

4 NOVEMBER 2021

THAILAND / HEALTHCARE

# BUMRUNGRAD HOSPITAL BH TB

## BUY

UNCHANGED

TARGET PRICE	THB170.00
CLOSE	THB153.00
UP/DOWNSIDE	+11.1%
PRIOR TP	THB155.00
CHANGE IN TP	+9.7%
TP vs CONSENSUS	+21.6%

## Medical tourism back on its feet

### 3Q21 earnings grew 37% q-q, in line with our estimate

BH reported a net profit of THB296m (+34% y-y, +37% q-q) in 3Q21, in line with our estimate and beating BBG's consensus estimate by 15% due to the better-than-expected EBITDA margin and other income. Revenue grew 1% y-y due to a 4% y-y increase in Thai patient revenue offsetting a 4% y-y decrease in international patient revenue. Revenue dropped 3% q-q due to a 12% q-q decrease in international patient revenue following the temporary suspension of the AHQ scheme, while Thai patient revenue grew 5% q-q. Other income jumped from an average of THB20m to THB74m in 3Q21 due to bad debt recovery and a gain on equipment sales. Its EBITDA margin improved to 22% from 19% in 2Q21 and 18% in 3Q20 thanks to cost saving measures, with a THB52m y-y decrease in physician fees and a THB18m y-y decrease in software maintenance.

### Recovery momentum to continue in 4Q21

We expect operations to continue to improve in 4Q21. Non-Covid Thai patients should continue to recover due to increased patient confidence as most of Bangkok's population has been vaccinated. In addition, vaccinated tourists from 63 countries are now allowed to travel to Thailand without quarantine. Thus, we expect to see more international patients in 4Q21 onward, especially from Middle Eastern countries and CLMV. Overall, we estimate 4Q21 earnings of THB340m-380m.

### Earnings to surpass pre-Covid level by 2023

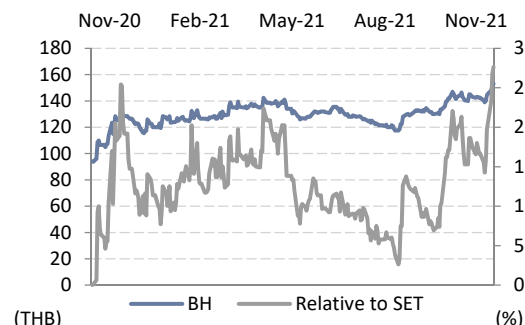
We forecast Thai patient revenue to exceed the pre-Covid level by 5% in 2022, as BH has gained more Thai and expat market share through its aggressive promotional campaign. We estimate international patients to recover to 67% of pre-Covid in 2022 and reach the pre-Covid level in 2023. Hence, 2023E total revenue should surpass pre-Covid revenue by 4%, coupled with a better EBITDA margin from cost saving measures. We estimate a 2023 core profit of THB4.1b, exceeding pre-Covid by 8%.

### Revise 2023E earnings to reflect medical tourist recovery

We revise up our 2023E core profit by 7% to reflect the better outlook for international patients and derive a new DCF-based TP of THB170/shr (7.8% WACC, 3% LTG). BH is trading at 30x 2023E P/E, lower than its 5-year average of 38x. A short-term catalyst would be the pent-up demand from medical tourists in 4Q21.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	12,362	11,724	14,958	19,259
Net profit	1,204	955	2,363	4,066
EPS (THB)	1.51	1.20	2.97	5.11
vs Consensus (%)	-	(10.2)	3.8	32.2
EBITDA	2,511	2,334	4,209	6,286
Core net profit	1,199	955	2,363	4,066
Core EPS (THB)	1.51	1.20	2.97	5.11
Chg. In EPS est. (%)	-	0.0	0.1	6.8
EPS growth (%)	(71.7)	(20.4)	147.3	72.1
Core P/E (x)	101.5	127.5	51.5	29.9
Dividend yield (%)	2.1	2.0	0.5	1.2
EV/EBITDA (x)	46.4	51.0	27.7	17.9
Price/book (x)	6.6	7.1	6.5	5.7
Net debt/Equity (%)	(29.5)	(17.4)	(29.5)	(43.7)
ROE (%)	6.2	5.4	13.2	20.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.0	25.9	65.9
Relative to country (%)	6.5	20.3	25.7
Mkt cap (USD m)	3,650		
3m avg. daily turnover (USD m)	8.1		
Free float (%)	45		
Major shareholder	Mr. Satit Vidayakorn (18%)		
12m high/low (THB)	154.00/91.00		
Issued shares (m)	922.70		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

We think BH's operations have already passed their bottom. International patient revenue under the Alternative Hospital Quarantine (AHQ) program should continue to improve and fully recover when the government decides to reopen the country for tourism.

