

24 JUNE 2021

THAILAND / HEALTHCARE

BANGKOK DUSIT MEDICAL SERVICES

BDMS TB

BUY
 UNCHANGED

TARGET PRICE	THB29.00
CLOSE	THB22.80
UP/DOWNSIDE	+27.2%
PRIOR TP	THB28.00
CHANGE IN TP	+3.6%
TP vs CONSENSUS	+15.4%

ผู้ชนะในทุกด้าน

ประโยชน์จากทั้งรายได้ที่เกี่ยวข้องกับ Covid และกระแสการเปิดประเทศ

เราเชื่อว่าราคาหุ้นของ BDMS ยังไม่ได้สะท้อนปัจจัยบวกในระยะสั้นและระยะกลาง เราคาดว่าผลการดำเนินงาน 2Q21 ของบริษัท จะฟื้นตัว และผลประกอบการรายได้ไตรมาสอาจดีที่สุดตั้งแต่การแพร่ระบาด Covid เริ่มต้นขึ้น โดยได้ปัจจัยผลักดันจากรายได้ที่เกี่ยวข้องกับ Covid ที่สูงขึ้น ในขณะที่แผนการเปิดประเทศไทยควรมีการฟื้นตัวของรายได้จากผู้ป่วยต่างชาติ (ส่วนแบ่งรายได้ 30% ณ สิ้นปี 2019) ทั้งนี้ราคาหุ้นของบริษัท ปรับตัวต่ำกว่า SET อยู่ 14% และต่ำกว่าหุ้นโรงพยาบาลที่เราทำการศึกษายู่ 33% ในช่วง 12 เดือนที่ผ่านมา

ได้ประโยชน์จากการฟื้นตัวของธุรกิจท่องเที่ยวและท่องเที่ยวเชิงการแพทย์

BDMS น่าจะได้ประโยชน์จากแผนการเปิดประเทศไทยสำหรับ 10 แหล่งท่องเที่ยวในช่วง 3Q-4Q21 ประการแรกส่วนแบ่งรายได้จากโรงพยาบาลในแหล่งท่องเที่ยวคิดเป็น 17% ณ สิ้นปี 2019 และรายได้ดังกล่าวลดลง 21% ในปี 2020 การกลับมาของนักท่องเที่ยวจะนำมาซึ่งค่าบริการทางแพทย์ที่สูงขึ้นจากการเจ็บป่วยทั่วไปและอุบัติเหตุ ประการที่สองบริษัท น่าจะได้ประโยชน์โดยตรงจากการกลับมาของนักท่องเที่ยวเชิงสุขภาพที่ปกติจะบินเข้ากรุงเทพฯ ซึ่งเป็นหนึ่งในจุดท่องเที่ยวที่มีกำหนดกลับมาเปิดใน 4Q21 ในปีที่แล้วรายได้จากโรงพยาบาลในกรุงเทพฯ ลดลง 23% ซึ่งจะเห็นระดับการฟื้นตัวที่คาดหวังได้นับตั้งแต่ 4Q21 เป็นต้นไป

คาดการณ์กำไรจากการดำเนินงาน 2Q21 จะแตะระดับสูงสุดหลังโรคระบาด Covid

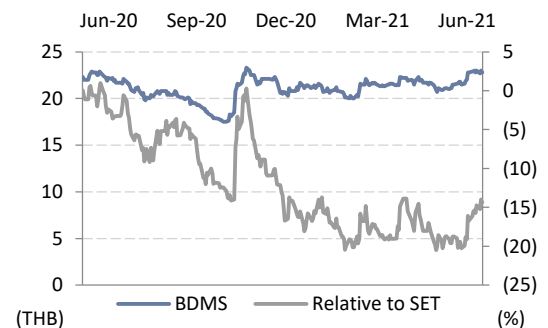
นอกจากนี้ BDMS ยังได้ประโยชน์จากการเพิ่มของรายได้ที่เกี่ยวข้องกับ Covid ใน 2Q21 โดยเราคาดว่ามีส่วนอยู่ประมาณ 10% ใน 2Q21 แม้ว่ารายได้ดังกล่าวอาจไม่สูงเท่าโรงพยาบาลขนาดกลาง ซึ่งเราคาดว่าสัดส่วนจะแตะ 20-40% ใน 2Q21 รายได้ดังกล่าวน่าจะช่วยเพิ่มขีดความสามารถในการทำกำไรของบริษัท เราคาดว่ากำไรจากการดำเนินงานของ BDMS จะโต 35-40% q-q เป็น 1.8 เท่า ลบ. ใน 2Q21 คิดเป็นอัตราการเติบโตที่สูงประมาณสี่เท่า เมื่อเทียบกับกำไรจากการดำเนินงาน 2Q20 สมมติฐานสำคัญสำหรับรายได้ที่เกี่ยวข้องกับ Covid ของเราประกอบด้วยบริการตรวจคัดกรอง Covid จำนวน 3,400 รายต่อวันและตัวเลขผู้ป่วย Covid เฉลี่ยที่ 1,300 เตียงต่อวัน (1,000 เตียงสำหรับโรงพยาบาลและ 300 เตียงสำหรับโรงแรมที่โรงพยาบาล)

