

18 NOVEMBER 2021

THAILAND / HEALTHCARE

# CHULARAT HOSPITAL CHG TB

## BUY

UNCHANGED

TARGET PRICE	THB4.70
CLOSE	THB3.66
UP/DOWNSIDE	+28.4%
PRIOR TP	THB4.70
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+7.7%

## 3Q21 ออกมาเกินคาด

### 3Q21 สูงเป็นประวัติการณ์ ซึ่งดีเกินคาด

CHG รายงานกำไรจากการดำเนินงานสูงเป็นประวัติการณ์ที่ 1.6 พัน ลบ. ใน 3Q21 (+455% y-y, +171% q-q) สูงกว่าที่เราคาด 35% และสูงกว่าที่ตลาดคาด 53% ส่วนมากมาจากรายได้และ EBITDA margin ที่สูงเกินคาดจากบริการที่เกี่ยวข้องกับ Covid รายได้แบบก้าวกระโดดถึง 201% y-y และ 112% q-q โดยได้ปัจจัยผลักดันจากบริการที่เกี่ยวข้องกับ Covid ซึ่งคิดเป็นประมาณ 69% ของรายได้รวมใน 3Q21 ประกอบด้วยบริการทางการแพทย์สำหรับผู้ป่วย Covid (64%) และบริการตรวจคัดกรอง Covid (5%) โรงพยาบาลใหม่ 2 แห่งพลิกมาทำกำไรและบันทึกกำไรรวมประมาณ 45 ลบ. EBITDA margin กระโดดเป็น 47% (เทียบกับ 39% ใน 2Q21 และ 30% ใน 3Q20

### กำไรจะโตต่อเนื่อง y-y แม้ว่าตัวเลขผู้ติดเชื้อ Covid จะลดลง

ในที่ประชุมนักวิเคราะห์เมื่อวานนี้ ผู้บริหารคาดว่าตัวเลขการใช้เตียงสำหรับผู้ป่วยที่ไม่ได้เป็น Covid จะปรับตัวสูงขึ้นอย่างเห็นได้ชัดเป็นประมาณ 70% ในเดือน พ.ย. จากที่อยู่ในระดับต่ำใน 3Q21 เนื่องจากผู้ป่วย Covid ครองเตียงส่วนมากใน 3Q21 นอกจากนี้รายได้จากสำนักงานประกันสังคม (SSO) ก็น่าจะฟื้นตัวจากตัวเลขการผ่าตัดประเภทโรดที่เพิ่มขึ้น (RW>2) CHG มีแนวโน้มที่จะบันทึกกำไรจากการรักษาโรคเรื้อรังใน 4Q21 เนื่องจากเงินที่ได้จริงสำหรับงบประมาณปี 2020 จะจ่ายใน 4Q21 และน่าจะสูงกว่าตัวเลขค้างจ่าย ในภาพรวมเราคาดว่ากำไรจากการดำเนินงานจะอยู่ในระดับสูงใน 4Q21 โดยจะเพิ่มขึ้นประมาณ 140% y-y เป็น 0.6 พัน ลบ.

