

Ref. 4/2019

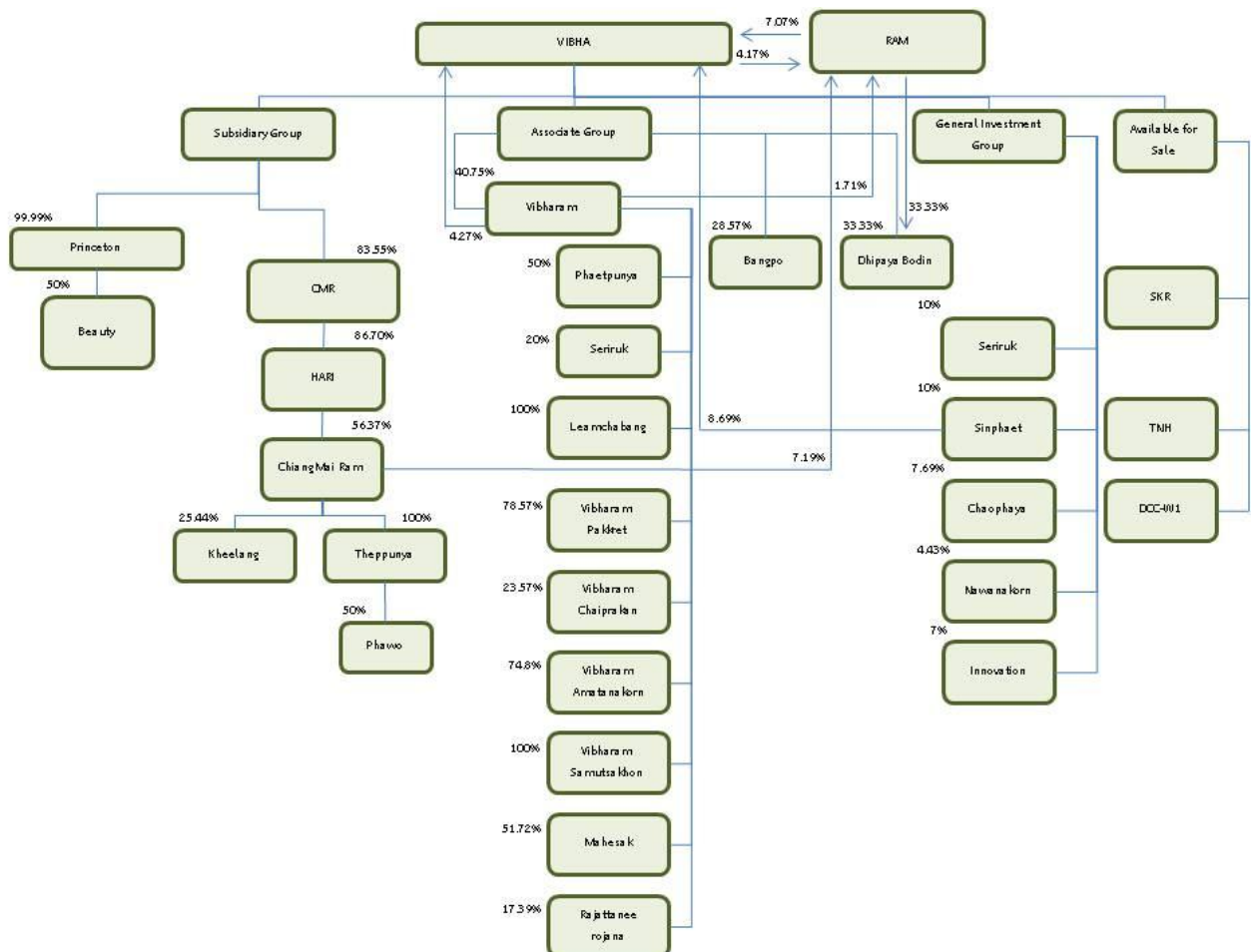
January 11, 2019

Subject : The acquisition of investment in Ramkhamhaeng Hospital PCL.

To : Director and Manager The Stock Exchange of Thailand

The Board of Directors Meeting Vibhavadi Medical Center Public Company Limited ("The Company") No.1/2019 dated January 11, 2019 Approved the Company to purchase ordinary shares of Ramkhamhaeng Hospital Public Company Limited ("RAM") amounting to 500,000 shares or 4.17 % of the total number of ordinary shares of RAM at price of Baht 2,800 per share (Par 10 Baht) ,totally Baht 1,400,000,000 (One thousand four hundred million only) from Bangkok Dusit Medical Services PCL. "BDMS"

The company has 83.55% shares held of the subsidiary company which is Chiangmai Ram Medical Business PCL. ("CMR") is the shareholder of RAM, through Chiangmai Ram Hospital Co.,Ltd., Which is a subsidiary of CMR of 862,300 shares or 7.19% and through the associated company is Vibharam Hospital Co.,Ltd. that The Company holds 40.75% of shares is 204,600 shares of RAM ,or 1.71% . When combined with the acquisition of the Company 's shares by another 4.17% ,therefore, the shareholding proportion of the company in RAM is a total of 13.07% .Disclosure of information from the investment with a propotion of 10% of the paid-up capital of RAM . The details are as follows .



## 2. Agreed party and the relationships

Buyer : Vibhavadi Medical Center Public Company Limited

Seller : Bangkok Dusit Medical Services Public Company Limited

Relationship between Bayer and Seller : no

## 3. Total value of transaction and size of transaction Acquisition and disposition of Assets

The acquisition of investment in RAM is 500,000 shares with a total value of 1,487,500,000 Baht. The results are as follows.

