

## BANGKOK DUSIT MEDICAL SERVICES

THAILAND / HEALTHCARE

## BDMS TB

BUY

UNCHANGED

## เริ่มต้นได้ดีในปี 2022

- คาดกำไรปกติจะสูงเป็นประวัติการณ์ถึง 3.1 พัน ลบ. ใน 1Q22
- มี Upside จากเป้าอัตราการเติบโตของรายได้ปี 2022 ของบริษัทที่ 6-8%; EBITDA margin ปี 2022 จะสูงกว่าระดับก่อน Covid
- คงแนะนำซื้อ; ราคาหุ้นยังมีศักยภาพที่จะทำจุดสูงสุดใหม่หลังกำไร 1Q22 และระดับสูงสุดเป็นประวัติการณ์

TARGET PRICE	THB31.00
CLOSE	THB25.75
UP/DOWNSIDE	+20.4%
PRIOR TP	THB29.00
CHANGE IN TP	+6.9%
TP vs CONSENSUS	+10.9%

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	75,514	84,801	95,481	102,182
Net profit	7,936	10,096	12,541	14,140
EPS (THB)	0.50	0.64	0.79	0.89
vs Consensus (%)	-	7.4	16.5	15.1
EBITDA	17,345	20,105	23,277	25,575
Core net profit	7,736	10,096	12,541	14,140
Core EPS (THB)	0.49	0.64	0.79	0.89
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	28.0	30.5	24.2	12.8
Core P/E (x)	52.9	40.5	32.6	28.9
Dividend yield (%)	3.1	1.7	1.5	1.8
EV/EBITDA (x)	24.2	20.6	17.5	15.6
Price/book (x)	4.9	4.7	4.4	4.1
Net debt/Equity (%)	7.1	0.5	(8.1)	(15.1)
ROE (%)	9.0	11.8	13.9	14.6

## คาดการณ์กำไรปกติจะโตสูงถึง 129% y-y และ 16% q-q ใน 1Q22

เรคาดว่ารายได้ที่เกี่ยวข้องกับ Covid จะเพิ่ม 20% q-q และคิดเป็น 18% ของรายได้ใน 1Q22 (เทียบกับ 15% ใน 4Q21) จากตัวเลขผู้ติดเชื้อ Covid ที่สูงขึ้นในประเทศไทย ในขณะที่รายได้ผู้ป่วยชาวไทยที่ไม่ได้เป็น Covid น่าจะโต 8% y-y และคิดเป็น 98% ของระดับก่อน Covid นอกจากนี้รายได้ผู้ป่วยต่างชาติน่าจะฟื้นตัวดีและขยายตัว 32% y-y และ 7% q-q ซึ่งหมายความว่ารายได้ดังกล่าวจะคิดเป็น 62% ของระดับก่อน Covid ในภาพรวมเรคาดว่า EBITDA margin จะปรับตัวดีขึ้นจาก 24% ใน 4Q21 เป็น 27% ใน 1Q22 จากรายได้ที่โตดีและค่าใช้จ่ายโบนัสที่ซึ่งโดยปกติจะบันทึกใน 4Q ด้วยเหตุผลดังกล่าวเรคาดว่ากำไรปกติของ BDMS จะกระโดดเพิ่ม 129% y-y และ 16% q-q สู่ระดับสูงสุดเป็นประวัติการณ์ที่ 3.1 พัน ลบ. ใน 1Q22

