

CHULARAT HOSPITAL

THAILAND / HEALTHCARE

CHG TB

BUY

UNCHANGED

Growth stock at value price

- 2022E organic profit (excluding Covid revenue) to exceed pre-Covid by 74%; trading at a 40% discount to historical value.
- Strong 4Q21E organic profit (SSO and cash patients) and 6-7% dividend yield could catch the market's attention again.
- Maintain BUY with 2022 DCF-based TP of THB4.7.

TARGET PRICE	THB4.70
CLOSE	THB3.12
UP/DOWNSIDE	+50.6%
PRIOR TP	THB4.70
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+10.3%

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	5,433	11,342	7,872	7,085
Net profit	877	3,631	1,639	1,456
EPS (THB)	0.08	0.33	0.15	0.13
vs Consensus (%)	-	17.9	24.0	7.4
EBITDA	1,457	5,001	2,472	2,269
Core net profit	877	3,631	1,639	1,456
Core EPS (THB)	0.08	0.33	0.15	0.13
Chg. In EPS est. (%)	-	21.0	16.3	1.6
EPS growth (%)	21.9	314.3	(54.9)	(11.1)
Core P/E (x)	39.2	9.5	20.9	23.6
Dividend yield (%)	1.6	6.3	2.9	2.5
EV/EBITDA (x)	24.1	6.5	13.3	14.3
Price/book (x)	8.5	4.8	5.2	4.9
Net debt/Equity (%)	15.1	(29.2)	(24.8)	(29.2)
ROE (%)	22.7	65.3	24.0	21.4

2022E earnings to exceed pre-Covid by 128%

The market has overlooked CHG and its share price has fallen from its peak by 30% over the past seven months, mainly due to the argument that its "earnings have passed their peak in 3Q21 and Covid-related revenue will fade away". We believe this has already been priced in. We suggest investors look at CHG's organic core profit (excl. Covid-related), which we estimate to grow by 20% CAGR from THB0.7b in 2019 to THB1.3b in 2022. This means that 2022E organic core profit would exceed the pre-Covid level by 74%, while the stock is trading at a 40% discount at 21x 2022E P/E vs its 5-yr average of 35x; unjustified in our view. Including Covid-related contributions, CHG's 2022E core profit would be THB1.6b, exceeding the pre-Covid level by 128%.

Expect 4Q21 profit to beat market expectation from organic profit

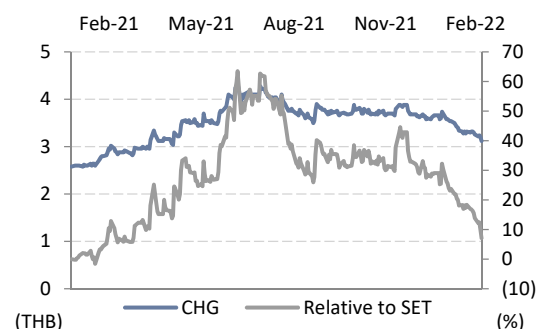
We expect a 4Q21 core profit of THB1.2b (above BBG's consensus estimate of THB0.9b). Although core profit may decline from THB1.6b in 3Q21 due to lower Covid-related revenue, we expect to see its organic operations recover to normal and possibly exceed the pre-Covid level. SSO revenue should jump by 40-50% y-y, led by additional revenue from chronic disease treatments during 2020, as the actual amount received was larger than the accrued amount. Non-Covid patients should also grow by 10% q-q, led by pent-up demand. We believe the market will focus on CHG's strong organic earnings post 4Q21 results.

Offering a dividend yield of up to 6-7% for 2021

Normally, CHG pays a dividend of THB0.05/shr per year, implying only a 1-2% dividend yield. With strong 2021E earnings, we expect CHG to pay a dividend of up to THB0.20-0.23/shr (already paid interim THB0.02/shr) based on a 60-70% payout ratio (vs avg of 76% over past 3 years). This implies a dividend yield of 6-7%, and could grab the market's attention.

Highest ROE, but trading at discount to peers and historical value

We revise up our 2021-22E core profit by 16-21% to reflect the strong organic earnings outlook and higher Covid-related revenue following the Omicron variant. CHG has the highest ROE at 24% vs its peers' average of 14%, while trading at an attractive 21x 2022E P/E (27x non-Covid profit) vs its peers' average of 34x and its 5-yr average of 35x.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(12.8)	(15.2)	20.0
Relative to country (%)	(15.2)	(18.8)	6.9
Mkt cap (USD m)	1,052		
3m avg. daily turnover (USD m)	6.5		
Free float (%)	43		
Major shareholder	Kannikar Plussind (18%)		
12m high/low (THB)	4.44/2.54		
Issued shares (m)	11,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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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 32% 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 2022, led by the recovery of non-Covid cash patients coupled with Covid-related services, which should become recurring income going forward.

