

3 SEPTEMBER 2021

THAILAND / HEALTHCARE

## RAMKHAMHAENG HOSPITAL

## RAM TB

BUY

TARGET PRICE THB225.00  
CLOSE THB148.50  
UP/DOWNSIDE +51.5%  
TP vs CONSENSUS -

## ยักษ์ใหญ่ในกลุ่มโรงพยาบาลไทยได้ตื่นขึ้นแล้ว

ราคาหุ้นต่ำกว่ามูลค่าสำหรับกลุ่มโรงพยาบาลที่ใหญ่เป็นอันดับสองของไทย

RAM เป็นกลุ่มโรงพยาบาลที่ใหญ่เป็นอันดับสองในประเทศไทย บริษัทฯ เปิดดำเนินงานโรงพยาบาล 17 แห่งพร้อมความสามารถในการรับผู้ป่วยจำนวน 2,410 เตียง เมื่อรวมโรงพยาบาลที่ดำเนินงานโดยพันธมิตร RAM มีมากกว่า 5,600 เตียงในเครือ น้อยกว่าแค่ BDMS ซึ่งมี 8,577 เตียง เราคิดว่าหุ้นมีราคา มีการซื้อขาย และมีบริษัทหลักทรัพย์ที่ทำการศึกษาน้อยกว่าที่ควรจะเป็นจากโครงสร้างที่สลับซับซ้อนและการซื้อขายที่ขาดสภาพคล่อง ทั้งนี้ RAM ได้เสนอให้มีการประชุมวิสามัญ ในเดือน ต.ค. เพื่อแตกราคาหุ้นจาก 0.5 บาทเป็น 0.1 บาท/หุ้น รวมถึงอาจจะเพิ่มสัดส่วนการถือครองของผู้ถือหุ้นรายย่อยโดยจะเพิ่มทุนผ่านการออกหุ้นใหม่เพื่อขายเป็นการเฉพาะเจาะจงเป็นจำนวน 5% ของทุนจดทะเบียนชำระแล้ว ซึ่งเราเห็นว่าจะทำให้ตลาดหันมาให้ความสนใจ RAM

## กำไรจะเพิ่มขึ้นปี 2021 จากการพลิกฟื้นของ VBR

เราคาดว่ากำไรของ RAM จะกระโดดถึง 170% เป็น 1.7 พัน ลบ. ในปี 2021 อัตราการใช้กำลังการผลิตของแผนกผู้ป่วยในของ Ramkhamhaeng Hospital ได้เพิ่มขึ้นถึง 75% ใน 2Q21 (เทียบกับ 45% ใน 1Q21) จากความต้องการที่สูงขึ้นของผู้ป่วยทั้งที่เป็น Covid และไม่เป็น Covid และเราคาดว่ากระแสเงินสดจะต่อเนื่องไปในช่วง 2H21 เมื่อไม่นานมานี้ RAM ได้ซื้อหุ้นเพิ่มอีก 9% ใน Vibharam group (VBR, not listed) ซึ่งมีโรงพยาบาลอยู่ 9 แห่ง ทำให้บริษัทฯ มีหุ้นครบ 50% และสามารถรวมกลุ่มดังกล่าวเข้ากับบริษัทฯ ได้ตั้งแต่ปี 2020 เราคาดว่า VBR จะพลิกฟื้นในปีนี้ เนื่องจากโรงพยาบาลที่ขาดทุนได้หันไปให้บริการผู้ป่วย Covid ซึ่งอาจทำให้อัตราการใช้กำลังการผลิตเพิ่มขึ้นเป็น 100% จาก 40% ก่อนหน้า

## อยู่ในช่วงการเติบโตและขยายธุรกิจพร้อมกลุ่มพันธมิตร

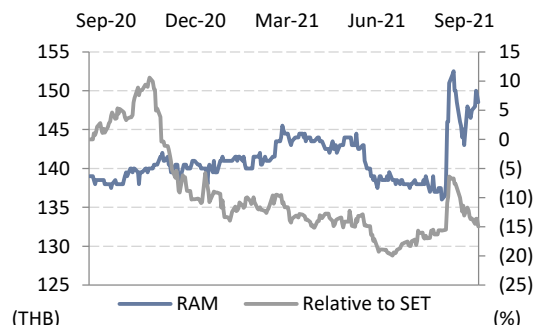
RAM อยู่ในช่วงของการขยายธุรกิจ การเติบโตภายในน่าจะได้แรงผลักดันจาก VBR ซึ่งอยู่ในช่วงการเก็บเกี่ยวหลังลงทุนในโรงพยาบาลใหม่และน่าจะพลิกฟื้นได้ในปี 2021 และ RAM มี 4 โครงการที่อยู่ระหว่างดำเนินงาน ซึ่งน่าจะเพิ่มความสามารถในการรับผู้ป่วย 29% (คิดตามส่วนการถือหุ้น) ภายในปี 2024 นอกจากนี้พันธมิตรหลัก กล่าวคือ VIBHA, THG และ Synphaet (not listed) ก็อยู่ในช่วงเพิ่มความสามารถในการรับผู้ป่วยด้วยโครงการก่อสร้างโรงพยาบาลใหม่หลายแห่งที่อยู่ระหว่างดำเนินงาน ปัจจัยดังกล่าวน่าจะมีส่วนแบ่งรายได้ที่ยั่งยืนและการกระจายความเสี่ยงให้แก่ RAM

## ตัวเลือกที่ถูกที่สุดในกลุ่มโรงพยาบาลไทย

เราเริ่มต้นศึกษาหุ้น RAM ด้วยคำแนะนำซื้อที่ราคาเป้าหมายปี 2022 ที่ 225 บาทต่อหุ้น (DCF) โดยหักส่วนลด 10% จากปัญหาในด้านสภาพคล่องของการซื้อขาย RAM มี 2022E ROE ในอัตราที่สูงกว่าที่ 14% (เมื่อเทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 13%) แต่ยังมีการซื้อขายในระดับการประเมินมูลค่าที่ไม่สมเหตุสมผลที่เพียง 20x ของค่า 2022E P/E และ 2.7x ของค่า P/BV (เทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 38x และ 5.6x ตามลำดับ) RAM เป็นตัวเลือกการลงทุนที่ถูกที่สุดในกลุ่มโรงพยาบาลไทยพร้อม Market Cap/Bed ที่เพียง 19 ลบ. เทียบกับค่าเฉลี่ยของกลุ่มโรงพยาบาลอื่นที่ 33 ลบ.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	7,822	9,789	9,513	9,993
Net profit	632	1,704	1,750	1,921
EPS (THB)	2.63	7.10	7.29	8.00
vs Consensus (%)	-	-	-	-
EBITDA	1,404	3,348	3,295	3,549
Core net profit	632	1,704	1,750	1,921
Core EPS (THB)	2.63	7.10	7.29	8.00
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(57.1)	169.6	2.7	9.8
Core P/E (x)	56.4	20.9	20.4	18.6
Dividend yield (%)	2.4	2.9	3.4	3.8
EV/EBITDA (x)	35.2	14.9	14.8	13.4
Price/book (x)	2.8	2.9	2.7	2.6
Net debt/Equity (%)	48.5	51.6	43.2	35.3
ROE (%)	5.0	13.6	13.9	14.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.8	6.8	6.8
Relative to country (%)	0.7	4.9	(14.7)
Mkt cap (USD m)	1,098		
3m avg. daily turnover (USD m)	0.1		
Free float (%)	20		
Major shareholder	F&S 79 (23%)		
12m high/low (THB)	155.00/135.50		
Issued shares (m)	240.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้เป็นผลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 3 กันยายน 2021

### Investment thesis

RAM is the second largest hospital chain in Thailand. It currently operates 17 hospitals with a capacity of more than 2,400 beds. We think the stock is undervalued due to its complicated structure and lack of trading liquidity. RAM has proposed an EGM in Oct to split its par and increase the free float by raising capital via issuing new private placement shares equal to 5% of its paid-up capital in order to increase its liquidity.

RAM has diversified its portfolio both geographically and through its revenue mix. RAM has several hospital brands to capture patients from the middle-income to high-income segments.

RAM is in an expansion mode. Its organic growth should be driven by VBR, which in a harvesting period after investing in greenfield hospitals. RAM also has four projects in the pipeline which should lift its capacity by almost 30% (based on RAM's stake) by 2024.

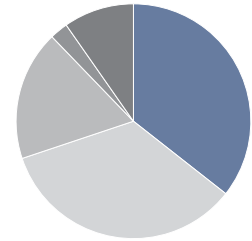
### Company profile

RAM is a private hospital which opened in 1988. Currently, RAM operates 17 hospitals with a capacity of more than 2,000 beds, the second largest private hospital operator in Thailand in terms of registered beds.

[www.ram-hosp.co.th](http://www.ram-hosp.co.th)

### Principal activities (revenue, 2020)

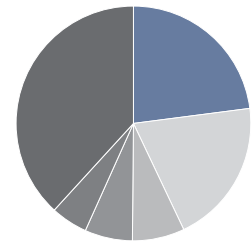
- Cash patient - OPD - 35.6 %
- Cash patient - IPD - 34.3 %
- SSO - 17.9 %
- NHSO - 2.5 %
- Sales of medical equipment - 9.7 %



Source: Ramkhamhaeng Hospital

### Major shareholders

- F&S 79 - 23.0 %
- Cypress Consolidated Healthcare - 20.0 %
- Chiangmai Ram Hospital - 7.2 %
- Synphaet - 6.6 %
- Vibhavadi Hospital PCL - 5.1 %



Source: Ramkhamhaeng Hospital

### Catalysts

Key growth drivers include 1) an improving EBITDA margin led by new hospitals and a larger share of profits and dividend income from its subsidiaries; 2) more Social Security Office (SSO) registered members via the VBR group; and 3) benefitting from the economies of scale due to its large network.

### 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) losses from its subsidiary companies.

### Event calendar

Date	Event
29 Oct 2021	EGM
Nov 2021	3Q21 results announcement

### Key assumptions

	2021E	2022E	2023E
Ramkhamhaeng revenue growth (y-y %)	13	0	5
Ramkhamhaeng EBITDA margin (%)	31	29	29
Subsidiary revenue growth (y-y %)	30	(1)	5
Subsidiary EBITDA margin (%)	20	23	25
Share income - Synphaet (THB m)	250	190	196
Share income - Sukhumvit (THB m)	120	80	82
Share income - Chiangmai Ram (THB m)	50	80	82
Share income - VIBHA (THB m)	81	90	111
Share income - RJH (THB m)	70	63	69

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in patient volume, we project 2022 earnings to rise by 3%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2022 earnings to rise by 5%, and vice versa, all else being equal.

