

23 SEPTEMBER 2020

THAILAND / HEALTHCARE

BANGKOK CHAIN HOSPITAL

BCH TB

BUY

UNCHANGED

TARGET PRICE	THB20.00
CLOSE	THB14.60
UP/DOWNSIDE	+37.0%
PRIOR TP	THB20.00
CHANGE IN TP	+0.0%
TP vs CONSENSUS	+10.9%

ลางมลายจากการเปิดรับนักท่องเที่ยวประเภทพิเศษ

กำไรไตรมาส 3Q20 อาจสูงกว่าเพื่อน

เราเชื่อว่าอย่างน้อยกำไรจากการดำเนินงานของ BCH ในไตรมาส 3Q20 จะทรงตัว y-y จากการให้บริการตรวจ COVID-19 บริการสถานกักกันโรคทางเลือก (Alternative State Quarantine หรือ ASQ) และรายได้ประกันสังคมที่อยู่ในระดับสูง กำไรดังกล่าวน่าจะดีกว่าบริษัทอื่นในกลุ่มที่กำลังมีแนวโน้มลดลง y-y จากรายได้ผู้ป่วยจากต่างประเทศที่เหลือน้อย และการชะลอของตัวเลขผู้ป่วยนอก (OPD) ชาวไทย

ผู้ได้ประโยชน์หลักจากโครงการ ASQ

เมื่อไม่นานมานี้รัฐบาลไทยได้หันกลับมาเปิดการท่องเที่ยวระหว่างประเทศผ่านโครงการเปิดรับนักท่องเที่ยวประเภทพิเศษ (Special Tourist Visa หรือ STV) ภายใต้โครงการดังกล่าว นักท่องเที่ยวจะต้องเข้ารับการกักกันโรคในโรงแรมที่ให้บริการ ASQ เป็นระยะเวลา 14 วัน จวบจนปัจจุบันโรงแรม 69 แห่งได้เข้าร่วมโครงการดังกล่าว โดย World Medical Hospital (WMC) ได้เข้าร่วมกับโรงแรมอีก 12 แห่งและมีส่วนแบ่งตลาดสูงสุดถึง 15% ในแง่ของจำนวนห้อง WMC ได้เริ่มบันทึกรายได้บริการ ASQ ตั้งแต่เดือน ส.ค. และเรคาดว่าโรงพยาบาลจะสามารถบันทึกรายได้สูงถึง 15-20 ลบ. ต่อเดือนจากโครงการดังกล่าว คิดเป็น 3-4% ของรายได้จากผู้ป่วยเงินสด โดยมีสมมติฐานอัตราส่วนแบ่งรายได้ที่ 20-30% จากราคาเหมาที่ 40,000-60,000 บาทต่อหัว

คาดการณ์กำไรจากการดำเนินงานจะทรงตัว y-y ในไตรมาส 3Q20 ก่อนก้าวกระโดด y-y ในไตรมาส 4Q20

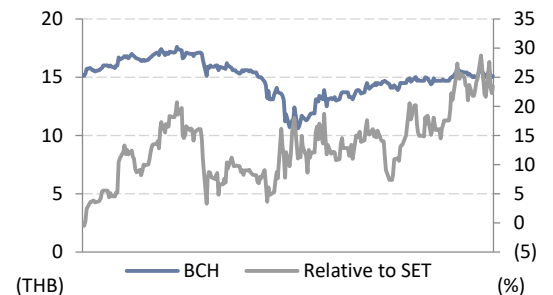
เรคาดว่ากำไรจากการดำเนินงานของ BCH จะทรงตัว y-y ที่ 40% ลบ. โดยมีปัจจัยหนุนการเติบโตประกอบด้วยกำไร 60-70 ลบ. ที่คาดว่าจะได้จากบริการตรวจ COVID-19 กำไร 6-10 ลบ. จากบริการ ASQ และกำไรส่วนเพิ่ม (extra gain) จากสำนักงานประกันสังคมที่สูงขึ้น 10-15 ลบ. y-y ปัจจัยดังกล่าวจะช่วยชดเชยผลขาดทุน 25-30 ลบ. จาก KIH Aranyaprathet Hospital และกำไรจากการดำเนินงานที่อ่อนแอของ WMC นอกจากนี้เรายังคาดอีกว่ากำไรมีแนวโน้มโตในอัตราที่สูงขึ้นถึง 20-30% y-y ในไตรมาส 4Q20 จากค่าใช้จ่ายสำรองที่หายไป โดยในไตรมาส 4Q19 บริษัทฯ บันทึกสำรองจำนวน 96 ลบ. จากการให้บริการผู้ป่วยในสำหรับผู้ป่วยประกันสังคมหลังงบประมาณมีไม่พอในปี 2019 ทั้งนี้ในปี 2020 สำนักงานประกันสังคมน่าจะจะมีเงินมากพอหลังเพิ่มงบประมาณไป 17% ตั้งแต่เดือน ม.ค. 2020

