

5 FEBRUARY 2021

THAILAND / HEALTHCARE

PRARAM 9 HOSPITAL PR9 TB

BUY

UNCHANGED

TARGET PRICE	THB12.00
CLOSE	THB10.20
UP/DOWNSIDE	+17.6%
PRIOR TP	THB12.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+16.7%

ตึกใหม่จะให้ผล

ผลตอบแทนต่อส่วนผู้ถือหุ้นที่เพิ่มขึ้นจะผลักดันราคาหุ้น

เราเชื่อว่า PR9 อาจกลายเป็นหนึ่งในโรงพยาบาลขนาดเล็กถึงกลาง ที่น่าสนใจในปี 2021 เมื่อพิจารณาจาก 1) รายได้ของบริษัท อาจฟื้นตัวและมีแนวโน้มสูงเกินระดับก่อน COVID ในปีนี้; 2) เราคาดว่ากำไรจะโตดีจาก EBITDA margin ที่เพิ่มขึ้น; และ 3) เราคาดว่าผลตอบแทนต่อส่วนผู้ถือหุ้น (ROE) ของบริษัท จะดีขึ้นจากการใช้ตึกใหม่เต็ม 100%

คาดผลประกอบการ 4Q20 จะกลับสู่ระดับก่อน COVID

เราคาดว่ารายได้จากผู้ป่วยชาวไทยจะสูงกวาระดับก่อน COVID โดยจะโต 3% y-y ใน 4Q20 จากการแพร่ระบาด Respiratory Syncytial Virus (RSV) ในช่วงเดือน ต.ค. - พ.ย. รวมถึงความสามารถในการรับผู้ป่วยที่เพิ่มขึ้นจากตึกใหม่ ในขณะที่เราคาดว่ารายได้จากผู้ป่วยต่างประเทศจะลดลง 48% y-y ในภาพรวมรายได้จะลดลง 3% y-y แต่เพิ่ม 3% q-q เราคาดว่า EBITDA margin จะยังอยู่ในระดับสูงและเพิ่มขึ้นจาก 18% ใน 4Q19 เป็น 21% ใน 4Q20 ทำให้เราคาดว่ากำไรจากการดำเนินงานใน 4Q20 จะอยู่ที่ 70 ลบ. ไกลเคียงกับ 74 ลบ. ใน 4Q19 และ 72 ลบ. ใน 3Q20

คาดกำไรจะโต 47% ในปี 2021 พร้อมโอกาสที่ประมาณการจะปรับขึ้นได้อีก

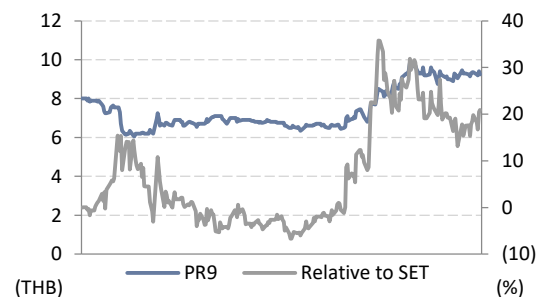
เราคาดว่ากำไรจะโตต่อเนื่องในปี 2021 เนื่องจาก PR9 วางแผนเปิดศูนย์การแพทย์ใหม่ (เช่น ศูนย์โลหิต) และขยายความสามารถในการรองรับผู้ป่วยของศูนย์รักษาผู้ป่วยมะเร็งและกระดูก และข้อ นอกจากนี้ PR9 ยังวางแผนทยอยเพิ่มเตียงผู้ป่วยใน เป็น 59 เตียงในช่วงปี 2021-22 ทำให้บริษัท ควรเริ่มได้ประโยชน์จากตึกใหม่ เราคาดว่า EBITDA margin จะแตะระดับสูงเป็นประวัติการณ์ที่ 21% ในปี 2021 (เทียบกับ 19% ในปี 2019) ซึ่งจะทำให้กำไรโตแรงถึง 47% ในปีนี้ ทั้งนี้ประมาณการของเรามีโอกาสที่จะปรับขึ้นได้อีก เนื่องจาก PR9 ตั้งเป้าให้รายได้โตเทียบกับปี 2019 ในขณะที่เราคาดว่ารายได้ในปี 2021 จะทรงตัวจากระดับในปี 2019

