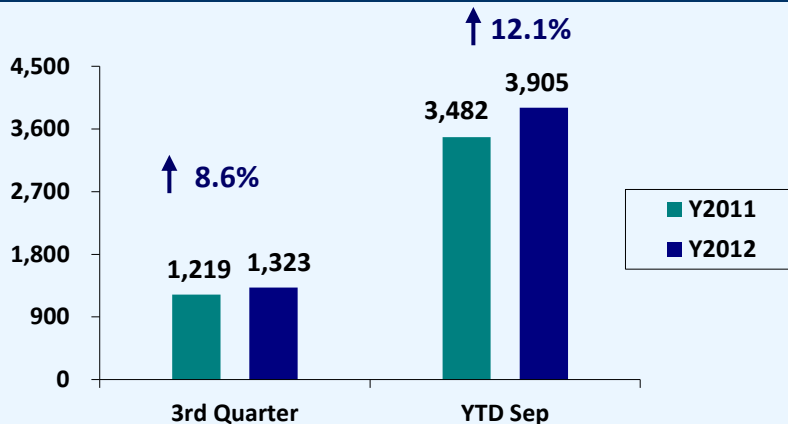
Revenue from Hospital Operations (THB mm)



Gross Profit Margin



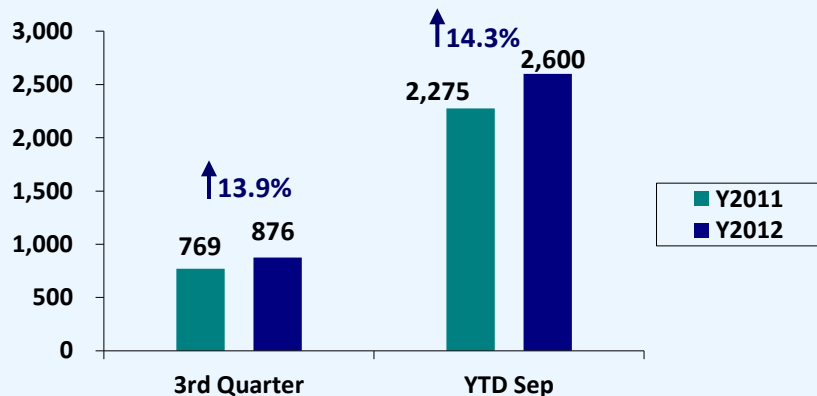
Gross Profit (THB mm)



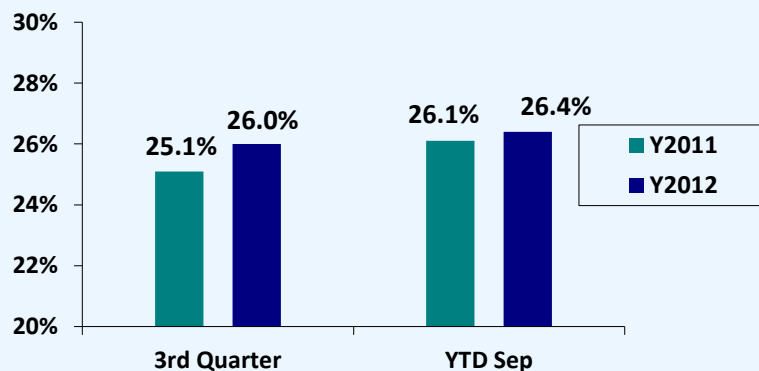
- Cost of hospital operations increased by 10.9% in 3Q12 and 13.7% in 9M12.
- The increase in Cost of hospital operations was slightly higher than the increase in revenue from hospital operations due to additional staff related expense mostly as a result of the government mandated minimum wage adjustment effective 1 April 2012.
- 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.