We expect to see an improvement in Bumrungrad Health Network (BHN), which is the new business model in which BHN and its partner hospitals set up jointly operated Centers of Excellence (CoE) in partnered hospitals. We believe there will be more CoE opening in partnered hospitals, especially hospitals under Principal Capital (PRINC TB, not rated), after Dr. Satit Viddayakorn, CEO and major shareholder of PRINC, acquired 23% of BH's shares in November 2020.

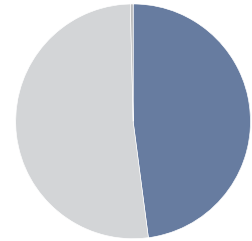
## Company profile

BH is a leading private hospital (580 licensed beds) in the premium segment.

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

## Principal activities (revenue, 2020)

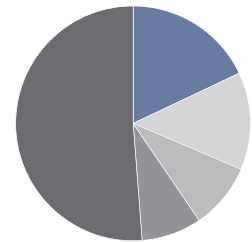
- Thai patient revenue - 47.9 %
- International patient revenue - 51.7 %
- Other revenue - 0.4 %



Source: Bumrungrad Hospital

## Major shareholders

- Mr. Satit Viddayakorn - 18.0 %
- Bangkok Insurance - 13.4 %
- UOB Kay Hian (Hong Kong) - 9.1 %
- Bangkok Bank - 8.3 %
- Others - 51.2 %



Source: Bumrungrad Hospital

## Catalysts

Key growth drivers include 1) the recovery of international patient volumes; 2) its new business model, 'Bumrungrad Health Network', which should enable BH to capture the middle-class patient segment; and 3) its vital life business (Wellness) which has a high margin compared to traditional healthcare.

## 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) higher medical fee discount promotions, leading to a weaker EBITDA margin.

## Event calendar

Date	Event
February 2022	4Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
OPD volume growth	2	24	12
OPD revenue / patient growth	(1)	3	18
IPD volume growth	2	15	11
IPD revenue / patient growth	(3)	11	13

