

6 MAY 2021

THAILAND / HEALTHCARE

## VIBHAVADI MEDICAL CENTER

BUY

FROM HOLD

## VIBHA TB

TARGET PRICE	THB2.80
CLOSE	THB2.16
UP/DOWNSIDE	+29.6%
PRIOR TP	THB1.85
CHANGE IN TP	+51.4%
TP vs CONSENSUS	+51.4%

## กำลังกลับมาแข็งแกร่งใหม่

## กำไรผ่านจุดต่ำสุดในปี 2020

กำไรของ VIBHA อยู่ในทิศทางขาลงมาตั้งแต่ปี 2018 เราเชื่อว่าจุดเปลี่ยนจะอยู่ในปี 2021 บริษัทย่อย 2 แห่ง กล่าวคือ Chiang Mai Ram Medical Business (CMR, VIBHA ถือหุ้น 84%) และ Vibharam (VIBHA ถือหุ้น 34%) เป็นปัจจัยถ่วงสำคัญในช่วงปี 2018-20 เราคาดว่าบริษัทย่อยดังกล่าวจะเริ่มดีขึ้นในปีนี้ ประกอบกับการที่ VIBHA Group ได้ประโยชน์จากรายได้ที่เกี่ยวข้องกับ Covid ที่เพิ่มขึ้นในช่วง 1H21

## ผลการดำเนินงานที่เกี่ยวข้องกับ SSO ของ CMR ควรดีขึ้น

การเรียกคืนค่าบริการทางการแพทย์จากสำนักงานประกันสังคม (SSO) รวม 372 ลบ. ในช่วงปี 2018-20 จากการรักษาโรคที่มีความซับซ้อนสูง เป็นปัจจัยถ่วงกำไรของ CMR โดยสาเหตุเกิดจากเบิกจ่ายด้วยข้อมูลที่ไม่ถูกต้อง เราเชื่อว่าบริษัท ได้ทบทวนปัญหาดังกล่าวไปแล้ว โดยได้ปรับปรุงระบบการเบิกจ่ายให้มีข้อมูลที่แม่นยำมากยิ่งขึ้น นอกจากนี้บริษัท ยังบันทึกอัตราการเบิกจ่ายที่ต่ำลงเหลือเพียง 11,000/RW มาตั้งแต่ปี 2020 (เทียบกับอัตราที่ SSO สัญญาว่าจะจ่ายที่ 12,000/RW) และบันทึกค่าบริการทางการแพทย์จาก SSO บางส่วนเป็นรายได้ล่วงหน้ารวม 332 ลบ. ณ สิ้นไตรมาส 4Q20 เพื่อสำรองสำหรับการเรียกคืนรายการอื่น ๆ ของ SSO ในอนาคต

## กำไรจากการดำเนินงานควรกลับสู่ระดับก่อน Covid ภายในปี 2022

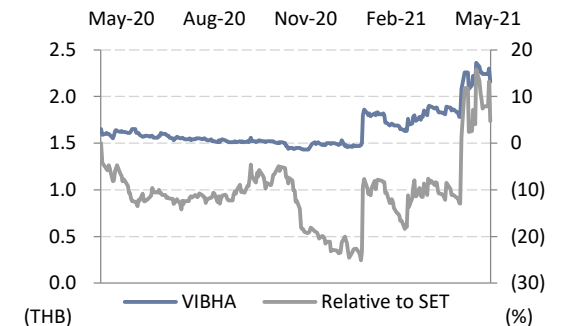
VIBHA ควรได้ประโยชน์จากการแพร่ระบาด Covid ที่สูงขึ้นมาตั้งแต่เดือน เม.ย. Vibhavadi Hospital ได้ให้บริการตรวจคัดกรอง drive-thru Covid ประมาณ 700 ราย/วันในขณะนี้ (เทียบกับประมาณ 100 ราย/วันใน 1Q21) นอกจากนี้ VIBHA ยังแปลงโรงแรม/โรงพยาบาล รวม 3 แห่งที่เคยขาดทุนประกอบด้วย Vibharam Chaiprakarn และ Samutsakorn และ Princeton Hotel เพื่อให้บริการผู้ป่วยติดเชื้อ Covid ซึ่งอาจทำให้ผลประโยชน์ประกอบการของสถานประกอบการดังกล่าวพลิกฟื้นก่อนคาด เราคาดว่ากำไรของ VIBHA จะโตแบบก้าวกระโดดถึง 58% ในปี 2021 นอกจากนี้กำไร ของ VIBHA ควรกลับไปใกล้เคียงกับ กำไรหลักที่เคยทำได้ในอดีตราว 900 ลบ. (Ex. 17) ภายในปี 2022 หลังบริษัทย่อยเริ่มฟื้นตัว

## ปรับเพิ่มคำแนะนำเป็นซื้อพร้อมปัจจัยบวกจากการพลิกฟื้นของการดำเนินงาน

เราปรับประมาณการกำไรจากการดำเนินงานปี 2021-23 ขึ้น 17-19% เพื่อสะท้อนรายได้ที่เกี่ยวข้องกับ Covid ที่สูงขึ้นและแนวโน้มที่ดีขึ้นของบริษัทย่อย นอกจากนี้เรายังปรับการประเมินมูลค่าไปในปี 2022 และได้ราคาเป้าหมายใหม่ที่ 2.8 บาทต่อหุ้น (DCF, 8.9% WACC, 3% LTG) VIBHA มีการซื้อขายที่ 36x ของค่า 2023E P/E ซึ่งต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 45x ในความเห็นของเราปัจจัยบวกสำหรับราคาหุ้นจะอยู่ที่กำไร 2Q21 ที่อยู่ในระดับสูงและโอกาสในการนำเข้าวัคซีน Covid-19 สำหรับผู้ป่วยที่ต้องการจ่ายเอง

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	6,024	6,882	7,387	7,944
Net profit	450	712	886	1,077
EPS (THB)	0.03	0.05	0.06	0.07
vs Consensus (%)	-	-	-	-
EBITDA	1,052	1,422	1,608	1,824
Core net profit	450	712	886	1,077
Core EPS (THB)	0.03	0.05	0.06	0.07
Chg. In EPS est. (%)	-	13.6	12.6	14.2
EPS growth (%)	(47.2)	58.2	24.4	21.6
Core P/E (x)	71.7	45.3	36.4	30.0
Dividend yield (%)	1.9	1.5	1.7	2.1
EV/EBITDA (x)	37.8	27.9	23.9	20.9
Price/book (x)	3.6	3.5	2.7	2.5
Net debt/Equity (%)	73.5	70.5	29.1	25.9
ROE (%)	5.6	8.6	8.8	8.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	18.0	27.8	30.9
Relative to country (%)	16.9	21.7	4.8
Mkt cap (USD m)	938		
3m avg. daily turnover (USD m)	3.6		
Free float (%)	35		
Major shareholder	F&S 79 (15%)		
12m high/low (THB)	2.42/1.42		
Issued shares (m)	14,937.84		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 7 พฤษภาคม 2021

## Investment thesis

Social Security Office (SSO) operations should recover going forward, after the company adopted a conservative accounting standard since 2019. VIBHA should also benefit from a surge in Covid screening services in 1H21. This should improve its EBITDA margin, in our view.

