

# Thailand Healthcare

## Why Overweight the sector if Covid becomes endemic?

- Non-Covid patient revenue has recovered and should exceed pre-Covid level by 2022-23; Covid-related revenue should become recurring income going forward.
- Overweight sector; stocks are trading at discount to historical values, while we believe the sector deserves to trade at a premium due to its strong earnings outlook that should exceed the pre-Covid level, coupled with an upside from Covid-related profit.

### From Covid winner to post-Covid winner

Thai healthcare stocks have recently been trading in the same trend as Thailand's new Covid cases, as the market perceives the sector as the Covid winner. This has led to a concern about share prices plunging when Covid becomes endemic, as the government plans to announce Covid as endemic from Jul-22 onward. However, we think that the sector will continue to capture benefits from Covid, while the non-Covid patient volume should recover and reach the 2019 level soon, leading the sector to turn into a post-Covid winner.

### The billing size of Covid treatments is still higher than traditional treatments

As we will be living with Covid, we believe it will become an endemic disease that hospitals can still leverage services for, including vaccinations, testing and treatments. Although payments and reimbursements for Covid services have declined, the billing size is still much higher than the average traditional treatment. The billing for the Home Isolation program is up to THB12,000 per case (vs average OPD case billing of THB2,000-4,000 per visit). For yellow and red symptom Covid patients, the billing is up to THB90,000-375,000 per case (vs average IPD case billing of THB60,000-70,000 per admission). The government has set the budget for Covid treatments at THB84b this year, accounting for 86% of the 2021 budget. This leads to a potential upside for our aggregate Covid-related revenue for stocks under coverage, which we forecast at THB17.1b, accounting for only 43% of the revenue in 2021.

### Forecast aggregate core profit in 2022 to exceed pre-Covid level by 19%

We forecast the aggregate revenue for the stocks under our coverage in 2022 to exceed the 2019 level by 11%, led by 1) non-Covid Thai patient revenue which should exceed the 2019 level by 6%; 2) international patient revenue which should recover to 79% of the 2019 level; and 3) Covid-related revenue which should contribute 11% of 2022's total revenue. As a result, we expect an aggregate core profit of THB22b in 2022, 19% above the 2019 level.

### BDMS and PR9 as top picks; keep monitoring BCH, CHG and RAM

Stocks under our coverage (excl. THG) are trading at an attractive 30x 2022E P/E on average, lower than their 5-yr average of 35x. We believe they deserve to trade at a premium to historical values as they should continue to benefit from Covid, while non-Covid patient revenue should recover and exceed the pre-Covid level by 2023. Our top picks are BDMS for big caps and PR9 for small caps. Those stocks should offer earnings growth this year on a non-Covid recovery. We also suggest investors monitor BCH, CHG and RAM as they are trading in the undervalued zone, based on our P/E and ROE matrix. We believe the market is focused only on Covid profits and has overlooked their strong organic profits.



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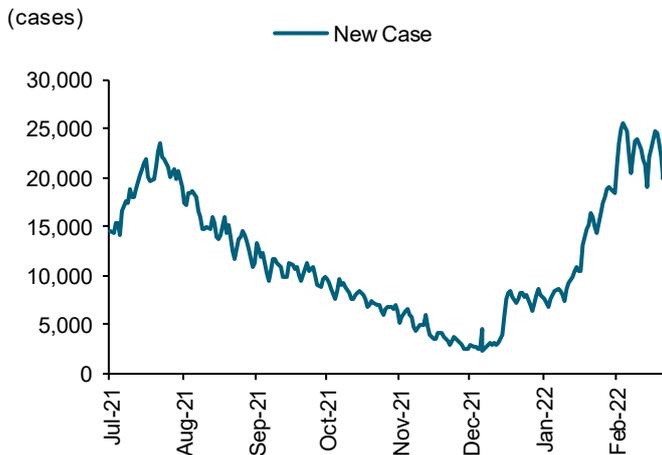
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## Benefit from Covid pandemic still remains in 2022

### Omicron variant to drive strong 1Q22 earnings

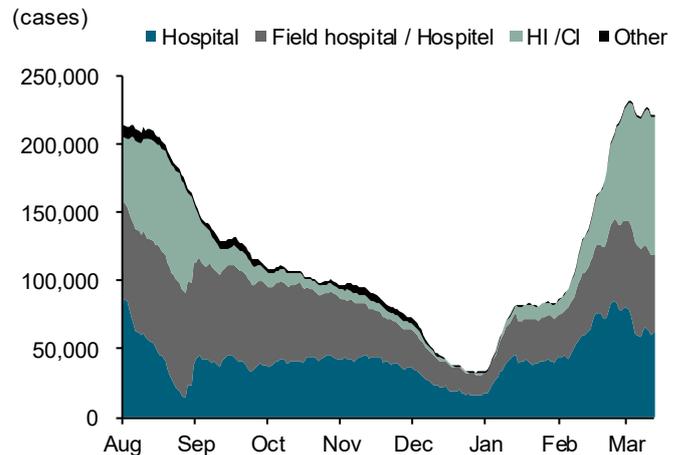
The number of Covid cases in Thailand has recently increased from an average of 2,000-3,000 cases per day in Dec to average more than 20,000 cases per day for the past two weeks. As a result, we expect hospitals to get higher Covid-related revenue in 1Q22 compared to 4Q21.

**Exhibit 1: Number of daily new Covid cases in Thailand**



Source: Ministry of Public Health

**Exhibit 2: Number of hospitalised patients in hospitals and field hospitals**



Note: HI = Home Isolation / CI = Community Isolation  
Source: Ministry of Public Health

### Potential upside from Covid-related revenue

The government subsidised Covid treatment fees totalling THB3.8b in 2020 and THB98b in 2021. About THB71b went to public hospitals and THB27b went to private hospitals.

The hospitals under our coverage recorded Covid-related revenue of cTHB38.1b during that period. The number is higher than the government's budget as there were some self-pay and insurance companies that paid for the treatments. However, we believe the majority of Covid-related revenue for private hospitals still came from the government's budget.

This year, the UCEP-COVID fund under the National Health Security Office (NHSO) has already paid THB32.5b in Covid treatment fees, and plans to seek THB51.1b in an additional budget. Thus, the total budget for Covid treatment fees this year has the potential to reach THB83.6b, which accounts for about 86% of the 2021 budget, which is relatively high in our view, compared to the market's expectation that Covid-related revenue will sharply drop this year.

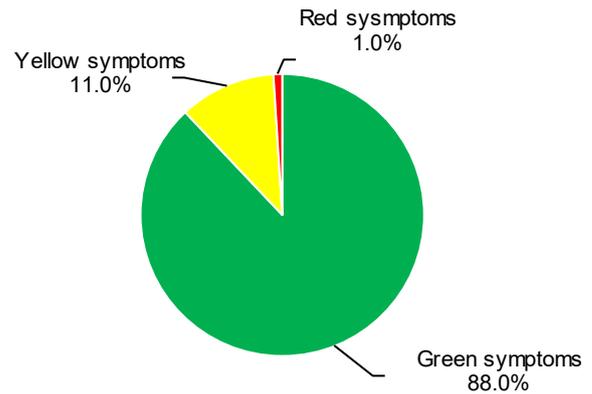
This suggests ample upside for our Covid-related revenue forecast in case the Covid pandemic is prolonged as we assume only THB17.1b in Covid-related revenue for the stocks under our coverage in 2022, accounting for only 11% of total revenue (vs 26% in 2021).

**Exhibit 3: Budget for Covid-related services**

Covid treatment budget	2020 (THB b)	2021 (THB b)	2022E (THB b)
The Comptroller General's Department	0.2	3.7	
SSO	0.3	42.9	
NHSO	3.3	51.2	32.5
Additional budget pending approval			51.1
<b>Total</b>	<b>3.8</b>	<b>97.7</b>	<b>83.6</b>

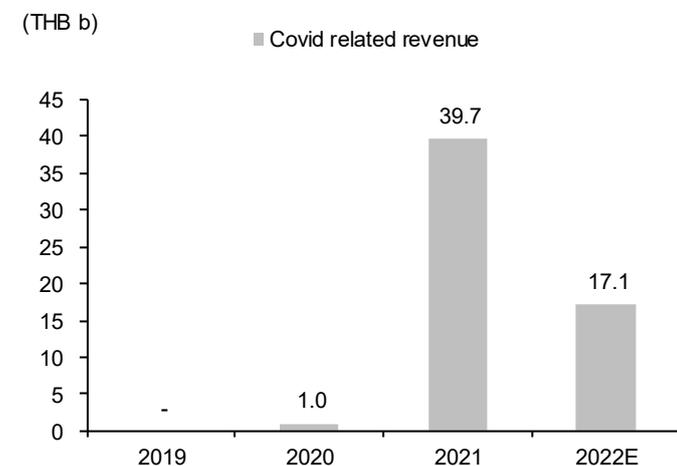
Source: Centre for COVID-19 Situation Administration (CCSA)

