

BANGKOK DUSIT MEDICAL SERVICES
THAILAND / HEALTHCARE

BDMS TB

BUY

UNCHANGED

A combo of growth and defence

- คาดกำไร 4Q21 จะโต 77% y-y เป็น 2.2 พัน ลบ. จากทั้งบริการที่เกี่ยวข้องกับ Covid และการฟื้นตัวของผู้ป่วยที่ไม่ได้เป็น Covid
- นักท่องเที่ยวจาก UAE ฟื้นตัวเป็น 79% ของระดับก่อน Covid ในเดือน ธ.ค. 21 ซึ่งหมายถึงความต้องการการท่องเที่ยวทางการแพทย์ที่อ่อนอยู่ในระดับสูง
- คงแนะนำซื้อที่ราคาเป้าหมาย 29 บาท (DCF)

คาดการณ์กำไร 4Q21 จะเกือบแตะระดับก่อน Covid

เราคาดว่ากำไรจะโตต่อเนื่องใน 4Q21 แม้ว่าบริการที่เกี่ยวข้องกับ Covid จะชะลอตัวจาก 25% ของรายได้รวมใน 3Q21 เป็นประมาณ 14% ใน 4Q21 การฟื้นตัวของผู้ป่วยชาวไทยที่ไม่ได้เป็น Covid และผู้ป่วยต่างประเทศน่าจะช่วยชดเชยตัวเลขที่ลดลงดังกล่าว ดังนั้นเราจึงคาดว่ารายได้จะโต 14% y-y และกำไรปกติจะโต 77% y-y เป็น 2.2 พัน ลบ. ใน 4Q21 ซึ่งต่ำกว่าระดับก่อน Covid อยู่เพียง 9%

ความต้องการในระดับสูงจากนักท่องเที่ยวเพื่อจุดประสงค์ทางการแพทย์จากตะวันออกกลาง

เราเชื่อว่าการท่องเที่ยวเพื่อจุดประสงค์ทางการแพทย์มีความต้องการอ่อนอยู่ในระดับสูง โดยเฉพาะอย่างยิ่งสำหรับผู้ป่วยจากตะวันออกกลางซึ่งจะเห็นได้จากการฟื้นตัวของนักท่องเที่ยวจาก UAE ซึ่งเป็นหนึ่งในประเทศ 10 อันดับแรกที่เข้ามายังประเทศไทย ตัวเลขนักท่องเที่ยวจากประเทศดังกล่าวฟื้นตัวเป็น 79% ของระดับก่อน Covid ในเดือน ธ.ค. 21 การฟื้นตัวดังกล่าวมีนัยสำคัญเมื่อเทียบกับตัวเลขนักท่องเที่ยวที่เข้ามาในภาพรวม ซึ่งฟื้นตัวเป็นเพียง 7% ของระดับก่อน Covid ในเดือน ธ.ค. เราเชื่อว่าส่วนมากของนักท่องเที่ยวดังกล่าวจะเป็นนักท่องเที่ยวเพื่อจุดประสงค์ทางการแพทย์ แม้ว่าเมื่อเร็ว ๆ นี้รัฐบาลจะรับการลงทะเบียนภายใต้โครงการ Test & Go จากวันที่ 22 ธ.ค. 21 ถึง 4 ม.ค. 22 ตัวเลขดังกล่าวก็ยังคงเป็นสัญญาณที่ดีที่สนับสนุนสมมติฐานของเราที่ว่ารายได้จากผู้ป่วยต่างชาติน่าจะโต 53% ในปี 2022 ซึ่งคิดเป็น 80% ของระดับก่อน Covid

หุ้นเชิงรับสำหรับสถานการณ์ Covid ที่ไม่แน่นอน

เรามอง BDMS เป็นหุ้นเชิงรับ ซึ่งน่าจะให้การเติบโตที่ดีในปี 2022 พอร์ตของบริษัท มีการกระจายความเสี่ยงที่ดีด้วยสัดส่วนรายได้จากผู้ป่วยชาวไทยที่ 70% รายได้จากผู้ป่วยต่างชาติในประเทศไทยที่ 15% และรายได้จากผู้ป่วยที่บินเข้ามาเพื่อรับการรักษาที่ 15% ณ สิ้นปี 2019 ในขณะที่เดียวกัน BDMS มีสัดส่วนรายได้ที่เกี่ยวข้องกับ Covid อยู่ที่ประมาณ 15-20% ในปี 2021 ซึ่งจะช่วยชดเชยรายได้ที่ปกติหายไป ในกรณีที่ตัวเลขผู้ติดเชื้อ Covid กลับมาเพิ่มอีกครั้ง ดังนั้นเราจึงคาดว่ากำไรจะแตะระดับก่อน Covid ที่ 10 พัน ลบ. ในปี 2022 พร้อมอ็อปไซด์บางส่วนจาก EBITDA margin

