

The Prospects for Healthcare in LVMC

Bangkok Dusit Medical Services PCL

Dr. Chatree Duangnet, M.D., FAAP.

Chief Operating Officer – Medical Affairs and Vice President

Bangkok Dusit Medical Services Public Co., Ltd.(BGH)

Chief Executive Officer, Bangkok Hospital Medical Center

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LVMC Snapshot

Myanmar



Population (mm)	63.7
Median Age	29
Urbanization (% total pop.)	33%
GDP per capita (PPP)	1,405
GDP (PPP) (Intl. \$ Bn)	89.5
GDP Growth (CAGR 12 – 15E)	7%

Vietnam



Population (mm)	90.4
Median Age	29
Urbanization (% total pop.)	32%
GDP per capita (PPP)	3,548
GDP (PPP) (Intl. \$ Bn)	320.7
GDP Growth (CAGR 12 – 15E)	5%

Laos

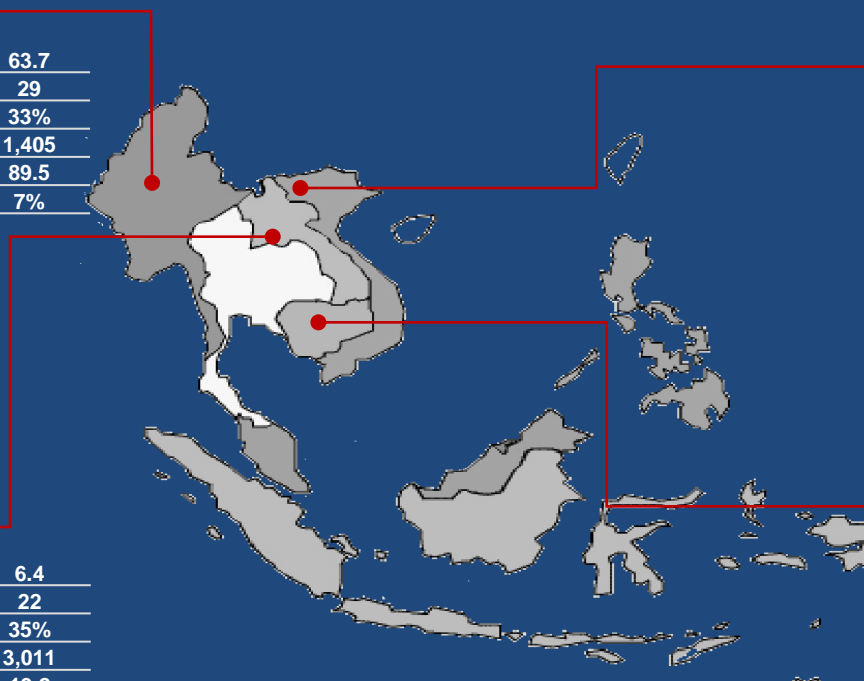


Population (mm)	6.4
Median Age	22
Urbanization (% total pop.)	35%
GDP per capita (PPP)	3,011
GDP (PPP) (Intl. \$ Bn)	19.2
GDP Growth (CAGR 12 – 15E)	8%

Cambodia



Population (mm)	15.3
Median Age	23
Urbanization (% total pop.)	20%
GDP per capita (PPP)	2,405
GDP (PPP) (Intl. \$ Bn)	36.6
GDP Growth (CAGR 12 – 15E)	7%



Key Indicators

LVMC Population Still Lack Sufficient Healthcare

Selected Healthcare Indicators⁽¹⁾

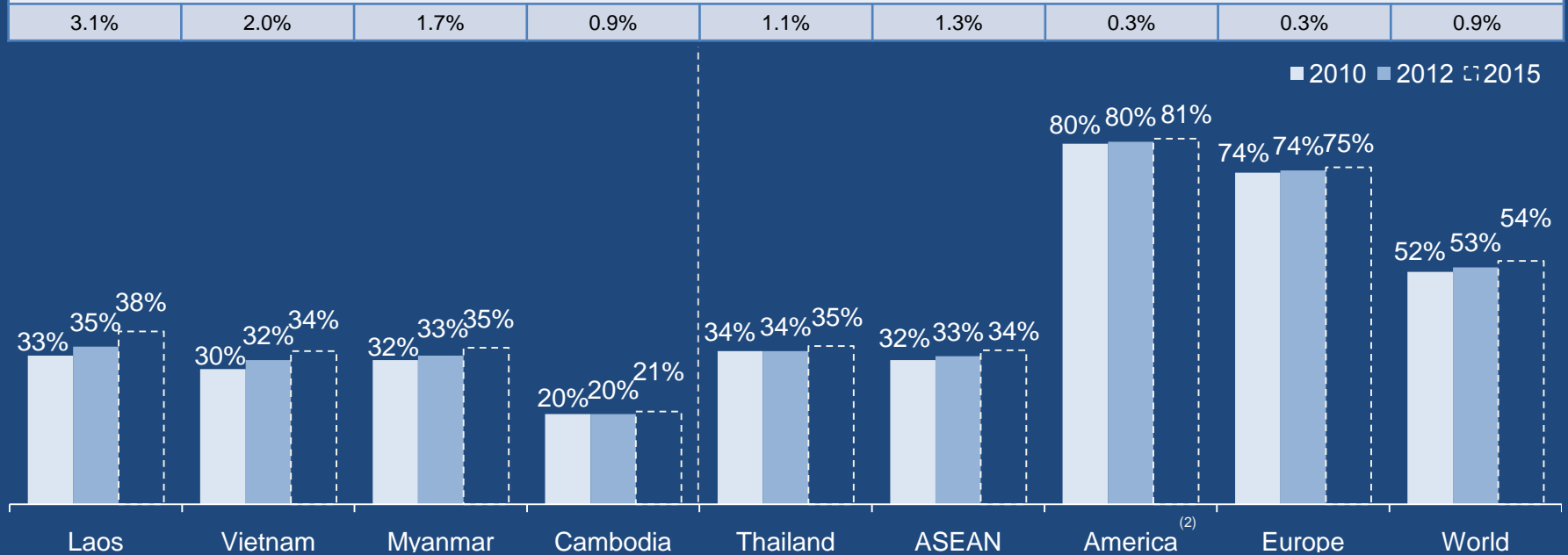
Indicator	Laos	Vietnam	Myanmar	Cambodia	Thailand	ASEAN	America	Europe	World
Life expectancy after reach the age of 60 (years)	17	21	17	16	21	17	22	21	20
Under-five mortality rate (per 1000 live births)	42	22	62	43	12	55	16	13	51
Maternal mortality ratio (per 100,000 live births)	470	59	200	250	48	200	63	20	210
Prevalence of tuberculosis (per 100,000 population)	540	323	506	817	161	271	35	56	170
Prevalence of HIV (per 100,000 population)	164	283	455	447	710	189	319	263	499
Incidence of malaria (per 100,000 population)	1,113	29	3,180	1,353	204	1,773	194	n.a.	4,082

