

BANGKOK CHAIN HOSPITAL

THAILAND / HEALTH CARE SERVICES

BCH TB

BUY

UNCHANGED

TARGET PRICE	THB25.00
CLOSE	THB21.40
UP/DOWNSIDE	+16.8%
PRIOR TP	THB26.00
CHANGE IN TP	-3.8%
TP vs CONSENSUS	-0.5%

A small drag from fewer Kuwaiti patients

- Expect 1Q24 core profit to grow by 22% y-y to THB310m, led by solid Thai patient revenue.
- 1H24 earnings would have a mild impact from Kuwait's government policy to cut payment guarantees.
- Maintain BUY, with a lower DCF-TP of THB25.0/shr.

Expect 1Q24 revenue to grow by 8% y-y

We expect 1Q24 revenue to grow by 8% y-y. Cash patient revenue should increase by 7-8% y-y, driven by solid Thai patient revenue. However, international patient revenue should decline y-y, pressured by a slowdown in Kuwaiti patient revenue (accounting for c.30-35% of international patient revenue and 5-6% of total revenue in 2023) following Kuwait's government policy to cut payment guarantees for citizens seeking treatment overseas. SSO revenue should grow by 10% y-y, led by higher revenue per head. SSO registered members should increase by 1% y-y, given that higher members at main hospitals (KH Bangkai and KH Prachachuen) would offset lower members at KV Pathumthani, which is under renovation (scheduled completion by Jan-25). We expect the EBITDA margin to improve to 24% (vs 23% in 1Q23), leading core profit to grow by 22% y-y to THB310m.

Setup a new JV to provide mobile dental services

BCH recently set up Bangkok Chain Dental, a JV company between BCH (holding 60%) and Dental Factory (a group of dentists), to provide mobile dental services starting from 3Q24. It plans to have up to seven dental buses (2-3 dental chairs per bus). BCH will prepare and arrange customers (especially SSO) for the JV. We roughly estimate it would lift BCH revenue by c1-2% by 2025.

Kuwaiti patient revenue should pick up in 2H24

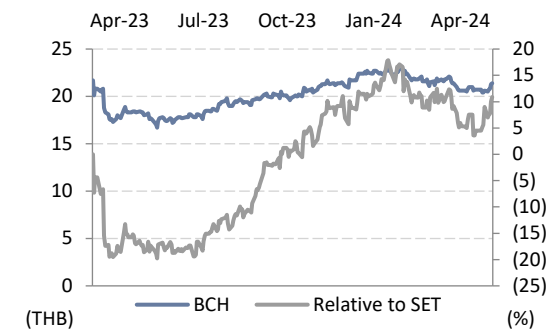
The impact of decreased Kuwaiti patient revenue should improve in 3Q24 as BCH is in talks with the Kuwait Embassy to bring hospitals under BCH back to the payment guarantees list. Currently, we expect international patient revenue to grow by 2% in 2024 (from 10% previously). Overall, we forecast 2024 revenue to grow by 8% and core profit to jump by 25% to THB1.8b on a lower FX loss from KIH Vientiane, lower revenue reversal related to Covid treatments, and a lower loss from the three new hospitals.

Trim core profit to reflect a slowdown in Kuwaiti patients

We have decreased our 2024-26E core profit by 2-6% to reflect lower international patient revenue and derive a new 2024 DCF-TP of THB25.0/shr. BCH is trading at 30x 2024E P/E, higher than its 5-year average of 27x.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	11,729	12,647	13,803	15,069
Net profit	1,406	1,756	2,027	2,333
EPS (THB)	0.56	0.70	0.81	0.94
vs Consensus (%)	-	(1.8)	(1.9)	2.6
EBITDA	2,802	3,263	3,661	4,102
Recurring net profit	1,406	1,756	2,027	2,333
Core EPS (THB)	0.56	0.70	0.81	0.94
Chg. In EPS est. (%)	-	(5.6)	(3.6)	(2.2)
EPS growth (%)	(53.7)	24.9	15.4	15.1
Core P/E (x)	37.9	30.4	26.3	22.9
Dividend yield (%)	2.3	1.6	1.8	2.1
EV/EBITDA (x)	19.2	16.2	14.1	12.3
Price/book (x)	4.2	4.0	3.7	3.4
Net debt/Equity (%)	(4.4)	(11.3)	(18.2)	(24.8)
ROE (%)	11.2	13.5	14.5	15.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.4	(4.5)	(1.4)
Relative to country (%)	4.7	(3.9)	12.0
Mkt cap (USD m)	1,444		
3m avg. daily turnover (USD m)	6.0		
Free float (%)	50		
Major shareholder	Chalerm Harnphanich (33%)		
12m high/low (THB)	23.80/16.60		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

BCH is a leading service provider under the Social Security Office (SSO) scheme, with a 7% market share. In 2024, BCH received a large SSO quota of 314k. This should lead to more registered members numbering around 40-80k for BCH this year.

In 2020-21, BCH opened three new hospitals, which continue to share a loss. However, their operations are improving, and all should turn profitable by 2025-26, leading to a better EBITDA and an improved NPM.

