

28 JANUARY 2021

THAILAND / HEALTHCARE

BANGKOK CHAIN HOSPITAL

BCH TB

BUY

UNCHANGED

TARGET PRICE	THB20.00
CLOSE	THB14.50
UP/DOWNSIDE	+37.9%
PRIOR TP	THB20.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+9.8%

Smaller price for a bigger slice

คาดการณ์กำไรหลักจะกระโดด 25% y-y ใน 4Q20

เราคาดว่ากำไรจากการดำเนินงานของ BCH จะกระโดด 25% y-y เป็น 301 ลบ. ใน 4Q20 จากที่ไม่มีรายการกลับรายได้ประกันสังคม รายได้ค่าบริการคัดกรอง COVID-19 ที่สูงขึ้น รายได้บริการสถานกักกันทางเลือกที่เพิ่มขึ้นและ EBITDA Margin ที่ดีขึ้น ทำให้ BCH อาจรายงานกำไรจากการดำเนินงานได้ 9% ในปี 2020 แม้ว่าจะมีผลกระทบจากการแพร่ระบาด COVID-19

บริการตรวจ COVID-19 เพิ่มขึ้นจากการแพร่ระบาดรอบสอง

การแพร่ระบาด COVID-19 ในรอบที่สองจะไม่ส่งผลกระทบต่อ BCH เนื่องจากผลบวกจากรายได้บริการตรวจ COVID คาดว่าจะมีมากกว่าผลลบจากการชะลอตัวของตัวเลขผู้ป่วยชาวไทย นับตั้งแต่ต้นปี BCH ได้ทำการคัดกรองไปแล้วประมาณ 40,000-50,000 ราย เราคาดว่าบริษัท จะให้บริการคัดกรอง 120,000 รายใน 1Q21 (เทียบกับประมาณ 50,000 รายใน 4Q20E) หรือ 1,300 รายต่อวัน ในขณะที่ BCH มีจำนวนผู้ป่วยนอกเฉลี่ยอยู่ที่ 2,800 รายต่อวัน ซึ่งหมายความว่ารายได้ผู้ป่วยนอกควรจะได้ใน 1Q21

กำไรจะโตต่อเนื่องแม้ว่าจะมีโรงพยาบาลใหม่ 3 แห่ง

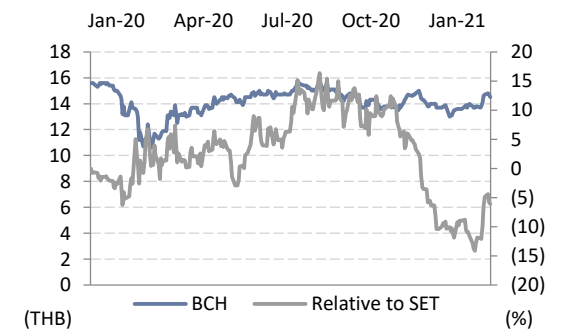
BCH จะมีโรงพยาบาลใหม่ 3 แห่งในปีนี้ ประกอบด้วย KIH Aranyaprathet ซึ่งเปิดใน 2Q20 และ KH Prachinburi ซึ่งเปิดในเดือน ม.ค. 2021 ในขณะที่ KIH Vientiane จะเปิดใน 2Q21 เราคาดว่าโรงพยาบาลใหม่จะสร้างผลขาดทุนประมาณ 200 ลบ. ในปี 2021 ก่อนค่อย ๆ พลิกฟื้นในปี 2022-23 โรงพยาบาลใหม่ควรเพิ่มจำนวนเตียงของ BCH 14% เป็น 2,254 เตียง แม้ว่าโรงพยาบาลใหม่มีแนวโน้มที่จะถ่วงผลประกอบการ เรายังคาดว่ากำไรจากการดำเนินงานของ BCH จะโตได้ 9% ในปี 2021 จากการฟื้นตัวของผู้ป่วยเงินสด

การประเมินมูลค่าอยู่ในระดับต่ำและมีปัจจัยที่ทำให้มีโอกาสปรับขึ้นได้รออยู่

เราปรับเพิ่มประมาณการกำไรจากการดำเนินงานปี 2020 ของเราขึ้น 3% เพื่อสะท้อนประมาณการกำไร 4Q20 แต่คงประมาณการปี 2021-22 และราคาเป้าหมายของเราที่ 20 บาท (DCF, WACC 8.4%, LTG 3%) BCH มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 27x ของค่า 2021E P/E ซึ่งต่ำกว่าค่าเฉลี่ย 5 ปีที่ 39x และค่าเฉลี่ยของกลุ่มที่ 44x ราคาหุ้นอยู่ระหว่าง 14-16 บาทในช่วงปีที่ผ่านมาจากความกังวลเกี่ยวกับโรงพยาบาลใหม่ อย่างไรก็ตาม เราเห็นว่าโรงพยาบาลใหม่เป็นปัจจัยหนุนการเติบโตใหม่ เรามองว่าขณะนี้เป็นเวลาที่ดีที่จะสะสม BCH เพื่อรออัตราการเติบโตของกำไรที่ดีในปี 2020-23E ที่ 15% CAGR จากการพลิกฟื้นของโรงพยาบาลใหม่ของบริษัท ในระยะสั้นเราเห็นว่าปัจจัยบวกจะอยู่ที่การเติบโตของกำไรที่ดีใน 4Q20 และจำนวนงานบริการตรวจคัดกรอง COVID-19 ที่เพิ่มขึ้น เนื่องจากราคาหุ้นได้สะท้อนปัจจัยถ่วงจากโรงพยาบาลใหม่ไปเรียบร้อยแล้ว การพลิกฟื้นของโรงพยาบาลใหม่ก่อนคาดจะเป็นปัจจัยบวกสำหรับการปรับระดับการประเมินมูลค่าในระยะกลาง