(1) Source: World Health Organization

Better Standard of Living

Growing Urban Population Percentage of Urban Population⁽¹⁾

Estimated CAGR 2010-2015E



(1) Source: World Bank, United Nations, World Health Organization

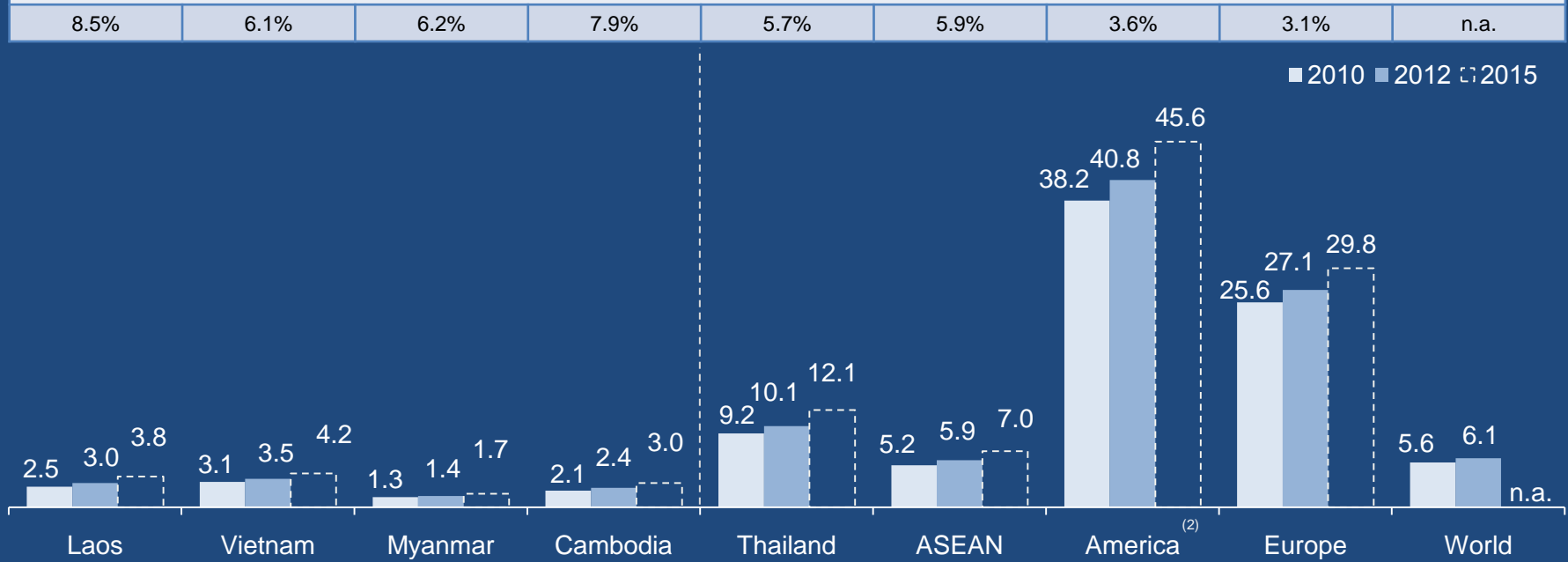
(2) Consists of only North America

Better Standard of Living (Cont'd)

Growing GDP per Capita

GDP Based on PPP per Capita in Thousand Current International Dollar⁽¹⁾

Estimated CAGR 2010-2015E



(1) Source: IMF and World Bank

(2) Consists of only North America

Demand

Health Expenditures in LVMC Relatively Low Health Expenditure per Capita in Current USD⁽¹⁾