### 2 โรงพยาบาลใหม่อยู่ในช่วงการเติบโต

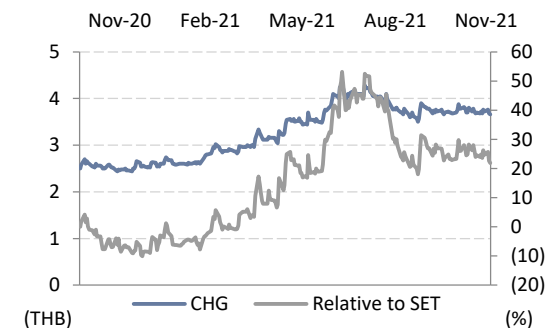
โรงพยาบาลใหม่ 2 แห่งของ CHG ได้พลิกมาทำกำไรแล้ว RPC เป็นโรงพยาบาลสีเขียวที่รักษาเฉพาะผู้ป่วยที่ไม่ได้เป็น Covid ในขณะที่การเติบโตของ CHG304 ส่วนมากมาจากการเติบโตภายในมากกว่าบริการที่เกี่ยวข้องกับ Covid ด้วยเหตุนี้จึงกล่าวได้ว่าผู้บริหารคาดว่ากำไรเติบโตมีแนวโน้มที่จะต่อเนื่องใน 4Q21 เราคาดว่าโรงพยาบาลทั้ง 2 แห่งจะบันทึกกำไรจากการดำเนินงานรวม 60 ลบ. ในปี 2022 และกระโดดเป็น 100 ลบ. ในปี 2023 CHG ได้เปิดเผยถึงแผนการขยายธุรกิจ โดยบริษัท คาดว่าจะเพิ่มจำนวนเตียงอีก 70% จาก 749 ในปัจจุบันเป็น 1,270 เตียงภายในปี 2026 ผ่าน 3 โครงการใหม่ (แม่สอด ศูนย์มะเร็ง และแพรกษา) และการขยายโรงพยาบาลในปัจจุบัน ปัจจัยดังกล่าวจะช่วยหนุนการเติบโตในระยะยาว

### ปรับเพิ่มประมาณการกำไรปี 2021; แนะนำซื้อเพื่อรับการเติบโตภายใน

เราปรับเพิ่มประมาณการกำไรจากการดำเนินงานปี 2021 อีก 25% เพื่อสะท้อนแนวโน้มที่ดีในช่วง 2H21 เราคงประมาณการปี 2022-23 และราคาเป้าหมายปี 2022 ที่ 4.7 บาท/หุ้น (DCF) CHG น่าจะเป็นหนึ่งในไม่กี่บริษัทที่สามารถใช้ประโยชน์จากโรคระบาดและใช้การแพร่ระบาดในการเพิ่มกำไรภายในบริษัท เราคาดว่ากำไรจากการดำเนินงานในปี 2022 จะอยู่ที่ 1.4 พัน ลบ. ซึ่งสูงกว่าระดับในปี 2019 ถึง 100%

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	5,433	10,187	6,433	6,843
Net profit	877	3,002	1,410	1,433
EPS (THB)	0.08	0.27	0.13	0.13
vs Consensus (%)	-	31.1	6.6	4.0
EBITDA	1,457	4,191	2,182	2,237
Core net profit	877	3,002	1,410	1,433
Core EPS (THB)	0.08	0.27	0.13	0.13
Chg. In EPS est. (%)	-	24.6	0.0	0.0
EPS growth (%)	21.9	242.5	(53.0)	1.7
Core P/E (x)	45.9	13.4	28.6	28.1
Dividend yield (%)	1.4	4.5	2.1	2.1
EV/EBITDA (x)	28.2	9.3	18.0	17.3
Price/book (x)	10.0	6.2	6.6	6.0
Net debt/Equity (%)	15.1	(23.6)	(19.3)	(25.8)
ROE (%)	22.7	57.2	22.4	22.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.5)	(10.7)	44.1
Relative to country (%)	(0.9)	(16.2)	18.3
Mkt cap (USD m)	1,230		
3m avg. daily turnover (USD m)	9.8		
Free float (%)	43		
Major shareholder	Kannikar Plussind (18%)		
12m high/low (THB)	4.44/2.40		
Issued shares (m)	11,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 18 พฤศจิกายน 2021

## Investment thesis

CHG opened two new hospitals (RPC and 304 Inter) in 2H18 and they contributed an accumulated loss of THB70m in 2020 (8% of 2020 core profit). Both hospitals have already turned around, and we estimate that this should lead to an EBITDA margin improvement from 24% in 2019 to 29% in 2023.

CHG's revenue contributions from cash patients have gradually increased. This is another key factor to expand its EBITDA margin, in our view, as cash patients have a higher margin than Social Security Office (SSO) patients.

CHG should report strong earnings growth in 2021 led by Covid-related services, including Covid screening tests and Covid patient admissions.

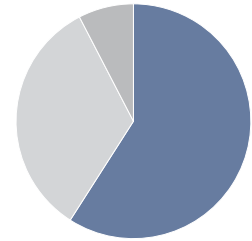
## Company profile

CHG operates a healthcare business covering the eastern part of Bangkok and its nearby provinces. The Group owns nine hospitals and four clinics.