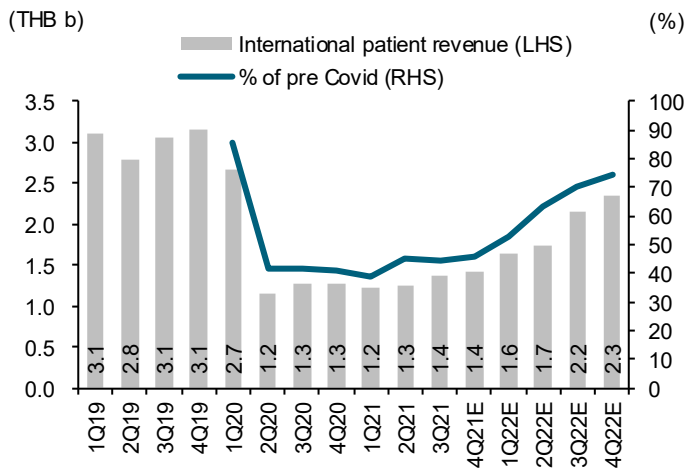
Source: FSSIA estimates

## Earnings sensitivity

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

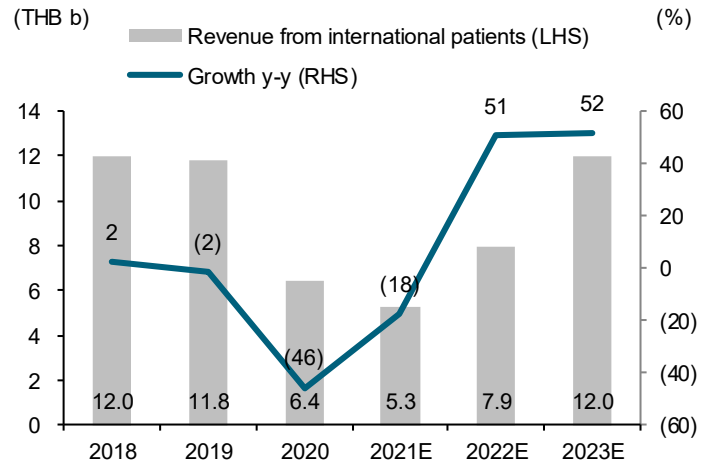
Source: FSSIA estimates

**Exhibit 1: International patient revenue, quarterly**



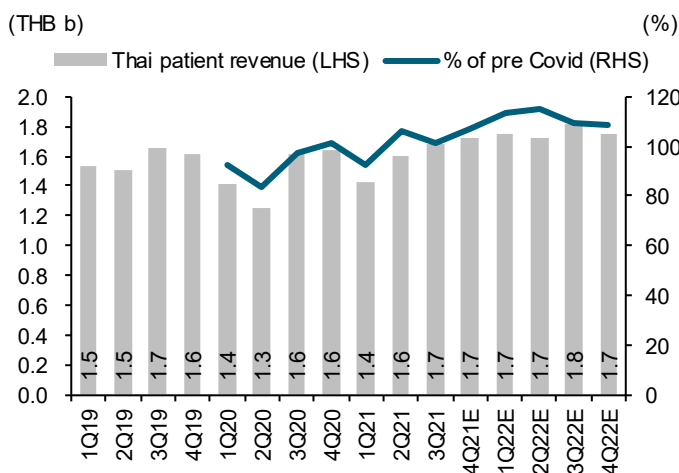
Sources: BH; FSSIA estimates

**Exhibit 2: International patient revenue, yearly**



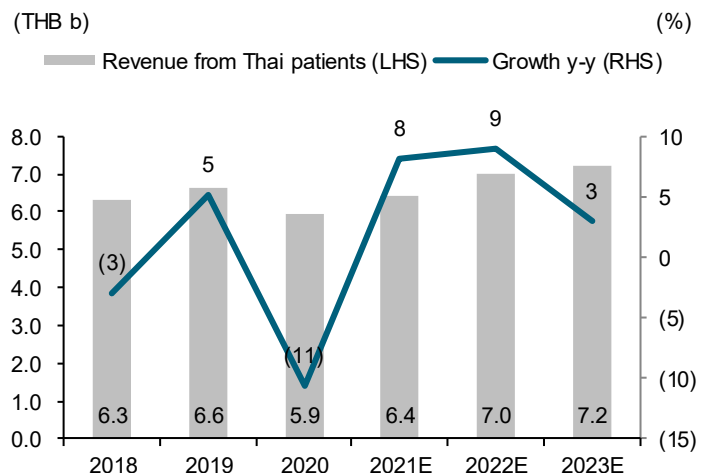
Sources: BH; FSSIA estimates

**Exhibit 3: Thai patient revenue, quarterly**



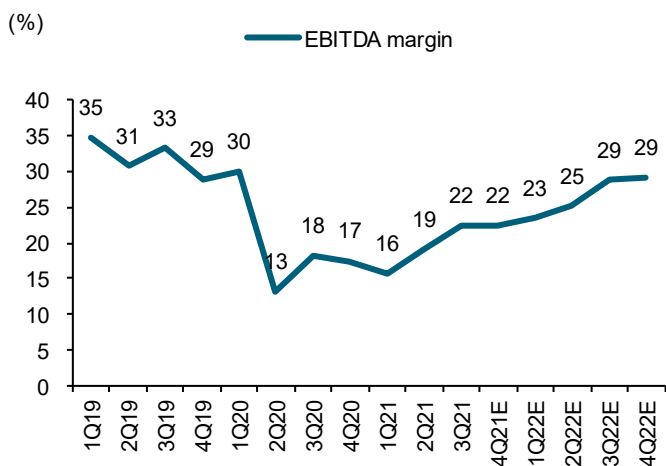
Sources: BH; FSSIA estimates

**Exhibit 4: Thai patient revenue, yearly**



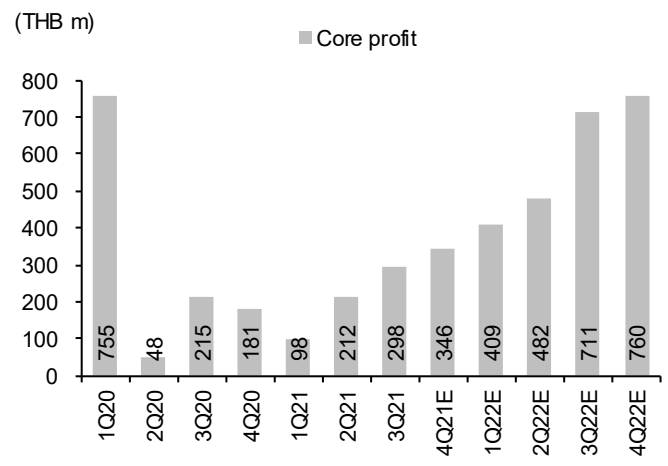
Sources: BH; FSSIA estimates

**Exhibit 5: EBITDA margin**



Sources: BH; FSSIA estimates

**Exhibit 6: Core profit**



Sources: BH; FSSIA estimates

## Exhibit 7: BH – 3Q21 results review

	3Q20	4Q20	1Q21	2Q21	3Q21	----- Change -----		9M20	9M21	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>2,897</b>	<b>2,928</b>	<b>2,655</b>	<b>2,994</b>	<b>2,915</b>	<b>(3)</b>	<b>1</b>	<b>9,434</b>	<b>8,564</b>	<b>(9)</b>	<b>11,724</b>
COGS (incl. depreciation)	(1,859)	(1,880)	(1,748)	(1,905)	(1,814)	(5)	(2)	(5,798)	(5,467)	(6)	(7,386)
<b>Gross Profit</b>	<b>1,038</b>	<b>1,049</b>	<b>908</b>	<b>1,089</b>	<b>1,101</b>	<b>1</b>	<b>6</b>	<b>3,636</b>	<b>3,097</b>	<b>(15)</b>	<b>4,338</b>
SG&A	(828)	(858)	(812)	(835)	(813)	(3)	(2)	(2,536)	(2,460)	(3)	(3,266)
<b>Operating Profit</b>	<b>211</b>	<b>190</b>	<b>96</b>	<b>254</b>	<b>288</b>	<b>13</b>	<b>37</b>	<b>1,100</b>	<b>637</b>	<b>(42)</b>	<b>1,072</b>
Net other income	16	19	23	21	74	245	359	59	119	101	129
Interest income	29	22	21	17	16	(9)	(46)	106	54	(49)	123
Interest expense	(32)	(32)	(31)	(31)	(31)	0	(2)	(96)	(94)	(3)	(129)