**Exhibit 4: Covid treatment fee breakdown by symptom level**



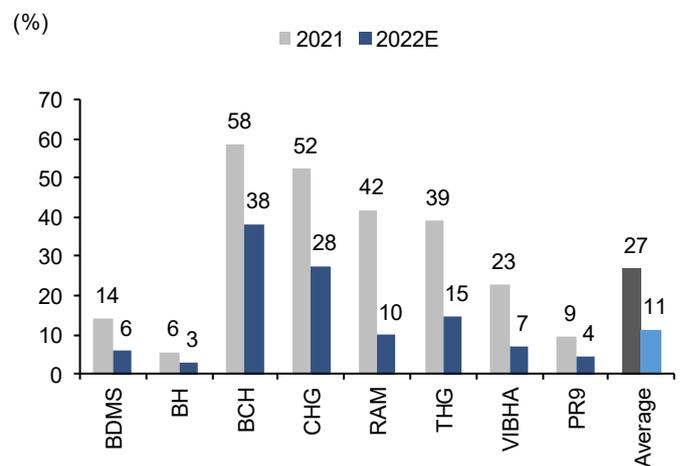
Source: CCSA

**Exhibit 5: Covid-related revenue for hospitals under our coverage**



Sources: Company data; FSSIA's compilation

**Exhibit 6: Covid-related revenue contributions**



Sources: Company data; FSSIA's compilation

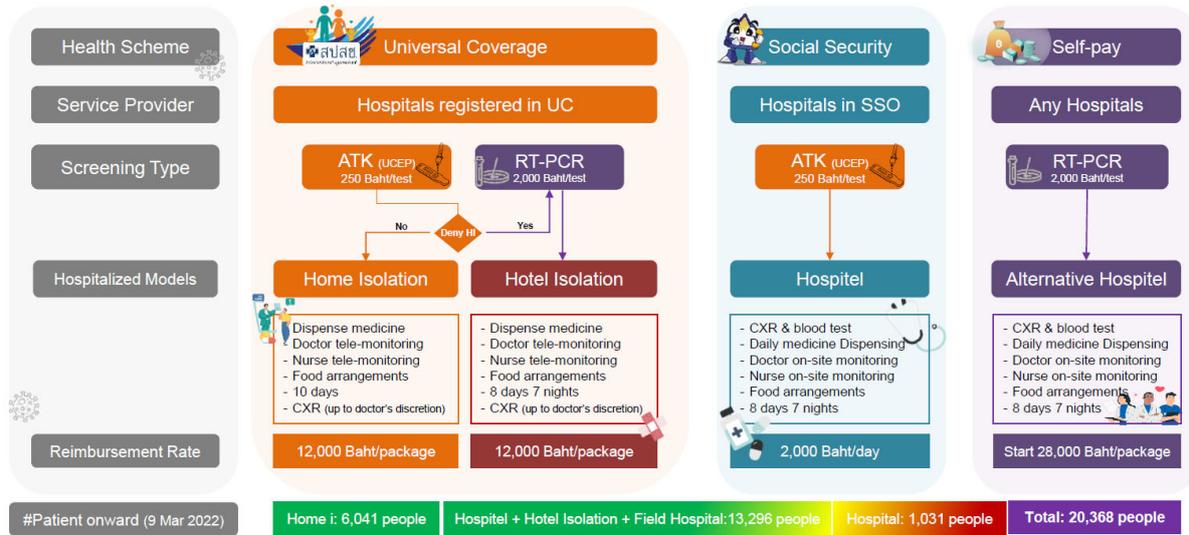
**New Covid Plus scheme to have an impact on green symptom Covid patients**

The market has concerns about the new reimbursement rate of the UCEP Plus scheme from 16 Mar onward. Previously, all symptom levels of Covid patients (green, yellow and red) were allowed to reimburse under the UCEP-COVID fund.

Under the new scheme, green symptom Covid patients will be encouraged to enter the Home Isolation or Community Isolation (HI/CI) program. The reimbursement will be fixed at THB6,000 per patient for treatments lasting six days or less and THB12,000 for treatments lasting seven days or more.

Note that under the Social Security Office (SSO) scheme, green Covid patients can still receive treatments in hospitel and the hospital can reimburse medical fees of up to THB2,000 per day. Alternatively, some hospitals, for example BCH, are offering a hospitel package starting from THB28,000 per case for self-pay and insurance patients.

Exhibit 7: BCH's services for green symptom Covid patients



Remark: 1. Patients with more symptoms (yellow / red color) can undergo a free RT-PCR test and admitted in any hospital under UCEP COVID-19 coverage  
 2. Private health insurance remains in effect for COVID-19, however, insurance claims are at the discretion of the hospital.

Source: BCH

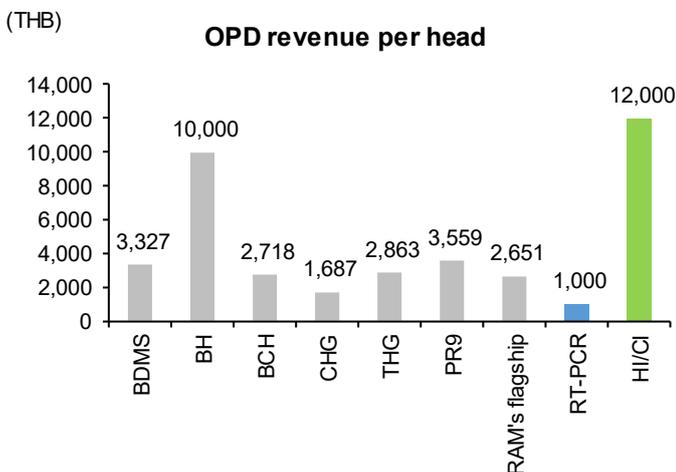
Revenue per head for Covid-related treatments is still much higher than traditional treatments, even with the new reimbursement scheme

The reimbursement rate has been reduced from an average of cTHB50,000 per patient per treatment in hospital or hospital under the previous scheme. However, we think that hospitals will still get decent treatment fee income compared to traditional OPD cases which average THB2,000-4,000 per visit. The margins of HI/CI should also be quite high given that the operating costs for hospitals are marginal, with only three meals per patient and video calls to monitor the patients required.

Yellow and red symptom patients can be admitted to any hospital. The hospitals will reimburse through the UCEP Plus scheme. The reimbursement rate will be similar to the previous scheme at around THB90,000 per case for yellow Covid patients and THB375,000 for red Covid patients, which is also higher than the IPD revenue per head for traditional treatments of around THB60,000-THB100,000 per case, depending on the hospital brand.

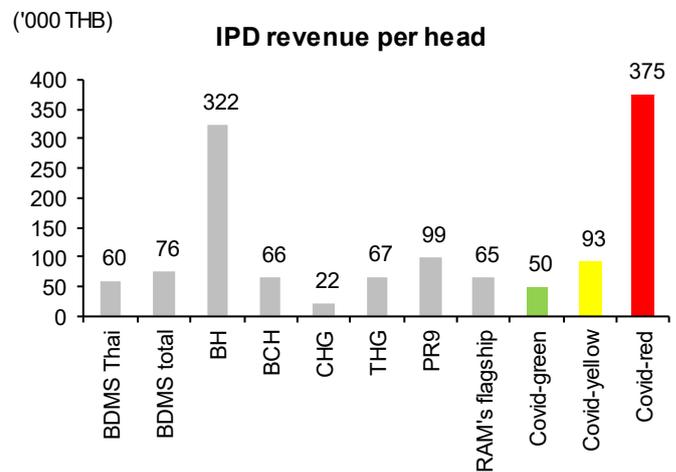
Overall, although the reimbursement rate for Covid treatments is gradually declining, private hospitals, especially hospitals that focus on the middle-income segment, should still benefit from Covid treatments.

Exhibit 8: Revenue per head for OPD



Sources: FSSIA's compilation, CCSA

Exhibit 9: Revenue per head for IPD



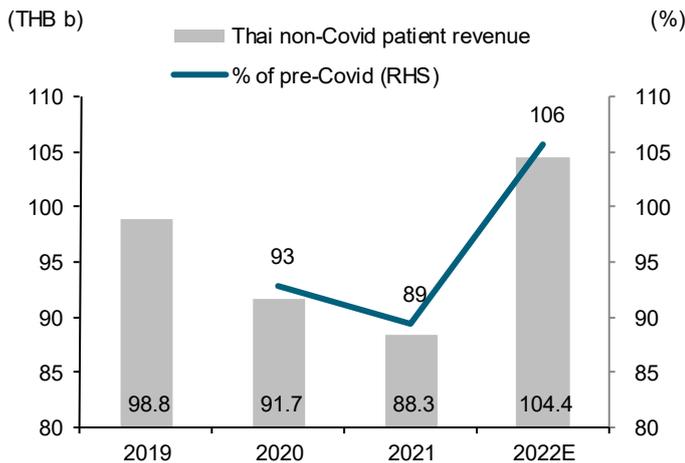
Sources: FSSIA's compilation, CCSA

### Thai non-Covid patient revenue to recover to pre-Covid level

Non-Covid patient revenue under our coverage was below the pre-Covid level by 9% in 2021. However, there was a strong sign of recovery in 4Q21. Most hospitals recorded non-Covid Thai patient revenue reaching or exceeding the pre-Covid level in 4Q21 as patients had more confidence to have treatments in hospitals after being vaccinated.