หุ้นซื้อขายในราคาต่ำ ความกังวลในสองประเด็นหลักเริ่มลดลง

หลังผลประกอบการไตรมาส 3Q20 ประเมินการกำไรอาจถูกปรับขึ้น เนื่องจากความกังวลหลัก 2 ประการคลี่คลายไป ประการแรก WMC อาจพิสูจน์ได้ว่าโรงพยาบาลสามารถรายงานกำไรในไตรมาส 2Q20-3Q20 แม้ว่าไม่มีผู้ป่วยจากตะวันออกกลาง อย่างไรก็ตาม ผู้ป่วยต่างชาติ เริ่มกลับมาเข้ารับบริการตั้งแต่เดือน ก.ย. ภายใต้โครงการ AHQ ประการที่สอง EBITDA ของ KIH Aranyaprathet อาจกลับมาเป็นบวกได้เร็วกว่าคาด ปัจจุบัน BCH มีการซื้อขายที่ค่า FY21E P/E ที่ 27x ซึ่งยังต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 39x และค่าเฉลี่ยของผู้ประกอบการในภูมิภาคที่ 35x หากผลประกอบการไตรมาส 3Q20 เป็นไปตามคาด กำไรจากการดำเนินงานของ BCH อาจโตได้ถึง 6% โดยมี Upside อีก 2-3% ในปี 2020E

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	8,880	9,271	10,165	11,051
Net profit	1,135	1,218	1,367	1,579
EPS (THB)	0.46	0.49	0.55	0.63
vs Consensus (%)	-	0.8	5.8	9.4
EBITDA	2,279	2,408	2,691	2,992
Core net profit	1,149	1,218	1,367	1,579
Core EPS (THB)	0.46	0.49	0.55	0.63
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	5.5	6.0	12.3	15.5
Core P/E (x)	31.7	29.9	26.6	23.1
Dividend yield (%)	1.5	1.6	1.8	2.0
EV/EBITDA (x)	18.3	17.6	15.6	13.8
Price/book (x)	5.8	5.3	4.8	4.3
Net debt/Equity (%)	65.9	65.8	56.2	39.9
ROE (%)	19.2	18.5	18.8	19.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.3)	0.7	(4.6)
Relative to country (%)	(0.9)	7.4	23.2
Mkt cap (USD m)	1,162		
3m avg. daily turnover (USD m)	3.5		
Free float (%)	44		
Major shareholder	Chalerm Harnphanich (33%)		
12m high/low (THB)	17.70/10.00		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 กันยายน 2020

Investment thesis

BCH is the leading service provider under the SSO scheme, with a 5% market share. It will enjoy the 5% hike in the SSO budget, effective Jan-20.

After COVID-19, WMC should continue to capture the rising demand of medical tourists. Currently, 70% of WMC's revenue is derived from international patients. Furthermore, WMC recently opened an IVF centre this year, which has the potential to increase its revenue by 40%, based on a 1,200 cycle capacity, with medical fees of THB400k/cycle.

Three new hospitals are scheduled to open in 2020-21. Although they may drag down BCH's overall performance for two years of operation, we believe they will provide growth in the long term.

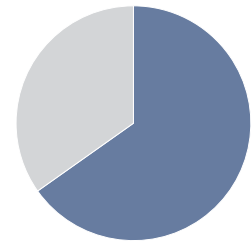
Company profile

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

www.bangkokchainhospital.com

Principal activities (revenue, 2019)

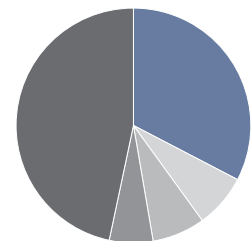
- Cash patient revenue - 65.2 %
- SSO patient revenue - 34.8 %



Source: Bangkok Chain Hospital

Major shareholders

- Chalerm Harnphanich - 32.6 %
- Thai NVDR - 7.4 %
- Somporn Harnphanich - 7.3 %
- Thailand Social Security Office - 6.0 %
- Others - 46.7 %



Source: Bangkok Chain Hospital

Catalyst

Key growth drivers include 1) more SSO registered members; 2) rising demand for medical tourists; and 3) an improving EBITDA margin led by new hospitals.

Risk 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 from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.

Event calendar

Date	Event
November	3Q20 results announcement

Key assumptions

	2019	2020E	2021E	2022E
	(%)	(%)	(%)	(%)
SS volume growth	9	5	4	3
SS revenue / patient growth	(4)	6	2	2
OPD volume growth	1	1	9	7
OPD revenue / patient growth	9	0	3	4
IPD volume growth	9	0	8	6
IPD revenue / patient growth	6	1	3	4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project earnings would rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project earnings would rise by 6%, and vice versa, all else being equal.

