

21 JANUARY 2021

THAILAND / HEALTHCARE

CHULARAT HOSPITAL CHG TB

BUY

UNCHANGED

TARGET PRICE	THB3.50
CLOSE	THB2.52
UP/DOWNSIDE	+38.9%
PRIOR TP	THB3.30
CHANGE IN TP	+6.1%
TP vs CONSENSUS	+14.8%

สำเร็จในการรับมือกับความท้าทายจาก COVID

คาดการณ์กำไรจากการดำเนินงานจะกระโดด 79% ใน 4Q20

ในกลุ่มการแพทย์ที่เราทำการศึกษา CHG อาจรายงาณกำไรโตสูงสุดใน 4Q20 โดยเราคาดว่ากำไรจากการดำเนินงานของบริษัทฯ ใน 4Q20 จะโต 79% y-y เป็น 240 ลบ. จากการไม่ต้องบันทึกการกลับรายการรายได้ประกันสังคม ผลขาดทุนที่ลดลงจากโรงพยาบาลใหม่สองแห่งรายได้จากการให้บริการสถานกักกันทางเลือกของรัฐ และ EBITDA margin ที่สูงขึ้น ดังนั้นเราจึงคาดว่า CHG จะรายงาณกำไรจากการดำเนินงานสูงขึ้น 20% y-y ในปี 2020 แม้ว่าจะมีผลกระทบจากการแพร่ระบาด COVID-19

โรงพยาบาลใหม่สองแห่งจะเริ่มให้ส่วนแบ่งกำไรในปี 2021

ในปี 2021 เราคาดว่ากำไรจะโตต่อเนื่อง โดยเห็นว่าหนึ่งในปัจจัยผลักดันสำคัญจะอยู่ที่โรงพยาบาลใหม่สองแห่ง กล่าวคือ CHG304 และ RPC ซึ่งอาจพลิกฟื้นในปีนี้ เราคาดว่า RPC จะพลิกมารายงานกำไร ในขณะที่ CHG304 เกือบถึงจุดคุ้มทุนใน 4Q20 เราคาดว่าโรงพยาบาลทั้งสองแห่งจะให้ส่วนแบ่งกำไรรวม 38 ลบ. ในปี 2021 พลิกจากผลขาดทุน 70 ลบ. ในปี 2020E นอกจากนี้เรายังคาดว่าโรงพยาบาลทั้งสองจะขยายความสามารถในการรับผู้ป่วยในจาก 59 เตียงในแต่ละโรงพยาบาลเป็นประมาณ 100 เตียง จากข้อมูลในปี 2019 CHG ทำกำไร 1 ลบ. ต่อเตียง ดังนั้นเราจึงเชื่อว่าโรงพยาบาลทั้งสองอาจให้ส่วนแบ่งกำไรได้สูงถึง 200 ลบ. ในระยะยาว

การฟื้นตัวของรายได้เงินสดจะช่วยผลักดัน EBITDA margin

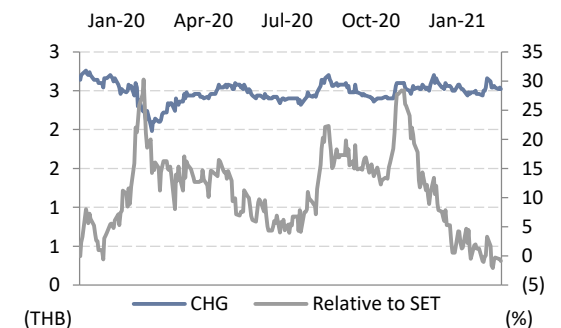
นอกจากการพลิกฟื้นของโรงพยาบาลใหม่สองแห่งแล้ว เราคาดว่ารายได้เงินสดจะเพิ่ม 19% ในปี 2021 จากฐานที่ต่ำในปี 2020 หลังการแพร่ระบาด COVID-19 ซึ่งทำให้ผู้ป่วยชาวไทยเลื่อนเข้ารับการรักษาโดยเฉพาะใน 2Q20 นอกจากนี้ รายได้ผู้ป่วยต่างชาติ (ส่วนมากมาจากตะวันออกกลาง) ซึ่งคิดเป็น 3% ของรายได้ในปี 2019 ควรเริ่มฟื้นตัวหลังการเปิดพรมแดนของไทยซึ่งอาจเกิดขึ้นใน 2H21 ดังนั้นเราจึงคาดว่ากำไรของโรงพยาบาลทั้งสองแห่งและการฟื้นตัวของผู้ป่วยเงินสดจะช่วยกระตุ้น EBITDA margin ให้เพิ่มจาก 27% ในปี 2020 เป็น 28% ในปี 2021 ซึ่งเป็นระดับสูงสุดนับตั้งแต่ปี 2012 และอาจทำให้กำไรจากการดำเนินงานโต 15% ในปี 2021E