## คาดการณ์รายได้จะโต 12% ใน 2022 (เทียบกับเป้าที่ 8%)

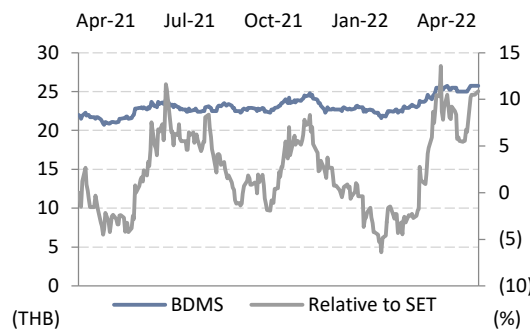
จากรายได้ที่เกี่ยวข้องกับ Covid ที่คาดว่าจะออกมาดีใน 1Q22 เราเชื่อว่าผู้บริหารมีแนวโน้มจะปรับเป้าอัตราการเติบโตของรายได้ของบริษัทฯ ในปี 2022 ขึ้นจาก 6-8% โดยเรคาดว่ารายได้โรงพยาบาลจะโตได้ถึง 36% ใน 1Q22 และคาดการณ์รายได้โรงพยาบาลในปี 2022 จะปรับขึ้น 13% y-y เป็น 8.1 หมื่น ลบ. ซึ่งสูงกว่าระดับในปี 2019 อยู่ 1% เรคาดว่าปัจจัยหนุนการเติบโตสำคัญจะมาจากรายได้ผู้ป่วยต่างประเทศที่โต 50% y-y, รายได้ผู้ป่วยชาวไทยที่ไม่ได้เป็น Covid ที่โต 12% y-y, และรายได้ที่เกี่ยวข้องกับ Covid ซึ่งน่าจะคิดเป็น 9% ของรายได้โรงพยาบาล (เทียบกับ 14% ในปี 2021)

## EBITDA margin จะสูงกว่าระดับก่อน Covid จากอัตราการใช้เตียงที่อยู่ในระดับสูง

จากรายได้ที่โตดีและอัตราการใช้เตียงที่คาดว่าจะอยู่ในระดับสูงถึง 70% ในปี 2022 (เทียบกับ 67% ในปี 2019) เรคาดว่า EBITDA margin จะอยู่ที่ 24% ในปี 2022 ดีขึ้นจาก 23% ในปี 2021 และ 22% ในปี 2019 ในภาพรวมเรคาดว่ากำไรปกติของ BDMS ในปี 2022 จะกลับสู่ระดับในปี 2019 ที่ 10.1 พัน ลบ. ซึ่งคิดเป็นอัตราการเติบโตที่ 31% y-y พร้อม Upside จากการแพร่ระบาด Covid ที่ยืดเยื้อและ EBITDA margin ที่สูงเกินคาด

## ปรับการประเมินมูลค่าไปในปี 2023

เราคงประมาณการของเรา แต่ปรับการประเมินมูลค่าไปในปี 2023 และได้ราคาเป้าหมายใหม่ที่ 31 บาท/หุ้น (DCF, 8.1% WACC, 3% LTG) ปัจจุบัน BDMS มีการซื้อขายที่ 33x ของค่า 2023E P/E ต่ำกว่าค่าเฉลี่ย 5 ปีในอดีตที่ 37x ราคาหุ้นมีศักยภาพที่จะพุ่งสูงเป็นประวัติการณ์ (ราคามูลค่าสูงสุดปัจจุบันอยู่ที่ 28 บาท/หุ้นในปี 2018) หลังกำไรปกติและระดับสูงสุดเป็นประวัติการณ์ใหม่ใน 1Q22



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.0	17.6	17.6
Relative to country (%)	0.4	18.4	8.6
Mkt cap (USD m)			12,159
3m avg. daily turnover (USD m)			34.2
Free float (%)			66
Major shareholder	Prasert Prasatthongsoj (13%)		
12m high/low (THB)	26.25/20.40		
Issued shares (m)	15,892.00		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

teerapol.udo@fssia.com

+66 2611 3535

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 19 เมษายน 2022

## Investment thesis

BDMS has aggressively expanded its hospital network from 10 in 2004 to 53 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 already achieved 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 2022, 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 2021 net D/E of only 0.1x. FCFE should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.

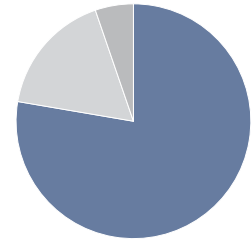
## Company profile

BDMS is Thailand's largest healthcare provider in terms of market capital. It operates 53 hospitals under six brands.