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	8,880	8,925	10,108	10,959
Net profit	1,135	1,251	1,367	1,579
EPS (THB)	0.46	0.50	0.55	0.63
vs Consensus (%)	-	0.2	6.8	10.9
EBITDA	2,279	2,605	2,849	3,144
Core net profit	1,149	1,251	1,367	1,579
Core EPS (THB)	0.46	0.50	0.55	0.63
Chg. In EPS est. (%)	-	2.8	0.0	0.0
EPS growth (%)	5.5	8.9	9.2	15.5
Core P/E (x)	31.5	28.9	26.5	22.9
Dividend yield (%)	1.5	1.6	1.8	2.0
EV/EBITDA (x)	18.2	16.1	14.6	12.9
Price/book (x)	5.8	5.2	4.7	4.3
Net debt/Equity (%)	65.9	64.0	52.7	35.3
ROE (%)	19.2	19.0	18.8	19.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.4	5.1	(8.2)
Relative to country (%)	6.6	(15.2)	(6.6)
Mkt cap (USD m)	1,206		
3m avg. daily turnover (USD m)	5.7		
Free float (%)	44		
Major shareholder	Chalerm Harnphanich (33%)		
12m high/low (THB)	16.20/10.00		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 28 มกราคม 2021

Investment thesis

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

After COVID-19 subsides, the World Medical Hospital (WMC) should continue to capture the rising demand of medical tourists. Currently, 70% of WMC's revenue is derived from international patients, especially Middle Eastern patients. The recovery of that patient segment has started in 4Q20 through the Alternative Hospital Quarantine (AHQ) program. This should support earnings growth in 2021.

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

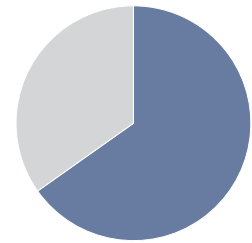
Company profile

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

www.bangkokchainhospital.com

Principal activities (revenue, 2019)

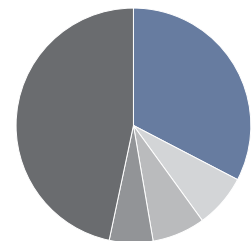
- Cash patient revenue - 65.2 %
- SSO patient revenue - 34.8 %



Source: Bangkok Chain Hospital

Major shareholders

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



Source: Bangkok Chain Hospital

Catalyst

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

Risk to our call

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

Event calendar

Date	Event
Feb 2021	4Q20 results announcement

Key assumptions

	2020E	2021E	2022E
	(%)	(%)	(%)
SSO volume growth	2	5	3
SSO revenue / patient growth	4	4	2
OPD volume growth	9	6	6
OPD revenue / patient growth	10	0	4
IPD volume growth	(28)	29	6
IPD revenue / patient growth	8	0	4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2021 earnings would rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2021 earnings would rise by 6%, and vice versa, all else being equal.

Source: FSSIA estimates

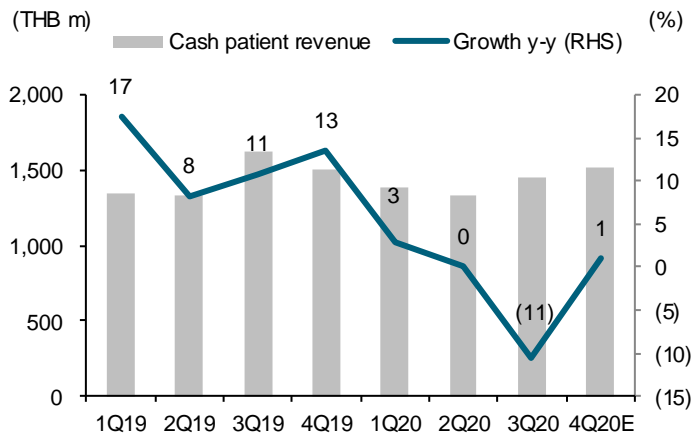
4Q20E results preview: expect strong 25% y-y earnings growth

We expect organic cash patient revenue to grow by 1% y-y in 4Q20. Key drivers should be COVID-related revenue, including cTHB120m in revenue from COVID-19 screening services and cTHB60m in revenue from the Alternative State Quarantine (ASQ) program. COVID-related revenue should more than offset the weak international patient revenue that we project for 4Q20 (accounted for 12% of total revenue as of 2019).

We project SSO revenue to grow by 14% y-y, as the Social Security Office (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 THB117m in 4Q19. In addition, we expect registered members to grow by 2% y-y. Note that BCH may book a provision expense in 4Q20 to write off incomplete medical fee payments for high-cost care treatments over 2018-19. We conservatively assume that BCH should book a one-time provision expense of THB40m in 4Q20.