ปัจจัยบวกระยะสั้นจากการปรับประมาณการกำไรขึ้นของตลาด

เราคงประมาณการและราคาเป้าหมายของเราที่ 12 บาท (DCF, 9.4% WACC, 3% LTG) แม้ว่าราคาของ PR9 จะปรับตัวสูงกว่าตลาดในช่วง 3 เดือนที่ผ่านมา หุ้นก็ยังมีแรงซื้อขายในระดับการประเมินมูลค่าที่ต่ำเพียง 12x ของค่า 2021E EV/EBITDA ซึ่งต่ำกว่าค่าเฉลี่ยของกลุ่มฯ ที่ 18x ในความเห็นของเราปัจจัยบวกระยะสั้นจะอยู่ที่การปรับเพิ่มประมาณการกำไรปี 2021 ของตลาดในระดับ 20-30% ตามผลประกอบการที่อาจออกมาดีใน 4Q20 นอกจากนี้ เรายังคาดอีกว่า PR9 จะให้การเติบโตของกำไร 1Q21 ที่สูงที่สุดในกลุ่มหุ้นการแพทย์ที่เราศึกษาโดยอยู่ที่ 60-80% y-y เราเห็นปัจจัยบวกสำหรับการปรับการประเมินมูลค่าขึ้นในระยะยาวตามแนวโน้ม ROE ขาขึ้นจาก 5% ในปี 2020E เป็น 10% ในปี 2023E ตามการขึ้นของอัตรากำไรสุทธิและอัตราการหมุนเวียนของสินทรัพย์รวมทั้งดีขึ้น

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	2,849	2,590	2,904	3,248
Net profit	284	191	281	349
EPS (THB)	0.36	0.24	0.36	0.44
vs Consensus (%)	-	2.1	23.3	18.0
EBITDA	540	434	626	720
Core net profit	312	191	281	349
Core EPS (THB)	0.40	0.24	0.36	0.44
Chg. In EPS est. (%)	-	0.0	0.1	0.1
EPS growth (%)	16.0	(38.9)	47.4	24.1
Core P/E (x)	25.7	42.0	28.5	23.0
Dividend yield (%)	1.4	1.2	2.1	3.0
EV/EBITDA (x)	12.2	16.9	11.5	9.8
Price/book (x)	2.0	2.0	1.9	1.8
Net debt/Equity (%)	(35.4)	(16.0)	(18.7)	(21.2)
ROE (%)	7.9	4.7	6.7	8.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	14.6	24.4	27.5
Relative to country (%)	13.5	2.5	30.6
Mkt cap (USD m)	267		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	59		
Major shareholder	Khunying Potjaman Damapong (37%)		
12m high/low (THB)	10.40/5.50		
Issued shares (m)	786.30		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

 teerapol.udo@fssia.com
 +66 2611 3535

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 กุมภาพันธ์ 2021

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 2020. 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.

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.

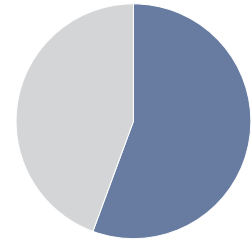
Company profile

PR9 has been operating a private hospital since 1992.

www.praram9.com

Principal activities (revenue, 2019)

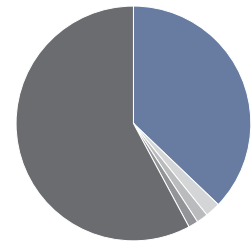
- OPD patient revenue - 55.6 %
- IPD patient revenue - 44.4 %



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 2021	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 2021 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2021 earnings to rise by 14%, and vice versa, all else being equal.