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

## Principal activities (revenue, 2020)

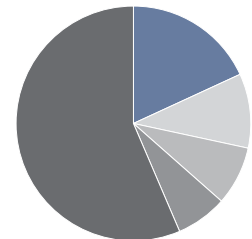
- Cash patient revenue - 59.1 %
- SSO patient revenue - 33.3 %
- NHSO patient revenue - 7.6 %



Source: Chularat Hospital

## Major shareholders

- Kannikar Plussind - 18.1 %
- Apirum Panyapol - 10.3 %
- Kobkul Panyapol - 8.1 %
- Naran Ratipanichvong - 7.1 %
- Others - 56.4 %



Source: Chularat Hospital

## Catalysts

Key potential 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 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.

## Event calendar

Date	Event
Feb 2022	4Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSO volume growth	1	4	1
SSO revenue / patient growth	(2)	2	4
OPD volume growth	20	(5)	6
OPD revenue / patient growth	13	(5)	5
IPD volume growth	(12)	23	9
IPD revenue / patient growth	35	(25)	5

Source: FSSIA estimates

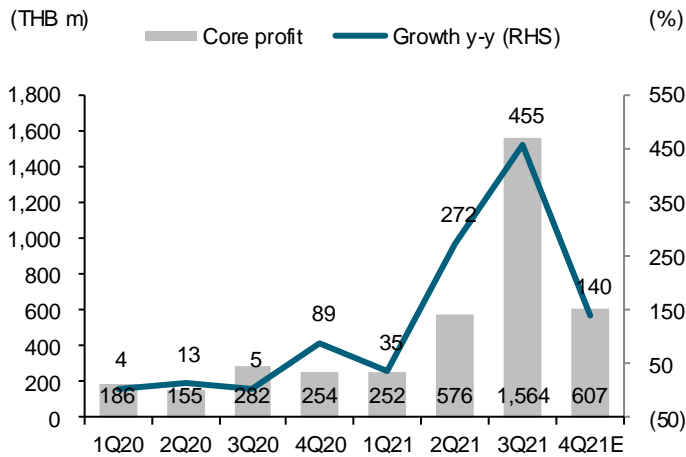
## Earnings sensitivity

- For every 1% increase in patient volume, we project 2021 earnings to rise by 1%, 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