VIBHA has a complicated structure, with up to four levels of subsidiaries under it. Its restructuring plan involves a share swap from the subsidiary levels to the parent company to unlock value in those subsidiaries. This development could create positive interest and would likely be a re-rating catalyst for the stock.

Furthermore, VIBHA has continued to invest in potential growth hospitals, including Ramkhamhaeng Hospital (RAM TB, NR), Sikarin Pcl (SKR TB, NR), and Thai Nakarin Hospital (TNH TB, NR). This should increase its dividend income and profitability in the long term.

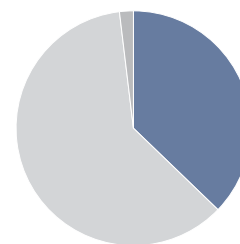
## Company profile

The company currently operates 20 hospitals split into four groups: Vibhavadi Hospital, Chiang Mai Ram (CMR TB, NR), Vibharam Hospital (not listed), and partner hospitals.

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

## Principal activities (revenue, 2020)

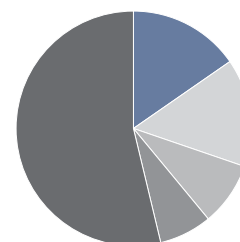
- Revenue from Vibhavadi Hospital - 37.2 %
- Revenue from CMR - 60.9 %
- Service revenue - 1.9 %



Source: Vibhavadi Medical Center

## Major shareholders

- F&S 79 - 15.4 %
- Mr. Chaiyasith Viriyamettakul - 14.9 %
- Sinphate Co LTD - 8.8 %
- Ramkhamhaeng Hospital - 7.3 %
- Others - 53.7 %



Source: Vibhavadi Medical Center

## Catalysts

Key growth drivers include 1) more SSO registered members; 2) an improving EBITDA margin led by new hospitals and larger share and dividend income from its subsidiaries; and 3) restructuring its shareholding structure.

## 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 prices 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
	(%)	(%)	(%)
<b>Revenue growth</b>			
Vibhavadi hospital	17	7	8
CMR - Cash patient revenue	9	8	4
CMR - SSO revenue	5	5	4
Vibharam	12	10	10

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 7%, and vice versa, all else being equal.

Source: FSSIA estimates



## Benefit from Covid-related revenue

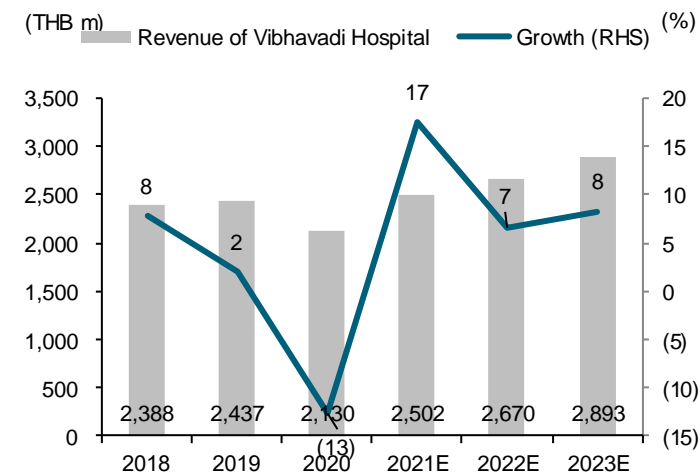
Vibhavadi Hospital has benefitted from the surging Covid infections from the third wave, as it offers drive-thru Covid screening services – the number of cases increased to c700 cases/day over April (vs 15,000-20,000 cases in 2020 and c10,000 cases in 1Q21).

In addition, Vibhavadi Hospital also has the capacity to admit Covid-infected patients at around 400 beds from 140 hospital beds and 270 'hospitel' beds (converting Princeton Hotel, which VIBHA owns, to a 100% hospitel).

We estimate the revenue from Covid screening services to reach cTHB120m-140m in 2Q21, based on a projection of 36,000 cases in 2Q21. We also estimate the revenue from its hospitel operation to total cTHB75m in 2Q21, based on an average of 200 beds/day for Covid infections with average billing of THB75,000 per admission. This implies that Covid-related revenue would account for 13-15% for our 2Q21E revenue and 25-30% of our 2Q21E core profit.

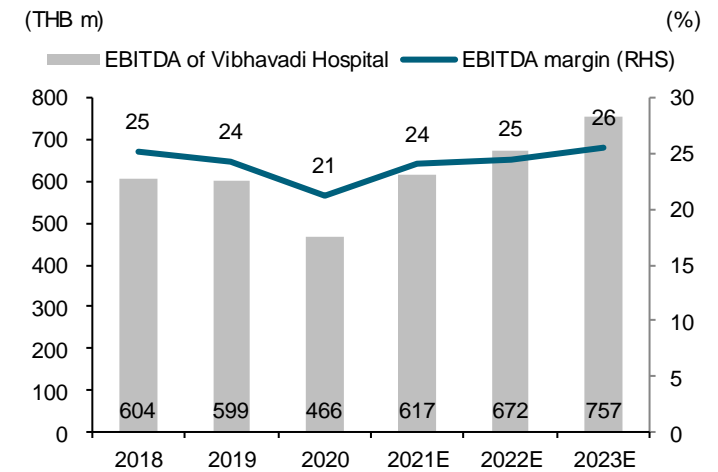
Overall, we estimate Vibhavadi Hospital's revenue to grow by 17% in 2021, led by Covid-related business. Its EBITDA margin could also improve to 24% in 2021 from 21% in 2020, since Covid screening services provide a high margin.

**Exhibit 1: Vibhavadi Hospital's total revenue**



Sources: VIBHA; FSSIA estimates

**Exhibit 2: Vibhavadi Hospital's EBITDA**



Sources: VIBHA; FSSIA estimates

## Expect its major subsidiaries to turnaround

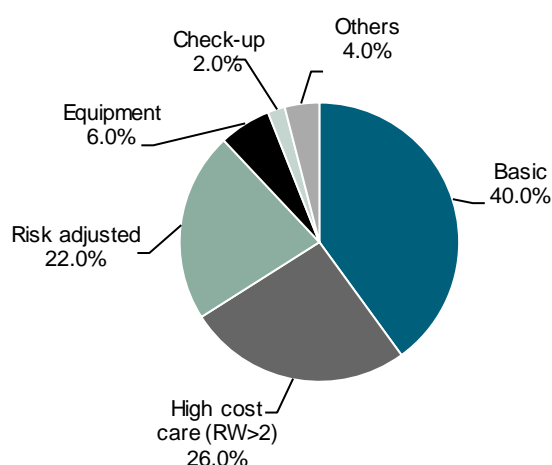
VIBHA's weak earnings over 2018-20 were dragged down by its two major subsidiaries, CMR and Vibharam. We believe those two subsidiaries will start to turn around by this year and should be a key driver for VIBHA.