CAGR 2001-2011

10.7%

15.3%

24.0%

10.0%

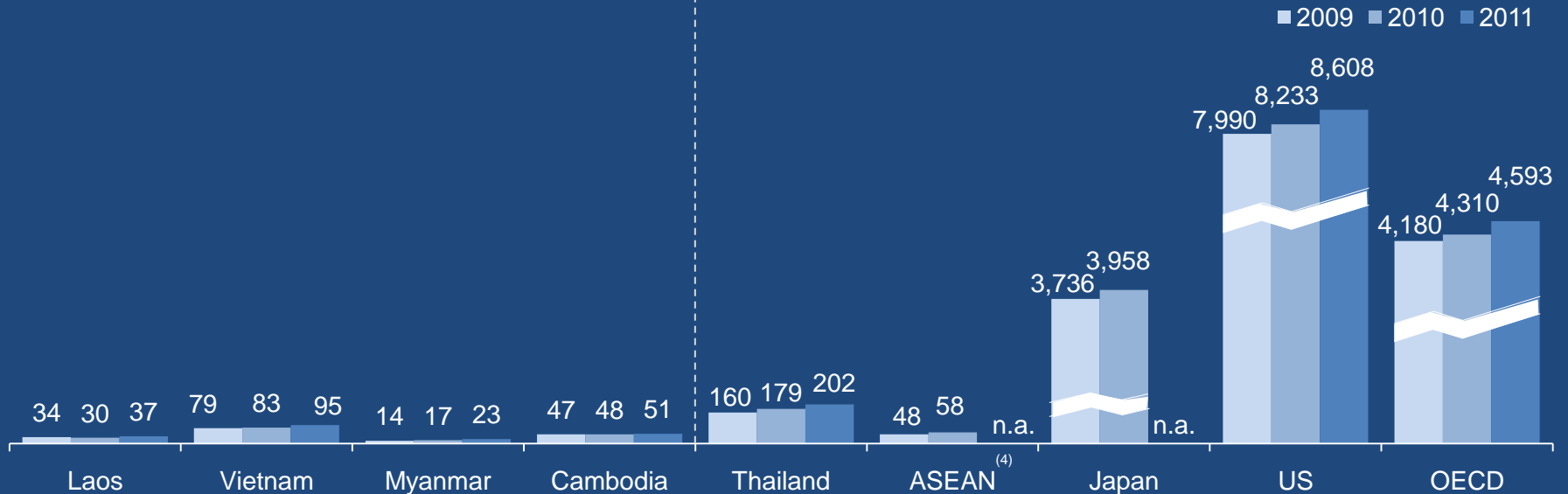
12.9%

11.8%⁽²⁾

5.0%⁽³⁾

5.5%

6.9%



(1) Source: World Bank

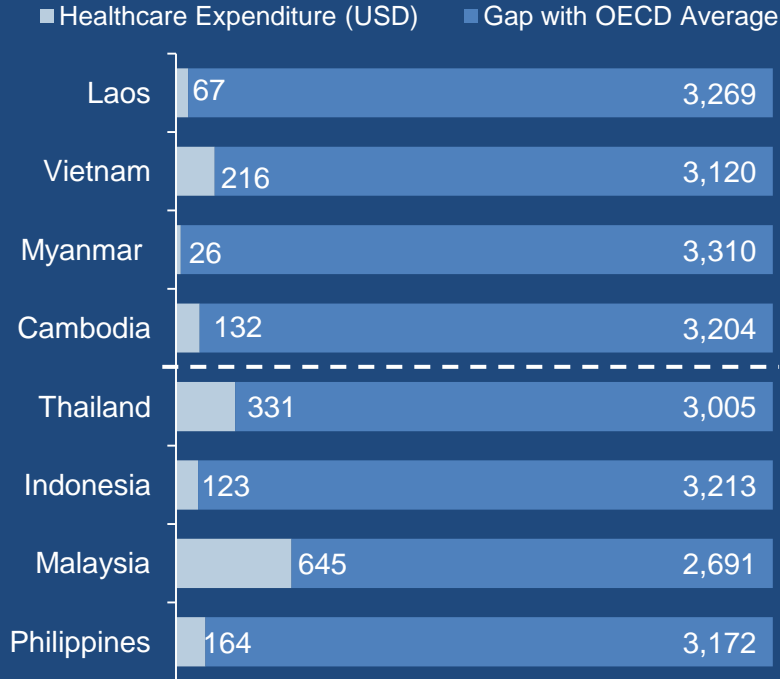
(2) CAGR 2000-2010

(3) CAGR 2001-2010

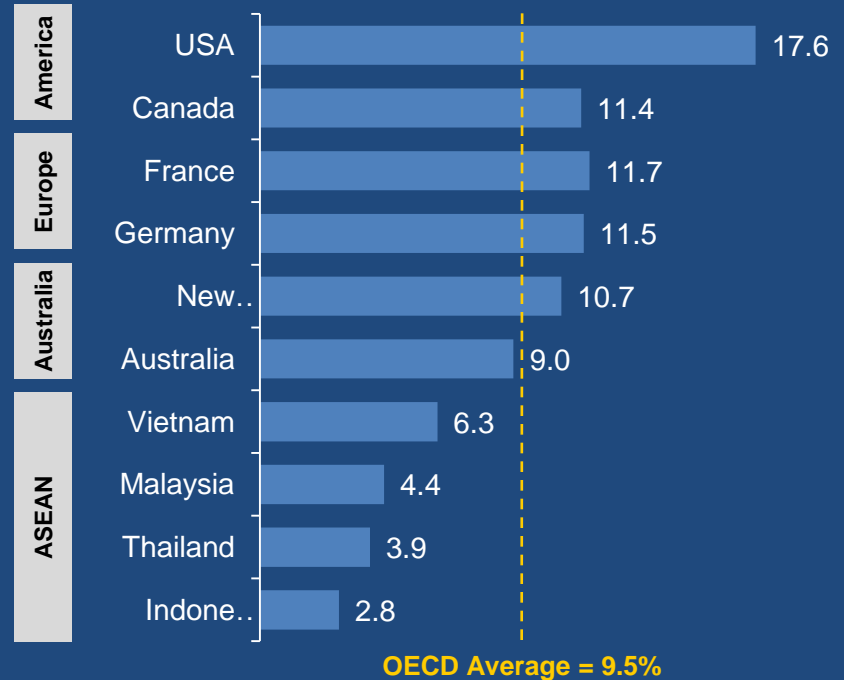
(4) Source: World Health Organization, subjected to slightly different data collection methodology

Demand (Cont'd)

Comparison of Healthcare Expenditure



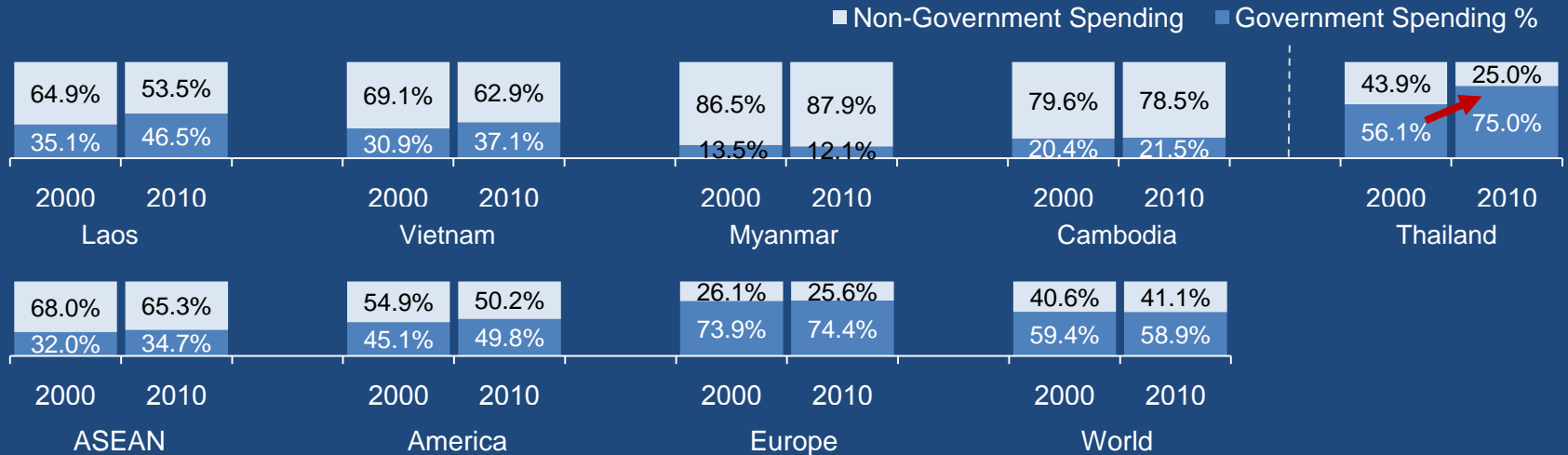
Total Healthcare Expenditure as % of GDP (2011)



