

26 APRIL 2021

THAILAND / HEALTHCARE

CHULARAT HOSPITAL CHG TB

BUY

UNCHANGED

TARGET PRICE	THB3.90
CLOSE	THB3.14
UP/DOWNSIDE	+24.2%
PRIOR TP	THB3.50
CHANGE IN TP	+11.4%
TP vs CONSENSUS	+18.6%

แข็งแกร่งและปลอดภัยจากการแพร่ระบาดในรอบที่ 3

กำไรคาดว่าจะโตแม้ในระหว่างการระบาด COVID ในรอบที่ 2 และ 3

เราเชื่อว่า CHG ยังไม่ได้สะท้อนกำไรที่โตได้ถึง 65% ในช่วงปี 2018 ถึงปี 2021E เนื่องจากราคายังมีการซื้อขายอยู่ในช่วง 2.0-3.0 บาทต่อหุ้นในช่วง 3 ปีที่ผ่านมา เราคาดการณ์ถึงปัจจัยบวกที่จะทำให้ราคาหุ้นปรับขึ้นได้จากกำไรที่คาดว่าจะโตในช่วง 1H21 แม้ว่าจะมีผลกระทบจากการแพร่ระบาด COVID ในรอบที่ 2 และ 3

คาดการณ์กำไรจากการดำเนินงานใน 1Q21 จะโต 27% y-y

ใน 1Q21 เราคาดว่ารายได้ผู้ป่วยเงินสดจะลดลง 5% y-y จากการแพร่ระบาด COVID ในรอบที่ 2 อย่างไรก็ตามกำไรที่เกี่ยวของ COVID ที่ประมาณ 120-130 ลบ. จากการตรวจคัดกรองผู้ป่วยประมาณ 30,000 รายและรายได้จากการให้บริการสถานกักกันทางเลือก (ASQ) ควรมากพอที่จะชดเชยการดำเนินงานที่ลดลงดังกล่าว ซึ่งจะทำให้รายได้ผู้ป่วยเงินสดรวมโต 9% y-y นอกจากนี้รายได้ประกันสังคมควรโต 3% จากฐานผู้ป่วยประกันสังคมที่ใหญ่ขึ้นส่วนมากมาจาก CHG304 ซึ่งเพิ่งเข้าร่วมโครงการประกันสังคมและปัจจุบันมีสมาชิกลงทะเบียนประมาณ 17,000 คน EBITDA margin อาจดีขึ้นจาก 25% ใน 1Q20 เป็น 27% ใน 1Q21 ทำให้เราคาดว่ากำไรสุทธิจะโต 27% y-y เป็น 236 ลบ.

ประโยชน์จากธุรกิจที่เกี่ยวข้องกับ COVID ใน 2Q21

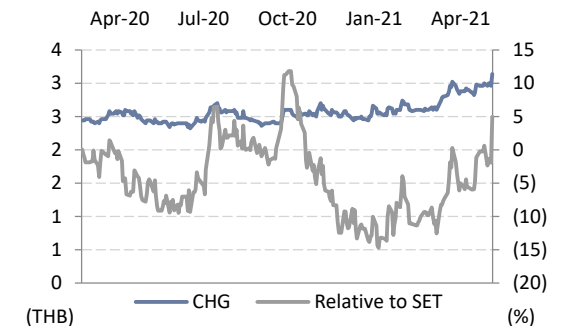
แม้ว่าจะมีการแพร่ระบาด COVID ในรอบที่ 3 และกลุ่มโรงพยาบาลอยู่นอกฤดูกาลใน 2Q เราคาดว่ากำไรของ CHG มีแนวโน้มโต q-q ใน 2Q21 CHG ได้รับประโยชน์จากการตรวจคัดกรอง COVID ที่กำลังเพิ่มขึ้นเป็นเฉลี่ย 700-800 รายต่อวันในช่วง 3 อาทิตย์แรกของ 2Q21 จาก 330 รายต่อวันใน 1Q21 ทำให้เราคาดว่าผลการตรวจคัดกรองจะแตะ 40,000 รายใน 2Q21 นอกจากนี้รายได้ผู้ป่วยในควรเพิ่มจากผู้ป่วยติดเชื้อ COVID ที่สูงขึ้น CHG ได้เป็นพันธมิตรกับผู้ประกอบการโรงแรมเพื่อแปลงโรงแรมเป็นโรงพยาบาล (Hospitals) ปัจจุบัน CHG มีเตียงใน Hospital จำนวน 700 เตียง จากตัวเลขดังกล่าวบริษัทฯ มีผู้ป่วยไข้เดียวไปแล้วประมาณ 200 เตียง ธุรกิจดังกล่าวจะช่วยเพิ่มรายได้ให้มากขึ้นเมื่อพิจารณาจาก 749 เตียงที่บริษัทฯ มีในโรงพยาบาล ทำให้กำไรสุทธิจากการดำเนินงานมีโอกาสแตะ 250 ลบ. ในปี 2Q21 (+61% y-y, +9% q-q)