### CMR's core profit to improve due to the absence of an SSO refund

SSO operations is the culprit for CMR's weak earnings over 2018-20. CMR wrote-off SSO revenue of THB85m in 2018, THB251m in 2019 and THB36m in 2020 after the SSO informed CMR to refund medical service fees resulting from the incorrect reimbursement of medical fees for high-cost disease treatments (AdjRW>2). We believe this issue has been mitigated. CMR has improved its reimbursement system to provide more accurate data. It has also adopted more conservative accounting with a reimbursement rate of only cTHB11,000/RW since 2020 (vs the SSO's actual commitment of THB12,000/RW).

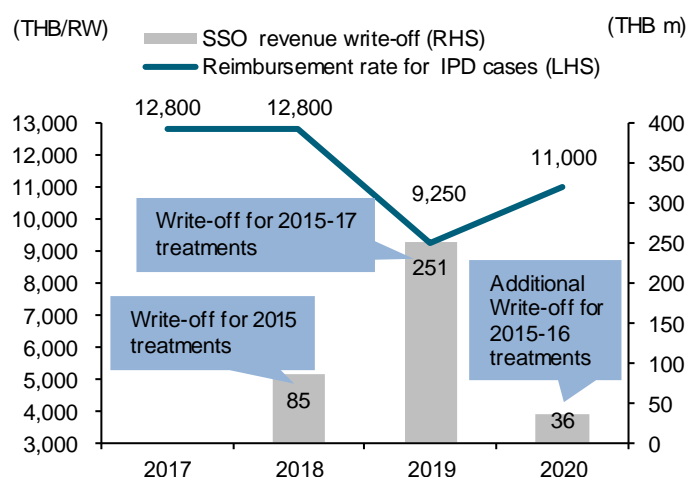
In addition, CMR conservatively recorded partial medical fees from the SSO as an advance received totalling THB332m as of 4Q20 in order to act as a cushion for other SSO refunds. We believe the advance received should be sufficient for any near-term refund. This implies that there should not be any SSO write-offs for the next couple of years. Note that the medical fees in the advance received have not yet been realised as revenue in its P/L. Thus, if there is no refund from the SSO, it would revert to revenue and go straight to the bottom line, possibly in 2021-22.

Exhibit 3: SSO breakdown as of 2020



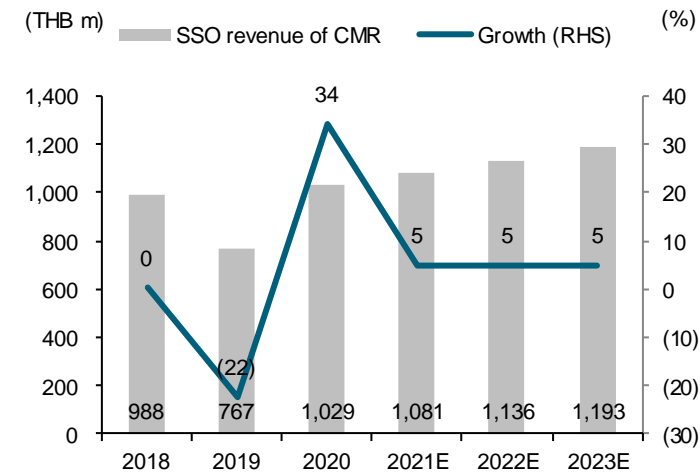
Sources: VIBHA; FSSIA estimates

Exhibit 4: SSO revenue write-offs over 2018-20

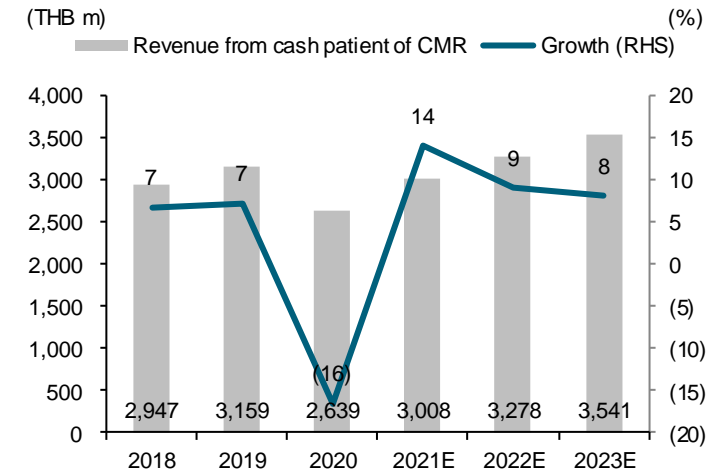


Sources: VIBHA; FSSIA estimates

SSO operations improved in 2020, growing by 34%. However, CMR's earnings have been hit by Covid instead. Revenue from cash patients fell by 16% in 2020, mainly due to the absence of international patient revenue which accounted for c25% of its total revenue, particularly from Chinese patients. We expect CMR's revenue to gradually recover to its pre-Covid level by 2022.

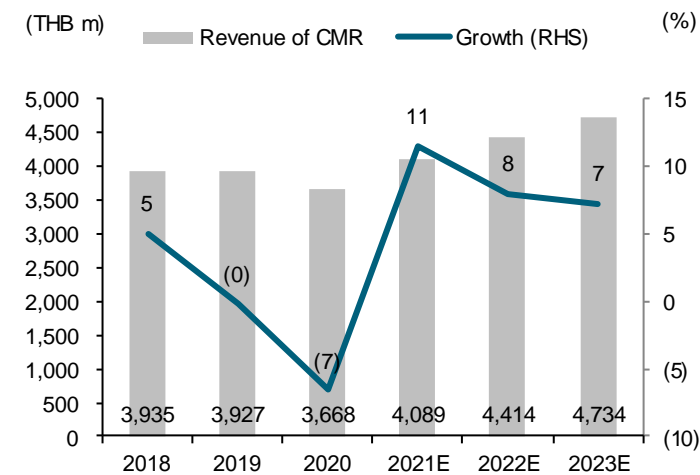
**Exhibit 5: CMR's SSO revenue trend to improve**

