

20 APRIL 2021

THAILAND / HEALTHCARE

BANGKOK CHAIN HOSPITAL

BCH TB

BUY

UNCHANGED

TARGET PRICE	THB23.00
CLOSE	THB17.00
UP/DOWNSIDE	+35.3%
PRIOR TP	THB20.00
CHANGE IN TP	+15.0%
TP vs CONSENSUS	+24.8%

รายได้ที่เกี่ยวข้องกับ COVID เพิ่มขึ้น

รายได้ที่เกี่ยวข้องกับ COVID จะช่วยผลักดันกำไร

เราเห็นว่า BCH เป็นหนึ่งในหุ้นที่จะได้ประโยชน์สูงสุดจากการแพร่ระบาด COVID-19 ในรอบที่ 3 เนื่องจากบริษัท มีสัดส่วนรายได้ที่เกี่ยวข้องกับ COVID สูงถึงประมาณ 25-30% ของรายได้ผู้ป่วยเงินสด เราเชื่อว่าราคาหุ้นยังไม่ได้สะท้อนความสามารถในการปรับตัวของบริษัทฯ ภายใต้การแพร่ระบาดดังกล่าว

การตรวจคัดกรอง COVID อาจพุ่งสูงถึง 160,000-200,000 รายใน 2Q21

ตัวเลขการให้บริการตรวจคัดกรอง COVID ของ BCH ได้พุ่งสูงถึงประมาณ 3,000-5,000 รายต่อวัน (60,000-70,000 ราย QTD) จากค่าเฉลี่ยที่ประมาณ 1,300 รายต่อวันใน 1Q21 รายได้ต่อรายควรเพิ่มจาก 2,300 บาทซึ่งเป็นอัตราที่โรงพยาบาลสามารถเบิกได้สำหรับผู้ป่วยที่มีความเสี่ยงสูงจากกองทุนหลักประกันสุขภาพสำหรับผู้ป่วยฉุกเฉิน เป็น 3,000 บาทซึ่งเป็นอัตราที่ลูกค้าจ่ายเองเนื่องจากการตรวจคัดกรองส่วนมากมาจากผู้ป่วยความเสี่ยงต่ำที่ต้องการทราบผล ทำให้เราคาดว่ากำไรจากการตรวจคัดกรอง COVID ของ BCH อาจพุ่งสูงถึง 160,000 รายใน 2Q21 (เทียบกับ 120,000 รายใน 1Q21E) และรายได้อาจแตะ 430 ลบ. ใน 2Q21 (เทียบกับ 280 ลบ. ใน 1Q21E) คิดเป็นประมาณ 24% ของรายได้ของ BCH ใน 2Q21

รายได้เพิ่มเติมจากการดำเนินกิจการโรงแรมกึ่งโรงพยาบาล (Hospital)

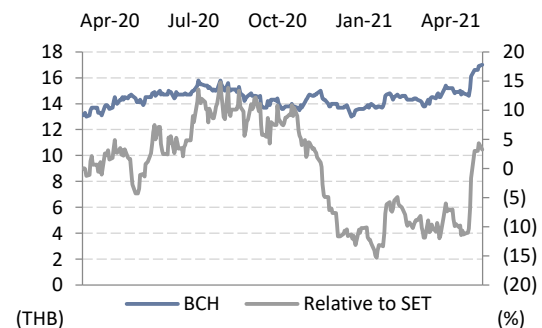
ประมาณ 10% ของจำนวนเตียงรวมของ BCH ถูกใช้เพื่อผู้ป่วย COVID และส่วนมากเต็มหมดแล้ว บริษัทฯ ได้เข้าเป็นพันธมิตรกับผู้ประกอบการโรงแรมเพื่อแปลงโรงแรมเป็น Hospital ซึ่งผู้ป่วย COVID ที่มีอาการไม่รุนแรงสามารถเข้าพักได้ BCH คาดว่าบริษัทฯ จะเพิ่มจำนวนเตียงของ Hospital เป็น 2,200 เตียงภายในอาทิตย์หน้า จนถึงปัจจุบันประมาณ 1,200 เตียงมีผู้เข้าพักแล้ว BCH สามารถเบิกค่ารักษาพยาบาลจากการมรกรรมประกันภัยหรือกองทุนเป็นจำนวนอย่างน้อย 1,500 บาทต่อเตียง ซึ่งคิดเป็นรายได้อย่างน้อย 25,000-30,000 บาทต่อผู้ป่วย COVID (คิดจากรยะเวลากักกัน 14 วันพร้อมบริการตรวจคัดกรอง COVID 2 ครั้ง) ยอดค่ารักษาพยาบาลดังกล่าวสูงพอสมควรเมื่อเทียบกับค่ารักษาพยาบาลปกติที่ 66,000 บาทต่อรายและอาจเพิ่มขึ้นได้อีกสำหรับผู้ป่วยอาการหนัก เราคาดว่ากำไรจากการดำเนินงานดังกล่าวจะเพิ่มกำไรอีก 70-80 ลบ. ให้แก่ BCH ใน 2Q21 จากอัตราการใช้เตียงที่ 70% และอัตรากำไรสุทธิที่ 30%