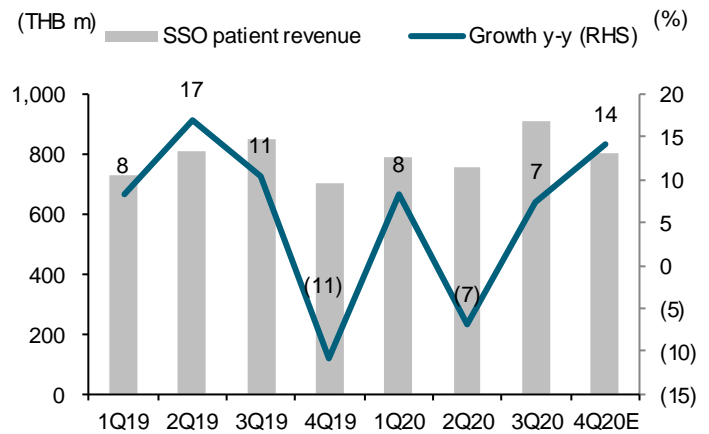
We estimate that BCH's EBITDA margin will improve from 25% in 4Q19 to 30% in 4Q20. This would lead to a jump in its 4Q20 core profit by 25% y-y to THB301m. The strong earnings growth should be led by the absence of an SSO revenue reversal, higher COVID-19 screening service revenue, higher ASQ revenue and a better EBITDA margin.

