

8 NOVEMBER 2021

THAILAND / HEALTHCARE

# RAMKHAMHAENG HOSPITAL

## BUY

UNCHANGED

# RAM TB

TARGET PRICE	THB45.00
CLOSE	THB32.00
UP/DOWNSIDE	+40.6%
PRIOR TP	THB45.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.0%

## Healthier earnings and liquidity

### Expect 3Q21 core profit to jump four-fold y-y to THB579m

We expect the revenues of RAM flagship and Vibharam group (VBR; RAM holds a 50% stake) to grow by 10% q-q and 80% q-q, respectively, led by Covid-related services which we estimate to contribute around 15-20% for RAM flagship and 60% for VBR, up from 8% and 40% in 2Q21. Share income should also grow by 15% q-q, as all associate hospitals should benefit from Covid-related services. We expect dividend income to drop by 60-70% on the low season for dividend payments. Overall, we forecast 3Q21 core profit to grow by 436% y-y and 15% q-q to THB579m.

### Organic growth should resume in 4Q21 onward

Although Covid-related revenue should slow down in 4Q21, we expect non-Covid patient revenue to partially offset Covid patient revenue. In addition, RAM should start to book Moderna vaccination revenue from 4Q21 on. Overall, we estimate 4Q21 core profit to continue to grow on a y-y basis, but should decline q-q due to lower Covid-related revenue. We also expect RAM to maintain strong earnings of cTHB1.7b-1.8b in 2022, exceeding the pre-Covid level by c20%, led by organic growth, especially for VBR which recently turned profitable and entered a harvesting period.

### Trading liquidity may improve after splitting par

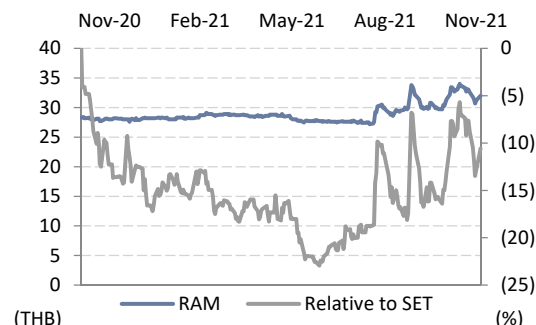
At its recent EGM, shareholders approved a par split from THB0.5/shr to THB0.1/shr and to trade at the new par effective on 9 Nov-21. In addition, shareholders also approved capital raising of 60m newly issued shares (at the par of THB0.1/shr, equivalent to 5% of total paid-up shares) via private placement under general mandate. RAM would get proceeds of up to cTHB1.9b (based on the current share price). This would not only strengthen its balance sheet to support four new greenfield projects over 2022-24, but also improve its free float from 20% currently. These two transactions should improve its trading liquidity and turn the market's attention to RAM.

### Re-rating from strong earnings and improving trading liquidity

RAM is trading at a cheap valuation of 22x 2022E P/E, lower than its peers' average of 38x. We expect its valuation will gradually re-rate to its peers' level after its trading liquidity improves. RAM is the cheapest investing option for a hospital chain in Thailand, with a market cap/bed of only THB21m vs the THB34m average for other hospital chains. Note that our target price after the par split is THB45/shr (unchanged from THB225/shr at THB0.5/shr).

## 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)	0.53	1.42	1.46	1.60
vs Consensus (%)	-	0.0	0.1	-
EBITDA	1,404	3,348	3,295	3,549
Core net profit	632	1,704	1,750	1,921
Core EPS (THB)	0.53	1.42	1.46	1.60
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(57.1)	169.6	2.7	9.8
Core P/E (x)	60.8	22.5	21.9	20.0
Dividend yield (%)	2.3	2.7	3.2	3.5
EV/EBITDA (x)	37.2	15.7	15.6	14.2
Price/book (x)	3.0	3.1	3.0	2.8
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 (%)	1.9	6.0	13.9
Relative to country (%)	2.7	(0.8)	(11.8)
Mkt cap (USD m)			1,163
3m avg. daily turnover (USD m)			1.0
Free float (%)			20
Major shareholder			F&S 79 (23%)
12m high/low (THB)			34.60/27.10
Issued shares (m)			1,200.00

Par value changed to THB0.1/shr from THB0.5/shr, effective on 9 Nov-21  
 Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

RAM 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. Shareholders at an EGM recently approved a par split. This will improve its trading liquidity going forward.

