

6 OCTOBER 2021

THAILAND / HEALTHCARE

# BANGKOK CHAIN HOSPITAL

# BCH TB

## BUY

UNCHANGED

TARGET PRICE	THB28.50
CLOSE	THB21.00
UP/DOWNSIDE	+35.7%
PRIOR TP	THB28.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.7%

## Converting one-off to recurring

### 3Q21 earnings to hit a record high

We estimate that Covid-related revenue contributions will surge to 73% in 3Q21 from 56% in 2Q21 due to the larger number of Covid patients (average 2,500 beds in 2Q21 vs 11,500 in 3Q21). Covid screening tests should slow down from 588k cases in 2Q21 to 52k cases in 3Q21. SSO and non-Covid patient numbers should improve q-q, as elective surgery cases have resumed from higher patient confidence to visit hospitals. As a result, we forecast BCH's 3Q21 revenue to grow by 68% q-q, its EBITDA margin to improve by 2 ppt q-q to 44%, and its core profit to hit a record of THB2.2b (+93% q-q, +435% y-y).

### Strong organic growth post Covid pandemic

If we remove the profit from Covid-related services, 2021E organic core profit would be THB1.0b. We forecast it to jump to THB1.5b in 2022, driven by 1) a non-Covid patient recovery in Thailand and globally; 2) a larger SSO registered member base of 1.0m in 2022 vs 890k as of 2Q21, following BCH's reputation to serve Covid patients; 3) the turnaround of its new hospitals; and 4) lower interest expenses from the huge cashflow that can be used to repay debt.

### Expect 2022 core profit to exceed pre-Covid level by 62%

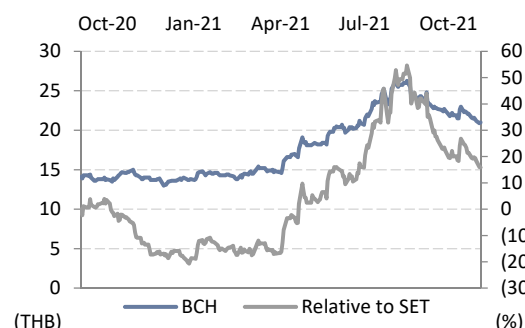
Aside from its strong organic growth, there should be some recurring Covid-related revenue going forward. We assume only 17% of 2021E Covid-related revenue would remain in 2022. As a result, our 2022E core profit is THB1.8b, exceeding the pre-Covid level by 62%. Our forecast is conservative, as we have factored in only 1.1m Moderna vaccine doses (vs the 2.3m doses that BCH ordered), while we have barely factored in revenue from Covid screenings and Covid medical treatments in 2022. Larger Covid-related revenue in 2022 would be an upside to our forecast.

### Earnings revised upward; BUY to capture organic growth

We revise up our 2021-22E core profit by 6-21% to reflect the strong 3Q21E results and the better outlook for BCH's organic earnings next year. We maintain our 2023 forecast and our TP of THB28.5/shr. Its share price has fallen from its peak by 20% over the past two months amid concerns that its earnings might peak in 3Q21 before slowing down. We suggest that investors look at its post-Covid organic core profit potential. BCH may be one of the few companies that can leverage the pandemic and use it to boost organic earnings going forward.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	8,928	17,615	11,492	11,915
Net profit	1,229	4,235	1,843	1,977
EPS (THB)	0.49	1.70	0.74	0.79
vs Consensus (%)	-	25.5	(0.7)	1.8
EBITDA	2,523	6,615	3,465	3,712
Core net profit	1,229	4,235	1,843	1,977
Core EPS (THB)	0.49	1.70	0.74	0.79
Chg. In EPS est. (%)	-	20.5	5.7	0.0
EPS growth (%)	7.0	244.4	(56.5)	7.3
Core P/E (x)	42.6	12.4	28.4	26.5
Dividend yield (%)	1.1	1.1	4.3	1.9
EV/EBITDA (x)	23.6	8.3	15.9	14.5
Price/book (x)	7.6	5.0	5.2	4.7
Net debt/Equity (%)	83.5	15.8	16.1	2.0
ROE (%)	18.7	48.6	17.8	18.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.7)	(11.0)	53.3
Relative to country (%)	(5.2)	(13.5)	17.3
Mkt cap (USD m)	1,551		
3m avg. daily turnover (USD m)	20.6		
Free float (%)	44		
Major shareholder	Chalerm Harnphanich (33%)		
12m high/low (THB)	26.75/12.80		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

 teerapol.udo@fssia.com  
 +66 2611 3535

## Investment thesis

BCH is the leading service provider under the Social Security Office (SSO) scheme with a 5% market share. It will likely be the hospital that benefits the most from Covid-19 services, including screening services and treatment services for Covid patients.

After Covid-19 subsides, the World Medical Hospital (WMC) should continue to capture the rising demand of medical tourists. Currently, 70% of WMC's revenue is derived from international patients, especially Middle Eastern patients. The recovery of that patient segment should start in 2022.

BCH opened three new hospitals in 2020-21. We see Covid-19 as the driver for its new hospitals to turn around earlier than expected due to the influx of Covid patients, some of which could convert to regular patients in the future.

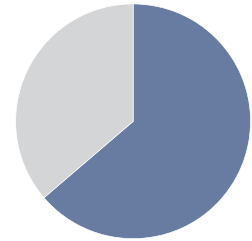
## Company profile

The company operates its business as a group, providing healthcare services for both cash patients and patients under the social security scheme.

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

## Principal activities (revenue, 2020)

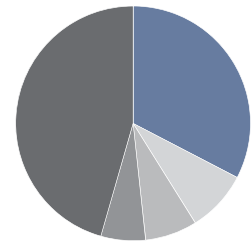
- Cash patient revenue - 63.7 %
- SSO patient revenue - 36.3 %



Source: Bangkok Chain Hospital

## Major shareholders

- Chalerm Harnphanich - 32.6 %
- Thai NVDR - 8.5 %
- Somporn Harnphanich - 7.2 %
- Thailand Social Security Office - 6.1 %
- Others - 45.6 %



Source: Bangkok Chain Hospital

## Catalysts

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

## Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in 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.

