

28 OCTOBER 2020

THAILAND / HEALTHCARE

CHULARAT HOSPITAL CHG TB

BUY

UNCHANGED

TARGET PRICE	THB3.30
CLOSE	THB2.60
UP/DOWNSIDE	+26.9%
PRIOR TP	THB3.30
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+12.8%

หลุมหลบภัยใน 2H20E

Defensive play ที่มีอัตราการเติบโตของกำไรสูงในตลาดผันผวน

หลังประกาศผลประกอบการไตรมาส 3Q20 เราเชื่อว่า CHG จะยังคงปรับตัวดีกว่าบริษัทอื่นในกลุ่มและอาจรวมถึง SET ด้วย จากการเติบโตของกำไรจากการดำเนินงานที่ดี y-y ใน 3Q20E เทียบกับกำไรเฉลี่ยที่ลดลง y-y ของกลุ่มโรงพยาบาลไทยในช่วงดังกล่าว นอกจากนี้ เรายังคาดว่ากำไรมีแนวโน้มโตต่อเนื่องใน 4Q20 ในความเห็นของเรา CHG น่าจะเป็นตัวเลือกที่ปลอดภัยในการฝ่าฟันความผันผวนของตลาด

คาดการณ์กำไรจากการดำเนินงานในไตรมาส 3Q20 จะโต 13% y-y เป็น 238 ลบ.

เราคาดว่ารายได้ไตรมาส 3Q20 จะลดลง 6% y-y รายได้เงินสดอาจลดลง 9% y-y จากการหดหายของรายได้จากผู้ป่วยต่างประเทศและตัวเลขผู้ป่วยโรคทางเดินหายใจที่ลดลง อย่างไรก็ตาม รายได้ประกันสังคม (ไม่รวมกำไรพิเศษ) ควรยังอยู่ในระดับที่ดีและโต 13% y-y จากฐานตัวเลขผู้ประกันตนที่เพิ่มขึ้น 3% และเงินเหมาจ่ายรายหัวที่สูงขึ้น โดย CHG บันทึกกำไรพิเศษสำหรับการรักษาโรคเรื้อรังจำนวน 74 ลบ. จากสำนักงานประกันสังคมในไตรมาส 3Q19 เนื่องจากเงินที่จ่ายจริงสูงกว่าที่บริษัท เคยตั้งไว้ และเราคาดว่าบริษัท จะบันทึกกำไรพิเศษดังกล่าวจำนวน 10 ลบ. ในไตรมาส 3Q20 ในขณะที่เราคาดว่าผลขาดทุนสุทธิของโรงพยาบาลใหม่ 2 แห่งจะลดลงเหลือ 15 ลบ. ในไตรมาส 3Q20 (เทียบกับ 24 ลบ. ในไตรมาส 3Q19 และ 31 ลบ. ในไตรมาส 2Q20) ในภาพรวมเราคาดว่าบริษัท จะรายงานกำไรสุทธิไตรมาส 3Q20 ที่ 238 ลบ. (-11% y-y, +54% q-q) ถ้าหักกำไรพิเศษจากสำนักงานประกันสังคม กำไรจากการดำเนินงานคาดโตได้ 13% y-y