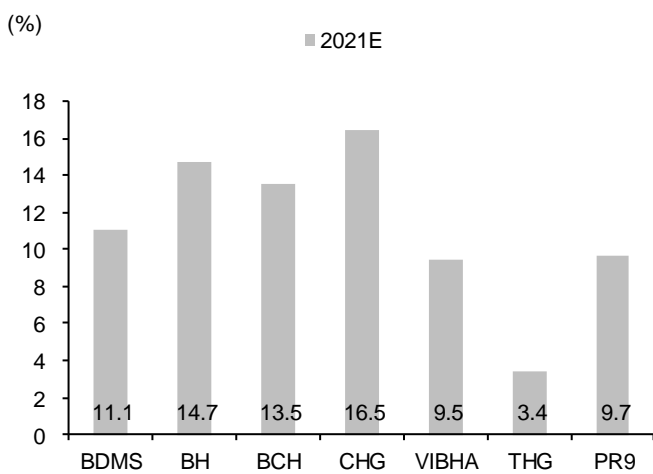
Source: FSSIA estimates

Re-rating catalyst from improving ROE

When we break down PR9's ROE via the DuPont formula, we see that its ROE is still low compared to its peers due to having lower financial leverage, a smaller net profit margin and lower asset turnover. However, we believe its ROE will be in an upward trend over the next three years.

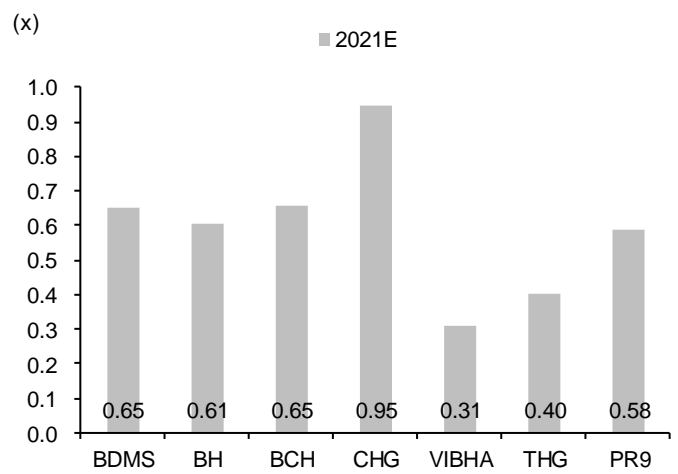
PR9 opened its new building in 3Q20, which means that it should capture a greater revenue stream from the new building's higher utilisation rate. This should lead to improving asset turnover to match its peers. PR9's net profit margin should also improve, given that it recently reached the breakeven point in 2Q20, and the higher revenue stream from now on should flow directly to its bottom line, as the majority of the costs are fixed. Its financial leverage may improve if PR9 decides to pay a higher dividend. Based on our model, PR9 could increase its dividend payout ratio up to 70-80% from c40% currently, thanks to its strong balance sheet. As a result, we expect its ROE to improve from our estimated 5% in 2020 to 10% in 2023.