### 3.1 Net Tangible Assets (NTA)

$$\begin{aligned} &= \frac{\text{NTA of RAM} \times \text{Proportion of assets acquired} \times 100}{\text{NTA of the Company}} \\ &= \frac{12,203,461,532 \times 4.17\% \times 100}{6,382,711,494} \\ &= 7.97\% \end{aligned}$$

### 3.2 Net Profit

$$\begin{aligned} &= \frac{\% \text{ Net Profit of RAM} \times \text{Proportion of assets acquired} \times 100}{\text{Net Profit of the Company}} \\ &= \frac{1,327,948,973 \times 4.17\% \times 100}{611,388,944} \\ &= 9.067\% \end{aligned}$$

### 3.3 Total value of consideration

$$\begin{aligned} &= \frac{\text{Consideration paid} \times 100}{\text{Total assets of the Company}} \\ &= \frac{1,487,500,000 \times 100}{15,892,927,002} \\ &= 9.36\% \end{aligned}$$

### 3.4 Value of equity shares issued for the payment of assets

Unable to calculate as the consideration is not paid by way of shares

The acquisition of investment in RAM. The list is distributed according to the announcement of the acquisition or disposition. The maximum transaction Total value consideration is 9.36%. Please refer to the financial statements of the Company and its subsidiaries as at September 30, 2018. This is considered as the transaction size of asset acquisition. The size of the transaction is less than 15 percent. Therefore, the information disclosed in the notification of the acquisition or disposal of assets

#### 4. Details of acquisition assets

4.1 Type of assets disposed	Ordinary shares of RAM
4.2 Name of Business	Ramkhamhaeng Hospital Public Company Limited
4.3 Address	436 Ramkhamhaeng Rd. Huamark, Bangkok, Bangkok 10240
4.4 Type of business	Hospital
4.5 Authorized capital	150 million Baht
4.6 Paid-up capital	120 million Baht
4.7 Number of ordinary shares The Company holds (Before investment)	-0- shares
4.8 Number of ordinary shares The Company holds (After investment)	500,000 shares
4.9 Par value	5.00 Baht

#### 4.10 Shareholding Structure of RAM Before Investment

<u>List of shareholder</u>	<u>Amount</u>	<u>% Porportion</u>
VIBHA	-0-	-0-
Chiangmai Ram Hospital Co.,Ltd.,	862,300	7.19
Vibharam Hospital Co.,Ltd.	<u>204,600</u>	<u>1.71</u>
Total	1,066,900	8.90

#### Shareholding Structure of RAM After Investment

<u>List of shareholder</u>	<u>Amount</u>	<u>% Porportion</u>
VIBHA	500,000	4.17
Chiangmai Ram Hospital Co.,Ltd.,	862,300	7.19
Vibharam Hospital Co.,Ltd.	<u>204,600</u>	<u>1.71</u>
Total	1,566,900	13.07

#### 5. Total value of Acquisition Assets

The value of the assets is the ordinary shares of RAM as follows.

Number of ordinary shares	500,000	Shares
Par value	10.00	Baht
Purchase price	2,800	Baht per share
Average market price 30 days before	2,698	Baht per share

#### 6. Criteria used in determination of value of acquisition assets

Is the price that comes from the agreement between the buyer and the seller using the average closing price of SET 30 days before the date of the transaction amount 2,698 Baht per share, and the price/profit ( P/E ratio) of RAM is 21.42 times for consideration by taking into benefits from business cooperation , which is expected to receive from being a shareholder as well.

## **7. Reason for disposal assets and benefits to the Company expected to receive from asset acquisition.**

RAM operates a hospital business with continuous good performance profitability is good. Financial ratio highlight as follow

	<u>Q3/2018</u>	<u>Q3/2017</u>	<u>YEAR2016</u>
Gross profit margin (%)	33.80	31.00	31.67
EBIT Margin (%)	41.80	39.75	33.64
Net profit margin (%)	36.94	34.28	27.64
Return on equity (%)	10.81	9.77	11.83
EPS (Baht)	110.66	110.62	94.83
Dividend per share (Baht)	n.a.	16.00	14.00
Dividend payment rate (%)	n.a.	14.46	14.76

The company expects to receive the following benefits :

7.1 Cooperation in business operations, RAM have 16 subsidiaries and 11 associated companies in total RAM has a group of companies with more than 27 companies .Have the potential to purchase medicines and medical supplies including medical equipment ,will be able to help The Company to reduce such costs.

7.2 Participation in management, The company will have representatives to determine the operating policy of business and affiliated companies including other investment policies.

7.3 On the investment, the price per share is likely to increase if the P/E ratio price increases close to the average of the same business. In addition , Earning per Share is likely to increase every year but the dividend payment rate is still low , because of RAM's dividend policy can pay at the rate of not more than 60%. If there is a full dividend payment ,The company will receive more return on investment.

## **8. Source of funds**

Long-term loans from financial institutions in the amount 1,400 million Baht, and interest pay for 4 years loan amount of 87.50 million Baht, total investment is 1,487.50 million Baht. The company can repay the principal amount not less than 420 million Baht in September 2019 and June 2020 from the proceeds of the exercise of the rights to purchase VIBHA-W2 No.4 on September 30,2019 and No.5 (Last) on June 15,2020,totaling 420 million Baht. In addition ,there are 4 times from the exercise of VIBHA-W3 in September 2019-2022,amount of 3,000 million Baht and from the exercise of ESOP-W2 amount of 900 million Baht in September 2019-2022 and No.6 (Last) on 14 June 2023,which The company is able to manage financial Management does not affect the rights of shareholders.

**9. Board's Opinion**

The Board of Directors approved the transaction to purchase ordinary shares of RAM.

**10. Opinion of the Audit Committee and/or the Company Directors which is different from the Board of Directors**

- None -

Please be informed accordingly.

Yours sincerely

(Mr. Chaisith Viriyamettakul)  
Managing Director