กำไรอาจเกินระดับก่อน COVID ถึง 48% ในปี 2021

เราปรับเพิ่มประมาณการกำไรจากการดำเนินงานปี 2021 อีก 5% หลังรวมรายได้จากการบริหารโรงแรม 2 แห่งและบริการที่เกี่ยวข้องกับ COVID ไว้ในสมมติฐานของเรา นอกจากนี้เรายังปรับประมาณการไปในปี 2022 และได้ราคาเป้าหมายที่สูงขึ้นเป็น 3.9 บาท (DCF) CHG มีการซื้อขายที่ 30x ของค่า 2022E P/E ต่ำกว่าค่าเฉลี่ยย้อนหลัง 5 ปีที่ 38x และค่าเฉลี่ยของกลุ่มฯ ที่ 36x เราเห็นว่า CHG สมควรจะมีการซื้อขายในระดับสูงกว่าปกติ เนื่องจากหุ้นมีอัตราเติบโตของกำไรที่ดีถึง 19% ในปี 2021 สูงกว่าระดับก่อน COVID ถึง 48% ในขณะที่ราคาหุ้นสูงกว่าระดับก่อน COVID เพียง 15%

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	5,433	6,348	6,669	7,094
Net profit	877	1,045	1,156	1,288
EPS (THB)	0.08	0.09	0.11	0.12
vs Consensus (%)	-	2.3	12.2	15.4
EBITDA	1,429	1,701	1,854	2,036
Core net profit	877	1,045	1,156	1,288
Core EPS (THB)	0.08	0.09	0.11	0.12
Chg. In EPS est. (%)	-	5.2	1.8	0.9
EPS growth (%)	21.9	19.2	10.6	11.4
Core P/E (x)	39.4	33.1	29.9	26.8
Dividend yield (%)	1.6	1.8	2.0	2.2
EV/EBITDA (x)	24.7	20.5	18.6	16.7
Price/book (x)	8.6	7.6	6.8	6.1
Net debt/Equity (%)	15.1	4.9	(4.4)	(13.4)
ROE (%)	22.7	24.5	24.2	24.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.3	18.9	26.6
Relative to country (%)	9.0	14.7	3.7
Mkt cap (USD m)	1,101		
3m avg. daily turnover (USD m)	6.0		
Free float (%)	43		
Major shareholder	Kannikar Plussind (18%)		
12m high/low (THB)	3.14/2.30		
Issued shares (m)	11,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 26 เมษายน 2021

Investment thesis

CHG opened two new hospitals (RPC and 304 Inter) in 2H18 and they contributed an accumulated loss of THB70m in 2020 (8% of 2020 core profit). RPC has already turned around, while 304 Inter is expected to turn around by 2021. We estimate that this would lead to an EBITDA margin improvement from 24% in 2019 to 29% in 2023.

CHG's revenue contributions from cash patients have gradually increased. This is another key factor to expand its EBITDA margin, in our view, as cash patients have a higher margin than Social Security Office (SSO) patients.

CHG should still deliver earnings growth in 2020, despite the COVID-19 impact, thanks to the strong SSO operations.

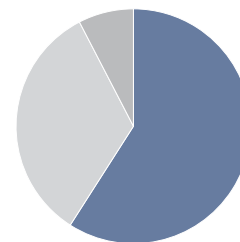
Company profile

CHG operates a healthcare business covering the eastern part of Bangkok and its nearby provinces. The Group owns nine hospitals and four clinics.

www.chularat.com

Principal activities (revenue, 2020)

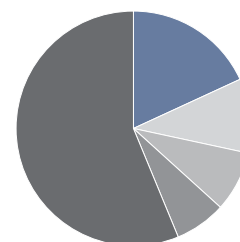
- Cash patient revenue - 59.1 %
- SSO patient revenue - 33.3 %
- NHSO patient revenue - 7.6 %



Source: Chularat Hospital

Major shareholders

- Kannikar Plussind - 18.1 %
- Apirum Panyapol - 10.3 %
- Kobkul Panyapol - 8.3 %
- Naran Ratipanichvong - 7.1 %
- Others - 56.2 %



Source: Chularat Hospital

Catalysts

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

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.