Payor

Small Government Contribution in Healthcare for LVMC Nations

Breakdown of Total Healthcare Spending⁽¹⁾

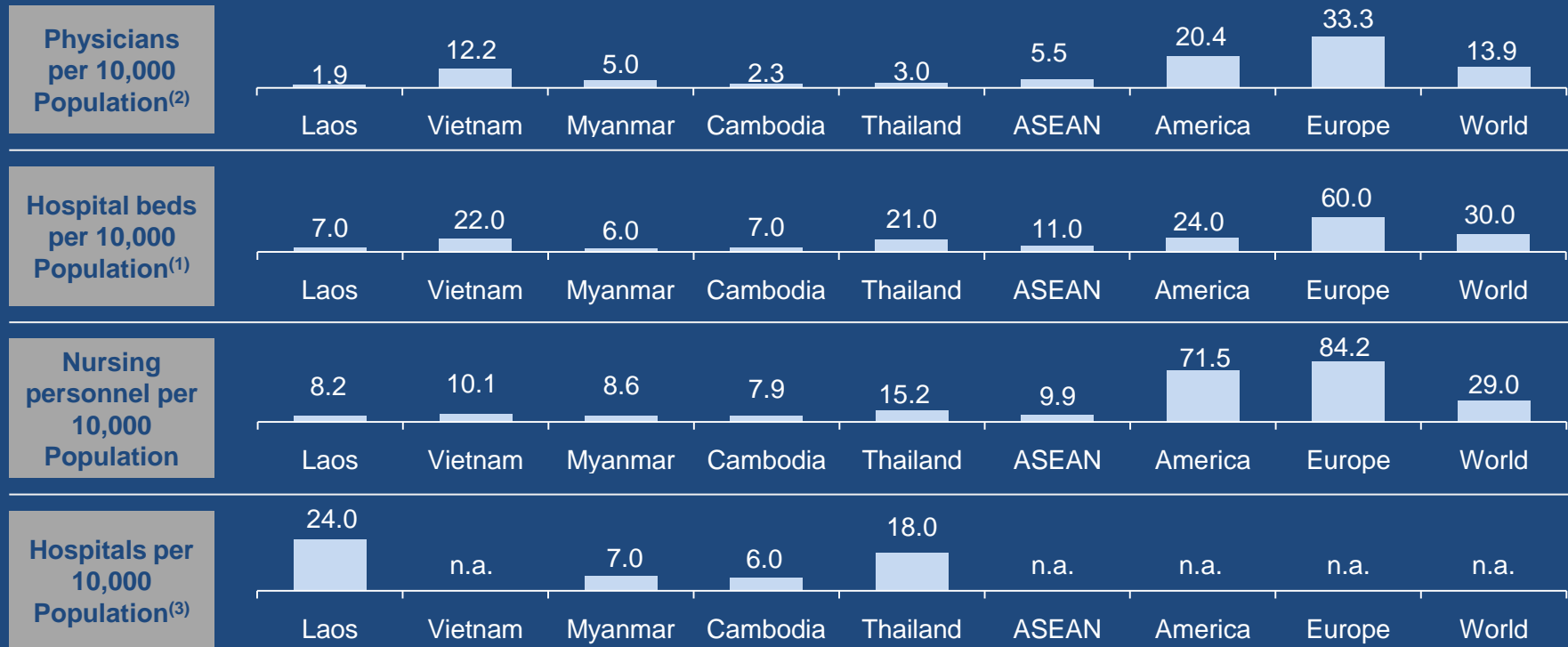


Government Policy Aiming Towards Better Healthcare



(1) Source: World Health Organization

Supply⁽¹⁾



Source: WHO Statistics 2013

Notes:

(1) Latest Figure Available; due to variability of data sources and national occupation titles, the figures provided may not always be comparable or comprehensive

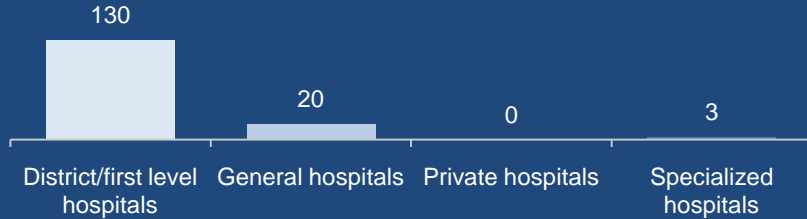
(2) Physician includes generalist and specialist medical practitioners - derived from WHO Global Health Workforce Statistics

(3) Hospitals include district, rural, provincial, specialized, teaching and research hospitals; derived from the WHO Baseline country survey 2010. For specific country details:

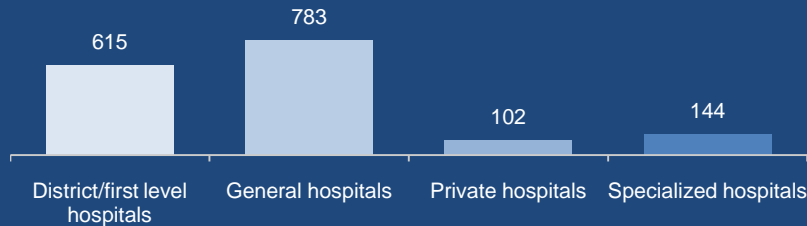
Providers



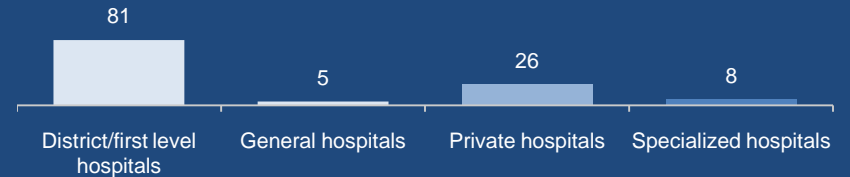
(as of 2010)



(as of 2009)



(as of 2010)



Foreign Participation

Myanmar



July, 2013



Vietnam



Hoan My



June, 2013

Cambodia



First quarter, 2014



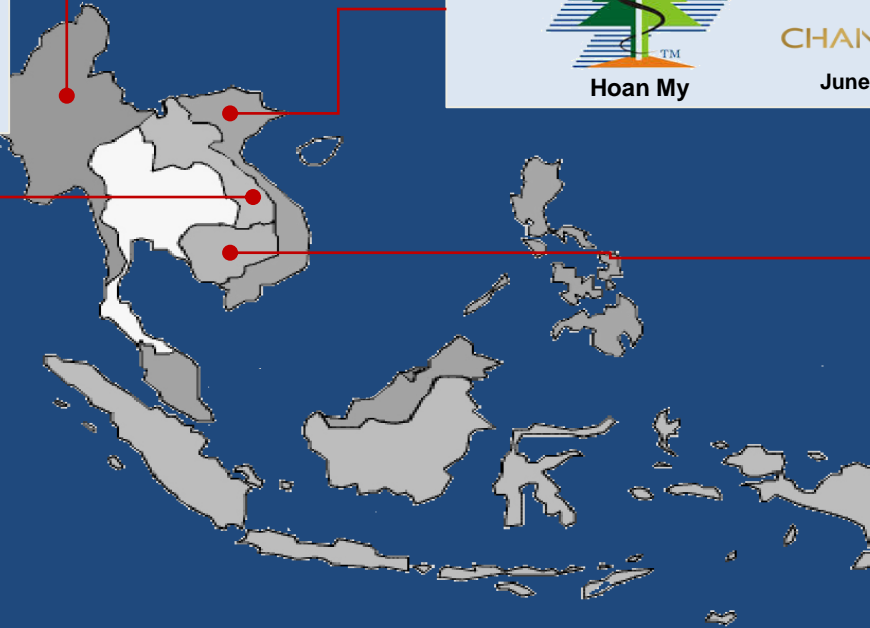
January, 2013



Laos



Chinese International Hospital,
Luang Prabang



Appendix



AEC Regulations



Low Barriers to Expand to Regional Market

AEC 2015 Blue Print

1. Free flow of Goods:

- ASEAN-6 has reduced tariff down to 0% since 2010. CLMV (Cambodia, Laos, Burma, and Vietnam) targeted to eliminate tariff by 2015. Tariff reduction doesn't apply to sensitive items (mostly agricultural products)
- Ultimate objectives beyond zero tariffs to eliminate non-tariff barriers altogether

2. Free flow of Service (AFAS)

- Remove substantially all restrictions on trade in services for 4 priority services sectors, Airlines, ICT, Healthcare and Tourism, by 2010
- Allow up to 70% of foreign (ASEAN) ownership in all sectors targeted by 2015.