Exhibit 1: Cash patient revenue



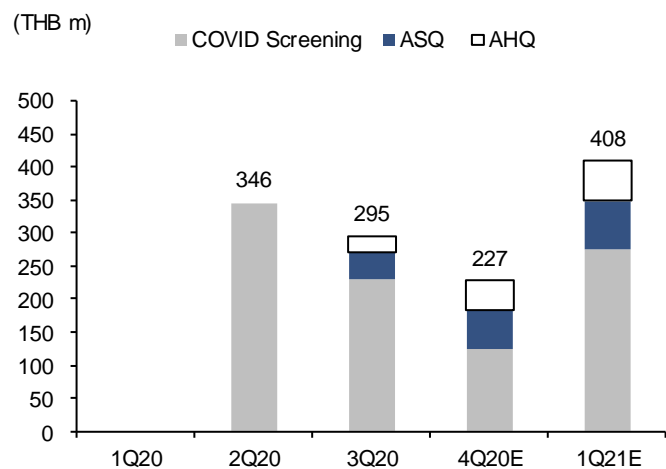
Sources: BCH; FSSIA estimates

Exhibit 2: SSO revenue



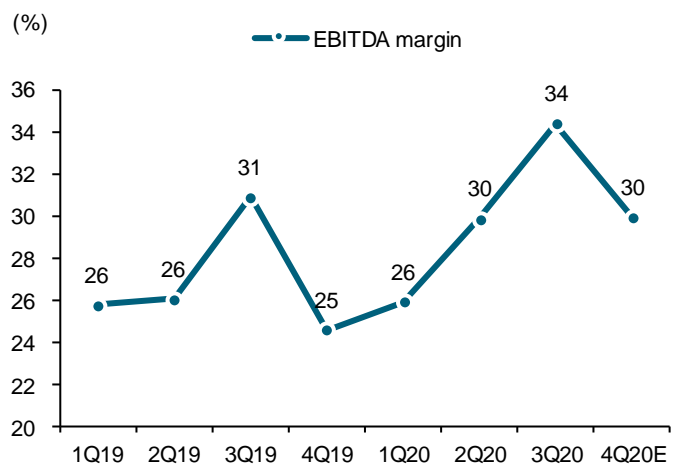
Sources: BCH; FSSIA estimates

Exhibit 3: COVID-related revenue, quarterly



Sources: BCH; FSSIA estimates

Exhibit 4: EBITDA margin



Sources: BCH; FSSIA estimates

Exhibit 5: BCH – 4Q20E results preview

	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 %)
Sales	2,196	2,178	2,083	2,359	2,305	(2)	5	8,880	8,925	1
COGS (incl. depreciation)	(1,535)	(1,515)	(1,392)	(1,496)	(1,552)	4	1	(6,038)	(5,955)	(1)
Gross profit¹	661	663	691	863	753	(13)	14	2,843	2,970	4
SG&A	(320)	(293)	(280)	(276)	(296)	7	(8)	(1,228)	(1,145)	(7)
Operating profit	341	370	411	587	458	(22)	34	1,615	1,825	13
Net other income	27	19	21	19	25	29	(8)	116	83	(28)
Interest expense	(29)	(30)	(32)	(35)	(37)	6	25	(131)	(134)	2
Pretax profit	338	358	399	571	446	(22)	32	1,600	1,774	11
Income tax	(62)	(63)	(75)	(107)	(92)	(14)	49	(290)	(337)	16
Associates	0	1	1	1	(0)	(124)	(182)	2	2	n/a
Minority interest	(36)	(37)	(46)	(52)	(53)	2	47	(163)	(188)	15
Core profit	241	259	279	413	301	(27)	25	1,149	1,251	9
Extraordinaries, GW & FX	0	0	0	0	0			(14)	0	n/a
Reported net profit	241	259	279	413	301	(27)	25	1,135	1,251	10
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494	2,494	0
Core EPS (THB)	0.10	0.10	0.11	0.17	0.12	(27)	25	0.46	0.50	10
EPS (THB)	0.10	0.10	0.11	0.17	0.12	(27)	25	0.46	0.50	10
COGS (excl. depreciation)	1,363	1,338	1,201	1,291	1,344	4	(1)	5,373	5,175	(4)
Depreciation	173	177	191	205	208	2	21	665	780	17
EBITDA²	540	565	622	811	690	(15)	28	2,395	2,688	12
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	30	30	33	37	33	(4)	3	32	33	1
SG&A/Revenue	15	13	13	12	13	1	(2)	14	13	(1)
EBITDA margin	25	26	30	34	30	(4)	5	27	30	3
Net profit margin	11	12	13	18	13	(4)	2	13	14	1
Operating statistics	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)					
Cash-OPD revenue growth	7	2	30	20	33					
Cash-OPD volume growth	1	(5)	21	8	n/a					
Cash-OPD revenue per head growth	5	8	8	11	n/a					
Cash-IPD revenue growth	20	4	(29)	(38)	(28)					
Cash-IPD volume growth	11	(10)	(39)	(38)	n/a					
Cash-IPD revenue per head growth	8	15	17	1	n/a					
SSO revenue growth	(11)	8	(7)	7	14					
SSO registered members ('000)	877	885	887	884	n/a					
SSO registered member growth	10	5	3	2	n/a					
SSO revenue per head growth	(19)	3	(10)	5	n/a					

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

Sources: BCH; FSSIA estimates

Earnings growth to continue in 2021, despite the new hospitals

Most investors have been concerned about BCH's earnings growth in 2021, as it will have three new hospitals this year. KIH Aranyaprathet (BCH holds a 100% stake) opened in 2Q20 and KH Prachinburi (BCH holds an 86% stake) recently opened in Jan-21, while KIH Vientiane (BCH holds a 76% stake) will open in 2Q21.

Three new hospitals have the potential to turn around faster than expected

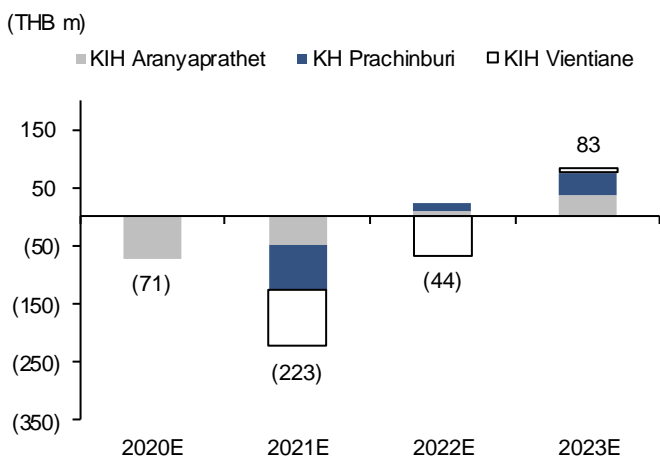
We believe the three new hospitals will contribute a loss to BCH of cTHB200m in 2021. We believe these hospitals should start to turn profitable in 2022-23. We see the key drivers as follows:

KIH Aranyaprathet: Revenue has gradually ramped up since the hospital opened in 2Q20. We expect EBITDA to breakeven when the Poipet border reopens, possibly in 3Q21, allowing the hospital to capture the flow of Cambodian patients.

KH Prachinburi: This hospital has joined the SSO scheme. It has the potential to breakeven at the EBITDA level when it reaches c20,000 registered members, and to breakeven at the net profit level when it has c50,000 registered members. Note that currently, the hospital has c10,000 registered members since its opening in Jan-21.

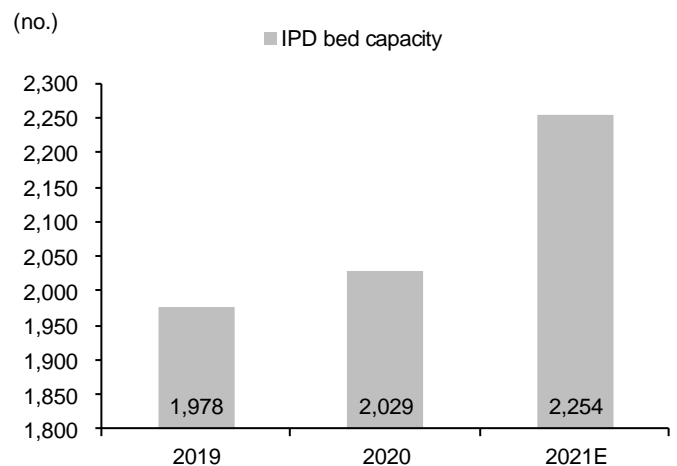
KIH Vientiane: This is the first of BCH's hospitals located outside Thailand. The hospital has the potential to breakeven earlier than the market expects, given that Laos lacks private hospitals and has a low supply of beds, with only c1.5 beds per 1,000 persons (vs 2.3 for Thailand), implying lower competition for KIH Vientiane.