ไตรมาส 4Q20 ดีจากผู้ป่วยประกันสังคม

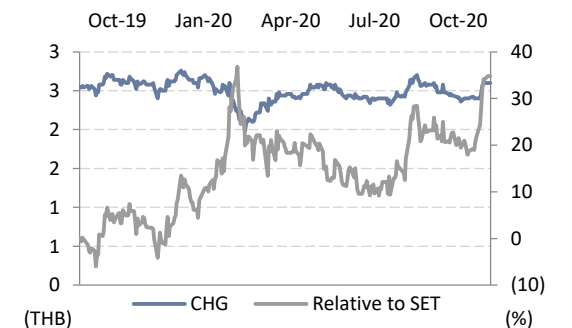
เราคาดว่ากำไรมีแนวโน้มโตได้ถึง 25-30% y-y ในไตรมาส 4Q20 เนื่องจาก 1) ไม่มีรายการกลับรายได้ประกันสังคม (38 ลบ. ในไตรมาส 4Q19) สำหรับผู้ป่วยในหลังจบประมาณมีไม่เพียงพอในปี 2019; และ 2) ผลขาดทุนจากโรงพยาบาลใหม่ 2 แห่งลดลง โดย RPC เริ่มมีกำไรแล้ว 1 เดือนในไตรมาส 3Q20 นอกจากนี้ สำนักงานประกันสังคมอาจมีงบประมาณส่วนเกินสำหรับผู้ป่วยในปี 2020 และอาจเพิ่มเงินเหมาจ่ายรายหัวสำหรับผู้ป่วยในเป็น 12,800บาท/RW จาก 12,000บาท/RW การเพิ่มดังกล่าวจะก่อให้เกิดกำไรพิเศษประมาณ 20-30 ลบ. ซึ่งบริษัท อาจบันทึกได้ในไตรมาส 4Q20-1Q21

คงคำแนะนำซื้อจากการเติบโตที่ดีและ Valuation ที่น่าสนใจ

เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 3.3 บาท (DCF, WACC 8.2%, LTG 3%) ในแง่ Valuation CHG มีการซื้อขายในระดับที่น่าสนใจ โดยมีค่า FY21E P/E ที่ 31x ซึ่งต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 41x CHG ยังเป็นหุ้นเด่นของเราในกลุ่มโรงพยาบาลโดยมีสมมติฐานจาก 1) อัตราการเติบโตของกำไรจากการดำเนินงานที่ดีถึง 7% ในปี 2020E (แม้ว่าจะได้รับผลกระทบจาก COVID-19) และ 21% ในปี 2021E; และ 2) FY21E ROE ที่ดีกว่า โดยคาดว่าจะอยู่ที่ 23% เทียบกับค่าเฉลี่ยของอุตสาหกรรมที่ 13%

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	5,166	5,523	6,177	6,671
Net profit	705	768	930	1,071
EPS (THB)	0.06	0.07	0.08	0.10
vs Consensus (%)	-	1.4	2.6	26.6
EBITDA	1,211	1,305	1,553	1,744
Core net profit	719	768	930	1,071
Core EPS (THB)	0.07	0.07	0.08	0.10
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(13.4)	6.8	21.1	15.2
Core P/E (x)	39.8	37.3	30.8	26.7
Dividend yield (%)	1.9	1.9	2.0	2.2
EV/EBITDA (x)	24.7	22.8	19.0	16.7
Price/book (x)	7.7	7.3	6.6	5.9
Net debt/Equity (%)	27.5	23.7	15.5	5.4
ROE (%)	19.8	20.1	22.6	23.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.4	8.3	4.0
Relative to country (%)	12.3	20.3	37.5
Mkt cap (USD m)	917		
3m avg. daily turnover (USD m)	2.7		
Free float (%)	50		
Major shareholder	Kannikar Plussind (18%)		
12m high/low (THB)	2.82/1.98		
Issued shares (m)	11,000.00		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

teerapol.udo@fssia.com

+66 2611 3535

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้เป็นผลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 28 ตุลาคม 2020

Investment thesis

CHG opened two new hospitals in 2H18 and they contributed an accumulated loss of THB121m in 2019 (17% of 2019 core profit). We believe they should turnaround by 4Q20. This would lead to an EBITDA margin improvement from 24% in 2019 to 27% in 2023.

CHG's revenue contributions from cash patients have gradually increased. This is another key factor to expand its EBITDA margin, as cash patients have a higher margin than Social Security Office (SSO) patients.

CHG should still deliver earnings growth in 2020, despite the COVID-19 impact, thanks to the strong SSO operations.