Source: FSSIA estimates



## Background

Ramkhamhaeng Hospital is a private hospital that opened in 1988 and currently has a capacity of 486 beds. RAM has expanded its network through acquisitions and developing greenfield projects since its establishment. Currently, RAM operates 17 hospitals with a capacity of 2,410 beds – the second largest private hospital operator in Thailand in terms of registered beds, followed only by BDMS which has 8,577 registered beds. If we include its network hospitals operated by its partners, RAM has c5,600 beds under its network.

In terms of major shareholders, there was a significant change in 2019. BDMS sold its entire 38% stake in RAM, totalling 4.6m shares for THB12.8b at THB2,800/shr with a par of THB10/shr (equivalent to THB140/shr at the current par of THB0.5/shr) to four parties: Cypress Consolidated Healthcare, F&S 79, Synphaet Hospital and Vibhavadi Medical Center. We see the move as unlocking management control – BDMS did not have any management role in RAM even though they held the share majority.

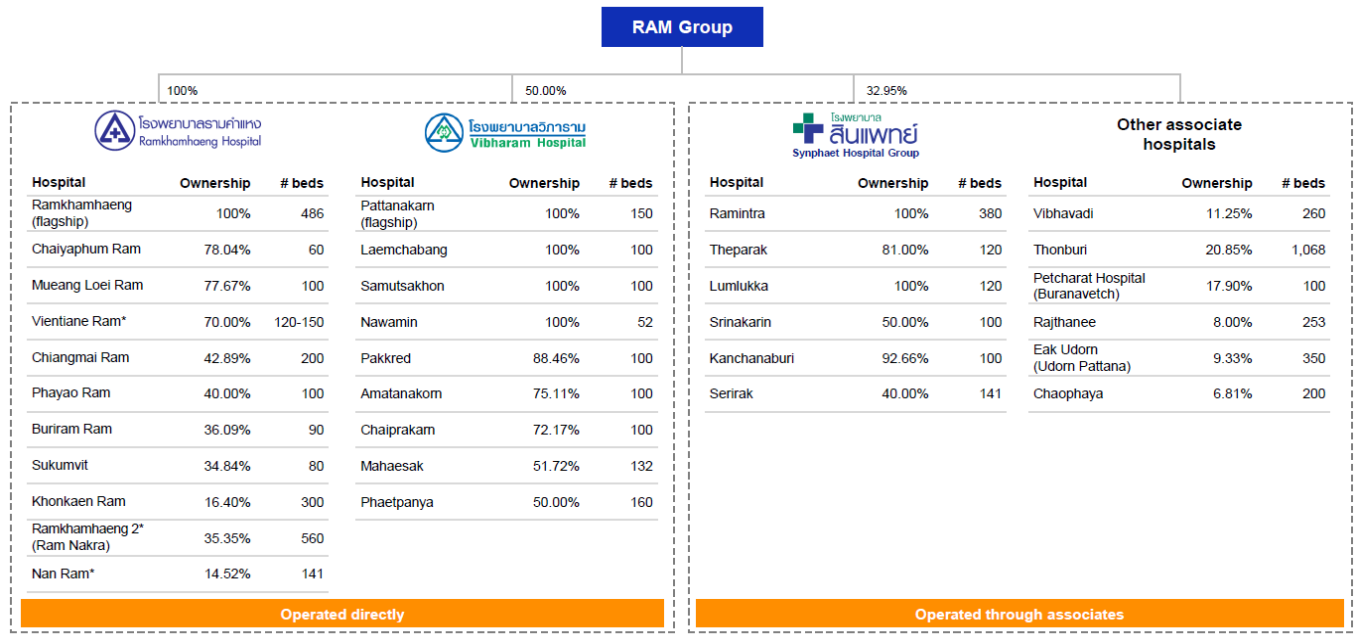
RAM recently announced its intention to adjust the par value from THB0.5/shr to THB0.1/shr to increase its stock liquidity. In addition, RAM plans to increase its capital by issuing new shares under general mandate through the private placement of 5% of its total shares. The adjustment of the par value and capital increase are subject to shareholder approval at the EGM on 29 October.

### Exhibit 1: Company timeline



Source: RAM

Exhibit 2: RAM group structure



Note: 1) \*Assets under construction; 2) shareholders as of 30 June 2021  
Source: RAM

Exhibit 3: Capacity summary

Group	No.	Hospital	RAM's stake (%)	No. of beds (no.)	No. of beds based on stake (no.)
Ramkhamhaeng Hospital	1	Ramkhamhaeng Hospital	100.0	486	486
Subsidiaries	2	Chaiyaphum Ram	78.0	60	47
	3	Mueang Loei Ram	77.7	100	78
Subsidiaries - Vibharam (VBR)	4	Pattanakarn	50.0	150	75
	5	Laemchabang	50.0	100	50
	6	Samutsakhon	50.0	100	50
	7	Nawamin	50.0	52	26
	8	Parkkred	44.2	100	44
	9	Amatanakorn	37.6	100	38
	10	Chaiprakarn	36.1	100	36
	11	Mahaesak	25.9	132	34
	12	Phaetpanya	25.0	160	40
		<b>Total Ram and subsidiaries</b>		<b>1,640</b>	<b>1,003</b>
Associates - operated directly	13	Chiang Mai Ram	42.9	200	86
	14	Phayao Ram	40.0	100	40
	15	Buriram Ram	36.1	90	32
	16	Sukhumvit	34.8	80	28
	17	Khonkaen Ram	16.4	300	49
		<b>Total associates - operated directly</b>		<b>770</b>	<b>235</b>
Associates - operated through Synphaet	18	Ramintra	33.0	380	125
	19	Theparak	26.7	120	32
	20	Lumlukka	33.0	120	40
	21	Srinakarin	16.5	100	16
	22	Kanchanaburi	30.5	100	31
	23	Serirak	13.2	141	19
		<b>Total associates - operated through Synphaet</b>		<b>961</b>	<b>262</b>
Partner hospitals	24	Vibhavadi (VIBHA)	11.3	325	37
	25	Thonburi (THG)	20.9	1,068	223
	26	Petcharat Hospital	17.9	100	18
	27	Rajthanee (RJH)	8.0	253	20
	28	Eak Udon	9.3	350	33
	29	Chaophaya	6.8	200	14
		<b>Total partner</b>		<b>2,296</b>	<b>344</b>
		<b>Grand Total existing beds</b>		<b>5,667</b>	<b>1,845</b>
Projects in pipeline	30	Ramkhamhaeng 2 (Ram Nakra)	35.4	560	198
	31	Ramkhamhaeng 3 (Narathiwat Road)	100.0	210	210
	31	Nan Ram	14.0	141	20
	32	Vientiane Ram	70.0	150	105
		<b>Total project in pipeline</b>		<b>1,061</b>	<b>533</b>

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Sources: RAM, FSSIA estimate

## RAM – solid fundamentals and strong earnings visibility

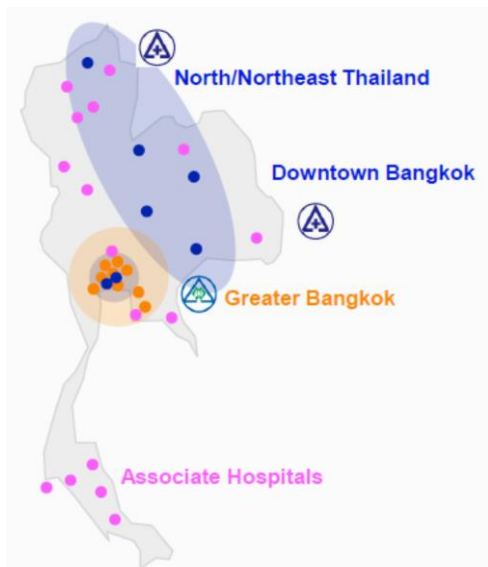
### 1) Well-diversified portfolio

RAM has a diversified portfolio both geographically and through its revenue mix. Its network hospitals have coverage in all of Thailand’s regions. Out of its 17 owned and operated hospitals, Ramkhamhaeng Hospital and Sukhumvit Hospital are located in downtown Bangkok, while most hospitals under VBR are located in Bangkok and its suburbs. The other five hospitals are located in the North and Northeast.

In terms of revenue mix, RAM has a 77% medical treatment revenue contribution from cash patients (self-pay and insurance) and 20% from the Social Security Office (SSO) scheme. There are nine hospitals under VBR that joined the SSO scheme, and they have a registered member base of around 437,000 members as of 2Q21, which can be considered the third largest chain hospital in terms of registered members, followed only by BCH and CHG.

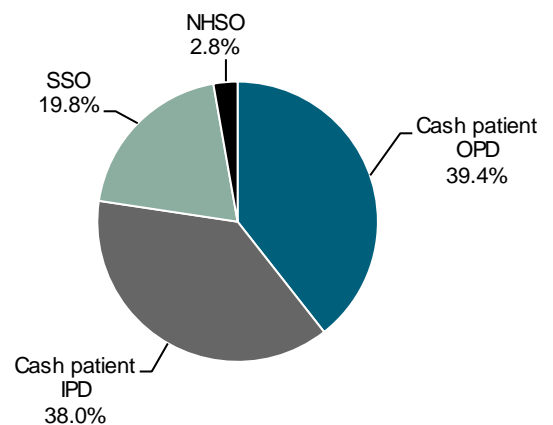
In addition, RAM had revenue from the sales of medical equipment at around 9% of its total revenue as of 2020. It sells medical treatments and medical supplies and also offers lab services to the hospitals under the group. RAM has the purchasing power to negotiate with suppliers as it buys medical treatments and medical supplies in large volumes to contribute to its network hospitals.

