

26 APRIL 2021

THAILAND / HEALTHCARE

# PRARAM 9 HOSPITAL PR9 TB

## BUY

UNCHANGED

TARGET PRICE	THB13.00
CLOSE	THB10.30
UP/DOWNSIDE	+26.2%
PRIOR TP	THB12.00
CHANGE IN TP	+8.3%
TP vs CONSENSUS	+22.6%

## ทรงตัวใน 1Q21

### การแพร่ระบาด COVID ในรอบที่ 3 มีผลจำกัด

เราเชื่อว่า PR9 จะยังรายงานกำไรโตดี y-y ในช่วง 1H21 แม้ว่าจะมีการแพร่ระบาด COVID ในรอบที่ 2 และ 3 ในกลุ่มโรงพยาบาลที่เราศึกษา PR9 มีการซื้อขายที่ระดับการประเมินมูลค่าต่ำสุด ซึ่งเราเห็นว่าไม่สมเหตุผลเมื่อพิจารณาจากสมมติฐานของเราที่คาดว่าจะกำไรโตได้ถึง 30% CAGR ในช่วงปี 2020-23 จากปัจจัยหนุนใหม่ ๆ และมาตรการประหยัดต้นทุนที่ดีขึ้น

### คาดการณ์กำไรโต 26% y-y ใน 1Q21

ใน 1Q21 เราคาดว่ารายได้จากผู้ป่วยชาวไทยจะโต 10% y-y จากฐานที่ต่ำในปีที่แล้ว ปัจจัยหนุนสำคัญคือรายได้ผู้ป่วยในจากการปลูกถ่ายไต รายได้ผู้ป่วยต่างชาติยังคงอ่อนแอและมีแนวโน้มลดลง 50% y-y เนื่องจากขาดผู้ป่วยที่บินเข้ามารับการรักษา (คิดเป็น 70% ของผู้ป่วยต่างชาติและ 10% ของรายได้รวมในปี 2019) ในภาพรวมรายได้ต่ออายุยังทรงตัว y-y แต่ลดลง q-q จากผลกระทบของการแพร่ระบาด COVID ในรอบที่ 2 ในเดือน ม.ค.-ก.พ. EBITDA margin ควรดีขึ้นต่อเนื่องจาก 13% ใน 1Q20 เป็น 19% ใน 1Q21 ทำให้เราคาดว่ากำไรจากการดำเนินงานจะโต 26% y-y เป็น 47 ลบ.

### คาดมีผู้ป่วยไหลมาจากโรงพยาบาลรัฐบางส่วนใน 2Q21

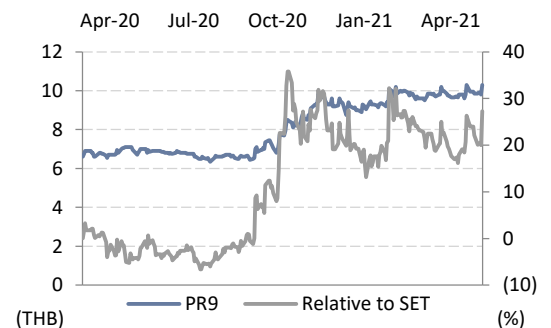
ใน 2Q21 เราคาดว่าปริมาณผู้ป่วยนอกของ PR9 อาจชะลอตัวจากการแพร่ระบาด COVID ในรอบที่ 3 ในกรุงเทพฯ อย่างไรก็ตาม เราคาดว่าผู้ป่วยนอกบางส่วนและเคสผ่าตัดอาจย้ายจากโรงพยาบาลรัฐมาที่ PR9 เนื่องจากในปัจจุบันโรงพยาบาลรัฐได้หยุดรับผู้ป่วยที่ไม่เร่งด่วนเพื่อกันไว้ให้กับผู้ป่วย COVID นอกจากนี้ PR9 กำลังพิจารณาเป็นพันธมิตรกับผู้ประกอบการโรงแรมบางแห่งเพื่อแปลงโรงแรมเป็นโรงแรมกึ่งโรงพยาบาล (Hospitals) เพื่อรับผู้ติดเชื้อ COVID ทำให้เราเห็นว่าการแพร่ระบาดในรอบที่ 3 มีผลจำกัด