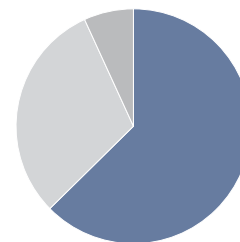
Company profile

CHG operates a healthcare business covering the eastern part of Bangkok and its nearby provinces. The Group owns nine hospitals and four clinics.

www.chularat.com

Principal activities (revenue, 2019)

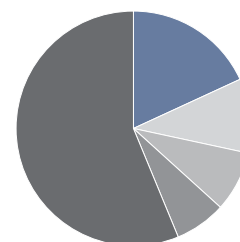
- Cash patient revenue - 62.6 %
- SSO patient revenue - 30.5 %
- NHSO patient revenue - 6.8 %



Source: Chularat Hospital

Major shareholders

- Kannikar Plussind - 18.1 %
- Apirum Panyapol - 10.3 %
- Kobkul Panyapol - 8.3 %
- Naran Ratipanichvong - 7.1 %
- Others - 56.2 %



Source: Chularat Hospital

Catalyst

Key potential 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 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.

Event calendar

Date	Event
November	3Q20 results announcement

Key assumptions

	2019	2020E	2021E	2021E
	(%)	(%)	(%)	(%)
SS volume growth	3	3	2	2
SS revenue / patient growth	8	4	4	2
OPD volume growth	9	3	10	6
OPD revenue / patient growth	5	4	5	4
IPD volume growth	19	3	10	6
IPD revenue / patient growth	2	4	5	4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2020 earnings to rise by 1%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2020 earnings to rise by 6%, and vice versa, all else being equal.