## Event calendar

Date	Event
Nov 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSO volume growth	0	13	1
SSO revenue / patient growth	(3)	1	3
OPD volume growth	106	(44)	1
OPD revenue / patient growth	1	3	1
IPD volume growth	200	(45)	1
IPD revenue / patient growth	6	(6)	4

Source: FSSIA estimates

## Earnings sensitivity

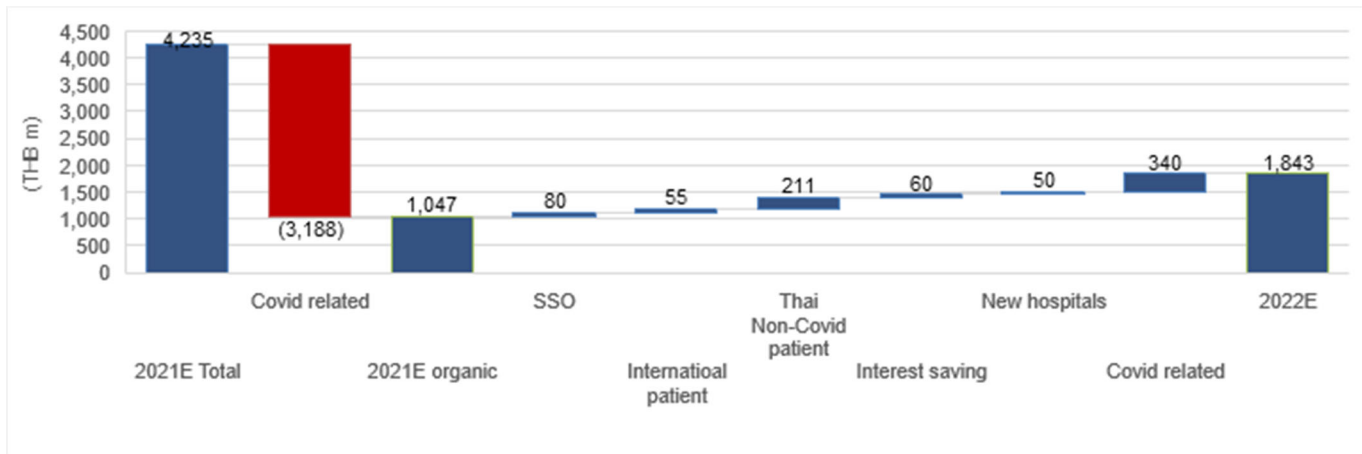
- For every 1% increase in patient volume, we project 2021 earnings would rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2021 earnings would rise by 6%, and vice versa, all else being equal.

Source: FSSIA estimates

## Strong organic growth post Covid pandemic

The market is currently concerned about BCH's core profit in 2022, which could sharply drop due to the absence of Covid-related services. We suggest investors consider only BCH's organic earnings. If we remove the projected profit from Covid-related services, we estimate its organic core profit to be cTHB1.0b in 2021. We forecast its organic earnings to jump by 76% to THB1.8b in 2022, led by six key growth drivers as follows:

Exhibit 1: 2022E core profit breakdown



Source: FSSIA estimates

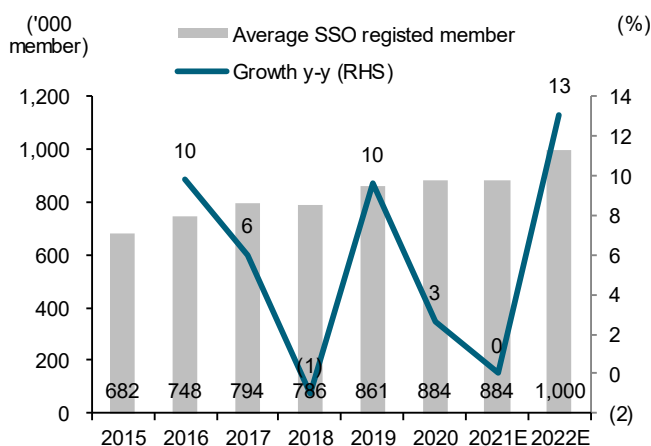
### 1) Larger SSO registered member base

BCH has 890k Social Security Office (SSO) registered members as of 2Q21. Its registered members have increased by an average of 41k per annum over 2015-20. However, we expect its registered member base to substantially increase by more than 100k and reach 1.0m registered members in 2022. BCH has served more than 500k new patients via Covid-related services over the past two years, and we believe some will decide to move their registrations under BCH hospitals next year. In addition, the economic situation should improve next year, resulting in a higher number of SSO members.

BCH's current quota for SSO members is 1.22m, and it will gain an additional quota of 50k from KH Prachinburi and a further quota from other hospitals of around 30k next year, bringing its total quota to 1.3m in 2022.

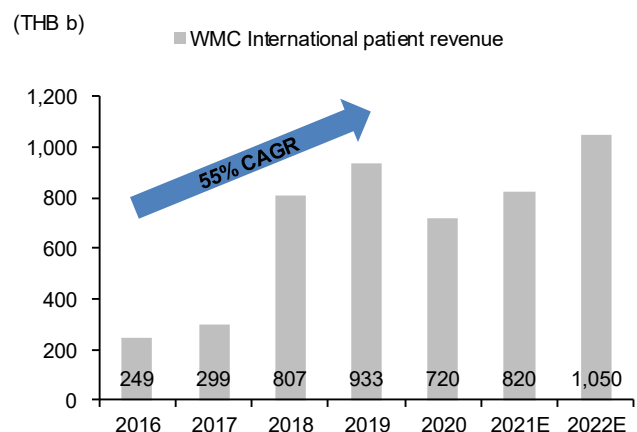
We estimate that the larger SSO member base and organic growth of 4% would lift BCH's 2022 core profit by THB80m-90m (net of tax) based on an assumed THB3,600 revenue per head and a net profit margin of 20%.