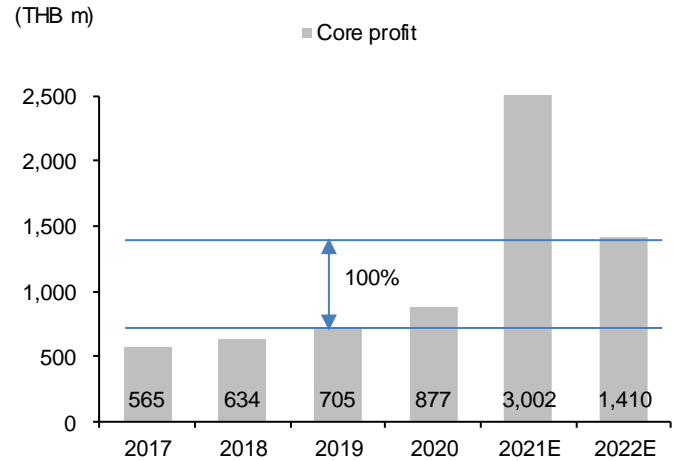


## Exhibit 1: Core profit quarterly forecast



Sources: CHG; FSSIA estimates

## Exhibit 2: 2022 core profit could exceed pre-Covid level by 100%



Sources: CHG; FSSIA estimates

## Exhibit 3: 3Q21 results review

Year to Dec	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>Revenue</b>	<b>1,460</b>	<b>1,511</b>	<b>1,415</b>	<b>2,071</b>	<b>4,390</b>	<b>112</b>	<b>201</b>	<b>3,922</b>	<b>7,876</b>	<b>101</b>	<b>10,187</b>
Cost of sales (Incl. depreciation)	(940)	(1,000)	(995)	(1,206)	(2,159)	79	130	(2,684)	(4,359)	62	(5,729)
<b>Gross profit</b>	<b>520</b>	<b>510</b>	<b>420</b>	<b>865</b>	<b>2,232</b>	<b>158</b>	<b>329</b>	<b>1,238</b>	<b>3,517</b>	<b>184</b>	<b>4,459</b>
SG&A	(171)	(207)	(160)	(206)	(338)	64	98	(466)	(704)	51	(906)
<b>Operating profit</b>	<b>349</b>	<b>303</b>	<b>260</b>	<b>659</b>	<b>1,893</b>	<b>187</b>	<b>443</b>	<b>772</b>	<b>2,813</b>	<b>264</b>	<b>3,553</b>
Other operating income	7	13	57	64	67	5	827	15	189	1,122	260
Interest income	0	1	0	1	0	(84)	(70)	2	1	(61)	3
<b>EBIT</b>	<b>356</b>	<b>317</b>	<b>318</b>	<b>724</b>	<b>1,961</b>	<b>171</b>	<b>451</b>	<b>789</b>	<b>3,002</b>	<b>280</b>	<b>3,816</b>
Interest expense	(9)	(7)	(6)	(5)	(5)	(1)	(40)	(28)	(16)	(43)	(32)
<b>EBT</b>	<b>348</b>	<b>310</b>	<b>312</b>	<b>718</b>	<b>1,956</b>	<b>172</b>	<b>463</b>	<b>761</b>	<b>2,986</b>	<b>292</b>	<b>3,784</b>
Income tax	(70)	(57)	(63)	(143)	(377)	163	438	(162)	(583)	261	(773)
Minority interests	4	0.9	2.3	0.8	(15.3)	(2,087)	(471)	23	(12)	n/a	(9)
<b>Core profit</b>	<b>282</b>	<b>254</b>	<b>252</b>	<b>576</b>	<b>1,564</b>	<b>171</b>	<b>455</b>	<b>623</b>	<b>2,391</b>	<b>284</b>	<b>3,002</b>
Extraordinaries											
<b>Net income</b>	<b>282</b>	<b>254</b>	<b>252</b>	<b>576</b>	<b>1,564</b>	<b>171</b>	<b>455</b>	<b>623</b>	<b>2,391</b>	<b>284</b>	<b>3,002</b>
Core EPS (THB)	0.03	0.02	0.02	0.05	0.14	171	455	0.06	0.22	284	0.27
No of share (m)	11,000	11,000	11,000	11,000	11,000	0	0	33,000	33,000	0	11,000
Cost (Excl. depreciation)	(851)	(912)	(908)	(1,121)	(2,071)	85	143	(2,419)	(4,100)	70	(5,351)
Depreciation & amortisation	(89)	(88)	(87)	(86)	(87)	2	(2)	(266)	(259)	(2)	(378)
<b>EBITDA</b>	<b>445</b>	<b>405</b>	<b>404</b>	<b>809</b>	<b>2,048</b>	<b>153</b>	<b>360</b>	<b>1,053</b>	<b>3,261</b>	<b>210</b>	<b>4,191</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	36	34	30	42	51	9	15	32	45	13	44
SG&A/Revenue	12	14	11	10	8	(2)	(4)	12	9	(3)	9
EBITDA margin	30	27	29	39	47	8	16	27	41	15	41
Net profit margin	19	17	18	28	36	8	16	16	30	14	29
<b>Operating stats</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>						
SSO revenue	12	22	6	2	(29)						
SSO registered members ('000)	443	440	448	457	460						
SSO revenue per head	10	22	5	(0)	(32)						
Cash-OPD revenue	(1)	18	15	86	29						
Cash-OPD visit number	(8)	6	(3)	51	11						
Cash-OPD revenue per head	8	11	18	23	16						
Cash-IPD revenue	(10)	(0)	(10)	40	35						
Cash-IPD admission number	(15)	(1)	(12)	9	(25)						
Cash-IPD revenue per head	6	0	3	29	80						