มีการซื้อขายโดยมีส่วนลด 30% จากค่า P/E เฉลี่ยในอดีต

เราปรับเพิ่มประมาณการกำไรจากการดำเนินงานปี 2021 ขึ้นอีก 3% พร้อมปรับการประเมินมูลค่าไปในปี 2022 หลังการปรับเราได้ราคาเป้าหมายใหม่ที่ 23 บาท (DCF) BCH มีการซื้อขายที่ 27x ของค่า 2022E P/E ซึ่งต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 39x พร้อมมีปัจจัยบวกต่อราคาหุ้นประกอบด้วยผลประกอบการที่คาดว่าจะดีใน 1Q-2Q21 โอกาสในการนำเข้าวัคซีน COVID-19 และบริการการฉีดวัคซีนเร่งด่วนสำหรับผู้ป่วยที่ชำระค่าใช้จ่ายเองหรือใช้กรมธรรม์ประกันภัย

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	8,928	10,222	11,111	12,100
Net profit	1,229	1,364	1,580	1,903
EPS (THB)	0.49	0.55	0.63	0.76
vs Consensus (%)	-	4.2	8.1	22.8
EBITDA	2,523	2,858	3,206	3,637
Core net profit	1,229	1,364	1,580	1,903
Core EPS (THB)	0.49	0.55	0.63	0.76
Chg. In EPS est. (%)	nm	2.9	0.6	0.6
EPS growth (%)	7.0	10.9	15.9	20.4
Core P/E (x)	34.5	31.1	26.8	22.3
Dividend yield (%)	1.4	1.4	1.7	2.0
EV/EBITDA (x)	19.6	16.8	14.6	12.5
Price/book (x)	6.2	5.5	5.0	4.4
Net debt/Equity (%)	83.5	58.0	37.6	18.4
ROE (%)	18.7	18.7	19.5	21.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.8	23.2	29.8
Relative to country (%)	11.1	19.1	2.1
Mkt cap (USD m)	1,359		
3m avg. daily turnover (USD m)	8.4		
Free float (%)	44		
Major shareholder	Chalerm Hamphanich (33%)		
12m high/low (THB)	17.30/12.80		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 20 เมษายน 2021

Investment thesis

BCH is the leading service provider under the Social Security Office (SSO) scheme, with a 5% market share. It will likely be the hospital that benefits the most from COVID-19 screening services, given that all of its hospitals have their own lab tests with total capacity of 11,000 cases/day.

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 started in 4Q20 through the Alternative Hospital Quarantine (AHQ) program.

BCH scheduled three new hospitals to open in 2020-21, with two already having opened so far. Although they may drag down BCH's overall performance for two years of operations, we believe they will provide growth in the long term.

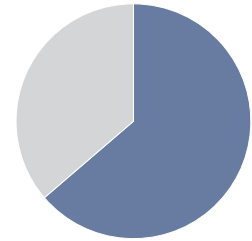
Company profile

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, 2020)

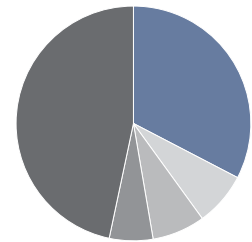
- Cash patient revenue - 63.7 %
- SSO patient revenue - 36.3 %



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

Catalysts

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.

Risks 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
May 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSO volume growth	4	5	3
SSO revenue / patient growth	2	3	3
OPD volume growth	8	6	6
OPD revenue / patient growth	1	3	4
IPD volume growth	34	6	6
IPD revenue / patient growth	0	3	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

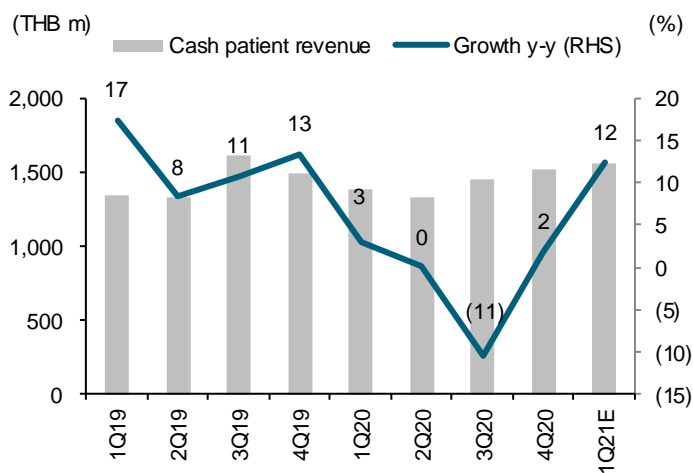
1Q21E earnings preview: expect 16% y-y earnings growth