Source: FSSIA estimates

Benefiting from Thailand's re-opening

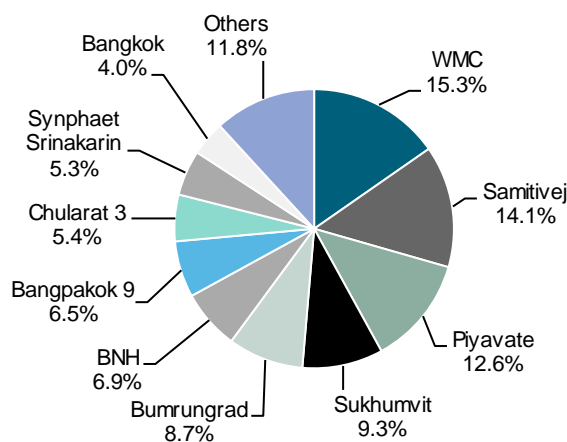
Foreign travellers can currently come to Thailand via two programs: 1) Alternative Hospital Quarantine (AHQ); and 2) Alternative State Quarantine (ASQ). Hospitals directly benefit from the AHQ program, as it permits patients to seek treatment in Thailand by completing a 14-day quarantine in hospitals. Note that all major hospitals in the BCH group have already joined the AHQ program.

Furthermore, hospitals indirectly benefit from the ASQ program. At first, ASQ was designed for specific groups of foreigners (foreign diplomats, production crews, travellers with elite cards and students) entering Thailand by completing a 14-day quarantine in hotels. However, the government recently approved its "Special Tourist Visa (STV)" program targeting long-stay tourists. The STV visa allows tourists to stay for up to nine months in Thailand, and those tourists are also required to complete the ASQ program. The first phase of the STV program will allow 1,200 tourists per month. We believe the number will gradually increase in the next phase.

Hotels under the ASQ program are required to partner with hospitals. Currently, 69 hotels have been approved for ASQ. For the hospital side, WMC has partnered with 12 hotels and has the highest market share of 1,335 rooms out of 8,722 rooms, or 15% of the market share in terms of hotel rooms. Note that four more hotels have partnered with WMC, with a total of 444 hotel rooms pending approval.

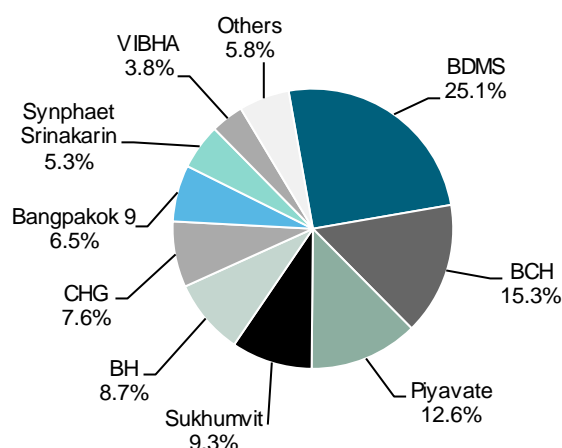
The average ASQ cost is THB40,000-60,000 per package. Management mentioned that WMC will receive cTHB15,000-16,000 per package via revenue sharing. That would imply revenue of up to THB15-20m per month for WMC based on a 50% hotel occupancy rate. We estimate that the net profit margin for ASQ will be higher than the margin for traditional healthcare due to the minimal expenses required; only transportation and two COVID-19 tests on the 5th and 13th day of quarantine. In addition, if patients have a fever, they will be transferred to the partnered hospitals, resulting in additional revenue for the hospitals.

Exhibit 1: Partnered hospital market share of 8,722 ASQ rooms – breakdown by hospital



Sources: <http://www.hsscovid.com/>, <https://thaiontours.com/thailand/list-of-alternative-state-quarantine-asq-hotels-thailand>

Exhibit 2: Partnered hospital market share of 8,722 ASQ rooms – breakdown by hospital chain



Sources: <http://www.hsscovid.com/>, <https://thaiontours.com/thailand/list-of-alternative-state-quarantine-asq-hotels-thailand>