# EBITDA and EBITDA Margin

## EBITDA (THB mm)



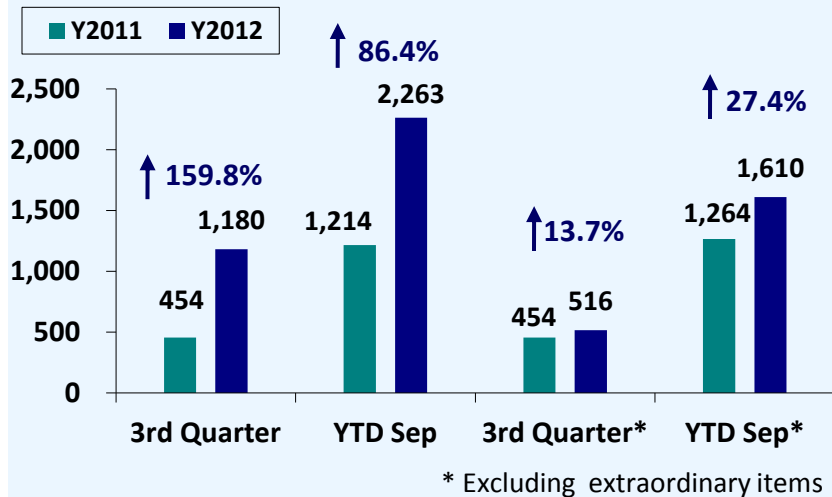
## EBITDA Margin



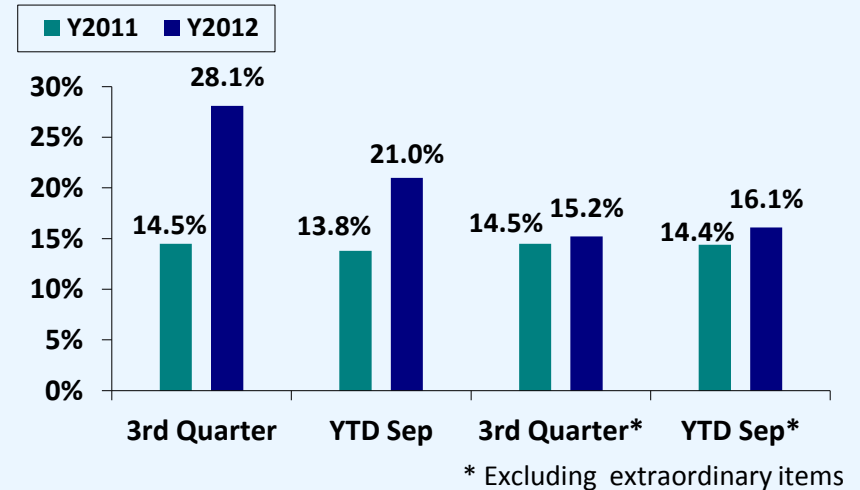
- *Administrative expenses for 3Q12 were relatively stable compared with 3Q11 and increased by 9.0% in 9M12 over prior year.*
- *The increase in Administrative expenses for 9M12 was mainly due to additional staff related expense and outsourced services expense as a result of increased volumes and the minimum wage adjustment.*
- *EBITDA advanced 13.9% on quarterly basis and 14.3% year-to-date September. EBITDA margin improved to 26.0% in 3Q12 from 25.1% in 3Q11 and 26.4% in 9M12 compared to 26.1% in 9M11.*

# Net Profit, Net Profit Margin and Diluted EPS

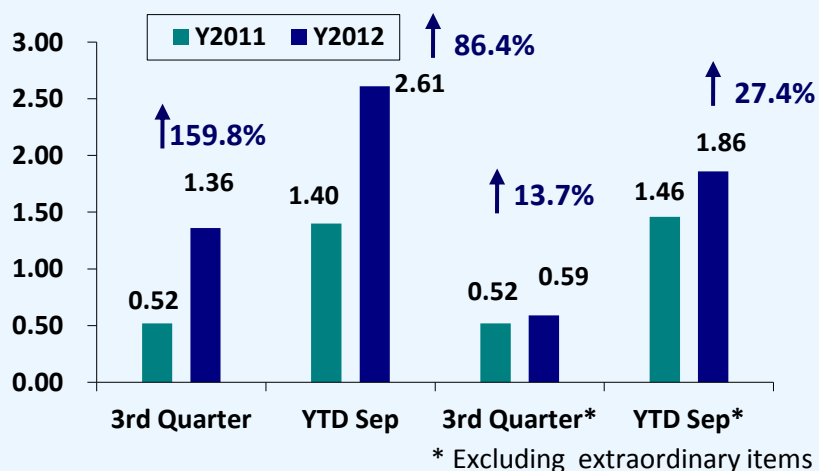
## Net Profit (THB mm)