Sources: VIBHA; FSSIA estimates

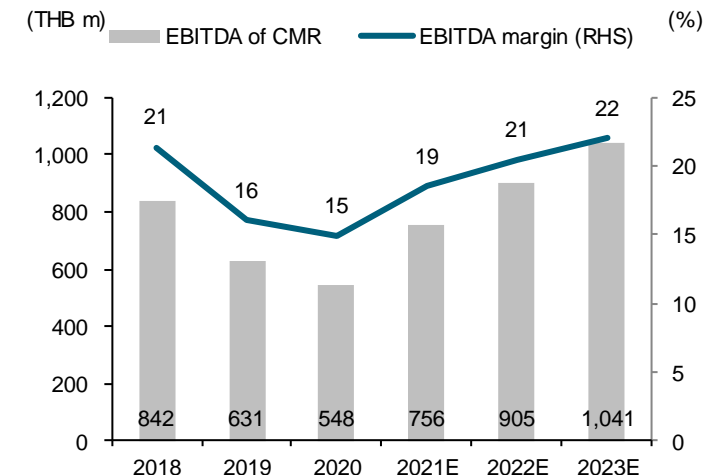
**Exhibit 6: CMR's revenue from cash patients**

Sources: VIBHA; FSSIA estimates

Overall, we expect CMR's revenue and EBITDA to gradually improve over 2021-22 thanks to the recovery of Thai and international patients and the absence of SSO revenue write-offs.

**Exhibit 7: CMR's total revenue**

Sources: VIBHA; FSSIA estimates

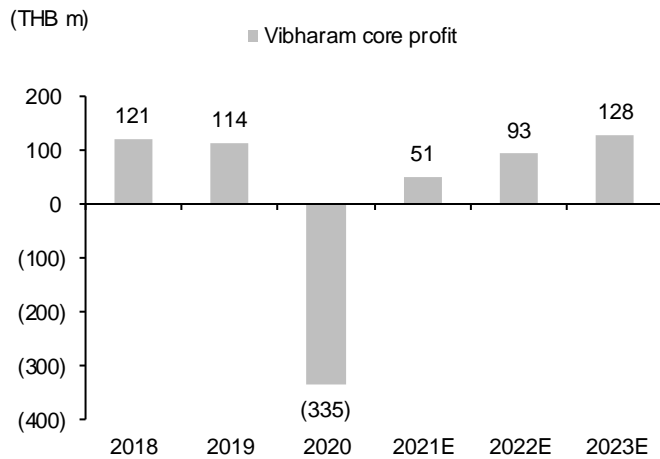
**Exhibit 8: CMR's EBITDA**

Sources: VIBHA; FSSIA estimates

### Vibharam to recover and contribute share of income in 2021 onward

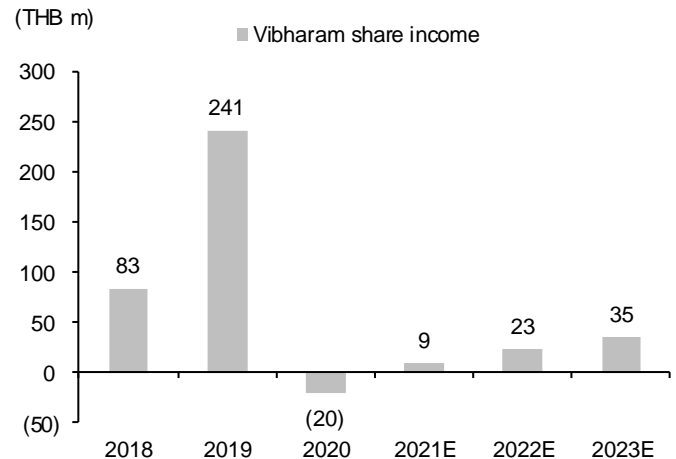
Vibharam posted a net loss of THB335m in 2020 due to the reversal of SSO operations from chronic disease treatments totalling THB177m in 2020, coupled with the losses from Vibharam Chaiprakarn and Samutsakorn. This year, those two hospitals have benefitted from Covid-19, as most of their capacity has served Covid-infected patients. Thus, we believe they should turn around by this year due to the higher utilisation rate. We believe the Vibharam group should turn profitable and contribute to VIBHA's core profit from 2021 going forward.

**Exhibit 9: Vibharam's core profit**



Sources: VIBHA; FSSIA estimate

**Exhibit 10: Vibharam's share income**

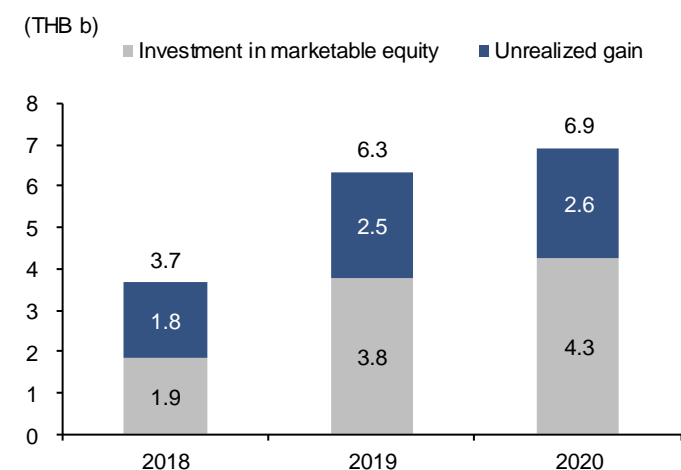


Sources: VIBHA; FSSIA estimate

## Hidden asset from investment in marketable equity

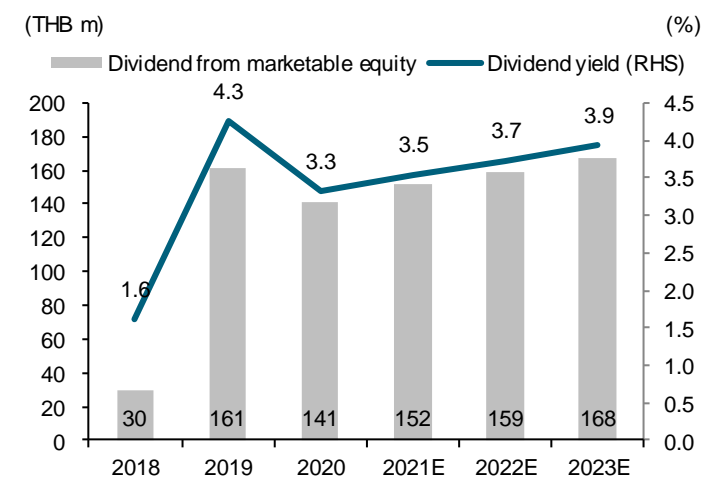
VIBHA has another interesting business model which differs from other hospital chains. It has investments in marketable equity, mostly in its partner hospitals' stocks, including Ramkhamhaeng Hospital (RAM TB, NR, VIBHA owns 13%), Sikarin (SKR TB, NR, VIBHA owns 15%) and Thai Nakarin (TNH TB, NR, VIBHA owns 10%). As of Dec-20, its marketable equity portfolio value was THB6.9b, consisting of a THB2.6b unrealised gain. If these investments are divested, they would be realised in its P/L. VIBHA received a dividend of THB141m in 2020, implying a 3% dividend yield from its initial investment. We expect the dividend to gradually increase.