Exhibit 2: SSO registered members



Sources: BCH; FSSIA estimates

Exhibit 3: WMC's international patient revenue



Sources: BCH; FSSIA estimates

## 2) Return of international patients

BCH had a c12% revenue contribution from international patients in 2019, with the majority coming from Middle Eastern patients under World Medical Hospital (WMC). WMC’s international patient revenue growth rate was at a 55% CAGR over 2016-19, but pulled back in 2020 due to the Covid pandemic.

We expect international patient revenue growth to resume in 2022, led by the pent-up demand of medical tourists, and project it to exceed the 2019 level by 13%. The key drivers, in our view, would be the Diabetic Foot Centre and IVF Centre at WMC, which should attract Middle Eastern and Chinese patients. We estimate that this would lift BCH’s 2022 core profit by cTHB50m-60m.

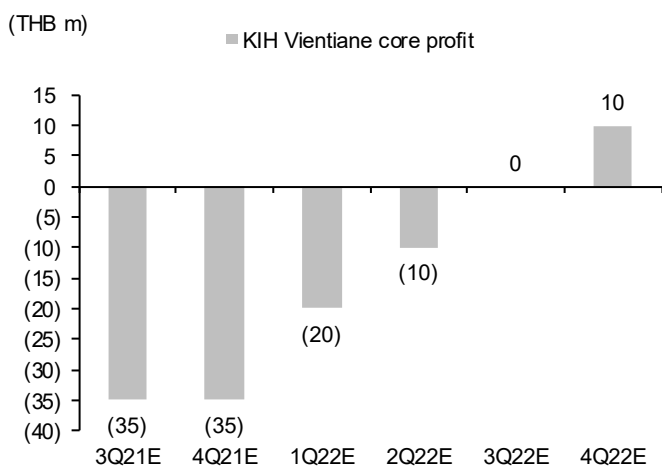
## 3) Turnaround of new hospitals

BCH has recently opened three new hospitals. KH Prachinburi and KIH Aranyaprathet have already turned around due to the strong Covid-related service revenue. The only hospital that is still contributing a loss to the group is KIH Vientiane, which opened in Aug-21. The feedback for the hospital has been positive, with c25-30 beds occupied in the first month of operation, while the breakeven point is around at least 40 beds (vs 110 structured beds). However, the patient volume may slow down in September due to surge in Covid cases in Vientiane. We expect this hospital to turn profitable in 2H22. As a result, we project the loss from KIH Vientiane to improve from the THB60m loss we estimate in 2021 to a THB10m loss in 2022.

## 4) Recovery of Thai non-Covid patient volume

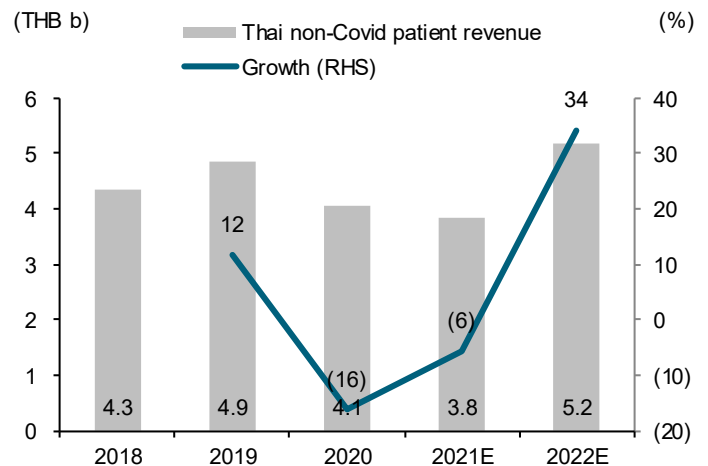
The Thai non-Covid patient volume has slowed down during 2020-21, as some patients decided to delay elective surgery cases. As a result, Thai non-Covid patient revenue was below the pre-Covid level by 16% in 2020 and we expect it to be below that level by 21% in 2021. We believe that people will have more confidence to return for treatments in hospitals next year, and we forecast Thai non-Covid patient revenue to grow by 34% in 2022, exceeding the pre-Covid level by 6%. This would lift BCH’s 2022E core profit by cTHB200m-250m.

Exhibit 4: KIH Vientiane core profit



Source: FSSIA estimates

Exhibit 5: Thai non-Covid patient revenue



Sources: BCH; FSSIA estimates

## 5) Interest savings from huge free cashflow

We estimate that BCH will generate EBITDA of THB5.8b in 2021. Given that BCH has recently spent capex to open its three new hospitals, we do not think it will open new hospitals soon. As a result, BCH should have excess cashflow that it can use to repay its outstanding interest-bearing debt of THB5.9b as of 2Q21. We estimate that BCH would repay THB2b-3b of its debt, and this would imply interest cost savings of cTHB70m in 2022.

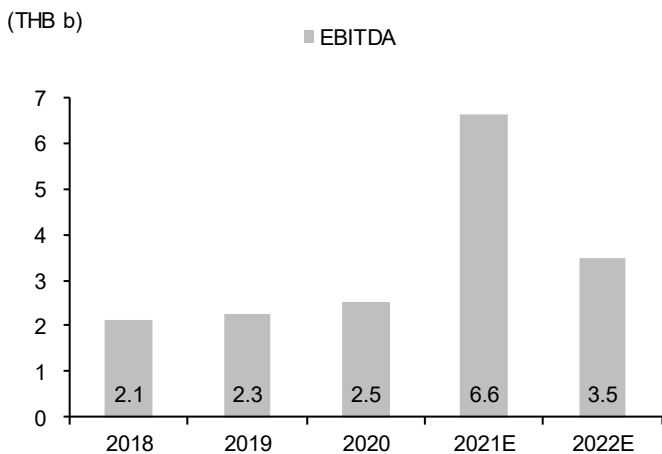
## 6) Recurring Covid-related services

At this stage, we are certain that revenue from Covid-related services will sharply drop next year, barring another outbreak from an additional variant. However, we believe that there should be some Covid-related revenue that would become recurring income going forward, including vaccination revenue, treatment fees for Covid patients' severe symptoms, and Covid screening tests.