ปรับเพิ่มประมาณการกำไรจากการดำเนินงานปี 2021-23 อีก 3-7%

เราปรับเพิ่มประมาณการกำไรจากการดำเนินงานในปี 2021 อีก 7% เพื่อสะท้อนรายได้ที่เกี่ยวข้องกับ Covid ใน 2Q21 และปรับเพิ่มประมาณการกำไรจากการดำเนินงานในปี 2022-23 อีก 3% เพื่อสะท้อนแนวโน้มเชิงบวกของแผนการกลับมาเปิดประเทศไทย ทำให้ราคาเป้าหมายของเราเพิ่มเล็กน้อยเป็น 29 บาท (DCF) โดยปัจจัยบวกสำคัญจะอยู่ที่การพลิกฟื้นของตัวเลขผู้ป่วยต่างชาติและแนวโน้ม EBITDA margin ที่ดีขึ้น ซึ่งมีโอกาสสูงกว่าระดับก่อน Covid จากโครงสร้างต้นทุนที่ดีขึ้นของ BDMS

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	69,057	70,805	85,739	97,068
Net profit	7,214	6,910	10,094	12,543
EPS (THB)	0.45	0.43	0.64	0.79
vs Consensus (%)	-	(5.9)	10.7	26.2
EBITDA	14,938	15,953	20,347	23,715
Core net profit	6,045	6,910	10,094	12,543
Core EPS (THB)	0.38	0.43	0.64	0.79
Chg. In EPS est. (%)	-	7.4	2.9	2.5
EPS growth (%)	(39.9)	14.3	46.1	24.3
Core P/E (x)	59.9	52.4	35.9	28.9
Dividend yield (%)	1.3	3.1	1.1	1.7
EV/EBITDA (x)	24.8	23.3	17.9	15.0
Price/book (x)	4.1	4.3	4.0	3.8
Net debt/Equity (%)	5.0	6.8	(3.0)	(11.1)
ROE (%)	7.0	8.1	11.6	13.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.1	7.0	1.3
Relative to country (%)	5.4	5.2	(13.7)
Mkt cap (USD m)	11,385		
3m avg. daily turnover (USD m)	24.4		
Free float (%)	65		
Major shareholder	Prasert Prasatthongsoj (15%)		
12m high/low (THB)	23.70/17.30		
Issued shares (m)	15,892.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 24 มิถุนายน 2021

Investment thesis

BDMS has aggressively expanded its hospital network from 10 in 2004 to 49 currently. The company had a high capex level, averaging 17% of revenue over 2013-19. It is at the tail-end of its capex cycle, as it is close to its target of 50 hospitals.

BDMS plans to focus on its organic growth. We expect its EBITDA margin to improve from 22% in 2020 to 24% in 2023, led by a higher utilisation rate, its Centre of Excellence (CoE) project, and the turnaround of loss-making hospitals.

BDMS has a healthy balance sheet with a 2020 net D/E of only 0.1x. FCFE should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.

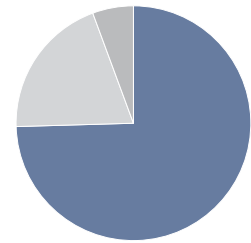
Company profile

BDMS is Thailand's largest healthcare provider in terms of market capital. It operates 49 hospitals under six brands.

www.bangkokhospital.com

Principal activities (revenue, 2020)

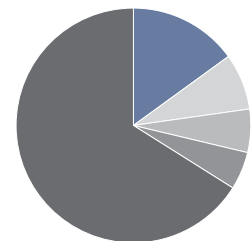
- Thai patient revenue - 74.5 %
- International patient revenue - 19.8 %
- Other revenue - 5.6 %



Source: Bangkok Dusit Medical Services

Major shareholders

- Prasert Prasatthongsoj - 15.0 %
- Thai NVDR - 7.8 %
- Viriyah insurance - 6.0 %
- Bangkok Airways - 5.2 %
- Others - 66.1 %



Source: Bangkok Dusit Medical Services

Catalysts

Key potential growth drivers include 1) higher insurance patient revenue; 2) rising demand for medical tourists; and 3) an improving EBITDA margin led by CoE hospitals.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.

Event calendar

Date	Event
Aug 2021	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
No. of hospitals (no.)	49	49	50
OPD volume growth	4	17	8
OPD revenue / patient growth	0	3	3
IPD volume growth	5	23	13
IPD revenue / patient growth	(5)	0	3

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 10%, and vice versa, all else being equal.