ปรับเพิ่มประมาณการกำไรหลัก คาดประมาณการกำไรของตลาดจะสูงขึ้น

เราปรับเพิ่มประมาณการกำไรจากการดำเนินงานในปี 2020-22 ขึ้น 6-12.5% เพื่อสะท้อนกำไรจากการดำเนินงานที่ดีใน 4Q20E และปรับเพิ่มราคาเป้าหมายของเราเป็น 3.5 บาท (DCF, WACC 8.2%, LTG 3%) CHG มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจ โดยมีค่า 2021E P/E อยู่ที่ 28x ซึ่งต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 39x ถ้ากำไร 4Q20 ออกมาตามคาด เราคาดว่า CHG จะมีปัจจัยบวกในระยะสั้นจากการปรับเพิ่มประมาณการกำไรของตลาด

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	5,166	5,381	6,041	6,514
Net profit	705	863	994	1,135
EPS (THB)	0.06	0.08	0.09	0.10
vs Consensus (%)	-	9.6	12.5	19.0
EBITDA	1,211	1,422	1,642	1,836
Core net profit	719	863	994	1,135
Core EPS (THB)	0.07	0.08	0.09	0.10
Chg. In EPS est. (%)	-	12.5	6.9	6.0
EPS growth (%)	13.4	20.1	15.1	14.2
Core P/E (x)	38.6	32.1	27.9	24.4
Dividend yield (%)	2.0	2.2	2.2	2.5
EV/EBITDA (x)	23.9	20.2	17.4	15.3
Price/book (x)	7.5	6.9	6.3	5.6
Net debt/Equity (%)	27.5	21.2	13.3	3.1
ROE (%)	19.8	22.4	23.6	24.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	2.4	(3.8)
Relative to country (%)	(2.2)	(18.2)	0.8
Mkt cap (USD m)	925		
3m avg. daily turnover (USD m)	2.4		
Free float (%)	43		
Major shareholder	Kannikar Plussind (18%)		
12m high/low (THB)	2.82/1.98		
Issued shares (m)	11,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 21 มกราคม 2021

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 turn around by 4Q20. We estimate that this would lead to an EBITDA margin improvement from 24% in 2019 to 29% in 2023.

CHG's revenue contributions from cash patients have gradually increased. This is another key factor to expand its EBITDA margin, in our view, 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.

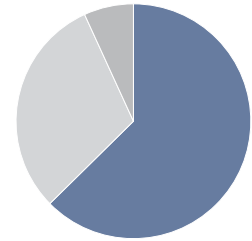
Company profile

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)

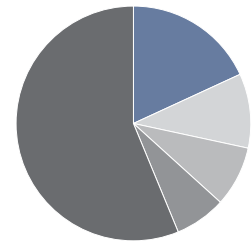
- Cash patient revenue - 62.6 %
- SSO patient revenue - 30.5 %
- NHSO patient revenue - 6.8 %



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 price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.

Event calendar

Date	Event
February 2021	4Q20 results announcement

Key assumptions

	2020E	2021E	2021E
	(%)	(%)	(%)
SSO volume growth	3	2	2
SSO revenue / patient growth	12	1	2
OPD volume growth	(6)	14	6
OPD revenue / patient growth	4	4	4
IPD volume growth	(5)	14	6
IPD revenue / patient growth	4	4	4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2021 earnings to rise by 1%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2021 earnings to rise by 6%, and vice versa, all else being equal.