3. Liberalization of cross border investments (ACIA):

- Free flow of capital among ASEAN countries
- National treatment of investors
- Eliminate restrictions on investments and investments types

4. Free flow of capital

- Remove or relax restrictions, where appropriate and possible, to promote foreign direct investment and development of capital market

Low Barriers to Expand to Regional Market (Cont'd)

Type of Services	Modes	Laos	Vietnam
General commitments to all services	Commercial presence	<ul style="list-style-type: none"> Foreign service supplier shall be subject to approval JV is jointly owned and operated by at least one international and domestic investor, a minimum portion 30% of the total equity investment in that venture shall be made Wholly foreign-owned / branch or representative office must be subjected to laws and regulations and conform with laws 	<ul style="list-style-type: none"> Allowed to establish business co-operation contract, joint venture enterprise or 100% foreign-invested enterprise Shall be permitted by authorities to lease the land to carry out their investment projects Representative offices are permitted to be established, but they shall not engage in direct profit-making activities
	Natural persons	<ul style="list-style-type: none"> Right to employ skilled and expert foreign personnel when necessary and with approval Subjected to pay to the Lao Government personal income tax 	<ul style="list-style-type: none"> At least 20% of managers, executives and specialists shall be Vietnamese nationals, with a minimum of 3
Additional commitments For Private Hospitals	Commercial presence	<ul style="list-style-type: none"> Joint-venture with Lao services suppliers 100% foreign owned 	<ul style="list-style-type: none"> None
	Natural persons	<ul style="list-style-type: none"> Unbound, except intra-corporate/hospital transferees] OR [intra-corporate/hospital transferees only 	<i>(same as General Commitments to all service)</i>
Additional commitments For Medical Services	Commercial presence	<ul style="list-style-type: none"> Joint-venture with Lao services suppliers and foreign equity participation limited to 49% In accordance with domestic laws and regulations 	<ul style="list-style-type: none"> None
	Natural persons	<ul style="list-style-type: none"> Unbound 	<i>(same as General Commitments to all service)</i>
Additional commitments For Nursing Services	Commercial presence	-	<ul style="list-style-type: none"> None
	Natural persons	-	<i>(same as General Commitments to all service)</i>

Low Barriers to Expand to Regional Market (Cont'd)

Type of Services	Modes	Myanmar	Cambodia
General commitments to all services	Commercial presence	<ul style="list-style-type: none"> 100% Foreign investment JV with minimum of 35% equity for domestic citizen/enterprise Subject to withholding tax and certain tax for foreign resident Services activities are restricted, but may be permitted by cabinet 	<ul style="list-style-type: none"> May lease but not own land Provide adequate and consistent training to Cambodian staff, including for promotion to senior positions
	Natural persons	<ul style="list-style-type: none"> Foreign workers are required Visa Require registration of oversea workers. Registration are subjected registration fee and duration of registration is six months 	<ul style="list-style-type: none"> Unbound except business visitors, persons responsible for setting up of a commercial establishment and Intra-Corporate Transferees
Additional commitments For Private Hospitals	Commercial presence	<ul style="list-style-type: none"> Permitted in accordance with certain laws JV with 51% foreign equity is permitted Not allowed to own land Land may be acquired form government in long term lease basis 	<ul style="list-style-type: none"> One director for technical matters must be Cambodian
	Natural persons	<ul style="list-style-type: none"> Unbound 	<i>(same as General Commitments to all service)</i>
Additional commitments For Medical Services	Commercial presence	<i>(same as Additional Commitments for Private Hospitals)</i>	<ul style="list-style-type: none"> Permitted through a joint venture with Cambodian juridical persons
	Natural persons	<ul style="list-style-type: none"> Unbound 	<i>(same as General Commitments to all service)</i>
Additional commitments For Nursing Services	Commercial presence	<i>(same as Additional Commitments for Private Hospitals)</i>	-
	Natural persons	<ul style="list-style-type: none"> Unbound 	-

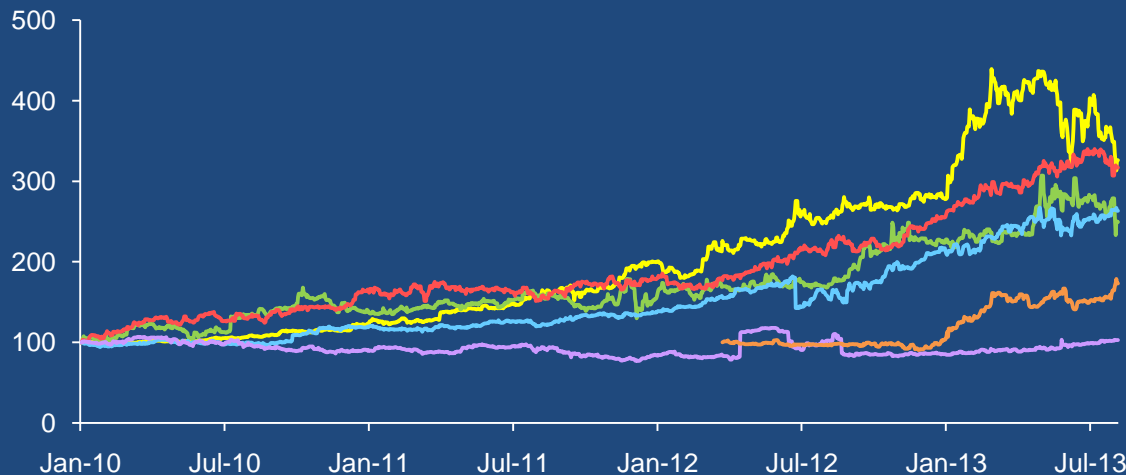
Attractiveness of ASEAN



Global Healthcare Indices

ASEAN Hospitals Index Outperforms the Rest of the World

Rebased to 100



Performance Since January

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
ASEAN Hospitals⁽¹⁾	226%	167%	64%	16%
Australian Hospitals⁽⁴⁾	217%	94%	79%	26%
Indian Hospitals⁽²⁾	149%	81%	66%	13%
South African Hospitals⁽³⁾	163%	122%	94%	24%
Russian & Middle East Hospitals⁽⁶⁾	n.a.	n.a.	73%⁽⁷⁾	74%
EU Hospitals⁽⁵⁾	3%	13%	26%	19%

Emerging Markets Continue to Outperform Western Markets

Source: Bloomberg as of 22 August, 2013.

(1) Index includes Bangkok Dusit, Bumrungrad, Bangkok Chain, IHH Healthcare, Raffles, KPJ (THB denominated).

(2) Index includes Apollo and Fortis (INR denominated).

(3) Index includes Life Healthcare, Medi-Clinic, Netcare (ZAR denominated).

(4) Index includes Ramsay (AUD denominated).