Sources: CHG; FSSIA estimates

**Exhibit 4: Forecast revisions**

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
SSO registered members ('000)	447	465	470	456	474	479	(1.9)	(1.9)	(1.9)
SSO revenue per head (THB)	4,007	4,087	4,251	4,130	4,212	4,381	(3.0)	(3.0)	(3.0)
Cash-OPD visits per day (no.)	3,093	2,939	3,115	4,331	2,728	2,892	(28.6)	7.7	7.7
Cash-OPD revenue per head (THB)	2,028	1,926	2,023	2,117	1,800	1,890	(4.2)	7.0	7.0
Cash-IPD admissions per day (no.)	162	199	217	307	215	234	(47.3)	(7.4)	(7.4)
Cash-IPD revenue per head (THB)	30,625	22,969	24,117	30,625	26,032	27,333	0.0	(11.8)	(11.8)
Revenue	10,187	6,433	6,843	9,466	6,572	6,883	7.6	(2.1)	(0.6)
EBITDA margin (%)	41.1	33.9	32.7	36.1	32.8	30.7	5.0	1.1	2.0
Core profit	3,002	1,410	1,433	2,410	1,410	1,433	24.6	(0.0)	(0.0)

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

Source: FSSIA estimates

**Exhibit 5: 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	0.9		
Cost of equity, Ke	10.0	Net cost of debt, Kd	2.8
Weight applied	75.0	Weight applied	40.0
WACC	8.2		
DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	16.0	1.5	WACC 8.2%, risk-free rate 3%, risk premium 8%
Terminal value	34.3	3.1	Terminal growth 3%
Cash & liquid assets	1.3	0.1	At end-2022E
Investments	0.0	0.0	At end-2022E
Debt	(0.1)	(0.0)	At end-2022E
Minorities	(0.2)	(0.0)	At end-2022E
<b>Residual ordinary equity</b>	<b>51.3</b>	<b>4.7</b>	

Source: FSSIA estimates

## Financial Statements

### Chularat Hospital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	5,166	5,433	10,187	6,433	6,843
Cost of goods sold	(3,300)	(3,331)	(5,351)	(3,690)	(4,038)
<b>Gross profit</b>	<b>1,866</b>	<b>2,102</b>	<b>4,837</b>	<b>2,744</b>	<b>2,806</b>
Other operating income	22	29	260	300	300
Operating costs	(655)	(673)	(906)	(862)	(869)
<b>Operating EBITDA</b>	<b>1,233</b>	<b>1,457</b>	<b>4,191</b>	<b>2,182</b>	<b>2,237</b>
Depreciation	(330)	(354)	(378)	(401)	(428)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>903</b>	<b>1,104</b>	<b>3,813</b>	<b>1,781</b>	<b>1,809</b>
Net financing costs	(37)	(33)	(29)	3	5
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(14)	0	0	0	0
<b>Profit before tax</b>	<b>852</b>	<b>1,071</b>	<b>3,784</b>	<b>1,784</b>	<b>1,814</b>
Tax	(187)	(219)	(773)	(364)	(371)
<b>Profit after tax</b>	<b>665</b>	<b>852</b>	<b>3,011</b>	<b>1,420</b>	<b>1,444</b>
Minority interests	41	24	(9)	(10)	(10)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>705</b>	<b>877</b>	<b>3,002</b>	<b>1,410</b>	<b>1,433</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>719</b>	<b>877</b>	<b>3,002</b>	<b>1,410</b>	<b>1,433</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.07	0.08	0.27	0.13	0.13
Reported EPS	0.06	0.08	0.27	0.13	0.13
DPS	0.05	0.05	0.16	0.08	0.08
Diluted shares (used to calculate per share data)	11,000	11,000	11,000	11,000	11,000
<b>Growth</b>					
Revenue (%)	17.2	5.2	87.5	(36.9)	6.4
Operating EBITDA (%)	16.2	18.2	187.5	(47.9)	2.5
Operating EBIT (%)	15.0	22.3	245.4	(53.3)	1.6
Recurring EPS (%)	13.4	21.9	242.5	(53.0)	1.7
Reported EPS (%)	11.3	24.3	242.5	(53.0)	1.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	29.7	32.2	43.8	36.4	34.7
Gross margin of key business (%)	29.7	32.2	43.8	36.4	34.7
Operating EBITDA margin (%)	23.9	26.8	41.1	33.9	32.7
Operating EBIT margin (%)	17.5	20.3	37.4	27.7	26.4
Net margin (%)	13.9	16.1	29.5	21.9	20.9
Effective tax rate (%)	21.6	20.4	20.4	20.4	20.4
Dividend payout on recurring profit (%)	76.5	62.7	60.0	60.0	60.0
Interest cover (X)	24.2	33.6	131.5	(688.1)	(337.6)
Inventory days	16.7	18.6	15.9	24.1	18.8
Debtor days	27.6	31.1	19.1	34.9	36.4
Creditor days	64.9	64.5	50.7	76.5	59.8
Operating ROIC (%)	15.6	18.3	61.8	28.2	28.7
ROIC (%)	14.7	17.5	59.8	27.3	27.8
ROE (%)	19.8	22.7	57.2	22.4	22.5
ROA (%)	11.8	14.1	40.3	17.6	18.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cash patient revenue	3,235	3,208	4,095	3,732	4,206
SSO patient revenue	1,578	1,811	1,792	1,901	1,997
NHSO patient revenue	353	413	4,300	800	640