Exhibit 3: ASQ hotels as of 22 September 2020

No.	Hotel name	Partnered hospital	Price range (Baht) / person per package	Total rooms
1	Movenpick Wellness BDMS Resort Hotel	Bangkok Hospital	60,300 - 68,700	280
2	Qiu Hotel Sukhumvit	Sukhumvit Hospital	32,000	79
3	The Idle Residence	Samitivej Hospital	50,000 - 60,000	125
4	Grand Richmond Hotel	World Medical Hospital	55,000	300
5	Rotal Benja Hotel	Sukhumvit Hospital	45,000 - 47,000	247
6	Anantara Siam Bangkok Hotel	Bumrungrad International Hospital	92,000 - 164,000	218
7	Grande Center Point Sukhumvit 55	Sukhumvit Hospital	62,000 - 125,000	312
8	AMARA Hotel	Sukhumvit Hospital	50,000 - 99,000	117
9	The Kinn Bangkok Hotel	Vibharam Hospital	30,000 - 40,000	61
10	Siam Mandarina Hotel	Chularat 9 Airport Hospital	42,000 - 52,000	120
11	TwoThree Hotel	World Medical Hospital	45,000 - 70,000	50
12	Anantara Riverside Bangkok Resort	Bangpakok 9 International Hospital	73,000 - 95,000	370
13	Tango Hotel	World Medical Hospital	35,000 - 39,000	30
14	Grande Centre Point Terminal 21	Bumrungrad International Hospital	80,000 - 95,000	240
15	O2 Luxury Hotel	Chularat 3 International Hospital	38,000	250
16	Three Sukhumvit Hotel 55	Vejthani Hospital	38,000 - 40,000	55
17	Princeton Hotel Bangkok	Vibhavadi Hospital	29,000 - 40,000	70
18	Best Western Plus Wanda Grand Hotel	World Medical Hospital	57,000	76
19	Solaria Nishitetsu Hotel Bangkok	Samitivej Hospital	60,000 - 105,000	200
20	The Salil Hotel Sukhumvit 57	Samitivej Hospital	55,000 - 65,000	73
21	SALIL Hotel Soi-Thonglor 1	Samitivej Hospital	40,000 - 45,000	90
22	Maitria Hotel Sukhumvit 18	Bumrungrad International Hospital	58,000 - 115,000	100
23	ibis Styles Bangkok Sukhumvit Phra Khanong	Samitivej Hospital	48,000	222
24	Maple Hotel	Synphaet Srinakarin Hospital	33,000 - 85,000	400
25	Royal Rattanakosin Hotel	Piyavate Hospital	35,000	280
26	Conrad Bangkok Hotel	Bumrungrad International Hospital	137,000	100
27	Royal Suite Hotel	Bangkok Hospital	44,000 - 120,000	69
28	Amanta Hotel & Residence, Sathorn	Sukhumvit Hospital	59,000 - 115,000	60
29	Ozone hotel@samyarn	Vibharam Chiprakan Hospital	35,000 - 39,000	40
30	Shangri-La Hotel, Bangkok	BNH Hospital	125,000 - 200,000	45
31	Pullman Bangkok Hotel G	BNH Hospital	76,000	196
32	Hotel Clover Asoke	Samitivej Hospital	47,000 - 55,000	60
33	BelAire Bangkok Hotel	World Medical Hospital	55,000 - 65,000	130
34	SC Park Hotel	Praram 9 Hospital	42,000 - 80,000	80
35	Avani Atrium Hotel Bangkok	Piyavate Hospital	60,000 - 165,000	218
36	Le Meridien Hotel Bangkok	BNH Hospital	72,000 - 290,000	162
37	The Landmark Bangkok Hotel	Bumrungrad International Hospital	83,000 - 130,000	105
38	Zenith Sukhumvit Hotel Bangkok	Samitivej Hospital	54,000 - 64,000	120
39	ChorCher Hotel	World Medical Hospital	37,000 - 41,000	200
40	Solitaire Bangkok Sukhumvit	World Medical Hospital	45,000	66
41	Grande Centre Point Ratchadamri	Bangpakok 9 International Hospital	69,000 - 90,000	100
42	Hotel Amber Sukhumvit 85	Synphaet Srinakarin Hospital	32,000 - 35,000	58
43	The Vertical Suite Hotel	Chularat 3 International Hospital	60,000	67
44	Dusit Princess Srinakarin Bangkok	Piyavate Hospital	55,000 - 80,000	114
45	Novotel Suvarnabhumi Airport Hotel	Princ Hospital Suvarnabhumi	58,000 - 83,600	300
46	Miloft Sathorn Hotel	Navamin 9 Hospital	32,000 - 35,000	72
47	Lancaster Bangkok	Piyavate Hospital	65,000 - 95,000	58
48	DoubleTree by Hilton Sukhumvit Bangkok	Samitivej Hospital	64,900 - 84,900	163
49	Royal President Hotel	World Medical Hospital	47,000 - 95,000	120
50	Eleven Hotel Bangkok	World Medical Hospital	52,000 - 58,000	150
51	SureStayPlus Hotel by Best Western Sukhumvit 2	Piyavate Hospital	55,000	74
52	Avani+ Riverside Bangkok Hotel	Bangpakok 9 International Hospital	65,000 - 100,000	100
53	Goldentulip Sovereign Hotel Bangkok	Piyavate Hospital	50,000 - 55,000	100
54	Cinnamon Residence	Vibhavadi Hospital	32,000 - 40,000	119
55	Holiday Inn Express Bangkok Siam	World Medical Hospital	43,000 - 46,000	71
56	CASA NITHRA Hotel Bangkok	Vibhavadi Hospital	43,000 - 49,000	40
57	Courtyard by Marriott Bangkok	BNH Hospital	60,000 - 100,000	100
58	H5 Luxury Hotel	Chularat 3 International Hospital	32,000 - 40,000	100
59	The Sukosol Bangkok Hotel	World Medical Hospital	62,000 - 79,000	72
60	Anyana Nana@Sukhumvit	Piyavate Hospital	36,000 - 40,000	72
61	Rembrandt Hotel and Suite Bangkok	BNH Hospital	55,000 - 110,000	100
62	Park Plaza Sukhumvit 18	Piyavate Hospital	53,000 - 75,000	110
63	Hotel Icon Sukhumvit 2	Piyavate Hospital	43,000 - 49,000	70
64	Aspira Sky Sukhumvit 1	Chularat 3 International Hospital	40,000 - 50,000	54
65	Holiday Inn Express Bangkok Sukhumvit 11	Samitivej Hospital	42,000	70
66	Nouvo City Hotel	Chularat 9 Airport Hospital	46,000	72
67	Well Hotel Bangkok Sukhumvit 20	Samitivej Hospital	46,000 - 62,000	85