We expect the major revenue in 2022 to come from Moderna vaccinations. BCH has ordered a total of 2.3m doses of Moderna (1.1m doses for the first lot and 1.2m doses for the second lot). We conservatively estimate that BCH will only book revenue from the first lot (0.3m doses in 4Q21 and 0.8m doses in 2022). We leave the remaining 1.2m doses as an upside for 2022.

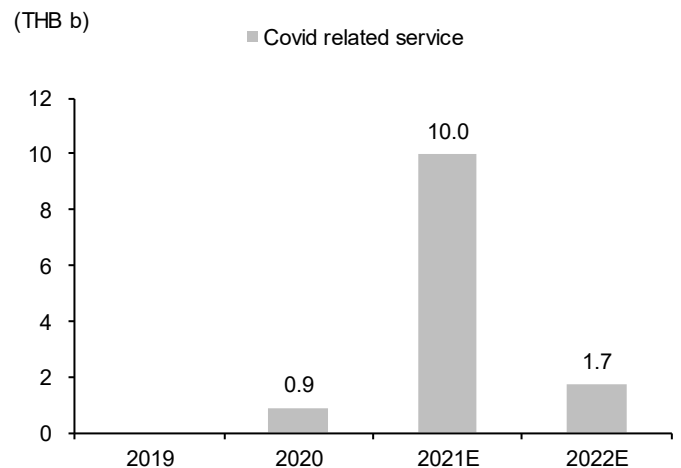
We estimate Covid-related revenue of THB1.7b in 2022, accounting for 17% of the THB10.0b in Covid-related revenue that we expect in 2021. Thus, this should translate into THB300m-400m recurring profit from Covid in 2022.

### Exhibit 6: Strong EBITDA expected in 2021



Sources: BCH; FSSIA estimates

### Exhibit 7: Covid-related revenue



Sources: BCH; FSSIA estimates

## Sensitivity analysis of Covid-related service revenue in 2022

Due to the uncertainty over whether or not Covid-related revenue might be a major contributor in 2022, we have run a sensitivity analysis on the percentage of Covid-related revenue that could be expected in 2022 compared with the 2021E level. The results of this analysis imply an 8-18% downside and a 3-25% upside to our 2022 core EPS forecast.

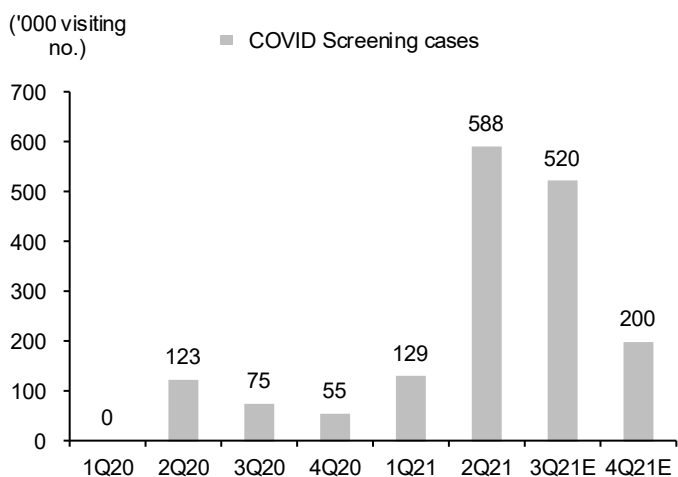
In addition, if we conservatively peg our 2022E core EPS to a 35x P/E multiple, it implies a target price range of THB21-32/shr. Note that a 35x P/E multiple is conservative, as BCH's 5-year historical average is 38x.

**Exhibit 8: 2022E core profit sensitivity analysis on Covid-related service revenue**

	Covid-related service revenue estimated in 2022		Core profit (THB b)	EPS (THB)	EPS upside (%)	TP (pegged to 35x P/E) (THB/shr)
	(THB b)	(% vs 2021E)				
Base case	1.7	17	1.8	0.7	-	26
Case 1	0	0	1.5	0.6	(18)	21
Case 2	1.0	10	1.7	0.7	(8)	24
Case 3	2.0	20	1.9	0.8	3	27
Case 4	3.0	30	2.1	0.8	14	29
Case 5	4.0	40	2.3	0.9	25	32