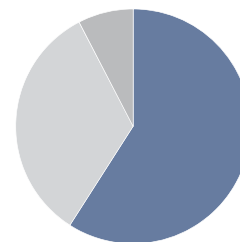
Company profile

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

Principal activities (revenue, 2020)

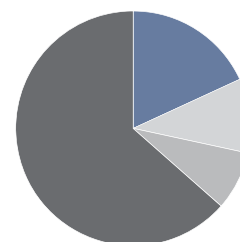
- Cash patient revenue - 59.1 %
- SSO patient revenue - 33.3 %
- NHSO patient revenue - 7.6 %



Source: Chularat Hospital

Major shareholders

- Kannikar Plussind - 18.1 %
- Apirum Panyapol - 10.3 %
- Kobkul Panyapol - 8.1 %
- Others - 63.5 %



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	3
SSO revenue / patient growth	1	1	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 2023 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2023 earnings to rise by 3%, and vice versa, all else being equal.

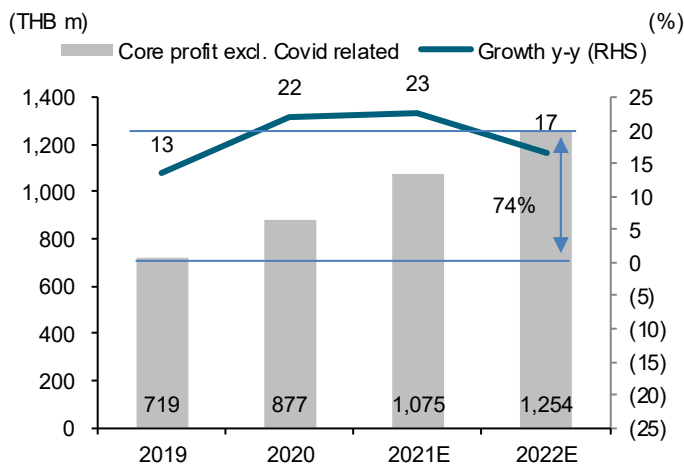
Source: FSSIA estimates

Organic core profit could exceed pre-Covid by 74% in 2022

Since the market is concerned about the decline of Covid-related revenue, we are focusing on organic core profit (excluding Covid-related services). We estimate that organic core profit would amount to THB1.1b in 2021. Based on our forecast, it should continue to grow by 17% to THB1.3b in 2022, driven by the recovery of both Thai and international non-Covid patients, a larger SSO registered member base and three new managed heart centres. 2022E organic core profit of THB1.3b should exceed the pre-Covid level by 74%.

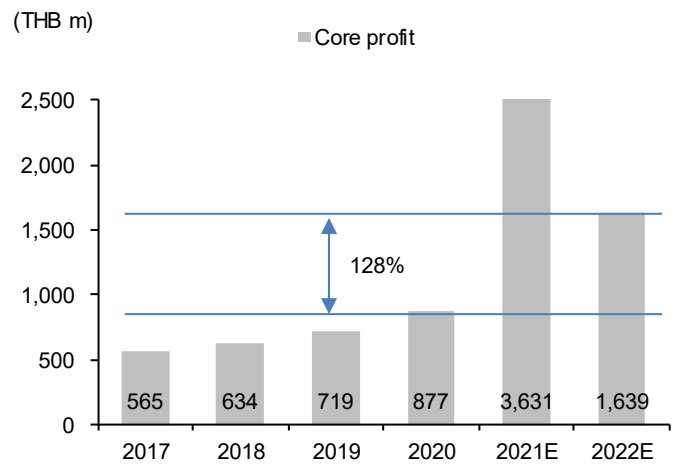
However, Covid-related revenue should still remain in 2022 and will likely become recurring income going forward. We estimate Covid-related revenue of THB1.9b in 2022, accounting for 33% of 2021E Covid-related revenue of THB5.7b.