68	The Westin Grande Sukhumvit, Bangkok	Samitivej Hospital	70,000 - 90,000	25
69	Ambassador Hotel Bangkok	World Medical Hospital	45,000 - 49,000	70

Sources: <http://www.hsscovid.com/>, <https://thaiontours.com/thailand/list-of-alternative-state-quarantine-asq-hotels-thailand>

3Q20E earnings preview

We forecast BCH's 3Q20 revenue to grow by 4% y-y. Organic cash patient revenue could drop by 8-10% y-y due to the slowdown in respiratory disease treatments, but should be more than offset by the c80,000 COVID-19 tests performed. Although the number of test cases have declined from the 115,000 cases in 2Q20, COVID tests should still generate decent revenue in 3Q20. We estimate revenue of THB3,000 per test, which should result in 3Q20E testing revenue of THB240m, or 15% of the revenue gained from cash patients in 3Q19. We also estimate that BCH will book ASQ revenue of THB30-40m in 3Q20. As a result, we estimate that cash patient revenue will grow by 4% y-y.

For WMC, we estimate a revenue drop by 30% y-y in 3Q20, mainly due to a slowdown in Middle Eastern patient numbers, which is a major source of WMC's revenue, accounting for 70% of its 2019 revenue. The weak overall revenue could be partially offset by decent revenues from ASQ and COVID-19 testing services. On the whole, we project WMC to book a loss of THB10m (vs THB27m profit in 3Q19). On a positive note, we believe that WMC will turn profitable in 4Q20, as Middle Eastern patients have already started returning to Thailand under the AHQ program.

KIH Aranyaprathet, which opened in May, will likely contribute a loss of THB25-30m in 3Q20E. On the bright side, revenue has continued to ramp up from THB8m in June to THB12m in August, while the EBITDA breakeven threshold is cTHB14-16m.

We estimate that revenue from SSO patients will grow by 4% y-y in 3Q20, led by a 2% y-y larger SSO registered member base (886k in 3Q20E vs 868k in 3Q19). In addition, BCH will receive an actual payment for chronic disease treatments in 3Q20 (consisting of two portions: 50% of the 2019 SSO budget and 25.5% of the 2020 SSO budget), which should be higher than the accrued amount. This should lead to an extra gain of cTHB60-70m in 3Q20E, compared to the THB53m extra gain in 3Q19.

Overall, we estimate BCH's core profit to remain flat y-y at THB402m. Positive growth drivers include an estimated THB60-70m profit from COVID-19 testing services, THB6-10m profit from ASQ and a THB10-15m y-y higher SSO extra gain. These should offset a THB25-30m loss from KIH Aranyaprathet Hospital and weak organic earnings from WMC following the near-absence of patients from the Middle East.