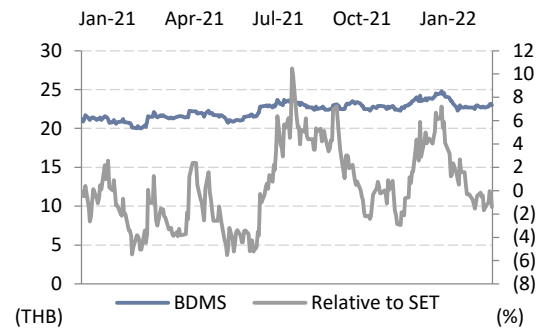
ราคาหุ้นยังต่ำกว่าระดับก่อน Covid; การดำเนินงานฟื้นตัวแล้ว

BDMS มีการซื้อขายที่ 29x ของค่า 2023E P/E ซึ่งต่ำกว่าค่าเฉลี่ย 5 ปีที่ 38x ราคาหุ้นมีศักยภาพที่จะปรับตัวสูงกว่าระดับก่อน Covid ที่ 25-26 บาท/หุ้น เนื่องจากเราคาดว่ากำไรจะสูงกว่าระดับก่อน Covid ภายในปี 2023 เราคิดว่า BDMS จะเป็นตัวเลือกที่ปลอดภัยสำหรับนักลงทุนในท่ามกลางความไม่แน่นอนเกี่ยวกับสถานการณ์ Omicron ในประเทศไทย

TARGET PRICE	THB29.00
CLOSE	THB23.00
UP/DOWNSIDE	+26.1%
PRIOR TP	THB29.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+7.5%

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	69,057	73,616	85,250	96,612
Net profit	7,214	6,912	10,092	12,546
EPS (THB)	0.45	0.43	0.64	0.79
vs Consensus (%)	-	(5.9)	16.8	22.7
EBITDA	14,938	16,285	20,222	23,594
Core net profit	6,045	6,912	10,092	12,546
Core EPS (THB)	0.38	0.43	0.64	0.79
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(39.9)	14.3	46.0	24.3
Core P/E (x)	60.5	52.9	36.2	29.1
Dividend yield (%)	1.3	3.0	1.1	1.7
EV/EBITDA (x)	25.0	23.0	18.2	15.2
Price/book (x)	4.2	4.4	4.1	3.8
Net debt/Equity (%)	5.0	6.6	(2.7)	(10.9)
ROE (%)	7.0	8.1	11.6	13.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.1	0.9	10.6
Relative to country (%)	(2.4)	(2.3)	(3.3)
Mkt cap (USD m)	10,946		
3m avg. daily turnover (USD m)	20.1		
Free float (%)	65		
Major shareholder	Prasert Prasatthongsoj (15%)		
12m high/low (THB)	25.25/19.90		
Issued shares (m)	15,892.00		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

teerapol.udo@fssia.com

+66 2611 3535

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 4 มกราคม 2022

Investment thesis

BDMS has aggressively expanded its hospital network from 10 in 2004 to 49 currently. The company had a high capex level, averaging 17% of revenue over 2013-19. It is at the tail-end of its capex cycle, as it is close to its target of 50 hospitals.

BDMS plans to focus on its organic growth. We expect its EBITDA margin to improve from 22% in 2020 to 24% in 2023, led by a higher utilisation rate, its Centre of Excellence (CoE) project, and the turnaround of loss-making hospitals.

BDMS has a healthy balance sheet with a 9M21 net D/E of only 0.1x. FCFE should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.

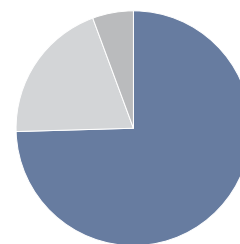
Company profile

BDMS is Thailand's largest healthcare provider in terms of market capital. It operates 49 hospitals under six brands.

www.bangkokhospital.com

Principal activities (revenue, 2020)

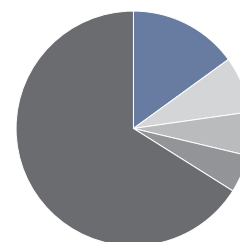
- Thai patient revenue - 74.5 %
- International patient revenue - 19.8 %
- Other revenue - 5.6 %



Source: Bangkok Dusit Medical Services

Major shareholders

- Prasert Prasatthongsoj - 15.0 %
- Thai NVDR - 7.8 %
- Viriyah Insurance - 6.0 %
- Bangkok Airways - 5.2 %
- Others - 66.1 %



Source: Bangkok Dusit Medical Services

Catalysts

Key potential growth drivers include 1) higher insurance patient revenue; 2) rising demand for medical tourists; and 3) an improving EBITDA margin led by CoE hospitals.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.

Event calendar

Date	Event
Feb 2022	4Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
No. of hospitals (no.)	49	49	50
OPD volume growth	0	14	8
OPD revenue / patient growth	0	5	3
IPD volume growth	2	18	13
IPD revenue / patient growth	10	(4)	3

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2022 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2022 earnings to rise by 10%, and vice versa, all else being equal.

Source: FSSIA estimates

Expect strong pent-up demand for Middle East patients

Thailand has reopened the country for international tourists under the Test & Go scheme, which allows vaccinated tourists who have negative RT-PCR tests to travel in the country without quarantine.

