



***Analyst Meeting No.1/2015  
(4Q14 and 2014 Results Update)***

**Bumrungrad Hospital Public Company Limited**



***6 March 2015***

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# Overview

## Operational Update

- Outpatient and inpatient volumes advanced 14.9% and 19.8%, respectively, in 4Q14 compared with 4Q13, with most of the increase due to volumes contributed by the UBSD acquisition, and strong growth in international volumes. Excluding UBSD, outpatient and inpatient volumes grew 3.7% and 7.4%, respectively. International outpatient volumes increased 8.2%, while inpatient volumes jumped 12.7%. Impacted by the significantly lower intensity services provided by UBSD compared to those provided by the Company, revenue intensity declined 7.0% and 11.3% for outpatient and inpatient services, respectively. Revenue intensity, excluding UBSD, declined 0.3% for inpatient services and rose 2.1% for outpatient services. The combined results of the above resulted in outpatient service revenues advancing 14.4% while inpatient service revenues grew 13.9%.

## Financial Performance

	<u>4Q14 growth</u>	<u>2014 growth</u>
Total revenues	13.8%	8.6%
EBITDA	16.9%	12.4%
Net profit	9.9%	8.3%

## Updates and Ongoing Focus

- Bangkok - Obtained EIA Approval for Petchburi project
- Thailand - Continuing Bumrungrad network development
- International - Mongolia, developing and improving the capability of UBSD

# Agenda

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*Strategy*

*Operational Update*

*Financial Performance*

# Strategy

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## Bumrungrad International Hospital

- Campus expansion
- Doctor recruitment in subspecialties
- Advanced technology
- Skilled work force

## Thailand

- Development of the Bumrungrad Network
- Expand into a new market segment – 2<sup>nd</sup> Brand

## International

- Evolve UB Songdo into a regional referral hospital
- Review of selective opportunities in existing referral markets

# Strategy (Detail)

<p><b>Clinics</b></p>	<ul style="list-style-type: none"> <li>• Opened 5 floors in Bumrungrad International Clinic</li> <li>• Renovate and expand clinics in Bumrungrad International Hospital</li> </ul>				
<p><b>Inpatient</b></p>	<ul style="list-style-type: none"> <li>• Added 18 ICU beds and 58 ward beds in Bumrungrad International Hospital building</li> <li>• Renovate and expand ancillary services</li> </ul>				
<p><b>2<sup>nd</sup> Campus</b></p>	<ul style="list-style-type: none"> <li>• Bought 8,200 sq. meters of land on Petchburi Road.</li> <li>• EIA approval received</li> </ul>				
<p><b>Acquire Additional Capacity</b></p>	<ul style="list-style-type: none"> <li>• Bought 6,178 sq. meters of land on Sukhumvit Soi 1 to initially develop a parking structure</li> <li>• Grand opening of Bumrungrad Tower on 6 March 2015 for employee houses and back office functions</li> </ul>				
<p><b>International</b></p>	<ul style="list-style-type: none"> <li>• Acquired controlling interest in UB Songdo hospital</li> </ul>				
<p><b>Estimated Capital Investment (Million THB)</b></p>	<p><b>Y15</b></p>	<p><b>Y16</b></p>	<p><b>Y17</b></p>	<p><b>Y18</b></p>	<p><b>Total</b></p>
	<p>1,598</p>	<p>3,231</p>	<p>4,550</p>	<p>392</p>	<p>9,771</p>

# Master Plan Update



- EIA Approval was obtained for the Petchaburi Campus on 29 January 2015.
- Phase 1 of the Soi 1 development will be a parking structure
- Renovate BHR with clinical activity on 3 floors (if allowed by BMA and MOPH) and replacing the MEP infrastructure.

# Current Status – Petchburi Project



- EIA Approval was obtained for the Petchburi Campus on 29 January 2015.
- The EIA Approval allows:
  - 100% FAR:  $8,204 \times 8 = 65,632 \text{ m}^2$
  - 19.2% Bonus FAR =  $12,601 \text{ m}^2$
  - Maximum FAR =  $78,233 \text{ m}^2$
- Construction Area is likely to be around  $85,000 \text{ m}^2$
- Construction expected to start in November 2015





# Agenda

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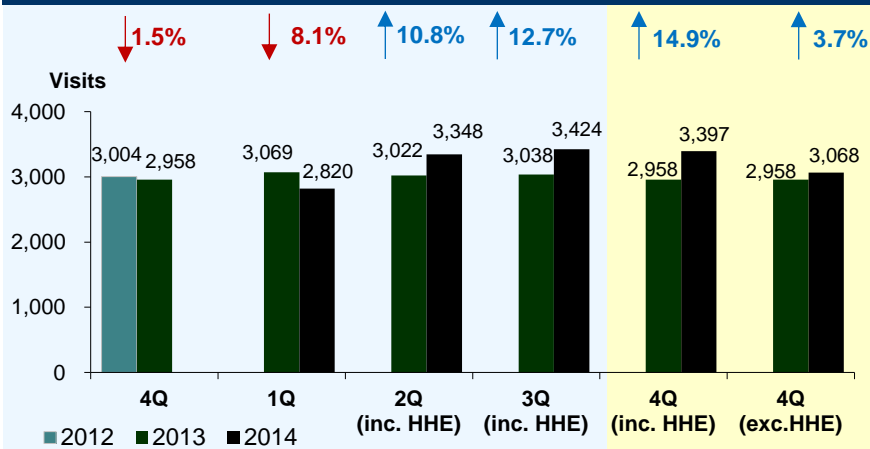
***Strategy***