### มีการซื้อขายในระดับการประเมินมูลค่าที่ต่ำ แต่มีโอกาสโตสูง

เราปรับการประเมินมูลค่าของเราไปในปี 2022 และได้ราคาเป้าหมายใหม่ที่ 13 บาทต่อหุ้น (DCF) แม้ว่า PR9 จะไม่สามารถใช้สิทธิใหม่ในช่วง 1H21 จากปัญหาการแพร่ระบาด COVID ในรอบที่ 2 และ 3 เราแนะนำให้นักลงทุนสะสมหุ้นดังกล่าวจาก 1) กำไรในปี 2021 ที่คาดว่าจะโตได้ถึง 39% โดย PR9 ควรเริ่มบันทึกกำไรได้จากศูนย์การแพทย์ใหม่ได้ตั้งแต่ 2H21 เป็นต้นไป; 2) ระดับการประเมินมูลค่าที่ต่ำ โดยมีการซื้อขายที่เพียง 23x ของค่า 2022E P/E และ 10x ของค่า EV/EBITDA ต่ำกว่าค่าเฉลี่ยของกลุ่มฯ ที่ 36x และ 20x ตามลำดับ; และ 3) ผลตอบแทนจากส่วนผู้ถือหุ้นที่กำลังปรับตัวดีขึ้นจาก 5% ในปี 2020 เป็น 10% ในปี 2023E ซึ่งจะยังเป็นปัจจัยบวกที่ทำให้ราคาปรับตัวขึ้น

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	2,601	2,912	3,256	3,572
Net profit	202	281	349	441
EPS (THB)	0.26	0.36	0.44	0.56
vs Consensus (%)	-	15.0	14.3	37.6
EBITDA	444	626	720	845
Core net profit	202	281	349	441
Core EPS (THB)	0.26	0.36	0.44	0.56
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(35.3)	39.0	24.3	26.1
Core P/E (x)	40.1	28.8	23.2	18.4
Dividend yield (%)	1.1	2.1	3.0	3.8
EV/EBITDA (x)	16.9	11.8	10.1	8.3
Price/book (x)	2.0	1.9	1.8	1.7
Net debt/Equity (%)	(14.2)	(16.3)	(18.1)	(23.1)
ROE (%)	5.0	6.7	7.9	9.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.6	10.2	53.7
Relative to country (%)	6.4	6.2	25.9
Mkt cap (USD m)	258		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	59		
Major shareholder	Khunying Potjaman Damapong (37%)		
12m high/low (THB)	10.70/6.30		
Issued shares (m)	786.30		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 26 เมษายน 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.

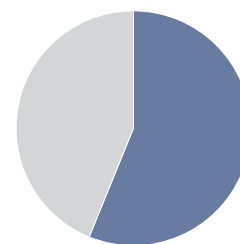
## Company profile

PR9 has been operating a private hospital since 1992.

[www.praram9.com](http://www.praram9.com)

## Principal activities (revenue, 2020)

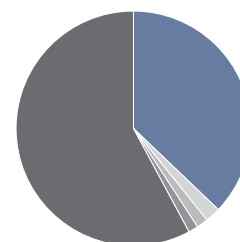
- OPD patient revenue - 56.2 %
- IPD patient revenue - 43.8 %



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

## Catalysts

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.