<b>Pretax profit</b>	<b>224</b>	<b>199</b>	<b>109</b>	<b>261</b>	<b>346</b>	<b>32</b>	<b>54</b>	<b>1,169</b>	<b>716</b>	<b>(39)</b>	<b>1,195</b>
Income Tax	1	(17)	(12)	(38)	(39)	2	nm	(133)	(89)	(33)	(227)
Associates	0	(0)	0	(10)	(2)	(76)	nm	(2)	(12)	n/a	(2)
Minority interest	(10)	(2)	1	(1)	(7)	488	(28)	(16)	(7)	n/a	(10)
<b>Core profit</b>	<b>215</b>	<b>181</b>	<b>98</b>	<b>212</b>	<b>298</b>	<b>41</b>	<b>38</b>	<b>1,019</b>	<b>607</b>	<b>(40)</b>	<b>955</b>
Extraordinaries, GW & FX	6	(8)	(7)	5	(2)	(133)	(126)	12	(4)	n/a	0
<b>Reported net profit</b>	<b>222</b>	<b>173</b>	<b>91</b>	<b>216</b>	<b>296</b>	<b>37</b>	<b>34</b>	<b>1,031</b>	<b>604</b>	<b>(41)</b>	<b>955</b>
Outstanding shares (m)	795	795	795	795	795	0	0	795	795	0	795
<b>Core EPS (THB)</b>	<b>0.27</b>	<b>0.23</b>	<b>0.12</b>	<b>0.27</b>	<b>0.37</b>	<b>41</b>	<b>38</b>	<b>1.28</b>	<b>0.76</b>	<b>(40)</b>	<b>1.20</b>
<b>EPS (THB)</b>	<b>0.28</b>	<b>0.22</b>	<b>0.11</b>	<b>0.27</b>	<b>0.37</b>	<b>37</b>	<b>34</b>	<b>1.30</b>	<b>0.76</b>	<b>(41)</b>	<b>1.20</b>
COGS (excl. depreciation)	1,558	1,577	1,449	1,609	1,521	(6)	(2)	4,880	4,579	(6)	6,124
Depreciation	301	303	298	296	294	(1)	(2)	917	888	(3)	1,262
EBITDA	527	512	417	571	655	15	24	2,076	1,644	(21)	2,463
<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	36	36	34	36	38	1	2	39	36	(2)	37
SG&A/Revenue	29	29	31	28	28	0	(1)	27	29	2	28
EBITDA margin	18	17	16	19	22	3	4	22	19	(3)	21
Net profit margin	8	6	3	7	10	3	3	11	7	(4)	8
<b>Operating stats</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>						
Hospital revenue growth	(39)	(39)	(35)	23	0						
OPD revenue growth	(42)	(42)	(34)	23	n/a						
IPD revenue growth	(35)	(35)	(37)	23	n/a						
International patient revenue growth	(60)	(60)	(54)	19	(4)						
Thai patient revenue growth	3	4	1	27	4						