Source: FSSIA estimates

4Q20E results preview: Expect core profit to jump 79% y-y

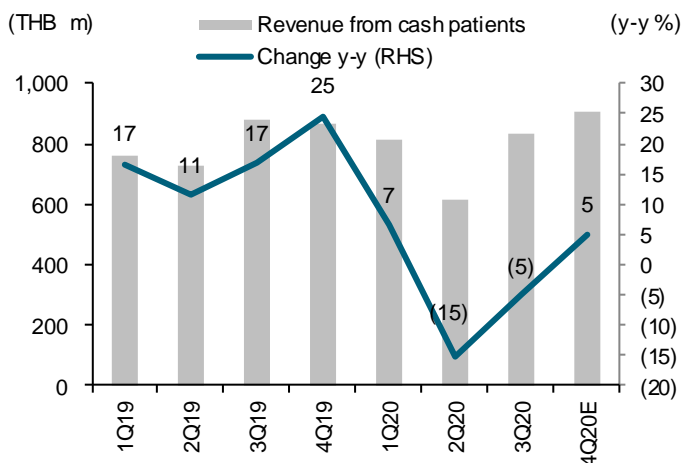
We expect revenue from cash patients to grow by 5% y-y in 4Q20 due to the RSV (Respiratory Syncytial Virus) outbreak during Oct-Nov, the organic recovery of Thai patient numbers, and higher revenue from the ASQ program of cTHB50m (vs cTHB15m in 3Q20). 4Q20 could be the first quarter to see the resumption of revenue growth y-y from cash patients since the COVID-19 outbreak.

SSO revenue could jump by 25% y-y, as the SSO had a sufficient budget to pay for IPD treatments in 2020, while it had an insufficient budget in 2019, resulting in a revenue reversal of THB38m in 4Q19. In addition, we expect registered members to grow by 2% y-y and revenue per head to also grow due to a higher number of high-intensity treatments (RW>2).

Losses from its two new hospitals (RPC and CHG304) should narrow to THB3m in 4Q20, compared to the THB12m loss in 3Q20 and the THB27m loss in 4Q19. We expect RPC to reach the net profit breakeven point this quarter.

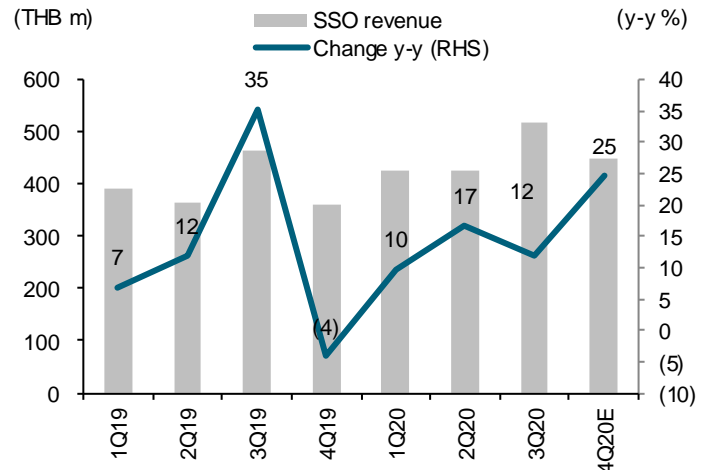
We project CHG's EBITDA margin to improve to 27% in 4Q20 from 20% in 4Q19. Overall, we forecast core profit to surge by 79% y-y to THB240m. The strong earnings growth, in our opinion, should be led by the absence of an SSO revenue reversal, smaller losses from its two new hospitals, higher ASQ revenue, and a stronger EBITDA margin.