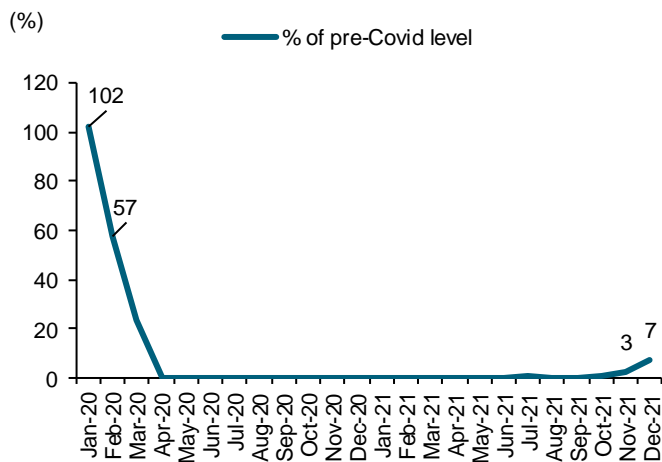
So far, international tourist numbers have recovered to 3% of the pre-Covid level in Nov and 7% in Dec-21. The pace of recovery is in line with our expectation, with no sign of pent-up demand yet. However, we have seen an interesting statistic showing that UAE tourists are among the top ten international tourist arrivals by country in Dec. There were 8,569 UAE tourists in Dec, which implies 79% of the pre-Covid level.

Although there is no declaration of the purpose of visit for those UAE tourists, we believe most of them would be medical tourists, given that the spending per head for UAE tourists was cTHB70k-90k per head, higher than the average of THB50k per head for tourists overall. Note that UAE tourists accounted for 19% of Middle East tourists in total as of 2019. Thus, this would be an applicable indication for tourists from other Middle East countries.

Therefore, we conclude that there will be high pent-up demand for medical tourism, especially for patients from the Middle East. This would be in line with BDMS' observation that there was high demand from Middle East patients based on its waiting list as of Nov. Note that Middle East patient revenue accounted for 5% of BDMS' total revenue as of 2019.

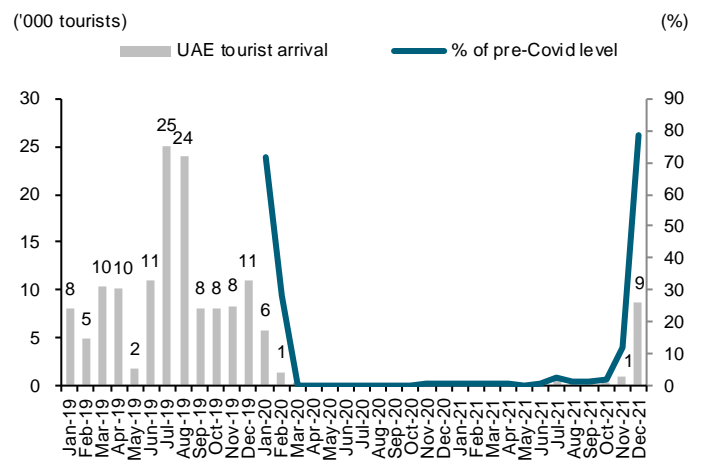
Although the government recently announced the suspension of Test & Go registrations from 22 Dec-21 to 4 Jan-22, which will likely extend to 31 Jan-22, due to an increasing number of Omicron cases involving travellers entering Thailand from overseas, we still see this as a good sign, indicating strong pent-up demand for medical tourism. We estimate that international patient revenue should recover and grow by 53% in 2022, accounting for 80% of the pre-Covid level.

Exhibit 1: Recovery of international tourists



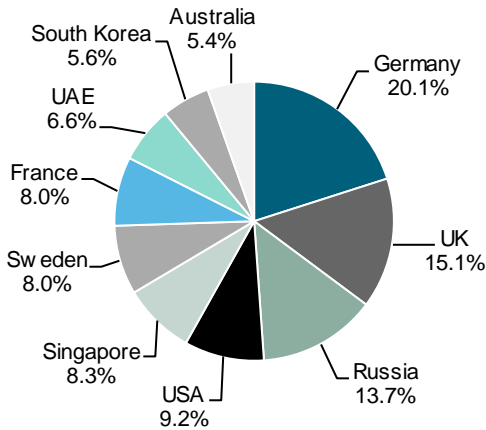
Sources: Ministry of Tourism & Sports (MOTS); Center for COVID-19 Situation Administration (CCSA)