Exhibit 1: Net profit margin



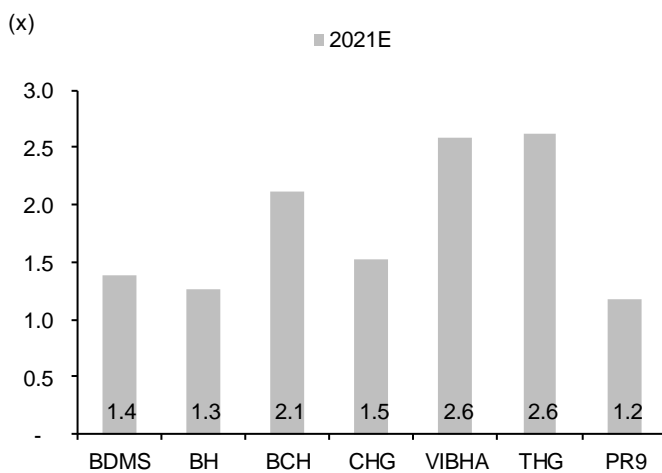
Source: FSSIA estimates

Exhibit 2: Asset turnover



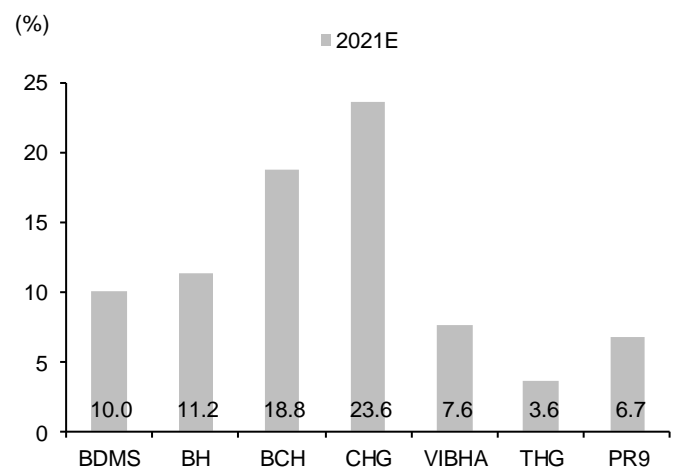
Source: FSSIA estimates

Exhibit 3: Financial leverage



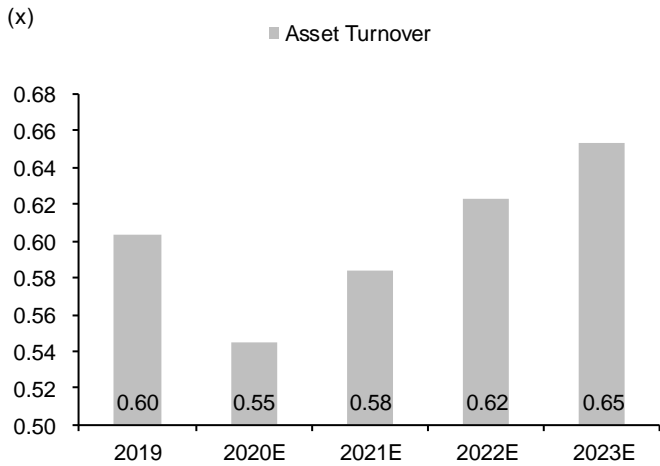
Source: FSSIA estimates

Exhibit 4: ROE



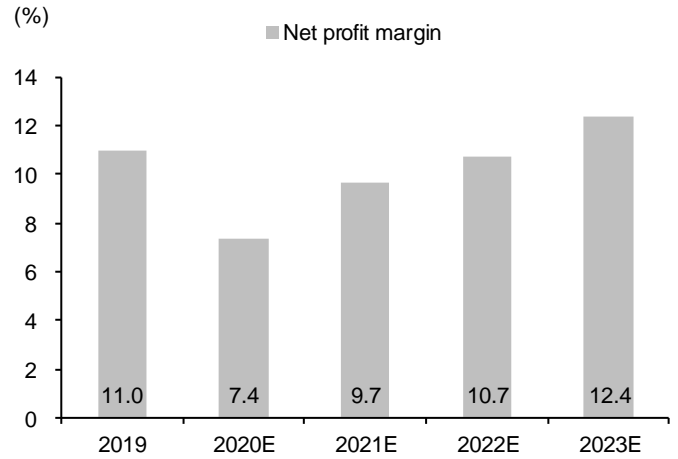
Source: FSSIA estimates

Exhibit 5: Asset turnover



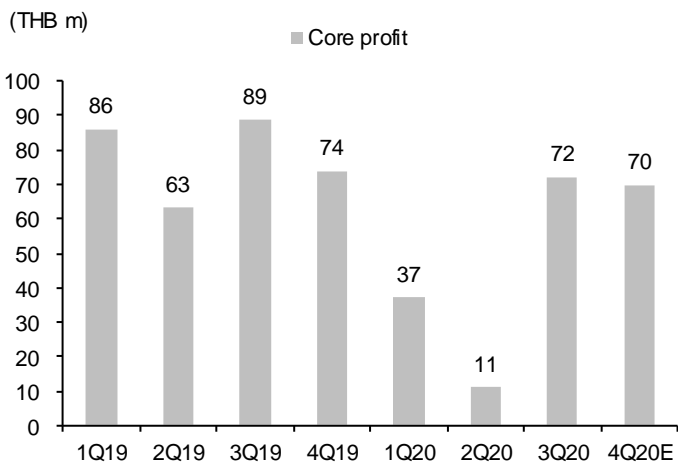
Sources: PR9; FSSIA estimates

Exhibit 6: Net profit margin



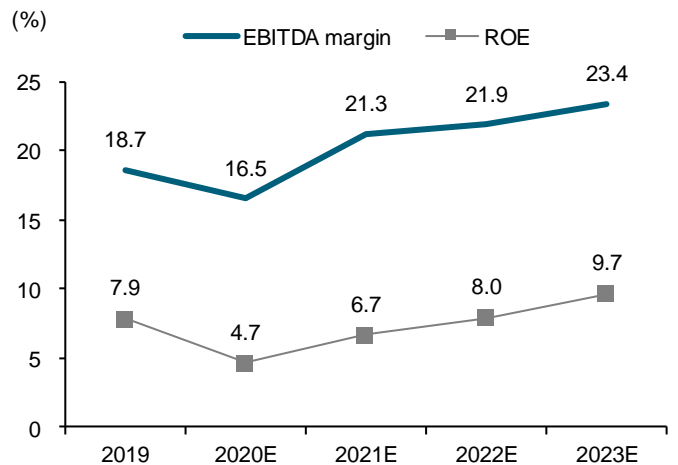
Sources: PR9; FSSIA estimates

Exhibit 7: Core profit recovery trend



Sources: PR9; FSSIA estimate

Exhibit 8: Improving EBITDA margin and ROE



Sources: PR9; FSSIA estimates

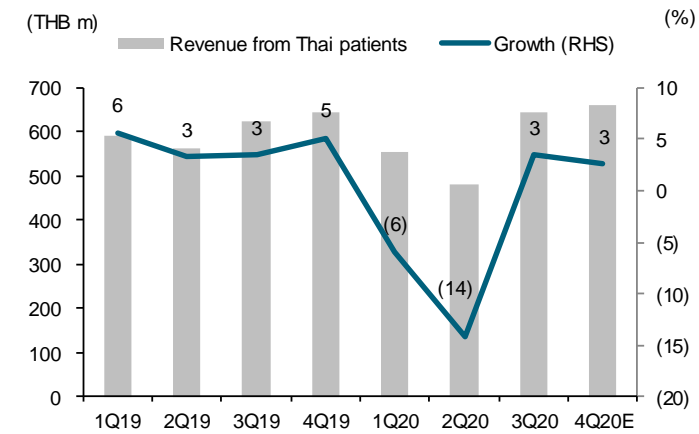
Exhibit 9: 4Q20E results preview

FY ending Dec	4Q19	1Q20	2Q20	3Q20	4Q20E	Change		2020E	Chg.
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	739	659	515	692	724	5	(2)	2,590	(9)
COGS (incl. depreciation)	(507)	(488)	(397)	(485)	(508)	5	0	(1,879)	(4)
Gross profit	232	171	119	207	215	4	(7)	712	(20)
SG&A	(154)	(138)	(117)	(132)	(139)	5	(10)	(526)	(6)
Operating profit	78	33	2	75	76	2	(3)	186	(44)
Net other income	13	7	9	9	9	2	(30)	35	(16)
Interest expenses	0	(0)	(0)	(0)	0			0	n/a