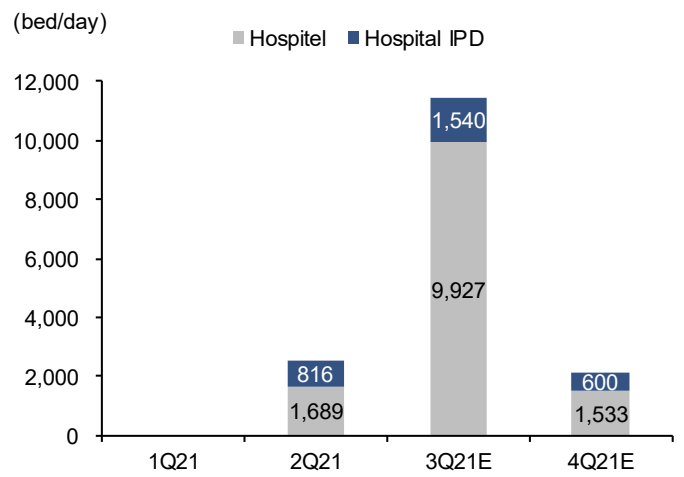
Source: FSSIA estimates

**Exhibit 9: Covid screening cases**



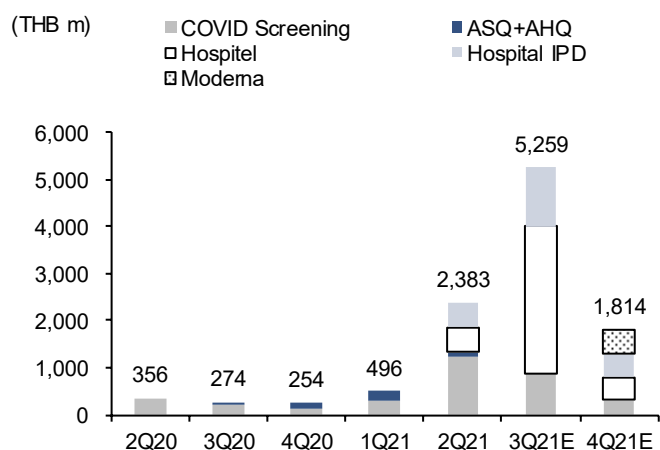
Sources: BCH; FSSIA estimates

**Exhibit 10: Covid patients in hospitals and hospital IPD**



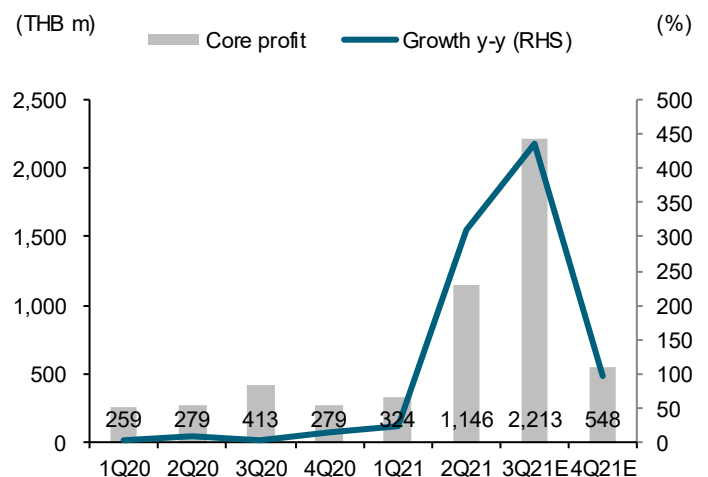
Sources: BCH; FSSIA estimates

**Exhibit 11: Covid-related revenue**



Sources: BCH; FSSIA estimates

**Exhibit 12: Core profit quarterly estimates**



Sources: BCH; FSSIA estimates

## Exhibit 13: 3Q21E results preview

	3Q20	4Q20	1Q21	2Q21	3Q21E	----- Change -----		9M20	9M21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
<b>Sales</b>	<b>2,359</b>	<b>2,308</b>	<b>2,316</b>	<b>4,313</b>	<b>7,244</b>	<b>68</b>	<b>207</b>	<b>6,620</b>	<b>13,873</b>	<b>110</b>	<b>17,615</b>
COGS (incl. depreciation)	(1,496)	(1,571)	(1,619)	(2,318)	(3,839)	66	157	(4,403)	(7,776)	77	(10,272)
<b>Gross Profit</b>	<b>863</b>	<b>737</b>	<b>698</b>	<b>1,995</b>	<b>3,404</b>	<b>71</b>	<b>295</b>	<b>2,216</b>	<b>6,097</b>	<b>175</b>	<b>7,344</b>
SG&A	(276)	(363)	(291)	(401)	(460)	15	67	(849)	(1,151)	36	(1,636)
<b>Operating Profit</b>	<b>587</b>	<b>374</b>	<b>407</b>	<b>1,594</b>	<b>2,944</b>	<b>85</b>	<b>402</b>	<b>1,367</b>	<b>4,946</b>	<b>262</b>	<b>5,708</b>
Net other income	19	35	68	18	23	26	19	59	109	86	129
Interest expense	(35)	(35)	(28)	(35)	(40)	14	15	(97)	(103)	6	(146)
<b>Pretax profit</b>	<b>571</b>	<b>373</b>	<b>447</b>	<b>1,577</b>	<b>2,927</b>	<b>86</b>	<b>413</b>	<b>1,328</b>	<b>4,952</b>	<b>273</b>	<b>5,691</b>
Income Tax	(107)	(68)	(84)	(312)	(585)	88	449	(245)	(981)	300	(1,138)
Associates	1	1	1	1	1	51	51	2	2	n/a	2
Minority interest	(52)	(28)	(40)	(121)	(130)	8	151	(135)	(291)	116	(320)
<b>Core profit</b>	<b>413</b>	<b>279</b>	<b>324</b>	<b>1,146</b>	<b>2,213</b>	<b>93</b>	<b>435</b>	<b>951</b>	<b>3,682</b>	<b>287</b>	<b>4,235</b>
Extraordinaries, GW & FX	0	0	0	0	0			0	0	n/a	
<b>Reported net profit</b>	<b>413</b>	<b>279</b>	<b>324</b>	<b>1,146</b>	<b>2,213</b>	<b>93</b>	<b>435</b>	<b>951</b>	<b>3,682</b>	<b>287</b>	<b>4,235</b>
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494	2,494	0	2,494
<b>Core EPS (THB)</b>	<b>0.17</b>	<b>0.11</b>	<b>0.13</b>	<b>0.46</b>	<b>0.89</b>	<b>93</b>	<b>435</b>	<b>0.38</b>	<b>1.48</b>	<b>287</b>	<b>1.70</b>
<b>EPS (THB)</b>	<b>0.17</b>	<b>0.11</b>	<b>0.13</b>	<b>0.46</b>	<b>0.89</b>	<b>93</b>	<b>435</b>	<b>0.38</b>	<b>1.48</b>	<b>287</b>	<b>1.70</b>
COGS (excl. depreciation)	1,291	1,362	1,402	2,113	3,604	71	179	3,831	7,120	86	9,364
Depreciation	205	210	217	205	235	15	15	572	657	15	907
<b>EBITDA</b>	<b>811</b>	<b>618</b>	<b>691</b>	<b>1,817</b>	<b>3,202</b>	<b>76</b>	<b>295</b>	<b>1,998</b>	<b>5,711</b>	<b>186</b>	<b>6,744</b>
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(%)</b>
Gross margin	37	32	30	46	47	1	10	33	44	10	42
SG&A/Revenue	12	16	13	9	6	(3)	(5)	13	8	(5)	9
EBITDA margin	34	27	30	42	44	2	10	30	41	11	38
Net profit margin	18	12	14	27	31	4	13	14	27	12	24
<b>Operating stats</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>						
Cash-OPD revenue growth	20	23	45	0	n/a						
Cash-OPD volume growth	8	16	45	140	n/a						
Cash-OPD revenue per head growth	11	6	1	(10)	n/a						
Cash-IPD revenue growth	(38)	(17)	(22)	0	n/a						
Cash-IPD volume growth	(38)	(22)	(20)	326	n/a						
Cash-IPD revenue per head growth	1	6	(2)	(15)	n/a						
SSO revenue growth	7	12	1	(4)	(14)						
SSO registered member ('000)	884	881	888	890	n/a						
SSO registered member growth	2	0	0	0	n/a						
SSO revenue per head growth	5	11	1	(4)	n/a						