Source: FSSIA estimates

Beneficiary of reopening scheme

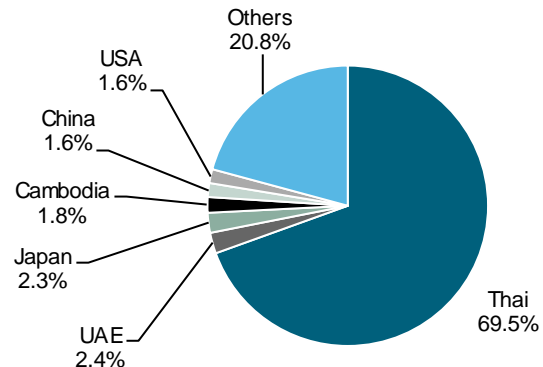
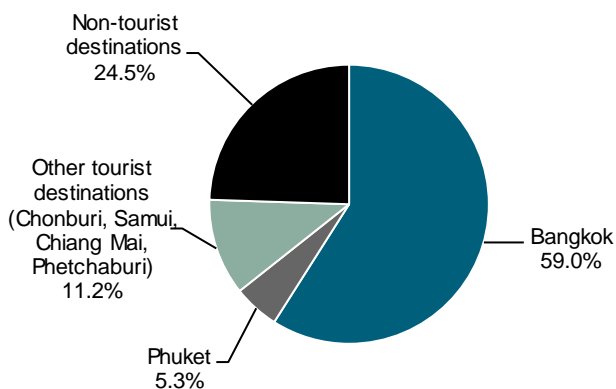
BDMS should be one of the top healthcare operators to benefit from Thailand's reopening scheme. BDMS had a revenue contribution from tourist destinations amounting to c17% of total hospital revenue as of 2019, comprising Phuket 5%, Chonburi 6%, Petchaburi 2%, Chiang Mai 2% and Samui 1%.

Although most medical tourists do not directly fly in to hospitals in tourist destinations, those hospitals would still get revenue from international tourists who may get sick or have an accident during their vacation or long-stay trip. The revenue from hospitals in Phuket and other tourist destinations dropped by 29% and 17%, respectively, in 2020. Compared to hospitals in non-tourist destinations, for which revenue dropped by only 7% in 2020, we can conclude that hospitals in tourist destinations had a significant impact from the absence of tourists. Therefore, reopening the border for Phuket in 3Q21 and other tourist destinations in 4Q21 would support revenue recovery.

Lastly, hospitals in Bangkok, which had a revenue contribution of c59% as of 2019, would directly benefit from the return of medical tourists after the reopening of Bangkok to international travel in 4Q21. Revenue from hospitals in Bangkok dropped by 23% in 2020, and we should see a recovery materialise in 4Q21 onward.

Exhibit 1: Revenue contribution by destination as of 2019

Exhibit 2: Revenue contribution by nationality as of 2019

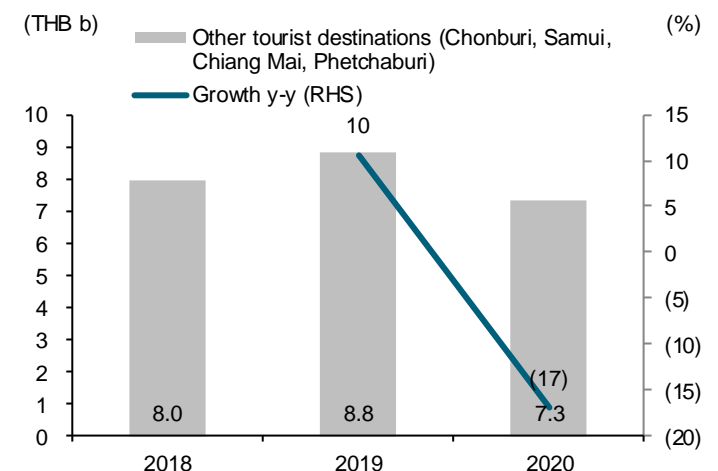
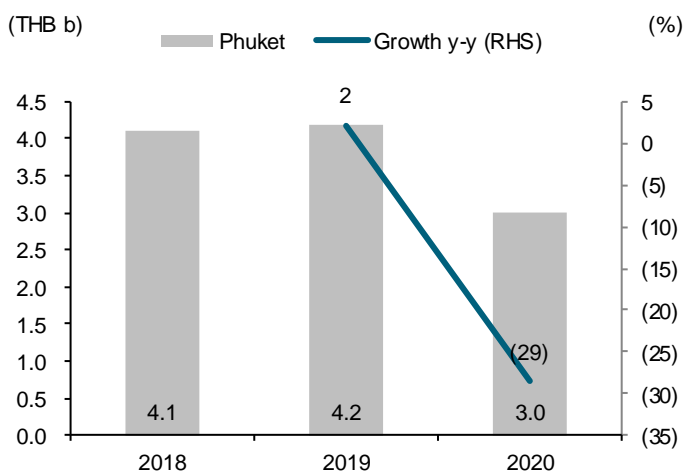