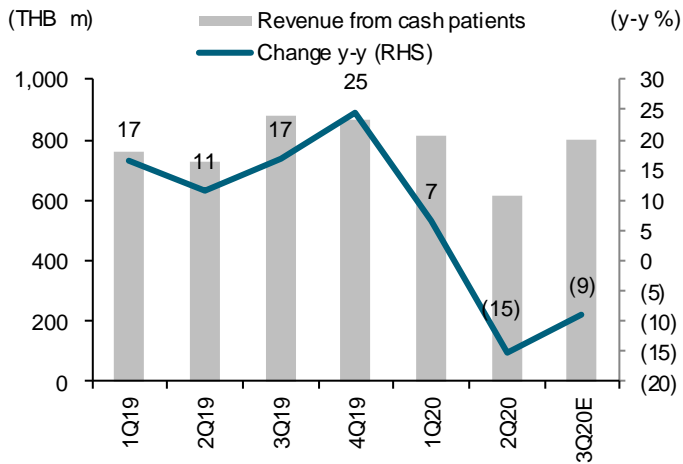
Source: FSSIA estimates

Exhibit 1: CHG - 3Q20E results preview

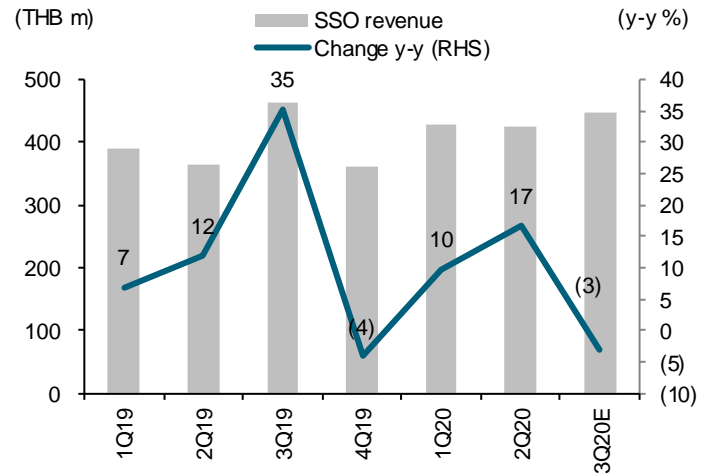
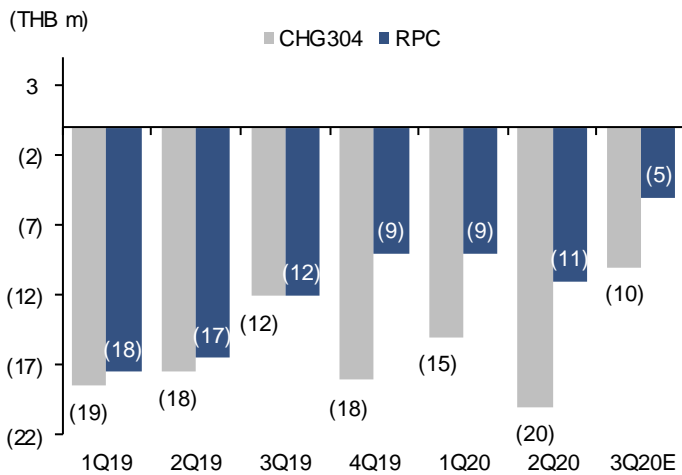
FY ending Dec	3Q19	2Q20	3Q20E	-----Change-----		9M19	9M20E	Chg.	2020E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
Revenue	1,431	1,146	1,346	18	(6)	3,838	3,809	(1)	5,523
Cost of sales (Incl. depreciation)	(935)	(813)	(901)	11	(4)	(2,655)	(2,645)	(0)	(3,862)
Gross profit	495	332	445	34	(10)	1,183	1,164	(2)	1,661
SG&A	(167)	(141)	(149)	6	(11)	(469)	(444)	(5)	(701)
Operating profit	329	191	296	55	(10)	714	719	1	960
Other operating income	7	4	4	6	(45)	18	12	(33)	15
Interest income	0	1	1	(12)	270	2	3	56	3
EBIT	336	196	301	54	(10)	734	734	0	979
Interest expense	(11)	(10)	(10)	0	(13)	(30)	(29)	(3)	(44)
EBT	325	187	292	56	(10)	704	705	0	934
Income tax	(65)	(42)	(58)	38	(10)	(151)	(150)	(1)	(187)
Minority interests	8	11	5	(55)	(40)	32	24	n/a	20
Core profit	269	155	238	54	(11)	585	579	(1)	768
Extraordinaries						(14)	-		
Net income	269	155	238	54	(11)	571	579	1	768
Core EPS (THB)	0.02	0.01	0.02	54	(11)	0.05	0.05	(1)	0.07
No. of shares (m)	11,000	11,000	11,000	0	0	11,000	11,000	0	11,000
Cost (Excl. depreciation)	(854)	(724)	(811)	12	(5)	(2,416)	(2,379)	(2)	(3,517)
Depreciation & amortisation	(81)	(89)	(90)	1	10	(239)	(267)	12	(345)
EBITDA	418	284	390	37	(7)	971	998	3	1,321
Key ratios	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	(%)
Gross margin	35	29	33	4	(2)	31	31	(0)	30
SG&A/Revenue	12	12	11	(1)	(1)	12	12	(1)	13
EBITDA margin	29	25	29	4	(0)	25	26	1	24
Net profit margin	19	14	18	4	(1)	15	15	0	14
Operating stats	(y-y %)	(y-y %)	(y-y %)						
SSO revenue	35	17	(3)						
SSO registered members ('000)	434	445	n/a						
SSO revenue per head	31	14	n/a						
Cash-OPD revenue	12	(17)	(9)						
Cash-OPD visit number	8	(20)	n/a						
Cash-OPD revenue per head	4	3	n/a						
Cash-IPD revenue	21	(13)	(9)						
Cash-IPD admission number	18	(19)	n/a						
Cash-IPD revenue per head	2	8	n/a						