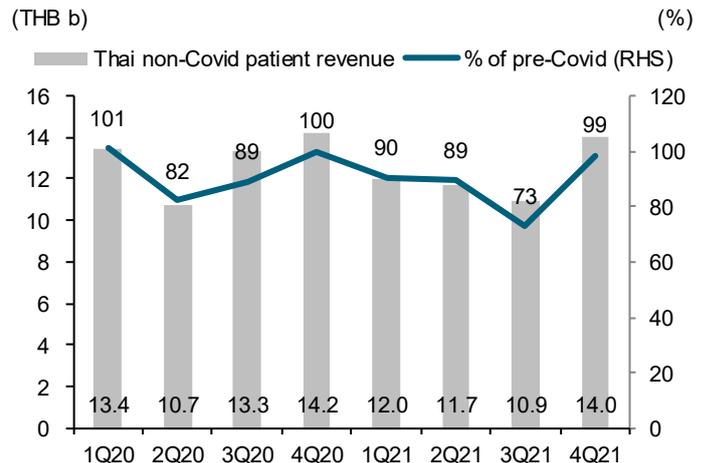
As a result, we expect the aggregate Thai non-Covid patient revenue for the stocks under our coverage to exceed the pre-Covid level by 6% in 2022.

**Exhibit 10: Total Thai non-Covid patient revenue for stocks under our coverage**



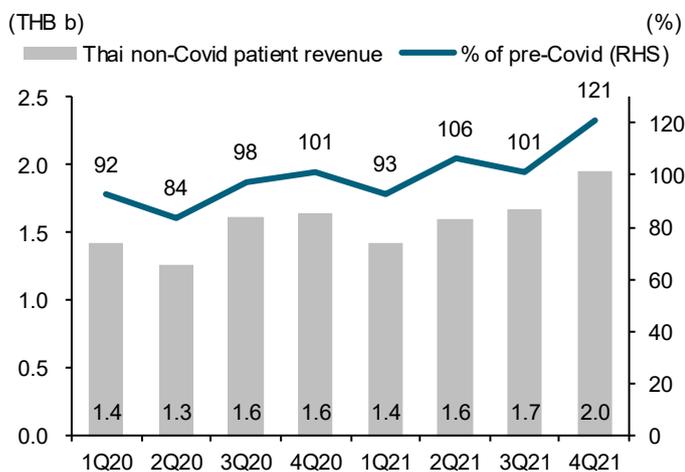
Sources: Company data; FSSIA estimates

**Exhibit 11: BDMS' Thai non-Covid patient revenue quarterly trend**



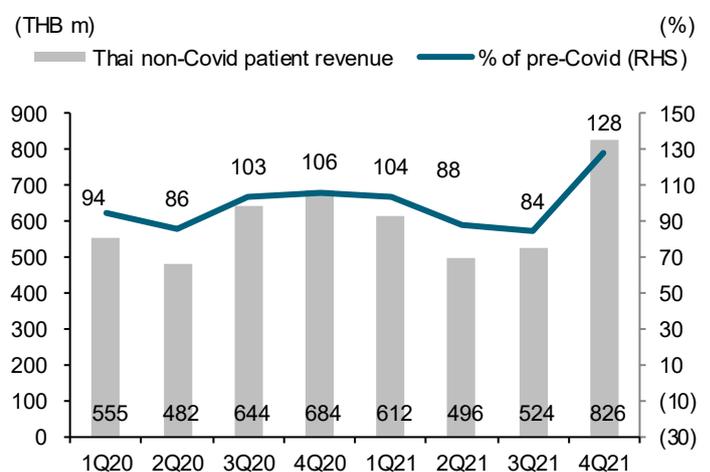
Source: BDMS

**Exhibit 12: BH's Thai non-Covid patient revenue quarterly trend**



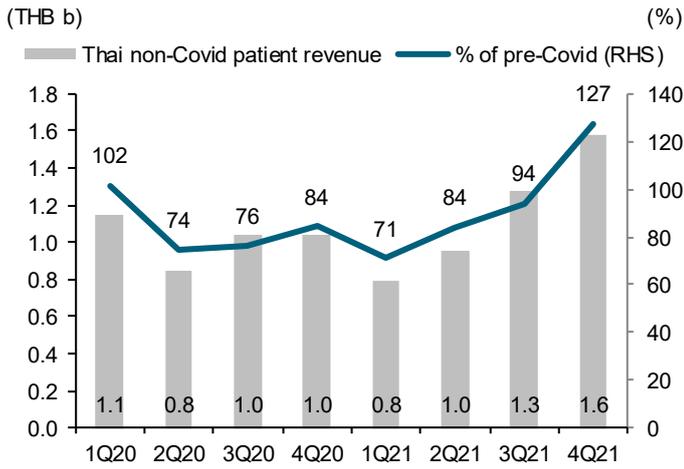
Source: BH

**Exhibit 13: PR9's Thai non-Covid patient revenue quarterly trend**



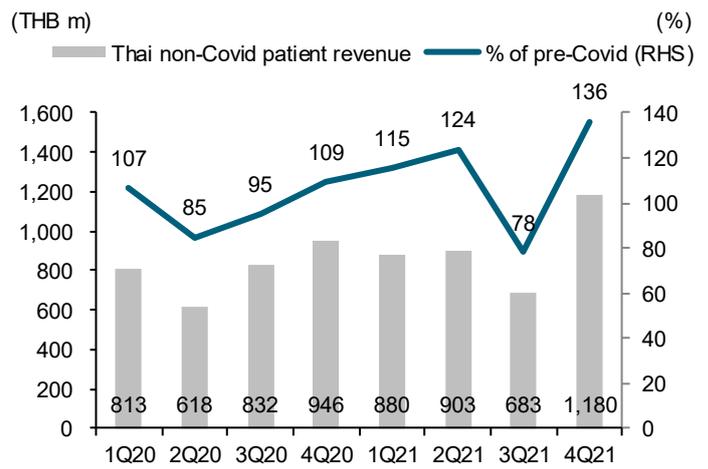
Source: PR9

**Exhibit 14: BCH's Thai non-Covid patient revenue quarterly trend**



Source: BCH

**Exhibit 15: CHG's Thai non-Covid patient revenue quarterly trend**



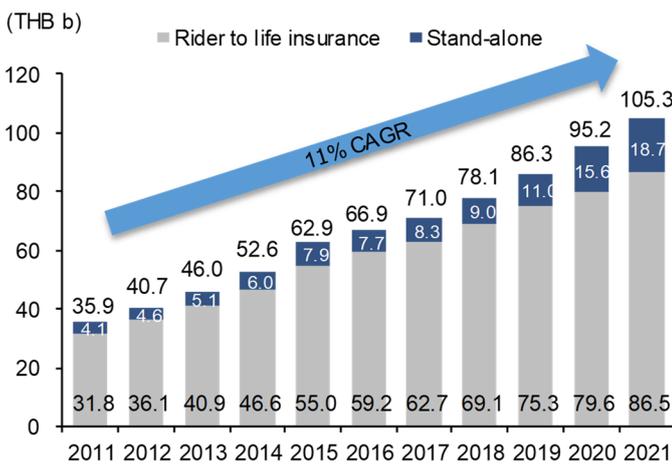
Source: CHG

**Health insurance to support revenue growth**

Health insurance coverage is rising in Thailand, as indicated by the 11% CAGR in total aggregate premiums paid during 2011–21. Thai people have gained greater health awareness since the Covid pandemic began, and we believe the trend should continue. In addition, the government has encouraged Thai people to purchase health insurance by providing a health insurance tax deduction of up to THB15,000 since 2017, and recently increased the deduction to a maximum of THB25,000 in 2020.