## Net Profit Margin



## Diluted EPS (THB)

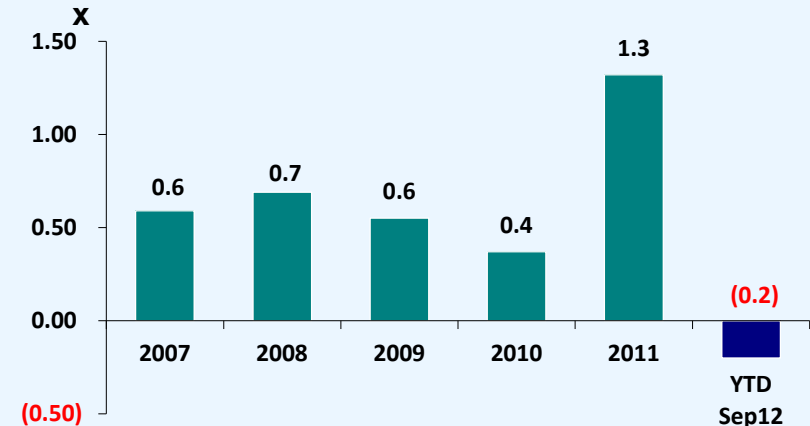


- As a result of the revenue growth, effective cost management, the statutory corporate income tax rate reduction and a net positive impact of extraordinary items, net profit surged in both periods. Reported net profit margin also increased from 14.5% in 3Q11 to 28.1% in 3Q12 and from 13.8% in 9M11 to 21.0% in 9M12.
- Results for 3Q12, 9M12 and 9M11 included extraordinary items as discussed in the Associated Companies section. Excluding these items, Adjusted Net profit grew by 13.7% in 3Q12 and 27.4% in 9M12, each over the prior year, and Adjusted Net Profit Margin improved from 14.5% in 3Q11 to 15.2% in 3Q12 and from 14.4% in 9M11 to 16.1% in 9M12.