Exhibit 4: Geographical coverage



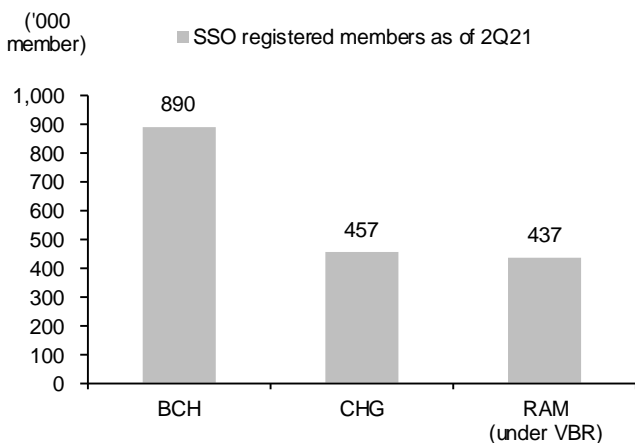
Source: RAM

Exhibit 5: Hospital revenue breakdown by patient type as of 2020



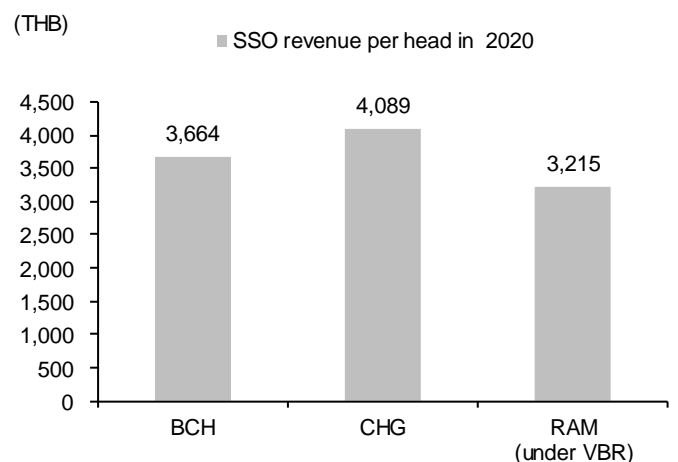
Source: RAM

Exhibit 6: SSO registered members comparison as of 2Q21



Source: Company data

Exhibit 7: SSO revenue per head comparison in 2020



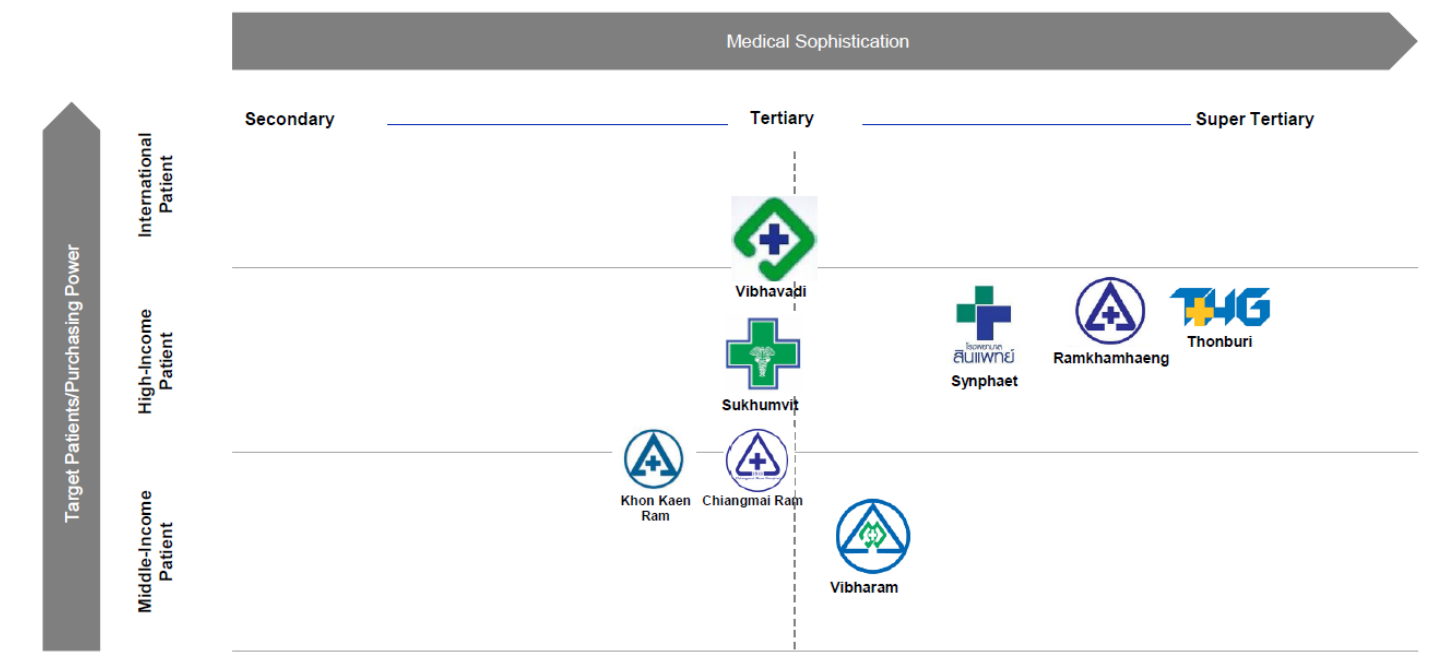
Source: Company data

## 2) Several hospital brands under its network

RAM has several hospital brands to capture patients from middle-income to high-income segments. Ramkhamhaeng Hospital and the Synpahet group are super tertiary care hospitals targeting middle-income patients. Sukhumvit Hospital targets high-income patients in downtown Bangkok. Meanwhile, VBR targets middle-income patients and SSO patients.

RAM also has other partners with unique characteristics. For example, THG provides super tertiary care and has recently started to diversify from the domestic market to capture international patients (Middle East and CLMV). VIBHA is another partner that owns Vibhavadi Hospital and Chaing Mai Ram Medical Business (CMR TB, not rated). Thus, this would indirectly increase the revenue contributions for RAM from Chiang Mai province.

Exhibit 8: Brand positioning



Source: RAM



### 3) Ramkhamhaeng's strong brand, ranked 11<sup>th</sup> best hospital in Thailand

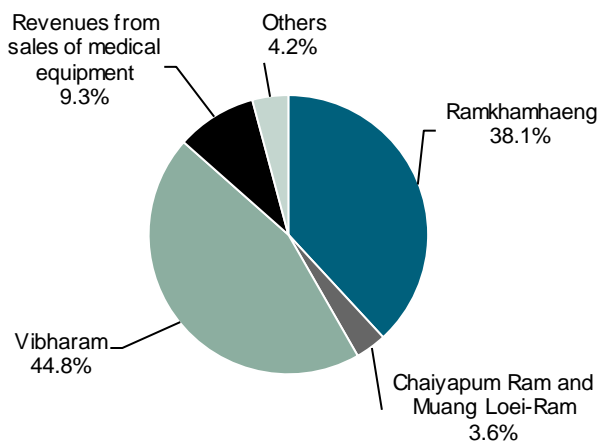
Ramkhamhaeng Hospital itself is classified as super tertiary care provider in Thailand. It was ranked 11<sup>th</sup> best hospital in Thailand in 2021 (ranked 7<sup>th</sup> for private hospitals) by Newsweek. The hospital provides five centres of excellence, including a heart centre, spine & neck centre, diabetic foot centre, neurology centre and stroke centre, along with 18 other medical centres.

Ramkhamhaeng Hospital had a core profit (excluding dividends and one-off items) of cTHB650m-750m over 2018-19 and generated EBITDA of cTHB1.0b over 2018-20. This year, we expect its EBITDA to jump by 35-40%, led by Covid-related services.

Ramkhamhaeng Hospital offers drive-thru services for Covid test screenings, with a capacity of 600 tests per day, and its 'hospital' operation has a capacity of 334 beds. Covid-related services accounted for c5-10% of the hospital's revenue in 2Q21.

Post Covid, we expect Ramkhamhaeng Hospital's revenue to grow by an average of 5% per year, and it will be the main hospital to support the new Ramkhamhaeng Hospital 2 which will be located nearby.

**Exhibit 9: Revenue breakdown by brand as of 2020**



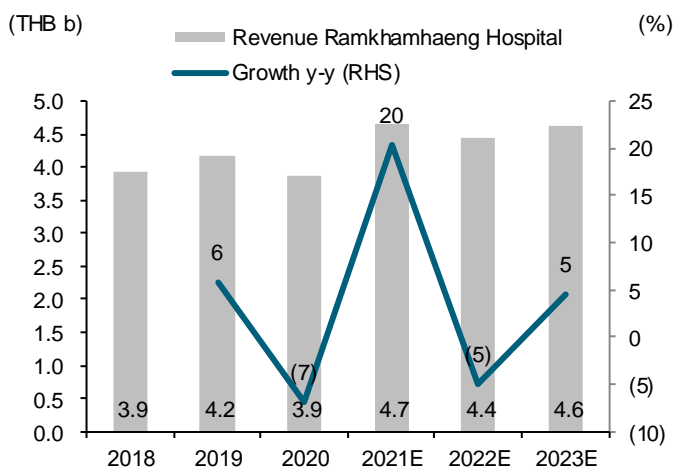
Source: RAM

**Exhibit 10: Ramkhamhaeng Hospital ranked 11<sup>th</sup> best hospital in Thailand in 2021 by Newsweek**

Rank	Hospital	Score (%)	City
1	Bumrungrad International Hospital	92.05	Bangkok
2	Bangkok Hospital	87.97	Bangkok
3	Siriraj Piyamaharajkarun Hospital	86.26	Bangkok
4	Ramathibodi Hospital	81.71	Bangkok
5	Thonburi Hospital	80.34	Bangkok
6	Samitivej Sukhumvit Hospital	80.24	Bangkok
7	King Chulalongkorn Memorial Hospital	79.66	Bangkok
8	Rajavithi Hospital	79.07	Bangkok
9	Praram 9 Hospital	78.35	Bangkok
10	Bangpakok 9 International Hospital	77.07	Bangkok
11	Ramkhamhaeng Hospital	77.04	Bangkok
12	Maharaj Nakorn Chiang Mai Hospital	76.17	Chiang Mai
13	Vajira Hospital	76.12	Bangkok
14	Phyathai 1 Hospital	76.01	Bangkok
15	Bangkok Christian Hospital	75.94	Bangkok