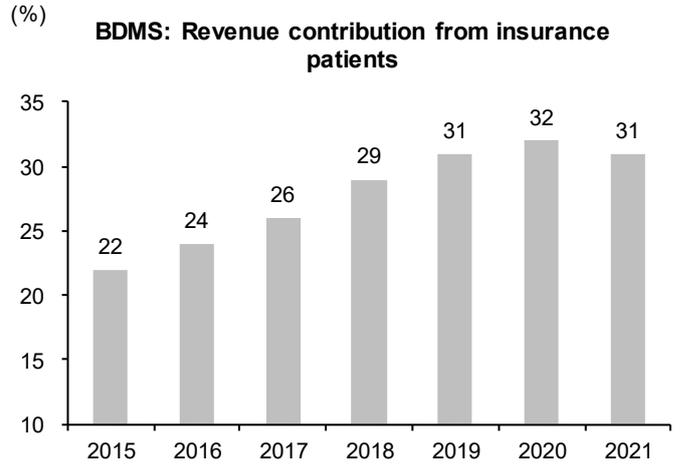
Rising premiums indicate that more people are insured, and also that more people are able to afford advanced treatments. This should lift the revenue per bill, as patients with health insurance are more likely to seek the best treatments that their policies can cover.

**Exhibit 16: Health insurance premiums**



Source: Office of Insurance Commission (OIC)

**Exhibit 17: BDMS' revenue contribution from insurance patients**



Source: BDMS

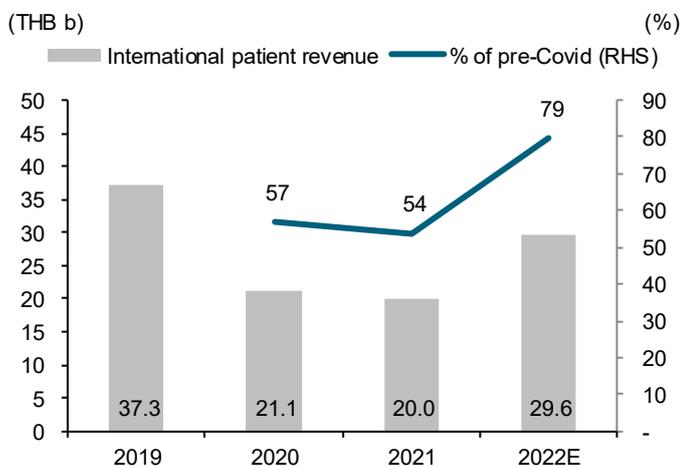
## Strong recovery of international patient revenue

After Thailand’s border reopening, the international patient volume picked up in 4Q21. BH and BDMS, which had fly-in medical tourists accounting for 55% and 15% of revenue contributions as of 2019, said in their analyst meetings that there has been strong pent-up demand from medical tourists, especially from Middle East and CLMV patients, since Nov-21 following Thailand’s border reopening, and they believe the recovery momentum will accelerate in 2022.

For BCH, international patient revenue has already exceeded the pre-Covid level since 2Q21. We believe the main reason is the well-known doctor specialising in foot diabetic disease who moved to work full-time at World Medical Center (WMC). Previously, he worked at WMC and THG Bumrungrueng. As a result, many of his patients, mostly from the Middle East, have followed the doctor to WMC.

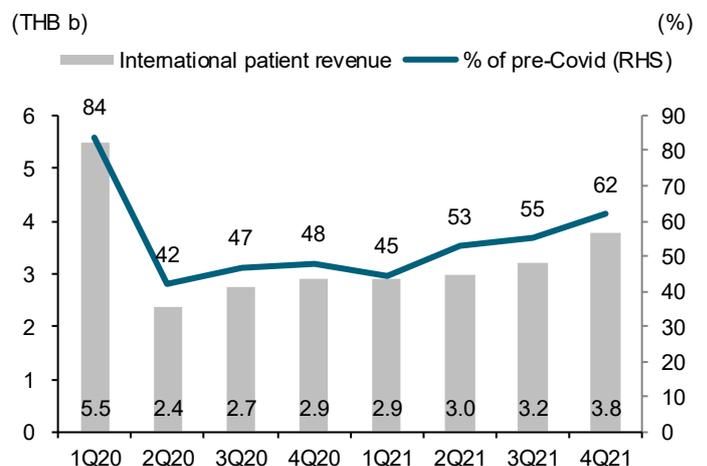
We estimate that aggregate international patient revenue for the stocks under our coverage should recover from 54% of the pre-Covid level in 2021 to 79% in 2022, and should reach the pre-Covid level by 2023.

**Exhibit 18: Total international patient revenue for stocks under our coverage**



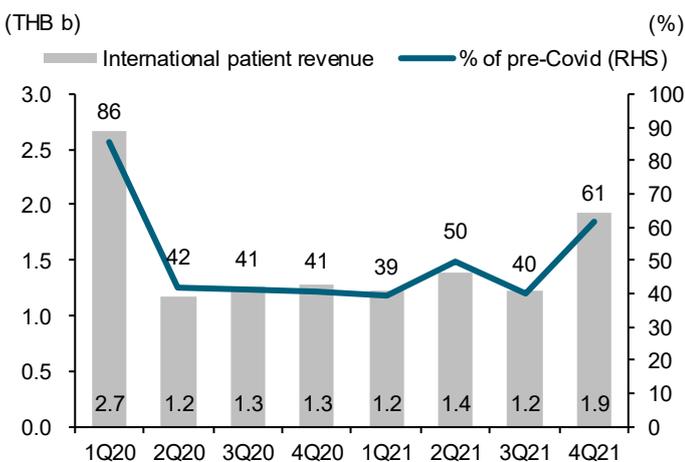
Sources: Company data; FSSIA estimates

**Exhibit 19: BDMS’ international patient revenue quarterly trend**



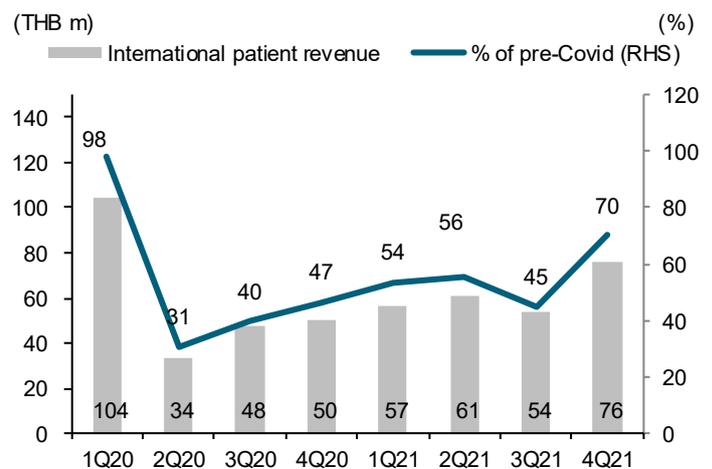
Source: BDMS

**Exhibit 20: BH’s international patient revenue quarterly trend**



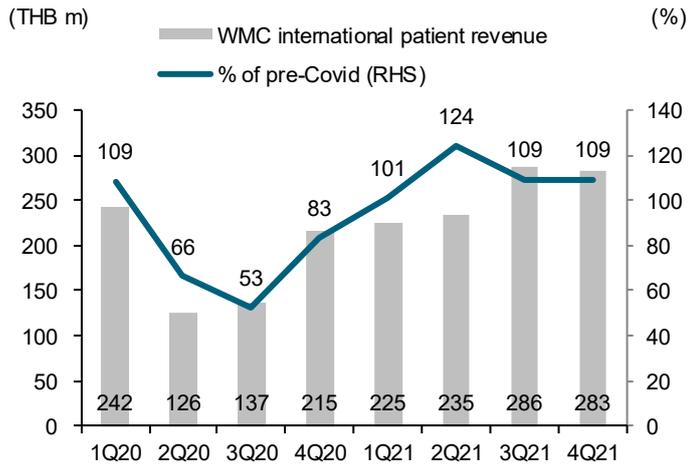
Source: BH

**Exhibit 21: PR9’s international patient revenue quarterly trend**



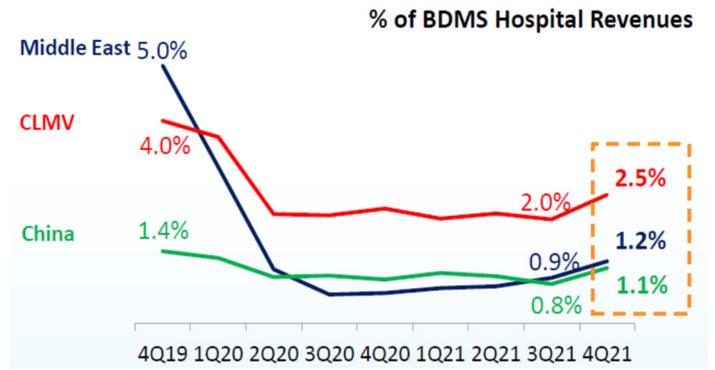
Source: PR9

**Exhibit 22: BCH's international patient revenue (only at WMC) quarterly trend**



Source: BCH

**Exhibit 23: BDMS' fly-in patient volume picked up in 4Q21**



Source: BDMS

## SSO operations to grow from larger member base

We expect that the private hospitals that joined the SSO scheme, including BCH and CHG, should indirectly benefit from the Covid pandemic. Since the beginning of the Covid pandemic, BCH and CHG have served a lot of new customers via Covid-related services. We expect that those customers may decide to move their registrations from other public hospitals or private hospitals to BCH and CHG due to their reputation for Covid services.