Exhibit 1: Organic core profit excluding Covid-related



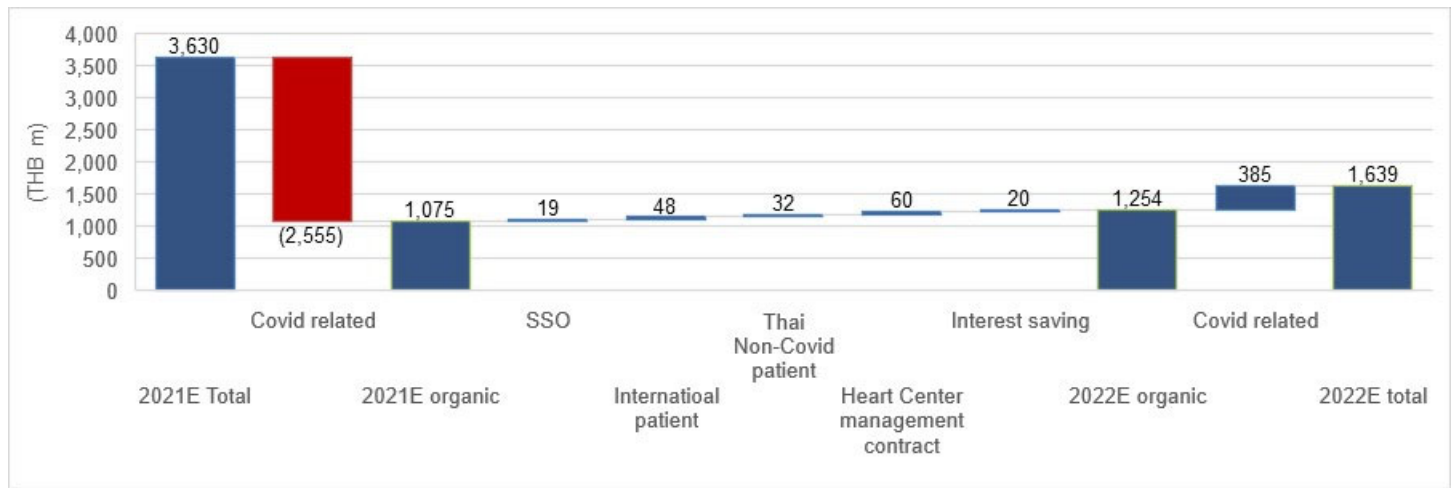
Sources: CHG; FSSIA estimates

Exhibit 2: Core profit including Covid-related



Sources: CHG; FSSIA estimates

Exhibit 3: 2022E core profit breakdown



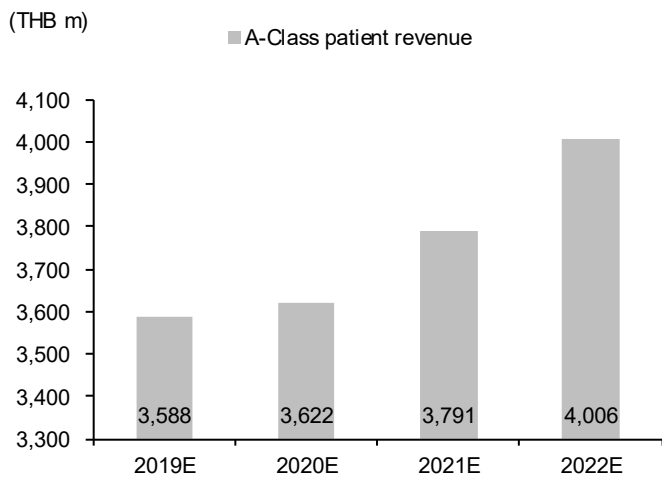
Source: FSSIA estimates

Exhibit 4: 2022E key earnings growth items

Key growth items	Assumptions
SSO	Expect SSO registered members to increase by 30k
International patients	Expect international patient revenue, which normally contributes around 4-5% of total revenue (cTHB200m), to recover with an NPM of 20-25%
Non-Covid Thai patients	Expect non-Thai patient revenue in 2022 to grow by 6% with an NPM of 20%
Heart Centre management contract	Expect three new managed heart centres to contribute revenue of cTHB400m with an NPM of 15%
Interest savings	Expect CHG to gradually repay its debt thanks to its strong cashflow in 2021, and should reduce interest expenses by 50-60% in 2022
Covid-related services	Expect Covid-related revenue of THB1.9b in 2022, accounting for 33% of Covid-related revenue that we expect in 2021 with an NPM of 25%

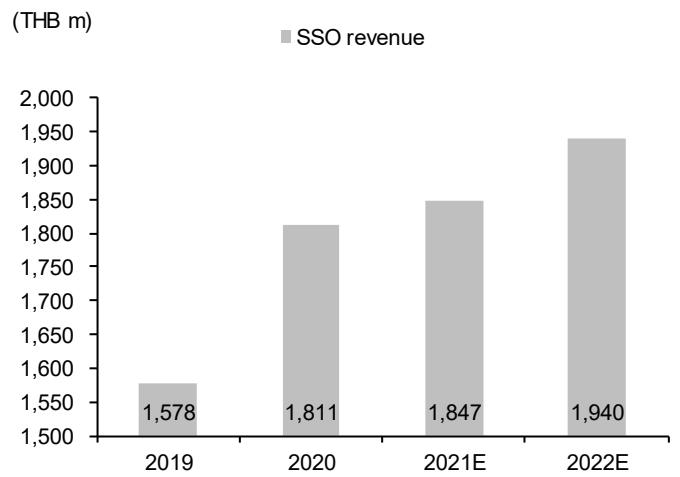
Source: FSSIA estimates

Exhibit 5: Non-Covid cash patient revenue



Sources: CHG; FSSIA estimates

Exhibit 6: SSO revenue



Sources: CHG; FSSIA estimates

4Q21E results preview

We expect Covid-related revenue to decline by 42% q-q in 4Q21. Covid testing should drop from c1,000 cases per day in 3Q21 to c500 in 4Q21, while Covid patients should drop from c6,500 beds per day in 3Q21 to c3,500 beds per day in 4Q21 (3,000 beds in hospitals and 500 beds in hospitals/field hospitals). CHG should start to book Moderna vaccinations with an estimated of 90k doses in 4Q21. Overall, we estimate that Covid-related revenue contributions should drop from 69% of total revenue in 3Q21 to 50% in 4Q21.