Sources: BCH; FSSIA estimates



## Exhibit 14: Forecast revisions

	Current			Previous			% Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
SSO registered members ('000)	884	1,000	1,010	893	934	963	(1.0)	7.1	4.9
SSO revenue per head (THB)	3,554	3,600	3,708	3,701	3,812	3,926	(4.0)	(5.5)	(5.5)
Cash-OPD visit number per day (no.)	6,287	3,521	3,556	6,409	3,525	3,560	(1.9)	(0.1)	(0.1)
Cash-OPD revenue per head (THB)	2,979	3,068	3,099	2,979	3,068	3,130	0.0	0.0	(1.0)
Cash-IPD admission number per day (no.)	267	147	149	267	147	150	0.0	0.0	(1.0)
Cash-IPD revenue per head (THB)	78,257	73,562	76,504	78,257	73,562	77,240	0.0	0.0	(1.0)
Revenue (THB m)	17,615	11,492	11,915	17,910	11,457	12,077	(1.6)	0.3	(1.3)
EBITDA margin (%)	37.6	30.2	31.2	32.4	29.9	31.1	5.2	0.3	0.1
Core profit (THB m)	4,235	1,843	1,977	3,515	1,743	1,977	20.5	5.7	0.0

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

Source: FSSIA estimates

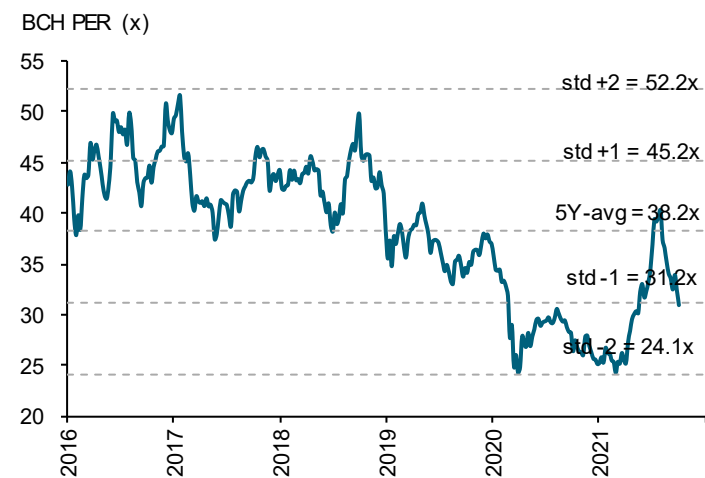
## Exhibit 15: DCF-derived TP

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	10.6	Net cost of debt, Kd	3.2
Weight applied	70.0	Weight applied	30.0
WACC	8.4		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	25.5	10.2	WACC 8.4%, Risk-free rate 3%, Risk premium 8%
Terminal value	48.4	19.4	Terminal growth 3%
Cash & liquid assets	1.4	0.5	At end-2022E
Investments	0.0	0.0	At end-2022E
Debt	(3.1)	(1.3)	At end-2022E
Minorities	(1.0)	(0.4)	At end-2022E
<b>Residual ordinary equity</b>	<b>71.1</b>	<b>28.5</b>	