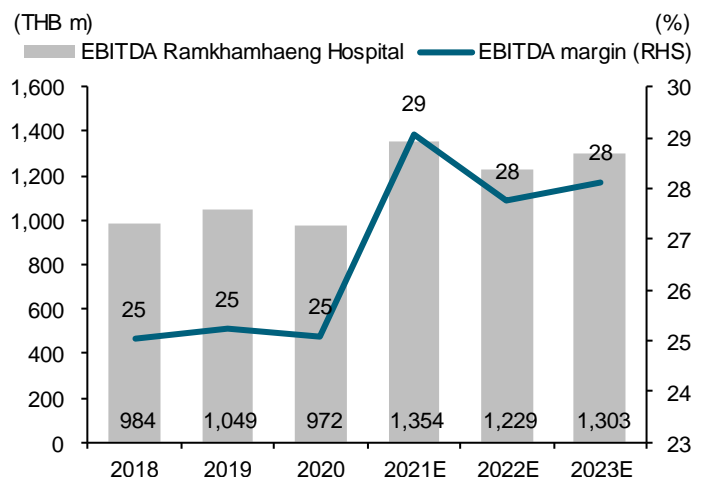
Source: [Newsweek](#)

**Exhibit 11: Ramkhamhaeng Hospital revenue**



Sources: RAM; FSSIA estimates

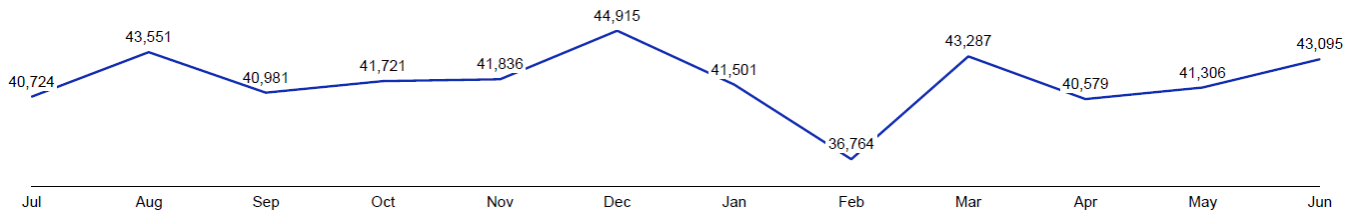
**Exhibit 12: Ramkhamhaeng Hospital EBITDA**



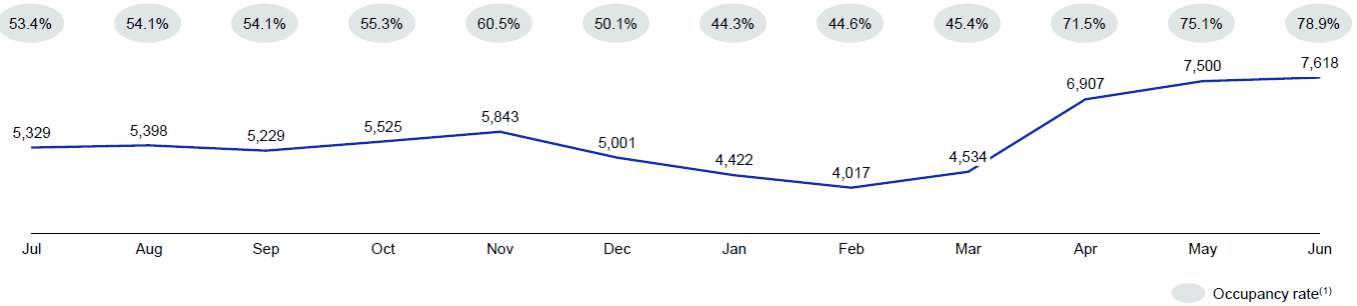
Sources: RAM; FSSIA estimates

**Exhibit 13: Ramkhamhaeng Hospital OPD and IPD volume monthly trend**

**OPD volume – LTM up to June 2021**



**IPD bed days – LTM up to June 2021**



Note: 1) based on 322 operating beds  
Source: RAM

**4) Turnaround of VBR group**

VBR is a hospital chain which owns and operates nine hospitals with about 1,000 beds. In 2020, RAM invested THB1.3b to acquire a 9% stake in VBR from new shares and existing shares from a related party. As a result, RAM’s shareholding in VBR increased from 41% to 50% and RAM has consolidated VBR into its financial statements since then.

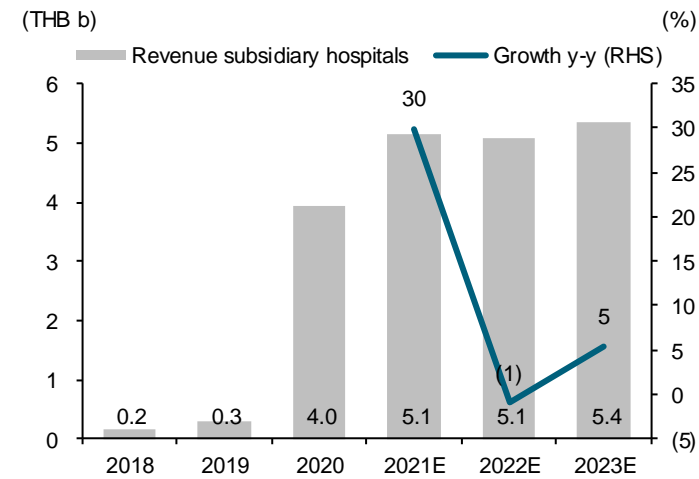
VBR booked a loss of THB337m in 2020 due to 1) the impact from the Covid pandemic, leading to a lower patient volume; 2) weak SSO operations following a revenue reversal of cTHB150m-200m from chronic disease treatments, as the accrual amount was less than the actual receipt; and 3) the losses incurred from its new hospitals: VBR Nawamin, VBR Chaiprakarn and VBR Samutsakorn.

We believe VBR should turn profitable this year, given that it is using its loss-making hospitals to serve Covid-infected patients for the group. As a result, its utilisation rate has almost reached 100%. Although Covid may not be long-lived, we believe some Covid patients in the area of loss-making hospitals should convert to regular customers under both the SSO scheme and as self-pay customers.

Over the past few years, VBR had booked write-offs for SSO revenue due to the mismatch over reimbursements that the SSO had refunded payments for later. This is one factor that has contributed to VBR’s profit volatility. On a positive note, VBR recently hired a specialist to review SSO reimbursements and match them with SSO policy. Thus, we expect to see fewer SSO revenue write-offs in the future.

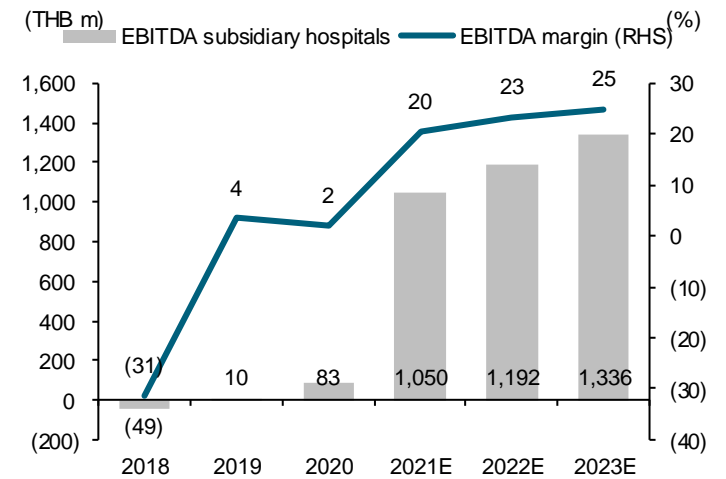
According to VIBHA’s financial statements, we estimate VBR to report a profit of THB150m-200m in 2021 (from a core loss of THB337m) and earnings growth of 10-20% over 2022-23, led by a larger SSO member base and strong earnings growth from new hospitals in the VBR group.

**Exhibit 14: Subsidiary revenue**



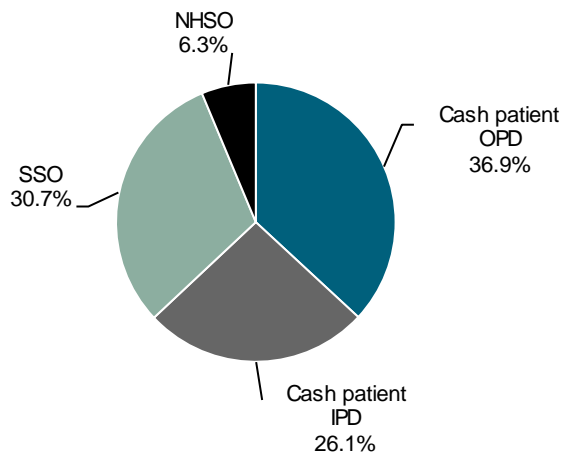
Note: 1) Subsidiaries include VBR, Chaiyaphum Ram, and Mueng Loei Ram  
 Note: 2) Consolidated VBR group in 2020  
 Sources: RAM; FSSIA estimates

**Exhibit 15: Subsidiary EBITDA**



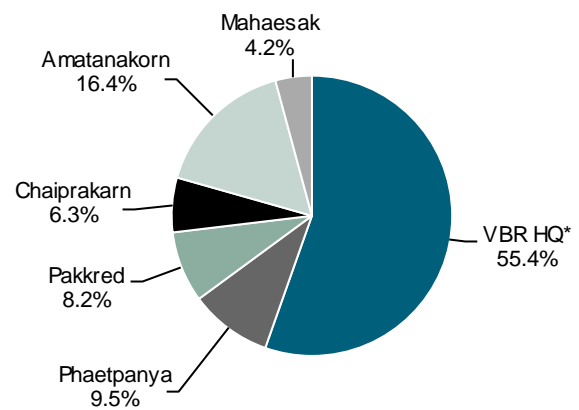
Note: 1) Subsidiaries include VBR, Chaiyaphum Ram, and Mueng Loei Ram  
 Note: 2) Consolidated VBR group in 2020  
 Sources: RAM; FSSIA estimates