Non-Covid patients should grow significantly by 10% q-q in 4Q21, led by pent-up demand as CHG allocated most of its capacity to serve Covid patients in 3Q21, while the capacity was reverted back to serve non-Covid patients in 4Q21.

We expect SSO revenue to jump by 47% q-q in 4Q21, driven by higher intensity treatments and additional revenue from chronic disease treatments during 2020, given that the actual amount received was larger than the accrued amount.

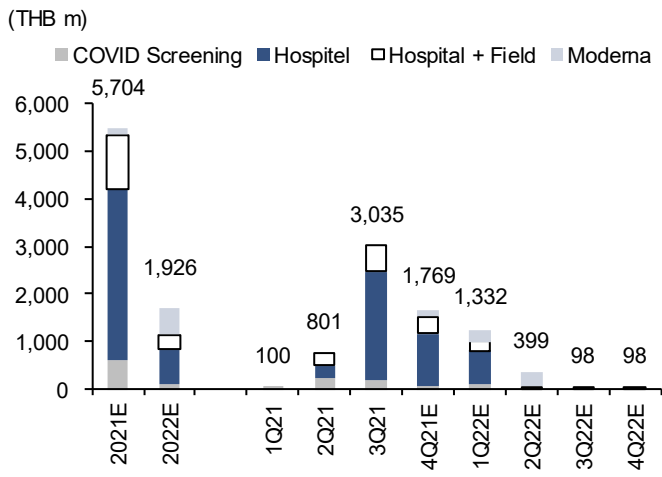
Overall, we estimate core profit to drop by 21% q-q to THB1.2b in 4Q21 from THB1.6b in 3Q21. However, it should jump almost 5x y-y.

Exhibit 7: 4Q21E results preview

Year to Dec	4Q20	1Q21	2Q21	3Q21	4Q21E	----- Change -----		2021E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	
Revenue	1,511	1,415	2,071	4,390	3,461	(21)	129	11,342
Cost of sales (Incl. depreciation)	(1,000)	(995)	(1,206)	(2,159)	(1,661)	(23)	66	(5,971)
Gross profit	510	420	865	2,232	1,800	(19)	253	5,371
SG&A	(207)	(160)	(206)	(338)	(300)	(11)	45	(1,008)
Operating profit	303	260	659	1,893	1,500	(21)	395	4,362
Other operating income	13	57	64	67	67	0	402	260
Interest income	1	0	1	0	1	1,011	48	3
EBIT	317	318	724	1,961	1,568	(20)	394	4,626
Interest expense	(7)	(6)	(5)	(5)	(5)	0	(32)	(32)
EBT	310	312	718	1,956	1,563	(20)	404	4,593
Income tax	(57)	(63)	(143)	(377)	(313)	(17)	446	(938)
Minority interests	0.9	2.3	0.8	(15)	(12)	(22)	(1,378)	(24)
Core profit	254	252	576	1,564	1,239	(21)	388	3,631
Net income	254	252	576	1,564	1,239	(21)	388	3,631
Core EPS (THB)	0.02	0.02	0.05	0.14	0.11	(21)	388	0.33
No of shares (m)	11,000	11,000	11,000	11,000	11,000	0	0	11,000
Cost (excl. depreciation)	(912)	(908)	(1,121)	(2,071)	(1,571)	(24)	72	(5,593)
Depreciation & amortisation	(88)	(87)	(86)	(87)	(90)	3	2	(378)
EBITDA	405	404	809	2,048	1,657	(19)	310	5,001
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	34	30	42	51	52	1	18	47
SG&A/Revenue	14	11	10	8	9	1	(5)	9
EBITDA margin	27	29	39	47	48	1	21	44
Net profit margin	17	18	28	36	36	0	19	32
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)			
SSO revenue	22	6	2	(29)	na			
SSO registered members ('000)	440	448	457	460	na			
SSO revenue per head	22	5	(0)	(32)	na			
Cash-OPD revenue	18	15	86	29	na			
Cash-OPD visit number	6	(3)	51	11	na			
Cash-OPD revenue per head	11	18	23	16	na			
Cash-IPD revenue	(0)	(10)	40	35	na			
Cash-IPD admission number	(1)	(12)	9	(25)	na			
Cash-IPD revenue per head	0	3	29	80	na			