Revenue from international patients has already exceeded the pre-Covid level, driven by Middle Eastern and CLMV patients. BCH targets a higher revenue contribution from international patients, expecting it to rise from 17% in 2023 to 20% in 2024. This should improve the overall margin due to a higher billing size when compared to Thai patients.

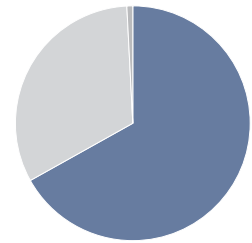
Company profile

The company operates as a group, providing healthcare services for cash patients and patients under the social security scheme.

www.bangkokchainhospital.com

Principal activities (revenue, 2023)

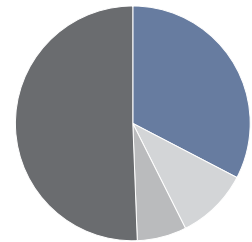
- Cash patient revenue - 68.0 %
- SSO patient revenue - 32.8 %
- NHSO patient revenue - (0.8) %



Source: Bangkok Chain Hospital

Major shareholders

- Chalerm Harnphanich - 32.6 %
- Thai NVDR - 10.0 %
- Somporn Harnphanich - 6.8 %
- Others - 50.6 %



Source: Bangkok Chain Hospital

Catalysts

Key potential growth drivers include 1) more SSO-registered members; 2) increased demand from medical tourists; and 3) an improved EBITDA margin led by new hospitals.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests, or floods; 2) regulatory risks, such as controls on drug prices and medical bills; and 3) SSO provision expenses following a limited SSO budget.

Event calendar

Date	Event
May 2024	1Q24 results announcement

Key assumptions

	2024E (%)	2025E (%)	2026E (%)
SSO volume growth	4	7	7
SSO revenue / patient growth	5	3	3
OPD volume growth	4	4	4
OPD revenue / patient growth	5	3	3
IPD volume growth	4	4	4
IPD revenue / patient growth	5	3	3

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2024 earnings would rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2024 earnings would rise by 5%, and vice versa, all else being equal.

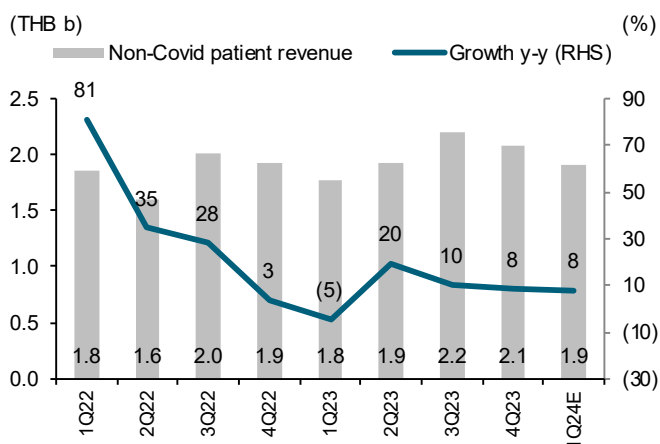
Source: FSSIA estimates

Exhibit 1: BCH - 1Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change -----		2023	2024E	Chg.
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	2,674	2,849	3,175	3,032	2,894	(5)	8	11,729	12,647	8
COGS (incl. depreciation)	(1,936)	(1,989)	(2,098)	(2,094)	(2,046)	(2)	6	(8,116)	(8,545)	5
Gross profit	738	860	1,077	938	848	(10)	15	3,613	4,102	14
SG&A	(398)	(495)	(470)	(392)	(430)	10	8	(1,755)	(1,821)	4
Operating profit	340	365	607	547	418	(23)	23	1,859	2,280	23
Net other income	25	28	26	40	26	(36)	5	119	120	1
Interest expense	(28)	(24)	(30)	(13)	(13)	0	(53)	(95)	(53)	(45)
Pretax profit	337	369	602	574	431	(25)	28	1,882	2,348	25
Income Tax	(70)	(86)	(135)	(114)	(86)	(24)	23	(405)	(470)	16
Associates	(1)	2	0	(0)	0			1	1	n/a
Minority interest	(12)	(1)	(27)	(32)	(35)	8	184	(73)	(123)	70
Core profit	254	284	441	427	310	(27)	22	1,406	1,756	25
Extraordinaries, GW & FX	0	0	0	0	0					
Reported net profit	254	284	441	427	310	(27)	22	1,406	1,756	25
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494	2,494	0
Core EPS (THB)	0.10	0.11	0.18	0.17	0.12	(27)	22	0.56	0.70	25
EPS (THB)	0.10	0.11	0.18	0.17	0.12	(27)	22	0.56	0.70	25
COGS (excl. depreciation)	1,698	1,755	1,861	1,858	1,808	(3)	7	7,172	7,563	5
Depreciation	238	234	237	236	238	1	0	944	982	4
EBITDA	603	627	869	823	682	39	457	2,922	3,383	16
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	28	30	34	31	29	(2)	2	31	32	2
SG&A/Revenue	15	17	15	13	15	2	(0)	15	14	(1)
EBITDA margin	23	22	27	27	24	(4)	1	24	26	2
Net profit margin	9	10	14	14	11	(3)	1	12	14	2
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)						
Cash-OPD revenue growth	(51)	(21)	(22)	8						
Cash-OPD volume growth	(74)	(47)	(23)	10						
Cash-OPD revenue per head growth	66	49	1	0						
Cash-IPD revenue growth	(20)	13	4	9						
Cash-IPD volume growth	(77)	(56)	51	23						
Cash-IPD revenue per head growth	7	25	(10)	(5)						
SSO revenue growth	14	16	15	12						
SSO registered member ('000)	1,013	1,012	1,011	1,014						
SSO registered member growth	8	4	2	0						
SSO revenue per head growth	(43)	(64)	(19)	7						