Pretax profit	92	40	11	84	86	3	(6)	221	(41)
Income tax	(18)	(3)	1	(11)	(16)	40	(10)	(30)	(53)
Core profit	74	37	11	72	70	(3)	(5)	191	(39)
Extraordinaries, GW & FX								0	(100)
Reported net profit	74	37	11	72	70	(3)	(5)	191	(33)
Outstanding shares (m)	786	786	786	786	786	0	0	786	0
Adjusted shares (m)	786	786	786	786	786	0	0	786	0
Pre-ex EPS (THB)	0.09	0.05	0.01	0.09	0.09	(3.2)	(5.5)	0.24	(33)
EPS (THB)	0.09	0.05	0.01	0.09	0.09	(3.2)	(5.5)	0.24	(33)
COGS excl. depreciation	(464)	(444)	(352)	(425)	(443)	4	(5)	(1,665)	(7)
Depreciation	(43)	(44)	(44)	(60)	(66)	10	55	(214)	30
EBITDA	134	84	55	144	152	6	13	434	(20)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	31	26	23	30	30	(0)	(2)	27	(4)
SG&A/Revenue	21	21	23	19	19	0	(2)	20	1
EBITDA margin	18	13	11	20	21	0	3	17	(2)
Net profit margin	10	6	2	10	10	(1)	(0)	7	(3)
	31	26	23	30	30	(0)	(2)	27	(4)
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
OPD revenue growth	3	(1)	(28)	(8)	-				
OPD volume growth	1	(3)	(28)	(9)	-				
OPD revenue per head growth	2	2	1	1	-				
IPD revenue growth	5	(11)	(17)	(6)	-				
IPD volume growth	2	(16)	(25)	(17)	-				
IPD revenue per head growth	3	6	11	13	-				
Thai patient revenue growth	5	(6)	(14)	3	3				
Inter patient revenue growth	(1)	(2)	(69)	(60)	(48)				