Exhibit 6: Three new hospitals should turn around by 2022-23



Sources: BCH; FSSIA estimates

Exhibit 7: BCH's bed capacity could jump by 14% in 2021



Sources: BCH; FSSIA estimates

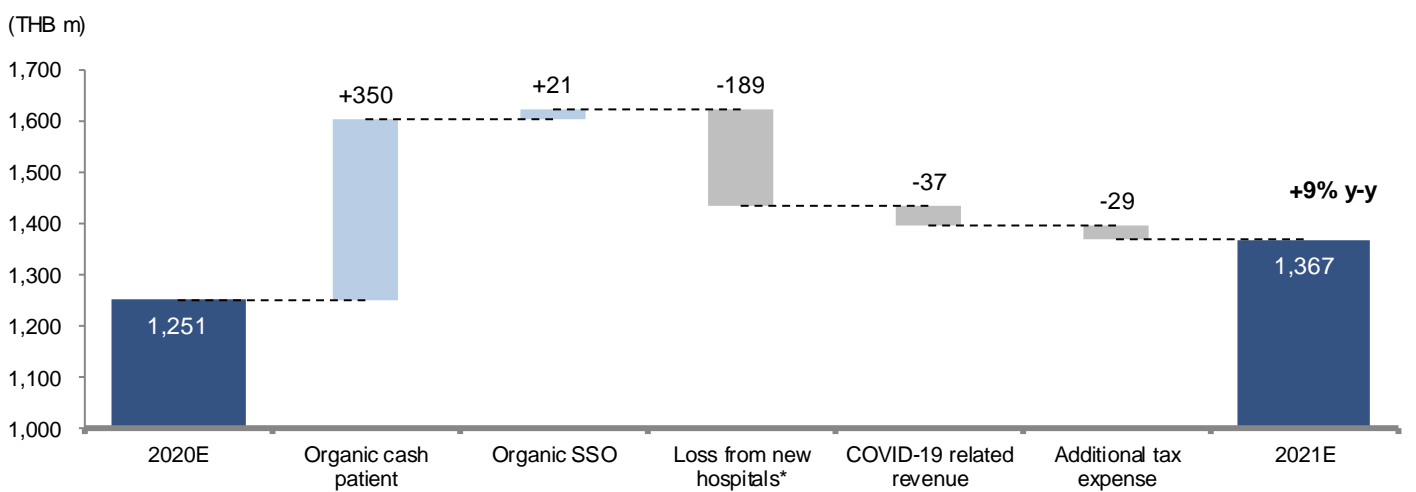
Cash patient recovery and strong COVID-related revenue

Although the three new hospitals will likely be a drag on BCH's earnings this year, we forecast the company to still deliver earnings growth of 9% in 2021, led by a cash patient revenue recovery. We estimate that organic revenue from cash patients, excluding COVID-19-related revenue, should drop by 17% in 2020, mainly due to the near-absence of international patients. Therefore, as Thai patient volumes have almost returned to normal and we expect international patient numbers to recover in 2H21, we project the organic revenue from cash patients to jump by 21% in 2021.

In addition, we expect BCH to still receive income from COVID-19-related businesses at a similar magnitude as in 2020, driven by COVID-19 screening services and revenue from the ASQ program. These services should have higher margins than traditional hospital businesses. Note that we assume 200k COVID-19 screening service cases in 2021, compared to the 250k cases we estimate in 2020.

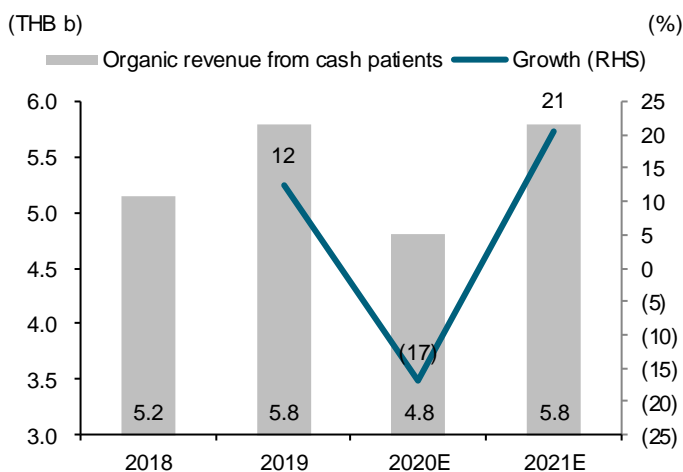
Overall, we expect earnings to grow by 9% in 2021, then jump by 16% in 2022, led by the turnaround of its new hospitals.