Exhibit 2: Recovery of UAE tourists



Sources: MOTS; CCSA

Exhibit 3: Top ten tourist arrivals – breakdown by country in Dec 2021



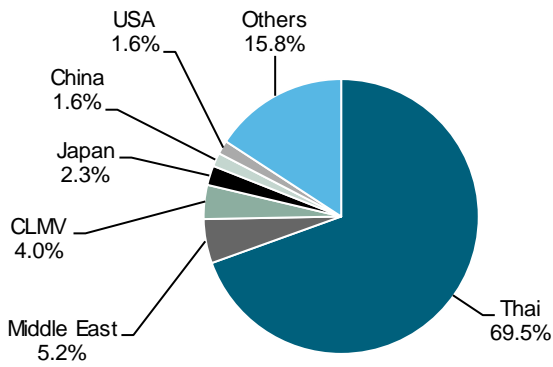
Sources: MOTS; CCSA

Exhibit 4: BDMS' fly-in patient waiting list as of 12 Nov 2021



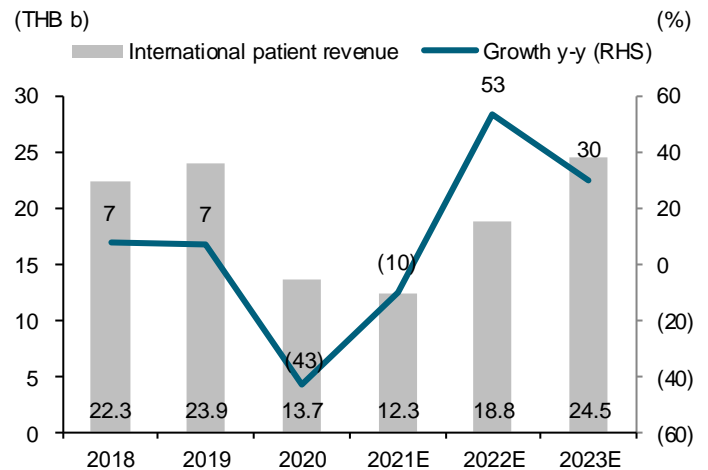
Source: BDMS

Exhibit 5: BDMS' revenue breakdown as of 2019



Source: BDMS

Exhibit 6: International patient revenue forecast



Sources: BDMS; FSSIA estimates

4Q21E results preview

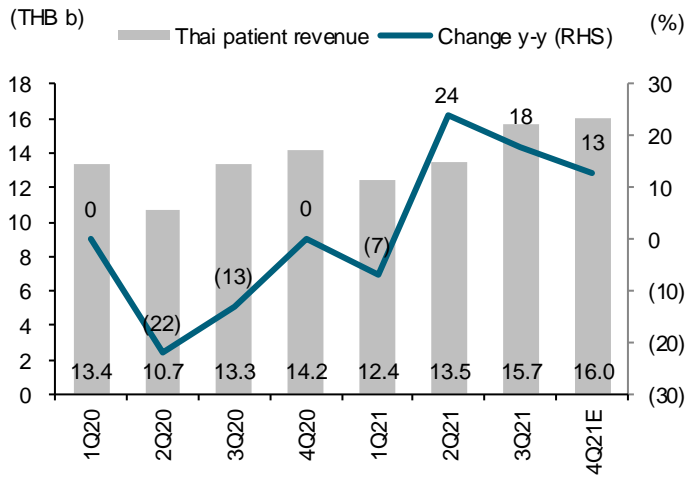
We expect strong core profit growth for BDMS in 4Q21. Although we estimate Covid-related revenue to slow down from 25% of total revenue in 3Q21 to around 14% in 4Q21, we believe that Thai non-Covid patient revenue will recover and offset the lower Covid patient revenue. As a result, we forecast Thai patient revenue to remain relatively flat q-q and grow by 13% y-y. In addition, we expect international patient revenue to recover and grow from the low base by 19% y-y following the resumption of the Alternative Hospital Quarantine scheme in Oct and the reopening of Thailand's border since Nov. BDMS' EBITDA margin should improve from 19% in 4Q20 to 22% in 4Q21. Overall, we expect revenue to grow by 14% y-y and core profit to jump by 77% y-y to THB2.2b in 4Q21.

Exhibit 7: 4Q21E results preview

	4Q20	1Q21	2Q21	3Q21	4Q21E	-----Change-----		2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	18,101	16,281	17,397	19,958	20,622	3	14	73,616	7
- Hospital revenue	17,134	15,311	16,443	18,873	19,522	3	14	69,570	7
- Other revenue	967	970	954	1,084	1,100	1	14	4,046	4
COGS (incl depreciation)	(12,315)	(11,051)	(11,762)	(13,125)	(13,817)	5	12	(48,982)	6
Gross profit	5,787	5,230	5,636	6,833	6,805	(0)	18	24,634	9
SG&A	(3,985)	(3,284)	(3,539)	(3,514)	(3,785)	8	(5)	(14,801)	5
Operating profit	1,802	1,946	2,097	3,319	3,020	(9)	68	9,833	15
Net other income	(13)	0	5	0	5			6	10
Interest income	12	13	33	13	13	0	13	157	302
Interest expense	(210)	(195)	(188)	(172)	(170)	(1)	(19)	(792)	(9)
Pretax profit	1,590	1,765	1,946	3,159	2,868	(9)	80	9,205	20
Income Tax	(278)	(330)	(383)	(645)	(574)	(11)	107	(1,841)	23
Associates	26	3	5	3	3	0	(87)	53	(80)
Minority interest	(120)	(99)	(116)	(208)	(143)	(31)	20	(505)	16
Core profit	1,219	1,339	1,452	2,309	2,154	(7)	77	6,912	14
Extraordinaries, GW & FX	1,169			200		(100)	(100)	0	
Reported net profit	2,388	1,339	1,452	2,509	2,154	(14)	(10)	6,912	(4)
Outstanding shares (m)	15,892	15,892	15,892	15,892	15,892	0	0	15,892	0
Core EPS (THB)	0.08	0.08	0.09	0.15	0.14	(7)	77	0.43	14
EPS (THB)	0.15	0.08	0.09	0.16	0.14	(14)	(10)	0.43	(4)
COGS excl depreciation	10,705	9,470	10,180	11,522	12,198	6	14	42,530	6
Depreciation	1,610	1,581	1,581	1,603	1,619	1	1	6,452	1
EBITDA	3,412	3,527	3,678	4,921	4,639	(6)	36	16,285	9
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	32	32	32	34	33.0	(1)	1	33	1
SG&A/Revenue	22	20	20	18	18	1	(4)	20	(0)
EBITDA margin	19	22	21	25	22	(2)	4	22	0
Net profit margin	13	8	8	13	10	(2)	(3)	9	(1)
Operating stats	(%)	(%)	(%)	(%)					
OPD revenue growth y-y	(16)	(15)	15	(6)					
OPD volume growth y-y	(11)	(12)	20	n/a					
OPD revenue per head growth y-y	(6)	(4)	(4)	n/a					
IPD revenue growth y-y	(16)	(22)	35	44					
IPD volume growth y-y	(25)	(32)	16	n/a					
IPD revenue per head growth y-y	13	15	17	n/a					
Thai revenue growth y-y	0	(7)	24	18					
International revenue growth y-y	(53)	(49)	27	17					

