

20 NOVEMBER 2020

THAILAND / HEALTHCARE

PRARAM 9 HOSPITAL PR9 TB

BUY

UNCHANGED

TARGET PRICE	THB12.00
CLOSE	THB9.10
UP/DOWNSIDE	+31.9%
PRIOR TP	THB9.00
CHANGE IN TP	+33.3%
TP vs CONSENSUS	+46.9%

New building, new high

ผลประกอบการ 3Q20 สูงเกินคาดจากมาตรการประหยัดต้นทุนที่มีประสิทธิภาพ
ใน 3Q20 PR9 รายงานกำไรจากการดำเนินงานจำนวน 72 ลบ. (-19% y-y, +535% q-q) สูงกว่าที่เราและตลาดคาด ตัวเลขดังกล่าวพิสูจน์ให้เห็นว่าอาคารใหม่ไม่ได้เป็นตัวถ่วงผลประกอบการของ PR9 ในขณะที่ EBITDA margin พุ่งสูงเป็นประวัติการณ์ถึง 20.5% จากมาตรการประหยัดต้นทุนที่มีประสิทธิภาพ

EBITDA margin อยู่ในแนวโน้มขาขึ้นในอีก 3 ปีข้างหน้า

ในที่ประชุมหน้าวิเคราะห์เมื่อวันที่ 19 พ.ย. ผู้บริหารระบุว่ารายได้ m-m ในเดือน ต.ค. - พ.ย. จากการแพร่ระบาดของ Respiratory Syncytial Virus (RSV) ในปี 2021 เราคาดว่าจะรายได้จะโต 12% y-y และกลับสู่ระดับก่อน COVID โดยได้แรงขับเคลื่อนจากรายได้จากผู้ป่วยกลุ่มประกัน (Insurance Patient Revenue) ซึ่งผู้บริหารคาดว่าจะโต 20% y-y ประมาณการรายได้ปี 2021 ของเราอาจมี Upside จากการกลับมาเปิดประเทศให้ผู้ป่วยต่างชาติบินเข้ามาเพื่อรับการรักษา (คิดเป็นประมาณ 10% ของรายได้รวมในปี 2019) ด้วยโครงสร้างต้นทุนที่ดีขึ้นและแนวโน้มการเติบโตของรายได้ที่ดี ผู้บริหารกล่าวว่า EBITDA margin ของ PR9 อาจเพิ่มขึ้นสูงถึง 25% ในระยะยาว โดยเราคาดประเมินว่า EBITDA margin จะปรับตัวขึ้นจาก 19% ในปี 2019 เป็น 23% ในปี 2023

บริษัท cash cow พร้อม Upside ในด้านเงินปันผล

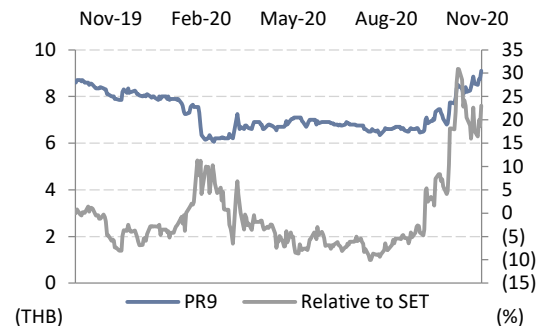
PR9 ไม่มีหนี้สิน ณ สิ้น 3Q20 บริษัทฯ มีเงินสดในมือ 981 ลบ. ในขณะที่เราคาดว่าบงกชของเหลือของบริษัทฯ ในช่วง 4Q20-2022 อยู่ที่ประมาณ 650 ลบ. (ประกอบด้วย 450 ลบ. สำหรับอุปกรณ์ทางการแพทย์และค่าก่อสร้างอาคารใหม่ที่ค้างอยู่ 100 ลบ. สำหรับการปรับปรุงระบบสารสนเทศและดิจิทัลและ 100 ลบ. สำหรับการตกแต่งอาคารเก่า) ทำให้บริษัทฯ จะมีกระแสเงินสดเข้ามามาก เนื่องจากบริษัทฯ มี EBITDA ประมาณ 600-700ลบ. ต่อปี กระแสเงินสดที่เหลือหลังหักเงินลงทุนดังกล่าวอาจกลายเป็นเงินปันผล ซึ่งอาจให้ผลตอบแทนเงินปันผลในปี 2024E สูงถึง 4-5%