## Risks 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
May 2021	1Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
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

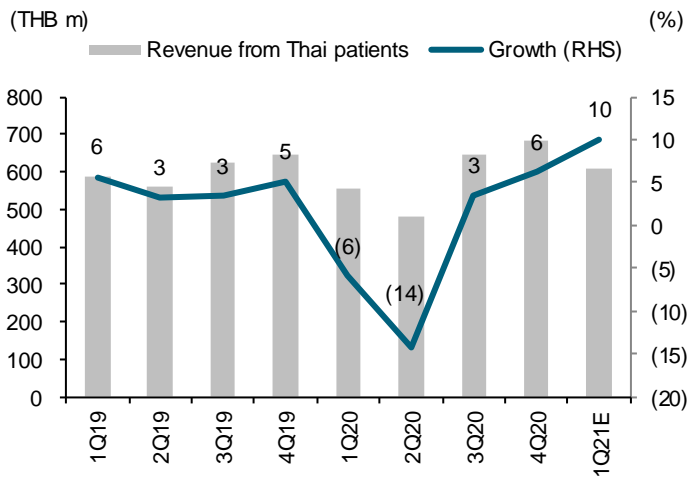


## Exhibit 1: 1Q21E results preview

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 %)
Sales	659	515	692	735	660	(10)	0	2,601	2,912	(9)
COGS (incl. depreciation)	(488)	(397)	(485)	(520)	(473)	(9)	(3)	(1,890)	(2,054)	(3)
<b>Gross profit</b>	<b>171</b>	<b>119</b>	<b>207</b>	<b>215</b>	<b>187</b>	<b>(13)</b>	<b>9</b>	<b>712</b>	<b>857</b>	<b>(20)</b>
SG&A	(138)	(117)	(132)	(132)	(136)	3	(1)	(518)	(552)	(7)
<b>Operating profit</b>	<b>33</b>	<b>2</b>	<b>75</b>	<b>83</b>	<b>51</b>	<b>(39)</b>	<b>53</b>	<b>193</b>	<b>306</b>	<b>(42)</b>
Net other income	7	9	9	12	8	(35)	11	38	41	(9)
Interest expenses	(0)	(0)	(0)	(0)	0	(100)	(100)	(0)	(0)	n/a
<b>Pretax profit</b>	<b>40</b>	<b>11</b>	<b>84</b>	<b>96</b>	<b>59</b>	<b>(38)</b>	<b>46</b>	<b>230</b>	<b>347</b>	<b>(39)</b>
Income tax	(3)	1	(11)	(14)	(12)	(18)	290	(28)	(66)	(55)
<b>Core profit</b>	<b>37</b>	<b>11</b>	<b>72</b>	<b>81</b>	<b>47</b>	<b>(42)</b>	<b>26</b>	<b>202</b>	<b>281</b>	<b>(35)</b>
Extraordinaries, GW & FX								0		(100)
<b>Reported net profit</b>	<b>37</b>	<b>11</b>	<b>72</b>	<b>81</b>	<b>47</b>	<b>(42)</b>	<b>26</b>	<b>202</b>	<b>281</b>	<b>(29)</b>
Outstanding shares (m)	786	786	786	786	786	0	0	786	786	0
Adjusted shares (m)	786	786	786	786	786	0	0	786	786	0
<b>Pre-ex EPS (THB)</b>	<b>0.05</b>	<b>0.01</b>	<b>0.09</b>	<b>0.10</b>	<b>0.06</b>	<b>(42)</b>	<b>26</b>	<b>0.26</b>	<b>0.36</b>	<b>(29)</b>
<b>EPS (THB)</b>	<b>0.05</b>	<b>0.01</b>	<b>0.09</b>	<b>0.10</b>	<b>0.06</b>	<b>(42)</b>	<b>26</b>	<b>0.26</b>	<b>0.36</b>	<b>(29)</b>
COGS excl. depreciation	(444)	(352)	(425)	(455)	(402)	(11)	(9)	(1,677)	(1,775)	(6)
Depreciation	(44)	(44)	(60)	(65)	(71)	9	63	(213)	(279)	29
EBITDA	84	55	144	161	130	(19)	55	443	626	(18)
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>		<b>(%)</b>	<b>(ppt)</b>
Gross margin	26	23	30	29	28	(1)	2	27	29	(4)
SG&A/Revenue	21	23	19	18	21	3	(0)	20	19	0
EBITDA margin	13	11	20	21	19	(2)	7	17	21	(2)
Net profit margin	6	2	10	11	7	(4)	1	8	10	(2)
<b>Operating stats</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>					
OPD revenue growth	(1)	(28)	(8)	4	n/a					
OPD volume growth	(3)	(28)	(9)	-	n/a					
OPD revenue per head growth	2	1	1	4	n/a					
IPD revenue growth	(11)	(17)	(6)	(7)	n/a					
IPD volume growth	(16)	(25)	(17)	(8)	n/a					
IPD revenue per head growth	6	11	13	2	n/a					
Thai patient revenue growth	(6)	(14)	3	6	10					
Inter patient revenue growth	(2)	(69)	(60)	(53)	(52)					