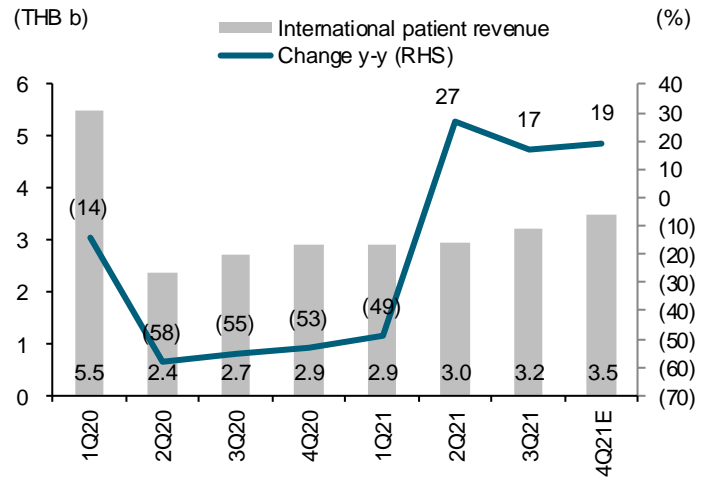
Sources: BDMS; FSSIA estimates

Exhibit 8: Thai patient revenue, quarterly



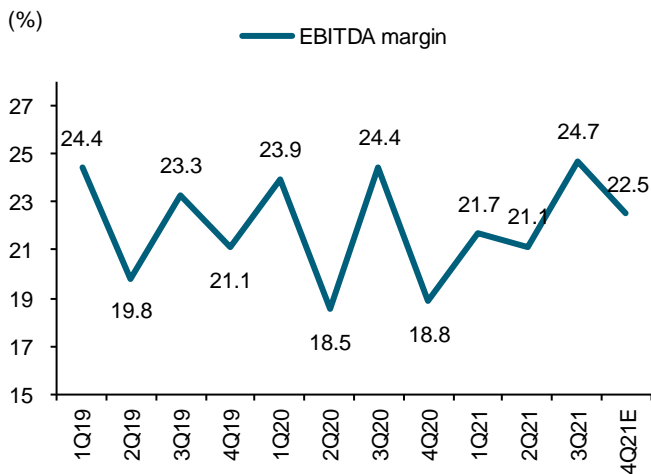
Sources: BDMS; FSSIA estimates

Exhibit 9: International patient revenue, quarterly



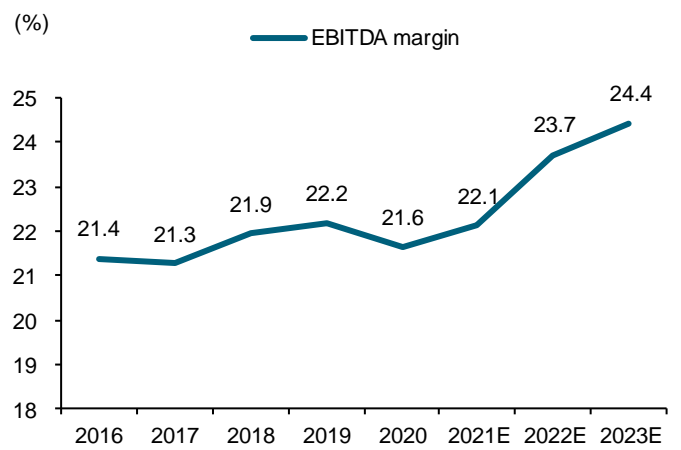
Sources: BDMS; FSSIA estimates

Exhibit 10: EBITDA margin, quarterly



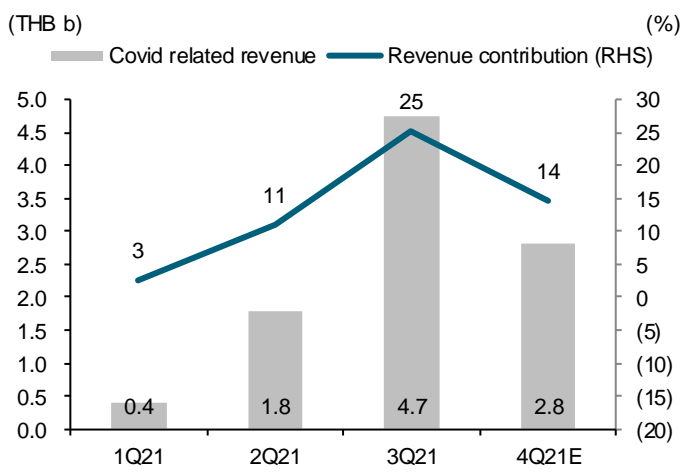
Sources: BDMS; FSSIA estimates

Exhibit 11: EBITDA margin, yearly



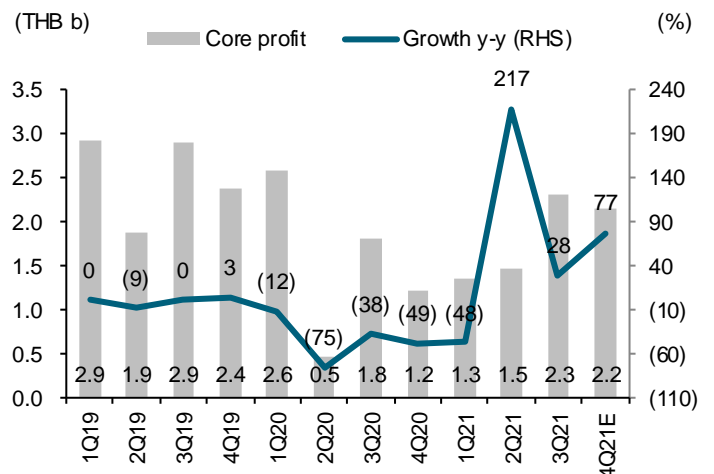
Sources: BDMS; FSSIA estimates

Exhibit 12: Covid-related revenue



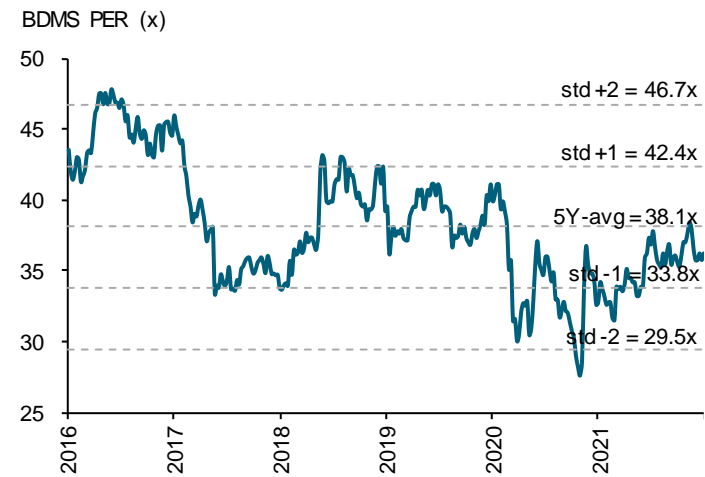
Sources: BDMS; FSSIA estimates

Exhibit 13: Core profit, quarterly



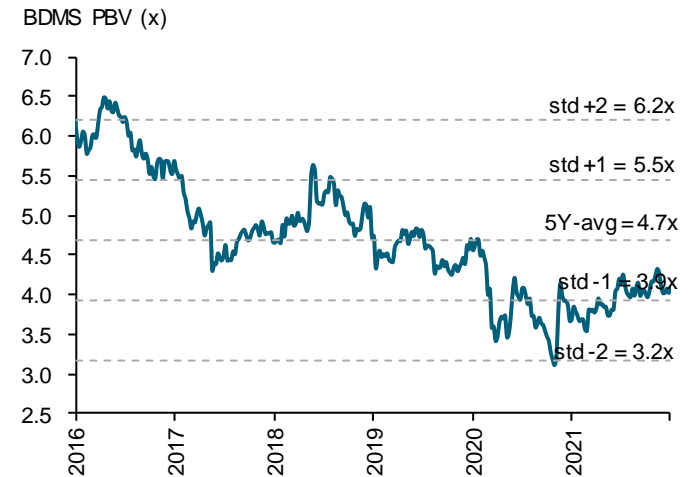
Sources: BDMS; FSSIA estimates

Exhibit 14: One-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peer comparisons as of 30 Dec 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)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	23.00	29.00	26.1	10,946	52.9	36.2	8.1	11.6	4.4	4.1	23.0	18.2
Bumrungrad Hospital	BH TB	BUY	141.00	170.00	20.6	3,355	117.5	47.5	5.4	13.2	6.6	6.0	46.9	25.4
Bangkok Chain Hospital	BCH TB	BUY	20.10	28.50	41.8	1,501	9.0	27.2	59.5	16.2	4.2	4.6	6.2	15.1
Chularat Hospital	CHG TB	BUY	3.66	4.70	28.4	1,206	13.4	28.6	57.2	22.4	6.2	6.6	9.3	18.0
Praram 9 Hospital	PR9 TB	BUY	11.00	14.00	27.3	259	39.6	24.1	5.2	8.2	2.0	1.9	14.2	10.7
Thonburi Healthcare Group	THG TB	HOLD	37.25	32.50	(12.8)	942	34.1	69.6	11.3	5.4	3.7	3.8	19.3	26.9
Vibhavadi Medical Center	VIBHA TB	BUY	2.64	3.20	21.2	1,073	25.6	38.2	17.7	9.4	3.9	3.1	25.6	28.1
Ramkhamhaeng Hospital	RAM TB	BUY	39.75	48.00	20.8	1,428	17.0	26.1	21.3	13.5	3.5	3.5	11.1	17.5
Rajthanee Hospital	RJH TB	n/a	32.75	n/a	n/a	299	10.4	21.6	55.8	26.2	6.7	5.2	7.6	14.2