Exhibit 1: Cash patient revenue



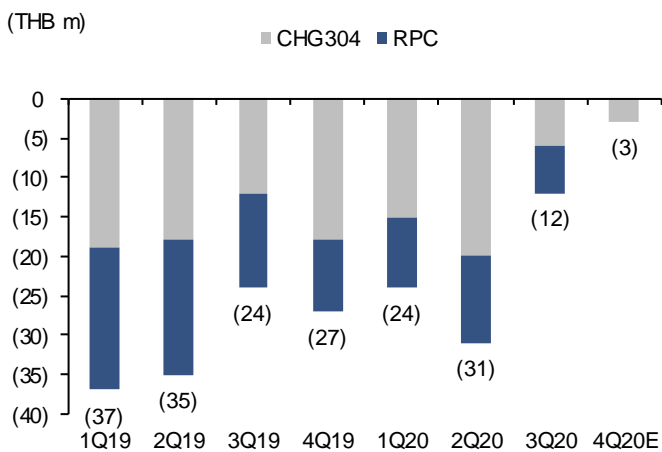
Sources: CHG; FSSIA estimates

Exhibit 2: SSO revenue



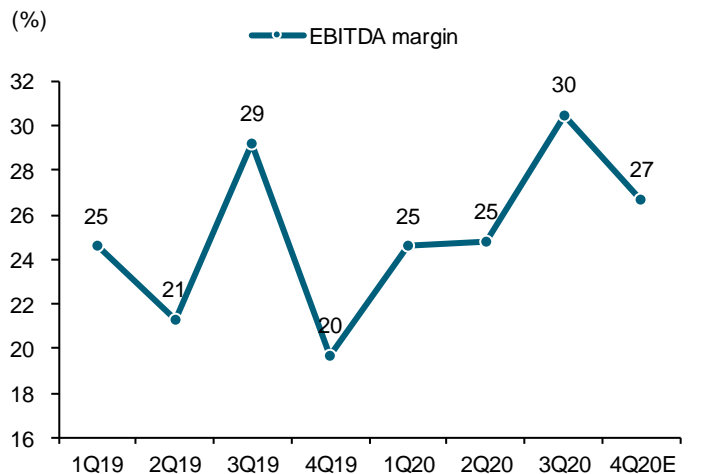
Sources: CHG; FSSIA estimates

Exhibit 3: Two new hospitals to contribute smaller losses



Sources: CHG; FSSIA estimates

Exhibit 4: Quarterly EBITDA trend



Sources: CHG; FSSIA estimates

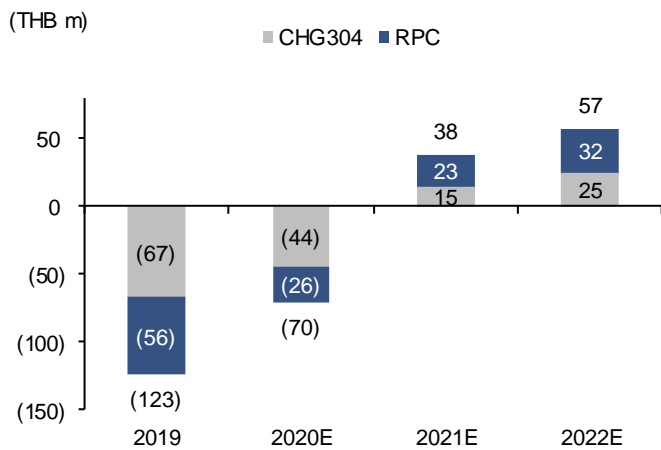
Exhibit 5: CHG – 4Q20E results preview

FY ending Dec	4Q19	1Q20	2Q20	3Q20	4Q20E	Change		2019	2020E	Chg.
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Revenue	1,328	1,317	1,146	1,460	1,458	(0)	10	5,166	5,381	4
Cost of sales (Incl. depreciation)	(975)	(931)	(813)	(940)	(963)	3	(1)	(3,629)	(3,648)	0
Gross profit	353	386	332	520	495	(5)	40	1,536	1,733	13
SG&A	(187)	(154)	(141)	(171)	(189)	11	2	(655)	(656)	0
Operating profit	167	232	191	349	305	(12)	83	881	1,077	22
Other operating income	4	4	4	7	4	(39)	13	22	20	(10)
Interest income	1	1	1	0	1	245	(24)	3	3	(1)
EBIT	172	237	196	356	311	(13)	81	906	1,100	21
Interest expense	(10)	(10)	(10)	(9)	(10)	14	(6)	(40)	(38)	(6)
EBT	162	227	187	348	301	(13)	86	866	1,063	23
Income tax	(36)	(49)	(42)	(70)	(62)	(12)	72	(187)	(223)	19
Minority interests	9	8	11	4	1	(83)	(92)	41	24	n/a
Core profit	134	186	155	282	240	(15)	79	719	863	20
Extraordinaries								(14)	-	
Net income	134	186	155	282	240	(15)	79	705	863	22
Core EPS (THB)	0.01	0.02	0.01	0.03	0.02	(15)	79	0.07	0.08	20
No. of shares (m)	11,000	11,000	11,000	11,000	11,000	0	0	11,000	11,000	0
Cost (Excl. depreciation)	(884)	(844)	(724)	(851)	(884)	4	0	(3,300)	(3,302)	0
Depreciation & amortisation	(91)	(87)	(89)	(89)	(80)	(11)	(13)	(330)	(345)	5
EBITDA	262	324	284	445	389	(12)	49	1,233	1,442	17
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	27	29	29	36	34	(2)	7	30	32	2
SG&A/Revenue	14	12	12	12	13	1	(1)	13	12	(0)
EBITDA margin	20	25	25	30	27	(4)	7	24	27	3
Net profit margin	10	14	14	19	16	(3)	6	14	16	2
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)					
SSO revenue	(4)	10	17	12	25					
SSO registered members ('000)	440	443	445	443	n/a					
SSO revenue per head	(7)	7	14	10	n/a					
Cash-OPD revenue	18	5	(17)	(1)	5					
Cash-OPD visit number	11	5	(20)	(8)	n/a					
Cash-OPD revenue per head	6	(0)	3	8	n/a					
Cash-IPD revenue	33	8	(13)	(10)	5					
Cash-IPD admission number	29	4	(19)	(15)	n/a					
Cash-IPD revenue per head	3	3	8	6	n/a					