***Operational Update***

***Financial Performance***

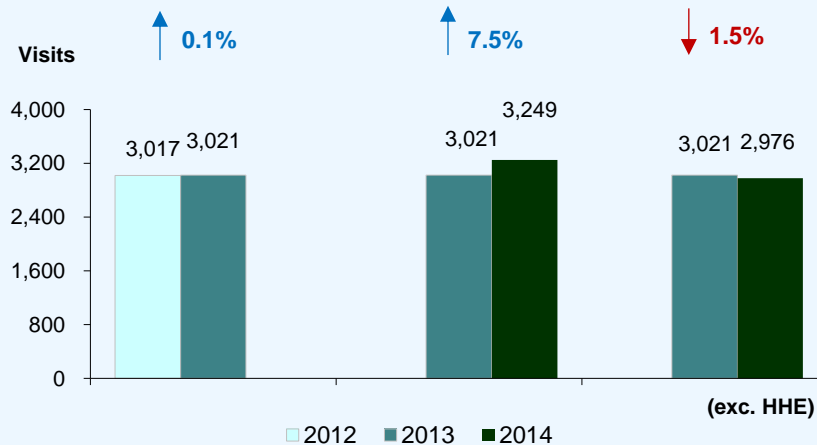
# Outpatient Visits Volume Trend

## Average Visits per Day



**4<sup>th</sup> Quarter:** Outpatient volumes advanced 14.9% in 4Q14 compared with 4Q13, with most of the increase due to volumes contributed by the UBSD acquisition, and strong growth in international volumes. Excluding UBSD, outpatient volumes grew 3.7% in 4Q14.

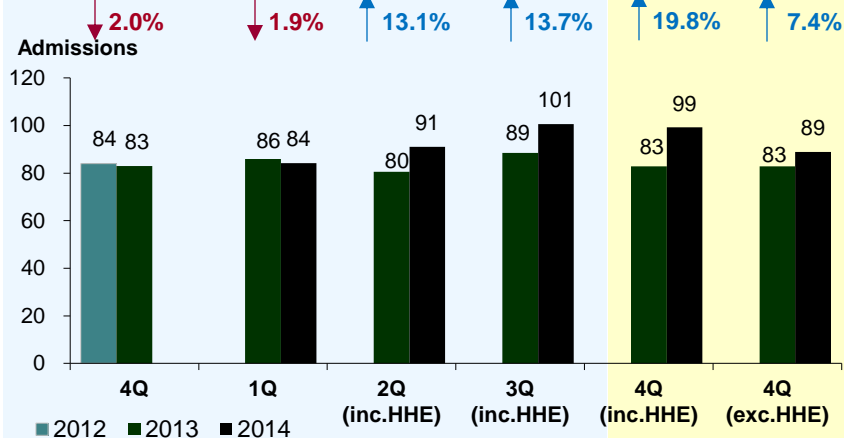
## Average Visits per Day



**YTD Dec:** Outpatient volumes advanced 7.5% in 2014 compared with 2013 as a result of volumes added by the UBSD acquisition. Excluding UBSD volumes, outpatient volumes declined 1.5% in 2014.

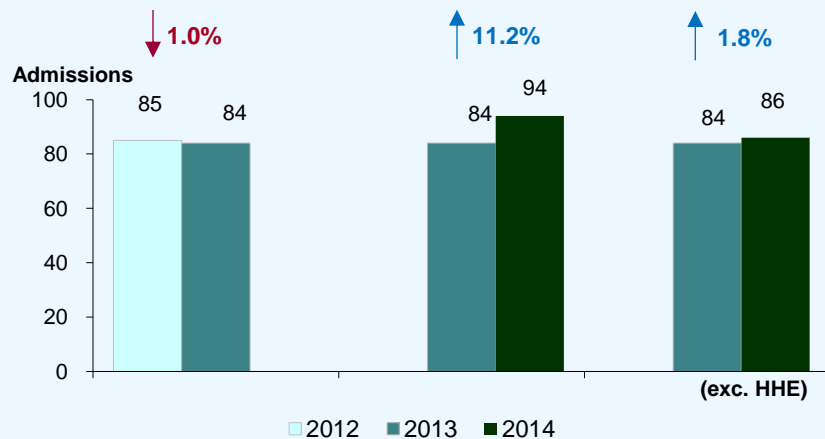
# Admissions Volume Trend

## Average Admissions per Day



**4<sup>th</sup> Quarter:** Inpatient volumes advanced 19.8% in 4Q14 compared with 4Q13, with most of the increase due to volumes contributed by the UBSD acquisition, and strong growth in international volumes. Excluding UBSD, inpatient volumes grew 7.4% in 4Q14.