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

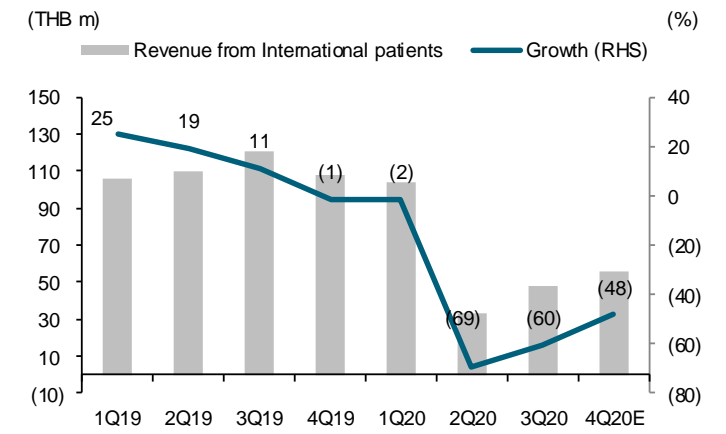
Sources: PR9; FSSIA estimates

Exhibit 10: Revenue from Thai patients



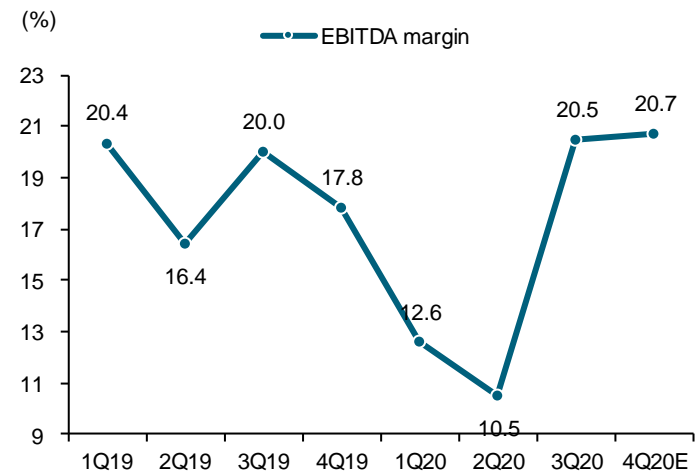
Sources: PR9; FSSIA estimate

Exhibit 11: Revenue from international patients



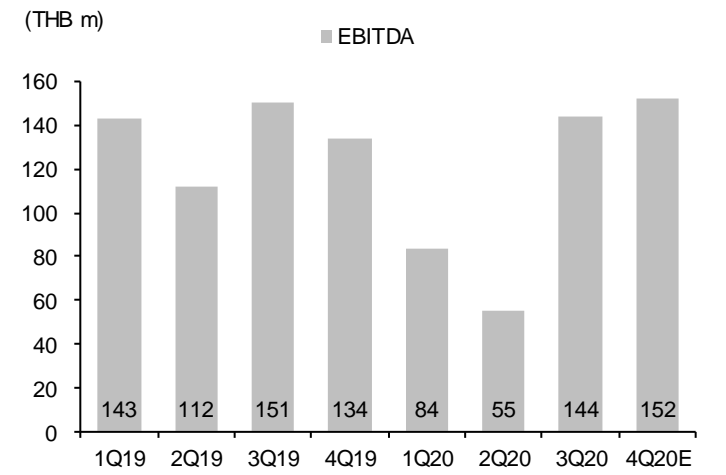
Sources: PR9; FSSIA estimate

Exhibit 12: EBITDA margin improvement trend



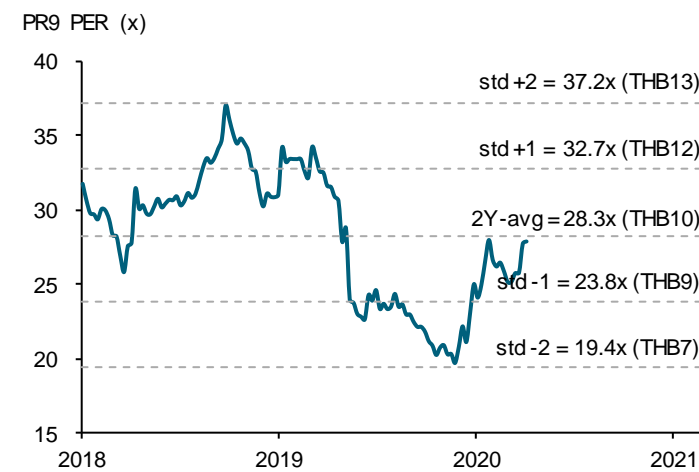
Source: PR9; FSSIA estimate

Exhibit 13: EBITDA improvement trend



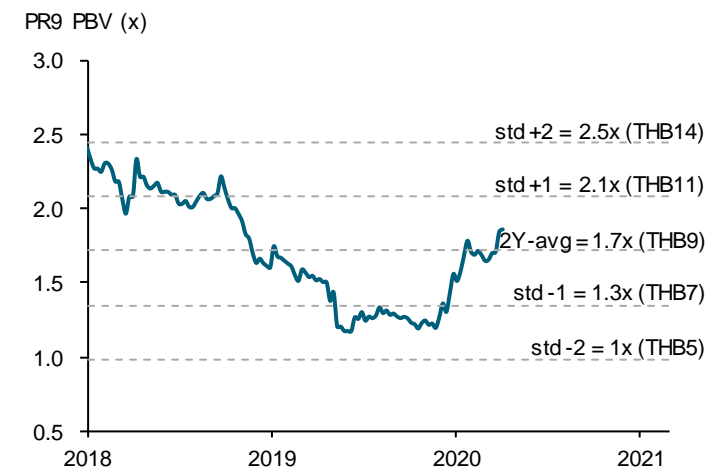
Source: PR9; FSSIA estimate

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



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peer comparisons as of 4 Feb 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	20.60	27.00	31.1	10,893	47.9	37.0	8.0	10.0	20.8	17.6
Bumrungrad Hospital Pcl	BH TB	BUY	128.50	150.00	16.7	3,397	84.1	49.9	6.7	11.2	37.6	24.6
Bangkok Chain Hospital Pcl	BCH TB	BUY	14.50	20.00	37.9	1,203	28.9	26.5	19.0	18.8	16.1	14.6
Chularat Hospital Pcl	CHG TB	BUY	2.72	3.50	28.7	996	34.6	30.1	22.4	23.6	21.8	18.7
Praram 9 Hospital Pcl	PR9 TB	BUY	10.20	12.00	17.6	267	42.0	28.5	4.7	6.7	16.9	11.5