**Exhibit 11: Investment in marketable equity**



Source: VIBHA

**Exhibit 12: Dividend income from investment portfolio**



Source: VIBHA, FSSIA



## Forecast and TP revisions

We raise our 2021-23E core profit by 17-19% to reflect the rising Covid-related revenue and the better outlook of its two major subsidiaries: CMR and Vibharam.

We also roll forward our DCF valuation to 2022 and derive a new TP of THB2.8/shr. Our new TP implies a 39x 2023E P/E, slightly below its 5-year average of 45x.

### Exhibit 13: VIBHA – earnings revisions

	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue-Vibhavadi (THB m)	2,502	2,670	2,893	2,413	2,610	2,822	3.7	2.3	2.5
Revenue-CMR (THB m)	4,089	4,414	4,734	3,966	4,275	4,544	3.1	3.3	4.2
Total revenue (THB m)	6,882	7,387	7,944	6,644	7,161	7,655	3.6	3.2	3.8
EBITDA margin (%)	20.7	21.8	23.0	19.8	21.0	21.8	0.8	0.8	1.1
Share income - Vibharam (THB m)	9	23	35	8	22	32	0.5	1.4	3.1
Core profit (THB m)	712	886	1,077	605	757	907	17.7	17.0	18.7

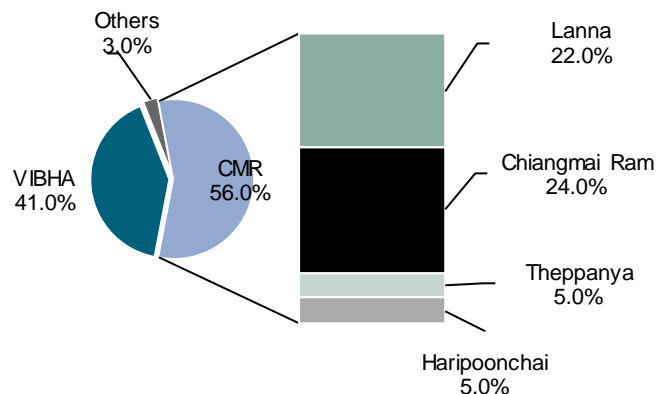
Source: FSSIA estimates

### Exhibit 14: VIBHA – 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		11.3	Net cost of debt, Kd		3.2
Weight applied		70.0	Weight applied		30.0
WACC		8.9			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		13.3	0.9	WACC 8.9%, Risk-free rate 3%, Risk premium 8%	
Terminal value		25.3	1.7	Terminal growth 3%	
Cash & liquid assets		1.7	0.1	At end-2022E	
Investments		10.1	0.7	At end-2022E	
Debt		(6.0)	(0.4)	At end-2022E	
Minorities		(2.7)	(0.2)	At end-2022E	
<b>Residual ordinary equity</b>		<b>41.8</b>	<b>2.80</b>		

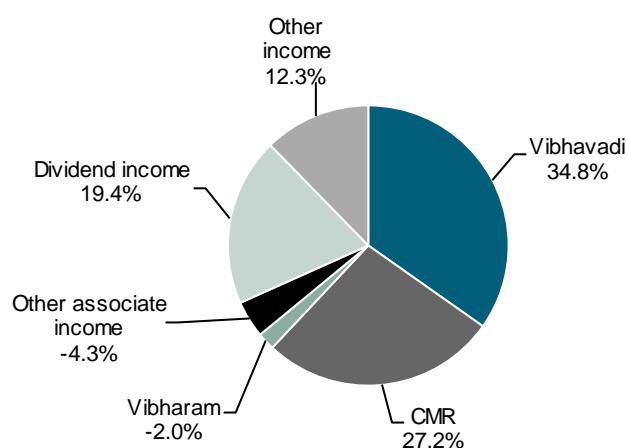
Source: FSSIA estimates

### Exhibit 15: Revenue breakdown by hospital as of 2019



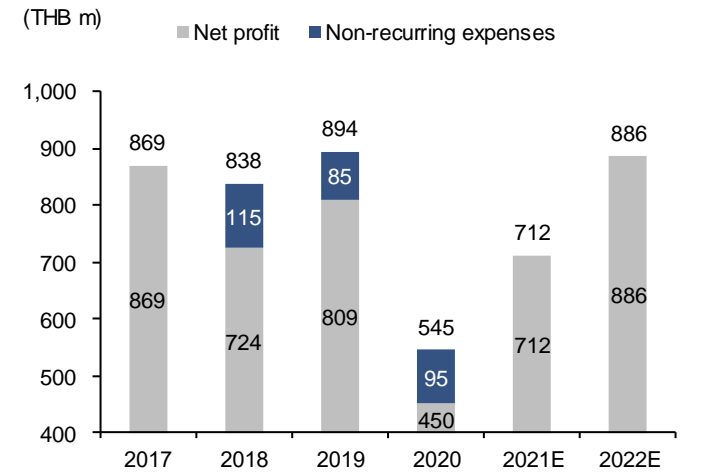
Sources: VIBHA; CMR

### Exhibit 16: EBIT breakdown in 2020



Sources: VIBHA; CMR

## Exhibit 17: Core profit of VIBHA



Sources: VIBHA; CMR; FSSIA estimates

## Exhibit 18: Extra items over 2018-20

Amount (THB m)		Details
2018	42	Vibharam: Profit gain of THB104m from selling Ratchathaneer Rojna
	(85)	CMR group: SSO revenue write-off
	(72)	Tippayabodin: Asset write-off of THB143m
2018 total		(115)
2019	(44)	Employee benefit provision expense
	(251)	CMR group: SSO revenue write-off
	209	Vibharam: Gain from divesting RAM shares of THB512m
2019 total		(85)
2020	(36)	CMR group: SSO revenue write-off
	(59)	Vibharam: SSO reversal of THB177m from chronic disease treatment
2020 total		(95)