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

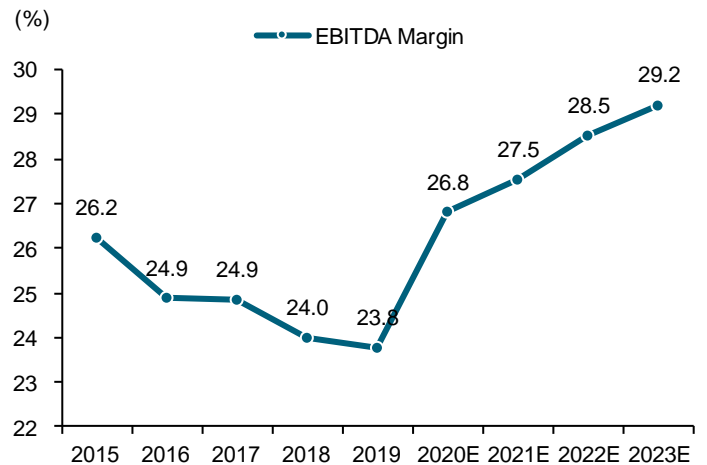
Sources: CHG; FSSIA estimates

Exhibit 6: Two new hospitals should turn around in 2021



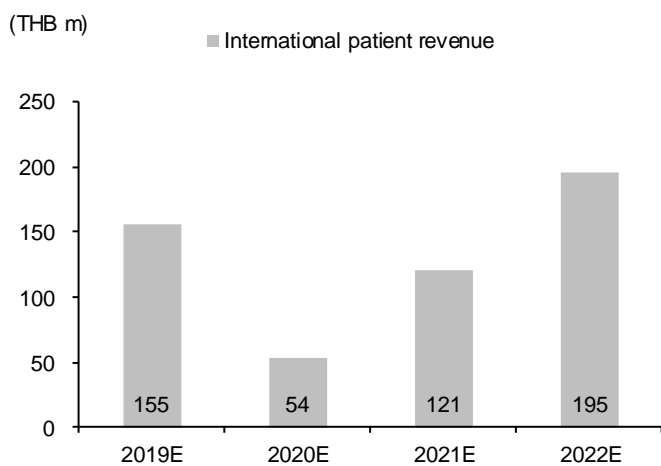
Sources: CHG; FSSIA estimates

Exhibit 7: EBITDA margin upward trend



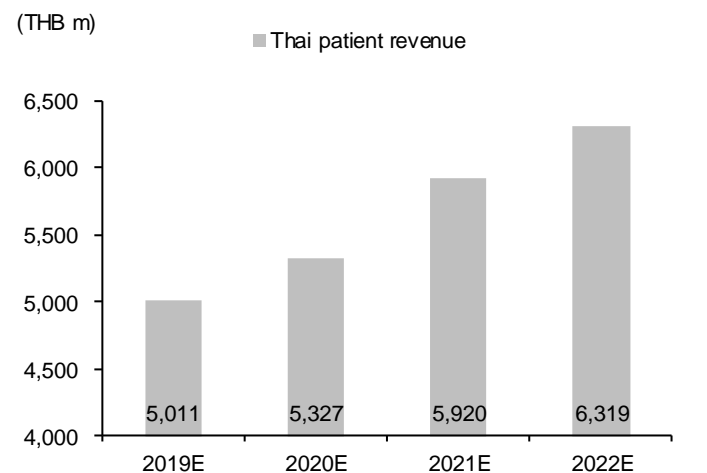
Sources: CHG; FSSIA estimates

Exhibit 8: Estimated international patient revenue



Sources: CHG; FSSIA estimates

Exhibit 9: Estimated Thai patient revenue



Sources: CHG; FSSIA estimates

Exhibit 10: Forecast revisions

	----- 2020E -----			----- 2021E -----			----- 2022E -----		
	Old (THB b)	New (THB b)	Change (%)	Old (THB b)	New (THB b)	Change (%)	Old (THB b)	New (THB b)	Change (%)
SSO registered members ('000)	449	449	0.0	458	458	0.0	467	467	0.0
SSO revenue per head (THB)	3,768	4,058	7.7	3,919	4,098	4.6	3,997	4,180	4.6
Cash-OPD visit number per day (no.)	2,766	2,525	(8.7)	3,043	2,878	(5.4)	3,226	3,051	(5.4)
Cash-OPD revenue per head (THB)	1,755	1,755	0.0	1,842	1,825	(1.0)	1,916	1,898	(1.0)
Cash-IPD admission number per day (no.)	205	189	(7.8)	225	215	(4.4)	238	228	(4.4)
Cash-IPD revenue per head (THB)	22,686	22,686	0.0	23,821	23,594	(1.0)	24,774	24,538	(1.0)
Revenue	5,523	5,381	(2.6)	6,177	6,041	(2.2)	6,671	6,514	(2.3)
EBITDA margin (%)	23.9	26.8	2.9	25.5	27.5	2.1	26.4	28.5	2.1
Core profit	768	863	12.5	930	994	6.9	1,071	1,135	6.0

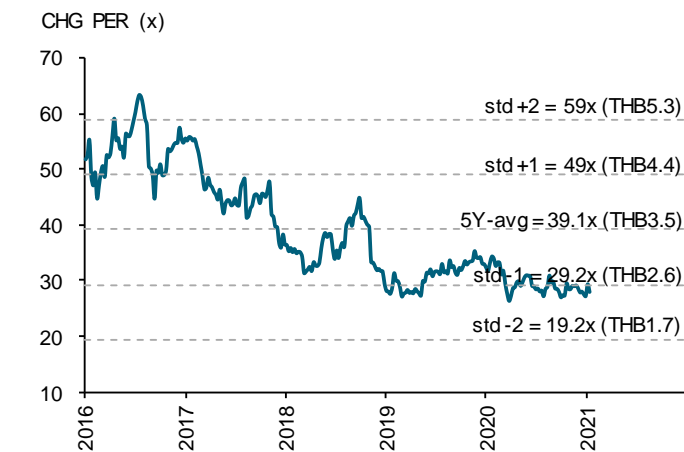
Note: Change of items in percentage terms are represented in ppt change
Source: FSSIA estimates

Exhibit 11: 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	0.9			
Cost of equity, Ke	10.0	Net cost of debt, Kd	2.8	
Weight applied	75.0	Weight applied	40.0	
WACC	8.2			
DCF valuation estimate		(THB b)	(THB/share)	Comments
NPV	12.1	1.1	WACC 8.2%, risk-free rate 3%, risk premium 8%	
Terminal value	26.9	2.4	Terminal growth 3%	
Cash & liquid assets	0.3	0.0	At end-2021E	
Investments	0.0	0.0	At end-2021E	
Debt	(0.9)	(0.1)	At end-2021E	
Minorities	(0.2)	(0.0)	At end-2021E	
Residual ordinary equity	38.2	3.5		