Thonburi Healthcare Group	THG TB	HOLD	25.50	20.50	(19.6)	716	nm	74.8	(0.1)	3.6	35.7	25.2
Vibhavadi Medical Center	VIBHA TB	HOLD	1.70	1.55	(8.8)	768	66.9	40.5	4.9	7.6	31.9	24.5
Rajthanee Hospital*	RJH TB	n/a	24.90	n/a	n/a	248	21.1	19.9	25.6	25.4	13.8	12.9
Ekachai Medical Care*	EKH TB	n/a	5.00	n/a	n/a	99	56.8	27.0	5.6	11.8	24.7	14.6
Thailand average						18,586	47.8	37.1	10.7	13.2	24.4	18.3
Regional*												
Ramsay Health Care Ltd	RHC AU	n/a	65.86	n/a	n/a	11,537	38.7	34.0	11.9	11.0	15.5	12.0
Ihh Healthcare Bhd	IHH SP	n/a	1.69	n/a	n/a	11,081	80.4	48.1	2.0	4.2	22.1	16.9
Ryman Healthcare Ltd	RYM NZ	n/a	15.85	n/a	n/a	5,665	31.5	31.9	11.2	8.7	30.8	34.5
Apollo Hospitals Enterprise	APHS IN	n/a	2,731.65	n/a	n/a	5,345	104.5	n/a	9.4	0.0	27.9	38.6
Kpj Healthcare Berhad	KPJ MK	n/a	0.96	n/a	n/a	998	32.8	22.6	6.9	8.8	13.7	11.7
Raffles Medical Group Ltd	RFMD SP	n/a	0.93	n/a	n/a	1,323	41.3	32.8	5.1	6.7	20.6	17.8
Mitra Keluarga Karyasehat Tb	MIKA IJ	n/a	3,060.00	n/a	n/a	3,178	60.8	52.3	15.7	16.5	39.3	34.2
Aier Eye Hospital Group Co-A	300015 CH	n/a	78.54	n/a	n/a	51,941	188.5	141.2	21.8	24.2	106.2	82.3
Regional average						91,069	72.3	51.8	10.5	10.0	34.5	31.0
Overall average						109,655	60.1	43.6	10.6	11.7	29.1	24.3