Exhibit 4: BCH – 3Q20E results preview

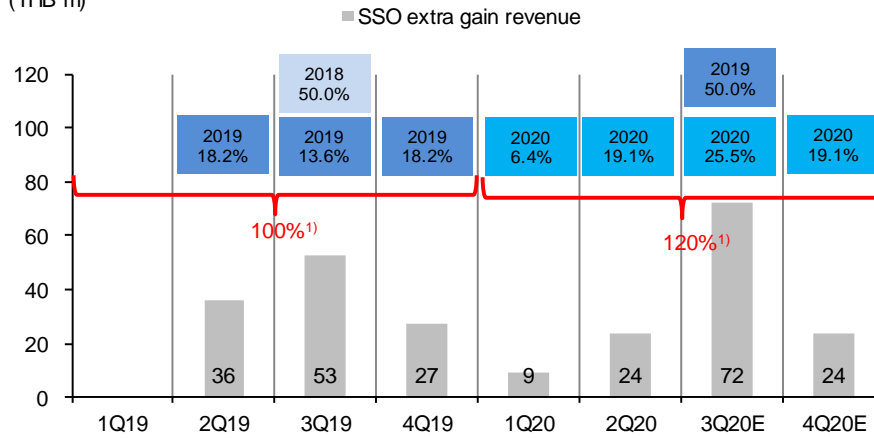
	3Q19	2Q20	3Q20E	-----Change-----		9M19	9M20	% chg	2020E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
Sales	2,469	2,083	2,568	23	4	6,684	6,829	2	9,271
COGS (incl. depreciation)	(1,590)	(1,392)	(1,695)	22	7	(4,502)	(4,602)	2	(6,236)
Gross profit¹	879	691	873	26	(1)	2,182	2,226	2	3,035
SG&A	(317)	(280)	(317)	13	0	(908)	(891)	(2)	(1,282)
Operating profit	562	411	555	35	(1)	1,274	1,336	5	1,753
Net other income	31	21	29	40	(7)	89	68	(23)	117
Interest expense	(35)	(32)	(32)	0	(6)	(101)	(95)	(6)	(148)
Pretax profit	559	399	552	38	(1)	1,261	1,309	4	1,721
Income tax	(101)	(75)	(105)	40	4	(228)	(243)	7	(336)
Associates	1	1	1	63	44	2	2	n/a	2
Minority interest	(56)	(46)	(46)	0	(18)	(127)	(129)	1	(170)
Core profit	402	279	402	44	(0)	908	939	3	1,218
Extraordinaries, GW & FX	0	0	0			(14)	0	n/a	
Reported net profit	402	279	402	44	(0)	894	939	5	1,218
Outstanding shares (m)	2,494	2,494	2,494	0	0	2,494	2,494	0	2,494
Core EPS (THB)	0.16	0.11	0.16	44	(0)	0.36	0.38	5	0.49
EPS (THB)	0.16	0.11	0.16	44	(0)	0.36	0.38	5	0.49
COGS (excl. depreciation)	1,420	1,201	1,499	25	5	4,010	4,038	1	5,581
Depreciation	169	191	197	3	16	492	564	15	655
EBITDA²	763	622	781	26	2	1,855	1,968	6	2,525
Key ratios	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Gross margin	36	33	34	1	(2)	33	33	(0)	33
SG&A/Revenue	13	13	12	(1)	(0)	14	13	(1)	14
EBITDA margin	31	30	30	1	(0)	28	29	1	27
Net profit margin	16	13	16	2	(1)	13	14	0	13
Operating statistics	(%)	(%)	(%)						
Cash-OPD revenue growth y-y	14	30	19						
Cash-OPD volume growth y-y	1	21	11						
Cash-OPD revenue per head growth y-y	13	8	8						
Cash-IPD revenue growth y-y	8	(29)	(10)						
Cash-IPD volume growth y-y	6	(39)	(17)						
Cash-IPD revenue per head growth y-y	2	17	8						
SSO revenue growth y-y	11	(7)	4						
SSO registered members ('000)	868	887	886						
SSO registered member growth	10	3	2						

1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income – depreciation

Sources: BCH; FSSIA estimates

Exhibit 5: SSO extra gain for chronic disease treatments

(THB m)



1) Representing actual payment percentage of budget from SSO;

Source: FSSIA estimates

Exhibit 6: P/E band

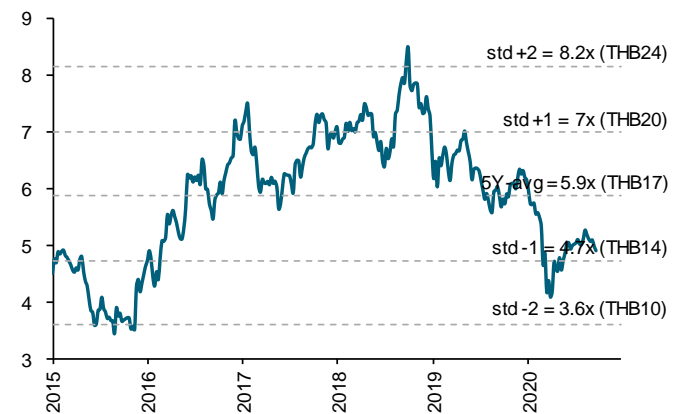
BCH PER (x)



Sources: Bloomberg; FSSIA estimates

Exhibit 7: P/BV band

BCH PBV (x)



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peer comparisons as of 22 September 2020