Ekachai Medical Care	EKH TB	n/a	7.30	n/a	n/a	132	14.1	24.3	31.6	16.2	5.1	4.3	9.1	13.5
Thailand average						21,140	33.3	34.3	27.3	14.2	4.6	4.3	17.2	18.8
Regional														
Ramsay Health Care	RHC AU	n/a	71.50	n/a	n/a	11,794	34.8	39.1	11.3	9.9	4.0	3.9	13.1	13.1
Ihh Healthcare Bhd	IHH SP	n/a	2.20	n/a	n/a	14,296	39.6	36.8	6.5	6.5	2.6	2.6	17.2	16.5
Ryman Healthcare	RYM NZ	n/a	12.25	n/a	n/a	4,159	26.3	26.0	12.2	7.8	2.7	2.4	31.3	26.3
Apollo Hospitals Enterprise	APHS IN	n/a	4,991	n/a	n/a	9,638	835.8	80.8	2.4	18.0	19.8	17.0	65.6	32.8
Kpj Healthcare Berhad	KPJ MK	n/a	1.06	n/a	n/a	1,110	82.3	27.4	2.8	7.4	2.4	2.1	16.1	12.4
Raffles Medical Group	RFMD SP	n/a	1.36	n/a	n/a	1,863	32.9	32.9	8.4	8.6	2.9	2.7	18.3	17.3
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,240	n/a	n/a	2,265	28.7	31.8	20.8	18.2	6.7	5.9	18.2	19.9
Aier Eye Hospital Group	300015 CH	n/a	42.28	n/a	n/a	35,578	95.7	72.0	20.1	22.1	26.5	18.1	54.2	43.1
Regional average						80,704	147.0	43.4	10.6	12.3	8.4	6.8	29.3	22.7
Overall average						101,844	83.9	38.3	19.9	13.4	6.3	5.4	22.6	20.5

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	83,774	69,057	73,616	85,250	96,612
Cost of goods sold	(48,155)	(39,958)	(42,530)	(48,313)	(54,270)
Gross profit	35,619	29,099	31,086	36,936	42,342
Other operating income	-	-	-	-	-
Operating costs	(17,040)	(14,161)	(14,801)	(16,714)	(18,749)
Operating EBITDA	18,579	14,938	16,285	20,222	23,594
Depreciation	(5,752)	(6,413)	(6,452)	(6,572)	(7,006)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	12,827	8,525	9,833	13,650	16,588
Net financing costs	(819)	(832)	(635)	(452)	(298)
Associates	1,022	273	53	59	64
Recurring non-operating income	1,032	278	59	65	72
Non-recurring items	5,464	1,169	0	0	0