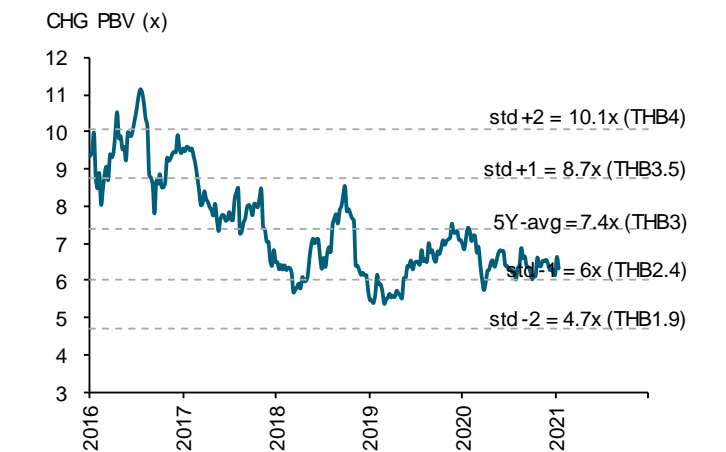
Source: FSSIA estimates

Exhibit 12: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 20 Jan 2021

Year to Dec	BBG	Rec	---Share price---		Upside	Market	----- PE -----		----- ROE -----		-- EV/EBITDA --	
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	21.20	27.00	27.4	11,237	49.3	38.1	8.0	10.0	21.4	18.2
Bumrungrad Hospital Pcl	BH TB	BUY	124.50	150.00	20.5	3,300	81.5	48.3	6.7	11.2	36.4	23.8
Bangkok Chain Hospital	BCH TB	BUY	14.10	20.00	41.8	1,173	28.9	25.7	18.5	18.8	17.0	15.2
Chularat Hospital Pcl	CHG TB	BUY	2.52	3.50	38.9	925	32.1	27.9	22.4	23.6	20.2	17.4
Praram 9 Hospital Pcl	PR9 TB	BUY	9.30	12.00	29.0	244	38.3	26.0	4.7	6.7	15.3	10.4
Thonburi Healthcare Group	THG TB	HOLD	27.00	20.50	(24.1)	760	nm	79.2	(0.1)	3.6	37.1	26.2
Vibhavadi Medical Center	VIBHA TB	HOLD	1.83	1.55	(15.3)	829	72.0	43.6	4.9	7.6	33.6	25.8
Rajthanee Hospital*	RJH TB	n/a	25.25	n/a	n/a	253	21.7	20.3	25.4	25.3	14.2	13.1
Ekachai Medical Care*	EKH TB	n/a	5.20	n/a	n/a	103	66.7	34.7	5.9	10.6	25.1	16.0
Thailand average						18,823	48.8	38.2	10.7	13.1	24.5	18.5
Regional												
Ramsay Health Care*	RHC AU	n/a	63.01	n/a	n/a	11,145	36.7	31.7	11.9	11.1	15.0	11.6
IHH Healthcare Bhd*	IHH SP	n/a	1.73	n/a	n/a	11,451	83.8	49.3	1.9	4.2	22.6	17.2
Ryman Healthcare*	RYM NZ	n/a	15.25	n/a	n/a	5,443	30.3	30.7	11.2	8.7	29.9	33.5
Apollo Hospitals Enterprise*	APHS IN	n/a	2,645.50	n/a	n/a	5,099	103.2	n/a	9.4	0.1	26.7	37.0
Kpj Healthcare Berhad*	KPJ MK	n/a	0.93	n/a	n/a	984	32.1	22.1	6.9	8.8	13.6	11.5
Raffles Medical Group*	RFMD SP	n/a	0.95	n/a	n/a	1,329	41.1	32.6	5.1	6.7	20.5	17.7
Mitra Keluarga Karyasehat*	MIKA IJ	n/a	2,620.00	n/a	n/a	2,659	51.3	43.9	15.3	16.1	32.9	28.8
Aier Eye Hospital*	300015 CH	n/a	75.40	n/a	n/a	48,060	172.5	128.9	21.8	24.2	98.3	76.0
Regional average						86,170	68.9	48.5	10.5	10.0	32.4	29.2
Overall average						104,993	58.8	42.7	10.6	11.6	28.2	23.5

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	5,381	6,041	6,514
Cost of goods sold	(2,796)	(3,300)	(3,302)	(3,680)	(3,923)