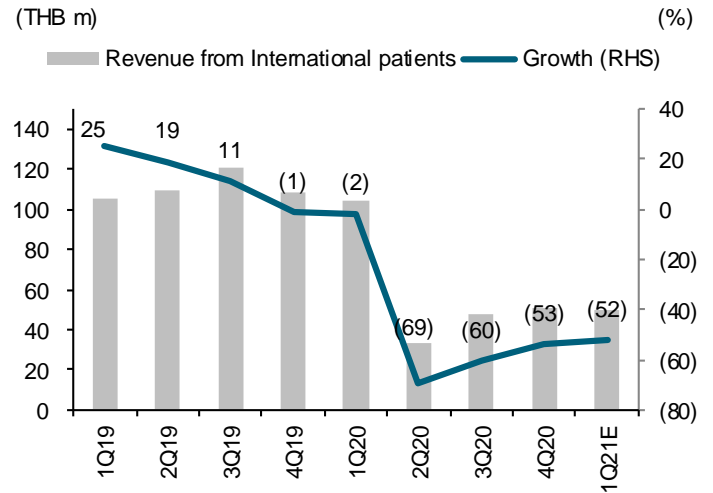
1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income – depreciation  
Sources: PR9; FSSIA estimates

**Exhibit 2: Revenue from Thai patients**



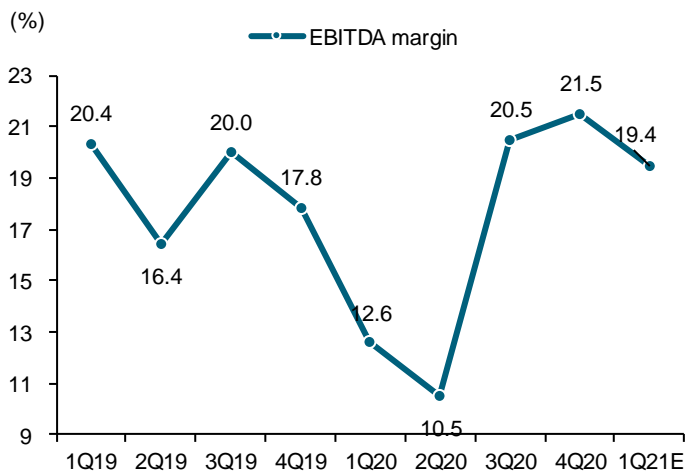
Sources: PR9; FSSIA estimate

**Exhibit 3: Revenue from international patients**



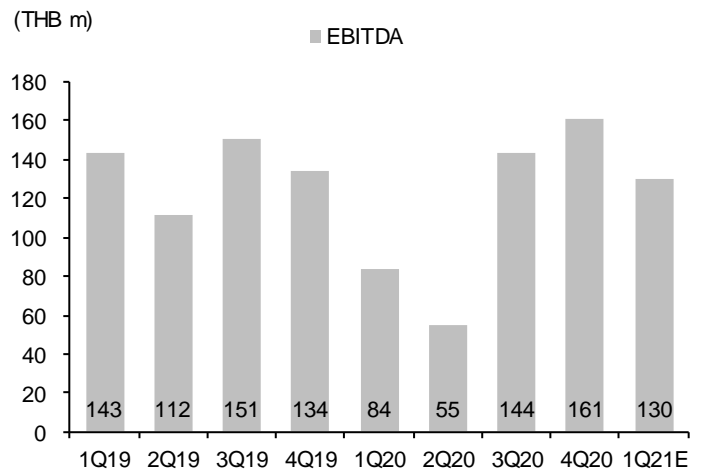
Sources: PR9; FSSIA estimate

**Exhibit 4: EBITDA margin improvement trend**



Sources: PR9; FSSIA estimate

**Exhibit 5: EBITDA improvement trend**



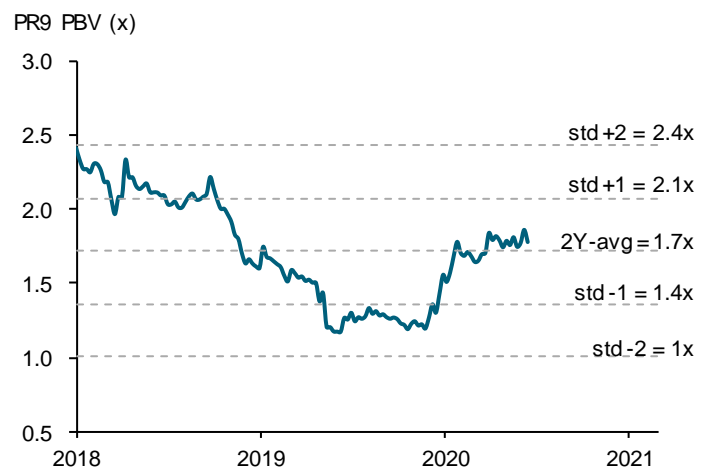
Sources: PR9; FSSIA estimate

**Exhibit 6: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 7: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

## Exhibit 8: 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	0.8		
Cost of equity, Ke	9.4	Net cost of debt, Kd	2.8
Weight applied	100.0	Weight applied	0.0
WACC	9.4		
DCF valuation estimate		(THB b)	(THB/share)
NPV	3.8	4.9	WACC 9.4%, risk-free rate 3%, risk premium 8%
Terminal value	5.6	7.1	Terminal growth 3%
Cash & liquid assets	0.8	1.0	At end-2022E
Investments	0.0	0.0	At end-2022E
Debt	(0.0)	(0.0)	At end-2022E
Minorities	0.0	0.0	At end-2022E
<b>Residual ordinary equity</b>	<b>10.2</b>	<b>13.0</b>	

Source: FSSIA estimates

## Exhibit 9: 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)
<b>Thailand</b>												
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
<b>Thailand average</b>						<b>19,430</b>	<b>42.4</b>	<b>32.1</b>	<b>13.3</b>	<b>15.1</b>	<b>20.7</b>	<b>17.2</b>
<b>Regional</b>												
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
<b>Regional average</b>						<b>84,899</b>	<b>98.1</b>	<b>41.9</b>	<b>10.7</b>	<b>13.0</b>	<b>28.7</b>	<b>22.9</b>
<b>Overall average</b>						<b>104,328</b>	<b>68.6</b>	<b>36.7</b>	<b>12.1</b>	<b>14.1</b>	<b>24.4</b>	<b>19.9</b>