BCH and CHG also received an additional SSO quota (from 1.2m in 2021 to 1.5m in 2022 for BCH and from 526k in 2021 to 562k in 2022 for CHG). The additional quota is from hospitals whose registered members have reached the maximum quota. This implies a high potential for SSO members to move their registrations to those popular hospitals.

We expect BCH's registered members to jump by 16% and CHG's to grow by 6% in 2022 which is higher than the average increase of c3-4% p.a. In addition, there is a chance that the SSO may increase the reimbursement rate this year, given that the SSO normally raises the payment rate every 2-3 years and the last increase was in 2020. The additional payment would flow directly to the bottom line as the operating costs are unchanged.

**Exhibit 24: BCH's SSO registered members**



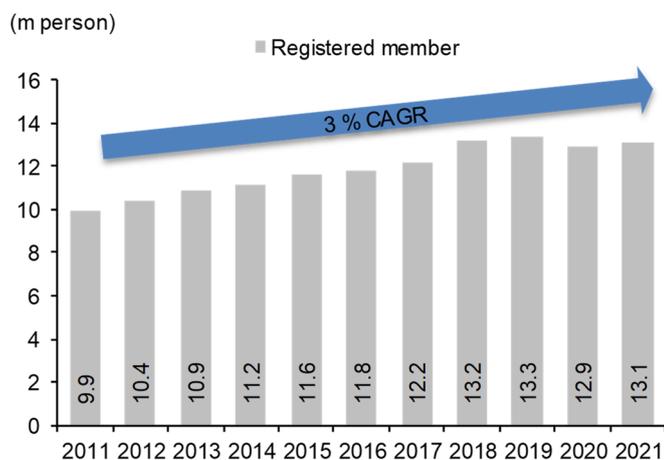
Sources: BCH; FSSIA estimate

**Exhibit 25: CHG's SSO registered members**



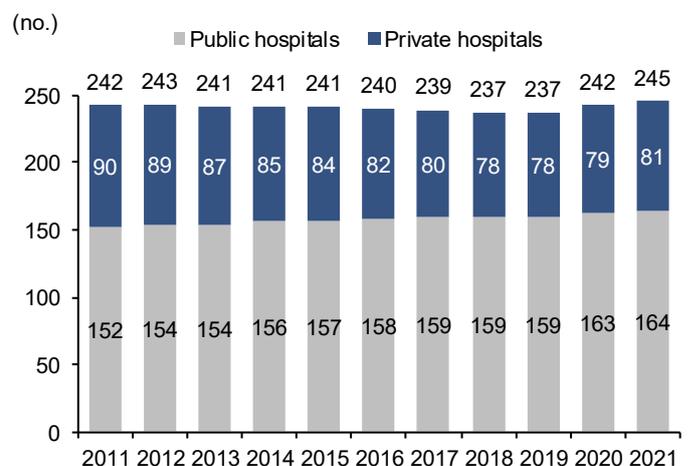
Sources: CHG; FSSIA estimate

**Exhibit 26: SSO industry registered members**



Source: SSO

**Exhibit 27: Number of hospitals under the SSO scheme**



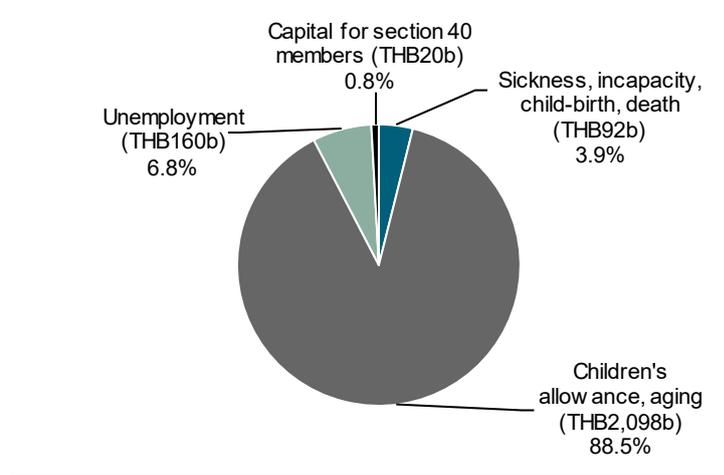
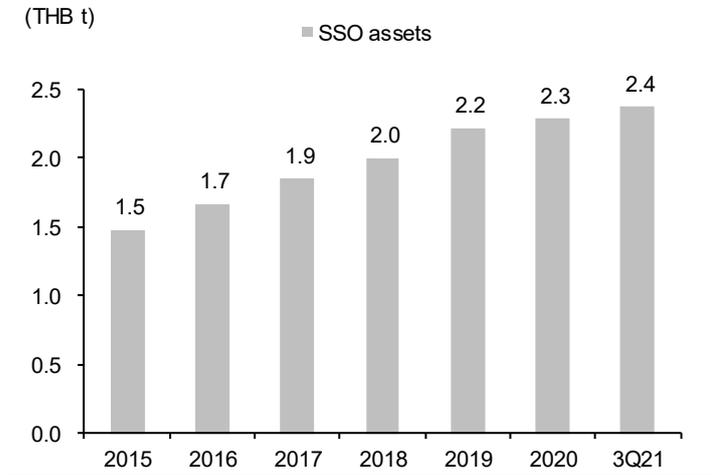
Source: SSO

### SSO fund remains healthy

Some investors may be concerned about whether or not the SSO has sufficient funds, since the government has cut contributions and the number of employees since the Covid pandemic began. We have checked the asset size of the SSO fund and found that it is still healthy with assets worth THB2.4t as of 3Q21, growing from THB2.2t as of 2019. Thus, we do not see any major impact in the near term.

**Exhibit 28: SSO assets remain healthy**

**Exhibit 29: SSO's THB2.2t asset breakdown by benefit, 1Q20**



Source: SSO

Source: SSO

### Strong balance sheets with significant free cash flow

All healthcare stocks have strong balance sheets with net IBD/E lower than 1.0x as of 2021. Some hospitals are debt free, including BH, CHG and PR9.

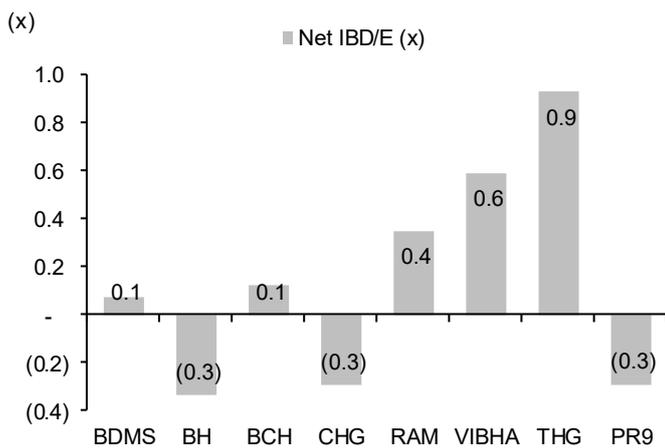
Cash on hand for big-cap hospitals (BDMS and BH) declined in 2021 as they paid dividends equivalent to their pre-Covid levels, despite the weak earnings following the Covid pandemic. However, they still have strong balance sheets and should improve over the next two years.

For mid-cap hospitals that have a high exposure to Covid-related revenue, their cash on hand jumped in 2021 due to strong earnings. If we count accrued medical income (mainly derived from Covid treatments that the UCEP fund has not scheduled to pay yet) as cash, BCH and CHG have outstanding cash on hand of THB7.4b and THB4.6b, respectively, as of 2021, significantly jumping from less than THB1.0b as of 2019.

The market sees Covid-related revenue as a one-off, in our opinion. However, hospitals can use their free cash flow to either repay debts or invest in new hospital projects. As a result, the strong free cash flow should eventually improve their P&L in the long term.

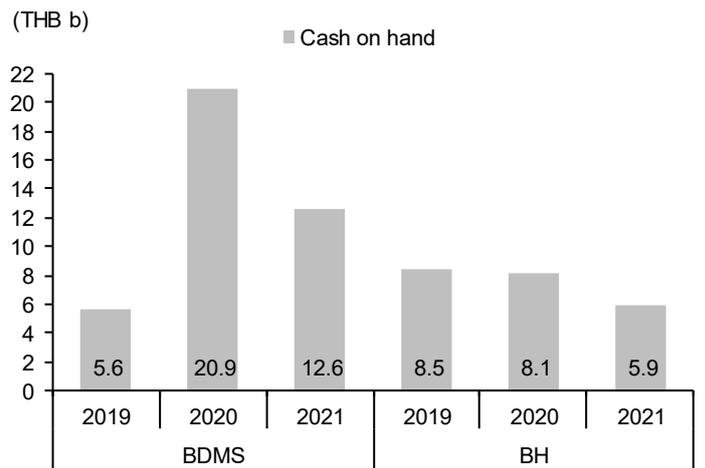
Overall, we conclude that mid-cap hospitals can leverage the benefits from the Covid pandemic and use them to improve their financial status and boost organic earnings going forward.