Gross profit	1,611	1,866	2,078	2,360	2,591
Other operating income	-	-	-	-	-
Operating costs	(570)	(655)	(656)	(718)	(755)
Operating EBITDA	1,041	1,211	1,422	1,642	1,836
Depreciation	(276)	(330)	(345)	(372)	(398)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	765	881	1,077	1,271	1,438
Net financing costs	(20)	(37)	(35)	(27)	(16)
Associates	0	0	0	0	0
Recurring non operating income	20	22	20	21	22
Non recurring items	0	(14)	0	0	0
Profit before tax	765	852	1,063	1,264	1,444
Tax	(150)	(187)	(223)	(266)	(303)
Profit after tax	615	665	839	999	1,141
Minority interests	19	41	24	(5)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	634	705	863	994	1,135
Non recurring items & goodwill (net)	0	14	0	0	0
Recurring net profit	634	719	863	994	1,135
Per share (THB)					
Recurring EPS *	0.06	0.07	0.08	0.09	0.10
Reported EPS	0.06	0.06	0.08	0.09	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	4.2	12.3	7.8
Operating EBITDA (%)	9.9	16.3	17.5	15.5	11.8
Operating EBIT (%)	10.6	15.2	22.3	17.9	13.2
Recurring EPS (%)	12.1	13.4	20.1	15.1	14.2
Reported EPS (%)	12.1	11.3	22.4	15.1	14.2
Operating performance					
Gross margin inc depreciation (%)	30.3	29.7	32.2	32.9	33.7
Gross margin of key business (%)	30.3	29.7	32.2	32.9	33.7
Operating EBITDA margin (%)	23.6	23.4	26.4	27.2	28.2
Operating EBIT margin (%)	17.4	17.1	20.0	21.0	22.1
Net margin (%)	14.4	13.9	16.0	16.5	17.4
Effective tax rate (%)	19.6	21.6	21.0	21.0	21.0
Dividend payout on recurring profit (%)	86.8	76.5	70.0	60.0	60.0
Interest cover (X)	38.8	24.2	31.6	47.8	91.3
Inventory days	17.0	16.7	17.8	16.9	17.2
Debtor days	25.3	27.6	31.9	31.9	33.1
Creditor days	67.3	64.9	67.1	63.7	65.1
Operating ROIC (%)	15.3	15.2	17.5	20.1	22.3
ROIC (%)	14.8	14.7	16.8	19.4	21.5
ROE (%)	18.5	19.8	22.4	23.6	24.3
ROA (%)	11.8	11.8	14.0	16.3	17.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
Cash patient revenue	2,755	3,235	3,179	3,769	4,155
SSO patient revenue	1,409	1,578	1,820	1,875	1,951
NHSO patient revenue	243	353	381	396	408