Sources: Chularat Hospital; FSSIA estimates

## Financial Statements

### Chularat Hospital

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	719	877	3,002	1,410	1,433
Depreciation	330	354	378	401	428
Associates & minorities	-	-	-	-	-
Other non-cash items	(31)	90	9	10	10
Change in working capital	(123)	70	(232)	31	(59)
<b>Cash flow from operations</b>	<b>895</b>	<b>1,390</b>	<b>3,157</b>	<b>1,851</b>	<b>1,813</b>
Capex - maintenance	(713)	(400)	(400)	(400)	(400)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(713)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>
Dividends paid	(550)	(550)	(550)	(1,801)	(846)
Equity finance	0	0	0	0	0
Debt finance	312	(360)	(270)	(809)	0
Other financing cash flows	53	0	(9)	(10)	(10)
<b>Cash flow from financing</b>	<b>(185)</b>	<b>(910)</b>	<b>(829)</b>	<b>(2,620)</b>	<b>(856)</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>(3)</b>	<b>80</b>	<b>1,928</b>	<b>(1,168)</b>	<b>556</b>
Free cash flow to firm (FCFF)	222.33	1,026.10	2,789.15	1,463.45	1,415.04
Free cash flow to equity (FCFE)	546.91	629.99	2,477.91	633.00	1,402.14

#### Per share (THB)

FCFF per share	0.02	0.09	0.25	0.13	0.13
FCFE per share	0.05	0.06	0.23	0.06	0.13
Recurring cash flow per share	0.09	0.12	0.31	0.17	0.17

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	6,237	6,581	6,981	7,381	7,781
Less: Accumulated depreciation	(2,017)	(2,308)	(2,686)	(3,087)	(3,515)
<b>Tangible fixed assets (net)</b>	<b>4,221</b>	<b>4,273</b>	<b>4,295</b>	<b>4,294</b>	<b>4,266</b>
<b>Intangible fixed assets (net)</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	468	548	2,475	1,307	1,863
A/C receivable	444	481	583	647	716
Inventories	161	179	288	198	217
Other current assets	692	555	1,041	658	699
<b>Current assets</b>	<b>1,764</b>	<b>1,763</b>	<b>4,388</b>	<b>2,811</b>	<b>3,496</b>
Other assets	234	117	117	117	117
<b>Total assets</b>	<b>6,266</b>	<b>6,201</b>	<b>8,847</b>	<b>7,269</b>	<b>7,926</b>
Common equity	3,702	4,024	6,477	6,085	6,673
Minorities etc.	193	169	169	169	169
<b>Total shareholders' equity</b>	<b>3,895</b>	<b>4,193</b>	<b>6,645</b>	<b>6,254</b>	<b>6,841</b>
Long term debt	573	609	609	0	0
Other long-term liabilities	115	124	124	124	124
<b>Long-term liabilities</b>	<b>688</b>	<b>732</b>	<b>732</b>	<b>124</b>	<b>124</b>
A/C payable	607	570	916	631	691
Short term debt	966	570	300	100	100
Other current liabilities	109	135	254	160	171
<b>Current liabilities</b>	<b>1,682</b>	<b>1,275</b>	<b>1,470</b>	<b>892</b>	<b>962</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,266</b>	<b>6,201</b>	<b>8,847</b>	<b>7,269</b>	<b>7,926</b>
Net working capital	580	510	743	712	771
Invested capital	5,082	4,948	5,202	5,170	5,201