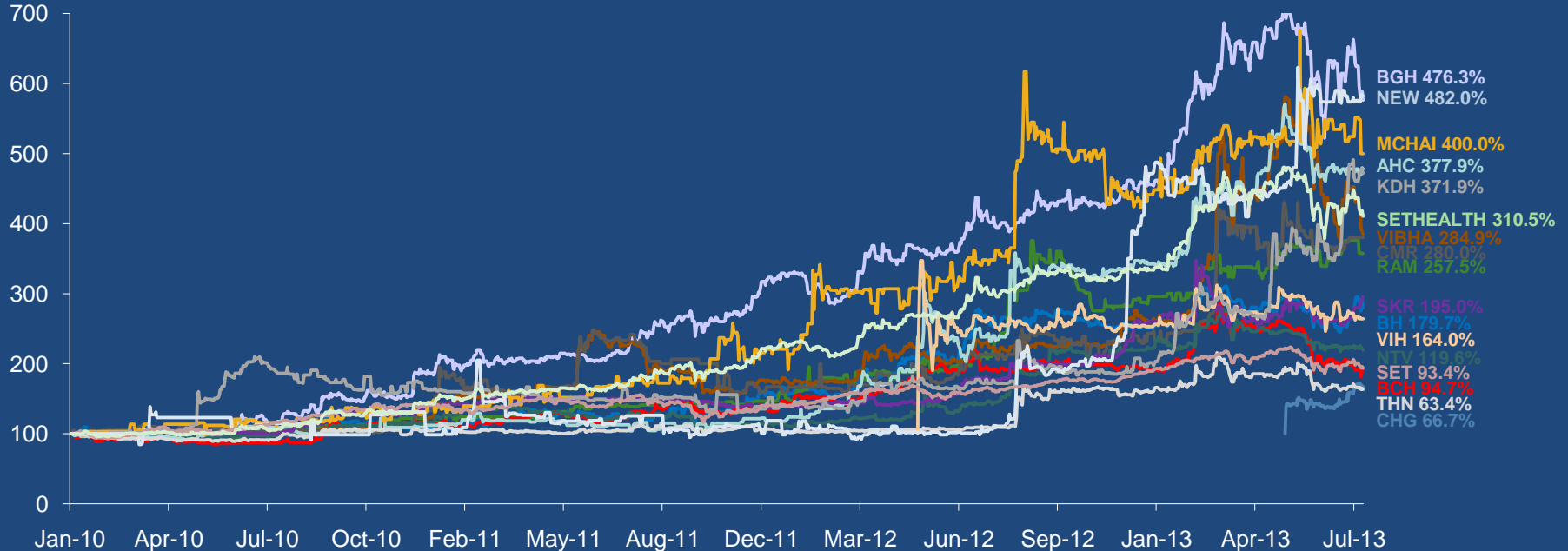
(5) Index includes Athens Medical Centre, Euromedica, Générale de Santé, Hygeia, Iaso, MediClin, Rhön Klinikum (EUR denominated).

(6) Index includes MD Medical Group, NMC Health (GBP denominated, London listed).

(7) Since NMC Health IPO on 2nd April, 2012.

Thailand Listed Hospitals Price Performance

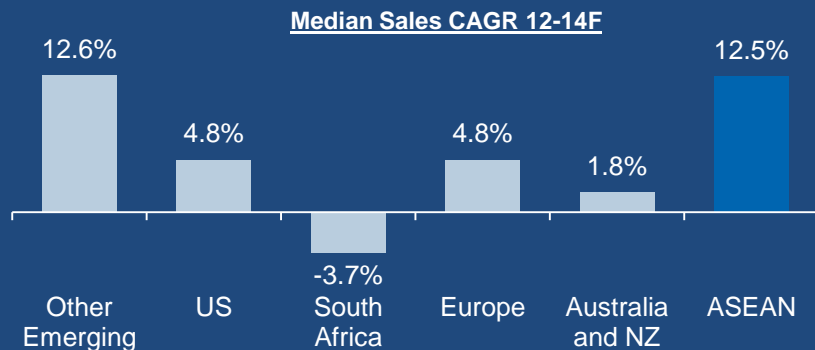
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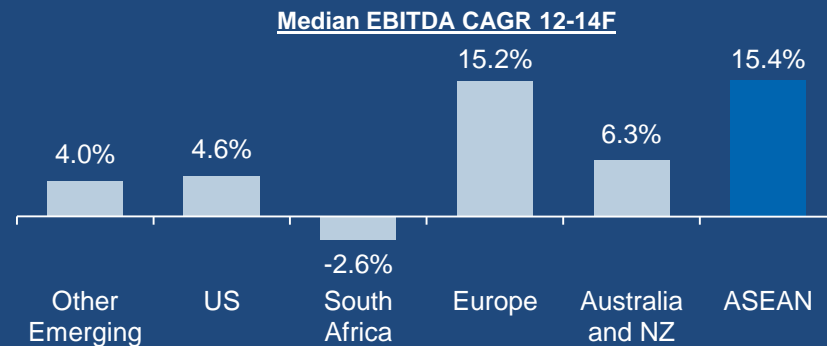
Source: Bloomberg as of 2 August, 2013

Forecast Points Out Continuous Growth for the Region

Strong Sales Growth Looking Forward



Strong EBITDA Growth Looking Forward



Top Percentile EBITDA Margin

Region	2008	2009	2010	2011	2012	2013	2014
Other Emerging ⁽¹⁾	22.9%	20.0%	15.2%	21.1%	20.0%	23.3%	17.4%
US	17.6%	17.0%	15.3%	14.6%	14.3%	15.0%	15.7%
South Africa	28.8%	26.4%	22.5%	22.5%	21.2%	21.3%	22.7%
Europe ⁽²⁾	6.1%	6.2%	6.3%	5.2%	7.6%	11.7%	12.0%
Australia and NZ	28.1%	24.2%	10.0%	20.8%	21.8%	20.1%	24.5%
ASEAN	26.1%	24.5%	20.5%	20.2%	21.4%	26.9%	28.4%
Percentile	60.0%	80.0%	60.0%	40.0%	80.0%	100.0%	100.0%

Source: Bloomberg as of 22 August, 2013.