Sources: BH; FSSIA estimate

## Exhibit 8: DCF valuation

Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	0.7		
Cost of equity, Ke	8.6	Net cost of debt, Kd	2.8
Weight applied	87.0	Weight applied	13.0
WACC	7.8		
<b>DCF valuation estimate</b>	<b>(THB b)</b>	<b>(THB/share)</b>	<b>Comments</b>
NPV	47.9	51.9	WACC 7.8%, Risk-free rate 3%, Risk premium 8%
Terminal value	103.6	112.3	Terminal growth 3%
Cash & liquid assets	7.7	8.4	At end-2022E
Investments	0.1	0.1	At end-2022E
Debt	(2.1)	(2.3)	At end-2022E
Minorities	(0.3)	(0.4)	At end-2022E
<b>Residual ordinary equity</b>	<b>156.9</b>	<b>170.0</b>	

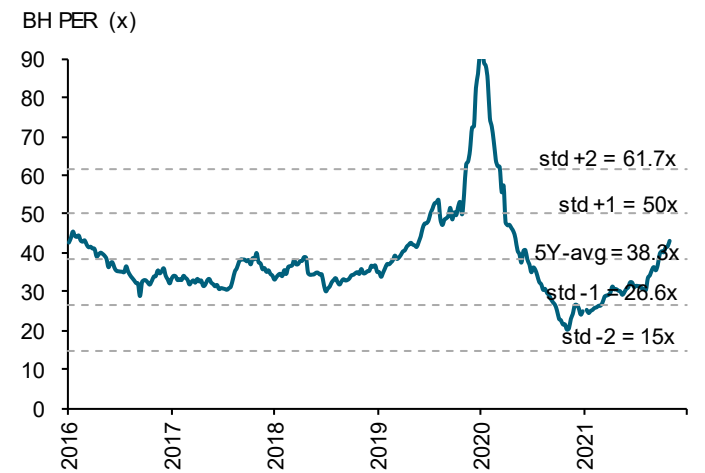
Source: FSSIA estimates

## Exhibit 9: Changes in key assumptions

	Current			Previous			Change		
	2021E (THB b)	2022E (THB b)	2023E (THB b)	2021E (THB b)	2022E (THB b)	2023E (THB b)	2021E (%)	2022E (%)	2023E (%)
OPD patient revenue	6.0	7.6	10.1	6.0	8.0	9.8	(1.0)	(5.3)	2.7
IPD patient revenue	5.7	7.3	9.1	5.9	7.8	8.7	(3.2)	(7.0)	4.9
Thai patient revenue	6.4	7.0	7.2	6.4	6.6	6.8	0.2	6.0	6.0
International patient revenue	5.3	7.9	12.0	5.5	9.3	11.7	(4.7)	(14.7)	2.4
Revenue	11.7	15.0	19.3	12.0	15.9	18.6	(2.1)	(6.1)	3.7
EBITDA Margin (%)	19.9	28.1	32.6	19.9	26.4	32.1	0.0	1.7	0.5
Core profit	1.0	2.4	4.1	1.0	2.4	3.8	(0.0)	0.1	6.8

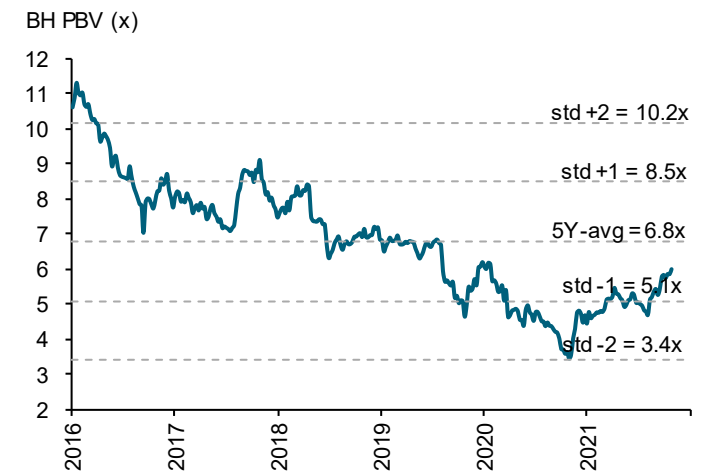
Note: Change of items in percentage terms are represented in ppt change  
Source: FSSIA estimates