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	2,590	2,904	3,248
Cost of goods sold	(1,708)	(1,792)	(1,665)	(1,765)	(1,967)
Gross profit	993	1,056	926	1,139	1,281
Other operating income	32	41	35	41	43
Operating costs	(542)	(558)	(526)	(555)	(604)
Operating EBITDA	483	540	434	626	720
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	(9.1)	12.1	11.8
Operating EBITDA (%)	3.2	11.7	(19.5)	44.1	15.0
Operating EBIT (%)	3.3	14.5	(41.2)	57.4	24.1
Recurring EPS (%)	(21.7)	16.0	(38.9)	47.4	24.1
Reported EPS (%)	(54.3)	80.9	(32.9)	47.4	24.1
Operating performance					
Gross margin inc depreciation (%)	31.0	31.3	27.5	29.6	30.5
Gross margin of key business (%)	31.0	31.3	27.5	29.6	30.5
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	10.7
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	23.1	22.6	22.3
Creditor days	109.5	88.6	97.6	91.3	89.2
Operating ROIC (%)	16.3	13.6	6.3	8.0	9.9
ROIC (%)	14.8	12.8	6.0	7.8	9.5
ROE (%)	9.0	7.9	4.7	6.7	8.0
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	1,438	1,600	1,789
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	(50)	12	34
Cash flow from operations	113	548	355	572	672
Capex - maintenance	(570)	(885)	(1,010)	(331)	(355)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(570)	(885)	(1,010)	(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)	(773)	145	148
Free cash flow to firm (FCFF)	(457.01)	(336.83)	(655.00)	240.65	316.54
Free cash flow to equity (FCFE)	(450.21)	(317.56)	(662.93)	240.65	316.54

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	5,900	6,256
Less: Accumulated depreciation	(1,502)	(1,619)	(1,833)	(2,112)	(2,401)
Tangible fixed assets (Net)	2,219	2,940	3,736	3,788	3,855
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	658	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	881	1,047	1,221
Other assets	152	130	130	130	130
Total assets	4,424	4,717	4,751	4,969	5,209
Common equity	3,873	4,039	4,112	4,298	4,478
Minorities etc.	0	0	0	0	0
Total Shareholders' equity	3,873	4,039	4,112	4,298	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	429	454	506
Short term debt	0	0	0	0	0
Other current liabilities	40	62	56	63	70
Current liabilities	449	523	485	517	577
Total liabilities and shareholders' equity	4,424	4,717	4,751	4,969	5,209
Net working capital	(260)	(311)	(261)	(273)	(307)
Invested capital	2,115	2,763	3,608	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)	(13.9)	(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) *	29.8	25.7	42.0	28.5	23.0
Recurring P/E @ target price (x) *	35.1	30.2	49.5	33.6	27.0
Reported P/E (x)	51.0	28.2	42.0	28.5	23.0
Dividend yield (%)	1.4	1.4	1.2	2.1	3.0
Price/book (x)	2.1	2.0	2.0	1.9	1.8
Price/tangible book (x)	2.1	2.0	2.0	1.9	1.8
EV/EBITDA (x) **	12.7	12.2	16.9	11.5	9.8
EV/EBITDA @ target price (x) **	15.7	14.8	20.2	13.8	11.8
EV/invested capital (x)	2.9	2.4	2.0	2.0	1.9

* 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 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:

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 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)

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 10.20	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 20.60	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 128.50	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 14.50	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.
Chularat Hospital	CHG TB	THB 2.72	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.
Thonburi Healthcare Group	THG TB	THB 25.50	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 1.70	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 04-Feb-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.