Event calendar

Date	Event
May 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSO volume growth	3	2	1
SSO revenue / patient growth	1	2	3
OPD volume growth	13	6	6
OPD revenue / patient growth	3	4	4
IPD volume growth	13	6	9
IPD revenue / patient growth	3	4	4

Source: FSSIA estimates

Earnings sensitivity

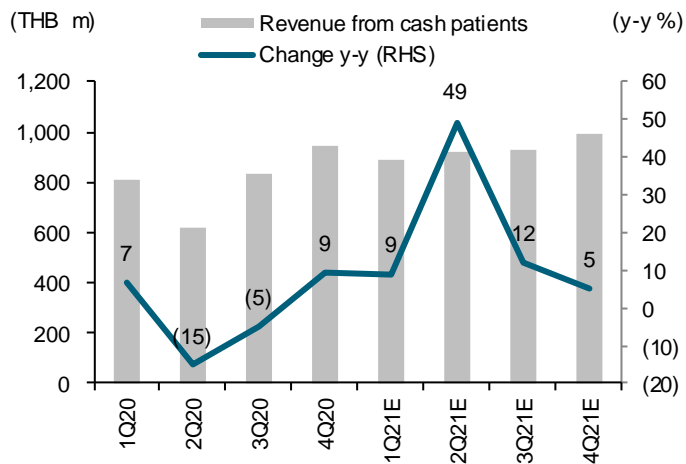
- For every 1% increase in patient volume, we project 2021 earnings to rise by 1%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2021 earnings to rise by 6%, and vice versa, all else being equal.

Source: FSSIA estimates

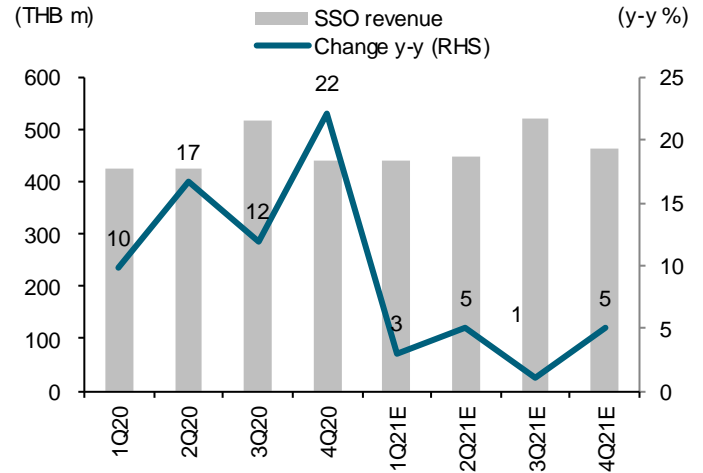
Exhibit 1: CHG – 1Q21E results preview

FY ending Dec	1Q20	2Q20	3Q20	4Q20	1Q21E	----- Change -----		2020	2021E	Chg.
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Revenue	1,317	1,146	1,460	1,511	1,446	(4)	10	5,433	6,348	17
Cost of sales (Incl. depreciation)	(931)	(813)	(940)	(1,000)	(971)	(3)	4	(3,685)	(4,251)	15
Gross profit	386	332	520	510	474	(7)	23	1,748	2,097	20
SG&A	(154)	(141)	(171)	(207)	(180)	(13)	17	(673)	(774)	15
Operating profit	232	191	349	303	294	(3)	27	1,075	1,323	23
Other operating income	4	4	7	13	7	(48)	59	29	30	5
Interest income	1	1	0	1	1	48	50	3	3	17
EBIT	237	196	356	317	302	(5)	27	1,107	1,356	23
Interest expense	(10)	(10)	(9)	(7)	(7)	0	(25)	(36)	(32)	(10)
EBT	227	187	348	310	295	(5)	30	1,071	1,324	24
Income tax	(49)	(42)	(70)	(57)	(59)	3	20	(219)	(270)	24
Minority interests	8	11	4	0.9	0	(80)	(98)	24	(9)	n/a
Core profit	186	155	282	254	236	(7)	27	877	1,045	19
Extraordinaries								-		
Net income	186	155	282	254	236	(7)	27	877	1,045	19
Core EPS (THB)	0.02	0.01	0.03	0.02	0.02	(7)	27	0.08	0.09	19
No. of shares (m)	11,000	11,000	11,000	11,000	11,000	0	0	11,000	11,000	0
Cost (Excl. depreciation)	(844)	(724)	(851)	(912)	(882)	(3)	5	(3,331)	(3,873)	16
Depreciation & amortisation	(87)	(89)	(89)	(88)	(89)	1	2	(354)	(378)	7
EBITDA	324	284	445	405	390	(4)	20	1,457	1,731	19
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	29	29	36	34	33	(1)	3.5	32	33	1
SG&A/Revenue	12	12	12	14	12	(1)	0.8	12	12	(0)
EBITDA margin	25	25	30	27	27	0	2.4	27	27	0
Net profit margin	14	14	19	17	16	(0)	2.2	16	16	0
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)					
SSO revenue	10	17	12	22	3					
SSO registered members ('000)	443	445	443	440	n/a					
SSO revenue per head	7	14	10	22	n/a					
Cash-OPD revenue	5	(17)	(1)	18	n/a					
Cash-OPD visit number	5	(20)	(8)	6	n/a					
Cash-OPD revenue per head	(0)	3	8	11	n/a					
Cash-IPD revenue	8	(13)	(10)	(0)	n/a					
Cash-IPD admission number	4	(19)	(15)	(1)	n/a					
Cash-IPD revenue per head	3	8	6	0	n/a					