## Exhibit 10: One-year forward rolling P/E band



Sources: Bloomberg; FSSIA estimates

## Exhibit 11: One-year forward rolling P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 12: Peer comparisons as of 3 Nov 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	23.60	29.00	22.9	11,259	54.3	37.2	8.1	11.6	4.5	4.2	24.1	18.5
Bumrungrad Hospital	BH TB	BUY	153.00	170.00	11.1	3,650	127.5	51.5	5.4	13.2	7.1	6.5	51.0	27.7
Bangkok Chain Hospital	BCH TB	BUY	19.80	28.50	43.9	1,482	11.7	26.8	48.6	17.8	4.7	4.9	7.9	15.1
Chularat Hospital	CHG TB	BUY	3.72	4.70	26.3	1,228	17.0	29.0	48.6	24.0	7.0	7.0	11.7	18.6
Praram 9 Hospital	PR9 TB	BUY	10.90	14.00	28.4	257	43.3	23.9	4.7	8.3	2.0	1.9	14.8	10.6
Thonburi Healthcare Group	THG TB	HOLD	33.75	27.50	(18.5)	855	99.6	68.8	3.6	5.2	3.6	3.5	28.1	25.4
Vibhavadi Medical Center	VIBHA TB	BUY	2.22	2.80	26.1	905	46.6	37.4	8.6	8.8	3.6	2.7	28.5	24.4
Ramkhamhaeng Hospital	RAM TB	BUY	153.50	225.00	46.6	1,106	21.6	21.1	13.6	13.9	3.0	2.8	15.2	15.1
Rajthanee Hospital	RJH TB	n/a	31.75	n/a	n/a	279	14.4	20.2	39.7	25.8	6.4	5.4	9.3	13.0
Ekachai Medical Care	EKH TB	n/a	7.75	n/a	n/a	140	18.2	26.0	26.5	16.5	5.4	4.8	11.0	14.5
<b>Thailand average</b>						<b>21,161</b>	<b>45.4</b>	<b>34.2</b>	<b>20.7</b>	<b>14.5</b>	<b>4.7</b>	<b>4.4</b>	<b>20.2</b>	<b>18.3</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	72.36	n/a	n/a	12,309	35.2	32.3	11.3	12.1	4.0	4.0	13.2	12.4
Ihh Healthcare Bhd	IHH SP	n/a	2.09	n/a	n/a	13,599	42.6	37.2	5.8	6.1	2.4	2.4	17.1	16.0
Ryman Healthcare	RYM NZ	n/a	14.10	n/a	n/a	5,032	30.3	24.9	12.2	8.8	3.1	2.8	34.0	25.1
Apollo Hospitals Enterprise	APHS IN	n/a	4,439	n/a	n/a	8,566	743.4	76.4	2.4	15.8	17.6	15.1	58.3	31.4
Kpj Healthcare Berhad	KPJ MK	n/a	1.13	n/a	n/a	1,172	59.5	26.9	3.9	8.7	2.5	2.3	16.3	12.3
Raffles Medical Group	RFMD SP	n/a	1.35	n/a	n/a	1,869	32.9	32.9	8.4	8.6	2.9	2.7	18.3	17.3
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,260	n/a	n/a	2,210	28.7	30.4	20.7	18.0	6.5	5.6	18.2	19.4
Aier Eye Hospital Group	300015 CH	n/a	47.55	n/a	n/a	40,196	105.4	80.2	20.3	22.2	30.1	20.8	61.3	48.6
<b>Regional average</b>						<b>84,954</b>	<b>134.8</b>	<b>42.6</b>	<b>10.6</b>	<b>12.5</b>	<b>8.7</b>	<b>7.0</b>	<b>29.6</b>	<b>22.8</b>
<b>Overall average</b>						<b>106,116</b>	<b>85.1</b>	<b>37.9</b>	<b>16.3</b>	<b>13.6</b>	<b>6.5</b>	<b>5.5</b>	<b>24.3</b>	<b>20.3</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Bumrungrad Hospital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	18,474	12,362	11,724	14,958	19,259
Cost of goods sold	(8,968)	(6,457)	(6,124)	(7,330)	(8,956)
<b>Gross profit</b>	<b>9,507</b>	<b>5,905</b>	<b>5,600</b>	<b>7,628</b>	<b>10,303</b>
Other operating income	-	-	-	-	-
Operating costs	(3,699)	(3,394)	(3,266)	(3,419)	(4,017)
<b>Operating EBITDA</b>	<b>5,807</b>	<b>2,511</b>	<b>2,334</b>	<b>4,209</b>	<b>6,286</b>
Depreciation	(1,223)	(1,220)	(1,262)	(1,320)	(1,344)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>4,584</b>	<b>1,291</b>	<b>1,072</b>	<b>2,889</b>	<b>4,942</b>
Net financing costs	32	0	(6)	(38)	9
Associates	(3)	(2)	(2)	(3)	(3)
Recurring non-operating income	82	75	127	82	85
Non-recurring items	(135)	5	0	0	0
<b>Profit before tax</b>	<b>4,563</b>	<b>1,371</b>	<b>1,192</b>	<b>2,933</b>	<b>5,035</b>
Tax	(802)	(150)	(227)	(558)	(957)
<b>Profit after tax</b>	<b>3,760</b>	<b>1,221</b>	<b>965</b>	<b>2,375</b>	<b>4,078</b>
Minority interests	(13)	(17)	(10)	(13)	(13)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>3,748</b>	<b>1,204</b>	<b>955</b>	<b>2,363</b>	<b>4,066</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>135</b>	<b>(5)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>3,883</b>	<b>1,199</b>	<b>955</b>	<b>2,363</b>	<b>4,066</b>
<b>Per share (THB)</b>					
Recurring EPS *	5.33	1.51	1.20	2.97	5.11
Reported EPS	5.14	1.51	1.20	2.97	5.11
DPS	2.95	3.20	3.05	0.80	1.78
Diluted shares (used to calculate per share data)	729	796	796	796	796
<b>Growth</b>					
Revenue (%)	0.8	(33.1)	(5.2)	27.6	28.8
Operating EBITDA (%)	(5.9)	(56.8)	(7.0)	80.3	49.3
Operating EBIT (%)	(8.2)	(71.8)	(16.9)	169.5	71.1
Recurring EPS (%)	(6.6)	(71.7)	(20.4)	147.3	72.1
Reported EPS (%)	(9.7)	(70.6)	(20.7)	147.3	72.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	44.8	37.9	37.0	42.2	46.5
Gross margin of key business (%)	44.8	37.9	37.0	42.2	46.5
Operating EBITDA margin (%)	31.4	20.3	19.9	28.1	32.6
Operating EBIT margin (%)	24.8	10.4	9.1	19.3	25.7
Net margin (%)	21.0	9.7	8.1	15.8	21.1
Effective tax rate (%)	17.1	10.9	19.0	19.0	19.0
Dividend payout on recurring profit (%)	55.4	212.1	254.1	27.1	34.9
Interest cover (X)	(145.6)	(5,021.5)	200.7	78.5	(575.5)
Inventory days	14.7	18.1	18.0	16.0	15.9
Debtor days	52.4	73.1	63.2	41.6	27.6
Creditor days	37.3	44.5	40.9	36.5	36.2
Operating ROIC (%)	30.6	8.7	6.3	16.8	31.1
ROIC (%)	27.6	8.3	6.6	16.2	29.6
ROE (%)	20.2	6.2	5.4	13.2	20.2
ROA (%)	15.2	4.8	4.2	10.3	15.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Thai patient revenue	6,627	5,924	6,409	6,986	7,196
International patient revenue	11,782	6,392	5,267	7,929	12,025
Other revenue	65	47	47	43	38