Year to Dec	BBG	Rec	---Share price---		Upside	Market	3Y EPS	--- PE ---		--- ROE ---		--- PBV ---	
Company			Current	Target	(down)	cap	CAGR	20E	21E	20E	21E	20E	21E
			(Lcl curr)	(Lcl curr)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand													
Bangkok Dusit Med Services	BDMS TB	BUY	20.10	28.00	39	10,190	0.0	55.8	31.9	6.8	11.4	3.8	3.6
Bumrungrad Hospital Pcl	BH TB	HOLD	106.00	124.00	17	2,687	(6.9)	57.9	29.4	8.0	15.3	4.7	4.3
Bangkok Chain Hospital	BCH TB	BUY	14.60	20.00	37	1,162	6.1	29.9	26.6	18.5	18.8	5.3	4.8
Chularat Hospital Pcl	CHG TB	BUY	2.44	3.30	35	856	4.6	34.9	30.5	20.1	22.6	6.8	6.6
Praram 9 Hospital Pcl	PR9 TB	BUY	6.65	9.00	35	167	(11.2)	44.3	23.8	2.9	5.3	1.3	1.2
Thonburi Healthcare Group	THG TB	HOLD	18.30	20.50	12	493	(3.6)	nm	53.8	(0.1)	3.6	2.4	1.9
Vibhavadi Medical Center	VIBHA TB	BUY	1.51	2.20	46	654	0.0	37.8	25.2	8.2	10.2	3.0	2.5
Rajthanee Hospital*	RJH TB	n/a	22.00	n/a	n/a	211	5.3	19.5	18.1	23.7	24.6	4.4	4.3
Ekachai Medical Care*	EKH TB	n/a	4.42	n/a	n/a	84	(22.5)	94.0	37.8	4.2	7.1	3.2	3.0
Thailand average						16,504	(4.1)	50.5	31.2	8.5	13.0	4.1	3.8
Regional													
Ramsay Health Care*	RHC AU	n/a	67.19	n/a	n/a	11,183	(10.4)	39.8	33.5	11.9	11.3	3.8	3.7
IHH Healthcare Bhd*	IHH SP	n/a	1.75	n/a	n/a	11,240	9.1	75.6	49.0	2.2	4.2	2.0	1.9
Ryman Healthcare*	RYM NZ	n/a	13.68	n/a	n/a	4,508	25.6	27.1	29.7	11.2	9.9	3.0	2.8
Apollo Hospitals Enterprise*	APHS IN	n/a	1,789	n/a	n/a	3,385	(169.5)	69.0	n/a	9.4	(2.1)	7.1	7.6
Kpj Healthcare Berhad*	KPJ MK	n/a	0.87	n/a	n/a	891	(8.9)	27.7	22.1	7.2	8.9	1.9	1.8
Raffles Medical Group*	RFMD SP	n/a	0.80	n/a	n/a	1,091	(1.5)	34.8	26.7	5.1	6.7	1.7	1.7
Mitra Keluarga Karyasehat*	MIKA IJ	n/a	2,370	n/a	n/a	2,279	3.6	52.5	42.0	14.4	16.5	7.1	6.3
Aier Eye Hospital*	300015 CH	n/a	46.84	n/a	n/a	28,474	10.1	114.8	83.3	21.3	24.0	24.1	19.9
Regional average						63,051	(8.5)	80.9	56.7	14.1	15.0	12.8	10.9
Overall average						79,555	(6.6)	48.0	35.2	10.3	11.7	5.0	4.6

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	8,073	8,880	9,271	10,165	11,051
Cost of goods sold	(4,818)	(5,373)	(5,581)	(6,089)	(6,575)
Gross profit	3,255	3,507	3,690	4,077	4,476
Other operating income	-	-	-	-	-
Operating costs	(1,132)	(1,228)	(1,282)	(1,385)	(1,484)
Operating EBITDA	2,123	2,279	2,408	2,691	2,992
Depreciation	(576)	(665)	(655)	(709)	(746)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,547	1,615	1,753	1,982	2,246
Net financing costs	(120)	(126)	(143)	(165)	(146)
Associates	3	2	2	2	2
Recurring non operating income	106	113	113	124	130
Non recurring items	0	(14)	0	0	0
Profit before tax	1,533	1,588	1,723	1,942	2,230
Tax	(285)	(290)	(336)	(388)	(446)
Profit after tax	1,248	1,298	1,388	1,554	1,784
Minority interests	(159)	(163)	(170)	(187)	(205)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,089	1,135	1,218	1,367	1,579
Non recurring items & goodwill (net)	0	14	0	0	0
Recurring net profit	1,089	1,149	1,218	1,367	1,579
Per share (THB)					
Recurring EPS *	0.44	0.46	0.49	0.55	0.63
Reported EPS	0.44	0.46	0.49	0.55	0.63
DPS	0.23	0.22	0.23	0.26	0.29
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
Growth					
Revenue (%)	11.3	10.0	4.4	9.6	8.7
Operating EBITDA (%)	8.5	7.4	5.7	11.8	11.2
Operating EBIT (%)	9.1	4.4	8.6	13.1	13.3
Recurring EPS (%)	18.8	5.5	6.0	12.3	15.5
Reported EPS (%)	18.8	4.2	7.3	12.3	15.5
Operating performance					
Gross margin inc depreciation (%)	33.2	32.0	32.7	33.1	33.8
Gross margin of key business (%)	33.2	32.0	32.7	33.1	33.8
Operating EBITDA margin (%)	26.3	25.7	26.0	26.5	27.1
Operating EBIT margin (%)	19.2	18.2	18.9	19.5	20.3
Net margin (%)	13.5	12.9	13.1	13.4	14.3
Effective tax rate (%)	18.6	18.1	19.5	20.0	20.0
Dividend payout on recurring profit (%)	52.6	47.7	47.1	47.2	45.9
Interest cover (X)	13.8	13.7	13.1	12.8	16.2
Inventory days	16.8	15.9	15.4	15.0	15.1
Debtor days	58.0	68.4	77.8	83.0	82.1
Creditor days	47.5	48.0	47.7	46.6	46.8
Operating ROIC (%)	13.4	12.5	12.0	12.5	13.9
ROIC (%)	13.5	12.7	12.1	12.7	14.1
ROE (%)	20.0	19.2	18.5	18.8	19.6
ROA (%)	10.6	10.6	10.4	11.1	12.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
Cash patient revenue	5,151	5,790	5,848	6,534	7,235
SSO patient revenue	2,923	3,090	3,423	3,632	3,815
NHSO patient revenue	0	0	0	0	0