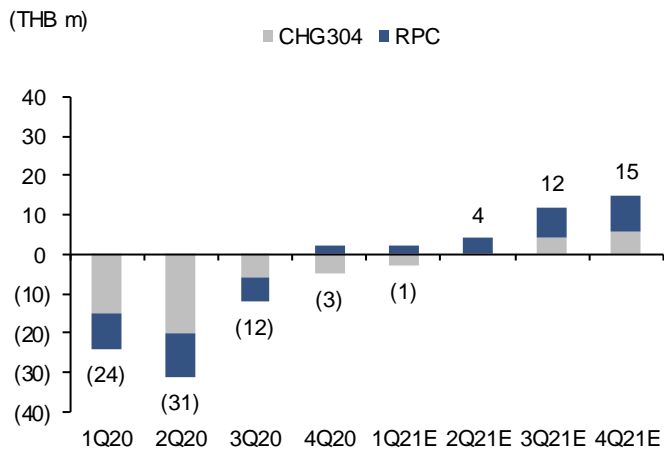
Sources: CHG; FSSIA estimates

Exhibit 2: Cash patient revenue

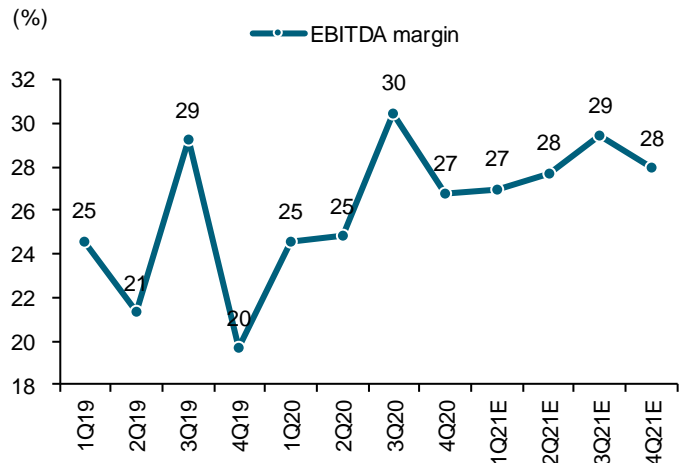
Sources: CHG; FSSIA estimates

Exhibit 3: SSO revenue

Sources: CHG; FSSIA estimates

Exhibit 4: Two new hospitals to turn around

Sources: CHG; FSSIA estimates

Exhibit 5: Quarterly EBITDA margin trend

Sources: CHG; FSSIA estimates

Forecast and TP revisions

We have incorporated the 2021E management fee of cTHB300m for the two public hospitals in Koh Larn and Pattaya into our forecast. The management contract for the hospital in Koh Larn started in Nov-20 and lasts for two years, and the contract for Pattaya started in Jan-21 and will last for one year. We estimate a net profit margin of 10% for this new business. In addition, we have also included the revenue for the heart centre's operations at Sirindhorn Hospital, which CHG signed a three-year contract for and should generate revenue of THB150m per year.

As a result, we lift our 2021E core profit by 5%. We also roll forward our DCF valuation to 2022 and derive a new TP of THB3.9/shr, implying a 37x 2022E P/E multiple, which is still lower than its 5-yr average of 38x.