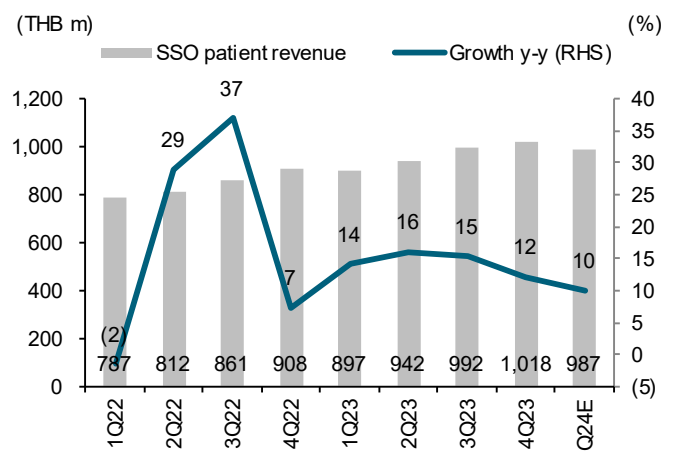
Sources: BCH; FSSIA estimates

Exhibit 2: Non-Covid general patient revenue



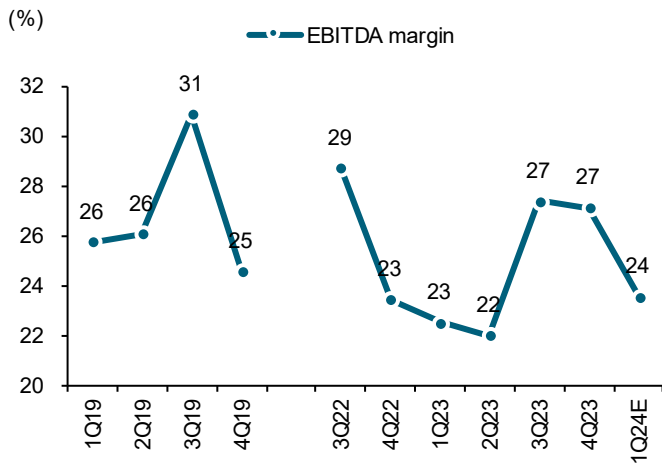
Sources: BCH; FSSIA estimates

Exhibit 3: SSO revenue, quarterly



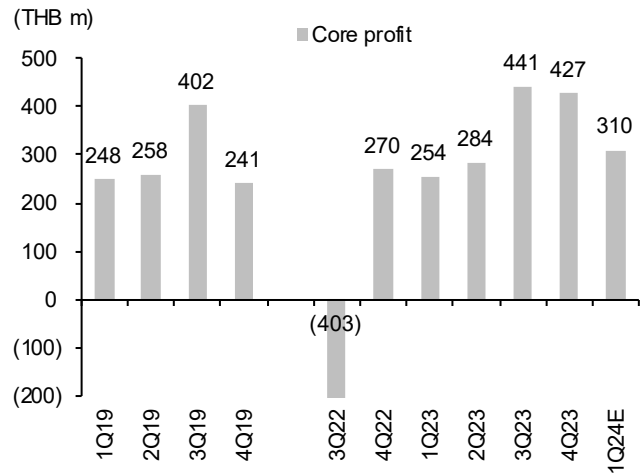
Sources: BCH; FSSIA estimates

Exhibit 4: EBITDA margin



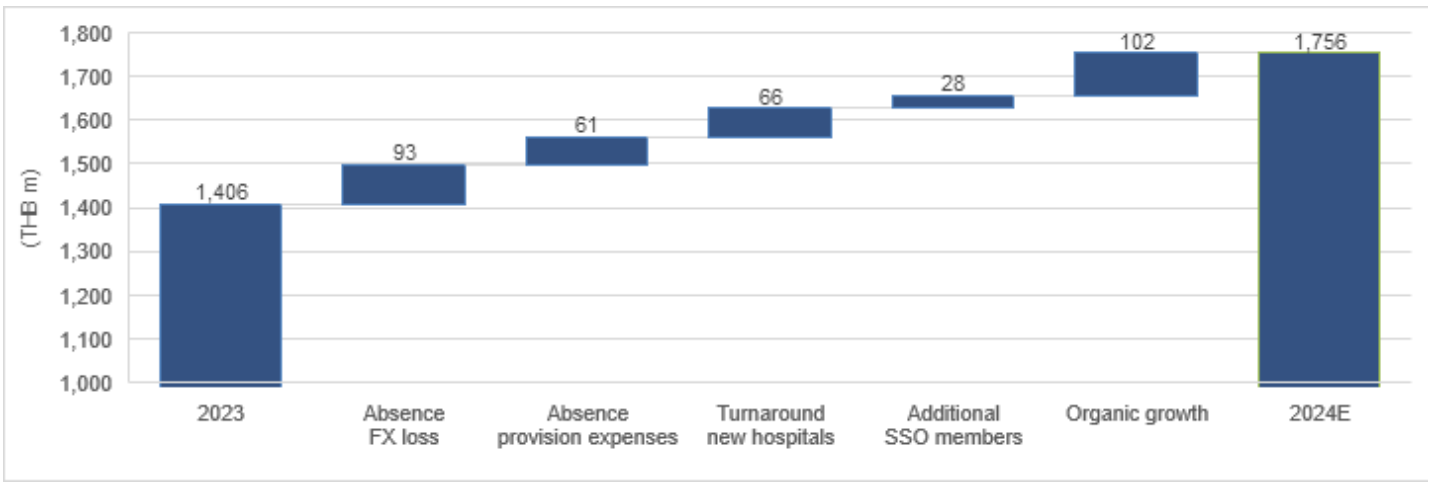
Note: 3Q22 excludes Moderna write-off
Sources: BCH; FSSIA estimates

Exhibit 5: Core profit



Sources: BCH; FSSIA estimates

Exhibit 6: 2024E core profit growth breakdown



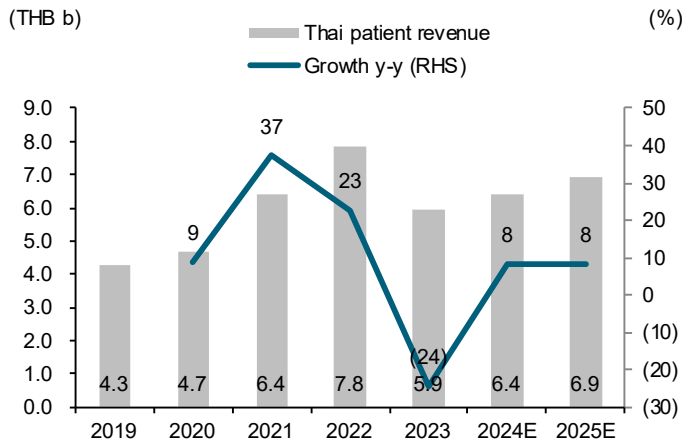
Note: Applied 20% tax for each item
Source: FSSIA estimates

Exhibit 7: 2024 key earnings growth assumptions

Key growth items	Assumptions
Absence of FX loss	BCH booked a THB151m FX loss from KIH Vientiane following the LAK's depreciation against the THB in 2023. We believe the FX loss will significantly reduce to only THB30-40m in 2024 as it has repaid the THB term loan.
Absence of provision expenses	BCH booked provision expenses and a revenue reversal related to Covid treatments totaling THB121m in 2023. We expect a provision expense to reduce to THB40-50m in 2024.
Turnaround of new hospitals	Expect three new hospital losses (excluding FX loss) to narrow from THB140m-150m in 2023 to THB60-70m in 2024.
Additional SSO members	Expect registered members to increase by 25-30k in 2024 with average revenue per head of THB3,800 and an EBITDA margin of 35-40% for additional SSO revenue.
Organic growth	Expect core profit growth of 6-8%, driven by higher revenue intensity.