Sources: BDMS; FSSIA's compilation

Source: BDMS

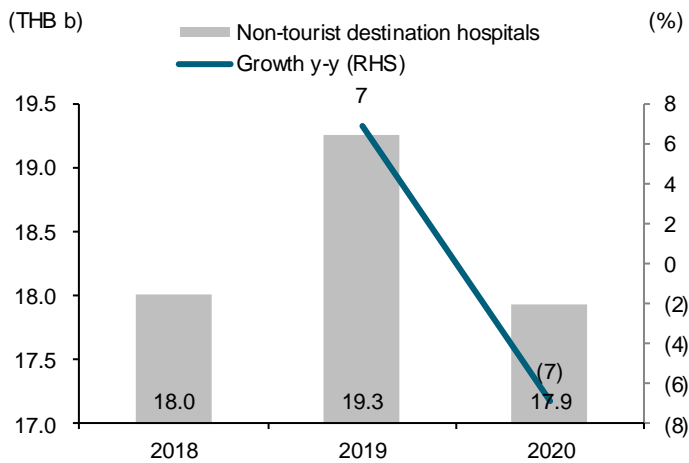
Exhibit 3: Revenue from hospitals in Phuket

Exhibit 4: Revenue from hospitals in other tourist destinations

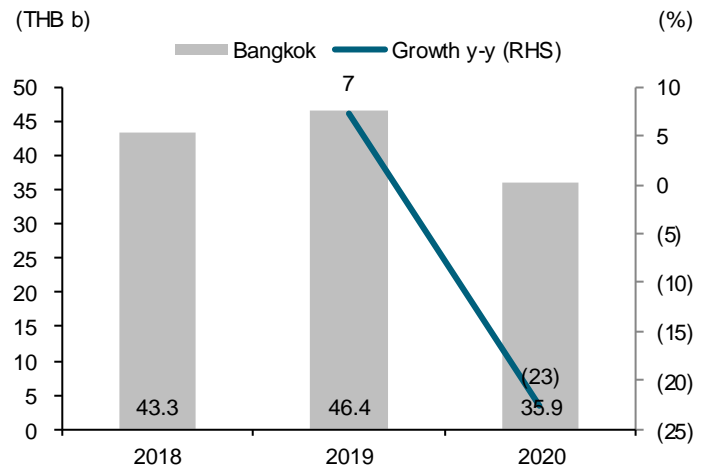


Sources: BDMS; FSSIA's compilation

Sources: BDMS; FSSIA's compilation

Exhibit 5: Revenue from hospitals in non-tourist destinations

Sources: BDMS; FSSIA's compilation

Exhibit 6: Revenue from hospitals in Bangkok

Sources: BDMS; FSSIA's compilation

Expect international revenue to exceed pre-Covid, led by Chinese patients

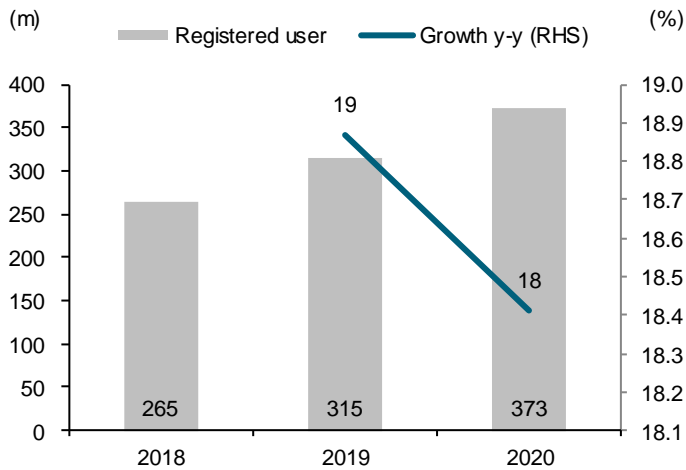
BDMS plans to penetrate into the Chinese market, which is one of the top growth markets for medical tourism in the world. In 2018, BDMS partnered with Ping An Good Doctor (PAGD), the leading Chinese one-stop medical service platform. Under the partnership, the users of PAGD can seek medical consultation via a telemedicine platform with doctors from BDMS, and can subsequently make appointments with doctors from BDMS.

In addition, BDMS also partnered with Ping An Health Insurance, China's largest insurance company, in 2020. Under the agreement, Ping An policy holders will be offered care at hospitals in BDMS' network.