ปรับประมาณการกำไรและราคาเป้าหมายขึ้น ราคาหุ้นควรกลับไปซื้อขายที่ราคา IPO

เราปรับประมาณการกำไรจากการดำเนินงานในปี 2020 ขึ้น 62% และในปี 2021-2022 ขึ้น 18-30% เพื่อสะท้อน EBITDA Margin ที่ดีเกินคาดใน 3Q20 และปรับราคาเป้าหมายของเราขึ้นเป็น 12 บาทจาก 9 บาท (DCF) แม้ว่าราคาหุ้นจะปรับตัวขึ้นถึง 34% ในช่วง 1 เดือนที่ผ่านมา เราเชื่อว่าราคาหุ้นยังมี Upside PR9 มีการซื้อขายที่ค่า 2021E EV/EBITDA เพียง 10x ต่ำกว่าค่าเฉลี่ยของกลุ่มที่ 18x เราเห็นว่า PR9 สมควรได้รับการซื้อขายในราคาที่สูงกว่าบริษัทอื่นในกลุ่มจากกำไรสุทธิจากการดำเนินงานของบริษัทฯ ที่คาดว่าจะโตสูงถึง 47% ในปี 2021 (32% CAGR ในช่วงปี 2020-2023E) และชื่อเสียงที่ดีของโรงพยาบาล (ซึ่งได้รับการจัดให้อยู่ในลำดับที่ 11 ของโรงพยาบาลที่ดีที่สุดในประเทศไทยโดย Newsweek) ราคาเป้าหมายใหม่ของเราคิดเป็น 2021E EV/EBITDA ที่เพียง 14x เนื่องจากเราหักประเด็นสภาพคล่องของหุ้น ในขณะที่ราคาหุ้นควรกลับไปซื้อขายในราคา IPO ที่ 11.6 บาทหลังความกังวลเกี่ยวกับอาคารใหม่หมดไป

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	2,849	2,582	2,895	3,238
Net profit	284	191	281	349
EPS (THB)	0.36	0.24	0.36	0.44
vs Consensus (%)	-	45.5	69.0	58.3
EBITDA	540	434	626	719
Core net profit	312	191	281	349
Core EPS (THB)	0.40	0.24	0.36	0.44
Chg. In EPS est. (%)	-	62.0	29.9	17.7
EPS growth (%)	16.0	(38.9)	47.3	24.1
Core P/E (x)	22.9	37.5	25.5	20.5
Dividend yield (%)	1.5	1.3	2.4	3.4
EV/EBITDA (x)	10.6	15.0	10.2	8.6
Price/book (x)	1.8	1.7	1.7	1.6
Net debt/Equity (%)	(35.4)	(16.0)	(18.7)	(21.2)
ROE (%)	7.9	4.7	6.7	7.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	33.8	41.1	4.0
Relative to country (%)	18.1	34.8	22.1
Mkt cap (USD m)	235		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	59		
Major shareholder	Khunying Potjaman Damapong (37%)		
12m high/low (THB)	9.10/5.50		
Issued shares (m)	786.30		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 20 พฤศจิกายน 2020

Investment thesis

PR9 is a standalone hospital that is known as a “value-for-money” hospital. It recently upgraded the hospital to include tertiary care with new specialist centres. One of the top contributors is the Kidney Transplant Institute, which is the only facility to be accredited by Joint Commission International (JCI) outside the US.

The hospital is in a growth phase, with its new building having opened in July. Although the market is concerned about the new building’s drag on its overall operation, we believe this should strengthen PR9 in the long term.

PR9’s valuation is cheap, and we believe the negative sentiment has already been priced in to the weak share price, implying a limited downside. The improving EBITDA margin should lead to its stock re-rating, and its share price should convert to its IPO price of THB11.6 when it becomes apparent that the new building will not negatively impact its earnings, in our view.

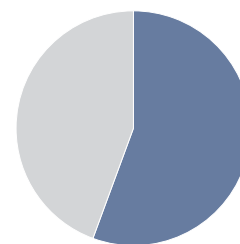
Company profile

PR9 has been operating a private hospital since 1992.

www.praram9.com

Principal activities (revenue, 2019)

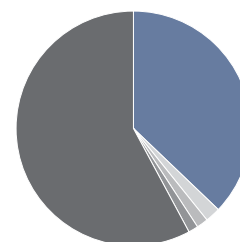
- OPD patient revenue - 55.6 %
- IPD patient revenue - 44.4 %



Source: Praram 9 Hospital

Major shareholders

- Khunying Potjaman Damapong - 37.1 %
- Standard Life Aberdeen PLC - 2.1 %
- Bualuang Basic Dividend LTF - 1.6 %
- Dr. Satian Pooprasert - 1.3 %
- Others - 57.9 %



Source: Praram 9 Hospital

Catalyst

Key potential growth drivers include 1) a higher Thai patient volume from new specialist centres; and 2) rising demand for medical tourists, especially patients from Cambodia, Laos, Myanmar and Vietnam (CLMV), as well as China.

Risk to our call

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.

Event calendar

Date	Event
Feb-21	4Q20 results announcement

Key assumptions

	2020E	2021E	2022E
	(%)	(%)	(%)
No. of licensed beds (no.)	166	190	215
OPD volume growth	(11)	8	7
OPD revenue / patient growth	2	3	5
IPD volume growth	(17)	11	7
IPD revenue / patient growth	10	2	5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2020 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2020 earnings to rise by 14%, and vice versa, all else being equal.