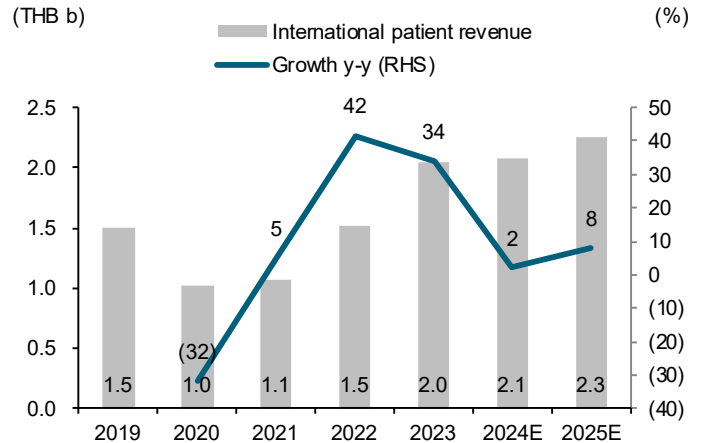
Source: FSSIA estimates

Exhibit 8: Thai general patient revenue



Sources: BCH; FSSIA estimates

Exhibit 9: International patient revenue



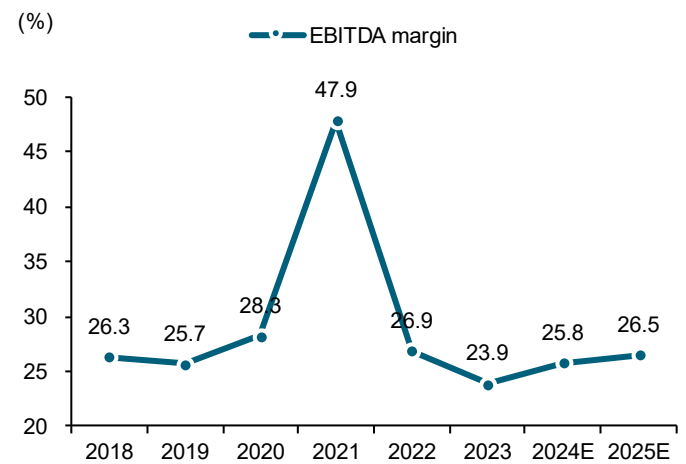
Sources: BCH; FSSIA estimates

Exhibit 10: SSO revenue, yearly



Sources: BCH; FSSIA estimate

Exhibit 11: EBITDA margin



Sources: BCH; FSSIA estimate

Exhibit 12: Forecast revisions

	Current			Previous			% Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
SSO registered members ('000)	1,038	1,121	1,210	1,053	1,126	1,205	(1.4)	(0.5)	0.4
SSO revenue per head (THB)	3,992	4,112	4,236	3,992	4,112	4,236	0.0	0.0	0.0
Cash-OPD visits per day (no.)	3,133	3,258	3,389	3,133	3,258	3,389	0.0	0.0	0.0
Cash-OPD revenue per head (THB)	3,845	3,961	4,080	3,845	3,961	4,080	0.0	0.0	0.0
Cash-IPD admissions per day (no.)	136	142	147	136	142	147	0.0	0.0	0.0
Cash-IPD revenue per head (THB)	82,599	86,729	91,066	86,729	89,331	92,011	(4.8)	(2.9)	(1.0)
Revenue (THB m)	12,647	13,803	15,069	12,912	13,961	15,098	(2.1)	(1.1)	(0.2)
EBITDA margin (%)	25.8	26.5	27.2	26.3	26.9	27.6	(0.5)	(0.4)	(0.4)
Core profit (THB m)	1,756	2,027	2,333	1,861	2,104	2,386	(5.6)	(3.6)	(2.2)

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

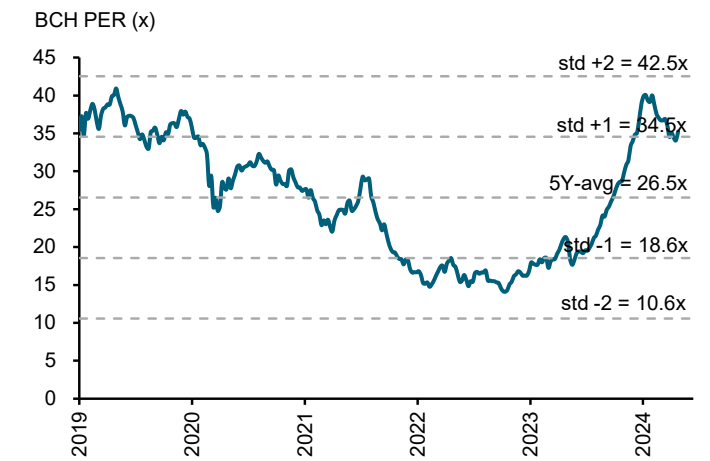
Exhibit 13: DCF-derived TP

Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	4.0
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	1.0		
Cost of equity, Ke	10.6	Net cost of debt, Kd	3.2
Weight applied	70.0	Weight applied	30.0
WACC	8.4		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	22.1	8.9	WACC 8.4%, Risk-free rate 3%, Risk premium 8%
Terminal value	39.8	15.9	Terminal growth 3%
Cash & liquid assets	3.0	1.2	At end-2024E
Investments	0.0	0.0	At end-2024E
Debt	(1.4)	(0.6)	At end-2024E
Minorities	(1.2)	(0.5)	At end-2024E
Residual ordinary equity	62.4	25.0	