BDMS targets 1,000-4,000 Chinese patients per year to have treatments at BDMS' hospitals over the next few years, with expected revenue generated of cTHB2b per year (accounted for 2% of BDMS' revenue as of 2019), resulting in higher revenue contributions from Chinese patients, from 1.6% in 2019 to 2-3%. To better serve Chinese customers, BDMS has developed a website, <https://bdmschina.com/>, for Chinese patients.

However, the development of those partnerships has been halted due to the Covid pandemic. We expect to see further developments after Thailand reopens its border. Note that the Covid pandemic has boosted telemedicine users in China. According to PAGD, registered users grew by 18% from 315m to 373m in 2020 and average daily consultations also increased by 24% to 903,000 in 2020. With larger user numbers of PAGD, we expect more upside from Chinese patients in the future.

Exhibit 7: PAGD registered users



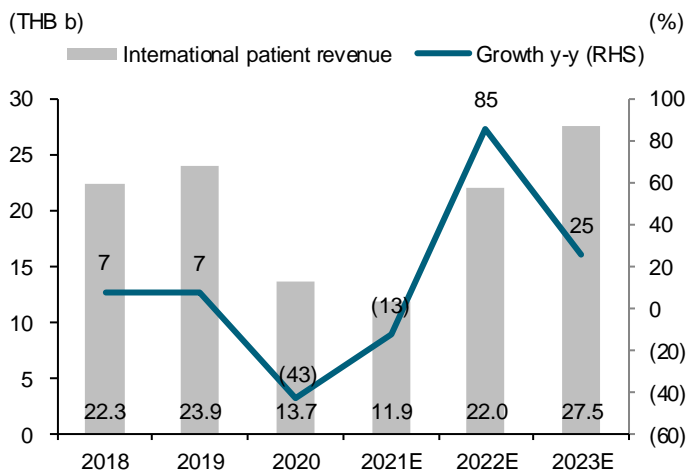
Source: PAGD

Exhibit 8: BDMS website for Chinese patients



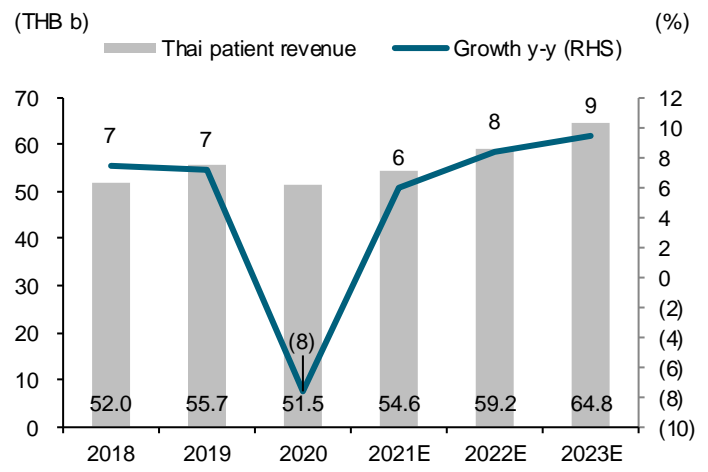
Source: [BDMSChina](#)

Exhibit 9: International patient revenue



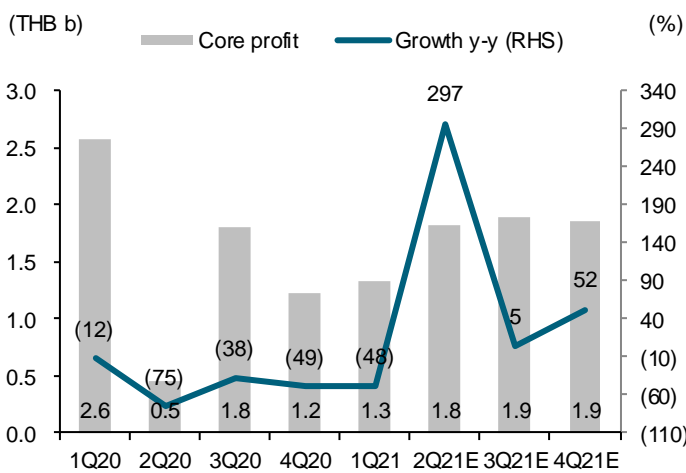
Sources: BDMS; FSSIA estimates

Exhibit 10: Thai patient revenue



Sources: BDMS; FSSIA estimates

Exhibit 11: Core profit recovery trend, quarterly



Sources: BDMS; FSSIA estimates

Exhibit 12: Share price performance compared to peers

Price performance					
	1M	3M	6M	1Y	YTD
BCH TB	10.1	43.4	66.4	47.3	60.3
BDMS TB	8.1	7.0	11.2	1.3	9.6
BH TB	1.2	(4.1)	10.2	11.2	7.9
CHG TB	4.5	27.6	49.2	51.6	50.4
PR9 TB	2.9	8.7	12.8	51.4	17.8
THG TB	2.0	4.0	4.0	29.4	1.0
VIBHA TB	6.4	27.5	58.9	46.8	57.8
Average	5.0	16.3	30.4	34.1	29.3