**Exhibit 16: VBR group revenue breakdown by patient type as of 1H21**



Source: RAM

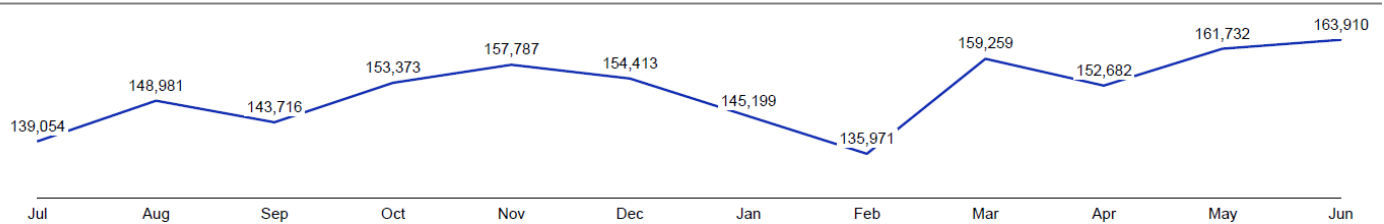
**Exhibit 17: VBR group revenue breakdown by hospital as of 1H21**



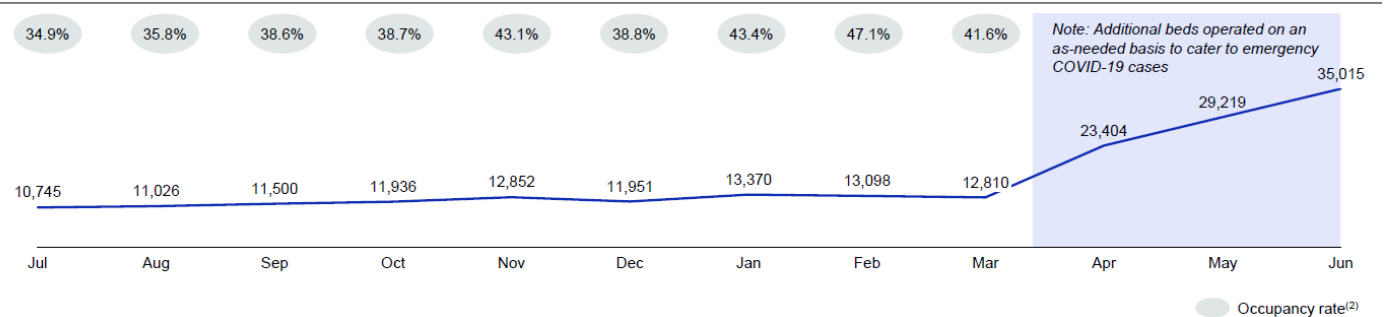
Note: \*Includes VBR Pattanakarn, Laemchabang, Samutsakhon and Nawamin  
 Source: RAM

**Exhibit 18: VBR group OPD and IPD volume monthly trend**

**OPD volume – LTM up to June 2021<sup>(1)</sup>**



**IPD bed days – LTM up to June 2021<sup>(1)</sup>**







Note: 1) Includes both cash patients and SSO; 2) based on 994 operating beds  
Source: RAM

**5) Inorganic growth from new projects**

RAM has four projects in the pipeline with a total capacity of 1,061 beds (or 533 beds based on RAM’s stake), which should lift RAM’s capacity by 19% (or 29% based on RAM’s stake) by 2024. The details of each project are as follows:

- Ramkhamhaeng Hospital 2 with a capacity of 560 beds is located in the Soi Mistine area, which is a new community and not far from the existing campus. It should capture customers in new areas but in the same segment as the existing campus.
- Ramkhamhaeng Hospital 3 with capacity of 210 beds. RAM has leased Royal land by Rajamangala University for 30 years (with the option to extend for another 30 years). This would be a new area for RAM and is located in a downtown city area where most of the hospitals target the premium segment. RAM is intending to penetrate the middle-income segment in this area.
- Nan Ram with a capacity of 141 beds located in Nan province. RAM has several hospital partners in northern provinces. RAM has seen a greater demand for healthcare from mid to high-end segment customers in Nan province and plans to capture that demand.
- Vientiane Ram with a capacity of 150 beds. RAM expects to capture the demand for healthcare from Laos patients who currently have to cross the border to receive treatments in hospitals in Thailand. Note that its main competitor would be KIH Vientiane under BCH, which recently opened.

**Exhibit 19: Projects in pipeline**

	Ramkhamhaeng 2	Nan Ram	Ramkhamhaeng 3	Vientiane Ram
				
Location	Downtown Bangkok	Muang Nan	Rama III	Vientiane, Laos
Expected operational date	2022	2023	2024	2024
Investment amount	THB 2,800 mn	THB 750 mn	THB 750 mn	THB 600 mn
Target segment	Fee for service	Fee for service	Fee for service	Fee for service
Expected # of beds	560	141	210	120 – 150
RAM's stake	35.35%	14%	100%	70%

Source: RAM

RAM's subsidiaries and associates also have an expansion plan. VBR plans to construct Vibharam Hospital 2. Synphaet also plans to open five new hospitals (from its current seven hospitals), including Synphaet Nakhon Pathom (250 beds), Synphaet Phaholyothin 44 (130 beds), Synphaet Nang Linchi (180 beds), Synphaet Nonthaburi (200 beds) and Synphaet Nakhon Sawan which would be a mixed-use project. THG also recently opened three new hospitals over the past two years: THG Bamrungmuang, THG Thung Song and Ar Yu in Myanmar. Those three hospitals are in a ramping up period. A turnaround would drive the share income to RAM.

As a result, we believe RAM is in an expansion mode and will be able to capture a new revenue stream from the new hospitals. Its overall margin should also improve thanks to the economies of scale.

## Financial analysis

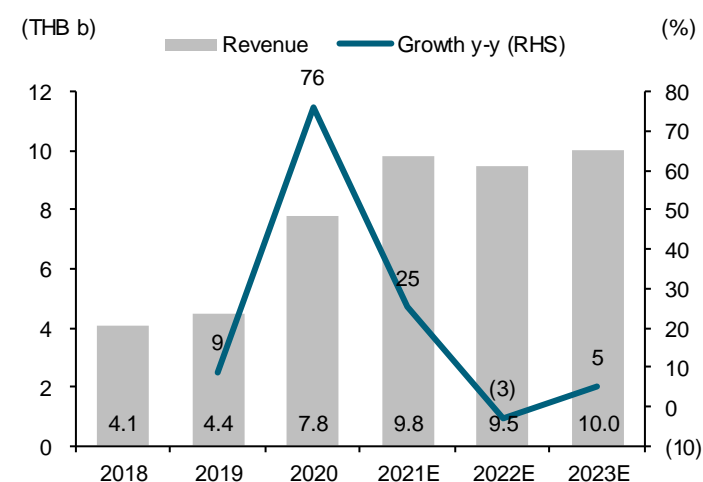
### Covid-related revenue and turnaround of VBR to drive 2021-22 earnings

We expect RAM's earnings to jump by 170% to THB1.7b in 2021, driven by its entire portfolio. We project the EBIT of Ramkhamhaeng Hospital to grow by 71% due to Covid-related revenue, especially from Covid screening tests and the cost saving measures implemented since 2020.

Its subsidiary portfolio (VBR, Chaipayum Ram and Muang Loei-Ram) should significantly improve, as VBR has converted some loss-making hospitals to serve Covid patients. We project the EBIT of its subsidiary portfolio to turn from a THB440m loss in 2020 to a THB138m profit in 2021.

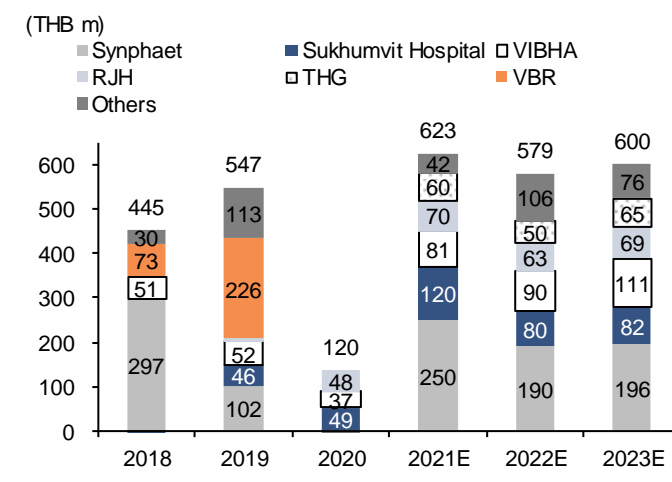
Meanwhile, most of RAM's associate hospitals, including VIBHA, THG, RJH and Sukhumvit Hospital, should also benefit from Covid-related revenue. As a result, we expect RAM's share income to grow to THB623m in 2021 from THB120m in 2020.