**Exhibit 30: Net IBD/E comparison as of 2021**



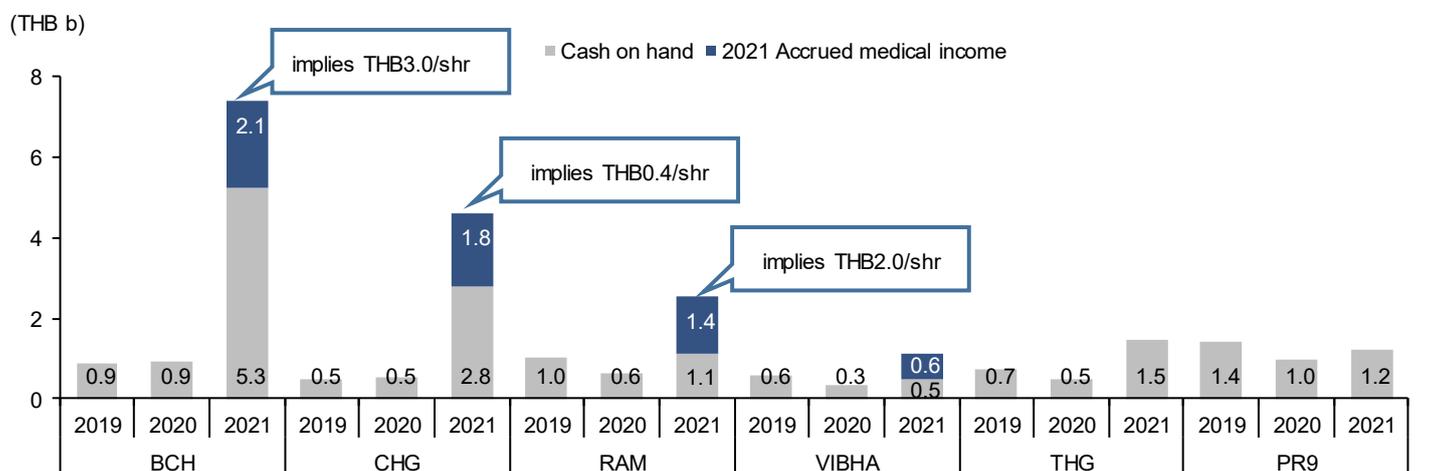
Sources: Company data; FSSIA's compilation

**Exhibit 31: Cash on hand of big-cap hospitals**



Sources: Company data; FSSIA's compilation

**Exhibit 32: Cash on hand of mid- and small-cap hospitals**



Sources: Company data; FSSIA's compilation

## Earnings forecast

We expect the aggregate core profit for the stocks under our coverage to drop by 19% from THB27.4b in 2021 to THB22.1b in 2022, mainly due to lower Covid-related revenue. However, the core profit should still exceed the pre-Covid level by 19%. We forecast non-Covid Thai patient revenue to recover and exceed the pre-Covid level by 6%, while international patient revenue should recover to 79% of the pre-Covid level in 2022.

We can break the healthcare stocks under coverage into two groups. The first group is stocks that have a small proportion of Covid-related revenue (less than 20% of total revenue in 2021) – this includes BDMS, BH and PR9. We expect the core profit of this group to grow thanks to the recovery of non-Covid Thai patient and international patient numbers.

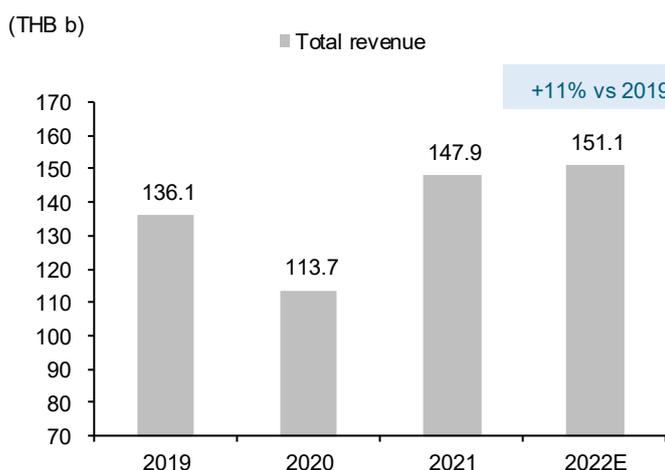
For the group that has exposure to Covid-related revenue at above 20%, we expect that core profit should drop in 2022 due to declining Covid-related revenue. However, the profit should still be much higher than the pre-Covid level.

### Exhibit 33: Core profit forecast summary

Company name	BBG code	Core profit					Core profit growth			
		2019 (THB m)	2020 (THB m)	2021 (THB m)	2022E (THB m)	2023E (THB m)	2020 (%)	2021 (%)	2022E (%)	2023E (%)
<b>Healthcare</b>										
Bangkok Chain Hospital	BCH TB	1,149	1,229	6,846	3,645	1,977	7.0	456.9	(46.8)	(45.8)
Bangkok Dusit Med Service	BDMS TB	10,053	6,045	7,736	10,096	12,541	(39.9)	28.0	30.5	24.2
Bumrungrad Hospital	BH TB	3,883	1,199	1,274	2,731	4,199	(69.1)	6.2	114.4	53.8
Chularat Hospital	CHG TB	719	877	4,204	2,125	1,456	21.9	379.6	(49.4)	(31.5)
Praram 9 Hospital	PR9 TB	312	202	249	371	475	(35.3)	23.3	48.7	28.2
Thonburi Healthcare Group	THG TB	322	(31)	1,247	290	454	(109.7)	(4,096.8)	(76.8)	56.7
Vibhavadi Medical Center	VIBHA TB	853	450	1,816	1,007	1,165	(47.2)	303.8	(44.6)	15.7
Ramkhamhaeng Hospital	RAM TB	1,474	632	4,070	1,871	2,053	(57.1)	544.0	(54.0)	9.7
<b>Total</b>		<b>18,764</b>	<b>10,603</b>	<b>27,443</b>	<b>22,136</b>	<b>24,321</b>	<b>(43.5)</b>	<b>158.8</b>	<b>(19.3)</b>	<b>9.9</b>