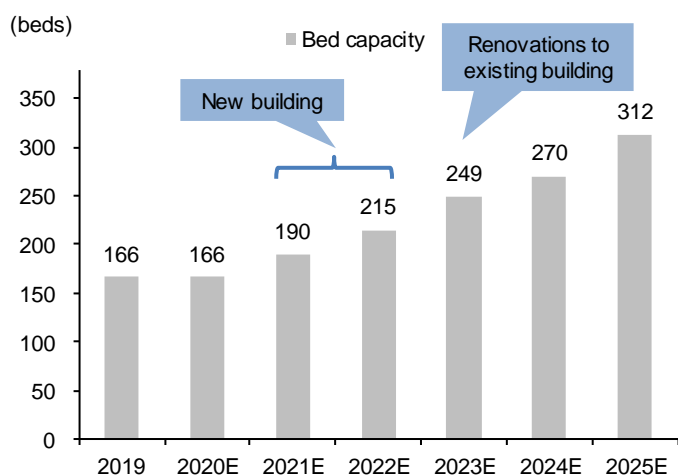
Source: FSSIA estimates

New building to drive EBITDA margin to record high

PR9's 3Q20 results proved that the new building that opened in July has not been a drag on its EBITDA margin, given that it reached a record high of 20.5% in 3Q20. The new building, in contrast, has been able to generate additional revenue for PR9. The existing medical centres (i.e. Check-up Center, Mind Center, Eye Center, GI Endoscopy Center) have relocated to the new building with more capacity. In addition, the new building is hosting new services, including the Pain Management & Wellness Institute Center, which can capture a new group of customers.

We believe PR9 will start to capture the benefits of the new building in 2021-22, as it plans to gradually add up to 59 new IPD beds over 2021-22, on top of the existing capacity of 166 beds. Furthermore, the relocation of its existing medical centres enables PR9 to open up to 3-4 new medical centres, including a Breast Center and Oncology Center, and add more CCU and ICU beds

Exhibit 1: Bed capacity (including ICU-CCU) is expected to double over the next five years



Sources: PR9; FSSIA estimate

Exhibit 2: New Building: PRARAM 9 Medical Center (Building B)



PRARAM 9 Medical Center

B2-B1 :	Parking, Community Lounge, Food Space
FL 1-2 :	Registration, PR, Event Space, Retail, Parking
FL 3-6 :	Parking
FL 7 :	GI Endoscopy, OR, Recovery Room
FL 8 :	OPD GI, EYE Center, ENT & Allergy Center, Pharmacy, Cashier
FL 9 :	Skin Center, Mind Center, X-Ray, Lab
FL 10 :	OPD Pediatric, Dental Center
FL 11 :	Advanced Pain Management & Wellness Institute [The Fix & The Fit]
FL 12 :	Comprehensive Check-Up
FL 14 :	Data Center, IT, Function Area, Executive Office, IPD Pharmacy
FL 15-17 :	IPD Ward, VIP Room, VIP Lounge

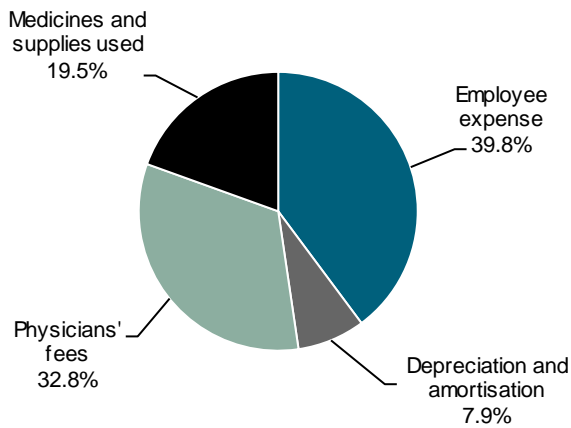
Land :	2-3-89 Rai
Usable Area :	24,600 m ²
OPD Room :	83 Exam Rooms
IPD Room :	59 Ward Beds
Parking :	381 Cars

Source: PR9

The additional revenue stream should unlock PR9's EBITDA margin, as about half of its expenses are fixed cost. Most of the fixed costs have already been reflected in its 2Q-3Q20 results, especially the doctors' fees and staff costs, as PR9 recruited doctors and staff prior to opening its new building. The depreciation of the new building has already been reflected in PR9's 3Q20 results, at approximately THB6-7m/month. It should increase to THB10m/month by 2H21 due to the opening of new IPD wards and more medical equipment. However, the higher depreciation should come along with higher revenue.