We expect cash patient revenue to grow by 12% y-y in 1Q21, led by COVID-related revenue. Revenue from COVID screening services could amount to cTHB300m in 1Q21, higher than THB141m in 4Q20 due to the c120k COVID screening cases in 1Q21 (vs 55k cases in 4Q20). Revenue from Alternative State Quarantine (ASQ) and Alternative Hospital Quarantine (AHQ) in 1Q21 should be similar to 4Q20 at around THB110m-120m. Overall, we expect COVID-related revenue to be cTHB400m in 1Q21, accounting for 25-30% of the revenue from cash patients. Note that we estimate organic cash patient revenue to drop by 15% y-y in 1Q21.

SSO revenue could grow by 2% y-y in 1Q21, led by a larger base of registered members (895k in 1Q21E vs 885k in 1Q20). As a result, we expect total revenue to grow by 9% y-y and 2% q-q in 1Q21.

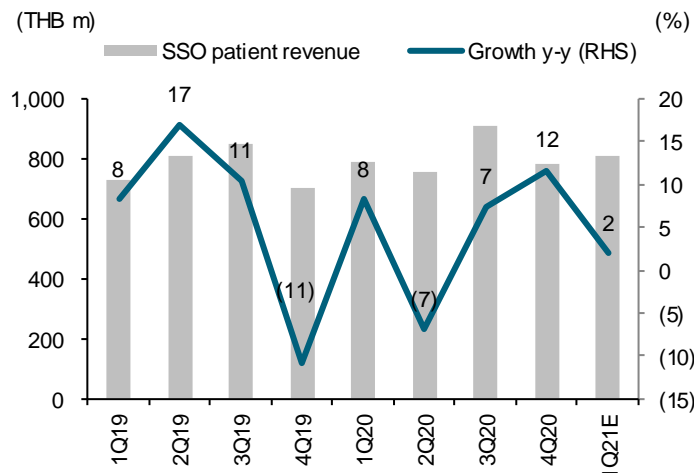
Overall, we forecast core profit to grow by 16% y-y to THB301m in 1Q21, led by the strong performance of COVID-related revenue, which should more than offset the combined loss from two new hospitals (KIH Aranyaprathet and KH Prachinburi) of THB60m.