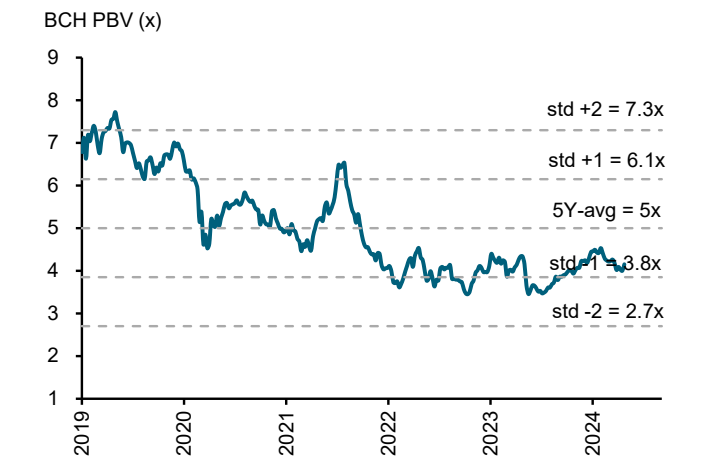
Source: FSSIA estimates

Exhibit 14: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peer comparisons as of 26 Apr 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	29.00	35.00	20.7	12,469	28.1	25.7	16.8	17.3	4.6	4.3	17.0	15.5
Bumrungrad Hospital	BH TB	BUY	248.00	305.00	23.0	5,334	26.7	25.1	28.8	26.8	7.1	6.4	17.8	16.5
Bangkok Chain Hospital	BCH TB	BUY	21.40	25.00	16.8	1,444	30.4	26.3	13.5	14.5	4.0	3.7	16.2	14.1
Chularat Hospital	CHG TB	BUY	2.86	3.90	36.4	851	24.2	21.1	16.7	17.7	3.9	3.6	14.1	12.4
Praram 9 Hospital	PR9 TB	BUY	19.20	24.00	25.0	408	23.0	21.0	12.4	12.6	2.7	2.6	11.5	10.3
Thonburi Healthcare Group	THG TB	HOLD	40.25	44.00	9.3	923	41.9	35.0	7.8	9.1	3.2	3.1	18.3	16.5
Ramkhamhaeng Hospital	RAM TB	BUY	32.00	46.00	43.8	1,039	21.9	19.0	9.3	10.2	2.0	1.9	26.6	21.2
Rajthanee Hospital	RJH TB	n/a	25.00	n/a	n/a	206	18.0	18.5	19.1	18.8	5.1	3.3	13.3	12.5
Ekachai Medical Care	EKH TB	n/a	7.75	n/a	n/a	148	19.3	19.0	14.6	13.3	5.7	2.6	10.5	9.8
Thailand average						22,822	25.9	23.4	15.4	15.6	4.3	3.5	16.1	14.3
Regional														
Ramsay Health Care	RHC AU	n/a	52.50	n/a	n/a	7,914	35.4	39.1	8.6	7.1	2.9	2.9	11.6	10.9
Ihh Healthcare Bhd	IHH SP	n/a	1.79	n/a	n/a	11,658	34.9	31.7	6.3	5.9	2.4	2.0	14.6	13.8
Ryman Healthcare	RYM NZ	n/a	4.26	n/a	n/a	1,747	8.5	10.7	7.5	7.0	1.0	0.6	11.5	18.4
Apollo Hospitals Enterprise	APHS IN	n/a	6,259	n/a	n/a	10,293	102.1	92.5	13.8	14.1	23.6	13.4	42.1	37.3
Kpj Healthcare Berhad	KPJ MK	n/a	1.97	n/a	n/a	1,829	37.7	29.9	10.2	11.6	4.5	3.7	15.7	14.2
Raffles Medical Group	RFMD SP	n/a	1.01	n/a	n/a	1,377	21.0	25.9	8.6	7.1	2.2	1.8	10.4	12.2
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,850	n/a	n/a	2,549	42.9	37.3	17.1	18.2	8.5	7.0	26.2	23.5
Aier Eye Hospital Group	300015 CH	n/a	13.12	n/a	n/a	16,889	34.7	28.7	18.3	19.3	14.0	6.0	20.7	17.4
Regional average						54,257	39.7	37.0	11.3	11.3	7.4	4.7	19.1	18.4
Overall average						77,079	32.4	29.8	13.5	13.6	5.7	4.0	17.5	16.3

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	18,827	11,729	12,647	13,803	15,069
Cost of goods sold	(12,772)	(8,116)	(8,545)	(9,219)	(9,965)
Gross profit	6,055	3,613	4,102	4,584	5,104
Other operating income	-	-	-	-	-
Operating costs	(1,946)	(1,755)	(1,821)	(1,957)	(2,092)
Operating EBITDA	5,059	2,802	3,263	3,661	4,102
Depreciation	(950)	(944)	(982)	(1,034)	(1,090)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	4,109	1,859	2,280	2,627	3,012
Net financing costs	(148)	(77)	(37)	(34)	(26)
Associates	0	1	1	1	1
Recurring non-operating income	84	102	106	111	117
Non-recurring items	0	0	0	0	0
Profit before tax	4,046	1,883	2,349	2,704	3,103
Tax	(888)	(405)	(470)	(541)	(620)
Profit after tax	3,157	1,479	1,879	2,163	2,483
Minority interests	(118)	(73)	(123)	(136)	(150)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,039	1,406	1,756	2,027	2,333
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	3,039	1,406	1,756	2,027	2,333
Per share (THB)					
Recurring EPS *	1.22	0.56	0.70	0.81	0.94
Reported EPS	1.22	0.56	0.70	0.81	0.94
DPS	1.40	0.50	0.35	0.39	0.45
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
Growth					
Revenue (%)	(12.0)	(37.7)	7.8	9.1	9.2
Operating EBITDA (%)	(50.6)	(44.6)	16.4	12.2	12.1
Operating EBIT (%)	(56.2)	(54.8)	22.7	15.2	14.7
Recurring EPS (%)	(55.6)	(53.7)	24.9	15.4	15.1
Reported EPS (%)	(55.6)	(53.7)	24.9	15.4	15.1
Operating performance					
Gross margin inc. depreciation (%)	32.2	30.8	32.4	33.2	33.9
Gross margin exc. depreciation (%)	37.2	38.9	40.2	40.7	41.1
Operating EBITDA margin (%)	26.9	23.9	25.8	26.5	27.2
Operating EBIT margin (%)	21.8	15.8	18.0	19.0	20.0
Net margin (%)	16.1	12.0	13.9	14.7	15.5
Effective tax rate (%)	22.0	21.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	114.9	88.7	49.7	47.6	47.8
Interest cover (X)	28.4	25.4	63.7	80.1	121.5
Inventory days	12.3	17.0	15.2	15.0	15.0
Debtor days	49.3	37.0	24.2	22.2	20.3
Creditor days	41.0	67.9	67.8	67.0	66.9
Operating ROIC (%)	21.4	10.9	14.5	16.8	19.4
ROIC (%)	21.0	10.9	14.4	16.7	19.2
ROE (%)	23.9	11.2	13.5	14.5	15.4
ROA (%)	14.2	8.2	10.5	11.4	12.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Cash patient revenue	9,372	7,976	8,504	9,195	9,943
SSO patient revenue	3,371	3,850	4,142	4,608	5,126
NHSO patient revenue	6,084	(97)	0	0	0