Exhibit 20: RAM's revenue



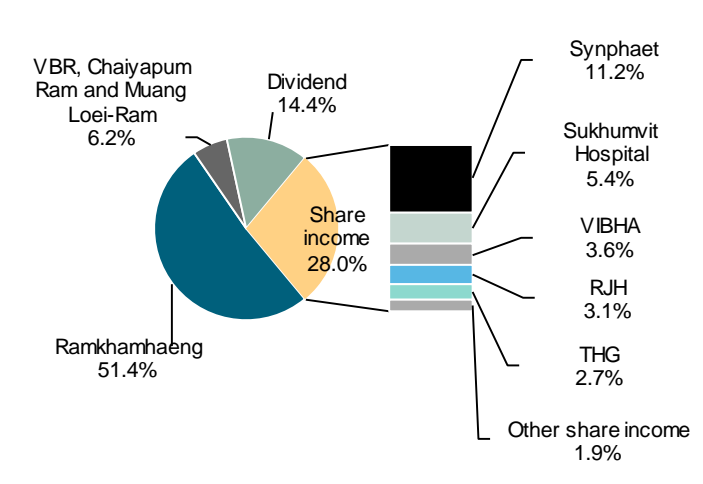
Sources: RAM; FSSIA estimates

Exhibit 21: RAM's share income



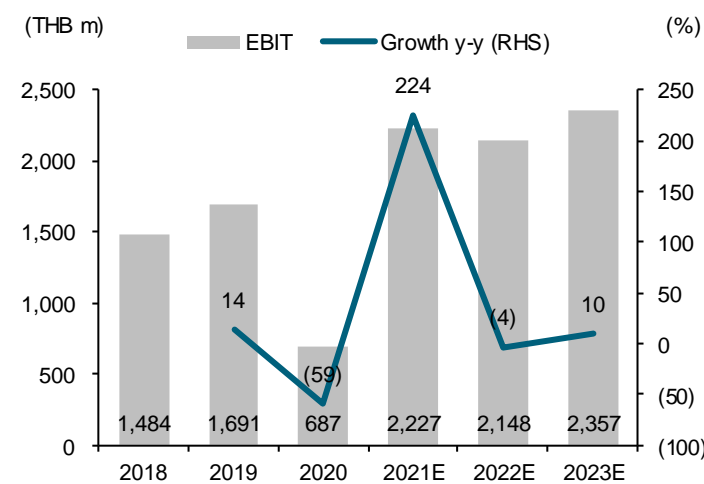
Sources: RAM; FSSIA estimates

Exhibit 22: EBIT of THB2.2b – breakdown as of 2021E



Note: Includes dividend and share income  
Source: FSSIA estimates

Exhibit 23: RAM's EBIT

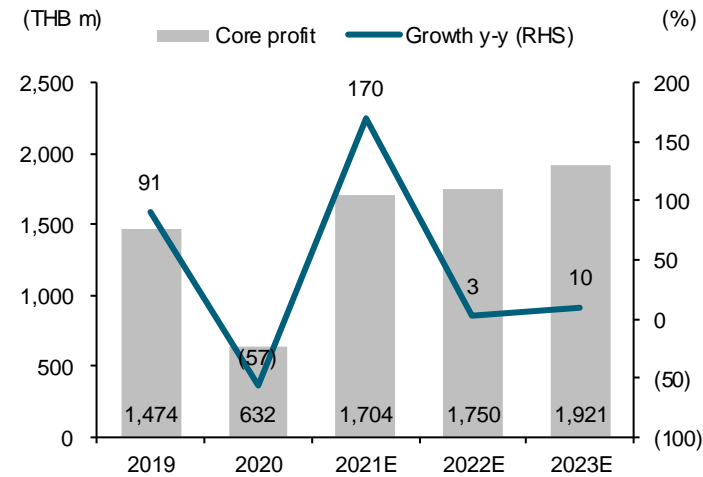


Note: Includes dividend and share income  
Sources: RAM; FSSIA estimates

We forecast RAM's core profit to stay above the THB1.7b level in 2022, even though we assume that most Covid-related revenue would fade away. We expect its organic performance to improve, especially VBR, as mentioned earlier. Some associate companies are also in a growth mode, such as VIBHA and THG.

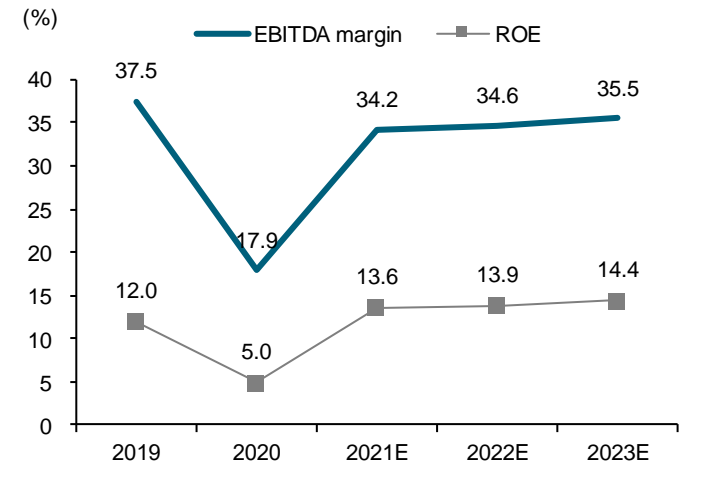
VIBHA's core profit should improve, as it holds a 34% stake in VBR and the operations of its subsidiary, CMR, should improve from a Chinese tourist recovery in Chiangmai. THG recently opened three new hospitals and expects to see a turnaround by 2021-22, which would be a new growth driver for THG.

**Exhibit 24: RAM's core profit**



Sources: RAM; FSSIA estimates

**Exhibit 25: EBITDA margin and ROE**



Sources: RAM; FSSIA estimates

## Cheap valuation leading to a huge potential upside

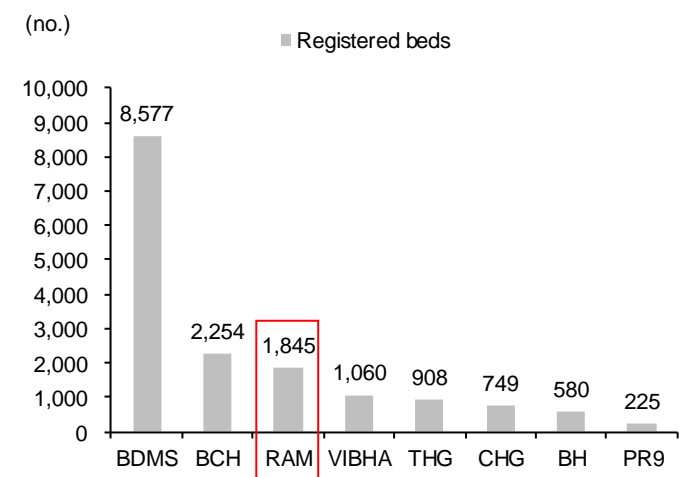
We initiate coverage on RAM with a BUY rating and a DCF valuation using 2022 as the base year. We assume an 8% WACC and 3% terminal growth, derived from a 3% risk-free rate, 8% market risk premium, 0.90 beta and a 30% debt/70% equity weighting. From this, we derive a DCF-based TP of THB250/shr. However, we apply a 10% discount to our TP due to the lack of liquidity. Thus, our TP is THB225/shr, implying 31x 2022E P/E.

RAM is trading at unjustified valuation of 20x 2022E P/E, lower than its peers' average of 38x. We see RAM as undervalued due to the following reasons:

### Market cap should reflect the third place in Thai healthcare

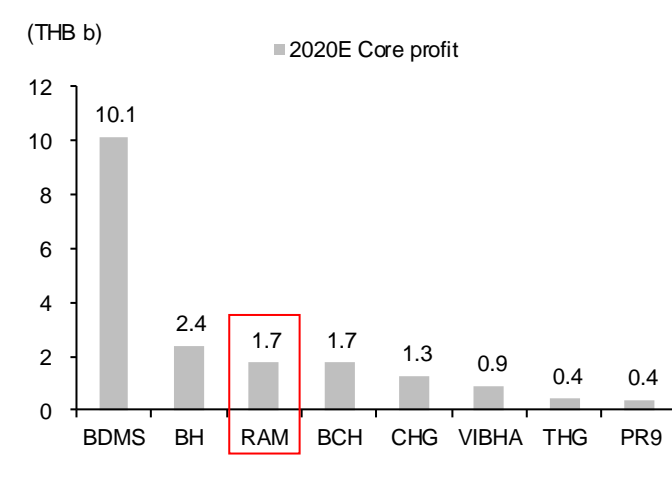
First, RAM is ranked third in terms of the number of registered beds and its 2022E core profit in the Thai healthcare sector. However, RAM is currently ranked fifth in terms of market cap, suggesting that the stock is undemanding and that its market cap should convert from THB36b to above THB50b, the third place in the Thai healthcare sector.

**Exhibit 26: Comparison of number of registered beds**



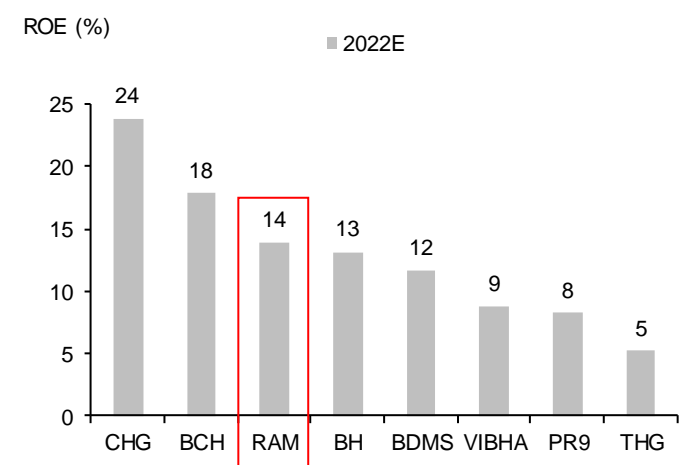
Note: Registered beds of RAM, VIBHA and THG based on shareholder stake  
Source: FSSIA estimates

**Exhibit 27: Comparison of 2022E core profit**



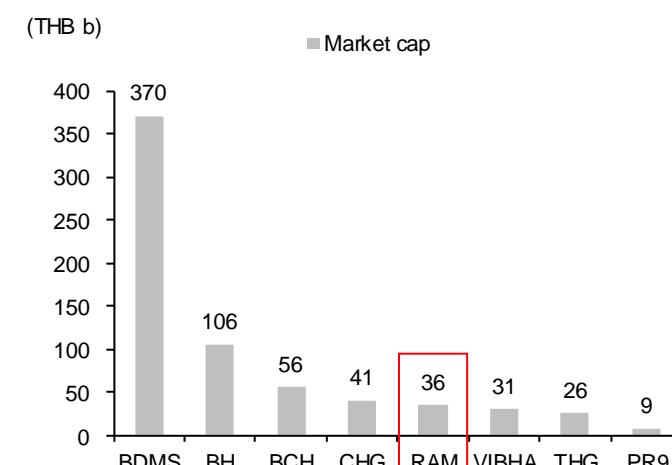
Source: FSSIA estimates

**Exhibit 28: Comparison of ROE**



Source: FSSIA estimates

**Exhibit 29: Comparison of market capital**



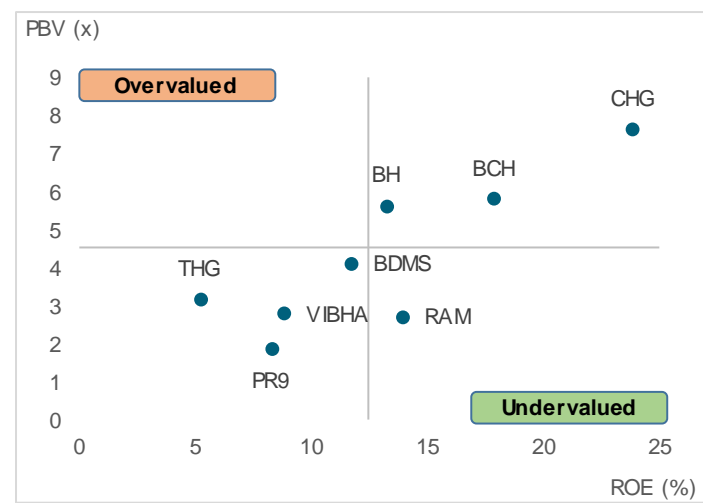
Note: Excluding SVH TB which is owned by BDMS  
Source: FSSIA estimates