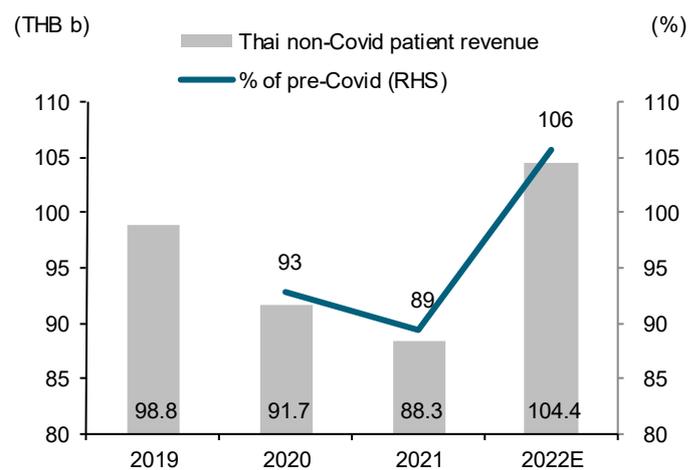
Sources: Company data; FSSIA estimates

### Exhibit 34: Total revenue for stocks under our coverage



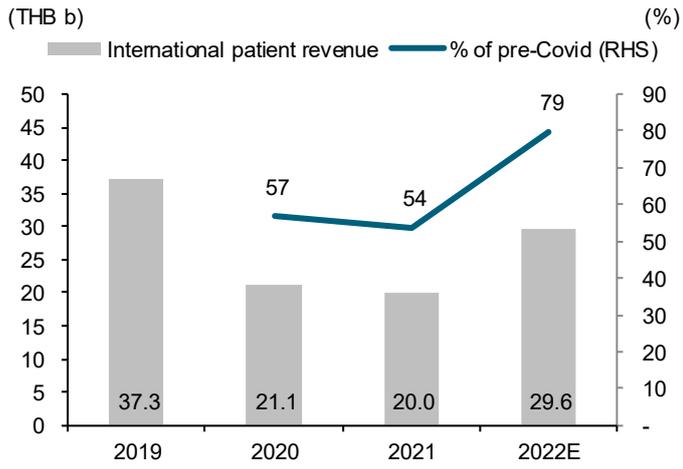
Sources: Company data; FSSIA estimates

### Exhibit 35: Total Thai non-Covid patient revenue for stocks under our coverage



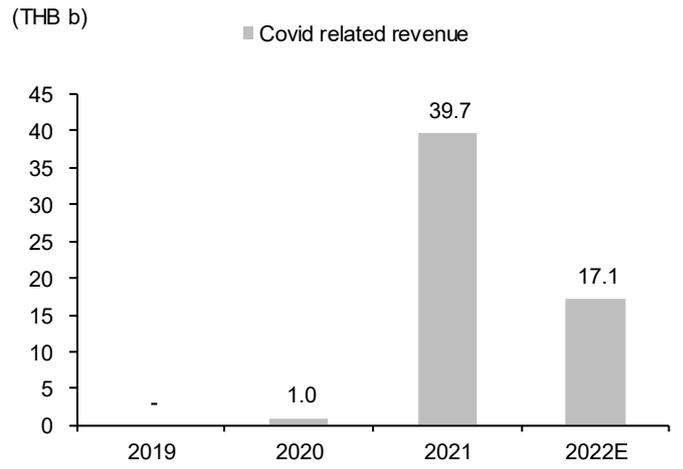
Sources: Company data; FSSIA estimates

**Exhibit 36: Total international patient revenue for stocks under our coverage**



Sources: Company data; FSSIA estimates

**Exhibit 37: Covid-related revenue**



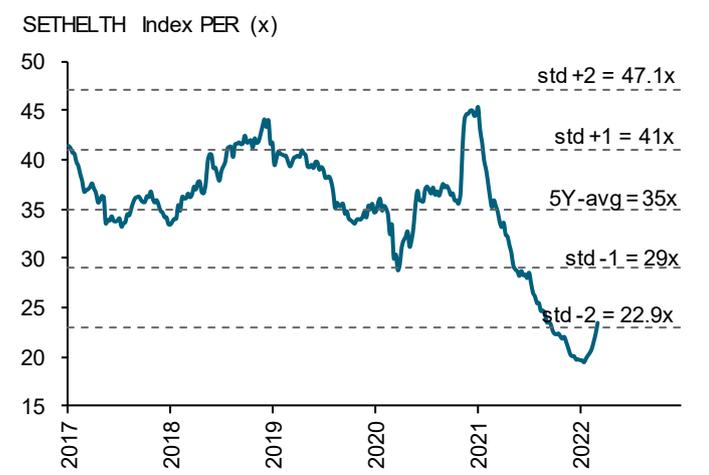
Sources: Company data; FSSIA estimates

## Attractive valuation

The healthcare sector is trading at 24x 2022E P/E vs its 5-yr average of 35x. We believe it deserves to trade at a premium to its historical value given that the sector should continue to capture the benefits from Covid even if it is declared endemic. We believe there would be recurring income from Covid-related services (i.e. vaccinations, testing and treatments) going forward. Meanwhile, non-Covid patient revenue should recover and exceed the pre-Covid level by 2023.

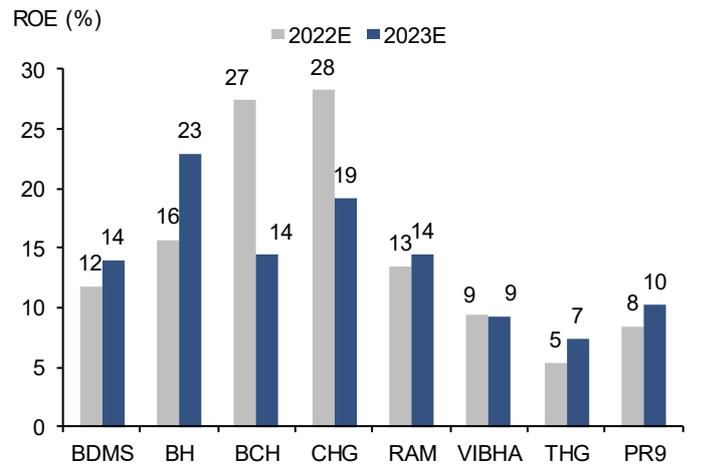
Big-cap hospitals (BDMS and BH) are trading at a premium valuation compared to their peers as the market expects to see strong recovery in non-Covid patient numbers, both Thai and international, over 2022-23. Meanwhile, the stocks that have a high exposure to Covid-related services, including BCH and CHG, are trading at deep discounts to their peers and their own historical averages, as the market expects Covid-related revenue to decline and fade away.

**Exhibit 38: Healthcare sector's historical P/E**



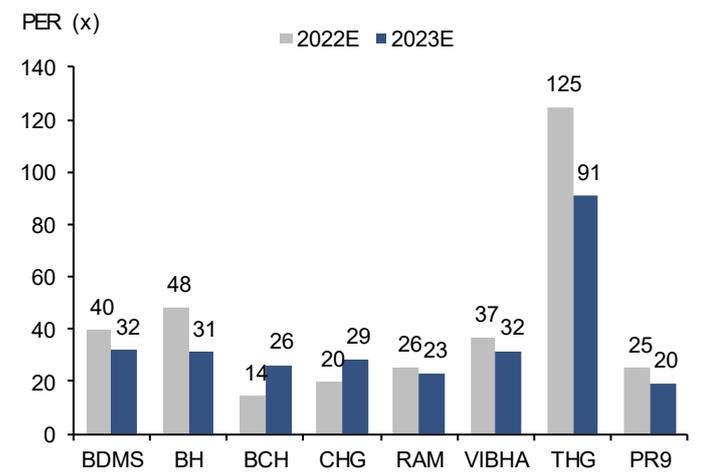
Sources: Bloomberg; FSSIA estimates

**Exhibit 39: ROE comparison**



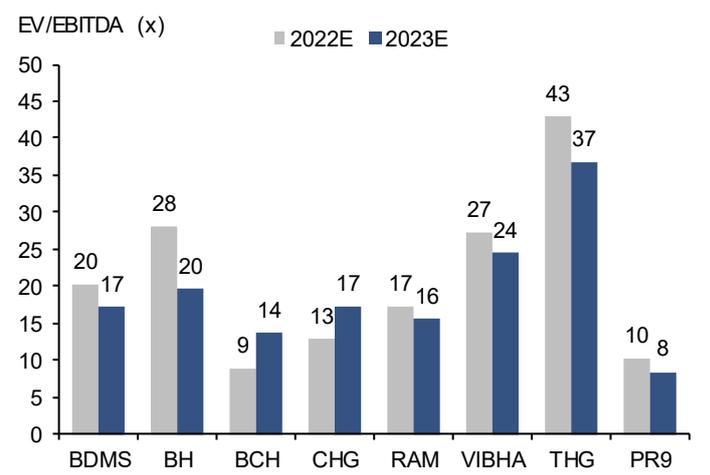
Sources: Company data; FSSIA estimates

**Exhibit 40: P/E comparison**



Sources: Company data; FSSIA estimates

**Exhibit 41: EV/EBITDA comparison**



Sources: Company data; FSSIA estimates

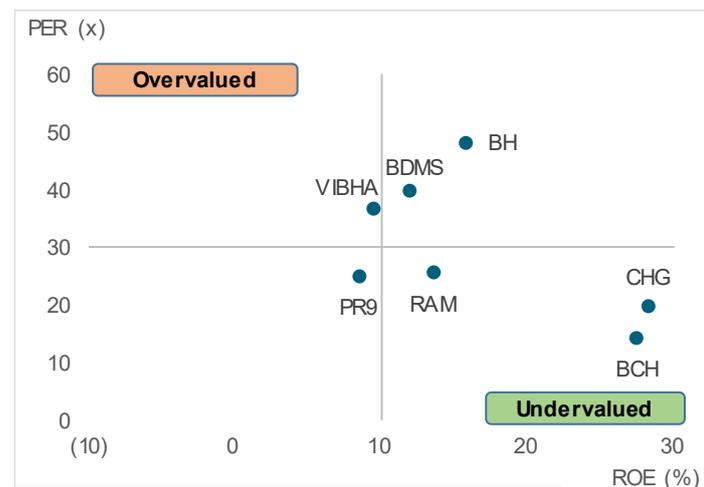
### Overweight sector: BDMS & PR9 top picks; BCH, CHG & RAM value stocks

Our top pick for big-cap hospitals is BDMS, as we expect its revenue to reach the pre-Covid level in 2022 and its EBITDA margin should be in an upward trend. Over the past five years its EBITDA margin has stayed at 21-22%. However, there was a positive sign from its EBITDA margin rising to 24% in 2H21, led by a strong utilisation rate. The trend should continue in 2022, in our view, implying that its earnings have the potential to exceed the pre-Covid level by next year at the latest.

We prefer PR9 for small-cap hospitals due to its cheap valuation of 25x 2022E P/E and 10x 2022E EV/EBITDA. Meanwhile, we expect it to offer strong earnings growth of 49% this year and record a new high core profit thanks to the revenue stream from its new specialist centre and the larger capacity of its existing specialist centre from the new building.