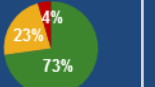
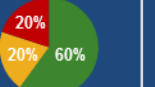
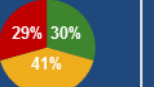
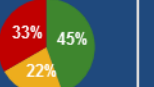
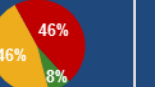
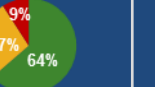
Note:

(1) Other Emerging includes Russia India and UAE

(2) Europe includes Greece France and Germany

Regional Player's Performance



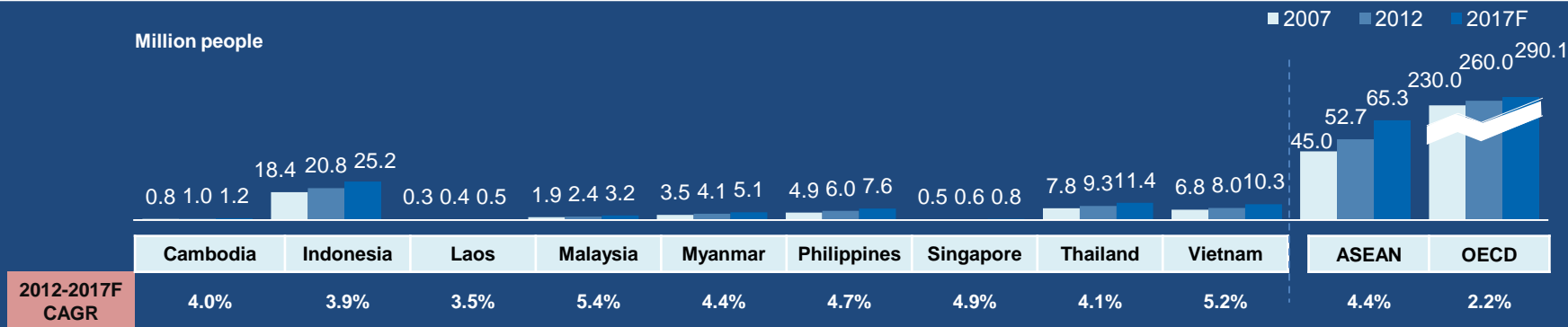
# of Hospitals	30	1	6	22	33	1	6														
# Licensed beds	5,308	538	1,620	2,709	More than 5,000	380	1,806														
ADC (Beds/Day)	2,960	379	566	681	895	n.a.	315														
OPD (Patients/Day)	20,744	3,017	6,618	6,582	n.a.	n.a.	4,214														
Profit & loss																					
Revenue (USD mm)	750	1,189	1,464	639	747	850	1,401	1,088	2,260	798	987	1,134	155	196	268						
Revenue per Operating Bed (USD'000)	325	296	342	309	361	414	138	128	144	208	234	251	348	250	479	176	217	250	97	108	149
	'10	'11	'12	'10	'11	'12	'10	'11	'12	'10	'11	'12	'10	'11	'12	'10	'11	'12	'10	'11	'12
CAGR	39.8%	15.7%	2.1%	14.9%	27.0%	19.2%	31.6%														
MK Cap (USD mm)	6,416.5	1,904.8	533.3	1,256.3	9,961 / 10,124 SG / MK	1,329.6	n.a.														
Analyst Consensus							n.a.														

■ Buy ■ Hold ■ Sell

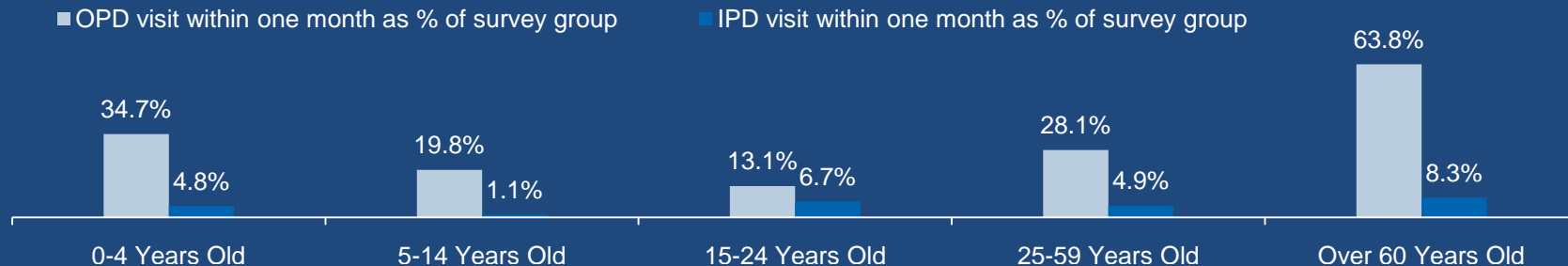
Source: Bloomberg as of 22 August, 2013 and Company filings for year ended 2012