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

### Praram 9 Hospital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	2,849	2,601	2,912	3,256	3,572
Cost of goods sold	(1,792)	(1,677)	(1,775)	(1,978)	(2,135)
<b>Gross profit</b>	<b>1,056</b>	<b>925</b>	<b>1,137</b>	<b>1,278</b>	<b>1,437</b>
Other operating income	41	38	41	43	45
Operating costs	(558)	(518)	(552)	(601)	(637)
<b>Operating EBITDA</b>	<b>540</b>	<b>444</b>	<b>626</b>	<b>720</b>	<b>845</b>
Depreciation	(165)	(213)	(279)	(289)	(301)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>375</b>	<b>231</b>	<b>347</b>	<b>431</b>	<b>544</b>
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	(28)	0	0	0	0
<b>Profit before tax</b>	<b>348</b>	<b>230</b>	<b>347</b>	<b>431</b>	<b>544</b>
Tax	(63)	(28)	(66)	(82)	(103)
<b>Profit after tax</b>	<b>284</b>	<b>202</b>	<b>281</b>	<b>349</b>	<b>441</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>284</b>	<b>202</b>	<b>281</b>	<b>349</b>	<b>441</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>312</b>	<b>202</b>	<b>281</b>	<b>349</b>	<b>441</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.40	0.26	0.36	0.44	0.56
Reported EPS	0.36	0.26	0.36	0.44	0.56
DPS	0.14	0.11	0.21	0.31	0.39
Diluted shares (used to calculate per share data)	786	786	786	786	786
<b>Growth</b>					
Revenue (%)	5.5	(8.7)	11.9	11.8	9.7
Operating EBITDA (%)	11.7	(17.8)	41.2	15.0	17.4
Operating EBIT (%)	14.5	(38.5)	50.4	24.3	26.1
Recurring EPS (%)	16.0	(35.3)	39.0	24.3	26.1
Reported EPS (%)	80.9	(29.0)	39.0	24.3	26.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	31.3	27.4	29.4	30.4	31.8
Gross margin of key business (%)	31.3	27.4	29.4	30.4	31.8
Operating EBITDA margin (%)	19.0	17.1	21.5	22.1	23.7
Operating EBIT margin (%)	13.2	8.9	11.9	13.3	15.2
Net margin (%)	11.0	7.8	9.6	10.7	12.3
Effective tax rate (%)	16.8	12.3	19.0	19.0	19.0
Dividend payout on recurring profit (%)	35.3	42.8	60.0	70.0	70.0
Interest cover (X)	-	491.0	1,477.1	1,836.4	2,316.1
Inventory days	9.3	10.7	10.4	10.2	10.3
Debtor days	18.9	22.1	20.1	18.3	17.1
Creditor days	88.6	98.8	94.5	92.2	93.6
Operating ROIC (%)	13.6	6.4	7.6	9.3	11.7
ROIC (%)	12.8	6.3	7.5	9.1	11.5
ROE (%)	7.9	5.0	6.7	7.9	9.6
ROA (%)	6.8	4.3	5.7	6.8	8.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
OPD patient revenue	1,584	1,461	1,621	1,812	1,988
IPD patient revenue	1,264	1,140	1,291	1,444	1,584

Sources: Praram 9 Hospital; FSSIA estimates

## Financial Statements

### Praram 9 Hospital

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	312	202	281	349	441
Depreciation	165	213	279	289	301
Associates & minorities	-	-	-	-	-
Other non-cash items	21	98	0	0	0
Change in working capital	51	(435)	(23)	(3)	(11)
<b>Cash flow from operations</b>	<b>548</b>	<b>78</b>	<b>537</b>	<b>635</b>	<b>731</b>
Capex - maintenance	(885)	(806)	(332)	(356)	(217)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(885)</b>	<b>(806)</b>	<b>(332)</b>	<b>(356)</b>	<b>(217)</b>
Dividends paid	(112)	(110)	(86)	(169)	(244)
Equity finance	0	0	0	0	0
Debt finance	0	8	0	0	0
Other financing cash flows	19	(8)	0	0	0
<b>Cash flow from financing</b>	<b>(92)</b>	<b>(110)</b>	<b>(86)</b>	<b>(169)</b>	<b>(244)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(429)</b>	<b>(839)</b>	<b>119</b>	<b>110</b>	<b>270</b>
Free cash flow to firm (FCFF)	(336.83)	(727.76)	205.67	279.25	514.26
Free cash flow to equity (FCFE)	(317.56)	(728.33)	205.43	279.02	514.02