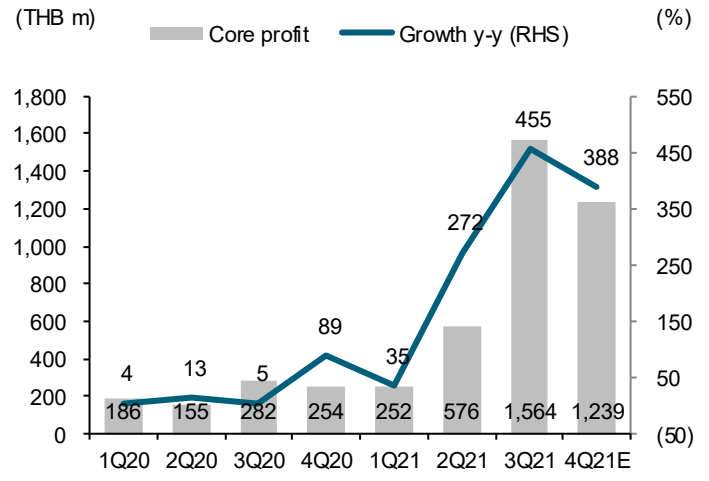
Sources: CHG; FSSIA estimates

Exhibit 8: Covid-related revenue



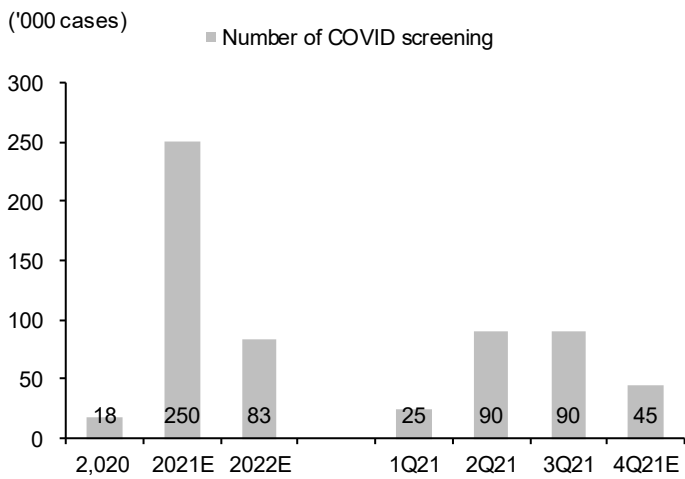
Sources: CHG; FSSIA estimates

Exhibit 9: Core profit quarterly forecast



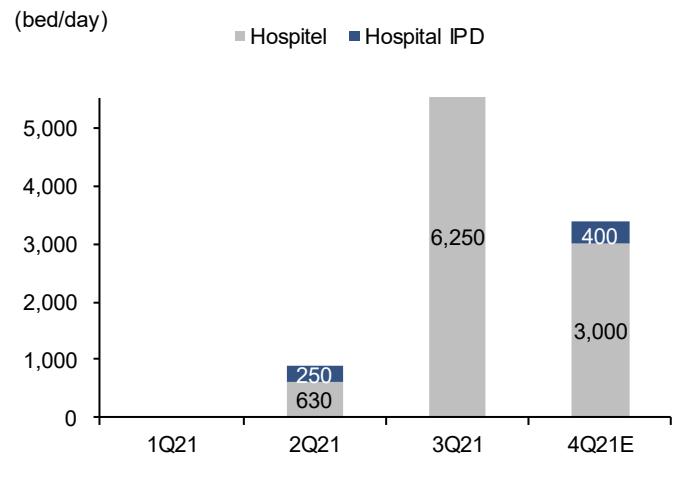
Sources: CHG; FSSIA estimates

Exhibit 10: Covid screening cases



Sources: CHG; FSSIA estimates

Exhibit 11: Covid patients in hospitals and hospital IPD



Sources: CHG; FSSIA estimates

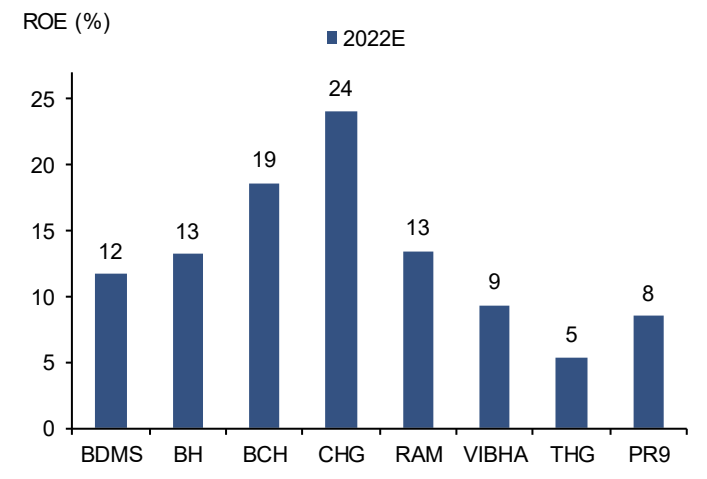
Forecast and TP revisions

We revise up our 2021-23E core profit by 2-21% to reflect the stronger outlook from organic growth and the potential benefit from higher Covid-related revenue following the Omicron variant. We maintain our 2022 DCF-based TP of THB4.7/shr, implying 32x 2022E P/E (vs 5-yr average of 35x).