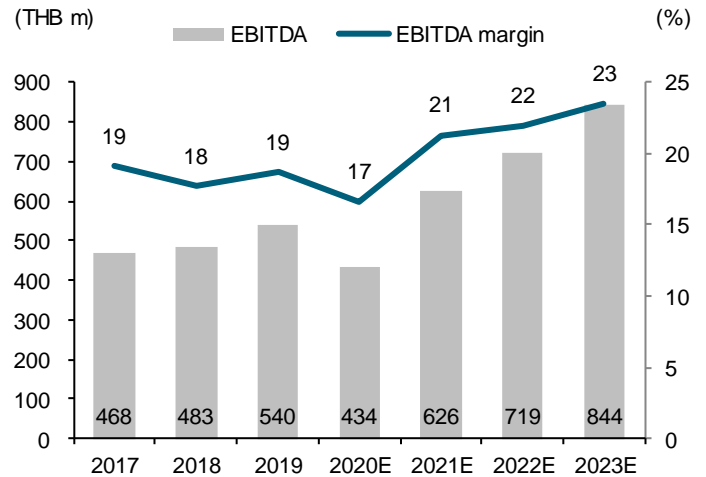
We forecast PR9's EBITDA margin to improve from 17% in 2020 to a record high of 21% in 2021 and 22% in 2022. Our EBITDA margin forecast is still conservative compared to management's guidance of a 25% EBITDA margin when revenue reaches THB260m/month (our model implies THB240m/month in 2021 and THB270m in 2022).

Exhibit 3: Expense breakdown as of 2019



Source: PR9

Exhibit 4: EBITDA and EBITDA margin should hit a record high in 2021



Sources: PR9; FSSIA estimates

Exhibit 5: Forecast revision

	2020E			2021E			2022E		
	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Revenue	2,549	2,582	1	2,889	2,895	0	3,246	3,238	0
EBITDA margin (%)	13.9	16.6	2.7	18.7	21.3	2.6	20.2	21.9	1.7
Core profit	118	191	62	216	281	30	296	349	18
Key assumptions									
OPD- Visiting numbers per day (no.)	1,058	1,082	2	1,153	1,169	1	1,234	1,245	1
OPD - Revenue per visit (THB)	3,666	3,620	(1)	3,813	3,728	(2)	4,003	3,915	(2)
IPD - Admission numbers per day (no.)	30	29	(3)	33	32	(2)	35	34	(2)
IPD- Revenue per admission (THB)	102,136	108,879	7	111,352	111,056	(0)	115,436	116,609	1

Source: FSSIA estimates

Exhibit 6: DCF valuation

Cost of equity assumptions	(%)		Cost of debt assumptions	(%)
Risk-free rate	3.0		Pre-tax cost of debt	3.5
Market risk premium	8.0		Marginal tax rate	20.0
Stock beta	0.8			
Cost of equity, Ke	9.4		Net cost of debt, Kd	2.8
Weight applied	100.0		Weight applied	0.0
WACC	9.4			
DCF valuation estimate	(THB b)	(THB/share)	Comments	
NPV	3.5	4.5	WACC 9.4%, risk-free rate 3%, risk premium 8%	
Terminal value	5.1	6.5	Terminal growth 3%	
Cash & liquid assets	0.8	1.0	At end-2021E	
Investments	0.0	0.0	At end-2021E	
Debt	0.0	0.0	At end-2021E	
Minorities	0.0	0.0	At end-2021E	
Residual ordinary equity	9.4	12.0		

Source: FSSIA estimates

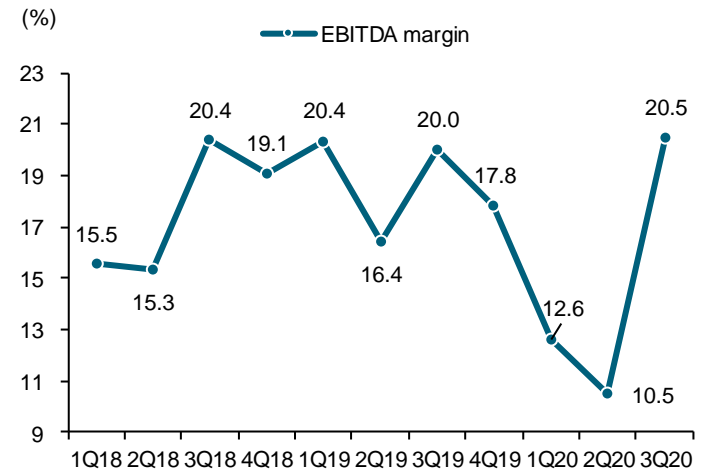
Recap: 3Q20 results review

PR9 reported a 3Q20 core profit of THB72m (-19% y-y, +535% q-q), beating Bloomberg’s consensus estimate of THB44m by 64% and our estimate of THB50m by 44%, mainly due to the better-than-expected revenue and EBITDA margin.

Revenue fell 7% y-y due to a 60% y-y decrease in international patient revenue. However, revenue from Thai patients grew by 3% y-y thanks to higher insurance patient revenue (+4% y-y) following PR9’s more intense marketing strategies.