Exhibit 1: Cash patient revenue



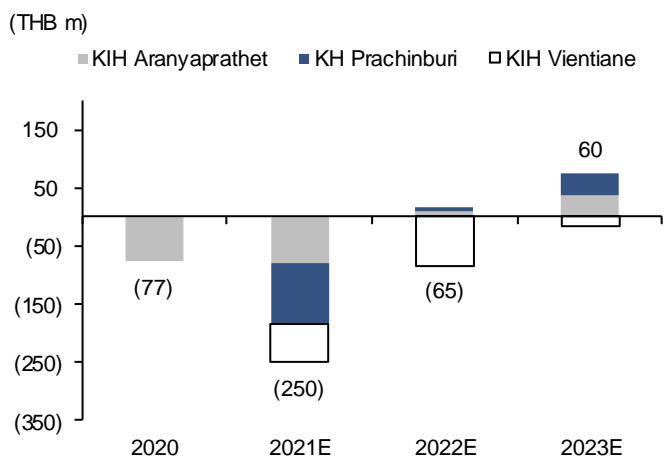
Sources: BCH; FSSIA estimates

Exhibit 2: SSO revenue



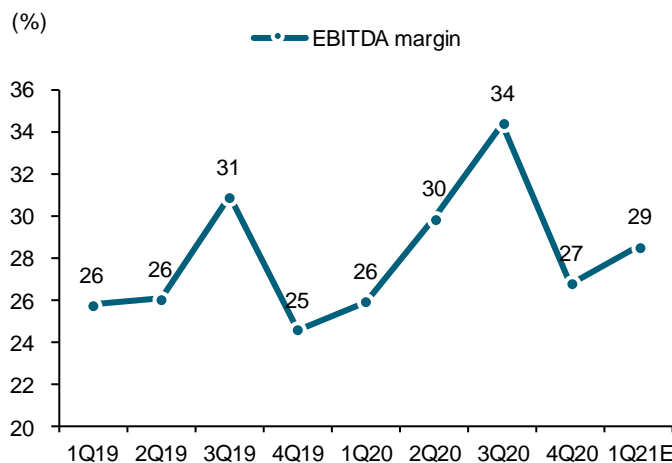
Sources: BCH; FSSIA estimates

Exhibit 3: Three new hospitals should turn around by 2022-23



Sources: BCH; FSSIA estimates

Exhibit 4: EBITDA margin



Sources: BCH; FSSIA estimates

Exhibit 5: 1Q21E results preview

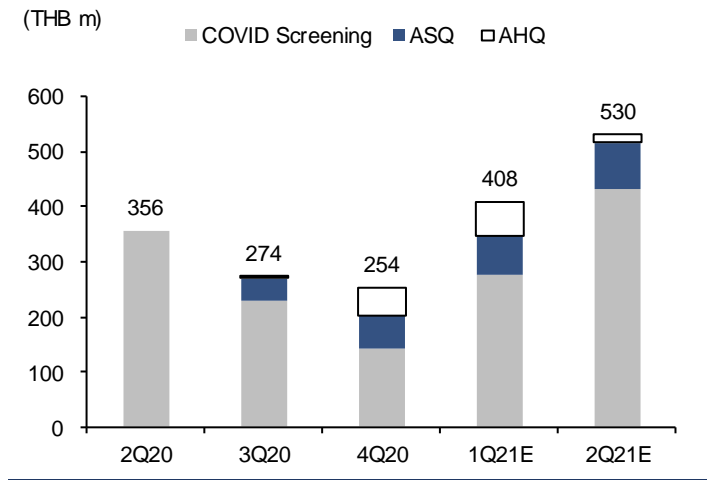
	1Q20	2Q20	3Q20	4Q20	1Q21E	Change		2021E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	2,178	2,083	2,359	2,308	2,366	2	9	10,222
COGS (incl. depreciation)	(1,515)	(1,392)	(1,496)	(1,571)	(1,614)	3	6	(6,934)
Gross profit	663	691	863	737	752	2	13	3,288
SG&A	(293)	(280)	(276)	(363)	(325)	(11)	11	(1,378)
Operating profit	370	411	587	374	427	14	16	1,909
Net other income	19	21	19	35	23	(34)	24	103
Interest expense	(30)	(32)	(35)	(35)	(38)	9	27	(153)
Pretax profit	358	399	571	373	412	10	15	1,859
Income Tax	(63)	(75)	(107)	(68)	(82)	22	30	(372)
Associates	1	1	1	1	1	21	13	2
Minority interest	(37)	(46)	(52)	(28)	(30)	7	(19)	(125)
Core profit	259	279	413	279	301	8	16	1,364
Extraordinaries, GW & FX	0	0	0	0	0			
Reported net profit	259	279	413	279	301	8	16	1,364
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494
Core EPS (THB)	0.10	0.11	0.17	0.11	0.12	8	16	0.55
EPS (THB)	0.10	0.11	0.17	0.11	0.12	8	16	0.55
COGS (excl. depreciation)	1,338	1,201	1,291	1,362	1,389	2	4	5,986
Depreciation	177	191	205	210	225	7	27	948
EBITDA	565	622	811	618	675	9	20	2,960
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	30	33	37	32	32	(0)	1	32
SG&A/Revenue	13	13	12	16	14	(2)	0	13
EBITDA margin	26	30	34	27	29	2	3	29
Net profit margin	12	13	18	12	13	1	1	13
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)			
Cash-OPD revenue growth	2	30	20	23	n/a			
Cash-OPD volume growth	(5)	21	8	16	n/a			
Cash-OPD revenue per head growth	8	8	11	6	n/a			
Cash-IPD revenue growth	4	(29)	(38)	(17)	n/a			
Cash-IPD volume growth	(10)	(39)	(38)	(22)	n/a			
Cash-IPD revenue per head growth	15	17	1	6	n/a			
SSO revenue growth	8	(7)	7	12	2			
SSO registered member ('000)	885	887	884	881	n/a			
SSO registered member growth	5	3	2	0	n/a			
SSO revenue per head growth	3	(10)	5	11	n/a			