Share prices as of 23 June 2021
Source: Bloomberg

Exhibit 13: Forecast revisions

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
OPD volume (visit per day)	27,006	31,597	34,124	27,006	31,597	34,124	0.0	0.0	0.0
OPD revenue / patient (THB)	3,232	3,328	3,428	3,232	3,328	3,428	0.0	0.0	0.0
IPD volume growth (admissions per day)	1,122	1,381	1,553	1,122	1,381	1,553	0.0	0.0	0.0
IPD revenue / patient growth (THB)	84,092	84,092	86,614	84,092	84,092	86,614	0.0	0.0	0.0
Revenue	70.8	85.7	97.1	70.8	85.7	97.1	0.0	0.0	0.0
EBITDA margin (%)	22.5	23.7	24.4	22.2	23.4	24.1	0.3	0.3	0.3
Core profit	6.9	10.1	12.5	6.4	9.8	12.2	7.4	2.9	2.5

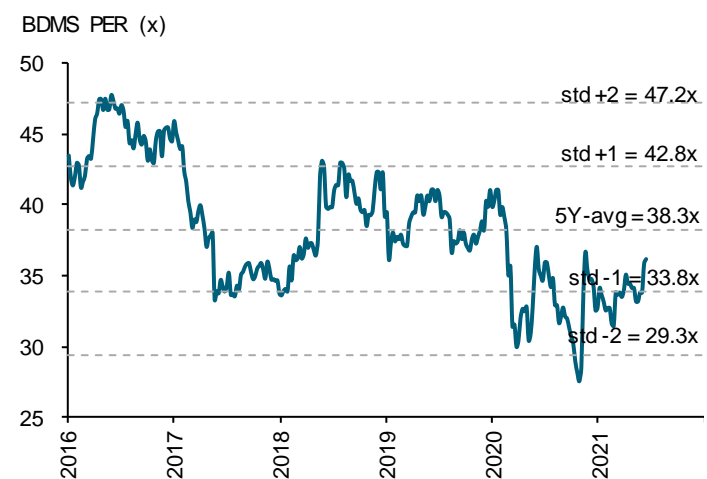
*Note: Change of items in percentage terms are represented in ppt change
 Source: FSSIA estimates

Exhibit 14: BDMS – DCF-derived TP

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		80.0	Weight applied		20.0
WACC		8.1			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		146.2	9.2	WACC 8.1%, Risk-free rate 3%, Risk premium 8%	
Terminal value		315.2	19.8	Terminal growth 3%	
Cash & liquid assets		23.6	1.5	At end-2022E	
Investments		0.9	0.1	At end-2022E	
Debt		(20.7)	(1.3)	At end-2022E	
Minorities		(4.5)	(0.3)	At end-2022E	
Residual ordinary equity		460.6	29.0		

Source: FSSIA estimates

Exhibit 15: One-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Peer comparisons as of 23 Jun 2021