Source: FSSIA estimates

## Exhibit 16: Historical P/E band



Sources: Bloomberg; FSSIA estimates

## Exhibit 17: Historical P/BV band



Sources: Bloomberg; FSSIA estimates



## Exhibit 18: Peer comparisons as of 5 Oct 2021

Company	BBG	Rec	Share price			Market Cap (USD m)	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	22.8	29	27.2	10,730	52.4	35.9	8.1	11.6	4.3	4.0	23.3	17.9
Bumrungrad Hospital	BH TB	BUY	146.5	155	5.8	3,447	122.0	49.4	5.4	13.2	6.8	6.2	47.8	26.4
Bangkok Chain Hospital	BCH TB	BUY	21	28.5	35.7	1,551	12.4	28.4	48.6	17.8	5.0	5.2	8.3	15.9
Chularat Hospital	CHG TB	BUY	3.76	4.7	25.0	1,225	24.0	32.7	37.3	23.8	8.0	7.6	16.1	20.6
Praram 9 Hospital	PR9 TB	BUY	10.5	14	33.3	244	41.7	23.0	4.7	8.3	2.0	1.8	14.2	10.2
Thonburi Healthcare Group	THG TB	HOLD	32.5	27.5	(15.4)	812	95.9	66.3	3.6	5.2	3.5	3.4	27.3	24.7
Vibhavadi Medical Center	VIBHA TB	BUY	2.14	2.8	30.8	860	44.9	36.1	8.6	8.8	3.5	2.6	27.7	23.7
Ramkhamhaeng Hospital	RAM TB	BUY	152	225	48.0	1,080	21.4	20.9	13.6	13.9	3.0	2.8	15.1	15.0
Rajthanee Hospital	RJH TB	n/a	30.25	n/a	n/a	268	14.1	19.0	39.2	27.0	6.1	5.2	9.9	12.5
Ekachai Medical Care	EKH TB	n/a	7.70	n/a	n/a	136	18.6	25.0	25.4	18.9	5.3	4.7	11.6	14.0
<b>Thailand average</b>						<b>20,354</b>	<b>44.8</b>	<b>33.7</b>	<b>19.5</b>	<b>14.8</b>	<b>4.7</b>	<b>4.4</b>	<b>20.1</b>	<b>18.1</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	67.33	n/a	n/a	11,214	32.7	30.0	11.3	12.1	3.8	3.7	12.6	11.9
Ihh Healthcare Bhd	IHH SP	n/a	2.14	n/a	n/a	13,854	43.4	38.3	5.7	6.1	2.5	2.5	17.4	16.3
Ryman Healthcare	RYM NZ	n/a	15.00	n/a	n/a	5,218	32.2	26.0	12.2	9.0	3.3	3.0	35.6	26.3
Apollo Hospitals Enterprise	APHS IN	n/a	4,482	n/a	n/a	8,648	750.7	77.2	2.4	15.9	17.7	15.3	58.9	31.9
Kpj Healthcare Berhad	KPJ MK	n/a	1.19	n/a	n/a	1,183	60.5	27.4	4.1	8.7	2.6	2.3	16.5	12.4
Raffles Medical Group	RFMD SP	n/a	1.48	n/a	n/a	2,012	36.5	35.6	8.2	8.4	3.1	2.9	20.2	19.1
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,230	n/a	n/a	2,265	28.9	30.1	21.0	18.4	6.6	5.6	18.0	18.9
Aier Eye Hospital Group	300015 CH	n/a	53.40	n/a	n/a	44,794	113.9	86.7	20.7	22.6	33.8	23.4	69.3	54.8
<b>Regional average</b>						<b>89,188</b>	<b>137.3</b>	<b>43.9</b>	<b>10.7</b>	<b>12.6</b>	<b>9.2</b>	<b>7.3</b>	<b>31.0</b>	<b>23.9</b>
<b>Overall average</b>						<b>109,542</b>	<b>85.9</b>	<b>38.2</b>	<b>15.6</b>	<b>13.9</b>	<b>6.7</b>	<b>5.7</b>	<b>25.0</b>	<b>20.7</b>

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

### Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	8,880	8,928	17,615	11,492	11,915
Cost of goods sold	(5,373)	(5,193)	(9,364)	(6,557)	(6,680)
<b>Gross profit</b>	<b>3,507</b>	<b>3,735</b>	<b>8,251</b>	<b>4,934</b>	<b>5,235</b>
Other operating income	-	-	-	-	-
Operating costs	(1,228)	(1,213)	(1,636)	(1,469)	(1,523)
<b>Operating EBITDA</b>	<b>2,279</b>	<b>2,523</b>	<b>6,615</b>	<b>3,465</b>	<b>3,712</b>
Depreciation	(665)	(782)	(907)	(1,008)	(1,047)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>1,615</b>	<b>1,741</b>	<b>5,708</b>	<b>2,458</b>	<b>2,665</b>
Net financing costs	(126)	(125)	(139)	(35)	(55)
Associates	2	3	2	3	2
Recurring non-operating income	113	89	123	130	135
Non-recurring items	(14)	0	0	0	0
<b>Profit before tax</b>	<b>1,588</b>	<b>1,705</b>	<b>5,693</b>	<b>2,553</b>	<b>2,746</b>
Tax	(290)	(313)	(1,138)	(510)	(549)
<b>Profit after tax</b>	<b>1,298</b>	<b>1,392</b>	<b>4,555</b>	<b>2,043</b>	<b>2,197</b>
Minority interests	(163)	(163)	(320)	(200)	(220)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,135</b>	<b>1,229</b>	<b>4,235</b>	<b>1,843</b>	<b>1,977</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,149</b>	<b>1,229</b>	<b>4,235</b>	<b>1,843</b>	<b>1,977</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.46	0.49	1.70	0.74	0.79
Reported EPS	0.46	0.49	1.70	0.74	0.79
DPS	0.22	0.23	0.23	0.90	0.39
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
<b>Growth</b>					
Revenue (%)	10.0	0.5	97.3	(34.8)	3.7
Operating EBITDA (%)	7.4	10.7	162.3	(47.6)	7.1
Operating EBIT (%)	4.4	7.8	228.0	(56.9)	8.5
Recurring EPS (%)	5.5	7.0	244.4	(56.5)	7.3
Reported EPS (%)	4.2	8.3	244.4	(56.5)	7.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	32.0	33.1	41.7	34.2	35.2
Gross margin of key business (%)	32.0	33.1	41.7	34.2	35.2
Operating EBITDA margin (%)	25.7	28.3	37.6	30.2	31.2
Operating EBIT margin (%)	18.2	19.5	32.4	21.4	22.4
Net margin (%)	12.9	13.8	24.0	16.0	16.6
Effective tax rate (%)	18.1	18.4	20.0	20.0	20.0
Dividend payout on recurring profit (%)	47.7	46.7	13.5	121.8	49.4
Interest cover (X)	13.7	14.6	42.1	74.0	50.7
Inventory days	15.9	16.9	13.6	21.3	17.4
Debtor days	68.4	67.5	24.1	26.5	25.6
Creditor days	48.0	52.7	42.8	66.9	54.6
Operating ROIC (%)	12.5	11.4	34.5	15.5	17.3
ROIC (%)	12.7	11.5	33.7	15.6	17.4
ROE (%)	19.2	18.7	48.6	17.8	18.6
ROA (%)	10.6	9.8	24.8	11.1	13.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cash patient revenue	5,790	5,688	14,473	7,891	8,169
SSO patient revenue	3,090	3,240	3,143	3,600	3,745
NHSO patient revenue	0	0	0	0	0