Sources: BCH; FSSIA estimates

Stronger earnings momentum to continue in 2Q21

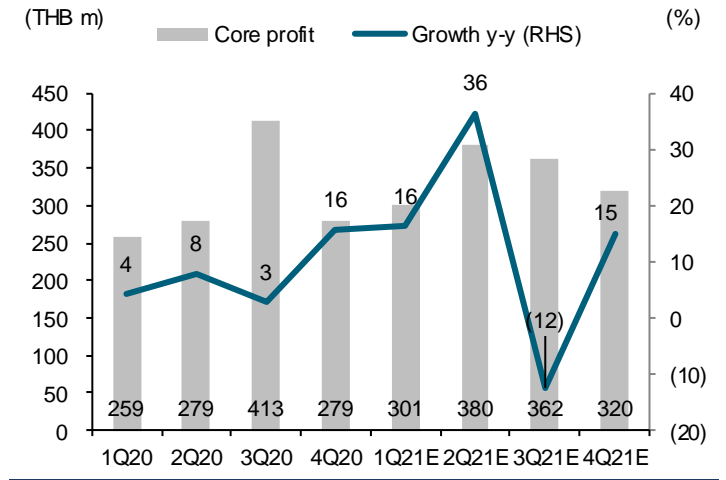
We expect 2Q21 earnings to be stronger than they were in 1Q21, given that the COVID screening service numbers have the potential to reach 160k-200k cases in 2Q21 (vs 120k cases in 1Q21E), based on the current rate of c3,000-5,000 screening cases per day. In addition, we expect IPD revenue to significantly increase from COVID infected patients. IPD revenue would come from severe patients who need to stay in hospitals and non-severe patients who stay in the new hospitals. We roughly estimate 2Q21 earnings to grow to THB380m (+36% y-y and +26% q-q).

Exhibit 6: COVID-related revenue, quarterly



Sources: BCH; FSSIA estimates

Exhibit 7: Core profit momentum, quarterly

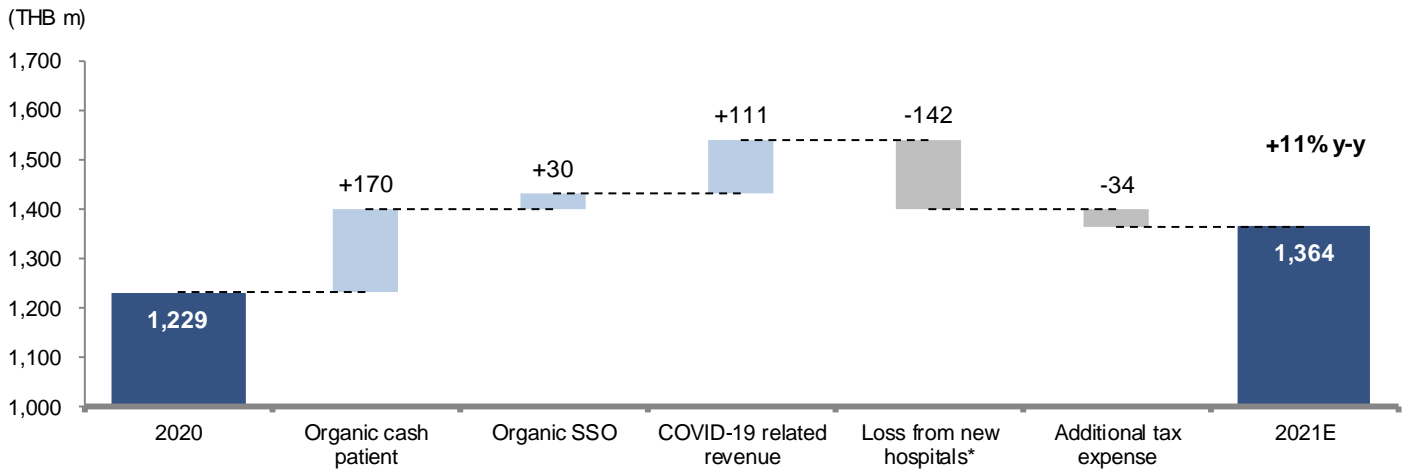


Sources: BCH; FSSIA estimates

Forecast and TP revisions

We slightly raise our 2021E earnings by 3% to reflect the higher COVID-related revenue, especially COVID screening service cases which we expect to rise to 370k cases from 260k cases previously. However, we slightly lower our organic revenue from cash patient assumption, as the COVID-19 outbreak may slow the Thai patient volume down and delay the country's reopening for international tourists. We also roll forward our DCF-based valuation to 2022 and derive a new TP of THB23/shr. Our TP implies 36x 2022E P/E, still lower than its 5-yr average of 39x.

Exhibit 8: 2021E core profit breakdown



Note: *Loss from new hospitals deducted by minority interests

Source: FSSIA estimates

Exhibit 9: DCF-derived TP

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		4.0
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.0			
Cost of equity, Ke		10.6	Net cost of debt, Kd		3.2
Weight applied		70.0	Weight applied		30.0
WACC		8.4			
DCF valuation estimate	(THB b)	(THB/share)	Comments		
NPV	22.7	9.1	WACC 8.4%, Risk-free rate 3%, Risk premium 8%		
Terminal value	39.1	15.7	Terminal growth 3%		
Cash & liquid assets	2.6	1.0	At end-2022E		
Investments	0.0	0.0	At end-2022E		
Debt	(6.1)	(2.5)	At end-2022E		
Minorities	(0.9)	(0.3)	At end-2022E		
Residual ordinary equity	57.5	23.0			