Highest ROE compared to peers, but trading undervalued

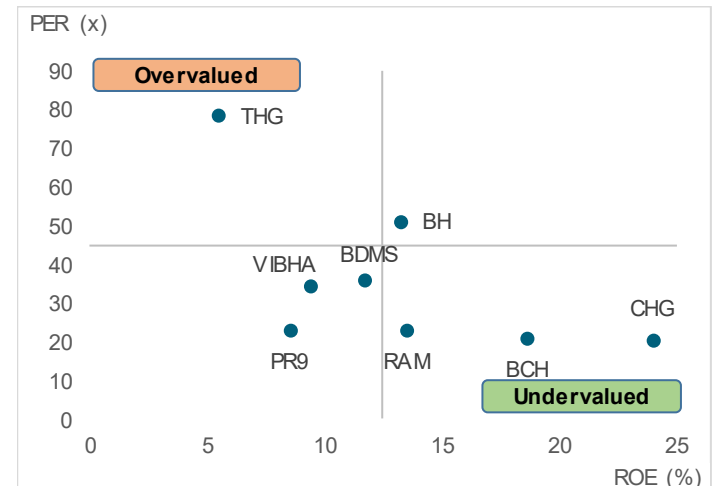
Using a PE/ROE matrix, we can see that CHG is in the undervalued area as it has the highest 2022E ROE of 24%, higher than its peers' average of 14%, while it trades at 21x 2022E P/E, lower than its peers' average of 34x.

Exhibit 12: 2022E ROE comparison



Source: FSSIA estimates

Exhibit 13: 2022E P/E and ROE matrix



Source: FSSIA estimates

Exhibit 14: Forecast revisions

	Current			Previous			Change		
	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (%)	2022E (%)	2023E (%)
SSO registered members ('000)	447	465	479	447	465	470	0.0	0.0	2.0
SSO revenue per head (THB)	4,130	4,171	4,338	4,007	4,087	4,251	3.1	2.1	2.1
Cash-OPD visits per day (no.)	3,093	2,939	3,115	3,093	2,939	3,115	0.0	0.0	0.0
Cash-OPD revenue per head (THB)	2,028	1,926	2,023	2,028	1,926	2,023	0.0	0.0	0.0
Cash-IPD admissions per day (no.)	162	199	217	162	199	217	0.0	0.0	0.0
Cash-IPD revenue per head (THB)	30,625	22,969	24,117	30,625	22,969	24,117	0.0	0.0	0.0
Revenue	11,342	7,872	7,085	10,187	6,433	6,843	11.3	22.4	3.5
EBITDA margin (%)	44.1	31.4	32.0	41.1	33.9	32.7	3.0	(2.5)	(0.7)
Core profit	3,631	1,639	1,456	3,002	1,410	1,433	21.0	16.3	1.6

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

Source: FSSIA estimates

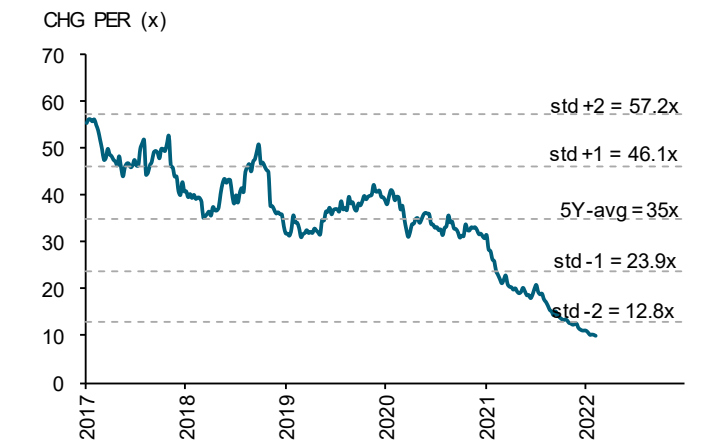
Exhibit 15: DCF valuation

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	16.2	1.5	WACC 8.2%, risk-free rate 3%, risk premium 8%
Terminal value	34.1	3.1	Terminal growth 3%
Cash & liquid assets	1.8	0.2	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
Residual ordinary equity	51.8	4.7	

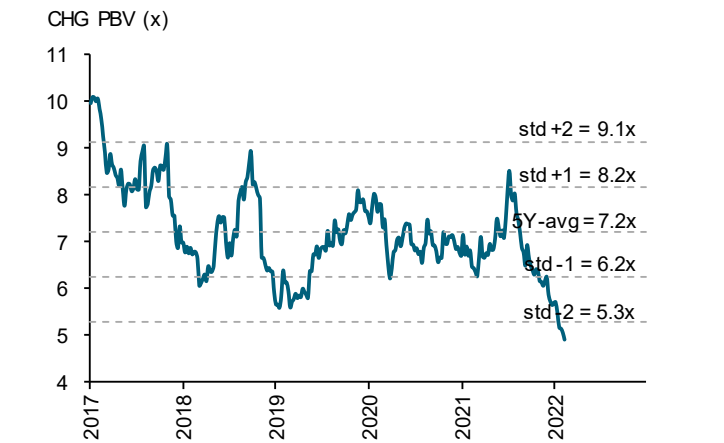
Source: FSSIA estimates

Exhibit 16: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Peer comparisons as of 10 Feb 2022