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

## Principal activities (revenue, 2021)

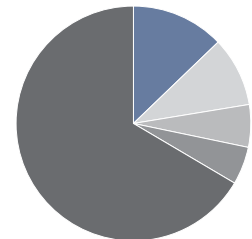
- Thai patient revenue - 77.7 %
- International patient revenue - 17.1 %
- Other revenue - 5.3 %



Source: Bangkok Dusit Medical Services

## Major shareholders

- Prasert Prasatthongsoj - 12.8 %
- Thai NVDR - 9.6 %
- Viriyah insurance - 5.9 %
- Bangkok Airways - 5.2 %
- Others - 66.5 %



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
May 2022	1Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
No. of hospitals (no.)	56	59	60
OPD volume growth	13	5	4
OPD revenue / patient growth	4	3	3
IPD volume growth	28	17	4
IPD revenue / patient growth	(15)	0	3

Source: FSSIA estimates

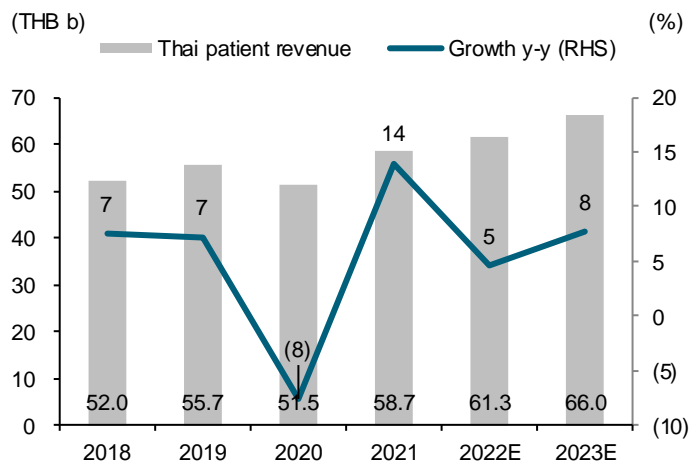
## Earnings sensitivity

- 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 10%, and vice versa, all else being equal.