### Superior ROE but trading at P/E and P/BV multiples lower than peers' avg

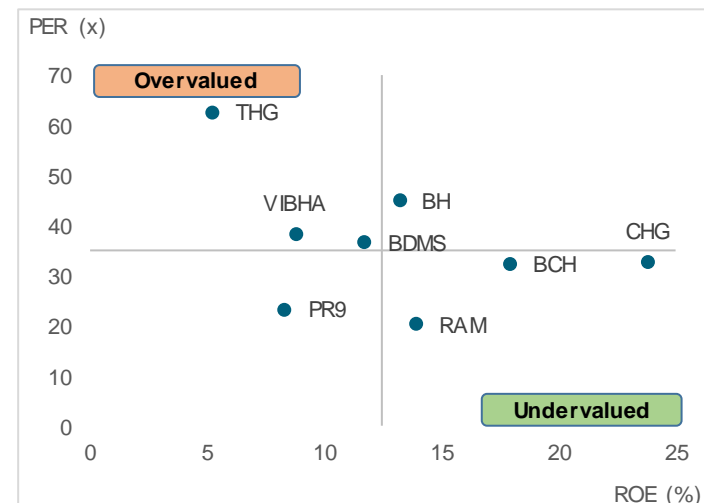
Second, using PBV/ROE and PE/ROE matrices, we see that RAM is in the undervalued area, given that it has a 2022E ROE of 14%, higher than its peers' average of 13%. Meanwhile, both its 2022E P/BV and P/E are lower than its peers' average.

Exhibit 30: P/BV and ROE matrix



Source: FSSIA estimates

Exhibit 31: P/E and ROE matrix

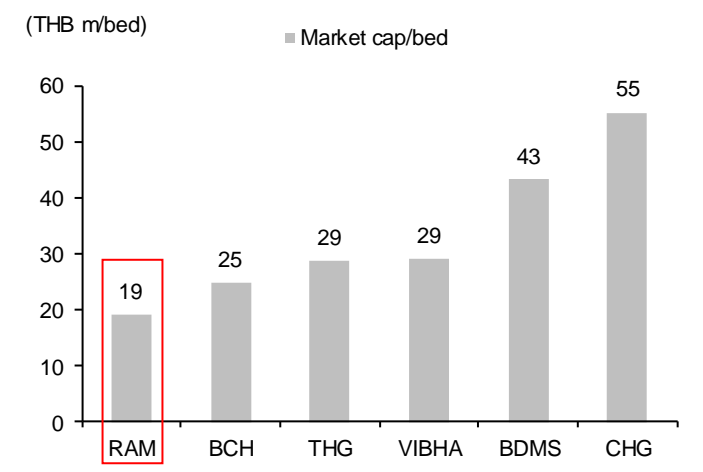


Source: FSSIA estimates

### Cheapest among hospital chains in Thailand

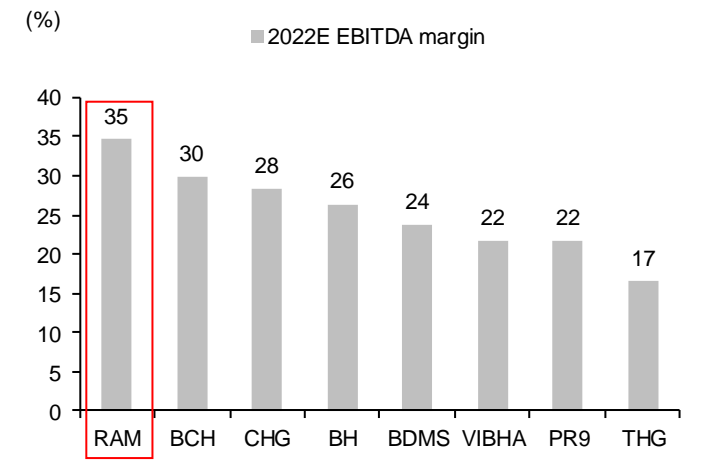
Lastly, considering the chain hospitals in Thailand, RAM's market cap per bed is at THB19m, lower than its peers' average of THB33m, while RAM's 2022E EBITDA margin of 35% is higher than its peers' average of 25%. This suggests that RAM is cheap but still has decent profitability.

Exhibit 32: Market capital per bed



Source: FSSIA estimates

Exhibit 33: 2022E EBITDA margin



Source: FSSIA estimates

**Exhibit 34: 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		0.9			
Cost of equity, Ke		10.2	Net cost of debt, Kd		2.8
Weight applied		70.0	Weight applied		30.0
WACC		8.0			
DCF valuation estimate	(THB b)	(THB/share)	Comments		
NPV	24.5	102.2	WACC 8.0%, Risk-free rate 3%, Risk premium 8%		
Terminal value	48.5	202.0	Terminal growth 3%		
Cash & liquid assets	0.6	2.7	At end-2022E		
Investments	0.0	0.0	At end-2022E		
Debt	(8.5)	(35.4)	At end-2022E		
Minorities	(5.2)	(21.6)	At end-2022E		
Residual ordinary equity	60.0	250.0			
<b>Final TP</b>	<b>-</b>	<b>225.0</b>	<b>Applied 10% liquidity discount</b>		

Source: FSSIA estimates

**Exhibit 35: Peers comparison as of 2 Sep 2021**

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
<b>Thailand</b>														
Bangkok Dusit Med Service	BDMS TB	BUY	23.3	29	24.5	11,409	53.6	36.7	8.1	11.6	4.4	4.1	23.8	18.3
Bumrungrad Hospital	BH TB	BUY	133.5	155	16.1	3,268	111.2	45.0	5.4	13.2	6.2	5.7	43.4	24.0
Bangkok Chain Hospital	BCH TB	BUY	22.7	28.5	25.6	1,744	16.1	32.5	42.1	17.9	5.8	5.8	10.3	17.5
Chularat Hospital	CHG TB	BUY	3.78	4.7	24.3	1,281	24.2	32.9	37.3	23.8	8.0	7.7	16.2	20.7
Praram 9 Hospital	PR9 TB	BUY	10.7	14	30.8	259	42.5	23.4	4.7	8.3	2.0	1.9	14.5	10.4
Thonburi Healthcare Group	THG TB	HOLD	30.75	27.5	(10.6)	799	90.8	62.7	3.6	5.2	3.3	3.2	26.3	23.8
Vibhavadi Medical Center	VIBHA TB	BUY	2.28	2.8	22.8	954	47.9	38.5	8.6	8.8	3.7	2.8	29.1	25.0
Ramkhamhaeng Hospital	RAM TB	BUY	148.5	225	48.1	1,098	20.9	20.4	13.6	13.9	2.9	2.7	14.9	14.8
Rajthanee Hospital	RJH TB	n/a	34.25	n/a	n/a	312	16.6	21.8	39.2	27.0	6.8	5.9	11.8	14.5
Ekachai Medical Care	EKH TB	n/a	7.80	n/a	n/a	143	18.8	25.2	25.4	18.9	5.3	4.7	11.9	14.4
<b>Thailand average</b>						<b>20,170</b>	<b>44.3</b>	<b>33.9</b>	<b>18.8</b>	<b>14.8</b>	<b>4.8</b>	<b>4.5</b>	<b>20.2</b>	<b>18.3</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	69.77	n/a	n/a	12,093	34.7	31.2	11.3	12.4	4.0	3.9	13.1	12.2
Ihh Healthcare Bhd	IHH SP	n/a	1.97	n/a	n/a	13,208	41.4	36.6	5.7	6.1	2.4	2.3	16.8	15.7
Ryman Healthcare	RYM NZ	n/a	15.58	n/a	n/a	5,629	34.0	26.4	12.2	9.4	3.4	3.1	37.1	26.5
Apollo Hospitals Enterprise	APHS IN	n/a	5,044	n/a	n/a	9,931	844.7	89.1	2.4	15.5	20.0	17.2	66.0	35.9
Kpj Healthcare Berhad	KPJ MK	n/a	1.08	n/a	n/a	1,105	56.3	25.5	4.2	8.6	2.4	2.1	15.5	11.8
Raffles Medical Group	RFMD SP	n/a	1.42	n/a	n/a	1,990	36.7	35.8	8.1	8.1	3.1	2.9	20.0	19.2
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,350	n/a	n/a	2,339	29.9	31.2	20.6	17.8	6.9	5.9	18.9	20.0
Aier Eye Hospital Group	300015 CH	n/a	40.86	n/a	n/a	34,878	87.2	66.7	20.8	22.7	20.4	18.6	54.8	43.1
<b>Regional average</b>						<b>81,173</b>	<b>145.6</b>	<b>42.8</b>	<b>10.7</b>	<b>12.6</b>	<b>7.8</b>	<b>7.0</b>	<b>30.3</b>	<b>23.1</b>
<b>Overall average</b>						<b>101,343</b>	<b>89.3</b>	<b>37.9</b>	<b>15.2</b>	<b>13.8</b>	<b>6.2</b>	<b>5.6</b>	<b>24.7</b>	<b>20.4</b>

Sources: Bloomberg; FSSIA estimates

## Corporate Governance - RAM

### Board structure

Number of Independent Directors (ID)	5 of 16 board members
Percentage of IDs on the board	31.2%
ID participation/attendance at board meetings	99.1%
ID participation in audit/remuneration committees	3/3 in audit committee; RAM has no remuneration committee
ID terms (years of service, re-election/replacement procedures)	3 years; 9 years consecutively or up to discretion of management providing specific nature of business

Source: RAM

Additional comments: None

### Audit Practices

Auditor	Dharmniti Auditing Company Limited
Length of service	More than 10 years
Reporting incidents	None
Fee track record	THB3.26m in 2021,
Policy on change of audit firm	To review by audit committee every year