Sources: VIBHA; CMR; FSSIA estimates

## Exhibit 19: VIBHA's bed capacity summary

Group	No.	Hospital	VIBHA's stake	No. of beds	No. of beds based on stake
			(%)	(no.)	(no.)
Vibhavadi	1	Vibhavadi	100.0	325	325
CMR	2-3	Lanna 1&2	83.6	210	176
	4	ChiangMaiRam	47.1	220	104
	5-6	Theppanya 1&2	47.1	170	80
	7	Haripoonchai	72.5	100	72
	8	Khelang Nakorn	12.0	103	12
	9	Pawor	23.6	100	24
	10	Ramkamhaeng Chiangmai	45.1		
		<b>Total</b>		<b>903</b>	<b>468</b>
Vibharam (VBR)	11	Vibharam	33.7	200	67
	12	Vibharam Laem Chabang	33.7	100	34
	13	Pathepunya	16.9	100	17
	14	Vibharam Pakkred	29.8	100	30
	15	Vibharam Chaiprakarn	16.6	100	17
	16	Vibharam Amatanakorn	25.3	200	51
	17	Serirak	16.7	141	24
	18	Vibharam Samutsakorn	33.7	100	34
	19	Mahaesak Hospital	17.4	132	23
	20	Vibharam Nawamin	33.7	59	20
		<b>Total</b>		<b>1,232</b>	<b>315</b>
Partner hospitals		Bangpo	28.6	100	29
		Synphaet	10.0	387	39
		Chaopraya	7.6	200	15
		Ramkamhaeng (RAM)	5.8	946	55
		Sikarin (SKR)	15.1	797	121
		Thai Nakarin (TNH)	10.3	190	20
		<b>Total</b>		<b>2,133</b>	<b>277</b>
		<b>Grand Total</b>		<b>4,268</b>	<b>1,060</b>

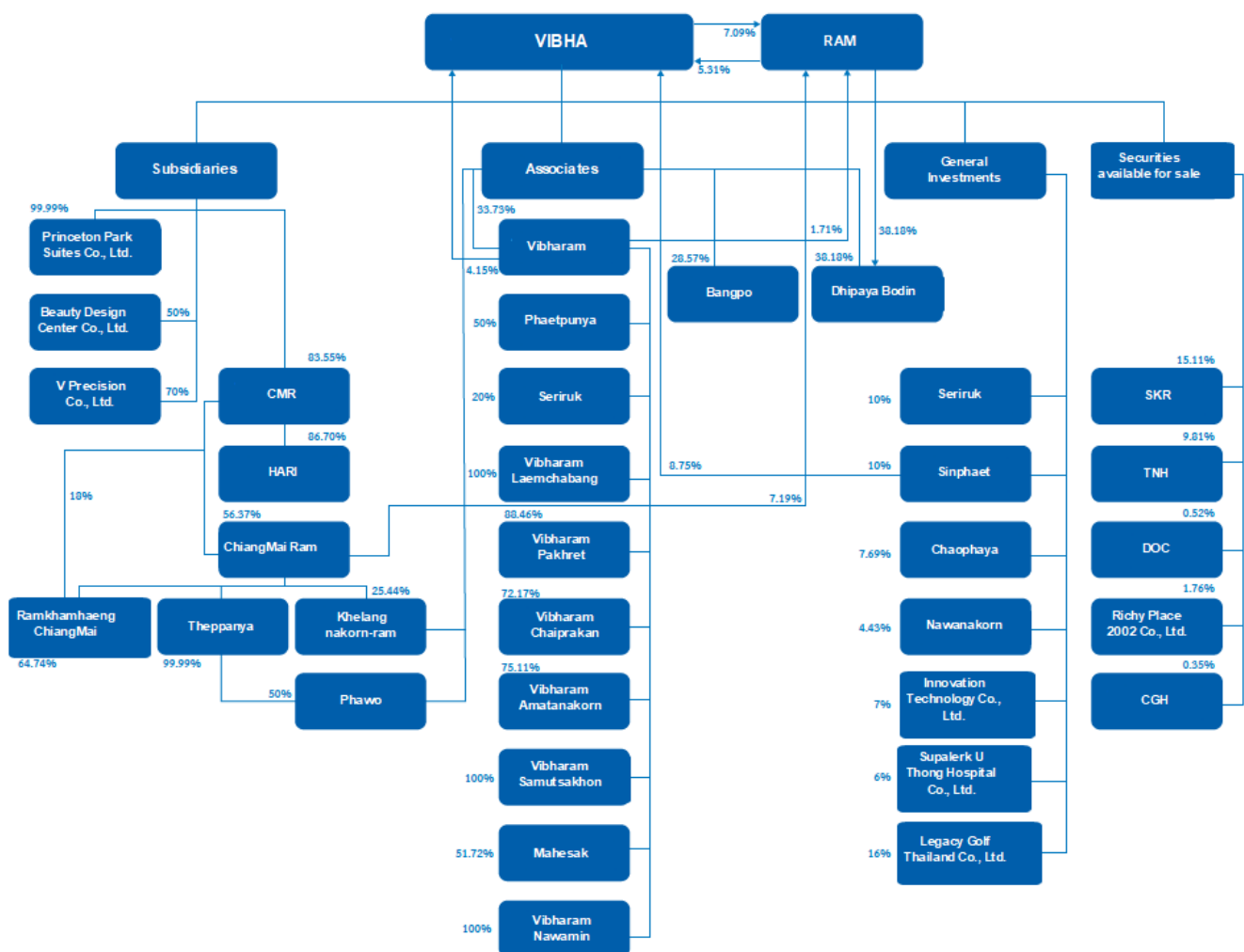
Sources: VIBHA; FSSIA estimates

## Exhibit 20: Projects in pipeline

No.	Hospital	VIBHA's stake	CAPEX	No. of beds	No. of beds based on stake	Expected opening year
		(%)	(THB m)	(no.)	(no.)	
1	Lanna 3	84	1,200	250	209	2021
2	Ramkhamhaeng Chiangmai	45	1,600	300	135	2024
3	Haripoonchai 2	72	800	180	130	2021
4	VBR Amata 2	25	800	200	51	2024
5	VBR Borwin under VBR Amata	0	800	200	0	2024
6	VBR 2 (OPD section)	0	800	0	0	2024
7	VBR Onnut	34	1,400	200	67	2024
8	VBR Rayong	34	1,200	200	67	2024
9	Bangpo expansion	29	400	60	17	2021
	<b>Total</b>		<b>9,000</b>	<b>1,590</b>	<b>677</b>	

Sources: VIBHA; FSSIA estimates

## Exhibit 21: VIBHA's business structure



Source: VIBHA

Exhibit 22: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 23: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 24: Peer comparisons as of 6 May 2021