Source: FSSIA estimates

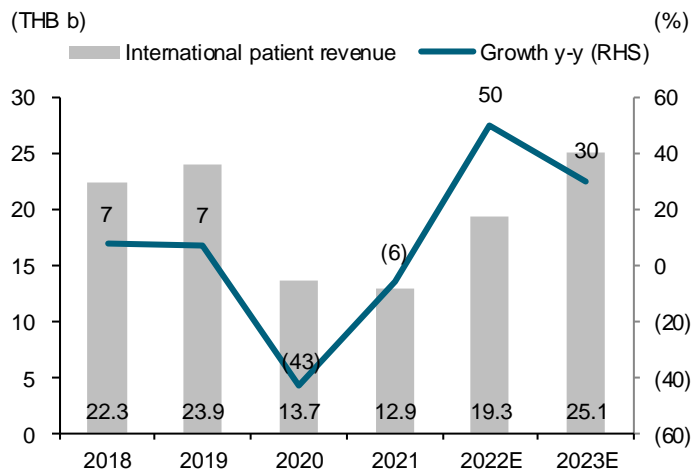


**Exhibit 1: Thai patient revenue, yearly**



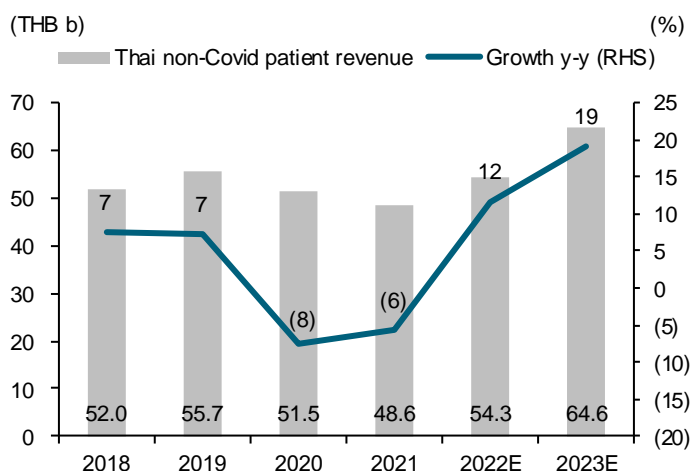
Sources: BDMS; FSSIA estimates

**Exhibit 2: International patient revenue, yearly**



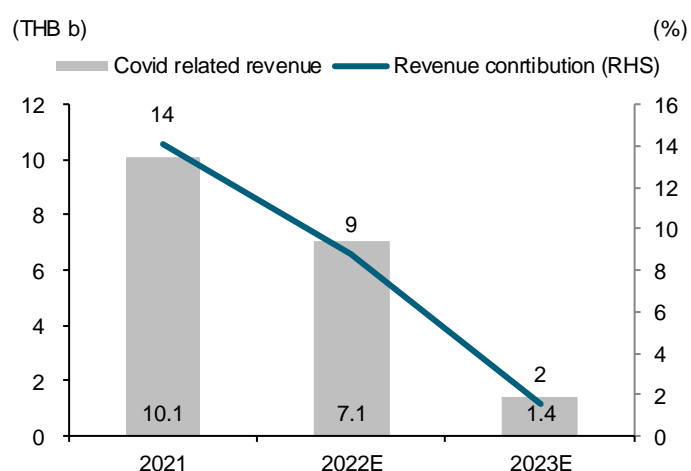
Sources: BDMS; FSSIA estimates

**Exhibit 3: Non-Covid Thai patient revenue, yearly**



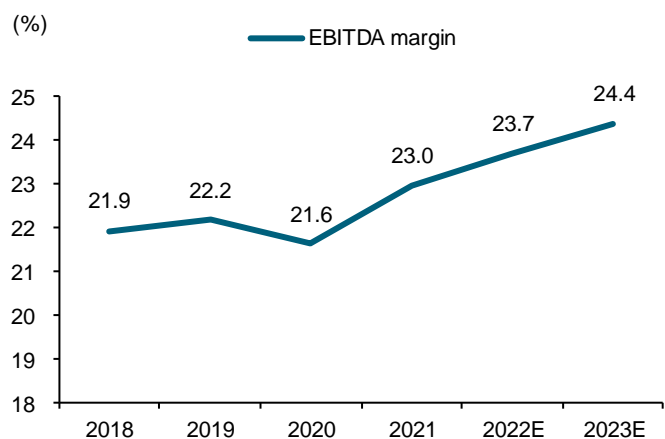
Sources: BDMS; FSSIA estimates

**Exhibit 4: Covid-related revenue, yearly**



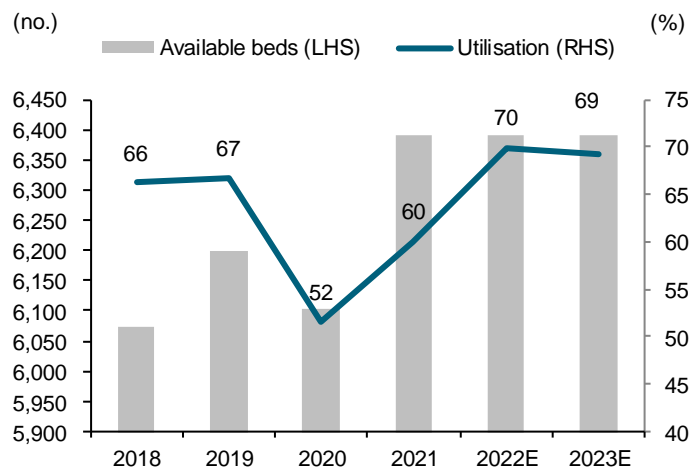
Sources: BDMS; FSSIA estimates

**Exhibit 5: EBITDA margin**



Source: BDMS; FSSIA estimates

**Exhibit 6: Utilisation rate**



Sources: BDMS; FSSIA estimates

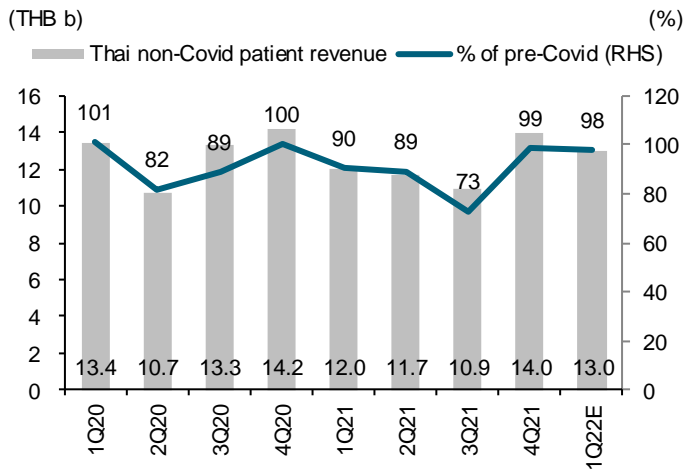
## Exhibit 7: 1Q22E results preview

	1Q21	2Q21	3Q21	4Q21	1Q22E	----- Change -----		2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	16,281	17,397	19,958	21,878	21,805	(0)	34	75,514	84,801	12
- Hospital revenue	15,311	16,443	18,873	20,914	20,787	(1)	36	71,541	80,644	13
- Other revenue	970	954	1,084	964	1,018	6	5	4,173	4,381	5
COGS (incl depreciation)	(11,051)	(11,762)	(13,125)	(13,525)	(13,519)	(0)	22	(49,462)	(54,403)	10
<b>Gross profit</b>	<b>5,230</b>	<b>5,636</b>	<b>6,833</b>	<b>8,353</b>	<b>8,286</b>	<b>(1)</b>	<b>58</b>	<b>26,052</b>	<b>30,398</b>	<b>17</b>
SG&A	(3,284)	(3,539)	(3,514)	(4,691)	(4,105)	(12)	25	(15,029)	(16,707)	11
<b>Operating profit<sup>1)</sup></b>	<b>1,946</b>	<b>2,097</b>	<b>3,319</b>	<b>3,662</b>	<b>4,181</b>	<b>14</b>	<b>115</b>	<b>11,023</b>	<b>13,691</b>	<b>24</b>
Net other income	0	5	0	(0)	0	<i>nm</i>	<i>nm</i>	5	5	10
Interest income	13	33	13	14	14	0	5	73	126	73
Interest expense	(195)	(188)	(172)	(173)	(173)	0	(11)	(728)	(504)	(31)
<b>Pretax profit</b>	<b>1,765</b>	<b>1,946</b>	<b>3,159</b>	<b>3,503</b>	<b>4,022</b>	<b>15</b>	<b>128</b>	<b>10,373</b>	<b>13,318</b>	<b>28</b>