Source: RAM

Additional comments: None

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB 3.28m vs net profit of THB 632m
Changes/stability in senior management	On 8 Jan 2021, RAM's board of directors resolved to appoint Mr. Aurchat Kanjanapitak as Chairman of the board, replacing Mr. Racha Somburanasin who reportedly resigned on a health problem
Incidents of termination of senior management	None
Track record on insider sales	None

Source: RAM

Additional comments: None

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM annually, EGM when appropriate <b>Upcoming EGM</b> <b>On 20 Aug 2021, RAM's board scheduled to hold an EGM on 29 Oct 21 for 1) changing the company's organisational structure; 2) private placement of 12m new shares, equivalent to 5% of paid-up capital; and 3) split par value to THB0.10, from THB0.50</b>
Related party transactions	Under consideration of audit committee and in accordance with SET guidance
Voting issues - policies, incidents of rejected proposals	None

Source: RAM

Additional comments: None



## Financial Statements

### Ramkhamhaeng Hospital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	4,448	7,822	9,789	9,513	9,993
Cost of goods sold	(2,893)	(5,508)	(5,965)	(5,721)	(5,952)
<b>Gross profit</b>	<b>1,554</b>	<b>2,315</b>	<b>3,824</b>	<b>3,792</b>	<b>4,041</b>
Other operating income	609	349	944	874	910
Operating costs	(496)	(1,260)	(1,420)	(1,371)	(1,402)
<b>Operating EBITDA</b>	<b>1,668</b>	<b>1,404</b>	<b>3,348</b>	<b>3,295</b>	<b>3,549</b>
Depreciation	(188)	(716)	(1,120)	(1,147)	(1,191)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>1,480</b>	<b>687</b>	<b>2,227</b>	<b>2,148</b>	<b>2,357</b>
Net financing costs	(32)	(181)	(223)	(213)	(185)
Associates	-	-	-	-	-
Recurring non-operating income	105	111	114	123	127
Non-recurring items	(38)	0	0	0	0
<b>Profit before tax</b>	<b>1,514</b>	<b>617</b>	<b>2,118</b>	<b>2,058</b>	<b>2,299</b>
Tax	(200)	(148)	(254)	(259)	(323)
<b>Profit after tax</b>	<b>1,315</b>	<b>469</b>	<b>1,864</b>	<b>1,800</b>	<b>1,976</b>
Minority interests	121	163	(160)	(50)	(55)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,436</b>	<b>632</b>	<b>1,704</b>	<b>1,750</b>	<b>1,921</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,474</b>	<b>632</b>	<b>1,704</b>	<b>1,750</b>	<b>1,921</b>
<b>Per share (THB)</b>					
Recurring EPS *	6.14	2.63	7.10	7.29	8.00
Reported EPS	5.98	2.63	7.10	7.29	8.00
DPS	3.60	3.60	4.26	5.10	5.60
Diluted shares (used to calculate per share data)	240	240	240	240	240
<b>Growth</b>					
Revenue (%)	8.2	75.9	25.1	(2.8)	5.0
Operating EBITDA (%)	(1.3)	(15.8)	138.5	(1.6)	7.7
Operating EBIT (%)	(1.8)	(53.6)	224.1	(3.6)	9.7
Recurring EPS (%)	90.6	(57.1)	169.6	2.7	9.8
Reported EPS (%)	(22.9)	(56.0)	169.6	2.7	9.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	30.7	20.4	27.6	27.8	28.5
Gross margin of key business (%)	30.7	20.4	27.6	27.8	28.5
Operating EBITDA margin (%)	37.5	17.9	34.2	34.6	35.5
Operating EBIT margin (%)	33.3	8.8	22.8	22.6	23.6
Net margin (%)	33.1	8.1	17.4	18.4	19.2
Effective tax rate (%)	16.4	29.7	17.0	17.5	19.0
Dividend payout on recurring profit (%)	58.6	136.7	60.0	70.0	70.0
Interest cover (X)	49.1	4.4	10.5	10.7	13.4
Inventory days	75.0	45.6	48.1	51.0	49.0
Debtor days	37.9	43.1	53.0	63.8	66.0
Creditor days	35.0	27.0	33.0	35.1	33.7
Operating ROIC (%)	45.4	6.6	15.9	15.6	17.5
ROIC (%)	8.7	2.5	7.1	6.9	7.5
ROE (%)	12.0	5.0	13.6	13.9	14.4
ROA (%)	8.2	2.5	7.0	6.8	7.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cash patient - OPD	1,681	2,784	3,556	3,478	3,669
Cash patient - IPD	1,951	2,681	3,337	3,278	3,454
SSO	0	1,402	1,542	1,619	1,700
NHSO	0	196	215	226	231

Sources: Ramkhamhaeng Hospital; FSSIA estimates

## Financial Statements

### Ramkhamhaeng Hospital

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,474	632	1,704	1,750	1,921
Depreciation	188	716	1,120	1,147	1,191
Associates & minorities	-	-	-	-	-
Other non-cash items	(71)	697	160	50	55
Change in working capital	(385)	(663)	(346)	(175)	(118)
<b>Cash flow from operations</b>	<b>1,205</b>	<b>1,383</b>	<b>2,638</b>	<b>2,771</b>	<b>3,050</b>
Capex - maintenance	(42)	(8,952)	(587)	(571)	(600)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(3,088)	(1,327)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(3,130)</b>	<b>(10,279)</b>	<b>(587)</b>	<b>(571)</b>	<b>(600)</b>
Dividends paid	(1,073)	(810)	(864)	(1,022)	(1,225)
Equity finance	0	0	0	0	0
Debt finance	3,113	5,063	0	(800)	(600)
Other financing cash flows	8	4,247	(1,499)	(35)	(39)
<b>Cash flow from financing</b>	<b>2,047</b>	<b>8,500</b>	<b>(2,363)</b>	<b>(1,857)</b>	<b>(1,863)</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>123</b>	<b>(396)</b>	<b>(311)</b>	<b>343</b>	<b>587</b>
Free cash flow to firm (FCFF)	(1,878.47)	(8,685.48)	2,292.71	2,422.93	2,655.03
Free cash flow to equity (FCFE)	1,195.94	413.45	552.51	1,365.54	1,811.65

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	(7.83)	(36.19)	9.55	10.10	11.06
FCFE per share	4.98	1.72	2.30	5.69	7.55
Recurring cash flow per share	6.63	8.52	12.43	12.28	13.20

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	5,527	18,063	18,650	19,221	19,820
Less: Accumulated depreciation	(3,658)	(7,958)	(9,078)	(10,225)	(11,416)
<b>Tangible fixed assets (net)</b>	<b>1,869</b>	<b>10,105</b>	<b>9,572</b>	<b>8,996</b>	<b>8,404</b>
<b>Intangible fixed assets (net)</b>	<b>17</b>	<b>409</b>	<b>409</b>	<b>409</b>	<b>409</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	13,897	15,224	15,224	15,224	15,224
Cash & equivalents	1,012	616	305	648	1,235
A/C receivable	573	1,274	1,567	1,758	1,857
Inventories	623	754	817	783	815
Other current assets	401	708	886	861	905
<b>Current assets</b>	<b>2,609</b>	<b>3,352</b>	<b>3,575</b>	<b>4,050</b>	<b>4,812</b>
Other assets	120	188	188	188	188
<b>Total assets</b>	<b>18,512</b>	<b>29,278</b>	<b>28,968</b>	<b>28,867</b>	<b>29,037</b>
Common equity	12,637	12,804	12,241	12,968	13,665
Minorities etc.	556	5,103	5,167	5,182	5,198
<b>Total shareholders' equity</b>	<b>13,194</b>	<b>17,906</b>	<b>17,408</b>	<b>18,150</b>	<b>18,863</b>
Long term debt	0	3,137	3,137	2,837	2,537
Other long-term liabilities	466	980	980	980	980
<b>Long-term liabilities</b>	<b>466</b>	<b>4,117</b>	<b>4,117</b>	<b>3,817</b>	<b>3,517</b>
A/C payable	297	518	562	539	560
Short term debt	4,233	6,158	6,158	5,658	5,358
Other current liabilities	323	578	724	703	739
<b>Current liabilities</b>	<b>4,853</b>	<b>7,255</b>	<b>7,443</b>	<b>6,900</b>	<b>6,657</b>
<b>Total liabilities and shareholders' equity</b>	<b>18,512</b>	<b>29,278</b>	<b>28,968</b>	<b>28,867</b>	<b>29,037</b>
Net working capital	976	1,639	1,985	2,160	2,278
Invested capital	16,879	27,565	27,378	26,977	26,503

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

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	52.66	53.35	51.01	54.03	56.94
Tangible book value per share	52.58	51.65	49.30	52.33	55.23

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	24.4	48.5	51.6	43.2	35.3
Net debt/total assets (%)	17.4	29.6	31.0	27.2	22.9
Current ratio (x)	0.5	0.5	0.5	0.6	0.7
CF interest cover (x)	38.1	3.3	3.5	7.4	10.8

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>24.2</b>	<b>56.4</b>	<b>20.9</b>	<b>20.4</b>	<b>18.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>36.6</b>	<b>85.4</b>	<b>31.7</b>	<b>30.9</b>	<b>28.1</b>
Reported P/E (x)	24.8	56.4	20.9	20.4	18.6
Dividend yield (%)	2.4	2.4	2.9	3.4	3.8
Price/book (x)	2.8	2.8	2.9	2.7	2.6
Price/tangible book (x)	2.8	2.9	3.0	2.8	2.7
EV/EBITDA (x) **	23.6	35.2	14.9	14.8	13.4
EV/EBITDA @ target price (x) **	34.6	48.3	20.4	20.3	18.6
EV/invested capital (x)	2.3	1.8	1.8	1.8	1.8

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Ramkhamhaeng Hospital; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	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	TRC	TSC	TSR	TSTE	TSTH
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

**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	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)

**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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Ramkhamhaeng Hospital	RAM TB	THB 148.50	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) losses from its subsidiary companies.
Bangkok Dusit Medical Services	BDMS TB	THB 23.30	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 price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 133.50	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 22.70	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 3.78	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 10.70	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 30.75	HOLD	Downside risks to our DCF-based target price include 1) weak patient volume following the economic slowdown; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected expenses from new hospitals. Upside risk is big-lot sales of Jin Wellbeing County units.
Vibhavadi Medical Center	VIBHA TB	THB 2.28	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 2-Sep-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.