Shifting Demographics Drives ASEAN Growth

ASEAN Elderly Population Continues to Grow⁽¹⁾



As People Age, the More Frequent they visit the Hospital⁽²⁾

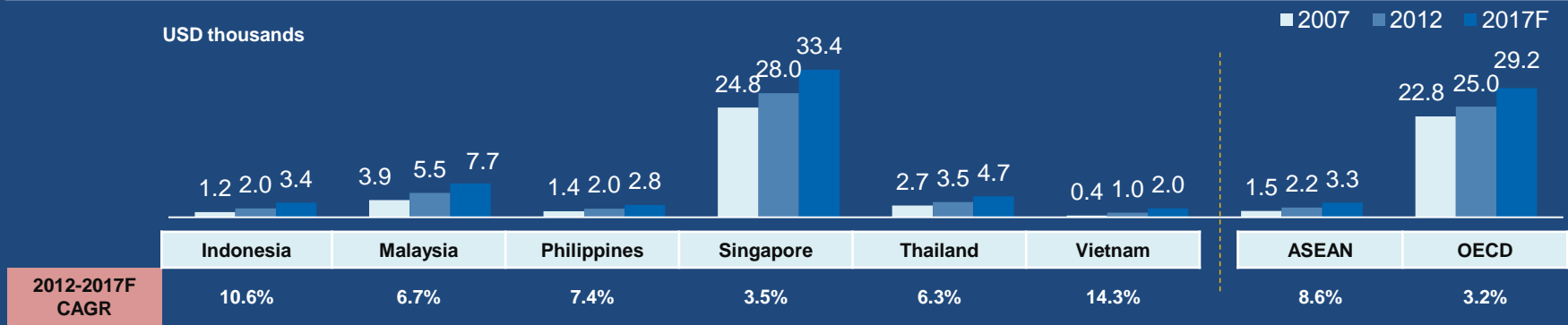


(1) Source: Euromonitor, elderly is defined as people over the age of 60

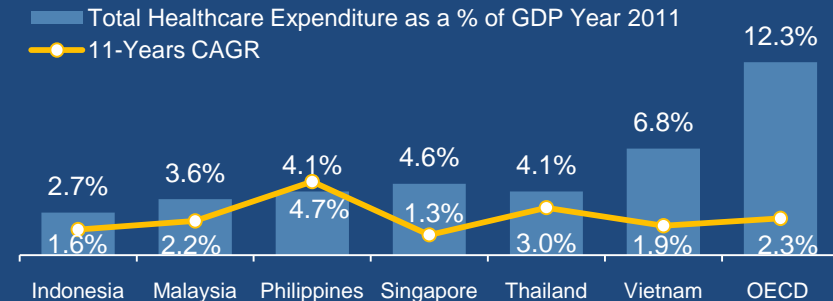
(2) Source: Ministry of Public Health

ASEAN Population are Starting to Spend More

Disposable Income per Capita in ASEAN Continues to Grow⁽¹⁾



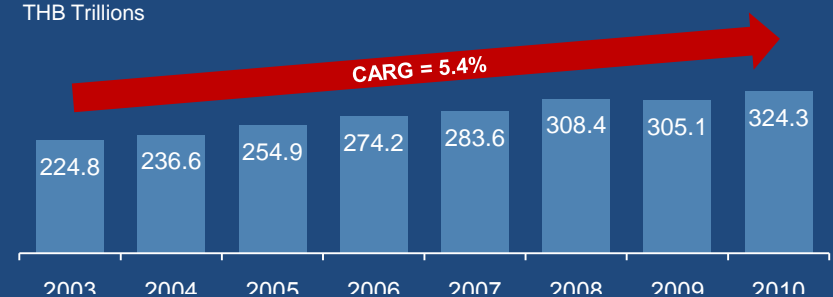
ASEAN Total Healthcare Rising Fast⁽²⁾



(1) Source: Euromonitor

(2) Source: World Bank Database

Increasing Private Thai Healthcare Consumption⁽¹⁾

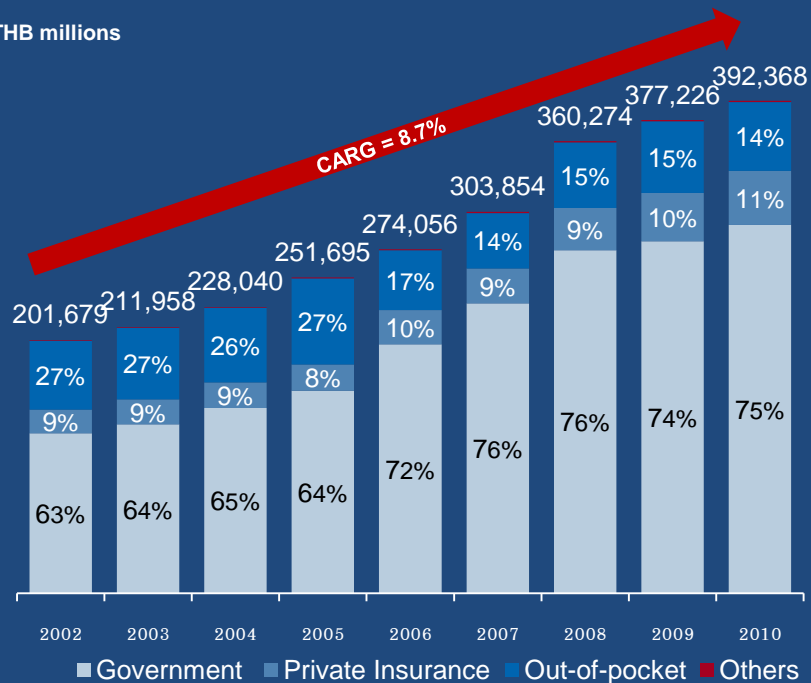


Shift in Healthcare Financing Agents

Example: Thailand

Increase in Government and Private Insurance Healthcare Payers in Thailand⁽¹⁾

THB millions

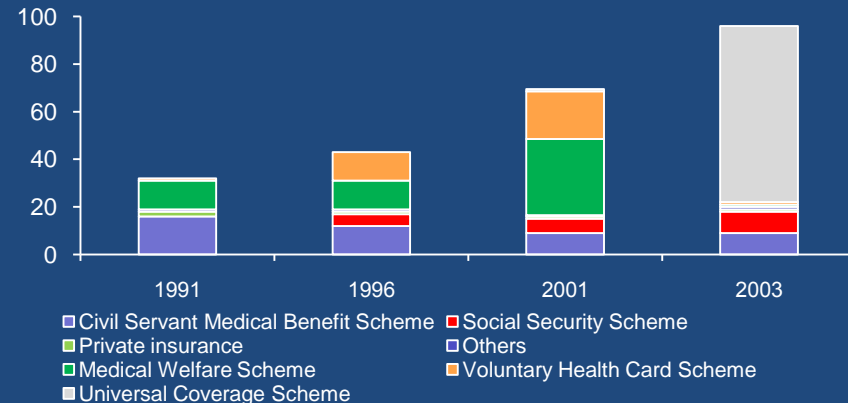


Shift in Healthcare Policy from the Government

- In 2001 a Universal Healthcare Scheme was introduced to increase access for the poor
 - Prior to its implementation up to 20% of the population had no coverage
 - Now c.95% of population is covered by public health insurance
 - There are 3 main types of public healthcare financing schemes: Civil Servants Medical Benefit Scheme (CSMBS), Social Security Scheme (SSS) and Universal Coverage Scheme (UCS)

Increase in Healthcare Coverage from the Government⁽²⁾

% Coverage



(1) Source: National Health Accounts of Thailand 2009-2010, IHPP Thailand

(2) Source: Independent Assessment of first 10 years UCS by Health Systems Research Institute

Attractive Medical Tourist Destination

Overview

- Thailand is the leading Asian medical travel destination for patients from the Middle East
- Over 50% of Thai international patients are from UAE, Qatar and Oman
- Added benefit of being a post-surgery holiday destination
- Medical tourists visiting Thailand are expected to grow by 3.5% CAGR to 2016
- Key competitive advantages Thai hospitals have over their regional peers are higher service quality and cheaper treatment costs
- 17 hospitals in Thailand are JCI accredited
- In addition Thai medical personnel are highly qualified
- Popular treatments in Thailand are generally cosmetic and non-essential surgeries

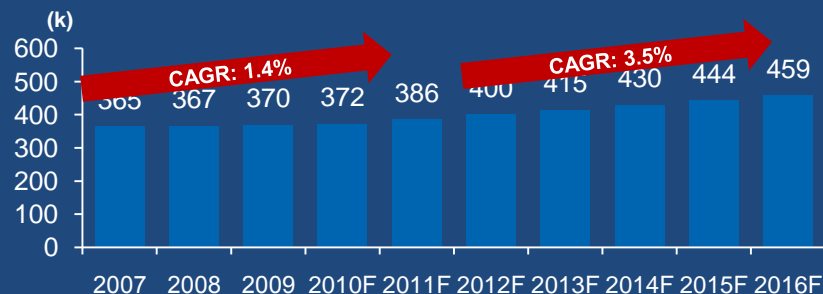
Thai Cost Advantage over US and Singapore:

Procedure (\$US)	USA	Thailand	Singapore	Thailand/ USA	Thailand/ Singapore
Heart bypass	130,000	11,000	18,500	8%	59%
Heart valve replacement	160,000	10,000	12,500	6%	80%
Angioplasty	57,000	13,000	13,000	23%	100%
Hip replacement	43,000	12,000	12,000	28%	100%
Hysterectomy	20,000	4,500	6,000	23%	75%
Knee replacement	40,000	10,000	13,000	25%	77%
Spinal fusion	62,000	7,000	9,000	11%	78%

Source: Frost & Sullivan, Equity Research

Note: (1) The numbers of medical travelers include tourists receiving treatment and exclude expatriates. Any incidental tourism expenses incurred during travel are also considered

Increasing Number of Medical Travelers⁽¹⁾



Increasing Medical Travel Market Size