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

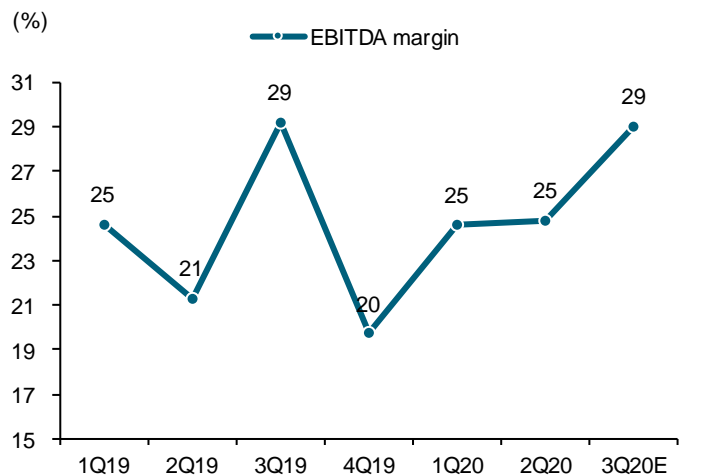
Sources: CHG; FSSIA estimates

Exhibit 2: Cash patient revenue to recover in 2H20

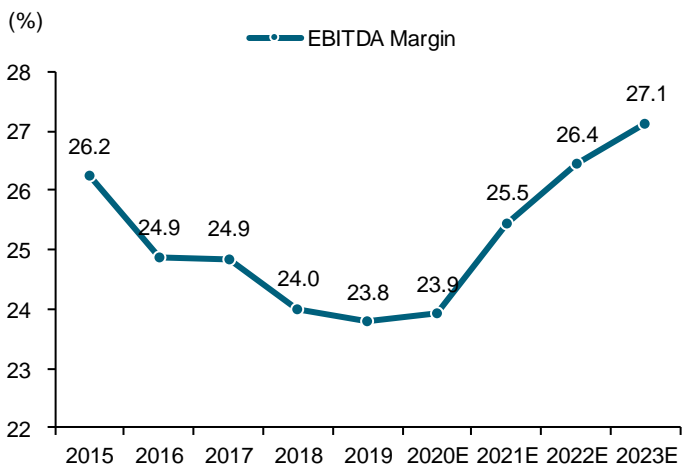
Sources: CHG; FSSIA estimates

Exhibit 3: SSO revenue should remain strong in 2020Note: Decrease in 3Q20E is due to an extra gain of THB74m from SSO revenue in 3Q19
Sources: CHG; FSSIA estimates**Exhibit 4: Two new hospitals to contribute smaller losses**

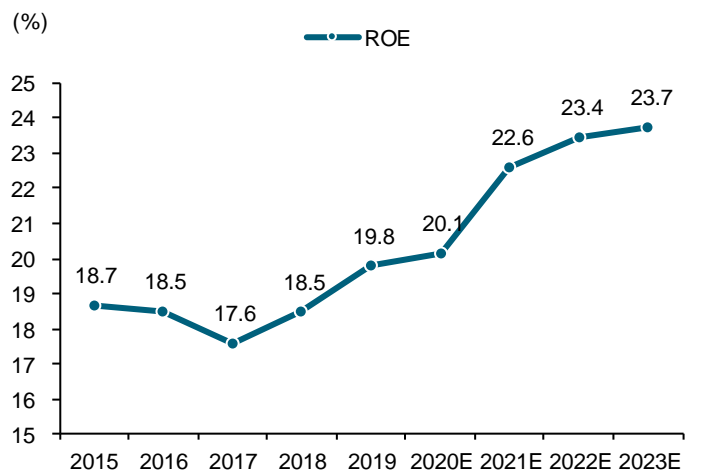
Sources: CHG; FSSIA estimates

Exhibit 5: EBITDA monthly recovery trend

Sources: CHG; FSSIA estimates

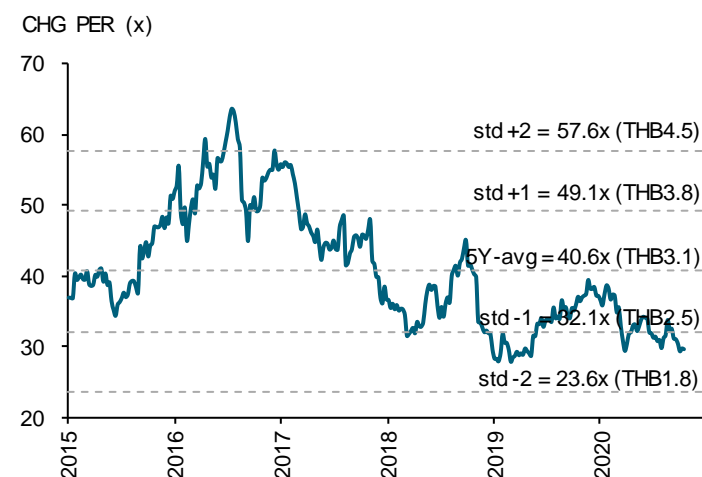
Exhibit 6: EBITDA margin should continue to grow over the next three years...