Exhibit 8: 2021E core profit breakdown



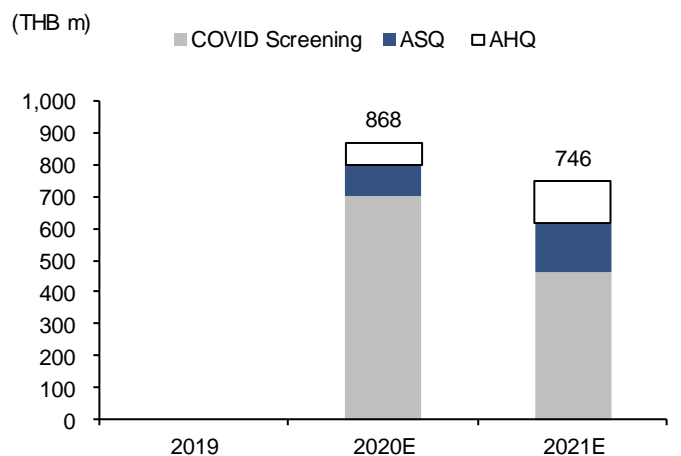
Note: *Loss from new hospitals deducted by minority interests
Source: FSSIA estimates

Exhibit 9: Organic cash patient revenue should jump in 2021



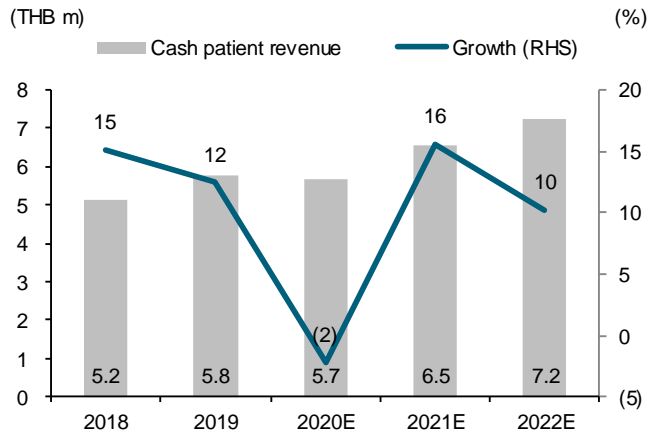
Sources: BCH; FSSIA estimates

Exhibit 10: COVID-related revenue, annual



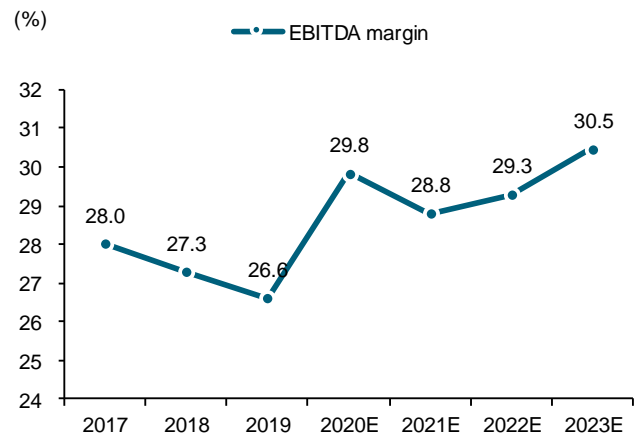
Sources: BCH; FSSIA estimates

Exhibit 11: Total cash patient revenue



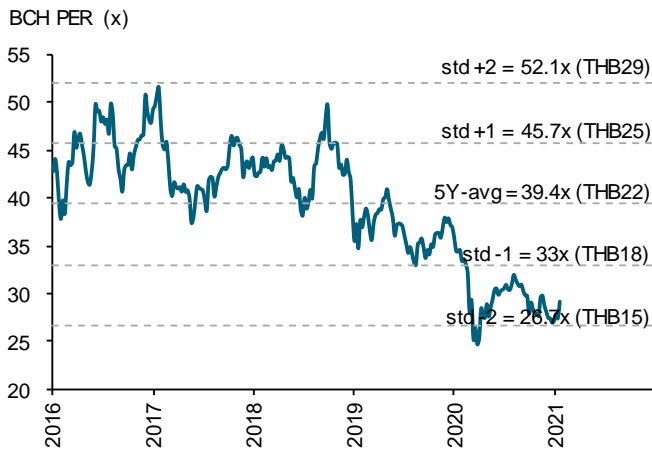
Sources: BCH; FSSIA estimates

Exhibit 12: EBITDA margin could soften in 2021 before ramping up in 2022



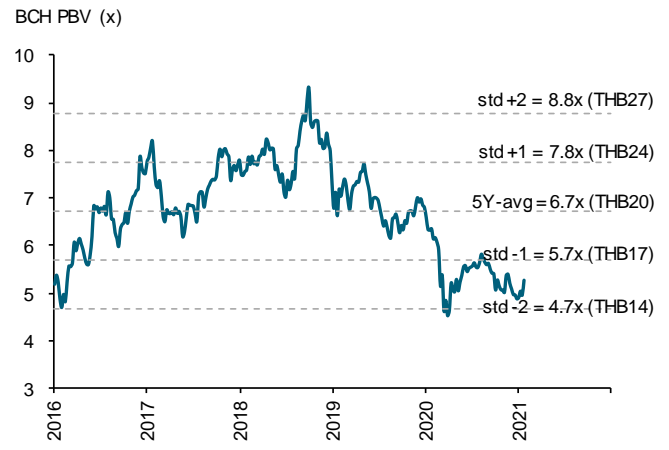
Sources: BCH; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Peer comparisons as of 27 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
			(Lcl curr)	(Lcl curr)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand												
Bangkok Dusit Med Service	BDMS TB	BUY	21.40	27.00	26.2	11,345	49.8	38.4	8.0	10.0	21.6	18.3
Bumrungrad Hospital Pcl	BH TB	BUY	126.00	150.00	19.0	3,340	82.5	48.9	6.7	11.2	36.8	24.1
Bangkok Chain Hospital Pcl	BCH TB	BUY	14.50	20.00	37.9	1,206	28.9	26.5	19.0	18.8	16.1	14.6
Chularat Hospital Pcl	CHG TB	BUY	2.56	3.50	36.7	939	32.6	28.3	22.4	23.6	20.6	17.6
Praram 9 Hospital Pcl	PR9 TB	BUY	9.40	12.00	27.7	247	38.7	26.3	4.7	6.7	15.5	10.5
Thonburi Healthcare Group	THG TB	HOLD	26.75	20.50	(23.4)	753	nm	78.5	(0.1)	3.6	36.9	26.0
Vibhavadi Medical Center	VIBHA TB	HOLD	1.80	1.55	(13.9)	815	70.9	42.9	4.9	7.6	33.2	25.5
Rajthanee Hospital*	RJH TB	n/a	25.00	n/a	n/a	250	21.5	20.1	25.4	25.3	14.0	13.0
Ekachai Medical Care*	EKH TB	n/a	5.10	n/a	n/a	101	63.8	30.4	5.6	11.8	25.2	14.9
Thailand average						18,996	48.6	37.8	10.7	13.2	24.4	18.3
Regional*												
Ramsay Health Care Ltd	RHC AU	n/a	63.44	n/a	n/a	11,213	36.9	32.0	11.9	11.0	15.0	11.7
Ihh Healthcare Bhd	IHH SP	n/a	1.74	n/a	n/a	11,515	84.3	49.6	1.9	4.2	22.7	17.3
Ryman Healthcare Ltd	RYM NZ	n/a	15.88	n/a	n/a	5,736	31.6	32.0	11.2	8.7	30.8	34.6
Apollo Hospitals Enterprise	APHS IN	n/a	2,686.90	n/a	n/a	5,125	100.3	n/a	9.4	0.1	26.8	37.2
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 Ltd	RFMD SP	n/a	0.95	n/a	n/a	1,328	41.1	32.6	5.1	6.7	20.5	17.7
Mitra Keluarga Karyasehat Tb	MIKA IJ	n/a	2,780.00	n/a	n/a	2,809	53.8	46.3	15.7	16.5	34.7	30.2
Aier Eye Hospital Group Co-A	300015 CH	n/a	82.37	n/a	n/a	52,486	188.5	140.8	21.8	24.2	107.4	83.0