Year to Dec	BBG	Rec	Share price		Upside	Market	PE		ROE		EV/EBITDA	
Company			Current	Target	(down)	Cap	21E	22E	21E	22E	21E	22E
			(Lcl)	(Lcl)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand												
Bangkok Dusit Med Services	BDMS TB	BUY	22.80	29.00	27.2	11,385	52.4	35.9	8.1	11.6	23.3	17.9
Bumrungrad Hospital Pcl	BH TB	BUY	129.50	160.00	23.6	3,233	72.5	33.9	7.9	16.4	33.7	19.2
Bangkok Chain Hospital	BCH TB	BUY	21.80	24.00	10.1	1,708	33.9	34.3	21.7	19.1	18.3	18.2
Chularat Hospital Pcl	CHG TB	BUY	3.70	4.00	8.1	1,279	37.0	35.0	25.6	24.1	23.2	21.8
Praram 9 Hospital Pcl	PR9 TB	BUY	10.60	13.00	22.6	262	29.7	23.9	6.7	7.9	12.2	10.4
Thonburi Healthcare Group	THG TB	HOLD	26.00	24.50	(5.8)	689	76.7	53.0	3.6	5.2	23.4	21.2
Vibhavadi Medical Center	VIBHA TB	BUY	2.32	2.80	20.7	990	48.7	39.1	8.6	8.8	29.4	25.4
Rajthanee Hospital*	RJH TB	n/a	30.00	n/a	n/a	283	22.4	21.6	26.5	25.3	14.6	13.9
Ekachai Medical Care*	EKH TB	n/a	7.05	n/a	n/a	132	29.0	26.9	15.8	16.5	15.8	14.4
Thailand average						19,962	44.7	33.7	13.8	15.0	21.6	18.0
Regional												
Ramsay Health Care*	RHC AU	n/a	64.35	n/a	n/a	11,155	30.9	24.1	11.4	13.0	11.1	10.0
IHH Healthcare Bhd*	IHH SP	n/a	1.83	n/a	n/a	11,950	47.2	37.5	4.5	5.3	17.5	15.8
Ryman Healthcare*	RYM NZ	n/a	12.96	n/a	n/a	4,566	27.9	21.4	12.2	11.9	31.9	24.6
Apollo Hospitals Enterprise*	APHS IN	n/a	3,258.20	n/a	n/a	6,287	542.2	67.3	2.4	14.9	43.4	24.9
Kpj Healthcare Berhad*	KPJ MK	n/a	1.01	n/a	n/a	1,040	36.1	24.0	6.6	8.8	12.8	11.1
Raffles Medical Group*	RFMD SP	n/a	1.15	n/a	n/a	1,597	34.8	31.1	6.8	7.5	18.3	16.6
Mitra Keluarga Karyasehat*	MIKA IJ	n/a	2,780.00	n/a	n/a	2,742	36.9	37.7	20.1	17.9	23.7	24.1
Aier Eye Hospital*	300015 CH	n/a	85.83	n/a	n/a	55,251	148.2	112.9	21.4	23.4	86.0	67.5
Regional average						94,589	113.0	44.5	10.7	12.8	30.6	24.3
Overall average						114,551	76.9	38.8	12.3	14.0	25.8	21.0

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	83,774	69,057	70,805	85,739	97,068
Cost of goods sold	(48,155)	(39,958)	(40,687)	(48,582)	(54,516)
Gross profit	35,619	29,099	30,119	37,157	42,552
Other operating income	-	-	-	-	-
Operating costs	(17,040)	(14,161)	(14,165)	(16,810)	(18,837)
Operating EBITDA	18,579	14,938	15,953	20,347	23,715
Depreciation	(5,752)	(6,413)	(6,446)	(6,771)	(6,998)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	12,827	8,525	9,507	13,576	16,716
Net financing costs	(819)	(832)	(635)	(570)	(443)
Associates	1,022	273	53	59	64
Recurring non-operating income	1,032	278	59	65	72
Non-recurring items	5,464	1,169	0	0	0
Profit before tax	18,504	9,141	8,932	13,072	16,345
Tax	(2,494)	(1,491)	(1,554)	(2,472)	(3,256)
Profit after tax	16,009	7,649	7,378	10,599	13,089
Minority interests	(492)	(435)	(468)	(505)	(545)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	15,517	7,214	6,910	10,094	12,543
Non-recurring items & goodwill (net)	(5,464)	(1,169)	0	0	0
Recurring net profit	10,053	6,045	6,910	10,094	12,543
Per share (THB)					
Recurring EPS *	0.63	0.38	0.43	0.64	0.79
Reported EPS	0.98	0.45	0.43	0.64	0.79
DPS	0.44	0.30	0.70	0.26	0.38
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
Growth					
Revenue (%)	7.0	(17.6)	2.5	21.1	13.2
Operating EBITDA (%)	8.2	(19.6)	6.8	27.5	16.6
Operating EBIT (%)	8.8	(33.5)	11.5	42.8	23.1
Recurring EPS (%)	1.8	(39.9)	14.3	46.1	24.3
Reported EPS (%)	66.5	(53.5)	(4.2)	46.1	24.3
Operating performance					
Gross margin inc. depreciation (%)	35.7	32.9	33.4	35.4	36.6
Gross margin of key business (%)	35.7	32.9	33.4	35.4	36.6
Operating EBITDA margin (%)	22.2	21.6	22.5	23.7	24.4
Operating EBIT margin (%)	15.3	12.3	13.4	15.8	17.2
Net margin (%)	12.0	8.8	9.8	11.8	12.9
Effective tax rate (%)	20.8	19.4	17.5	19.0	20.0
Dividend payout on recurring profit (%)	69.0	78.4	161.0	41.1	48.3
Interest cover (X)	16.9	10.6	15.1	23.9	37.9
Inventory days	13.8	16.9	16.8	15.6	16.0
Debtor days	35.7	42.4	37.1	30.6	27.0
Creditor days	42.4	47.7	40.3	37.3	38.4
Operating ROIC (%)	13.9	8.6	9.4	13.6	16.9
ROIC (%)	9.6	6.5	7.6	10.8	13.4
ROE (%)	13.0	7.0	8.1	11.6	13.5
ROA (%)	8.4	5.3	5.9	8.2	9.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thai patient revenue	55,741	51,482	54,581	59,178	64,774
International patient revenue	23,889	13,685	11,906	22,026	27,532
Other revenue	4,144	3,891	4,319	4,535	4,761