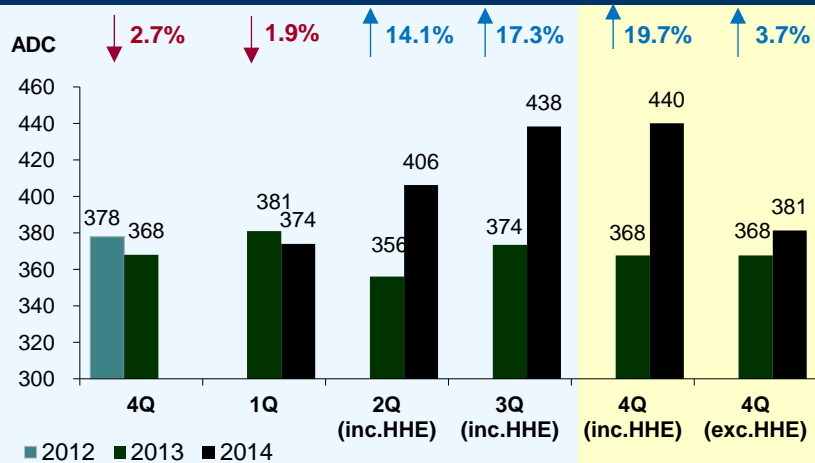
## Average Admissions per Day



**YTD Dec:** Inpatient volumes advanced 11.2% in 2014 compared with 2013 as a result of volumes added by the UBSD acquisition. Excluding UBSD volumes, inpatient volume grew 1.8% in 2014.

# Average Daily Census Volume Trend

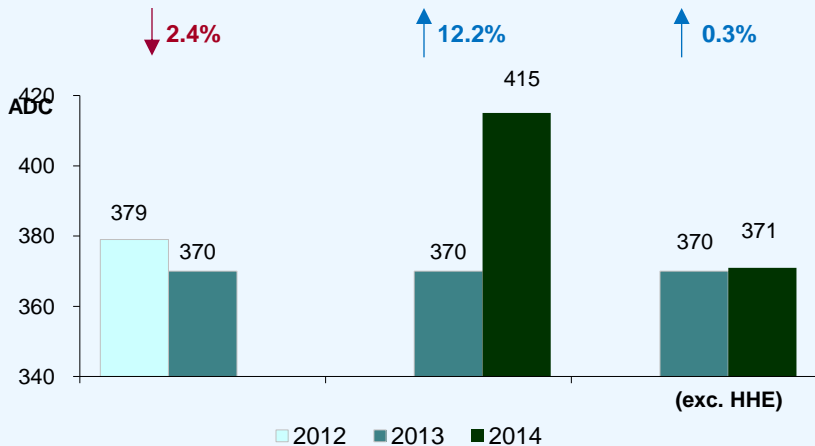
## Average Daily Census



**4<sup>th</sup> Quarter:** ADC advanced 19.7% in 4Q14 compared with 4Q13, with most of the increase due to volumes contributed by the UBSD acquisition, and strong growth in international volumes. Excluding UBSD, ADC grew 3.7% in 4Q14.

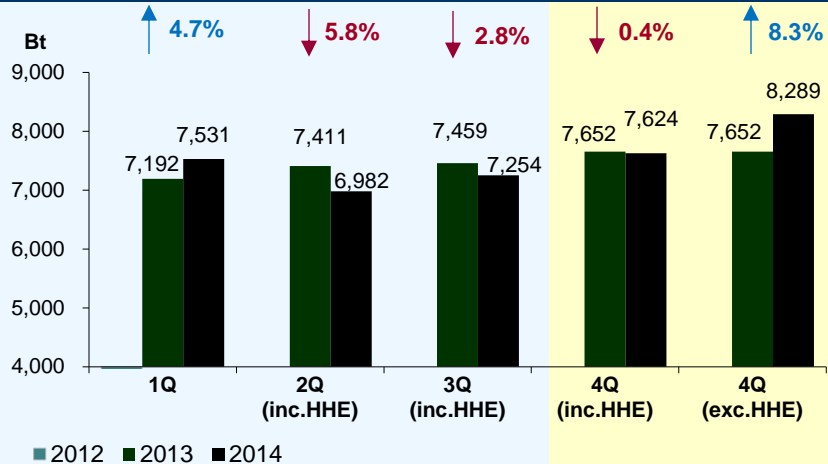
**YTD Dec:** ADC advanced 12.2% in 2014 compared with 2013, with most of the increase due to volumes contributed by the UBSD acquisition. Excluding UBSD, ADC grew 0.3% in 2014.

## Average Daily Census



# OPD Revenue Intensity

## Revenue per Visit

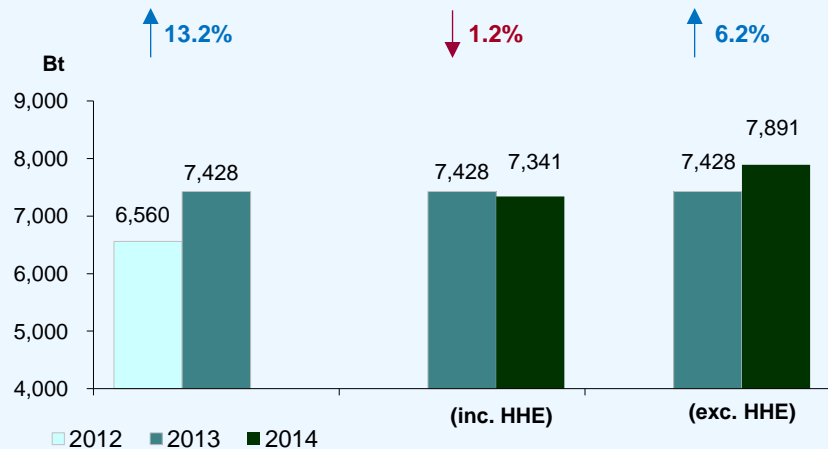


Revenue per episode reflects an increase from the 1<sup>st</sup> Jan 2014 price adjustment.