Income Tax	(330)	(383)	(645)	(746)	(804)	8	144	(2,103)	(2,664)	27
Associates	3	5	3	10	10	0	238	21	23	10
Minority interest	(99)	(116)	(208)	(131)	(157)	20	58	(554)	(582)	5
<b>Core profit</b>	<b>1,339</b>	<b>1,452</b>	<b>2,309</b>	<b>2,636</b>	<b>3,070</b>	<b>16</b>	<b>129</b>	<b>7,736</b>	<b>10,096</b>	<b>31</b>
Extraordinaries, GW & FX			200					200	0	
<b>Reported net profit</b>	<b>1,339</b>	<b>1,452</b>	<b>2,509</b>	<b>2,636</b>	<b>3,070</b>	<b>16</b>	<b>129</b>	<b>7,936</b>	<b>10,096</b>	<b>27</b>
Outstanding shares (m)	15,892	15,892	15,892	15,892	15,892	0	0	15,892	15,892	0
<b>Core EPS (THB)</b>	<b>0.08</b>	<b>0.09</b>	<b>0.15</b>	<b>0.17</b>	<b>0.19</b>	<b>16</b>	<b>129</b>	<b>0.49</b>	<b>0.64</b>	<b>31</b>
<b>EPS (THB)</b>	<b>0.08</b>	<b>0.09</b>	<b>0.16</b>	<b>0.17</b>	<b>0.19</b>	<b>16</b>	<b>129</b>	<b>0.50</b>	<b>0.64</b>	<b>27</b>
COGS excl depreciation	9,470	10,180	11,522	11,969	11,919	(0)	26	43,141	47,988	11
Depreciation	1,581	1,581	1,603	1,556	1,600	3	1	6,321	6,414	1
EBITDA <sup>2)</sup>	3,527	3,678	4,921	5,218	5,781	11	64	17,345	20,105	16
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	32	32	34	38	38	(0)	6	34	36	1
SG&A/Revenue	20	20	18	21	19	(3)	(1)	20	20	(0)
EBITDA margin	22	21	25	24	27	3	5	23	24	1
Net profit margin	8	8	13	12	14	2	6	11	12	1
<b>Operating stats</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>						
OPD revenue growth y-y	(15)	15	(6)	16						
OPD volume growth y-y	(12)	20	n/a	n/a						
OPD revenue per head growth y-y	(4)	(4)	n/a	n/a						
IPD revenue growth y-y	(22)	35	44	29						
IPD volume growth y-y	(32)	14	n/a	n/a						
IPD revenue per head growth y-y	15	19	n/a	n/a						
Thai revenue growth y-y	(7)	24	18	21						
International revenue growth y-y	(49)	27	17	27						