Sources: Bangkok Chain Hospital; FSSIA estimates

## Financial Statements

### Bangkok Chain Hospital

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,149	1,229	4,235	1,843	1,977
Depreciation	665	782	907	1,008	1,047
Associates & minorities	-	-	-	-	-
Other non-cash items	187	94	288	200	220
Change in working capital	(211)	(593)	827	(110)	0
<b>Cash flow from operations</b>	<b>1,789</b>	<b>1,512</b>	<b>6,257</b>	<b>2,941</b>	<b>3,244</b>
Capex - maintenance	(1,721)	(2,546)	(957)	(575)	(596)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	2	5	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,719)</b>	<b>(2,541)</b>	<b>(957)</b>	<b>(575)</b>	<b>(596)</b>
Dividends paid	(549)	(574)	(574)	(2,244)	(977)
Equity finance	0	0	0	0	0
Debt finance	778	1,837	(400)	(3,765)	(800)
Other financing cash flows	(166)	(168)	(170)	(106)	(117)
<b>Cash flow from financing</b>	<b>63</b>	<b>1,096</b>	<b>(1,143)</b>	<b>(6,116)</b>	<b>(1,893)</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>133</b>	<b>67</b>	<b>4,157</b>	<b>(3,749)</b>	<b>755</b>
Free cash flow to firm (FCFF)	200.99	(896.48)	5,446.29	2,441.93	2,714.04
Free cash flow to equity (FCFE)	682.04	640.69	4,730.52	(1,505.02)	1,731.45

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	0.08	(0.36)	2.18	0.98	1.09
FCFE per share	0.27	0.26	1.90	(0.60)	0.69
Recurring cash flow per share	0.80	0.84	2.18	1.22	1.30

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	16,288	18,773	19,761	20,336	20,932
Less: Accumulated depreciation	(5,705)	(6,369)	(7,276)	(8,284)	(9,330)
<b>Tangible fixed assets (net)</b>	<b>10,584</b>	<b>12,404</b>	<b>12,485</b>	<b>12,052</b>	<b>11,601</b>
<b>Intangible fixed assets (net)</b>	<b>451</b>	<b>522</b>	<b>522</b>	<b>522</b>	<b>522</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	37	33	33	33	33
Cash & equivalents	879	946	5,103	1,353	2,108
A/C receivable	1,817	1,487	835	835	835
Inventories	231	250	450	315	321
Other current assets	40	856	1,689	1,102	1,143
<b>Current assets</b>	<b>2,967</b>	<b>3,538</b>	<b>8,077</b>	<b>3,606</b>	<b>4,407</b>
Other assets	77	30	30	30	30
<b>Total assets</b>	<b>14,116</b>	<b>16,527</b>	<b>21,147</b>	<b>16,243</b>	<b>16,593</b>
Common equity	6,248	6,885	10,545	10,144	11,144
Minorities etc.	730	742	892	986	1,090
<b>Total shareholders' equity</b>	<b>6,978</b>	<b>7,626</b>	<b>11,437</b>	<b>11,130</b>	<b>12,234</b>
Long term debt	4,759	5,150	5,150	2,150	1,350
Other long-term liabilities	192	207	207	207	207
<b>Long-term liabilities</b>	<b>4,952</b>	<b>5,357</b>	<b>5,357</b>	<b>2,357</b>	<b>1,557</b>
A/C payable	715	784	1,414	990	1,008
Short term debt	718	2,165	1,765	1,000	1,000
Other current liabilities	752	595	1,174	766	794
<b>Current liabilities</b>	<b>2,186</b>	<b>3,544</b>	<b>4,353</b>	<b>2,756</b>	<b>2,802</b>
<b>Total liabilities and shareholders' equity</b>	<b>14,116</b>	<b>16,527</b>	<b>21,147</b>	<b>16,243</b>	<b>16,593</b>
Net working capital	621	1,214	387	497	496
Invested capital	11,769	14,203	13,457	13,134	12,682

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

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	2.51	2.76	4.23	4.07	4.47
Tangible book value per share	2.32	2.55	4.02	3.86	4.26

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	65.9	83.5	15.8	16.1	2.0
Net debt/total assets (%)	32.6	38.5	8.6	11.1	1.5
Current ratio (x)	1.4	1.0	1.9	1.3	1.6
CF interest cover (x)	6.4	6.1	35.1	(42.1)	32.4

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>45.6</b>	<b>42.6</b>	<b>12.4</b>	<b>28.4</b>	<b>26.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>61.8</b>	<b>57.8</b>	<b>16.8</b>	<b>38.6</b>	<b>36.0</b>
Reported P/E (x)	46.1	42.6	12.4	28.4	26.5
Dividend yield (%)	1.0	1.1	1.1	4.3	1.9
Price/book (x)	8.4	7.6	5.0	5.2	4.7
Price/tangible book (x)	9.0	8.2	5.2	5.4	4.9
EV/EBITDA (x) **	25.3	23.6	8.3	15.9	14.5
EV/EBITDA @ target price (x) **	33.5	31.0	11.2	21.3	19.5
EV/invested capital (x)	4.9	4.2	4.1	4.2	4.2

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

Sources: Bangkok Chain 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	TTB	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	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Chain Hospital	BCH TB	THB 21.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
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 146.50	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.
Chularat Hospital	CHG TB	THB 3.76	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 10.50	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) higher-than-expected expenses from its new building.
Thonburi Healthcare Group	THG TB	THB 32.50	HOLD	Downside risks to our DCF-based target price include 1) weak patient volume following the economic slowdown; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected expenses from new hospitals. Upside risk is big-lot sales of Jin Wellbeing County units.
Vibhavadi Medical Center	VIBHA TB	THB 2.14	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Ramkhamhaeng Hospital	RAM TB	THB 152.00	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.

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 05-Oct-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.