OPD Revenue intensity :

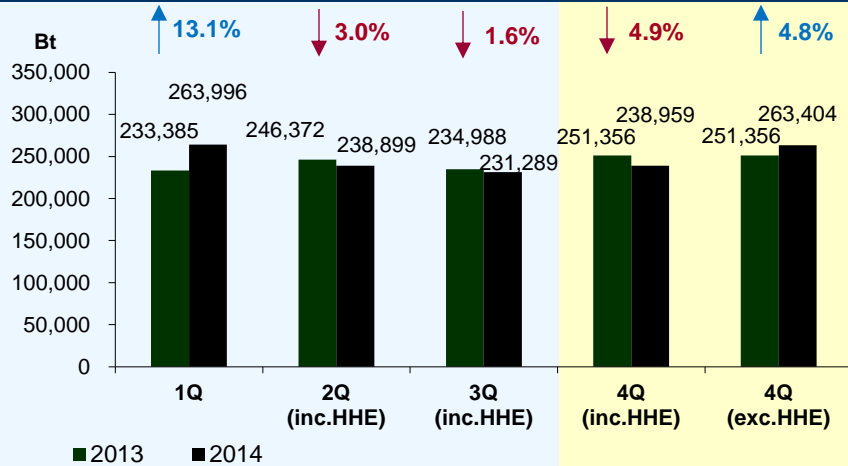
	<u>4<sup>th</sup> Quarter</u>	<u>YTD Dec</u>
Including HHE Consolidated FS	-7.0%	-8.9%
Excluding HHE Consolidated FS	2.1%	-1.7%

## Revenue per Visit



# IPD Revenue Intensity

## Revenue per Admission

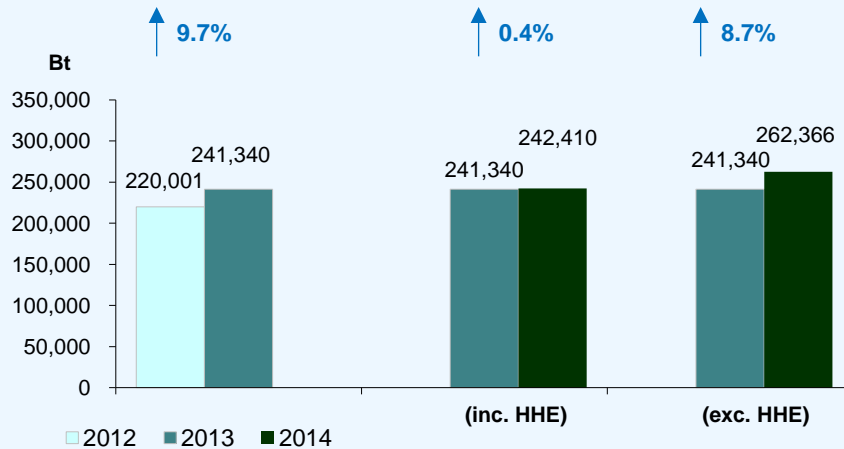


Revenue per episode reflects an increase from the 1<sup>st</sup> Jan 2014 price adjustment.

IPD Revenue intensity per admission:

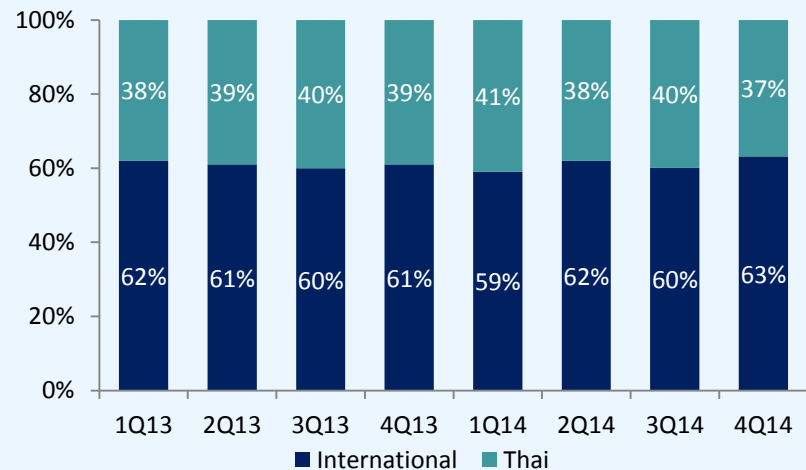
	<u>4<sup>th</sup> Quarter</u>	<u>YTD Dec</u>
Including HHE Consolidated FS	-11.3%	-6.7%
Excluding HHE Consolidated FS	-0.3%	1.7%