#### Per share (THB)

FCFF per share	(0.43)	(0.93)	0.26	0.36	0.65
FCFE per share	(0.40)	(0.93)	0.26	0.35	0.65
Recurring cash flow per share	0.63	0.65	0.71	0.81	0.94

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	4,559	5,345	5,677	6,033	6,250
Less: Accumulated depreciation	(1,619)	(1,812)	(2,091)	(2,380)	(2,681)
<b>Tangible fixed assets (net)</b>	<b>2,940</b>	<b>3,533</b>	<b>3,586</b>	<b>3,653</b>	<b>3,569</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4	4	4	4	4
Cash & equivalents	1,431	592	711	822	1,091
A/C receivable	156	159	162	165	169
Inventories	49	49	52	58	63
Other current assets	7	408	457	511	560
<b>Current assets</b>	<b>1,643</b>	<b>1,208</b>	<b>1,382</b>	<b>1,556</b>	<b>1,883</b>
Other assets	130	52	52	52	52
<b>Total assets</b>	<b>4,717</b>	<b>4,797</b>	<b>5,023</b>	<b>5,264</b>	<b>5,507</b>
Common equity	4,039	4,115	4,310	4,490	4,686
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>4,039</b>	<b>4,115</b>	<b>4,310</b>	<b>4,490</b>	<b>4,686</b>
Long term debt	0	8	8	8	8
Other long-term liabilities	155	182	182	182	182
<b>Long-term liabilities</b>	<b>155</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>
A/C payable	461	446	472	527	568
Short term debt	0	0	0	0	0
Other current liabilities	62	45	51	57	62
<b>Current liabilities</b>	<b>523</b>	<b>492</b>	<b>523</b>	<b>583</b>	<b>631</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,717</b>	<b>4,797</b>	<b>5,023</b>	<b>5,264</b>	<b>5,507</b>
Net working capital	(311)	124	147	151	161
Invested capital	2,763	3,713	3,788	3,859	3,785

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

#### Per share (THB)

Book value per share	5.14	5.23	5.48	5.71	5.96
Tangible book value per share	5.14	5.23	5.48	5.71	5.96

#### Financial strength

Net debt/equity (%)	(35.4)	(14.2)	(16.3)	(18.1)	(23.1)
Net debt/total assets (%)	(30.3)	(12.2)	(14.0)	(15.5)	(19.7)
Current ratio (x)	3.1	2.5	2.6	2.7	3.0
CF interest cover (x)	-	(1,548.6)	875.4	1,188.6	2,188.9

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>26.0</b>	<b>40.1</b>	<b>28.8</b>	<b>23.2</b>	<b>18.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>32.8</b>	<b>50.6</b>	<b>36.4</b>	<b>29.3</b>	<b>23.2</b>
Reported P/E (x)	28.5	40.1	28.8	23.2	18.4
Dividend yield (%)	1.4	1.1	2.1	3.0	3.8
Price/book (x)	2.0	2.0	1.9	1.8	1.7
Price/tangible book (x)	2.0	2.0	1.9	1.8	1.7
EV/EBITDA (x) **	12.4	16.9	11.8	10.1	8.3
EV/EBITDA @ target price (x) **	16.3	21.7	15.2	13.1	10.8
EV/invested capital (x)	2.4	2.0	2.0	1.9	1.9

\* Pre-exceptional, pre-goodwill and 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	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	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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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)

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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
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.
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.
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.
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 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 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.