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	863	994	1,135
Depreciation	276	330	345	372	398
Associates & minorities	-	-	-	-	-
Other non-cash items	(75)	(31)	(24)	5	5
Change in working capital	(110)	(123)	(78)	(84)	(86)
Cash flow from operations	724	895	1,107	1,287	1,453
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)	(604)	(596)
Equity finance	0	0	0	0	0
Debt finance	365	312	(466)	(200)	(523)
Other financing cash flows	26	53	24	(5)	(5)
Cash flow from Financing	39	(185)	(992)	(809)	(1,125)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	57	(3)	(285)	78	(72)
Free cash flow to firm (FCFF)	41.03	222.33	744.70	915.12	1,070.99
Free cash flow to equity (FCFE)	408.63	546.91	264.87	681.90	524.77

Per share (THB)

FCFF per share	0.00	0.02	0.07	0.08	0.10
FCFE per share	0.04	0.05	0.02	0.06	0.05
Recurring cash flow per share	0.08	0.09	0.11	0.12	0.14

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	182	260	188
A/C receivable	338	444	497	558	623
Inventories	142	161	161	179	191
Other current assets	641	692	721	810	873
Current assets	1,592	1,764	1,562	1,807	1,876
Other assets	238	234	234	234	234
Total assets	5,708	6,266	6,118	6,391	6,462
Common equity	3,563	3,702	4,016	4,405	4,944
Minorities etc.	180	193	193	193	193
Total Shareholders' equity	3,743	3,895	4,209	4,598	5,137
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	607	677	722
Short term debt	632	966	500	300	100
Other current liabilities	97	109	114	128	138
Current liabilities	1,295	1,682	1,221	1,105	960
Total liabilities and shareholders' equity	5,708	6,266	6,118	6,391	6,462
Net working capital	457	580	658	742	828
Invested capital	4,574	5,082	5,214	5,326	5,414

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

Per share (THB)

Book value per share	0.32	0.34	0.37	0.40	0.45
Tangible book value per share	0.32	0.33	0.36	0.40	0.45

Financial strength

Net debt/Equity (%)	20.2	27.5	21.2	13.3	3.1
Net debt/total assets (%)	13.3	17.1	14.6	9.6	2.5
Current ratio (x)	1.2	1.0	1.3	1.6	2.0
CF interest cover (x)	21.2	15.7	8.6	26.3	33.8

Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	43.7	38.6	32.1	27.9	24.4
Recurring P/E @ target price (x) *	60.7	53.6	44.6	38.7	33.9
Reported P/E (x)	43.7	39.3	32.1	27.9	24.4
Dividend yield (%)	2.0	2.0	2.2	2.2	2.5
Price/book (x)	7.8	7.5	6.9	6.3	5.6
Price/tangible book (x)	7.9	7.6	7.0	6.4	5.7
EV/EBITDA (x) **	27.5	23.9	20.2	17.4	15.3
EV/EBITDA @ target price (x) **	37.9	32.8	27.8	23.9	21.2
EV/invested capital (x)	6.3	5.7	5.5	5.4	5.2

* 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	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	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	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.

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* 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)

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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

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ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Chularat Hospital	CHG TB	THB 2.52	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Bangkok Dusit Medical Services	BDMS TB	THB 21.20	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 124.50	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Chain Hospital	BCH TB	THB 14.10	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 prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Praram 9 Hospital	PR9 TB	THB 9.30	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 27.00	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 1.83	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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 20-Jan-2021 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.