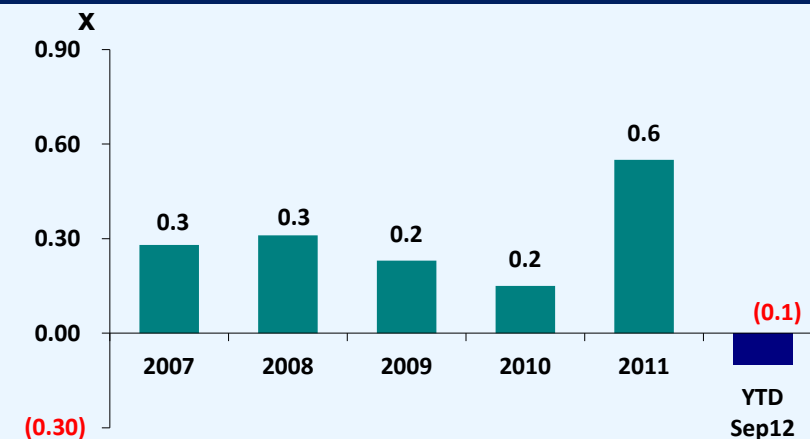


# Leverage

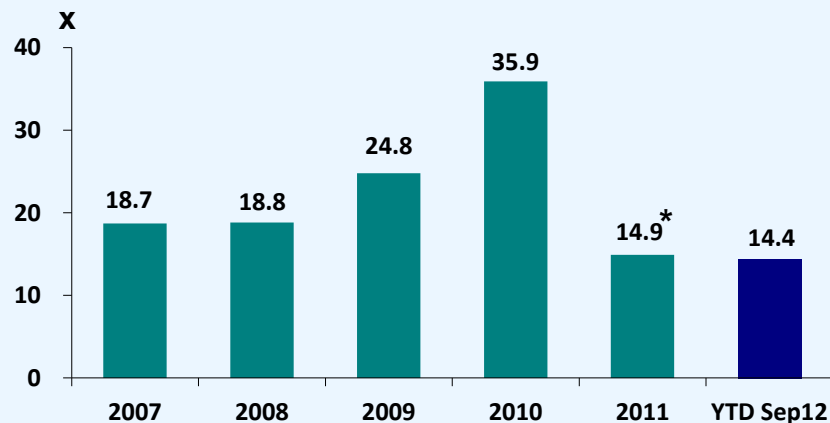
## Net Debt to EBITDA



## Net Debt to Equity



## Interest Coverage



\* 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

- As a result of the increase in Cash and cash equivalents related to strong operating results and net cash proceeds from sale of investment in Kasemrad Hospital Group, 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.
- Interest coverage ratio improved slightly from the Adjusted 12.9x noted above in 2011.

# Agenda

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# Kasemrad Hospital Group (“KH”) – Share of Profit

- KH Acquisition Date: 18 March 2011
- BH Investment % : 24.99%
- KH Divestment Date: 10 July 2012
- BH recognized Share of KH’s profit in 9M12, following the investment in March 2011, is set out in the table below.

<b>(Unit: Thousand Baht)</b>	<b>9M12*</b>	<b>9M11**</b>
<b>Share of profit from KH</b>	<b>111,286</b>	<b>92,238</b>
Depreciation for fixed assets revaluation	(4,227)	-
<b>Share of profit from KH -net</b>	<b>107,059</b>	<b>92,238</b>
Consulting fee for KH loan	-	(4,141)
Interest expenses	(82,633)	(69,483)
Amortization of bond issuance cost	(2,001)	-
Decrease in corporate income tax	19,006	22,087
<b>Net Share of profit from KH</b>	<b>41,430</b>	<b>40,701</b>

\* The Company did not recognize any Share of profit from KH in 3Q12, as a result of the sale of all shares in early July 2012

\*\* The Company did not recognize the Share of profit of Baht 3.6 million from Kasemrad Hospital Group in 1Q11, as the acquisition occurred during the last few days of 1Q11

# Kasemrad Hospital Group (“KH”) - Divestment

- The KH shares were divested on 10 July 2012 given the favorable market valuation which provided an opportunity for an attractive return and the potential to deploy capital for alternative uses.
- THB 4,564 million in gross proceeds and THB 4,482 million in net proceeds (after transaction costs) received from the share sale.
- Consolidated pretax gain on sale (Equity Basis) of THB 789.8 million after applicable transaction costs.
- Net Gain on sale (Equity Basis) of approximately THB 586 million (THB 598 million in 3Q12).
- Cumulative Gross ROI was 31.4% & Annualized pretax IRR was 20.5%.

Results from KH-Divestment	
Gross Sales Proceeds	THB 4,564 million
Net Sales Proceeds	THB 4,482 million
Consolidated pretax gain	THB 789.8 million
Net Gain on sale -Equity Basis	THB 586 million
Cumulative Gross ROI	31.4%
Annualized pretax IRR	20.5%

# Investment in Ruenmongkol Co., Ltd. (“Soi 1”)

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- On 24 September 2012, the Company acquired 100% of Ruenmongkol Co., Ltd. at a transaction value of Baht 1,045 million (including investment acquisition expenses)
- This investment results in ownership of land on Sukhumvit Soi 1, which will be utilized for expansion of capacity near the main campus.



- The land covers an area of 1,544.4 square wah or 6,178 square meters and has a street frontage of 86 meters.

# BMC Divestment and the Share of loss from BIL

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- On 26 September 2012, the Company sold all of its investment in ABSPC Group Co., Ltd., (formerly known as “BMC”) resulting in a small gain on the sale of less than Baht 0.1 million. The Company recognized an associated tax benefit, from the tax loss on sale, of Baht 85 million in 3Q12.
- In 3Q12, the Company recorded the Share of loss from BIL which included the capital gain taxes and tax advisory services of Baht 14 million associated with the sale of investment in Asian Hospital Inc., as well as certain wind-down costs of BIL of Baht 5 million. BIL 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.
- 9M11 Net profit included an extraordinary loss of Baht 50 million related to a share repurchase transaction in the BIL group, recorded in 2Q11, as reported previously.

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## Q & A