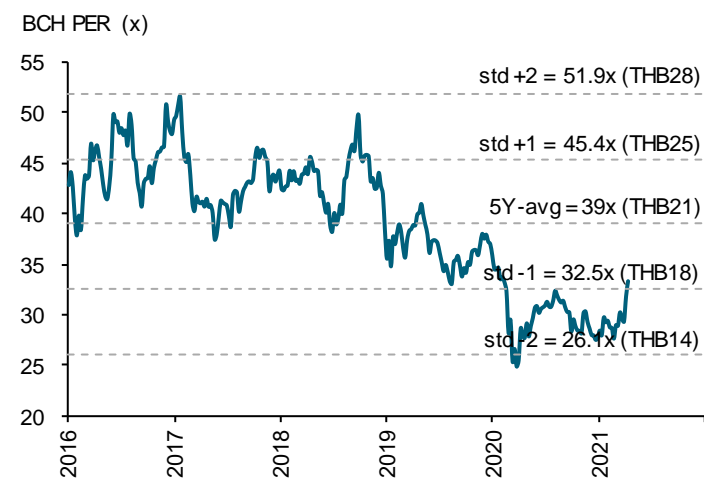
Source: FSSIA estimates

Exhibit 10: Forecast revisions

	Current			Previous			% Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
SSO registered members ('000)	915	957	987	928	956	985	(1.4)	0.1	0.2
SSO revenue per head (THB)	3,737	3,849	3,965	3,774	3,887	4,004	(1.0)	(1.0)	(1.0)
Cash-OPD visit number per day (no.)	3,296	3,494	3,703	3,204	3,461	3,668	2.9	1.0	1.0
Cash-OPD revenue per head (THB)	2,979	3,068	3,191	2,949	3,067	3,190	1.0	0.0	0.0
Cash-IPD admission number per day (no.)	119	127	134	115	124	132	3.9	2.0	2.0
Cash-IPD revenue per head (THB)	73,827	76,042	79,084	73,827	76,781	79,852	0.0	(1.0)	(1.0)
Revenue (THB m)	10,222	11,111	12,100	10,052	11,072	12,051	1.7	0.4	0.4
EBITDA margin (%)	28.0	28.9	30.1	28.0	28.9	30.1	0.0	0.0	0.0
Core Profit (THB m)	1,364	1,580	1,903	1,326	1,571	1,892	2.9	0.6	0.6

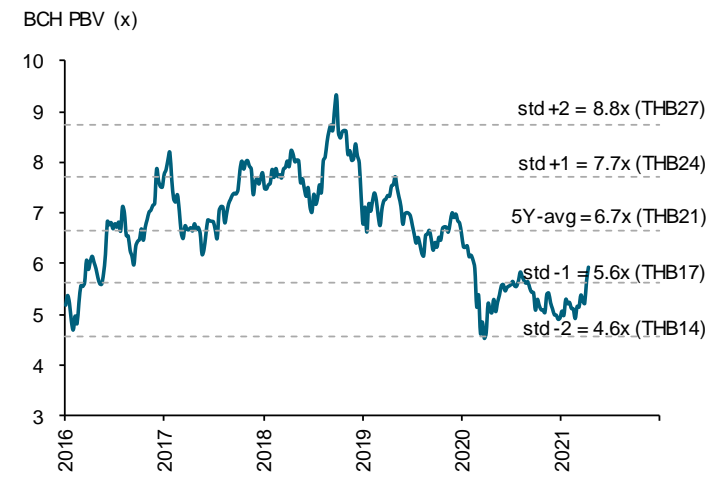
Source: FSSIA estimates

Exhibit 11: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Peer comparisons as of 19 Apr 2021