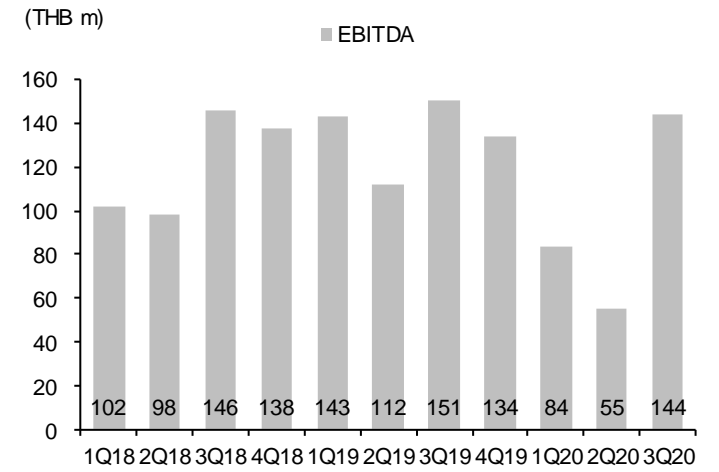
COGS dropped by 8% y-y and SG&A dropped by 4% y-y, thanks to better cost saving initiatives. As a result, the EBITDA margin improved and hit a record of 20.5% (vs 10.5% in 2Q20 and 20.0% in 3Q19).

Exhibit 7: EBITDA margin improvement trend



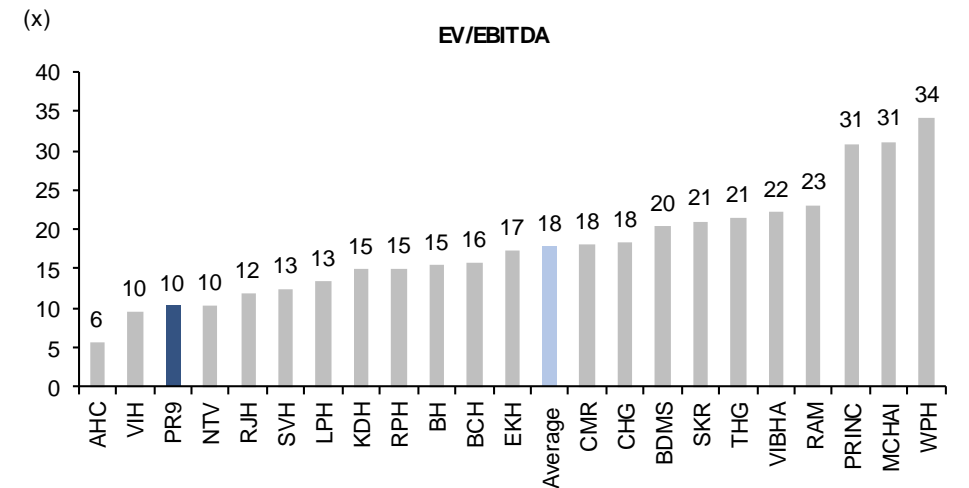
Source: PR9

Exhibit 8: EBITDA improvement trend



Source: PR9

Exhibit 9: Thai healthcare EV/EBITDA



Note: EBITDA calculated from
 - 2021E EBITDA from FSSIA for BDMS, BH, BCH, CHG, THG, VIBHA and PR9
 - 2021E EBITDA from BBG for RJH, LPH, RPH and EKH
 - 2019 EBITDA for the remaining stocks

Sources: FSSIA estimates; Bloomberg; company data

Exhibit 10: 3Q20 results review

FY ending Dec	3Q19	4Q19	1Q20	2Q20	3Q20	----- Change -----		9M19	9M20	Chg.	2020E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
Sales	743	739	659	515	692	34	(7)	2,109	1,866	(12)	2,582
COGS (incl. depreciation)	(506)	(507)	(488)	(397)	(485)	22	(4)	(1,450)	(1,370)	(6)	(1,872)
Gross profit	238	232	171	119	207	74	(13)	659	496	(25)	710
SG&A	(138)	(154)	(138)	(117)	(132)	13	(4)	(404)	(387)	(4)	(524)
Operating profit	99	78	33	2	75	3,833	(25)	256	110	(57)	186
Net other income	10	13	7	9	9	3	(6)	28	25	(10)	35
Interest expenses	0	0	(0)	(0)	(0)	n/a	n/a	0	(0)	n/a	0
Pretax profit	109	92	40	11	84	679	(23)	283	135	(52)	221
Income tax	(20)	(18)	(3)	1	(11)	nm	(44)	(45)	(14)	(70)	(30)
Core profit	89	74	37	11	72	535	(19)	238	121	(49)	191
Extraordinaries, GW & FX								(28)	0	nm	
Reported net profit	89	74	37	11	72	535	(19)	211	121	(43)	191
Outstanding shares (m)	786	786	786	786	787	0	0	786	787	0	786
Adjusted shares (m)	786	786	786	786	787	0	0	786	787	0	786
Pre-ex EPS	0.11	0.09	0.05	0.01	0.09	535	(19)	0.27	0.15	(43)	0.24
EPS (THB)	0.11	0.09	0.05	0.01	0.09	535	(19)	0.27	0.15	(43)	0.24
COGS excl. depreciation	(464)	(464)	(444)	(352)	(425)	21	(8)	(1,328)	(1,222)	(8)	(1,658)
Depreciation	(42)	(43)	(44)	(44)	(60)	35	44	(122)	(148)	21	(214)
EBITDA	151	134	84	55	144	160	(5)	406	283	(30)	434
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	(%)
Gross margin	32	31	26	23	30	7	(2)	31	27	(5)	28
SG&A/Revenue	19	21	21	23	19	(4)	0	19	21	2	20
EBITDA margin	20	18	13	11	21	10	0	19	15	(4)	17
Net profit margin	12	10	6	2	10	8	(2)	10	6	(4)	7
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)						
OPD revenue growth	8	3	(1)	(28)	(8)						
OPD volume growth	4	1	(3)	(28)	(9)						
OPD revenue per head growth	3	2	2	1	1						
IPD revenue growth	1	5	(11)	(17)	(6)						
IPD volume growth	(7)	2	(16)	(25)	(17)						
IPD revenue per head growth	8	3	6	11	13						
Thai patient revenue growth	3	5	(6)	(14)	3						
Inter patient revenue growth	11	(1)	(2)	(69)	(60)						