Sources: CHG; FSSIA estimates

Exhibit 7: ...leading to improving ROE

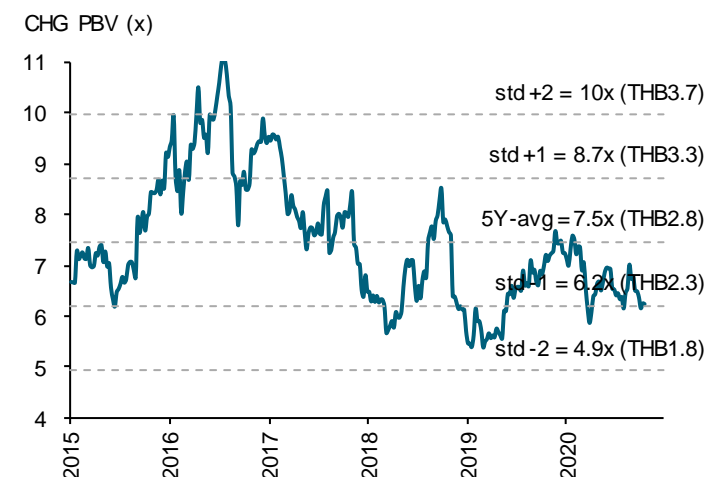
Sources: CHG; FSSIA estimates

Exhibit 8: One-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Peer comparisons as of 27 Oct 2020

Year to Dec	BBG	Rec	---Share price---		Upside	Market	----- PE -----		----- ROE -----		----- PBV -----	
Company			Current	Target	(down)	Cap	20E	21E	20E	21E	20E	21E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand												
Bangkok Dusit Med Services	BDMS TB	BUY	17.70	28.00	58.2	9,011	49.2	29.0	6.8	11.1	3.3	3.2
Bumrungrad Hospital Pcl	BH TB	HOLD	93.25	124.00	33.0	2,374	51.0	25.8	8.0	15.3	4.1	3.8
Bangkok Chain Hospital	BCH TB	BUY	13.80	20.00	44.9	1,102	28.2	25.1	18.5	18.9	5.0	4.5
Chularat Hospital Pcl	CHG TB	BUY	2.60	3.30	26.9	916	37.3	30.8	20.1	22.6	7.3	6.6
Praram 9 Hospital Pcl	PR9 TB	BUY	7.95	9.00	13.2	200	53.0	28.4	2.9	5.3	1.5	1.5
Thonburi Healthcare Group	THG TB	HOLD	18.00	20.50	13.9	487	nm	52.9	(0.1)	3.6	2.3	1.9
Vibhavadi Medical Center	VIBHA TB	BUY	1.47	2.20	49.7	639	36.8	24.5	8.2	10.2	3.0	2.4
Rajthanee Hospital*	RJH TB	n/a	21.40	n/a	n/a	206	19.0	17.6	23.5	24.5	4.3	4.1
Ekachai Medical Care*	EKH TB	n/a	4.16	n/a	n/a	79	92.4	33.3	3.8	7.7	2.9	2.7
Thailand average						15,014	45.8	29.7	10.2	13.2	3.7	3.4
Regional												
Ramsay Health Care*	RHC AU	n/a	62.90	n/a	n/a	10,271	36.6	31.6	11.9	11.3	3.5	3.4
IHH Healthcare Bhd*	IHH SP	n/a	1.66	n/a	n/a	10,724	77.1	47.1	2.0	4.2	1.9	1.9
Ryman Healthcare*	RYM NZ	n/a	14.50	n/a	n/a	4,862	28.8	26.3	11.2	11.4	3.2	3.0
Apollo Hospitals Enterprise*	APHS IN	n/a	2,118.65	n/a	n/a	4,003	81.7	n/a	9.4	(1.3)	8.4	8.9
Kpj Healthcare Berhad*	KPJ MK	n/a	0.87	n/a	n/a	894	27.2	21.2	7.1	8.9	1.9	1.8
Raffles Medical Group*	RFMD SP	n/a	0.79	n/a	n/a	1,084	34.3	26.3	5.1	6.7	1.7	1.7
Mitra Keluarga Karyasehat*	MIKA IJ	n/a	2,630.00	n/a	n/a	2,558	56.2	46.6	14.6	16.3	8.0	7.2
Aier Eye Hospital*	300015 CH	n/a	61.46	n/a	n/a	37,770	148.5	109.4	21.2	23.8	31.7	26.2
Regional average						72,166	61.3	44.1	10.3	10.2	7.5	6.8
Overall average						87,180	53.6	36.0	10.3	11.8	5.5	5.0