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.

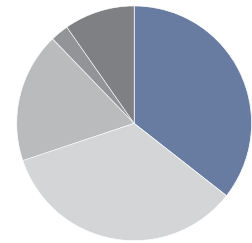
### Company profile

RAM is a private hospital which opened in 1988. Currently, RAM operates 17 hospitals with a capacity of more than 2,000 beds. It is 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)

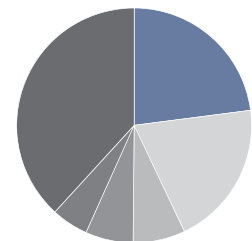
- Cash patient - OPD - 35.6 %
- Cash patient - IPD - 34.3 %
- SSO - 17.9 %
- NHSO - 2.5 %
- Sales of medical equipment - 9.7 %



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
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.

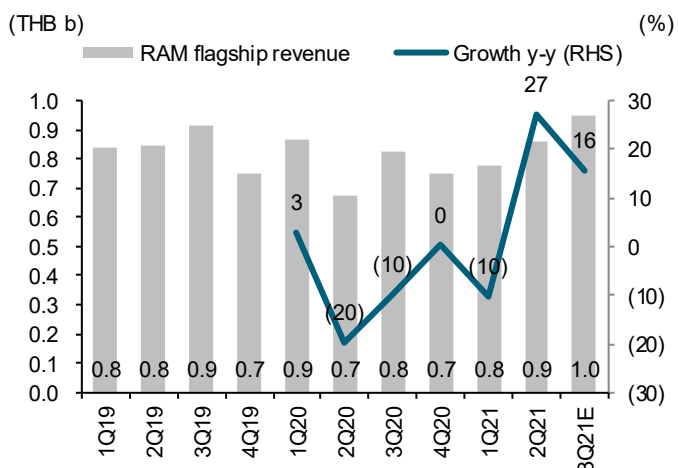
Source: FSSIA estimates

**Exhibit 1: 3Q21E results preview**

FY ending Dec	3Q20	4Q20	1Q21	2Q21	3Q21E	----- Change -----		9M20	9M21E	Chg.	2021E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
Sales	1,763	2,167	2,194	2,550	3,715	46	111	5,656	8,459	50	9,789
COGS (incl depreciation)	(1,502)	(1,602)	(1,718)	(1,826)	(2,526)	38	68	(4,622)	(6,070)	31	(7,085)
<b>Gross profit</b>	<b>262</b>	<b>565</b>	<b>476</b>	<b>724</b>	<b>1,189</b>	<b>64</b>	<b>355</b>	<b>1,034</b>	<b>2,389</b>	<b>131</b>	<b>2,704</b>
SG&A	(284)	(311)	(341)	(359)	(400)	11	41	(948)	(1,100)	16	(1,420)
<b>Operating profit</b>	<b>(23)</b>	<b>253</b>	<b>135</b>	<b>365</b>	<b>789</b>	<b>116</b>	<b>nm</b>	<b>85</b>	<b>1,289</b>	<b>1,410</b>	<b>1,284</b>
Dividend income	22	5	79	126	30	(76)	39	224	235	5	321
Net other income	56	28	23	31	31	0	(45)	113	84	(25)	133
Interest expenses	(56)	(55)	(56)	(60)	(60)	0	6	(156)	(175)	12	(242)
<b>Pretax profit</b>	<b>(2)</b>	<b>232</b>	<b>181</b>	<b>462</b>	<b>790</b>	<b>71</b>	<b>nm</b>	<b>266</b>	<b>1,432</b>	<b>438</b>	<b>1,495</b>
Income Tax	(43)	(40)	(26)	(41)	(158)	281	268	(108)	(226)	109	(254)
Associates	41	73	141	177	204	15	397	46	522	1,028	623