Company	BBG	Rec	Share price			Market	PE		ROE		EV/EBITDA	
			Current	Target	Upside	Cap	21E	22E	21E	22E	21E	22E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)
<b>Thailand</b>												
Bangkok Dusit Med Service	BDMS TB	BUY	21.70	27.00	24.4	11,027	48.5	32.7	8.3	12.1	21.5	16.5
Bumrungrad Hospital	BH TB	BUY	132.50	150.00	13.2	3,367	51.4	29.8	11.2	18.4	27.1	17.4
Bangkok Chain Hospital	BCH TB	BUY	18.30	23.00	25.7	1,459	33.5	28.9	18.7	19.5	18.0	15.6
Chularat Hospital	CHG TB	BUY	3.16	3.90	23.4	1,112	33.3	30.1	24.5	24.2	20.7	18.7
Praram 9 Hospital	PR9 TB	BUY	10.30	13.00	26.2	259	28.8	23.2	6.7	7.9	11.8	10.1
Thonburi Healthcare Group	THG TB	HOLD	25.25	24.50	(3.0)	681	74.5	51.5	3.6	5.2	23.0	20.8
Vibhavadi Medical Center	VIBHA TB	BUY	2.16	2.80	29.6	938	45.3	36.4	8.6	8.8	27.9	23.9
Rajthanee Hospital	RJH TB	n/a	31.00	n/a	n/a	297	23.6	22.4	26.5	25.4	15.4	14.6
Ekachai Medical Care	EKH TB	n/a	6.35	n/a	n/a	121	31.4	26.5	13.4	15.6	16.8	14.1
<b>Thailand average</b>						<b>19,261</b>	<b>41.2</b>	<b>31.3</b>	<b>13.5</b>	<b>15.2</b>	<b>20.2</b>	<b>16.9</b>
<b>Regional</b>												
Ramsay Health Care	RHC AU	n/a	63.18	n/a	n/a	11,204	30.2	23.7	11.5	13.0	11.1	10.0
Ihh Healthcare Bhd	IHH SP	n/a	1.79	n/a	n/a	11,770	44.9	37.8	4.5	5.3	17.6	15.8
Ryman Healthcare	RYM NZ	n/a	14.35	n/a	n/a	5,170	30.3	22.7	10.3	11.1	33.6	26.3
Apollo Hospitals Enterprise	APHS IN	n/a	3,347.15	n/a	n/a	6,525	475.3	69.0	2.6	15.1	44.7	25.6
Kpj Healthcare Berhad	KPJ MK	n/a	0.98	n/a	n/a	1,019	26.5	21.8	7.6	9.2	11.9	10.6
Raffles Medical Group	RFMD SP	n/a	1.13	n/a	n/a	1,581	35.3	32.3	6.4	7.2	18.6	16.8
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,610.00	n/a	n/a	2,599	35.7	35.6	19.5	17.9	22.7	22.7
Aier Eye Hospital Group	300015 CH	n/a	72.39	n/a	n/a	46,097	125.0	94.9	21.4	23.5	72.3	56.9
<b>Regional average</b>						<b>85,965</b>	<b>100.4</b>	<b>42.2</b>	<b>10.5</b>	<b>12.8</b>	<b>29.1</b>	<b>23.1</b>
<b>Overall average</b>						<b>105,225</b>	<b>69.0</b>	<b>36.4</b>	<b>12.1</b>	<b>14.1</b>	<b>24.4</b>	<b>19.8</b>

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

### Vibhavadi Medical Center

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	6,546	6,024	6,882	7,387	7,944
Cost of goods sold	(4,343)	(4,047)	(4,472)	(4,756)	(5,035)
<b>Gross profit</b>	<b>2,203</b>	<b>1,977</b>	<b>2,410</b>	<b>2,631</b>	<b>2,909</b>
Other operating income	-	-	-	-	-
Operating costs	(932)	(925)	(988)	(1,024)	(1,085)
<b>Operating EBITDA</b>	<b>1,271</b>	<b>1,052</b>	<b>1,422</b>	<b>1,608</b>	<b>1,824</b>
Depreciation	(413)	(439)	(468)	(492)	(521)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>858</b>	<b>614</b>	<b>954</b>	<b>1,116</b>	<b>1,303</b>
Net financing costs	(201)	(203)	(231)	(200)	(160)
Associates	260	(62)	24	48	62
Recurring non-operating income	586	251	356	394	423
Non-recurring items	(44)	0	0	0	0
<b>Profit before tax</b>	<b>1,199</b>	<b>662</b>	<b>1,079</b>	<b>1,310</b>	<b>1,567</b>
Tax	(206)	(124)	(211)	(252)	(301)
<b>Profit after tax</b>	<b>993</b>	<b>539</b>	<b>868</b>	<b>1,058</b>	<b>1,266</b>
Minority interests	(184)	(89)	(156)	(172)	(189)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>809</b>	<b>450</b>	<b>712</b>	<b>886</b>	<b>1,077</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>853</b>	<b>450</b>	<b>712</b>	<b>886</b>	<b>1,077</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.06	0.03	0.05	0.06	0.07
Reported EPS	0.06	0.03	0.05	0.06	0.07
DPS	0.05	0.04	0.03	0.04	0.04
Diluted shares (used to calculate per share data)	14,938	14,938	14,938	14,938	14,938
<b>Growth</b>					
Revenue (%)	1.1	(8.0)	14.2	7.4	7.5
Operating EBITDA (%)	(11.8)	(17.2)	35.2	13.1	13.5
Operating EBIT (%)	(16.6)	(28.5)	55.5	16.9	16.8
Recurring EPS (%)	18.5	(47.2)	58.2	24.4	21.6
Reported EPS (%)	11.2	(45.7)	58.2	20.0	17.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	27.3	25.5	28.2	29.0	30.1
Gross margin of key business (%)	27.3	25.5	28.2	29.0	30.1
Operating EBITDA margin (%)	19.4	17.5	20.7	21.8	23.0
Operating EBIT margin (%)	13.1	10.2	13.9	15.1	16.4
Net margin (%)	13.0	7.5	10.3	12.0	13.6
Effective tax rate (%)	21.0	17.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	78.8	132.8	66.0	63.6	61.4
Interest cover (X)	7.2	4.3	5.7	7.5	10.8
Inventory days	14.3	15.3	14.2	14.4	14.5
Debtor days	35.4	37.3	33.9	31.6	29.4
Creditor days	27.4	30.5	28.8	29.3	29.4
Operating ROIC (%)	10.7	6.6	8.7	10.1	11.5
ROIC (%)	7.4	3.9	5.3	6.1	6.9
ROE (%)	11.4	5.6	8.6	8.8	8.9
ROA (%)	6.8	3.5	4.9	5.5	6.1
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Revenue from Vibhavadi Hospital	2,524	2,242	2,648	2,822	3,053
Revenue from CMR	3,927	3,668	4,089	4,414	4,734
Service revenue	95	115	145	151	157