Regional average						91,196	71.1	50.8	10.5	10.0	33.9	30.4
Overall average						110,192	59.8	43.5	10.6	11.7	28.9	24.0

Sources: *Bloomberg consensus; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	8,073	8,880	8,925	10,108	10,959
Cost of goods sold	(4,818)	(5,373)	(5,175)	(5,922)	(6,387)
Gross profit	3,255	3,507	3,750	4,186	4,571
Other operating income	-	-	-	-	-
Operating costs	(1,132)	(1,228)	(1,145)	(1,337)	(1,428)
Operating EBITDA	2,123	2,279	2,605	2,849	3,144
Depreciation	(576)	(665)	(780)	(873)	(900)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,547	1,615	1,825	1,976	2,244
Net financing costs	(120)	(126)	(128)	(150)	(132)
Associates	3	2	2	2	2
Recurring non operating income	106	113	80	88	92
Non recurring items	0	(14)	0	0	0
Profit before tax	1,533	1,588	1,776	1,914	2,203
Tax	(285)	(290)	(337)	(382)	(440)
Profit after tax	1,248	1,298	1,439	1,532	1,763
Minority interests	(159)	(163)	(188)	(165)	(184)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,089	1,135	1,251	1,367	1,579
Non recurring items & goodwill (net)	0	14	0	0	0
Recurring net profit	1,089	1,149	1,251	1,367	1,579
Per share (THB)					
Recurring EPS *	0.44	0.46	0.50	0.55	0.63
Reported EPS	0.44	0.46	0.50	0.55	0.63
DPS	0.23	0.22	0.23	0.27	0.29
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
Growth					
Revenue (%)	11.3	10.0	0.5	13.3	8.4
Operating EBITDA (%)	8.5	7.4	14.3	9.4	10.3
Operating EBIT (%)	9.1	4.4	13.0	8.3	13.5
Recurring EPS (%)	18.8	5.5	8.9	9.2	15.5
Reported EPS (%)	18.8	4.2	10.3	9.2	15.5
Operating performance					
Gross margin inc depreciation (%)	33.2	32.0	33.3	32.8	33.5
Gross margin of key business (%)	33.2	32.0	33.3	32.8	33.5
Operating EBITDA margin (%)	26.3	25.7	29.2	28.2	28.7
Operating EBIT margin (%)	19.2	18.2	20.4	19.6	20.5
Net margin (%)	13.5	12.9	14.0	13.5	14.4
Effective tax rate (%)	18.6	18.1	19.0	20.0	20.0
Dividend payout on recurring profit (%)	52.6	47.7	45.8	48.5	45.9
Interest cover (X)	13.8	13.7	14.8	13.8	17.7
Inventory days	16.8	15.9	16.0	14.7	15.1
Debtor days	58.0	68.4	80.6	83.0	82.4
Creditor days	47.5	48.0	49.5	45.5	46.8
Operating ROIC (%)	13.4	12.5	12.6	12.7	14.3
ROIC (%)	13.5	12.7	12.5	12.7	14.3
ROE (%)	20.0	19.2	19.0	18.8	19.6
ROA (%)	10.6	10.6	10.6	10.9	12.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
Cash patient revenue	5,151	5,790	5,662	6,545	7,216
SSO patient revenue	2,923	3,090	3,263	3,563	3,743
NHSO patient revenue	0	0	0	0	0