Minority interest	111	(26)	44	(93)	(257)	177	(331)	189	(306)	(262)	(160)
<b>Core profit</b>	<b>108</b>	<b>239</b>	<b>339</b>	<b>505</b>	<b>579</b>	<b>15</b>	<b>436</b>	<b>393</b>	<b>1,422</b>	<b>262</b>	<b>1,704</b>
Extraordinaries, GW & FX	0	0	0	0	0			0	0		0.0
<b>Reported net profit</b>	<b>108</b>	<b>239</b>	<b>339</b>	<b>505</b>	<b>579</b>	<b>15</b>	<b>436</b>	<b>393</b>	<b>1,422</b>	<b>262</b>	<b>1,704</b>
Outstanding shares (m)	240	240	240	240	240	0	0	240	240	0	240
<b>Pre-ex EPS (THB)</b>	<b>0.45</b>	<b>1.00</b>	<b>1.41</b>	<b>2.10</b>	<b>2.41</b>	<b>15</b>	<b>436</b>	<b>1.6</b>	<b>5.9</b>	<b>262</b>	<b>7.10</b>
<b>EPS (THB)</b>	<b>0.45</b>	<b>1.00</b>	<b>1.41</b>	<b>2.10</b>	<b>2.41</b>	<b>15</b>	<b>436</b>	<b>1.6</b>	<b>5.9</b>	<b>262</b>	<b>7.10</b>
COGS excl. depreciation	(1,322)	(1,398)	(1,443)	(1,547)	(2,247)	45	70	(4,109)	(5,237)	27	(5,965)
Depreciation	(180)	(204)	(275)	(279)	(279)	0	55	(513)	(833)	63	(1,120)
EBITDA	178	436	455	741	1,069	44	500	779	2,265	191	2,616
<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	15	26	22	28	32	4	17	18	28	10	28
SG&A/Revenue	16	14	16	14	11	(3)	(5)	17	13	(4)	15
EBITDA margin	10	20	21	29	29	(0)	19	13	27	13	26
Net profit margin	6	11	15	20	16	(4)	9	7	17	10	17
<b>Operating stats</b>											
Ramkhamhaeng hospital revenue growth (y-y %)			(10)	27	16						
Ramkhamhaeng EBITDA margin (%)	28	30	30	30	n/a						
Subsidiary hospital revenue growth (y-y %)			5	41	173						
Subsidiary EBITDA margin (%)	(11)	(3)	10	20	n/a						
Share income - Synphaet (THB m)	13	13	68	61	n/a						
Share income - Sukhumvit (THB m)	24	24	15	39	n/a						
Share income - Chiangmai Ram (THB m)	1	(7)	37	4	n/a						
Share income - VIBHA (THB m)	9	18	17	35	n/a						
Share income - RJH (THB m)	14	17	13	16	n/a						