1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income – depreciation
Sources: PR9; FSSIA estimates

Exhibit 11: PR9 ranked 11th out of best hospitals in Thailand for 2020 (ranked 7th for private hospitals)

Rank	Hospital name	Score	City	Beds	FY21E EV/EBITDA	Note
		(%)		(no.)	(x)	
1	Bangkok Hospital	98.90	Bangkok	263	20.3	Hospital under BDMS TB
2	Siriraj Piyamaharajkarun Hospital	93.10	Bangkok	2,283		
3	Ramathibodi Hospital	92.50	Bangkok	1,300		
4	Bumrungrad International Hospital	92.30	Bangkok	538	15.4	BH TB
5	King Chulalongkorn Memorial Hospital	86.80	Bangkok	1,433		
6	Samitivej Sukhumvit Hospital	84.90	Bangkok	275	20.3	Hospital under BDMS TB
7	Thonburi Hospital	82.50	Bangkok	435	21.5	Hospital under THG TB
8	Bangpakok 9 International Hospital	81.90	Bangkok	200		
9	Rajavithi Hospital	81.70	Bangkok	909		
10	Bangkok Christian Hospital	79.60	Bangkok	198		
11	Praram 9 Hospital	78.80	Bangkok	160	10.2	PR9 TB
12	Songklanagarind Hospital	78.70	Songkhla	732		
13	Phyathai 1 Hospital	78.70	Bangkok	350	20.3	Hospital under BDMS TB
14	Phramongkutklo Hospital	78.60	Bangkok	1,236		
15	Maharaj Nakorn Chiang Mai Hospital	78.50	Chiang Mai	2,279		
16	Vajira Hospital	78.00	Bangkok	875		
17	Ramkhamhaeng Hospital	78.00	Bangkok	486	23.1 ¹⁾	Hospital under RAM TB
18	Srinagarind Hospital	77.90	Khon Kaen	777		
19	Khon Kaen Hospital	77.60	Khon Kaen	867		
20	Saint Louis Hospital	77.00	Bangkok	412		
21	BNH Hospital	76.10	Bangkok	225	20.3	Hospital under BDMS TB
22	Phyathai 2 Hospital	75.60	Bangkok	260	20.3	Hospital under BDMS TB
23	Yanhee Hospital	74.80	Bangkok	400		
24	Maharat Nakhon Ratchasima Hospital	74.70	Nakhon Ratchasima	1,039		
25	Songkhla Hospital	74.50	Songkhla	480		
26	Central General Hospital	74.50	Bangkok	200		
27	Buddhachinaraj Phitsanulok Hospital	74.30	Phitsanulok	878		
28	Hatyai Hospital	74.10	Songkhla	640		

1) FY19 EV/EBITDA estimate by FSSIA; Source: [Newsweek](#)