Sources: Bangkok Chain Hospital; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	3,039	1,406	1,756	2,027	2,333
Depreciation	950	944	982	1,034	1,090
Associates & minorities	-	-	-	-	-
Other non-cash items	24	114	117	136	150
Change in working capital	1,459	1,563	9	31	35
Cash flow from operations	5,471	4,027	2,865	3,228	3,608
Capex - maintenance	(984)	(896)	(879)	(966)	(1,055)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	2	4	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(982)	(892)	(879)	(966)	(1,055)
Dividends paid	(3,491)	(1,247)	(873)	(966)	(1,115)
Equity finance	0	0	0	0	0
Debt finance	(3,153)	(2,310)	(200)	0	0
Other financing cash flows	(462)	(32)	(68)	(75)	(82)
Cash flow from financing	(7,106)	(3,590)	(1,141)	(1,041)	(1,197)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(2,616)	(455)	845	1,221	1,356
Free cash flow to firm (FCFF)	4,645.31	3,230.18	2,038.56	2,317.13	2,608.09
Free cash flow to equity (FCFE)	875.07	791.94	1,718.22	2,187.08	2,470.54

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	1.86	1.30	0.82	0.93	1.05
FCFE per share	0.35	0.32	0.69	0.88	0.99
Recurring cash flow per share	1.61	0.99	1.14	1.28	1.43

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	20,274	20,884	21,769	22,735	23,790
Less: Accumulated depreciation	(7,992)	(8,639)	(9,622)	(10,655)	(11,745)
Tangible fixed assets (net)	12,282	12,244	12,147	12,080	12,045
Intangible fixed assets (net)	425	440	440	440	440
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	32	28	28	28	28
Cash & equivalents	2,640	2,185	3,031	4,252	5,607
A/C receivable	1,539	839	839	839	839
Inventories	362	306	322	349	378
Other current assets	2,294	1,513	1,631	1,780	1,943
Current assets	6,835	4,843	5,823	7,220	8,768
Other assets	223	176	176	176	176
Total assets	19,796	17,731	18,614	19,943	21,457
Common equity	12,445	12,594	13,477	14,539	15,757
Minorities etc.	1,065	1,110	1,166	1,227	1,295
Total shareholders' equity	13,510	13,704	14,643	15,766	17,051
Long term debt	3,888	1,497	1,297	1,297	1,297
Other long-term liabilities	163	187	187	187	187
Long-term liabilities	4,051	1,684	1,484	1,484	1,484
A/C payable	1,300	1,368	1,442	1,561	1,693
Short term debt	0	81	81	81	81
Other current liabilities	935	894	964	1,052	1,148
Current liabilities	2,235	2,342	2,487	2,694	2,922
Total liabilities and shareholders' equity	19,796	17,731	18,614	19,943	21,457
Net working capital	1,959	396	387	356	320
Invested capital	14,921	13,284	13,178	13,079	13,009

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	4.99	5.05	5.40	5.83	6.32
Tangible book value per share	4.82	4.87	5.23	5.65	6.14

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	9.2	(4.4)	(11.3)	(18.2)	(24.8)
Net debt/total assets (%)	6.3	(3.4)	(8.9)	(14.4)	(19.7)
Current ratio (x)	3.1	2.1	2.3	2.7	3.0
CF interest cover (x)	6.9	11.3	46.9	65.0	96.9

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	17.6	37.9	30.4	26.3	22.9
Recurring P/E @ target price (x) *	20.5	44.3	35.5	30.8	26.7
Reported P/E (x)	17.6	37.9	30.4	26.3	22.9
Dividend yield (%)	6.5	2.3	1.6	1.8	2.1
Price/book (x)	4.3	4.2	4.0	3.7	3.4
Price/tangible book (x)	4.4	4.4	4.1	3.8	3.5
EV/EBITDA (x) **	11.0	19.2	16.2	14.1	12.3
EV/EBITDA @ target price (x) **	12.8	22.4	19.0	16.6	14.5
EV/invested capital (x)	3.7	4.1	4.0	4.0	3.9