Sources: Vibhavadi Medical Center; FSSIA estimates

## Financial Statements

### Vibhavadi Medical Center

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	853	450	712	886	1,077
Depreciation	413	439	468	492	521
Associates & minorities	-	-	-	-	-
Other non-cash items	617	106	156	172	189
Change in working capital	271	(752)	80	48	52
<b>Cash flow from operations</b>	<b>2,154</b>	<b>243</b>	<b>1,415</b>	<b>1,598</b>	<b>1,839</b>
Capex - maintenance	(1,437)	(1,765)	(623)	(592)	(862)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(2,831)	(427)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(4,268)</b>	<b>(2,192)</b>	<b>(623)</b>	<b>(592)</b>	<b>(862)</b>
Dividends paid	(615)	(639)	(543)	(427)	(551)
Equity finance	65	311	0	3,035	0
Debt finance	2,484	2,035	0	(2,200)	(700)
Other financing cash flows	475	(22)	(94)	(107)	(113)
<b>Cash flow from financing</b>	<b>2,409</b>	<b>1,685</b>	<b>(637)</b>	<b>301</b>	<b>(1,364)</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>295</b>	<b>(265)</b>	<b>156</b>	<b>1,307</b>	<b>(387)</b>
Free cash flow to firm (FCFF)	(1,913.07)	(1,746.46)	1,023.78	1,206.58	1,136.92
Free cash flow to equity (FCFE)	844.30	63.59	698.75	(1,300.60)	163.89
<b>Per share (THB)</b>					
FCFF per share	(0.13)	(0.12)	0.07	0.08	0.08
FCFE per share	0.06	0.00	0.05	(0.09)	0.01
Recurring cash flow per share	0.14	0.07	0.10	0.11	0.12
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	11,768	13,449	14,072	14,664	15,525
Less: Accumulated depreciation	(4,359)	(4,713)	(5,181)	(5,673)	(6,195)
<b>Tangible fixed assets (net)</b>	<b>7,409</b>	<b>8,735</b>	<b>8,891</b>	<b>8,990</b>	<b>9,331</b>
<b>Intangible fixed assets (net)</b>	<b>723</b>	<b>723</b>	<b>723</b>	<b>723</b>	<b>723</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	9,706	10,133	10,133	10,133	10,133
Cash & equivalents	603	338	494	1,801	1,415
A/C receivable	593	640	640	640	640
Inventories	175	165	182	194	205
Other current assets	349	378	432	464	499
<b>Current assets</b>	<b>1,719</b>	<b>1,521</b>	<b>1,748</b>	<b>3,099</b>	<b>2,758</b>
Other assets	73	62	62	62	62
<b>Total assets</b>	<b>19,630</b>	<b>21,175</b>	<b>21,557</b>	<b>23,007</b>	<b>23,007</b>
Common equity	7,789	8,171	8,339	11,833	12,359
Minorities etc.	2,583	2,563	2,626	2,691	2,766
<b>Total shareholders' equity</b>	<b>10,372</b>	<b>10,734</b>	<b>10,965</b>	<b>14,524</b>	<b>15,126</b>
Long term debt	2,668	5,623	5,623	3,623	3,123
Other long-term liabilities	1,231	1,064	1,064	1,064	1,064
<b>Long-term liabilities</b>	<b>3,899</b>	<b>6,687</b>	<b>6,687</b>	<b>4,687</b>	<b>4,187</b>
A/C payable	342	335	370	394	417
Short term debt	3,526	2,606	2,606	2,406	2,206
Other current liabilities	1,491	813	929	997	1,072
<b>Current liabilities</b>	<b>5,359</b>	<b>3,754</b>	<b>3,905</b>	<b>3,797</b>	<b>3,695</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,630</b>	<b>21,175</b>	<b>21,557</b>	<b>23,007</b>	<b>23,007</b>
Net working capital	(717)	35	(45)	(93)	(145)
Invested capital	17,194	19,688	19,764	19,815	20,104
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	0.59	0.60	0.61	0.81	0.85
Tangible book value per share	0.53	0.55	0.56	0.76	0.80
<b>Financial strength</b>					
Net debt/equity (%)	53.9	73.5	70.5	29.1	25.9
Net debt/total assets (%)	28.5	37.3	35.9	18.4	17.0
Current ratio (x)	0.3	0.4	0.4	0.8	0.7
CF interest cover (x)	5.2	1.3	4.0	(5.5)	2.0
Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>37.8</b>	<b>71.7</b>	<b>45.3</b>	<b>36.4</b>	<b>30.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>49.1</b>	<b>93.0</b>	<b>58.8</b>	<b>47.2</b>	<b>38.8</b>
Reported P/E (x)	35.4	65.2	41.2	34.3	29.3
Dividend yield (%)	2.1	1.9	1.5	1.7	2.1
Price/book (x)	3.7	3.6	3.5	2.7	2.5
Price/tangible book (x)	4.1	3.9	3.9	2.8	2.7
EV/EBITDA (x) **	29.0	37.8	27.9	23.9	20.9
EV/EBITDA @ target price (x) **	35.7	46.1	34.0	29.7	26.1
EV/invested capital (x)	2.1	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: Vibhavadi Medical Center; 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	HL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	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	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

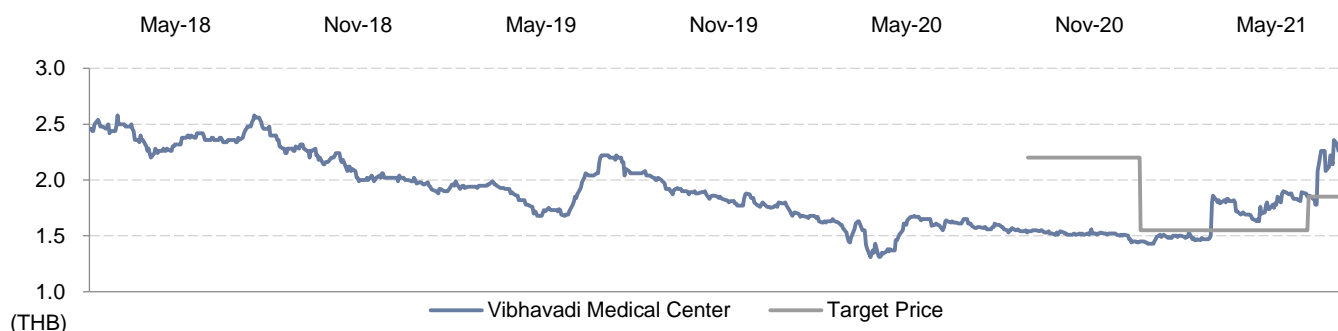
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### History of change in investment rating and/or target price

#### Vibhavadi Medical Center (VIBHA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jul-2020	BUY	2.20	05-Nov-2020	HOLD	1.55	31-Mar-2021	HOLD	1.85

Teerapol Udomvej, CFA started covering this stock from 30-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Vibhavadi Medical Center	VIBHA TB	THB 2.16	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 prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Bangkok Dusit Medical Services	BDMS TB	THB 21.70	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 price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 132.50	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Chain Hospital	BCH TB	THB 18.30	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 3.16	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 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 25.25	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.

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 06-May-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.