Exhibit 12: Peer comparisons as of 19 Nov 2020

Year to Dec	BBG	Rec	---Share price---		Upside	Market	----- PE -----		--- ROE ---		-- EV/EBITDA --	
Company			Current	Target	(down)	Cap	20E	21E	20E	21E	20E	21E
			(Lcl)	(Lcl)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand												
Bangkok Dusit Med Services	BDMS TB	BUY	22.60	28.00	23.9	11,804	53.8	39.0	7.9	10.6	24.3	20.3
Bumrungrad Hospital Pcl	BH TB	HOLD	107.50	124.00	15.3	2,807	58.7	29.8	8.0	15.3	25.9	15.4
Bangkok Chain Hospital	BCH TB	BUY	14.70	20.00	36.1	1,205	30.0	26.7	18.5	18.9	17.7	15.7
Chularat Hospital Pcl	CHG TB	BUY	2.50	3.30	32.0	904	35.7	31.3	20.1	22.6	22.0	18.3
Praram 9 Hospital Pcl	PR9 TB	BUY	9.10	12.00	31.9	235	37.5	25.5	4.7	6.7	15.0	10.2
Thonburi Healthcare Group	THG TB	HOLD	20.00	20.50	2.5	555	n/a	58.8	(0.1)	3.6	30.4	21.5
Vibhavadi Medical Center	VIBHA TB	HOLD	1.47	1.55	5.4	656	49.0	36.8	4.9	7.6	28.8	22.1
Rajthanee Hospital*	RJH TB	n/a	22.70	n/a	n/a	224	19.9	18.5	24.0	24.9	13.3	12.0
Ekachai Medical Care*	EKH TB	n/a	4.80	n/a	n/a	94	106.7	38.4	3.3	7.9	30.5	17.6
Thailand average						18,484	49.0	33.8	10.1	13.1	23.1	17.0
Regional												
Ramsay Health Care*	RHC AU	n/a	65.90	n/a	n/a	10,947	38.3	33.3	11.9	11.1	15.4	12.0
IHH Healthcare Bhd*	IHH SP	n/a	1.77	n/a	n/a	11,542	85.6	49.9	1.8	4.1	23.0	17.4
Ryman Healthcare*	RYM NZ	n/a	15.51	n/a	n/a	5,347	30.8	28.2	11.2	11.3	29.0	33.0
Apollo Hospitals Enterprise*	APHS IN	n/a	2,288.70	n/a	n/a	4,309	88.7	n/a	9.4	0.1	23.2	32.7
Kpj Healthcare Berhad*	KPJ MK	n/a	0.93	n/a	n/a	965	29.8	22.6	7.0	8.8	13.4	11.6
Raffles Medical Group*	RFMD SP	n/a	0.83	n/a	n/a	1,143	35.9	27.5	5.1	6.7	18.0	15.3
Mitra Keluarga Karyasehat*	MIKA IJ	n/a	2,490.00	n/a	n/a	2,492	52.7	44.0	14.6	16.2	33.9	28.6
Aier Eye Hospital*	300015 CH	n/a	62.53	n/a	n/a	39,126	147.5	108.6	21.6	24.2	84.3	64.0
Regional average						75,872	63.7	44.9	10.3	10.3	30.0	26.8
Overall average						94,355	56.3	38.7	10.2	11.8	26.4	21.6

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Praram 9 Hospital

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	2,701	2,849	2,582	2,895	3,238
Cost of goods sold	(1,708)	(1,792)	(1,658)	(1,758)	(1,959)
Gross profit	993	1,056	924	1,137	1,278
Other operating income	32	41	35	41	43
Operating costs	(542)	(558)	(524)	(553)	(602)
Operating EBITDA	483	540	434	626	719
Depreciation	(156)	(165)	(214)	(279)	(289)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	328	375	221	347	431
Net financing costs	0	0	0	0	0
Associates	0	0	0	0	0
Recurring non operating income	0	0	0	0	0
Non recurring items	(112)	(28)	0	0	0
Profit before tax	216	348	221	347	431
Tax	(58)	(63)	(30)	(66)	(82)
Profit after tax	157	284	191	281	349
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	157	284	191	281	349
Non recurring items & goodwill (net)	112	28	0	0	0
Recurring net profit	269	312	191	281	349
Per share (THB)					
Recurring EPS *	0.34	0.40	0.24	0.36	0.44
Reported EPS	0.20	0.36	0.24	0.36	0.44
DPS	0.14	0.14	0.12	0.21	0.31
Diluted shares (used to calculate per share data)	786	786	786	786	786
Growth					
Revenue (%)	11.5	5.5	(9.3)	12.1	11.8
Operating EBITDA (%)	3.2	11.7	(19.5)	44.0	15.0
Operating EBIT (%)	3.3	14.5	(41.2)	57.3	24.1
Recurring EPS (%)	(21.7)	16.0	(38.9)	47.3	24.1
Reported EPS (%)	(54.3)	80.9	(32.9)	47.3	24.1
Operating performance					
Gross margin inc depreciation (%)	31.0	31.3	27.5	29.7	30.6
Gross margin of key business (%)	31.0	31.3	27.5	29.7	30.6
Operating EBITDA margin (%)	17.9	19.0	16.8	21.6	22.2
Operating EBIT margin (%)	12.1	13.2	8.5	12.0	13.3
Net margin (%)	10.0	11.0	7.4	9.7	10.8
Effective tax rate (%)	17.9	16.8	13.5	19.0	19.0
Dividend payout on recurring profit (%)	40.9	35.3	50.0	60.0	70.0
Interest cover (X)	-	-	-	-	-
Inventory days	8.8	9.3	10.3	9.6	9.4
Debtor days	18.4	18.9	23.2	22.7	22.3
Creditor days	109.5	88.6	97.8	91.3	89.2
Operating ROIC (%)	16.3	13.6	6.3	8.0	9.9
ROIC (%)	14.8	12.8	6.0	7.7	9.5
ROE (%)	9.0	7.9	4.7	6.7	7.9
ROA (%)	7.4	6.8	4.0	5.8	6.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
OPD patient revenue	1,494	1,584	1,430	1,591	1,779
IPD patient revenue	1,207	1,264	1,152	1,305	1,459