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Bangkok Chain Hospital; FSSIA estimates

Bangkok Chain Hospital PCL (BCH TB)

FSSIA ESG rating

★ ★ ★

39.71 /100

Exhibit 17: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 18: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BCH	39.71	--	--	--	4.00	5.00	Certified	High	48.21	--	--	27.19	18.00	3.52	47.60
BDMS	74.00	Y	Y	Y	5.00	4.00	--	Medium	61.06	AA	34.00	59.83	72.00	3.45	58.92
BH	51.21	--	--	--	4.00	4.00	--	Medium	64.29	A	29.00	59.03	27.00	5.08	47.79
CHG	38.25	--	--	--	4.00	5.00	--	High	55.35	--	--	59.57	21.00	2.34	50.24
PR9	54.08	--	Y	Y	5.00	5.00	Certified	High	71.12	--	--	62.39	--	2.43	37.90
PRINC	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
RAM	11.75	--	--	--	3.00	--	--	High	--	--	--	--	--	--	--
THG	18.75	--	--	--	5.00	5.00	--	High	--	--	--	--	--	--	--
VIBHA	20.88	--	--	--	4.00	3.00	Declared	High	--	--	--	--	17.00	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 19: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	0.56	0.71	0.75	0.72	0.80	0.85	2.36	3.52
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.38	0.38	2.96	4.63
BESG social pillar score	0.00	0.22	0.22	0.22	0.22	0.22	1.70	3.47
BESG governance pillar score	2.35	2.41	2.62	2.50	2.41	2.63	3.19	2.91
ESG disclosure score	18.06	19.81	19.81	19.81	20.08	20.08	31.27	47.60
Environmental disclosure score	0.00	0.42	0.42	0.42	1.24	1.24	20.57	46.18
Social disclosure score	3.17	10.52	10.52	10.52	10.52	10.52	18.53	41.96
Governance disclosure score	50.87	48.37	48.37	48.37	48.37	48.37	54.64	54.64
Environmental								
Emissions reduction initiatives	No	No	No	No	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	--	--	--	--	--	--	1	2
GHG scope 2 location-based	--	--	--	--	--	--	5	6
GHG Scope 3	--	--	--	--	--	--	--	--
Carbon per unit of production	--	--	--	--	--	--	--	--
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	--	--	--	--	--	--	10	12
Renewable energy use	--	--	--	--	--	--	--	--
Electricity used	--	--	--	--	--	--	10	12
Fuel used - natural gas	--	--	--	--	--	--	--	--

Sources: Bloomberg; FSSIA's compilation

Exhibit 20: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	0
Total waste	—	—	—	—	—	—	—	0
Waste recycled	—	—	—	—	—	—	—	0
Waste sent to landfills	—	—	—	—	—	—	—	0
Environmental supply chain management	No	No	No	No	No	No	No	Yes
Water policy	No	No	No	No	No	No	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	Yes
Quality assurance and recall policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	No	No	No	No
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	—	—	76
Pct disabled in workforce	—	—	—	—	—	—	—	1
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	0	1
Training policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of employees – CSR	—	—	—	—	—	—	8,597	8,877
Employee turnover pct	—	—	—	—	—	—	—	43
Total hours spent by firm - employee training	—	—	—	—	—	—	—	54,702
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	10	10	10	12	12	12	12	11
No. of independent directors (ID)	4	4	4	4	4	4	4	4
No. of women on board	3	3	3	4	4	3	3	3
No. of non-executive directors on board	5	5	5	5	5	5	5	5
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	5	6	5	5	6	6	6
Board meeting attendance pct	93	94	90	96	100	99	94	97
Board duration (years)	—	—	—	—	—	—	—	—
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	28	29	30	29	30	31	32	33
Age of the oldest director	72	73	74	75	76	77	78	79
No. of executives / company managers	5	5	5	5	5	7	7	6
No. of female executives	1	—	—	—	—	—	—	—
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	4	4	5	5	5	5	5	5
Audit meeting attendance %	100	92	100	93	100	100	93	100
Size of compensation committee	0	0	0	0	0	0	0	0
No. of ID on compensation committee	—	—	—	—	—	—	—	—
No. of compensation committee meetings	—	—	—	—	—	—	—	—
Compensation meeting attendance %	—	—	—	—	—	—	—	—
Size of nomination committee	0	0	0	0	0	0	0	0
No. of nomination committee meetings	—	—	—	—	—	—	—	—
Nomination meeting attendance %	—	—	—	—	—	—	—	—
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Chain Hospital	BCH TB	THB 21.40	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Bangkok Dusit Medical Services	BDMS TB	THB 29.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 248.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Chularat Hospital	CHG TB	THB 2.86	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 19.20	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Thonburi Healthcare Group	THG TB	THB 40.25	HOLD	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units. Downside risks include 1) regulatory risks from drug prices and medical bill controls; and 2) a slowdown in international patients due to economic concerns.
Ramkhamhaeng Hospital	RAM TB	THB 32.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 26-Apr-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.