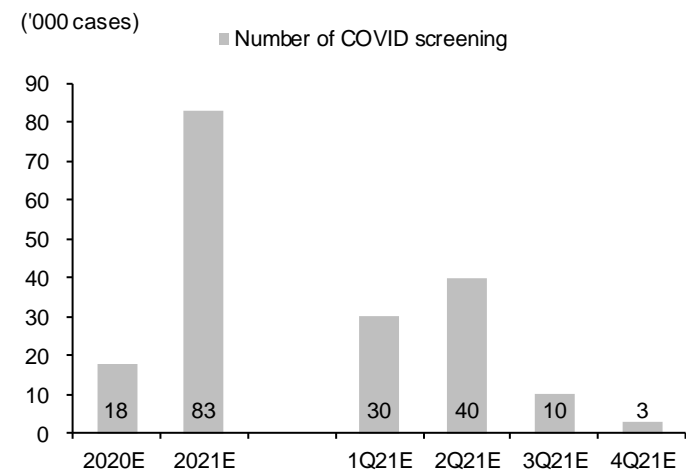
Exhibit 6: Forecast revisions

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
SSO registered members ('000)	456	465	470	456	465	470	0.0	0.1	(0.0)
SSO revenue per head (THB)	4,130	4,212	4,339	4,130	4,212	4,339	(0.0)	0.0	(0.0)
Cash-OPD visit number per day (no.)	2,913	3,088	3,273	2,913	3,088	3,273	(0.0)	(0.0)	0.0
Cash-OPD revenue per head (THB)	1,848	1,922	1,999	1,848	1,922	1,999	0.0	0.0	0.0
Cash-IPD admission number per day (no.)	207	220	240	207	220	233	0.2	(0.1)	2.9
Cash-IPD revenue per head (THB)	23,366	24,301	25,273	23,366	24,301	25,273	(0.0)	(0.0)	(0.0)
Revenue	6,348	6,669	7,094	6,048	6,519	7,033	5.0	2.3	0.9
EBITDA margin (%)	26.8	27.8	28.7	27.0	27.9	28.7	(0.2)	(0.1)	0.0
Core profit	1,045	1,156	1,288	993	1,135	1,277	5.2	1.8	0.9