Sources: Praram 9 Hospital; FSSIA estimates

Financial Statements

Praram 9 Hospital

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	269	312	191	281	349
Depreciation	156	165	214	279	289
Associates & minorities	-	-	-	-	-
Other non-cash items	(105)	21	0	0	0
Change in working capital	(207)	51	(51)	12	34
Cash flow from operations	113	548	353	571	671
Capex - maintenance	(570)	(885)	(1,009)	(331)	(355)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(570)	(885)	(1,009)	(331)	(355)
Dividends paid	(492)	(112)	(110)	(95)	(169)
Equity finance	2,110	0	0	0	0
Debt finance	0	0	0	0	0
Other financing cash flows	7	19	(8)	0	0
Cash flow from Financing	1,626	(92)	(118)	(95)	(169)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	1,169	(429)	(774)	146	148
Free cash flow to firm (FCFF)	(457.01)	(336.83)	(655.91)	240.91	316.69
Free cash flow to equity (FCFE)	(450.21)	(317.56)	(663.84)	240.91	316.69

Per share (THB)

FCFF per share	(0.58)	(0.43)	(0.83)	0.31	0.40
FCFE per share	(0.57)	(0.40)	(0.84)	0.31	0.40
Recurring cash flow per share	0.41	0.63	0.51	0.71	0.81

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	3,721	4,559	5,569	5,899	6,254
Less: Accumulated depreciation	(1,502)	(1,619)	(1,833)	(2,112)	(2,401)
Tangible fixed assets (Net)	2,219	2,940	3,735	3,787	3,853
Intangible fixed assets (Net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	4	4	4	4	4
Cash & equivalents	1,860	1,431	657	803	951
A/C receivable	139	156	171	189	208
Inventories	43	49	45	48	53
Other current assets	7	7	7	7	8
Current assets	2,049	1,643	880	1,046	1,220
Other assets	152	130	130	130	130
Total assets	4,424	4,717	4,749	4,967	5,207
Common equity	3,873	4,039	4,112	4,297	4,478
Minorities etc.	0	0	0	0	0
Total Shareholders' equity	3,873	4,039	4,112	4,297	4,478
Long term debt	0	0	0	0	0
Other long-term liabilities	102	155	155	155	155
Long-term liabilities	102	155	155	155	155
A/C payable	408	461	427	453	505
Short term debt	0	0	0	0	0
Other current liabilities	40	62	56	63	70
Current liabilities	449	523	483	515	574
Total liabilities and shareholders' equity	4,424	4,717	4,749	4,967	5,207
Net working capital	(260)	(311)	(260)	(272)	(305)
Invested capital	2,115	2,763	3,609	3,649	3,681

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

Per share (THB)

Book value per share	4.93	5.14	5.23	5.47	5.69
Tangible book value per share	4.93	5.14	5.23	5.47	5.69

Financial strength

Net debt/Equity (%)	(48.0)	(35.4)	(16.0)	(18.7)	(21.2)
Net debt/total assets (%)	(42.0)	(30.3)	(13.8)	(16.2)	(18.3)
Current ratio (x)	4.6	3.1	1.8	2.0	2.1
CF interest cover (x)	-	-	-	-	-

Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	26.6	22.9	37.5	25.5	20.5
Recurring P/E @ target price (x) *	35.1	30.2	49.4	33.6	27.1
Reported P/E (x)	45.5	25.2	37.5	25.5	20.5
Dividend yield (%)	1.5	1.5	1.3	2.4	3.4
Price/book (x)	1.8	1.8	1.7	1.7	1.6
Price/tangible book (x)	1.8	1.8	1.7	1.7	1.6
EV/EBITDA (x) **	11.0	10.6	15.0	10.2	8.6
EV/EBITDA @ target price (x) **	15.7	14.8	20.2	13.8	11.8
EV/invested capital (x)	2.5	2.1	1.8	1.7	1.7

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

Sources: Praram 9 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	GGP	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	AMANA
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	CENDEL
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	KBS	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	PW	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	SMP	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	AMANAHA	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
Praram 9 Hospital	PR9 TB	THB 9.10	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.
Bangkok Dusit Medical Services	BDMS TB	THB 22.60	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 price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 107.50	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 14.70	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 prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 2.50	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.
Thonburi Healthcare Group	THG TB	THB 20.00	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 1.47	HOLD	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. Upside risks include 1) a faster-than-expected patient recovery, especially for Chinese patients which are the main international patients of CMR; and 2) a restructuring of the shareholding structure.

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 19-Nov-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.