## Revenue per Admission



# International Breakdown

## Revenue Contribution by Nationality

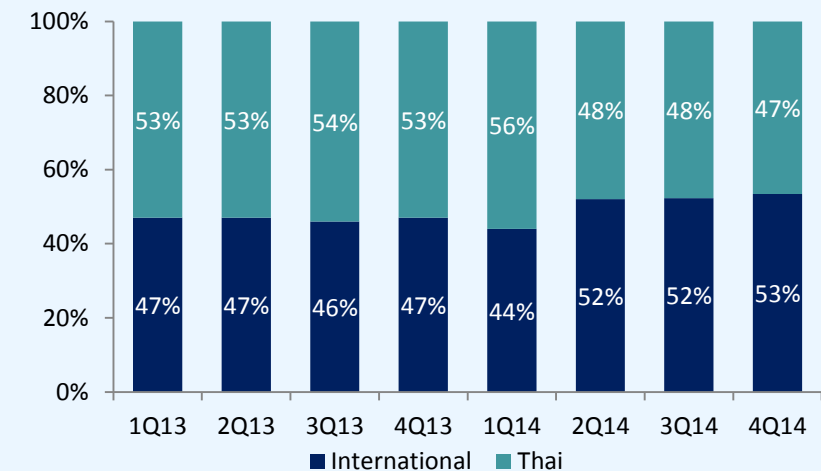


- For 4Q14: Revenues by market segment international patients accounted for 63.2% of the total in 4Q14, with the remaining 36.8% from Thai patients, reflecting a decrease in the 39.1% from Thai patients in 4Q13, and the noted improvement of the international business.

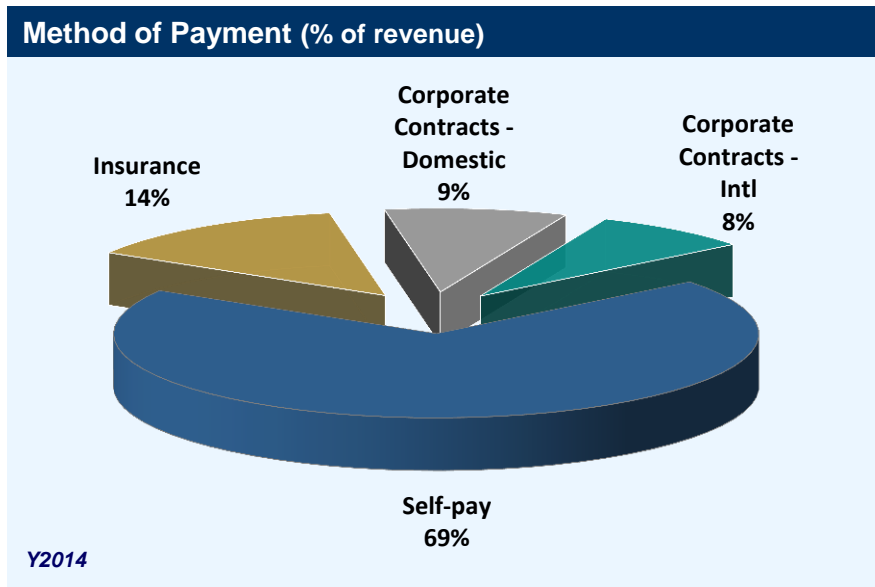
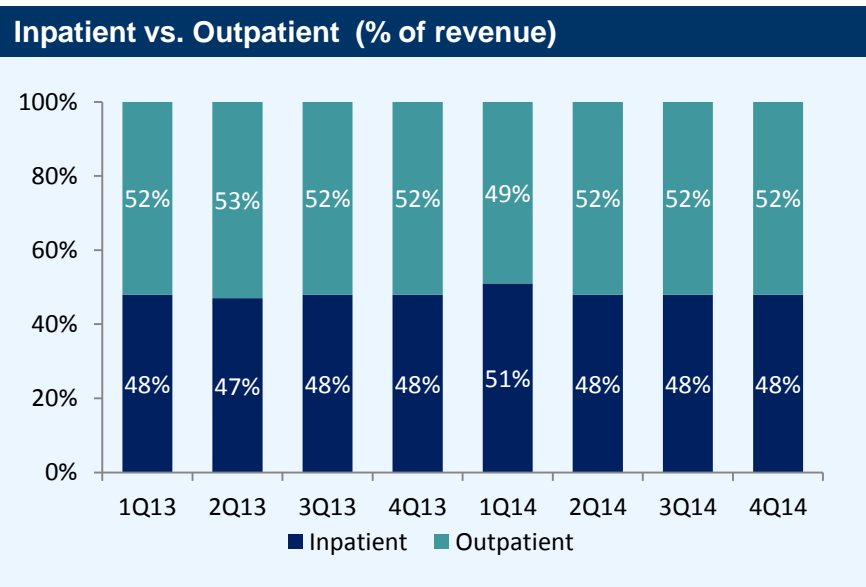
- 2014 Top 5 revenue contribution by Non-Thai Nationalities

Myanmar	8%
UAE	7%
Oman	7%
USA	5%
Cambodia	3%

## Volume Contribution by Nationality



# Revenue Breakdown



- *4Q14 Revenue growth:*
  - *Outpatient revenue increased by 14.4% y-o-y*
  - *Inpatient revenue increased by 13.9% y-o-y*
- *Self-pay remains the primary method of payment*



# Agenda

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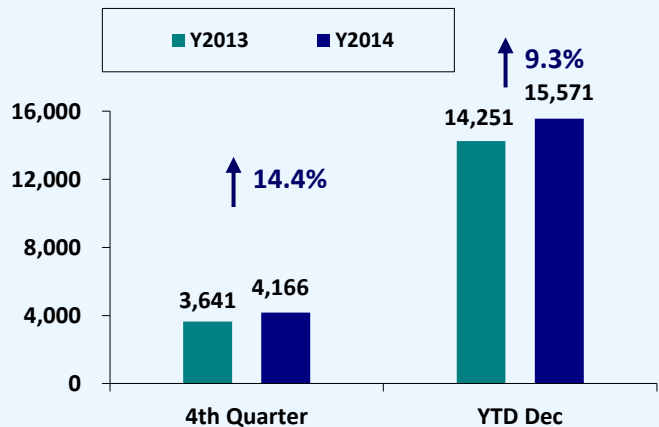
***Strategy***