Profit before tax	18,504	9,141	9,258	13,263	16,361
Tax	(2,494)	(1,491)	(1,841)	(2,641)	(3,259)
Profit after tax	16,009	7,649	7,417	10,622	13,102
Minority interests	(492)	(435)	(505)	(530)	(556)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	15,517	7,214	6,912	10,092	12,546
Non-recurring items & goodwill (net)	(5,464)	(1,169)	0	0	0
Recurring net profit	10,053	6,045	6,912	10,092	12,546
Per share (THB)					
Recurring EPS *	0.63	0.38	0.43	0.64	0.79
Reported EPS	0.98	0.45	0.43	0.64	0.79
DPS	0.44	0.30	0.70	0.26	0.38
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
Growth					
Revenue (%)	7.0	(17.6)	6.6	15.8	13.3
Operating EBITDA (%)	8.2	(19.6)	9.0	24.2	16.7
Operating EBIT (%)	8.8	(33.5)	15.3	38.8	21.5
Recurring EPS (%)	1.8	(39.9)	14.3	46.0	24.3
Reported EPS (%)	66.5	(53.5)	(4.2)	46.0	24.3
Operating performance					
Gross margin inc. depreciation (%)	35.7	32.9	33.5	35.6	36.6
Gross margin of key business (%)	35.7	32.9	33.5	35.6	36.6
Operating EBITDA margin (%)	22.2	21.6	22.1	23.7	24.4
Operating EBIT margin (%)	15.3	12.3	13.4	16.0	17.2
Net margin (%)	12.0	8.8	9.4	11.8	13.0
Effective tax rate (%)	20.8	19.4	20.0	20.0	20.0
Dividend payout on recurring profit (%)	69.0	78.4	160.9	41.1	48.3
Interest cover (X)	16.9	10.6	15.6	30.3	55.8
Inventory days	13.8	16.9	16.4	15.9	16.0
Debtor days	35.7	42.4	35.7	30.8	27.2
Creditor days	42.4	47.7	39.4	38.2	38.4
Operating ROIC (%)	13.9	8.6	9.4	13.4	16.7
ROIC (%)	9.6	6.5	7.6	10.7	13.2
ROE (%)	13.0	7.0	8.1	11.6	13.5
ROA (%)	8.4	5.3	5.9	8.3	9.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thai patient revenue	55,741	51,482	57,253	62,157	67,654
International patient revenue	23,889	13,685	12,316	18,844	24,497
Other revenue	4,144	3,891	4,046	4,249	4,461