Sources: Bumrungrad Hospital; FSSIA estimates

## Financial Statements

### Bumrungrad Hospital

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	3,883	1,199	955	2,363	4,066
Depreciation	1,223	1,220	1,262	1,320	1,344
Associates & minorities	-	-	-	-	-
Other non-cash items	938	(370)	10	13	13
Change in working capital	(223)	(172)	278	643	651
<b>Cash flow from operations</b>	<b>5,822</b>	<b>1,877</b>	<b>2,506</b>	<b>4,339</b>	<b>6,073</b>
Capex - maintenance	(2,566)	(1,073)	(2,608)	(1,086)	(770)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,174)	1,320	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(3,741)</b>	<b>246</b>	<b>(2,608)</b>	<b>(1,086)</b>	<b>(770)</b>
Dividends paid	(2,151)	(2,544)	(2,427)	(640)	(1,418)
Equity finance	0	230	0	0	0
Debt finance	(166)	93	(500)	0	0
Other financing cash flows	(275)	(254)	0	0	0
<b>Cash flow from financing</b>	<b>(2,592)</b>	<b>(2,476)</b>	<b>(2,927)</b>	<b>(640)</b>	<b>(1,418)</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>(510)</b>	<b>(352)</b>	<b>(3,029)</b>	<b>2,612</b>	<b>3,885</b>
Free cash flow to firm (FCFF)	2,208.32	2,251.07	26.37	3,367.31	5,417.35
Free cash flow to equity (FCFE)	1,640.51	1,961.78	(602.19)	3,252.50	5,302.54