Sources: Bangkok Chain Hospital; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	1,089	1,149	1,251	1,367	1,579
Depreciation	576	665	780	873	900
Associates & minorities	-	-	-	-	-
Other non-cash items	136	187	163	165	184
Change in working capital	(237)	(211)	(322)	(186)	110
Cash flow from operations	1,564	1,789	1,872	2,218	2,773
Capex - maintenance	(1,341)	(1,721)	(1,557)	(1,000)	(800)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	11	2	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,330)	(1,719)	(1,557)	(1,000)	(800)
Dividends paid	(574)	(549)	(574)	(663)	(724)
Equity finance	0	0	0	0	0
Debt finance	(795)	778	0	(400)	(800)
Other financing cash flows	(187)	(166)	(99)	(88)	(98)
Cash flow from Financing	(1,555)	63	(673)	(1,151)	(1,622)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,321)	133	(357)	68	351
Free cash flow to firm (FCFF)	360.34	200.99	449.35	1,371.40	2,108.93
Free cash flow to equity (FCFE)	(747.01)	682.04	216.13	730.85	1,075.71

Per share (THB)

FCFF per share	0.14	0.08	0.18	0.55	0.85
FCFE per share	(0.30)	0.27	0.09	0.29	0.43
Recurring cash flow per share	0.72	0.80	0.88	0.96	1.07

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	14,632	16,288	17,870	18,870	19,670
Less: Accumulated depreciation	(5,135)	(5,705)	(6,485)	(7,357)	(8,257)
Tangible fixed assets (Net)	9,497	10,584	11,385	11,513	11,413
Intangible fixed assets (Net)	468	451	451	451	451
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	39	37	37	37	37
Cash & equivalents	745	879	521	589	940
A/C receivable	1,511	1,817	2,125	2,473	2,473
Inventories	238	231	223	255	275
Other current assets	54	40	40	45	49
Current assets	2,549	2,967	2,909	3,362	3,737
Other assets	75	77	77	77	77
Total assets	12,627	14,116	14,859	15,440	15,715
Common equity	5,701	6,248	6,926	7,629	8,484
Minorities etc.	696	730	818	896	983
Total Shareholders' equity	6,398	6,978	7,744	8,525	9,467
Long term debt	4,354	4,759	4,759	4,759	3,959
Other long-term liabilities	136	192	192	192	192
Long-term liabilities	4,489	4,952	4,952	4,952	4,152
A/C payable	698	715	689	788	850
Short term debt	346	718	718	318	318
Other current liabilities	696	752	756	856	928
Current liabilities	1,740	2,186	2,163	1,963	2,097
Total liabilities and shareholders' equity	12,627	14,116	14,859	15,440	15,715
Net working capital	409	621	942	1,129	1,018
Invested capital	10,488	11,769	12,893	13,206	12,996

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

Per share (THB)

Book value per share	2.29	2.51	2.78	3.06	3.40
Tangible book value per share	2.10	2.32	2.60	2.88	3.22

Financial strength

Net debt/Equity (%)	61.8	65.9	64.0	52.7	35.3
Net debt/total assets (%)	31.3	32.6	33.4	29.1	21.2
Current ratio (x)	1.5	1.4	1.3	1.7	1.8
CF interest cover (x)	(5.2)	6.4	2.7	5.9	9.2

Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	33.2	31.5	28.9	26.5	22.9
Recurring P/E @ target price (x) *	45.8	43.4	39.9	36.5	31.6
Reported P/E (x)	33.2	31.9	28.9	26.5	22.9
Dividend yield (%)	1.6	1.5	1.6	1.8	2.0
Price/book (x)	6.3	5.8	5.2	4.7	4.3
Price/tangible book (x)	6.9	6.2	5.6	5.0	4.5
EV/EBITDA (x) **	19.2	18.2	16.1	14.6	12.9
EV/EBITDA @ target price (x) **	25.7	24.2	21.4	19.4	17.2
EV/invested capital (x)	3.9	3.5	3.3	3.1	3.1

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

Sources: Bangkok Chain Hospital; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

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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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Chain Hospital	BCH TB	THB 14.50	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) SSO provision expenses following a limited SSO budget.
Bangkok Dusit Medical Services	BDMS TB	THB 21.40	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 126.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Chularat Hospital	CHG TB	THB 2.56	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 9.40	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 26.75	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 1.80	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 27-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.