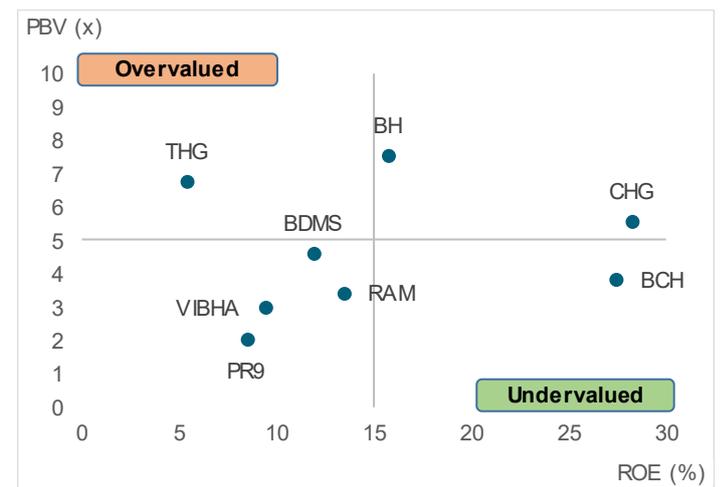
We also suggest investors keep an eye on BCH, CHG and RAM. Based on our P/E and ROE matrix, those stocks are trading in the undervalued area. We believe the market is focused only on Covid-related services for those stocks and has overlooked their organic earnings which have significantly improved compared to the pre-Covid period mainly due to a larger SSO registered member base and the turnaround of their new hospitals. BCH and CHG are trading at less than 20x 2022E P/E. Even if we excluded Covid-related services, the valuation would be 31-32x 2022E P/E, still lower than their 5-year average of 35x. We believe the market will focus on organic growth once the Covid situation improves.

Exhibit 42: P/E and ROE matrix (2022E)



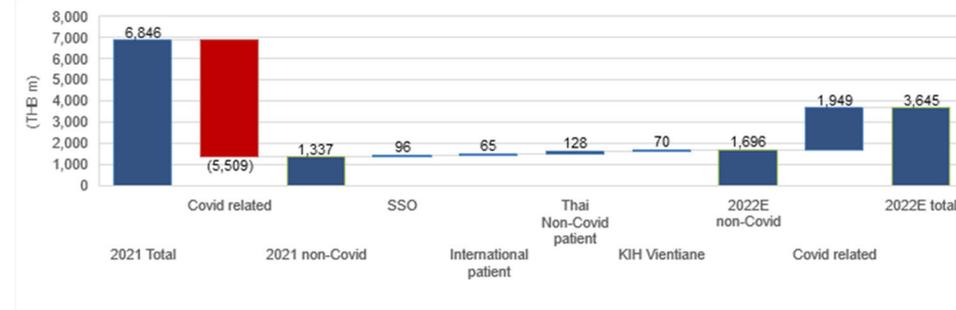
Source: FSSIA estimates

Exhibit 43: P/BV and ROE matrix (2022E)



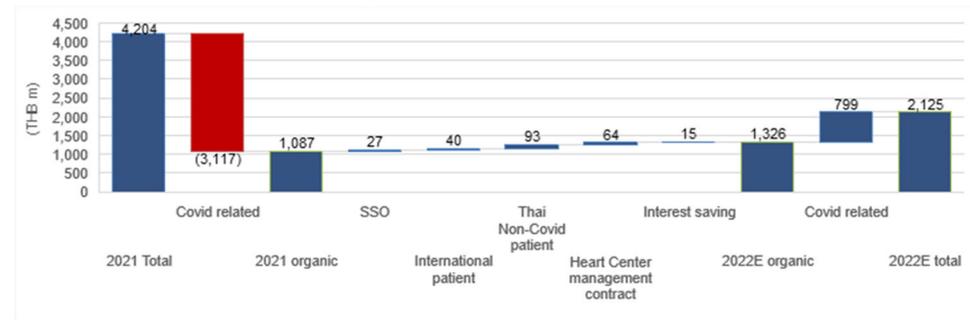
Source: FSSIA estimates

Exhibit 44: BCH's 2022E core profit breakdown



Sources: BCH; FSSIA estimates

## Exhibit 45: CHG's 2022E core profit breakdown



Sources: CHG; FSSIA estimates

## Exhibit 46: Peer comparisons as of 16 Mar-22

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
<b>Thailand</b>														
Bangkok Dusit Med Service	BDMS TB	BUY	25.25	29.00	14.9	12,034	39.7	32.0	11.8	13.9	4.6	4.3	20.2	17.1
Bumrungrad Hospital	BH TB	BUY	165.50	190.00	14.8	3,945	48.2	31.4	15.7	23.0	7.5	6.9	28.0	19.6
Bangkok Chain Hospital	BCH TB	BUY	21.00	28.50	35.7	1,571	14.4	26.5	27.4	14.4	3.8	3.8	8.9	13.6
Chularat Hospital	CHG TB	BUY	3.80	4.70	23.7	1,254	19.7	28.7	28.2	19.2	5.6	5.4	12.9	17.2
Praram 9 Hospital	PR9 TB	BUY	11.80	15.00	27.1	278	25.0	19.5	8.4	10.2	2.0	2.0	10.3	8.4
Thonburi Healthcare Group	THG TB	HOLD	66.75	32.50	(51.3)	1,697	124.8	90.8	5.4	7.3	6.8	6.5	42.9	36.8
Vibhavadi Medical Center	VIBHA TB	BUY	2.54	3.20	26.0	1,034	36.8	31.8	9.4	9.2	3.0	2.9	27.2	24.4
Ramkhamhaeng Hospital	RAM TB	BUY	39.00	48.00	23.1	1,404	25.6	23.0	13.5	14.5	3.4	3.2	17.3	15.5
Rajthanee Hospital	RJH TB	n/a	32.50	n/a	n/a	292	20.2	21.6	25.5	22.9	6.5	5.1	13.5	14.2
Ekachai Medical Care	EKH TB	n/a	7.75	n/a	n/a	139	26.7	25.0	15.0	13.7	5.3	3.6	15.3	14.0
<b>Thailand average</b>						<b>23,647</b>	<b>38.1</b>	<b>33.0</b>	<b>16.0</b>	<b>14.8</b>	<b>4.9</b>	<b>4.4</b>	<b>19.6</b>	<b>18.1</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	63.59	n/a	n/a	10,543	37.0	24.0	9.7	14.0	3.6	3.5	11.7	9.7
Ihh Healthcare Bhd	IHH SP	n/a	2.07	n/a	n/a	13,379	34.9	30.4	6.7	7.3	2.4	2.3	15.2	14.1
Ryman Healthcare	RYM NZ	n/a	9.63	n/a	n/a	3,273	21.3	15.2	7.4	9.1	2.1	1.5	22.3	18.3
Apollo Hospitals Enterprise	APHS IN	n/a	4,944	n/a	n/a	9,331	76.1	59.5	19.0	19.4	19.6	12.8	32.3	27.5
Kpj Healthcare Berhad	KPJ MK	n/a	0.99	n/a	n/a	1,018	29.8	24.0	6.6	8.2	2.2	1.9	12.2	10.9
Raffles Medical Group	RFMD SP	n/a	1.14	n/a	n/a	1,559	29.2	28.5	7.5	7.7	2.5	2.2	14.5	13.9
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,110	n/a	n/a	2,106	29.5	26.5	18.1	18.4	6.2	5.0	18.2	16.3
Aier Eye Hospital Group	300015 CH	n/a	27.27	n/a	n/a	23,210	47.7	36.4	22.2	23.6	17.3	10.0	28.7	22.6
<b>Regional average</b>						<b>64,420</b>	<b>38.2</b>	<b>30.6</b>	<b>12.2</b>	<b>13.5</b>	<b>7.0</b>	<b>4.9</b>	<b>19.4</b>	<b>16.7</b>
<b>Overall average</b>						<b>88,067</b>	<b>38.1</b>	<b>31.9</b>	<b>14.3</b>	<b>14.2</b>	<b>5.8</b>	<b>4.6</b>	<b>19.5</b>	<b>17.5</b>

Sources: Bloomberg; 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	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	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

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

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

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

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

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

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

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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

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

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### ANALYST(S) CERTIFICATION

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

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
Bangkok Dusit Medical Services	BDMS TB	THB 25.25	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 165.50	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 21.00	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) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 3.80	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 11.80	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 66.75	HOLD	Downside risks to our DCF-based target price include 1) weak patient volume following the economic slowdown; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected expenses from new hospitals. Upside risk is big-lot sales of Jin Wellbeing County units.
Vibhavadi Medical Center	VIBHA TB	THB 2.54	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 39.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.

Source: FSSIA estimates

### Additional Disclosures

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

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 Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 16-Mar-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.