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Chularat Hospital

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	4,407	5,166	5,523	6,177	6,671
Cost of goods sold	(2,796)	(3,300)	(3,517)	(3,878)	(4,141)
Gross profit	1,611	1,866	2,006	2,299	2,530
Other operating income	-	-	-	-	-
Operating costs	(570)	(655)	(701)	(747)	(786)
Operating EBITDA	1,041	1,211	1,305	1,553	1,744
Depreciation	(276)	(330)	(345)	(372)	(398)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	765	881	960	1,181	1,345
Net financing costs	(20)	(37)	(41)	(32)	(20)
Associates	0	0	0	0	0
Recurring non operating income	20	22	15	20	20
Non recurring items	0	(14)	0	0	0
Profit before tax	765	852	934	1,169	1,346
Tax	(150)	(187)	(187)	(234)	(269)
Profit after tax	615	665	748	935	1,077
Minority interests	19	41	20	(5)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	634	705	768	930	1,071
Non recurring items & goodwill (net)	0	14	0	0	0
Recurring net profit	634	719	768	930	1,071
Per share (THB)					
Recurring EPS *	0.06	0.07	0.07	0.08	0.10
Reported EPS	0.06	0.06	0.07	0.08	0.10
DPS	0.05	0.05	0.05	0.05	0.06
Diluted shares (used to calculate per share data)	11,000	11,000	11,000	11,000	11,000
Growth					
Revenue (%)	13.7	17.2	6.9	11.9	8.0
Operating EBITDA (%)	9.9	16.3	7.8	19.0	12.3
Operating EBIT (%)	10.6	15.2	9.0	23.0	13.9
Recurring EPS (%)	12.1	13.4	6.8	21.1	15.2
Reported EPS (%)	12.1	11.3	8.8	21.1	15.2
Operating performance					
Gross margin inc depreciation (%)	30.3	29.7	30.1	31.2	32.0
Gross margin of key business (%)	30.3	29.7	30.1	31.2	32.0
Operating EBITDA margin (%)	23.6	23.4	23.6	25.1	26.1
Operating EBIT margin (%)	17.4	17.1	17.4	19.1	20.2
Net margin (%)	14.4	13.9	13.9	15.1	16.1
Effective tax rate (%)	19.6	21.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	86.8	76.5	70.0	60.0	60.0
Interest cover (X)	38.8	24.2	23.7	37.1	69.8
Inventory days	17.0	16.7	17.2	17.0	17.2
Debtor days	25.3	27.6	31.1	31.3	32.5
Creditor days	67.3	64.9	65.1	64.0	65.0
Operating ROIC (%)	15.3	15.2	15.8	19.0	21.2
ROIC (%)	14.8	14.7	15.2	18.3	20.4
ROE (%)	18.5	19.8	20.1	22.6	23.4
ROA (%)	11.8	11.8	12.7	15.5	17.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
Cash patient revenue	2,755	3,235	3,465	4,002	4,412
SSO patient revenue	1,409	1,578	1,690	1,793	1,866
NHSO patient revenue	243	353	367	382	393