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	10,053	6,045	6,910	10,094	12,543
Depreciation	5,752	6,413	6,446	6,771	6,998
Associates & minorities	-	-	-	-	-
Other non-cash items	6,341	2,408	443	505	545
Change in working capital	(718)	(2,887)	173	1,586	1,199
Cash flow from operations	21,429	11,979	13,973	18,955	21,286
Capex - maintenance	(9,579)	(12,551)	(4,248)	(6,002)	(6,795)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	5,170	17,066	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(4,409)	4,514	(4,248)	(6,002)	(6,795)
Dividends paid	(6,941)	(4,741)	(11,124)	(4,146)	(6,056)
Equity finance	5,447	0	0	0	0
Debt finance	(15,534)	(137)	(500)	(3,000)	(2,000)
Other financing cash flows	(246)	2,455	0	0	0
Cash flow from financing	(17,274)	(2,423)	(11,624)	(7,146)	(8,056)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(254)	14,070	(1,900)	5,807	6,435
Free cash flow to firm (FCFF)	17,948.13	17,364.27	10,516.37	13,665.39	15,123.39
Free cash flow to equity (FCFE)	1,239.39	18,811.29	9,224.52	9,953.53	12,491.53
Per share (THB)					
FCFF per share	1.13	1.09	0.66	0.86	0.95
FCFE per share	0.08	1.18	0.58	0.63	0.79
Recurring cash flow per share	1.39	0.94	0.87	1.09	1.26
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	128,953	139,771	144,020	150,021	156,816
Less: Accumulated depreciation	(50,159)	(54,780)	(61,226)	(67,997)	(74,995)
Tangible fixed assets (net)	78,794	84,991	82,793	82,025	81,821
Intangible fixed assets (net)	18,883	18,894	18,894	18,894	18,894
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	18,004	939	939	939	939
Cash & equivalents	5,596	19,666	17,766	23,574	30,009
A/C receivable	8,850	7,192	7,192	7,192	7,192
Inventories	1,843	1,855	1,889	2,256	2,531
Other current assets	36	1,299	1,332	1,613	1,827
Current assets	16,325	30,013	28,180	34,634	41,558
Other assets	1,655	1,213	1,237	1,237	1,237
Total assets	133,662	136,050	132,043	137,729	144,450
Common equity	83,813	87,910	83,696	89,644	96,131
Minorities etc.	3,368	3,553	4,020	4,525	5,070
Total shareholders' equity	87,182	91,463	87,716	94,169	101,201
Long term debt	19,099	24,163	23,663	20,663	18,663
Other long-term liabilities	8,118	9,631	9,631	9,631	9,631
Long-term liabilities	27,217	33,794	33,294	30,294	28,294
A/C payable	5,990	4,450	4,531	5,410	6,071
Short term debt	5,283	83	83	83	83
Other current liabilities	7,990	6,260	6,419	7,773	8,800
Current liabilities	19,263	10,793	11,033	13,266	14,954
Total liabilities and shareholders' equity	133,662	136,050	132,043	137,729	144,450
Net working capital	(3,251)	(364)	(537)	(2,122)	(3,322)
Invested capital	114,086	105,673	103,327	100,973	99,570
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	5.27	5.53	5.27	5.64	6.05
Tangible book value per share	4.09	4.34	4.08	4.45	4.86
Financial strength					
Net debt/equity (%)	21.5	5.0	6.8	(3.0)	(11.1)
Net debt/total assets (%)	14.1	3.4	4.5	(2.1)	(7.8)
Current ratio (x)	0.8	2.8	2.6	2.6	2.8
CF interest cover (x)	2.5	23.6	15.5	18.5	29.2
Valuation					
Recurring P/E (x) *	36.0	59.9	52.4	35.9	28.9
Recurring P/E @ target price (x) *	45.8	76.2	66.7	45.7	36.7
Reported P/E (x)	23.4	50.2	52.4	35.9	28.9
Dividend yield (%)	1.9	1.3	3.1	1.1	1.7
Price/book (x)	4.3	4.1	4.3	4.0	3.8
Price/tangible book (x)	5.6	5.3	5.6	5.1	4.7
EV/EBITDA (x) **	20.7	24.8	23.3	17.9	15.0
EV/EBITDA @ target price (x) **	26.0	31.4	29.5	22.7	19.2
EV/invested capital (x)	3.4	3.5	3.6	3.6	3.6
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TPIPP	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	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

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

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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Dusit Medical Services	BDMS TB	THB 22.80	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 129.50	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 21.80	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 3.70	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 10.60	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 26.00	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 2.32	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.

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-Jun-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.