***Operational Update***

***Financial Performance***

# Revenue from Hospital Operations

## Revenue from Hospital Operations (THB mm)

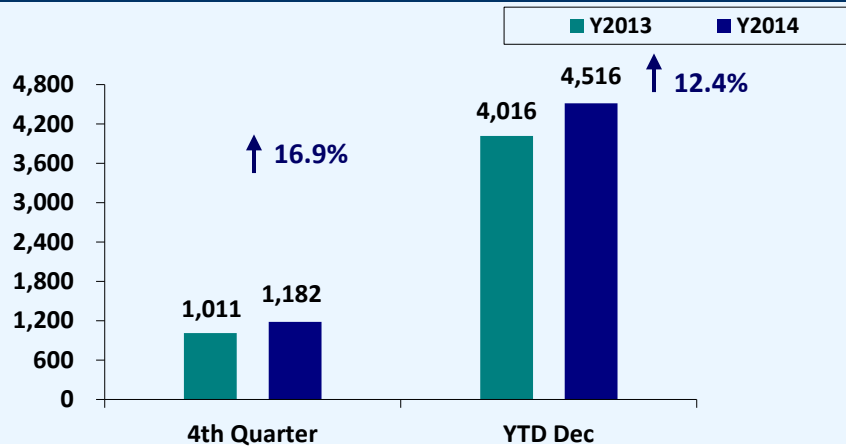


- 4Q14:** The Company reported Revenues from hospital operations of Baht 4,166 million, a 14.4% improvement year-over-year from Baht 3,641 million in 4Q13. Outpatient and inpatient volumes advanced 14.9% and 19.8%, respectively, in 4Q14 compared with 4Q13, with most of the increase due to volumes contributed by the UBSD acquisition, and strong growth in international volumes. Excluding UBSD, outpatient and inpatient volumes grew 3.7% and 7.4%, respectively. International outpatient volumes increased 8.2%, while inpatient volumes jumped 12.7%. Impacted by the significantly lower intensity services provided by UBSD compared to those provided by the Company, revenue intensity declined 7.0% and 11.3% for outpatient and inpatient services, respectively. Revenue intensity, excluding UBSD, declined 0.3% for inpatient services and rose 2.1% for outpatient services. The combined results of the above resulted in outpatient service revenues advancing 14.4% while inpatient service revenues grew 13.9%.

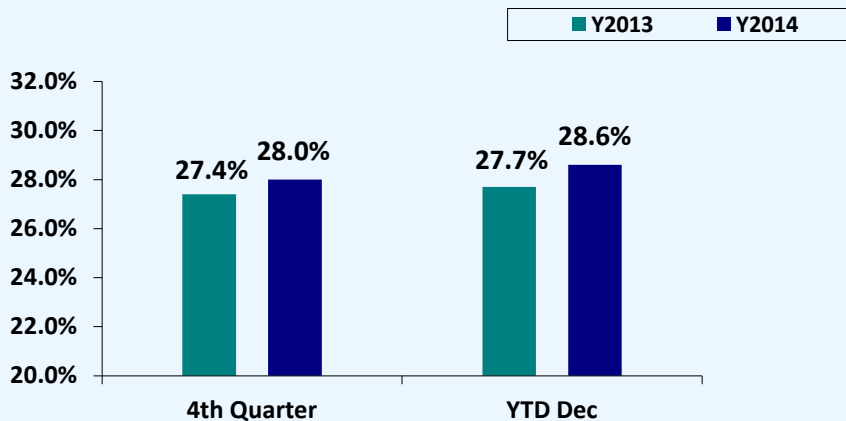
- 2014:** Revenues from hospital operations were Baht 15,571 million for 2014, a 9.3% improvement year-over-year from Baht 14,251 million in 2013. Outpatient and inpatient volumes advanced 7.5% and 11.2%, respectively, in 2014 compared with 2013 as a result of volumes added by the UBSD acquisition. Excluding UBSD volumes, outpatient volumes declined 1.5% in 2014 while inpatient volume grew 1.8% in 2014, both impacted by the ongoing political environment in Thailand that began in 1Q14 and continued to contribute to weak volumes and lower revenue intensity, especially through 2Q14. Volumes from the international market segment were significantly more impacted than volumes from the Thai and expat market segments during this period, although international volumes progressively recovered after 2Q14 and exhibited strong growth in 4Q14. Thai volumes ended 2014 with a 2.6% increase in admissions and a 1.2% decrease in outpatient visits, while international volumes, excluding UBSD, slightly increased 0.9% in admissions with a 1.9% decrease in outpatient visits year-over-year. Impacted by the significantly lower intensity services provided by UBSD compared to the Company's, and to a lesser degree the drop in international volumes and elective procedures caused by the unstable Thailand political environment, revenue intensity decreased by 8.9% and 6.7% for outpatient and inpatient services, respectively. Revenue intensity, excluding UBSD, decreased 1.7% for outpatient services, while inpatient services intensity improved 3.1% on a patient-day basis and 1.7% on an admission basis. The combined results of the above resulted in outpatient service revenues advancing 6.3% while inpatient service revenues grew by 11.7%.