Sources: Bangkok Chain Hospital; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	1,089	1,149	1,218	1,367	1,579
Depreciation	576	665	655	709	746
Associates & minorities	-	-	-	-	-
Other non-cash items	136	187	145	187	205
Change in working capital	(237)	(211)	(269)	(233)	115
Cash flow from operations	1,564	1,789	1,749	2,030	2,645
Capex - maintenance	(1,341)	(1,721)	(1,557)	(1,000)	(800)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	11	2	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,330)	(1,719)	(1,557)	(1,000)	(800)
Dividends paid	(574)	(549)	(574)	(645)	(725)
Equity finance	0	0	0	0	0
Debt finance	(795)	778	0	(400)	(800)
Other financing cash flows	(187)	(166)	(90)	(99)	(109)
Cash flow from Financing	(1,555)	63	(663)	(1,144)	(1,633)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,321)	133	(472)	(114)	212
Free cash flow to firm (FCFF)	360.34	200.99	340.01	1,197.49	1,993.46
Free cash flow to equity (FCFE)	(747.01)	682.04	101.73	531.47	936.55
Per share (THB)					
FCFF per share	0.14	0.08	0.14	0.48	0.80
FCFE per share	(0.30)	0.27	0.04	0.21	0.38
Recurring cash flow per share	0.72	0.80	0.81	0.91	1.01
Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	14,632	16,288	17,870	18,870	19,670
Less: Accumulated depreciation	(5,135)	(5,705)	(6,360)	(7,069)	(7,816)
Tangible fixed assets (Net)	9,497	10,584	11,510	11,801	11,855
Intangible fixed assets (Net)	468	451	451	451	451
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	39	37	37	37	37
Cash & equivalents	745	879	407	293	505
A/C receivable	1,511	1,817	2,137	2,487	2,487
Inventories	238	231	240	262	283
Other current assets	54	40	42	46	50
Current assets	2,549	2,967	2,825	3,087	3,324
Other assets	75	77	77	77	77
Total assets	12,627	14,116	14,900	15,453	15,744
Common equity	5,701	6,248	6,892	7,614	8,468
Minorities etc.	696	730	810	898	994
Total Shareholders' equity	6,398	6,978	7,702	8,512	9,463
Long term debt	4,354	4,759	4,759	4,759	3,959
Other long-term liabilities	136	192	192	192	192
Long-term liabilities	4,489	4,952	4,952	4,952	4,152
A/C payable	698	715	743	810	875
Short term debt	346	718	718	318	318
Other current liabilities	696	752	786	861	936
Current liabilities	1,740	2,186	2,247	1,990	2,130
Total liabilities and shareholders' equity	12,627	14,116	14,900	15,453	15,744
Net working capital	409	621	890	1,123	1,008
Invested capital	10,488	11,769	12,965	13,489	13,428
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.29	2.51	2.76	3.05	3.40
Tangible book value per share	2.10	2.32	2.58	2.87	3.21
Financial strength					
Net debt/Equity (%)	61.8	65.9	65.8	56.2	39.9
Net debt/total assets (%)	31.3	32.6	34.0	31.0	24.0
Current ratio (x)	1.5	1.4	1.3	1.6	1.6
CF interest cover (x)	(5.2)	6.4	1.7	4.2	7.4
Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	33.4	31.7	29.9	26.6	23.1
Recurring P/E @ target price (x) *	45.8	43.4	41.0	36.5	31.6
Reported P/E (x)	33.4	32.1	29.9	26.6	23.1
Dividend yield (%)	1.6	1.5	1.6	1.8	2.0
Price/book (x)	6.4	5.8	5.3	4.8	4.3
Price/tangible book (x)	7.0	6.3	5.7	5.1	4.5
EV/EBITDA (x) **	19.3	18.3	17.6	15.6	13.8
EV/EBITDA @ target price (x) **	25.7	24.2	23.2	20.6	18.3
EV/invested capital (x)	3.9	3.5	3.3	3.1	3.1
* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income					

Sources: Bangkok Chain Hospital; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGC	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANAH
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENTEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMPG	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIUK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range		Number of Logo					Description			
90-100							Excellent			
80-89							Very Good			
70-79							Good			
60-69							Satisfactory			
50-59							Pass			
Less than 50		No logo given					-			

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAH	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Chain Hospital	BCH TB	THB 14.60	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 20.10	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 price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 106.00	HOLD	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. Upside risk is the earlier-than-expected recovery of international patient numbers.
Chularat Hospital	CHG TB	THB 2.44	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 prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 6.65	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 18.30	HOLD	Downside risks to our DCF-based target price include 1) weak patient volume following the economic slowdown; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected expenses from new hospitals. Upside risk is big-lot sales of Jin Wellbeing County units.
Vibhavadi Medical Center	VIBHA TB	THB 1.51	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 prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.

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 22-Sep-2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.