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

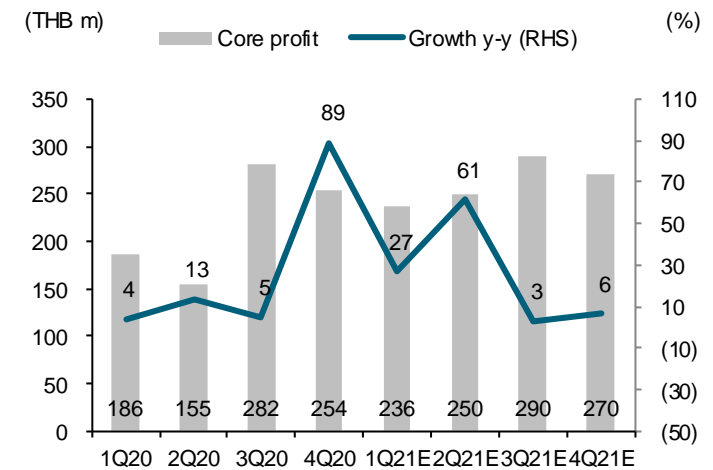
Source: FSSIA estimates

Exhibit 7: Number of COVID screening cases

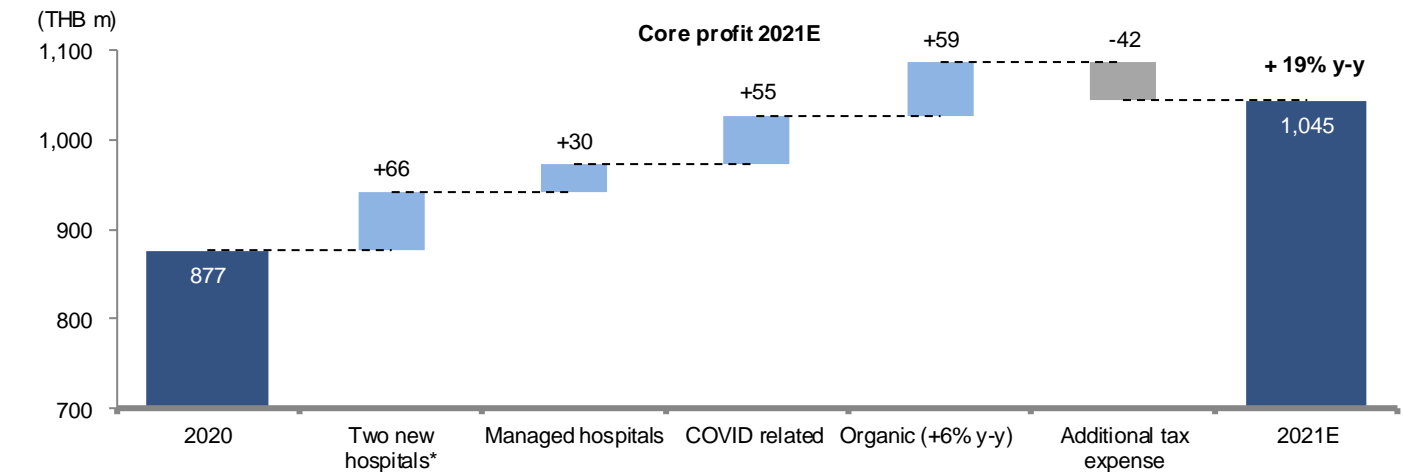


Sources: CHG; FSSIA estimates

Exhibit 8: Core profit growth quarterly



Sources: CHG; FSSIA estimates

Exhibit 9: 2021E core profit growth breakdown

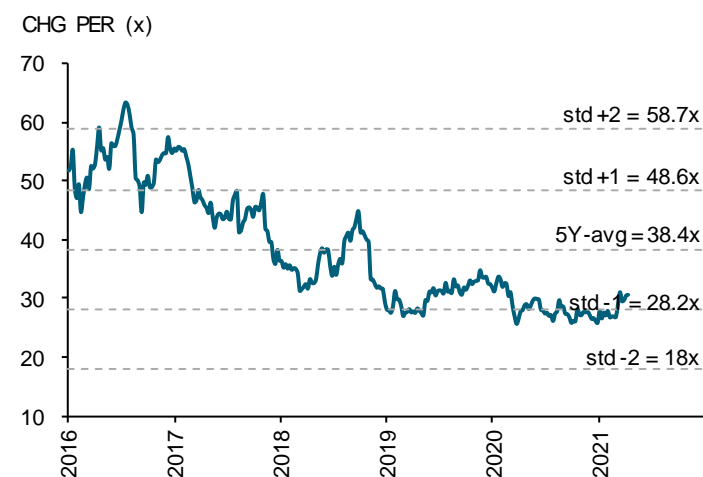
Note: *Two new hospitals deducted by minority interests

Source: FSSIA estimate

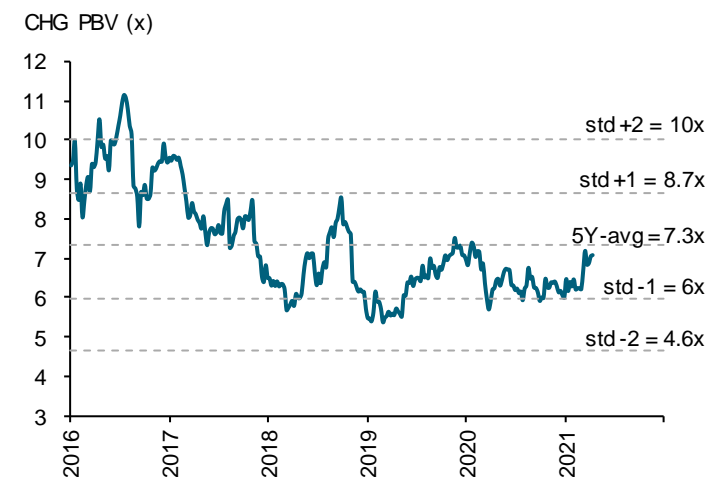
Exhibit 10: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		3.5
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		0.9			
Cost of equity, Ke		10.0	Net cost of debt, Kd		2.8
Weight applied		75.0	Weight applied		40.0
WACC		8.2			
DCF valuation estimate	(THB b)	(THB/share)	Comments		
NPV	13.7	1.2	WACC 8.2%, risk-free rate 3%, risk premium 8%		
Terminal value	28.6	2.6	Terminal growth 3%		
Cash & liquid assets	0.6	0.1	At end-2022E		
Investments	0.0	0.0	At end-2022E		
Debt	(0.4)	(0.0)	At end-2022E		
Minorities	(0.2)	(0.0)	At end-2022E		
Residual ordinary equity	42.5	3.9			