# EBITDA and EBITDA Margin

## EBITDA (THB mm)



## EBITDA Margin

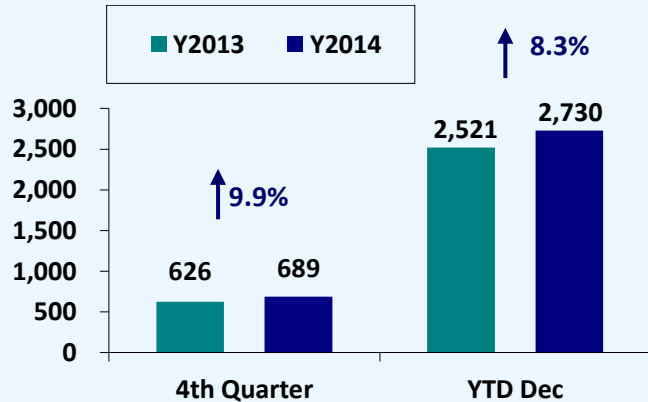


- 4Q14:** Cost of hospital operations (including Depreciation and amortization) was Baht 2,574 million for 4Q14, or 14.2% more year-over-year from Baht 2,253 million in 4Q13, compared to the 14.4% growth in Revenues from hospital operations. Administrative expenses (including Depreciation and amortization) were Baht 757 million in 4Q14, or 3.5% more than Baht 732 million in 4Q13. The small percentage increase in Administrative expenses was mostly due to Baht 27 million increase in repairs and maintenance expense, Baht 26 million associated with a physical inventory adjustment, and Baht 19 million in additional software support and maintenance offset by a Baht 46 million reduction in Depreciation and amortization associated with the revised estimated useful lives of certain assets in 4Q13, and Baht 11 million decrease in Bad debt expense, as a result of additional reserves taken in 4Q13. EBITDA grew 16.9% year-over-year from Baht 1,011 million in 4Q13 to Baht 1,182 million in 4Q14, with an EBITDA margin of 28.0% in 4Q14 compared to 27.4% in 4Q13.

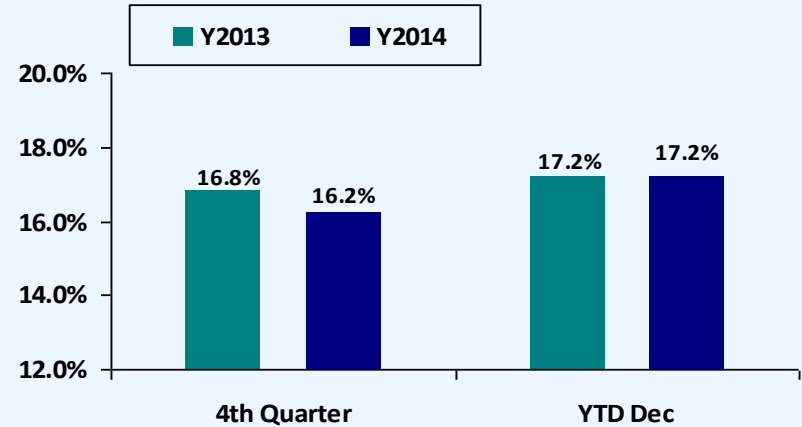
- 2014:** Cost of hospital operations (including Depreciation and amortization) was Baht 9,496 million for 2014, or 7.5% more year-over-year from Baht 8,836 million in 2013, compared to the 9.3% growth in Revenues from hospital operations. The percentage of Cost of hospital operations to Revenues from hospital operations improved from 62.0% in 2013 to 61.0% in 2014. Administrative expenses (including Depreciation and amortization) were Baht 2,806 million in 2014, increasing 11.0% from Baht 2,527 million in 2013. This change included Baht 74 million in additional repair and maintenance expense, Baht 69 million in donations to support nurse recruitment, Baht 43 million in inflationary increases in staff cost, Baht 29 million in Depreciation and amortization associated with the campus expansion and revised estimated useful lives of certain assets, and Baht 20 million more in software support and maintenance. EBITDA grew 12.4% year-over-year from Baht 4,016 million in 2013 to Baht 4,516 million in 2014, with the EBITDA margin advancing to 28.6% in 2014 compared with 27.7% in 2013.

# Net Profit, Net Profit Margin and Diluted EPS

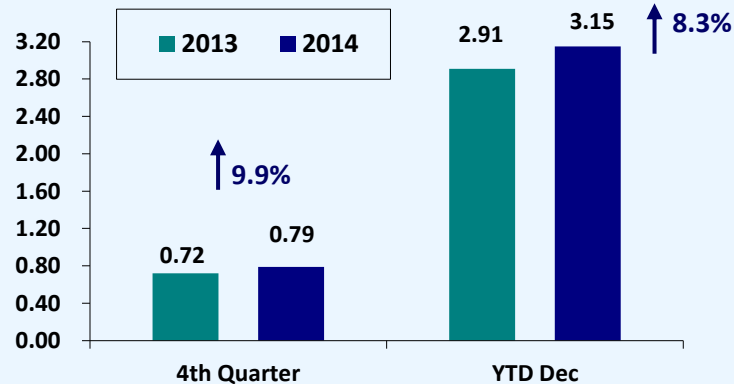
## Net Profit (THB mm)