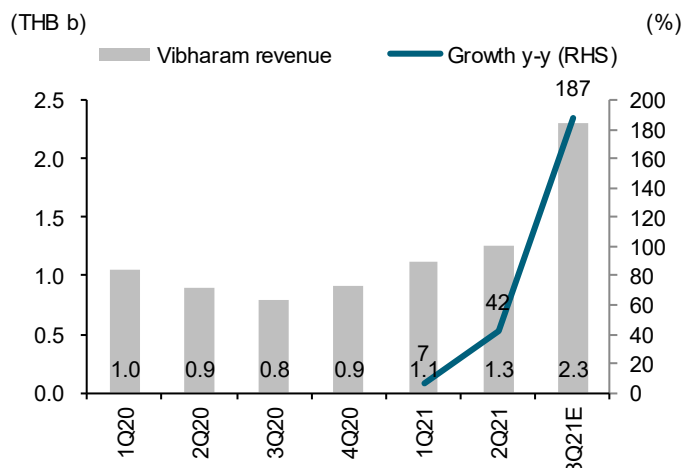
Sources: RAM; FSSIA estimates

**Exhibit 2: RAM flagship revenue**



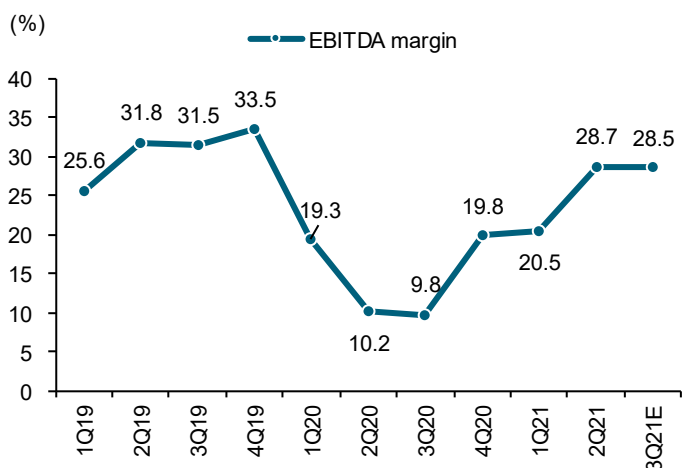
Sources: RAM; FSSIA estimates

**Exhibit 3: VBR revenue**



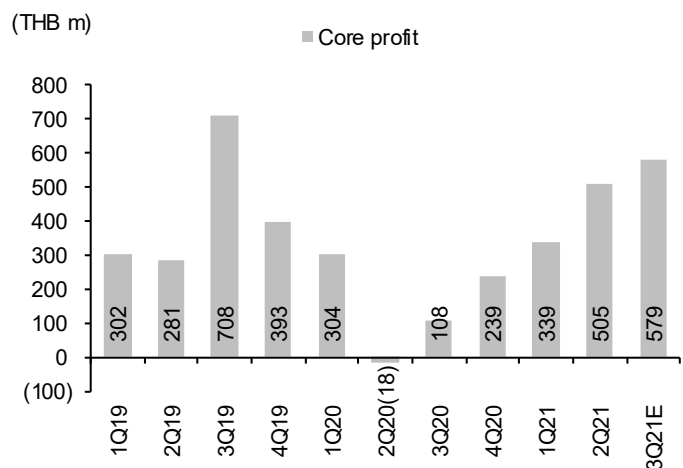
Sources: RAM; FSSIA estimates

**Exhibit 4: EBITDA margin**



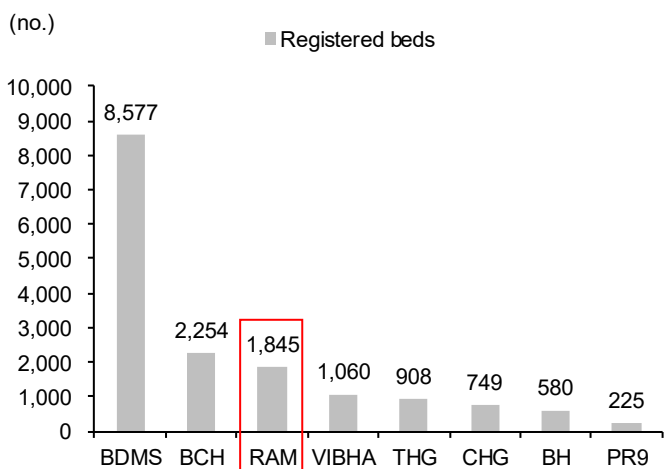
Sources: RAM; FSSIA estimates

**Exhibit 5: Core profit**



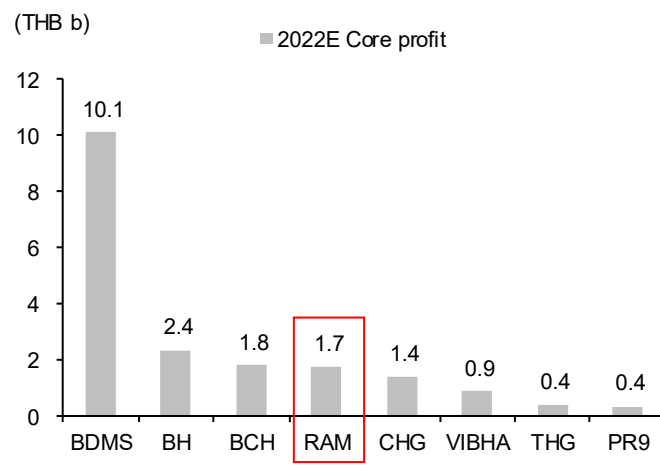
Sources: RAM; FSSIA estimates

**Exhibit 6: Comparison of number of registered beds**



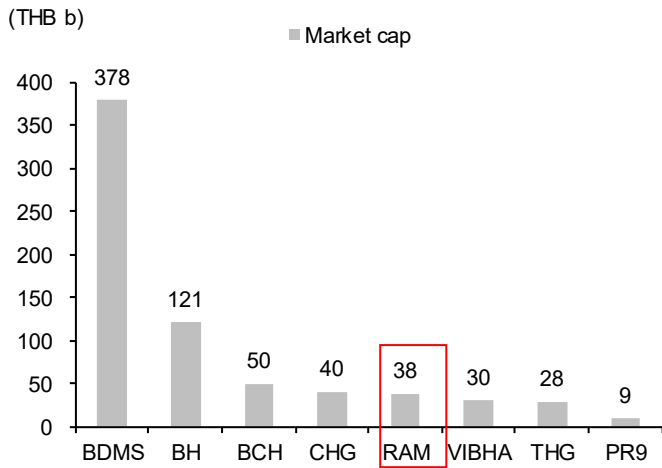
Note: Registered beds of RAM, VIBHA and THG based on shareholder stake  
Source: FSSIA estimates