Year to Dec	BBG	Rec	Share price		Upside	Market	PE		ROE		EV/EBITDA	
Company			Current	Target	(down)	Cap	21E	22E	21E	22E	21E	22E
			(Lcl)	(Lcl)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand												
Bangkok Dusit Med Services	BDMS TB	BUY	22.00	27.00	22.7	11,206	49.2	33.1	8.3	12.1	21.8	16.8
Bumrungrad Hospital Pcl	BH TB	BUY	138.50	150.00	8.3	3,527	53.7	31.1	11.2	18.4	28.4	18.2
Bangkok Chain Hospital	BCH TB	BUY	17.00	23.00	35.3	1,359	31.1	26.8	18.7	19.5	16.8	14.6
Chularat Hospital Pcl	CHG TB	BUY	2.96	3.50	18.2	1,044	32.8	28.7	23.4	24.0	20.2	17.8
Praram 9 Hospital Pcl	PR9 TB	BUY	9.85	12.00	21.8	248	27.6	22.2	6.7	7.9	11.2	9.6
Thonburi Healthcare Group	THG TB	HOLD	25.75	24.50	(4.9)	696	76.0	52.5	3.6	5.2	23.3	21.0
Vibhavadi Medical Center	VIBHA TB	HOLD	2.12	1.85	(12.7)	922	50.5	40.3	7.5	7.6	29.6	25.1
Rajthanee Hospital*	RJH TB	n/a	29.25	n/a	n/a	284	22.8	21.5	26.2	25.4	14.7	13.8
Ekachai Medical Care*	EKH TB	n/a	6.15	n/a	n/a	118	31.0	26.1	13.0	15.2	16.3	13.8
Thailand average						19,404	41.6	31.4	13.2	15.0	20.3	16.7
Regional												
Ramsay Health Care*	RHC AU	n/a	67.08	n/a	n/a	11,929	31.9	25.2	11.5	12.9	11.5	10.4
IHH Healthcare Bhd*	IHH SP	n/a	1.75	n/a	n/a	11,450	44.7	37.0	4.2	5.2	17.2	15.4
Ryman Healthcare*	RYM NZ	n/a	14.35	n/a	n/a	5,193	30.4	22.8	10.3	11.1	33.7	26.4
Apollo Hospitals Enterprise*	APHS IN	n/a	3,157.40	n/a	n/a	6,223	459.6	66.7	2.6	15.1	43.3	24.9
Kpj Healthcare Berhad*	KPJ MK	n/a	1.03	n/a	n/a	1,071	27.8	22.9	7.6	9.2	12.2	10.9
Raffles Medical Group*	RFMD SP	n/a	1.15	n/a	n/a	1,619	37.1	32.9	6.4	7.2	18.9	17.0
Mitra Keluarga Karyasehat*	MIKA IJ	n/a	2,590.00	n/a	n/a	2,536	35.5	35.8	19.3	17.6	23.0	23.4
Aier Eye Hospital*	300015 CH	n/a	61.27	n/a	n/a	39,022	107.1	81.2	24.2	26.3	61.9	48.7
Regional average						79,043	96.8	40.6	10.8	13.1	27.7	22.1
Overall average						98,447	67.6	35.7	12.0	14.1	23.8	19.3

Sources: *Bloomberg consensus; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	8,880	8,928	10,222	11,111	12,100
Cost of goods sold	(5,373)	(5,193)	(5,986)	(6,429)	(6,904)
Gross profit	3,507	3,735	4,236	4,682	5,196
Other operating income	-	-	-	-	-
Operating costs	(1,228)	(1,213)	(1,378)	(1,476)	(1,559)
Operating EBITDA	2,279	2,523	2,858	3,206	3,637
Depreciation	(665)	(782)	(948)	(992)	(1,031)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,615	1,741	1,909	2,214	2,606
Net financing costs	(126)	(125)	(146)	(153)	(128)
Associates	2	3	2	2	2
Recurring non-operating income	113	89	97	102	107
Non-recurring items	(14)	0	0	0	0
Profit before tax	1,588	1,705	1,861	2,162	2,584
Tax	(290)	(313)	(372)	(432)	(516)
Profit after tax	1,298	1,392	1,489	1,730	2,068
Minority interests	(163)	(163)	(125)	(150)	(165)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,135	1,229	1,364	1,580	1,903
Non-recurring items & goodwill (net)	14	0	0	0	0
Recurring net profit	1,149	1,229	1,364	1,580	1,903
Per share (THB)					
Recurring EPS *	0.46	0.49	0.55	0.63	0.76
Reported EPS	0.46	0.49	0.55	0.63	0.76
DPS	0.22	0.23	0.23	0.29	0.34
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
Growth					
Revenue (%)	10.0	0.5	14.5	8.7	8.9
Operating EBITDA (%)	7.4	10.7	13.3	12.2	13.4
Operating EBIT (%)	4.4	7.8	9.7	15.9	17.7
Recurring EPS (%)	5.5	7.0	10.9	15.9	20.4
Reported EPS (%)	4.2	8.3	10.9	15.9	20.4
Operating performance					
Gross margin inc. depreciation (%)	32.0	33.1	32.2	33.2	34.4
Gross margin of key business (%)	32.0	33.1	32.2	33.2	34.4
Operating EBITDA margin (%)	25.7	28.3	28.0	28.9	30.1
Operating EBIT margin (%)	18.2	19.5	18.7	19.9	21.5
Net margin (%)	12.9	13.8	13.3	14.2	15.7
Effective tax rate (%)	18.1	18.4	20.0	20.0	20.0
Dividend payout on recurring profit (%)	47.7	46.7	42.1	45.7	44.0
Interest cover (X)	13.7	14.6	13.8	15.1	21.2
Inventory days	15.9	16.9	16.4	16.9	16.9
Debtor days	68.4	67.5	46.3	36.4	33.4
Creditor days	48.0	52.7	51.4	53.2	53.2
Operating ROIC (%)	12.5	11.4	11.5	13.9	16.9
ROIC (%)	12.7	11.5	11.5	13.9	16.8
ROE (%)	19.2	18.7	18.7	19.5	21.0
ROA (%)	10.6	9.8	9.5	10.7	12.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Cash patient revenue	5,790	5,688	6,802	7,426	8,187
SSO patient revenue	3,090	3,240	3,420	3,685	3,913
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	2019	2020	2021E	2022E	2023E
Recurring net profit	1,149	1,229	1,364	1,580	1,903
Depreciation	665	782	948	992	1,031
Associates & minorities	-	-	-	-	-
Other non-cash items	187	94	93	150	165
Change in working capital	(211)	(593)	422	20	20
Cash flow from operations	1,789	1,512	2,828	2,742	3,119
Capex - maintenance	(1,721)	(2,546)	(735)	(556)	(605)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	2	5	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,719)	(2,541)	(735)	(556)	(605)
Dividends paid	(549)	(574)	(574)	(723)	(837)
Equity finance	0	0	0	0	0
Debt finance	778	1,837	(400)	(800)	(800)
Other financing cash flows	(166)	(168)	(66)	(80)	(87)
Cash flow from financing	63	1,096	(1,040)	(1,602)	(1,725)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	133	67	1,053	584	789
Free cash flow to firm (FCFF)	200.99	(896.48)	2,245.90	2,355.85	2,662.51
Free cash flow to equity (FCFE)	682.04	640.69	1,626.36	1,306.96	1,626.47