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	2.39	2.44	0.03	3.65	5.87
FCFE per share	1.78	2.13	(0.65)	3.52	5.75
Recurring cash flow per share	8.29	2.57	2.80	4.64	6.81

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	23,969	24,861	27,469	28,555	29,326
Less: Accumulated depreciation	(11,338)	(12,337)	(13,599)	(14,919)	(16,263)
<b>Tangible fixed assets (net)</b>	<b>12,632</b>	<b>12,525</b>	<b>13,870</b>	<b>13,636</b>	<b>13,062</b>
<b>Intangible fixed assets (net)</b>	<b>67</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,396	76	76	76	76
Cash & equivalents	8,490	8,138	5,109	7,721	11,606
A/C receivable	2,748	2,206	1,854	1,555	1,362
Inventories	330	309	293	351	429
Other current assets	168	148	140	179	231
<b>Current assets</b>	<b>11,736</b>	<b>10,801</b>	<b>7,396</b>	<b>9,806</b>	<b>13,628</b>
Other assets	351	757	757	757	757
<b>Total assets</b>	<b>26,181</b>	<b>24,222</b>	<b>22,163</b>	<b>24,338</b>	<b>27,586</b>
Common equity	19,973	18,532	17,060	18,782	21,430
Minorities etc.	292	305	315	328	340
<b>Total shareholders' equity</b>	<b>20,265</b>	<b>18,837</b>	<b>17,375</b>	<b>19,110</b>	<b>21,771</b>
Long term debt	2,495	2,587	2,087	2,087	2,087
Other long-term liabilities	782	914	914	914	914
<b>Long-term liabilities</b>	<b>3,277</b>	<b>3,501</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>
A/C payable	870	704	668	799	977
Short term debt	0	0	0	0	0
Other current liabilities	1,769	1,179	1,119	1,427	1,837
<b>Current liabilities</b>	<b>2,639</b>	<b>1,884</b>	<b>1,786</b>	<b>2,226</b>	<b>2,814</b>
<b>Total liabilities and shareholders' equity</b>	<b>26,181</b>	<b>24,222</b>	<b>22,163</b>	<b>24,338</b>	<b>27,586</b>
Net working capital	607	779	501	(142)	(793)
Invested capital	15,052	14,200	15,267	14,390	13,166

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

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	27.40	23.29	21.44	23.60	26.93
Tangible book value per share	27.31	23.21	21.36	23.52	26.85

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	(29.6)	(29.5)	(17.4)	(29.5)	(43.7)
Net debt/total assets (%)	(22.9)	(22.9)	(13.6)	(23.1)	(34.5)
Current ratio (x)	4.4	5.7	4.1	4.4	4.8
CF interest cover (x)	(50.2)	(7,210.9)	(99.9)	86.9	(606.1)

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>28.7</b>	<b>101.5</b>	<b>127.5</b>	<b>51.5</b>	<b>29.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>31.9</b>	<b>112.8</b>	<b>141.6</b>	<b>57.3</b>	<b>33.3</b>
Reported P/E (x)	29.8	101.1	127.5	51.5	29.9
Dividend yield (%)	1.9	2.1	2.0	0.5	1.2
Price/book (x)	5.6	6.6	7.1	6.5	5.7
Price/tangible book (x)	5.6	6.6	7.2	6.5	5.7
EV/EBITDA (x) **	18.2	46.4	51.0	27.7	17.9
EV/EBITDA @ target price (x) **	20.4	51.8	56.8	30.9	20.1
EV/invested capital (x)	7.0	8.2	7.8	8.1	8.6

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

Sources: Bumrungrad 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	SCC	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	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	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)

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

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

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### ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bumrungrad Hospital	BH TB	THB 153.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Dusit Medical Services	BDMS TB	THB 23.60	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.
Chularat Hospital	CHG TB	THB 3.72	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.
Bangkok Chain Hospital	BCH TB	THB 19.80	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Praram 9 Hospital	PR9 TB	THB 10.90	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 33.75	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 2.22	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 153.50	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.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 03-Nov-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.