**Exhibit 7: Comparison of 2022E core profit**



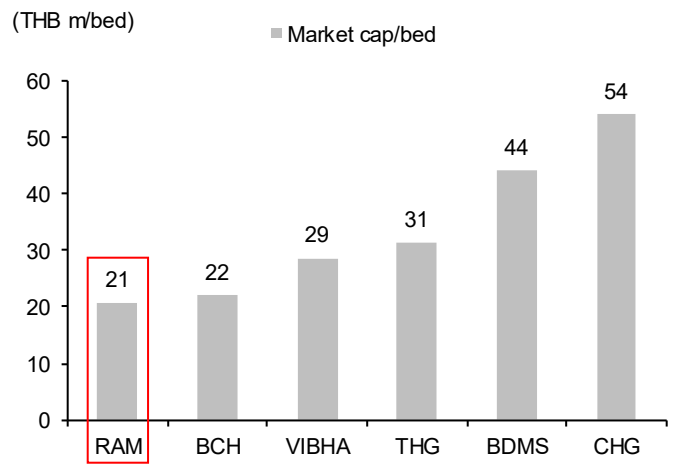
Source: FSSIA estimates

**Exhibit 8: Comparison of market capital**



Source: FSSIA estimates

**Exhibit 9: Market capital per bed**



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

**Exhibit 10: 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	20.4	WACC 8.0%, Risk-free rate 3%, Risk premium 8%
Terminal value	48.5	40.4	Terminal growth 3%
Cash & liquid assets	0.6	0.5	At end-2022E
Investments	0.0	0.0	At end-2022E
Debt	(8.5)	(7.1)	At end-2022E
Minorities	(5.2)	(4.3)	At end-2022E
Residual ordinary equity	60.0	50.0	
<b>Final TP</b>		<b>45.0</b>	<b>Applied 10% liquidity discount</b>