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 23 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	21.90	27.00	23.3	11,093	49.0	33.0	8.3	12.1	21.7	16.7
Bumrungrad Hospital Pcl	BH TB	BUY	137.00	150.00	9.5	3,470	53.1	30.8	11.2	18.4	28.1	18.0
Bangkok Chain Hospital	BCH TB	BUY	17.70	23.00	29.9	1,407	32.4	27.9	18.7	19.5	17.4	15.1
Chularat Hospital Pcl	CHG TB	BUY	3.14	3.90	24.2	1,101	33.1	29.9	24.5	24.2	20.5	18.6
Praram 9 Hospital Pcl	PR9 TB	BUY	10.30	13.00	26.2	258	28.8	23.2	6.7	7.9	11.8	10.1
Thonburi Healthcare Group	THG TB	HOLD	25.50	24.50	(3.9)	686	75.3	52.0	3.6	5.2	23.1	20.9
Vibhavadi Medical Center	VIBHA TB	HOLD	2.36	1.85	(21.6)	1,021	56.3	44.8	7.5	7.6	32.1	27.4
Rajthanee Hospital*	RJH TB	n/a	28.75	n/a	n/a	274	22.2	20.9	26.2	25.4	14.5	13.6
Ekachai Medical Care*	EKH TB	n/a	6.35	n/a	n/a	120	31.8	26.7	13.0	15.2	16.9	14.2
Thailand average						19,430	42.4	32.1	13.3	15.1	20.7	17.2
Regional												
Ramsay Health Care*	RHC AU	n/a	67.89	n/a	n/a	12,018	32.4	25.5	11.5	12.9	11.6	10.5
IHH Healthcare Bhd*	IHH SP	n/a	1.76	n/a	n/a	11,636	45.4	37.3	4.3	5.3	17.4	15.6
Ryman Healthcare*	RYM NZ	n/a	14.10	n/a	n/a	5,058	29.8	22.3	10.3	11.1	33.1	25.9
Apollo Hospitals Enterprise*	APHS IN	n/a	3,200.05	n/a	n/a	6,137	454.4	66.0	2.6	15.1	42.9	24.6
Kpj Healthcare Berhad*	KPJ MK	n/a	1.04	n/a	n/a	1,084	28.1	23.1	7.6	9.2	12.3	11.0
Raffles Medical Group*	RFMD SP	n/a	1.14	n/a	n/a	1,603	36.8	32.6	6.4	7.2	18.8	16.9
Mitra Keluarga Karyasehat*	MIKA IJ	n/a	2,600.00	n/a	n/a	2,552	35.7	36.1	19.3	17.6	23.2	23.6
Aier Eye Hospital*	300015 CH	n/a	70.63	n/a	n/a	44,812	122.0	92.4	23.3	25.4	70.1	55.0
Regional average						84,899	98.1	41.9	10.7	13.0	28.7	22.9
Overall average						104,328	68.6	36.7	12.1	14.1	24.4	19.9

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Chularat Hospital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	5,166	5,433	6,348	6,669	7,094
Cost of goods sold	(3,300)	(3,331)	(3,873)	(4,022)	(4,236)
Gross profit	1,866	2,102	2,475	2,647	2,858
Other operating income	-	-	-	-	-
Operating costs	(655)	(673)	(774)	(793)	(822)
Operating EBITDA	1,211	1,429	1,701	1,854	2,036
Depreciation	(330)	(354)	(378)	(406)	(433)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	881	1,075	1,323	1,448	1,602
Net financing costs	(37)	(33)	(29)	(15)	(3)
Associates	0	0	0	0	0
Recurring non-operating income	22	29	30	32	33
Non-recurring items	(14)	0	0	0	0
Profit before tax	852	1,071	1,324	1,464	1,632
Tax	(187)	(219)	(270)	(299)	(333)
Profit after tax	665	852	1,054	1,165	1,298
Minority interests	41	24	(9)	(10)	(10)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	705	877	1,045	1,156	1,288
Non-recurring items & goodwill (net)	14	0	0	0	0
Recurring net profit	719	877	1,045	1,156	1,288
Per share (THB)					
Recurring EPS *	0.07	0.08	0.09	0.11	0.12
Reported EPS	0.06	0.08	0.09	0.11	0.12
DPS	0.05	0.05	0.06	0.06	0.07
Diluted shares (used to calculate per share data)	11,000	11,000	11,000	11,000	11,000
Growth					
Revenue (%)	17.2	5.2	16.8	5.1	6.4
Operating EBITDA (%)	16.3	18.0	19.1	9.0	9.8
Operating EBIT (%)	15.2	22.1	23.0	9.5	10.7
Recurring EPS (%)	13.4	21.9	19.2	10.6	11.4
Reported EPS (%)	11.3	24.3	19.2	10.6	11.4
Operating performance					
Gross margin inc. depreciation (%)	29.7	32.2	33.0	33.6	34.2
Gross margin of key business (%)	29.7	32.2	33.0	33.6	34.2
Operating EBITDA margin (%)	23.4	26.3	26.8	27.8	28.7
Operating EBIT margin (%)	17.1	19.8	20.8	21.7	22.6
Net margin (%)	13.9	16.1	16.5	17.3	18.2
Effective tax rate (%)	21.6	20.4	20.4	20.4	20.4
Dividend payout on recurring profit (%)	76.5	62.7	60.0	60.0	60.0
Interest cover (X)	24.2	33.6	46.7	96.1	467.6
Inventory days	16.7	18.6	18.3	19.3	19.1
Debtor days	27.6	31.1	29.5	31.6	33.3
Creditor days	64.9	64.5	58.1	61.3	60.9
Operating ROIC (%)	15.2	17.9	21.8	23.5	25.7
ROIC (%)	14.7	17.5	21.6	23.2	25.4
ROE (%)	19.8	22.7	24.5	24.2	24.1
ROA (%)	11.8	14.1	16.9	18.0	19.3