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	10,053	6,045	6,912	10,092	12,546
Depreciation	5,752	6,413	6,452	6,572	7,006
Associates & minorities	-	-	-	-	-
Other non-cash items	6,341	2,408	480	530	556
Change in working capital	(718)	(2,887)	495	1,211	1,203
Cash flow from operations	21,429	11,979	14,339	18,405	21,311
Capex - maintenance	(9,579)	(12,551)	(4,417)	(5,967)	(6,763)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	5,170	17,066	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(4,409)	4,514	(4,417)	(5,967)	(6,763)
Dividends paid	(6,941)	(4,741)	(11,124)	(4,147)	(6,055)
Equity finance	5,447	0	0	0	0
Debt finance	(15,534)	(137)	(500)	(8,000)	(2,000)
Other financing cash flows	(246)	2,455	0	0	0
Cash flow from financing	(17,274)	(2,423)	(11,624)	(12,147)	(8,055)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(254)	14,070	(1,703)	291	6,493
Free cash flow to firm (FCFF)	17,948.13	17,364.27	10,713.67	13,069.89	15,019.74
Free cash flow to equity (FCFE)	1,239.39	18,811.29	9,421.81	4,438.03	12,547.88

Per share (THB)

FCFF per share	1.13	1.09	0.67	0.82	0.95
FCFE per share	0.08	1.18	0.59	0.28	0.79
Recurring cash flow per share	1.39	0.94	0.87	1.08	1.27

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	128,953	139,771	144,188	150,156	156,919
Less: Accumulated depreciation	(50,159)	(54,780)	(61,232)	(67,804)	(74,810)
Tangible fixed assets (net)	78,794	84,991	82,957	82,352	82,109
Intangible fixed assets (net)	18,883	18,894	18,894	18,894	18,894
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	18,004	939	939	939	939
Cash & equivalents	5,596	19,666	17,964	18,254	24,747
A/C receivable	8,850	7,192	7,192	7,192	7,192
Inventories	1,843	1,855	1,975	2,243	2,520
Other current assets	36	1,299	1,385	1,604	1,818
Current assets	16,325	30,013	28,515	29,293	36,276
Other assets	1,655	1,213	1,237	1,237	1,237
Total assets	133,662	136,050	132,543	132,716	139,456
Common equity	83,813	87,910	83,698	89,643	96,133
Minorities etc.	3,368	3,553	4,057	4,587	5,143
Total shareholders' equity	87,182	91,463	87,755	94,230	101,277
Long term debt	19,099	24,163	23,663	15,663	13,663
Other long-term liabilities	8,118	9,631	9,631	9,631	9,631
Long-term liabilities	27,217	33,794	33,294	25,294	23,294
A/C payable	5,990	4,450	4,736	5,381	6,044
Short term debt	5,283	83	83	83	83
Other current liabilities	7,990	6,260	6,674	7,728	8,758
Current liabilities	19,263	10,793	11,493	13,191	14,885
Total liabilities and shareholders' equity	133,662	136,050	132,543	132,716	139,456
Net working capital	(3,251)	(364)	(859)	(2,070)	(3,273)
Invested capital	114,086	105,673	103,169	101,353	99,907

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

Per share (THB)

Book value per share	5.27	5.53	5.27	5.64	6.05
Tangible book value per share	4.09	4.34	4.08	4.45	4.86

Financial strength

Net debt/equity (%)	21.5	5.0	6.6	(2.7)	(10.9)
Net debt/total assets (%)	14.1	3.4	4.4	(1.9)	(7.9)
Current ratio (x)	0.8	2.8	2.5	2.2	2.4
CF interest cover (x)	2.5	23.6	15.8	10.8	43.0

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	36.4	60.5	52.9	36.2	29.1
Recurring P/E @ target price (x) *	45.8	76.2	66.7	45.7	36.7
Reported P/E (x)	23.6	50.7	52.9	36.2	29.1
Dividend yield (%)	1.9	1.3	3.0	1.1	1.7
Price/book (x)	4.4	4.2	4.4	4.1	3.8
Price/tangible book (x)	5.6	5.3	5.6	5.2	4.7
EV/EBITDA (x) **	20.9	25.0	23.0	18.2	15.2
EV/EBITDA @ target price (x) **	26.0	31.4	28.9	22.9	19.3
EV/invested capital (x)	3.4	3.5	3.6	3.6	3.6

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

Sources: Bangkok Dusit Medical Services; 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	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	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)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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

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

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

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Dusit Medical Services	BDMS TB	THB 23.00	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 price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 141.00	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 Chain Hospital	BCH TB	THB 20.10	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 3.66	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.
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 37.25	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 2.64	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 39.75	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 30-Dec-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.