Source: FSSIA estimates

**Exhibit 11: Peers comparison as of 8 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	23.80	29.00	21.8	11,459	54.7	37.5	8.1	11.6	4.5	4.2	24.3	18.7
Bumrungrad Hospital	BH TB	BUY	152.50	170.00	11.5	3,671	127.0	51.4	5.4	13.2	7.1	6.5	50.8	27.6
Bangkok Chain Hospital	BCH TB	BUY	19.90	28.50	43.2	1,503	11.7	26.9	48.6	17.8	4.7	4.9	7.9	15.1
Chularat Hospital	CHG TB	BUY	3.68	4.70	27.7	1,226	16.8	28.7	48.6	24.0	6.9	6.9	11.6	18.4
Praram 9 Hospital	PR9 TB	BUY	11.00	14.00	27.3	262	43.7	24.1	4.7	8.3	2.0	1.9	14.9	10.7
Thonburi Healthcare Group	THG TB	HOLD	33.75	27.50	(18.5)	863	99.6	68.8	3.6	5.2	3.6	3.5	28.1	25.4
Vibhavadi Medical Center	VIBHA TB	BUY	2.24	2.80	25.0	921	47.0	37.8	8.6	8.8	3.6	2.8	28.7	24.6
Ramkhamhaeng Hospital	RAM TB	BUY	32.00	45.00	40.6	1,163	22.5	21.9	13.6	13.9	3.1	3.0	15.7	15.6
Rajthanee Hospital	RJH TB	n/a	32.25	n/a	n/a	288	14.6	20.5	39.7	25.8	6.5	5.5	9.5	13.2
Ekachai Medical Care	EKH TB	n/a	7.65	n/a	n/a	139	17.9	25.5	26.5	16.5	5.3	4.7	10.8	14.2
<b>Thailand average</b>						<b>21,496</b>	<b>45.6</b>	<b>34.3</b>	<b>20.7</b>	<b>14.5</b>	<b>4.7</b>	<b>4.4</b>	<b>20.2</b>	<b>18.4</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	72.98	n/a	n/a	12,381	35.5	32.6	11.3	12.1	4.1	4.0	13.3	12.5
Ihh Healthcare Bhd	IHH SP	n/a	2.10	n/a	n/a	13,687	42.9	37.4	5.8	6.1	2.5	2.4	17.1	16.0
Ryman Healthcare	RYM NZ	n/a	14.49	n/a	n/a	5,194	31.2	25.6	12.2	8.8	3.2	2.9	34.7	25.7
Apollo Hospitals Enterprise	APHS IN	n/a	4,405	n/a	n/a	8,548	737.8	75.8	2.4	15.8	17.4	15.0	57.9	31.1
Kpj Healthcare Berhad	KPJ MK	n/a	1.12	n/a	n/a	1,162	58.9	26.7	3.9	8.4	2.5	2.2	16.2	12.2
Raffles Medical Group	RFMD SP	n/a	1.39	n/a	n/a	1,928	33.9	33.9	8.4	8.6	3.0	2.8	18.9	17.8
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,250	n/a	n/a	2,248	29.0	30.7	20.6	18.0	6.6	5.7	18.6	19.6
Aier Eye Hospital Group	300015 CH	n/a	47.70	n/a	n/a	40,323	105.8	80.4	20.2	22.2	30.2	20.8	61.5	48.7
<b>Regional average</b>						<b>85,471</b>	<b>134.4</b>	<b>42.9</b>	<b>10.6</b>	<b>12.5</b>	<b>8.7</b>	<b>7.0</b>	<b>29.8</b>	<b>23.0</b>
<b>Overall average</b>						<b>106,967</b>	<b>85.0</b>	<b>38.1</b>	<b>16.2</b>	<b>13.6</b>	<b>6.5</b>	<b>5.5</b>	<b>24.5</b>	<b>20.4</b>

Sources: Bloomberg; FSSIA estimates

## 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 *	1.23	0.53	1.42	1.46	1.60
Reported EPS	1.20	0.53	1.42	1.46	1.60
DPS	0.72	0.72	0.85	1.02	1.12
Diluted shares (used to calculate per share data)	1,200	1,200	1,200	1,200	1,200
<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	(1.57)	(7.24)	1.91	2.02	2.21
FCFE per share	1.00	0.34	0.46	1.14	1.51
Recurring cash flow per share	1.33	1.70	2.49	2.46	2.64

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	10.53	10.67	10.20	10.81	11.39
Tangible book value per share	10.52	10.33	9.86	10.47	11.05

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>26.1</b>	<b>60.8</b>	<b>22.5</b>	<b>21.9</b>	<b>20.0</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)	26.7	60.8	22.5	21.9	20.0
Dividend yield (%)	2.3	2.3	2.7	3.2	3.5
Price/book (x)	3.0	3.0	3.1	3.0	2.8
Price/tangible book (x)	3.0	3.1	3.2	3.1	2.9
EV/EBITDA (x) **	25.3	37.2	15.7	15.6	14.2
EV/EBITDA @ target price (x) **	34.6	48.3	20.4	20.3	18.6
EV/invested capital (x)	2.5	1.9	1.9	1.9	1.9

\* 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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	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)

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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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Ramkhamhaeng Hospital	RAM TB	THB 32.00	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.
Bangkok Dusit Medical Services	BDMS TB	THB 23.80	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 152.50	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 19.90	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 3.68	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 11.00	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) 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 2.24	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

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All share prices are as at market close on 08-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.