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Cash patient revenue	3,235	3,208	3,734	4,116	4,599
SSO patient revenue	1,578	1,811	1,884	1,960	2,039
NHSO patient revenue	353	413	430	443	456
Revenue from Management contract			300	150	0

Sources: Chularat Hospital; FSSIA estimates

Financial Statements

Chularat Hospital

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	719	877	1,045	1,156	1,288
Depreciation	330	354	378	406	433
Associates & minorities	-	-	-	-	-
Other non-cash items	(31)	90	9	10	10
Change in working capital	(123)	70	(71)	(74)	(79)
Cash flow from operations	895	1,390	1,361	1,497	1,653
Capex - maintenance	(713)	(400)	(400)	(400)	(400)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(713)	(400)	(400)	(400)	(400)
Dividends paid	(550)	(550)	(550)	(627)	(693)
Equity finance	0	0	0	0	0
Debt finance	312	(360)	(270)	(559)	(250)
Other financing cash flows	53	0	(9)	(10)	(10)
Cash flow from financing	(185)	(910)	(829)	(1,195)	(954)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(3)	80	132	(98)	299
Free cash flow to firm (FCFF)	222.33	1,026.10	993.54	1,116.59	1,259.99
Free cash flow to equity (FCFE)	546.91	629.99	682.30	528.80	992.54
Per share (THB)					
FCFF per share	0.02	0.09	0.09	0.10	0.11
FCFE per share	0.05	0.06	0.06	0.05	0.09
Recurring cash flow per share	0.09	0.12	0.13	0.14	0.16
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	6,237	6,581	6,981	7,381	7,781
Less: Accumulated depreciation	(2,017)	(2,308)	(2,686)	(3,092)	(3,525)
Tangible fixed assets (net)	4,221	4,273	4,295	4,289	4,256
Intangible fixed assets (net)	47	47	47	47	47
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	468	548	680	582	881
A/C receivable	444	481	545	611	682
Inventories	161	179	208	216	228
Other current assets	692	555	649	682	725
Current assets	1,764	1,763	2,082	2,091	2,516
Other assets	234	117	117	117	117
Total assets	6,266	6,201	6,541	6,545	6,937
Common equity	3,702	4,024	4,519	5,048	5,643
Minorities etc.	193	169	169	169	169
Total shareholders' equity	3,895	4,193	4,688	5,217	5,811
Long term debt	573	609	609	250	0
Other long-term liabilities	115	124	124	124	124
Long-term liabilities	688	732	732	374	124
A/C payable	607	570	663	688	725
Short term debt	966	570	300	100	100
Other current liabilities	109	135	158	166	177
Current liabilities	1,682	1,275	1,121	955	1,002
Total liabilities and shareholders' equity	6,266	6,201	6,541	6,545	6,937
Net working capital	580	510	581	655	734
Invested capital	5,082	4,948	5,040	5,109	5,154
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	0.34	0.37	0.41	0.46	0.51
Tangible book value per share	0.33	0.36	0.41	0.45	0.51
Financial strength					
Net debt/equity (%)	27.5	15.1	4.9	(4.4)	(13.4)
Net debt/total assets (%)	17.1	10.2	3.5	(3.5)	(11.3)
Current ratio (x)	1.0	1.4	1.9	2.2	2.5
CF interest cover (x)	15.7	20.2	24.5	35.3	284.8
Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	48.0	39.4	33.1	29.9	26.8
Recurring P/E @ target price (x) *	59.7	48.9	41.1	37.1	33.3
Reported P/E (x)	49.0	39.4	33.1	29.9	26.8
Dividend yield (%)	1.6	1.6	1.8	2.0	2.2
Price/book (x)	9.3	8.6	7.6	6.8	6.1
Price/tangible book (x)	9.4	8.7	7.7	6.9	6.2
EV/EBITDA (x) **	29.6	24.7	20.5	18.6	16.7
EV/EBITDA @ target price (x) **	36.5	30.6	25.5	23.1	20.8
EV/invested capital (x)	7.0	7.1	6.9	6.7	6.6
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Chularat 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	ICHI	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	AMANA	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	WIK	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	AMANA	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	SEAOL	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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ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Chularat Hospital	CHG TB	THB 3.14	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Bangkok Dusit Medical Services	BDMS TB	THB 21.90	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 137.00	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.
Bangkok Chain Hospital	BCH TB	THB 17.70	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Praram 9 Hospital	PR9 TB	THB 10.30	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Thonburi Healthcare Group	THG TB	THB 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 2.36	HOLD	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO. Upside risks include 1) a faster-than-expected patient recovery, especially for Chinese patients which are the main international patients of CMR; and 2) a restructuring of the shareholding structure.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 23-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.