Sources: Chularat Hospital; FSSIA estimates

Financial Statements

Chularat Hospital

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	634	719	768	930	1,071
Depreciation	276	330	345	372	398
Associates & minorities	-	-	-	-	-
Other non-cash items	(75)	(31)	(20)	5	5
Change in working capital	(110)	(123)	(66)	(87)	(87)
Cash flow from operations	724	895	1,027	1,220	1,388
Capex - maintenance	(707)	(713)	(400)	(400)	(400)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(707)	(713)	(400)	(400)	(400)
Dividends paid	(352)	(550)	(550)	(537)	(558)
Equity finance	0	0	0	0	0
Debt finance	365	312	(466)	(200)	(523)
Other financing cash flows	26	53	20	(5)	(5)
Cash flow from Financing	39	(185)	(996)	(742)	(1,086)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	57	(3)	(369)	78	(98)
Free cash flow to firm (FCFF)	41.03	222.33	670.87	852.93	1,009.02
Free cash flow to equity (FCFE)	408.63	546.91	180.59	614.91	459.78
Per share (THB)					
FCFF per share	0.00	0.02	0.06	0.08	0.09
FCFE per share	0.04	0.05	0.02	0.06	0.04
Recurring cash flow per share	0.08	0.09	0.10	0.12	0.13
Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	5,551	6,237	6,637	7,037	7,437
Less: Accumulated depreciation	(1,720)	(2,017)	(2,362)	(2,734)	(3,132)
Tangible fixed assets (Net)	3,831	4,221	4,275	4,304	4,305
Intangible fixed assets (Net)	47	47	47	47	47
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	0	0	0	0	0
Cash & equivalents	471	468	98	176	78
A/C receivable	338	444	499	561	627
Inventories	142	161	171	189	202
Other current assets	641	692	740	828	894
Current assets	1,592	1,764	1,508	1,753	1,801
Other assets	238	234	234	234	234
Total assets	5,708	6,266	6,065	6,338	6,387
Common equity	3,563	3,702	3,920	4,313	4,826
Minorities etc.	180	193	193	193	193
Total Shareholders' equity	3,743	3,895	4,113	4,506	5,019
Long term debt	596	573	573	573	250
Other long-term liabilities	74	115	115	115	115
Long-term liabilities	669	688	688	688	365
A/C payable	566	607	647	713	762
Short term debt	632	966	500	300	100
Other current liabilities	97	109	117	131	141
Current liabilities	1,295	1,682	1,264	1,144	1,003
Total liabilities and shareholders' equity	5,708	6,266	6,065	6,338	6,387
Net working capital	457	580	647	733	820
Invested capital	4,574	5,082	5,203	5,318	5,406
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	0.32	0.34	0.36	0.39	0.44
Tangible book value per share	0.32	0.33	0.35	0.39	0.43
Financial strength					
Net debt/Equity (%)	20.2	27.5	23.7	15.5	5.4
Net debt/total assets (%)	13.3	17.1	16.1	11.0	4.3
Current ratio (x)	1.2	1.0	1.2	1.5	1.8
CF interest cover (x)	21.2	15.7	5.4	20.0	24.5
Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	45.1	39.8	37.3	30.8	26.7
Recurring P/E @ target price (x) *	57.3	50.5	47.3	39.0	33.9
Reported P/E (x)	45.1	40.6	37.3	30.8	26.7
Dividend yield (%)	1.9	1.9	1.9	2.0	2.2
Price/book (x)	8.0	7.7	7.3	6.6	5.9
Price/tangible book (x)	8.1	7.8	7.4	6.7	6.0
EV/EBITDA (x) **	28.4	24.7	22.8	19.0	16.7
EV/EBITDA @ target price (x) **	35.8	31.0	28.7	24.0	21.1
EV/invested capital (x)	6.5	5.9	5.7	5.5	5.4
* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income					

Sources: Chularat 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
WIIK	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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Chularat Hospital	CHG TB	THB 2.60	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.
Bangkok Dusit Medical Services	BDMS TB	THB 17.70	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 93.50	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.
Bangkok Chain Hospital	BCH TB	THB 14.00	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) SSO provision expenses following a limited SSO budget.
Praram 9 Hospital	PR9 TB	THB 8.35	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 18.10	HOLD	Downside risks to our DCF-based target price include 1) weak patient volumes 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 1.47	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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 28-Oct-2020 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.