Per share (THB)

FCFF per share	0.08	(0.36)	0.90	0.94	1.07
FCFE per share	0.27	0.26	0.65	0.52	0.65
Recurring cash flow per share	0.80	0.84	0.96	1.09	1.24

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	16,288	18,773	19,540	20,095	20,700
Less: Accumulated depreciation	(5,705)	(6,369)	(7,317)	(8,309)	(9,340)
Tangible fixed assets (net)	10,584	12,404	12,223	11,786	11,360
Intangible fixed assets (net)	451	522	522	522	522
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	37	33	33	33	33
Cash & equivalents	879	946	1,999	2,583	3,372
A/C receivable	1,817	1,487	1,108	1,108	1,108
Inventories	231	250	288	309	332
Other current assets	40	856	980	1,066	1,161
Current assets	2,967	3,538	4,375	5,066	5,972
Other assets	77	30	30	30	30
Total assets	14,116	16,527	17,183	17,436	17,917
Common equity	6,248	6,885	7,675	8,532	9,598
Minorities etc.	730	742	801	871	949
Total shareholders' equity	6,978	7,626	8,475	9,403	10,546
Long term debt	4,759	5,150	5,150	4,350	3,550
Other long-term liabilities	192	207	207	207	207
Long-term liabilities	4,952	5,357	5,357	4,557	3,757
A/C payable	715	784	904	970	1,042
Short term debt	718	2,165	1,765	1,765	1,765
Other current liabilities	752	595	681	740	806
Current liabilities	2,186	3,544	3,350	3,476	3,614
Total liabilities and shareholders' equity	14,116	16,527	17,183	17,436	17,917
Net working capital	621	1,214	792	772	752
Invested capital	11,769	14,203	13,599	13,143	12,697

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

Per share (THB)

Book value per share	2.51	2.76	3.08	3.42	3.85
Tangible book value per share	2.32	2.55	2.87	3.21	3.64

Financial strength

Net debt/equity (%)	65.9	83.5	58.0	37.6	18.4
Net debt/total assets (%)	32.6	38.5	28.6	20.3	10.8
Current ratio (x)	1.4	1.0	1.3	1.5	1.7
CF interest cover (x)	6.4	6.1	12.2	9.5	13.7

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	36.9	34.5	31.1	26.8	22.3
Recurring P/E @ target price (x) *	49.9	46.7	42.1	36.3	30.1
Reported P/E (x)	37.4	34.5	31.1	26.8	22.3
Dividend yield (%)	1.3	1.4	1.4	1.7	2.0
Price/book (x)	6.8	6.2	5.5	5.0	4.4
Price/tangible book (x)	7.3	6.7	5.9	5.3	4.7
EV/EBITDA (x) **	20.9	19.6	16.8	14.6	12.5
EV/EBITDA @ target price (x) **	27.5	25.6	22.1	19.3	16.6
EV/invested capital (x)	4.1	3.5	3.5	3.6	3.6

* Pre-exceptional, pre-goodwill and 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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	SEAOIL	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

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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 17.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Bangkok Dusit Medical Services	BDMS TB	THB 22.00	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 price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 138.50	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.
Chularat Hospital	CHG TB	THB 2.96	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 9.85	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 25.75	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 2.12	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 19-Apr-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.