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	23.10	29.00	25.5	11,248	53.1	36.4	8.1	11.6	4.4	4.1	23.1	18.3
Bumrungrad Hospital	BH TB	BUY	152.50	170.00	11.5	3,713	127.0	51.4	5.4	13.2	7.1	6.5	50.8	27.6
Bangkok Chain Hospital	BCH TB	BUY	18.30	28.50	55.7	1,398	7.9	21.1	61.0	18.6	3.8	4.1	5.3	11.7
Chularat Hospital	CHG TB	BUY	3.12	4.70	50.6	1,052	9.5	20.9	65.3	24.0	4.8	5.2	6.5	13.3
Praram 9 Hospital	PR9 TB	BUY	11.00	15.00	36.4	265	37.4	23.3	5.5	8.5	2.0	1.9	13.9	10.5
Thonburi Healthcare Group	THG TB	HOLD	42.00	32.50	(22.6)	1,091	38.5	78.5	11.3	5.4	4.2	4.3	21.2	29.5
Vibhavadi Medical Center	VIBHA TB	BUY	2.40	3.20	33.3	998	23.3	34.8	17.7	9.4	3.5	2.8	23.8	26.0
Ramkhamhaeng Hospital	RAM TB	BUY	35.25	48.00	36.2	1,296	15.1	23.1	21.3	13.5	3.1	3.1	10.1	16.0
Rajthanee Hospital	RJH TB	n/a	32.50	n/a	n/a	297	9.9	20.8	56.4	24.7	6.5	5.1	7.3	13.9
Ekachai Medical Care	EKH TB	n/a	7.40	n/a	n/a	135	13.6	24.4	33.5	15.7	5.1	4.4	8.9	14.1
Thailand average						21,494	33.5	33.5	28.5	14.4	4.5	4.1	17.1	18.1
Regional														
Ramsay Health Care	RHC AU	n/a	64.57	n/a	n/a	10,586	31.4	36.1	11.3	9.7	3.6	3.6	12.3	12.4
Ihh Healthcare Bhd	IHH SP	n/a	2.09	n/a	n/a	13,677	38.0	35.5	6.5	6.5	2.5	2.4	16.8	15.9
Ryman Healthcare	RYM NZ	n/a	9.88	n/a	n/a	3,293	21.2	21.9	12.2	7.5	2.1	1.9	26.9	22.7
Apollo Hospitals Enterprise	APHS IN	n/a	4,591	n/a	n/a	8,771	768.8	69.4	2.4	18.4	18.2	15.7	60.5	30.1
Kpj Healthcare Berhad	KPJ MK	n/a	1.12	n/a	n/a	1,161	86.2	28.7	2.8	7.4	2.5	2.2	16.6	12.7
Raffles Medical Group	RFMD SP	n/a	1.26	n/a	n/a	1,751	30.7	30.7	8.4	8.6	2.7	2.5	17.1	16.1
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,260	n/a	n/a	2,242	28.3	31.7	21.1	18.2	6.6	5.9	18.0	19.7
Aier Eye Hospital Group	300015 CH	n/a	33.59	n/a	n/a	28,557	77.2	57.9	20.1	22.0	21.3	14.6	44.4	35.2
Regional average						70,037	135.2	39.0	10.6	12.3	7.4	6.1	26.6	20.6
Overall average						91,532	78.7	35.9	20.6	13.5	5.8	5.0	21.3	19.2

Sources: Bloomberg; FSSIA estimates

Financial Statements

Chularat Hospital

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	5,166	5,433	11,342	7,872	7,085
Cost of goods sold	(3,300)	(3,331)	(5,593)	(4,685)	(4,252)
Gross profit	1,866	2,102	5,749	3,187	2,833
Other operating income	22	29	260	300	300
Operating costs	(655)	(673)	(1,008)	(1,015)	(864)
Operating EBITDA	1,233	1,457	5,001	2,472	2,269
Depreciation	(330)	(354)	(378)	(401)	(428)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	903	1,104	4,622	2,072	1,841
Net financing costs	(37)	(33)	(29)	6	8
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(14)	0	0	0	0
Profit before tax	852	1,071	4,593	2,077	1,849
Tax	(187)	(219)	(938)	(424)	(378)
Profit after tax	665	852	3,655	1,653	1,472
Minority interests	41	24	(24)	(14)	(15)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	705	877	3,631	1,639	1,456
Non-recurring items & goodwill (net)	14	0	0	0	0
Recurring net profit	719	877	3,631	1,639	1,456
Per share (THB)					
Recurring EPS *	0.07	0.08	0.33	0.15	0.13
Reported EPS	0.06	0.08	0.33	0.15	0.13
DPS	0.05	0.05	0.20	0.09	0.08
Diluted shares (used to calculate per share data)	11,000	11,000	11,000	11,000	11,000
Growth					
Revenue (%)	17.2	5.2	108.8	(30.6)	(10.0)
Operating EBITDA (%)	16.2	18.2	243.1	(50.6)	(8.2)
Operating EBIT (%)	15.0	22.3	318.7	(55.2)	(11.1)
Recurring EPS (%)	13.4	21.9	314.3	(54.9)	(11.1)
Reported EPS (%)	11.3	24.3	314.3	(54.9)	(11.1)
Operating performance					
Gross margin inc. depreciation (%)	29.7	32.2	47.4	35.4	33.9
Gross margin of key business (%)	29.7	32.2	47.4	35.4	33.9
Operating EBITDA margin (%)	23.9	26.8	44.1	31.4	32.0
Operating EBIT margin (%)	17.5	20.3	40.8	26.3	26.0
Net margin (%)	13.9	16.1	32.0	20.8	20.6
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	159.5	(351.4)	(227.5)
Inventory days	16.7	18.6	15.7	21.5	20.6
Debtor days	27.6	31.1	17.3	29.4	36.5
Creditor days	64.9	64.5	49.8	68.5	65.6
Operating ROIC (%)	15.6	18.3	74.4	32.5	29.1
ROIC (%)	14.7	17.5	72.0	31.5	28.1
ROE (%)	19.8	22.7	65.3	24.0	21.4
ROA (%)	11.8	14.1	46.7	18.8	18.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Cash patient revenue	3,235	3,208	4,095	3,732	4,206
SSO patient revenue	1,578	1,811	1,847	1,940	2,079
NHSO patient revenue	353	413	5,400	2,200	800