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

#### Per share (THB)

Book value per share	0.34	0.37	0.59	0.55	0.61
Tangible book value per share	0.33	0.36	0.58	0.55	0.60

#### Financial strength

Net debt/equity (%)	27.5	15.1	(23.6)	(19.3)	(25.8)
Net debt/total assets (%)	17.1	10.2	(17.7)	(16.6)	(22.2)
Current ratio (x)	1.0	1.4	3.0	3.2	3.6
CF interest cover (x)	15.7	20.2	86.5	(243.5)	(260.7)

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>56.0</b>	<b>45.9</b>	<b>13.4</b>	<b>28.6</b>	<b>28.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>71.9</b>	<b>59.0</b>	<b>17.2</b>	<b>36.7</b>	<b>36.1</b>
Reported P/E (x)	57.1	45.9	13.4	28.6	28.1
Dividend yield (%)	1.4	1.4	4.5	2.1	2.1
Price/book (x)	10.9	10.0	6.2	6.6	6.0
Price/tangible book (x)	11.0	10.1	6.3	6.7	6.1
EV/EBITDA (x) **	33.7	28.2	9.3	18.0	17.3
EV/EBITDA @ target price (x) **	43.0	36.0	12.0	23.2	22.4
EV/invested capital (x)	8.2	8.3	7.5	7.6	7.4

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

Sources: Chularat 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	ICHI	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	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	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	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

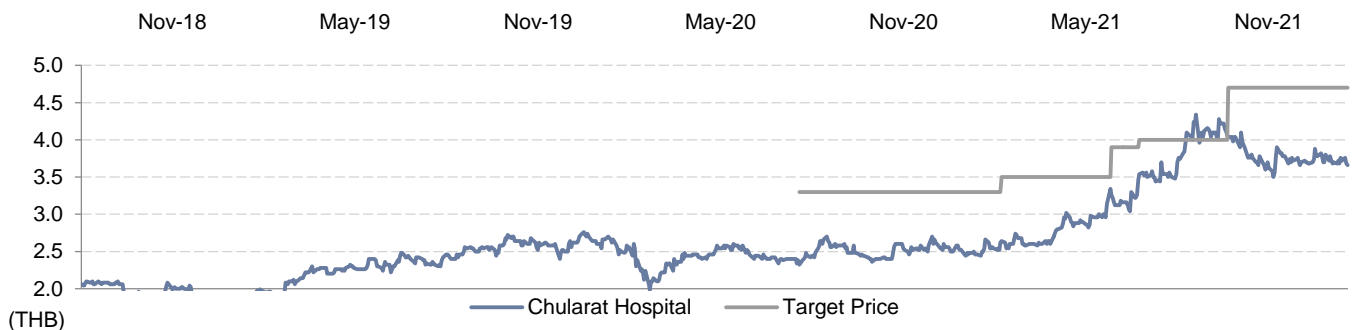
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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### History of change in investment rating and/or target price

#### Chularat Hospital (CHG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jul-2020	BUY	3.30	31-Mar-2021	BUY	3.50	05-Aug-2021	BUY	4.70
29-Oct-2020	BUY	3.30	26-Apr-2021	BUY	3.90			
21-Jan-2021	BUY	3.50	20-May-2021	BUY	4.00			

Teerapol Udomvej, CFA started covering this stock from 30-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Chularat Hospital	CHG TB	THB 3.66	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.

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 17-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.