## Net Profit Margin



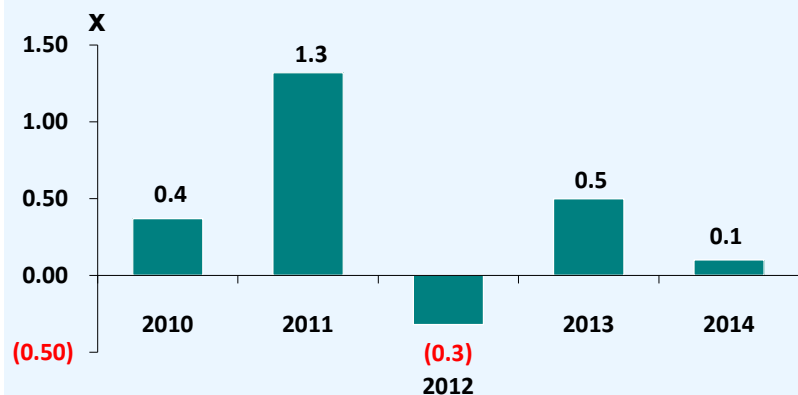
## Diluted EPS (THB)



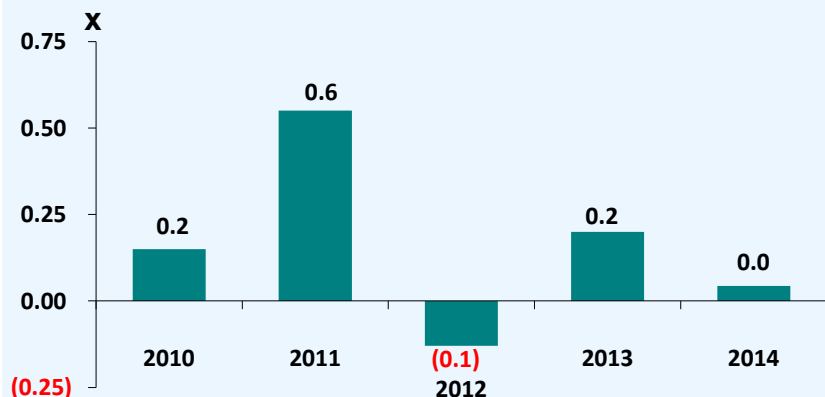
- 4Q14 : Net profit for 4Q14 grew 9.9% to Baht 689 million from Baht 626 million in 4Q13, with Net profit margin at 16.2% in 4Q14 compared to 16.8% in 4Q13. The change in Net profit margin was due to a decrease in capitalized interest expense associated with the campus expansion caused by the full Y2013 amount recorded in 4Q13, versus monthly recording in Y2014. Excluding this variance, Net profit margin for 2013 would have been 15.0%. Diluted EPS increased at the same rate as Net profit to Baht 0.79 from Baht 0.72 in 4Q13.
- 2014 : Net profit advanced 8.3% to Baht 2,730 million in 2014 from Baht 2,521 million in 2013, with Net profit margin at 17.2% for both 2014 and 2013. Diluted EPS increased at the same rate as Net profit to Baht 3.15 from Baht 2.91 in 2013.

# Leverage

## Net Debt to EBITDA

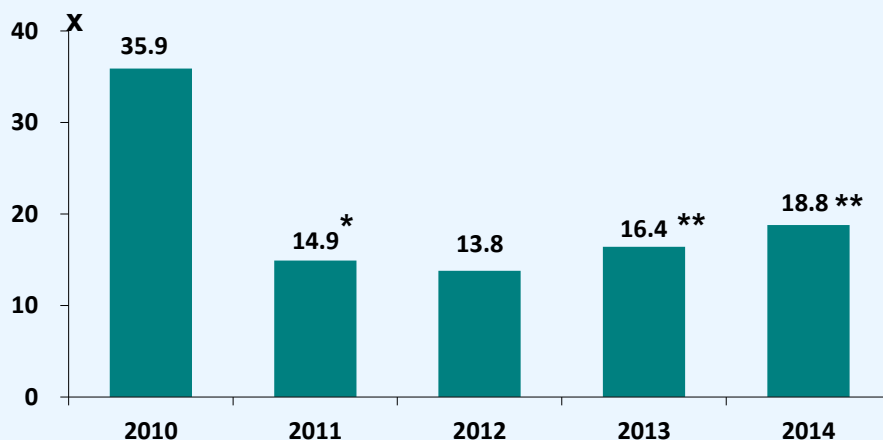


## Net Debt to Equity



Note: Net debt excludes fixed deposits with a maturity exceeding three months but not more than one year which are reported as Short-term investments of Baht 1,922 million in 2014 and Baht 2,718 million in 2013.

## 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 will be 12.9x

\*\*After adding back the 2014 and 2013 capitalized interest expense related to the campus expansion.

- As a result of the increase in Cash and cash equivalents, Net debt to equity improved to 0.0x as at 31 December 2014 from 0.2x as at 31 December 2013.
- After adding back the 2014 and 2013 capitalized interest expense related to the campus expansion of Baht 55 million and Baht 97 million, respectively, the Company's Interest coverage ratio improved to 18.8x in 2014 from 16.4x in 2013, due to higher EBITDA in 2014 compared to 2013.

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## Q & A