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	3,631	1,639	1,456
Depreciation	330	354	378	401	428
Associates & minorities	-	-	-	-	-
Other non-cash items	(31)	90	24	14	15
Change in working capital	(123)	70	(305)	83	(61)
Cash flow from operations	895	1,390	3,729	2,137	1,839
Capex - maintenance	(713)	(400)	(400)	(400)	(400)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(713)	(400)	(400)	(400)	(400)
Dividends paid	(550)	(550)	(550)	(2,179)	(984)
Equity finance	0	0	0	0	0
Debt finance	312	(360)	(270)	(809)	0
Other financing cash flows	53	0	(24)	(14)	(15)
Cash flow from financing	(185)	(910)	(844)	(3,001)	(999)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(3)	80	2,485	(1,264)	440
Free cash flow to firm (FCFF)	222.33	1,026.10	3,361.15	1,749.10	1,441.29
Free cash flow to equity (FCFE)	546.91	629.99	3,034.92	914.37	1,423.77

Per share (THB)

FCFF per share	0.02	0.09	0.31	0.16	0.13
FCFE per share	0.05	0.06	0.28	0.08	0.13
Recurring cash flow per share	0.09	0.12	0.37	0.19	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)
Tangible fixed assets (net)	4,221	4,273	4,295	4,294	4,266
Intangible fixed assets (net)	47	47	47	47	47
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	468	548	3,032	1,768	2,208
A/C receivable	444	481	595	673	744
Inventories	161	179	301	252	229
Other current assets	692	555	1,159	805	724
Current assets	1,764	1,763	5,087	3,498	3,905
Other assets	234	117	117	117	117
Total assets	6,266	6,201	9,547	7,956	8,336
Common equity	3,702	4,024	7,106	6,566	7,039
Minorities etc.	193	169	169	169	169
Total shareholders' equity	3,895	4,193	7,275	6,735	7,208
Long term debt	573	609	609	0	0
Other long-term liabilities	115	124	124	124	124
Long-term liabilities	688	732	732	124	124
A/C payable	607	570	957	802	728
Short term debt	966	570	300	100	100
Other current liabilities	109	135	283	196	177
Current liabilities	1,682	1,275	1,540	1,098	1,004
Total liabilities and shareholders' equity	6,266	6,201	9,547	7,956	8,336
Net working capital	580	510	815	732	793
Invested capital	5,082	4,948	5,274	5,191	5,223

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

Per share (THB)

Book value per share	0.34	0.37	0.65	0.60	0.64
Tangible book value per share	0.33	0.36	0.64	0.59	0.64

Financial strength

Net debt/equity (%)	27.5	15.1	(29.2)	(24.8)	(29.2)
Net debt/total assets (%)	17.1	10.2	(22.2)	(21.0)	(25.3)
Current ratio (x)	1.0	1.4	3.3	3.2	3.9
CF interest cover (x)	15.7	20.2	105.7	(154.1)	(174.9)

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	47.7	39.2	9.5	20.9	23.6
Recurring P/E @ target price (x) *	71.9	59.0	14.2	31.5	35.5
Reported P/E (x)	48.7	39.2	9.5	20.9	23.6
Dividend yield (%)	1.6	1.6	6.3	2.9	2.5
Price/book (x)	9.3	8.5	4.8	5.2	4.9
Price/tangible book (x)	9.4	8.6	4.9	5.3	4.9
EV/EBITDA (x) **	28.9	24.1	6.5	13.3	14.3
EV/EBITDA @ target price (x) **	43.0	36.0	9.9	20.3	21.9
EV/invested capital (x)	7.0	7.1	6.1	6.3	6.2

* 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	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

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

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	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.

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Company	Ticker	Price	Rating	Valuation & Risks
Chularat Hospital	CHG TB	THB 3.12	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Bangkok Dusit Medical Services	BDMS TB	THB 23.10	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 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 18.30	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Praram 9 Hospital	PR9 TB	THB 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 42.00	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 2.40	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 35.25	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 10-Feb-2022 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.