1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income – depreciation

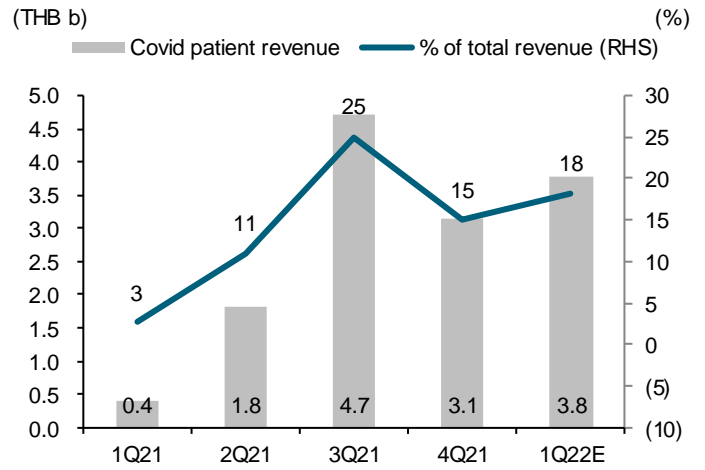
Sources: BDMS; FSSIA estimates

**Exhibit 8: Non-Covid Thai patient revenue, quarterly**



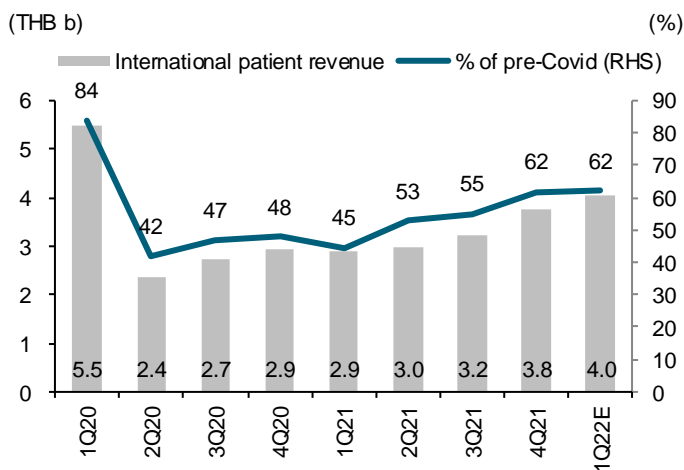
Sources: BDMS; FSSIA estimate

**Exhibit 9: Covid-related revenue, quarterly**



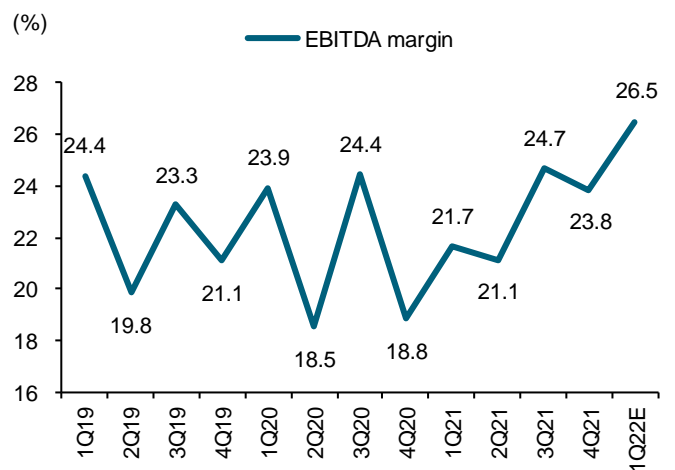
Sources: BDMS; FSSIA estimate

**Exhibit 10: International patient revenue, quarterly**



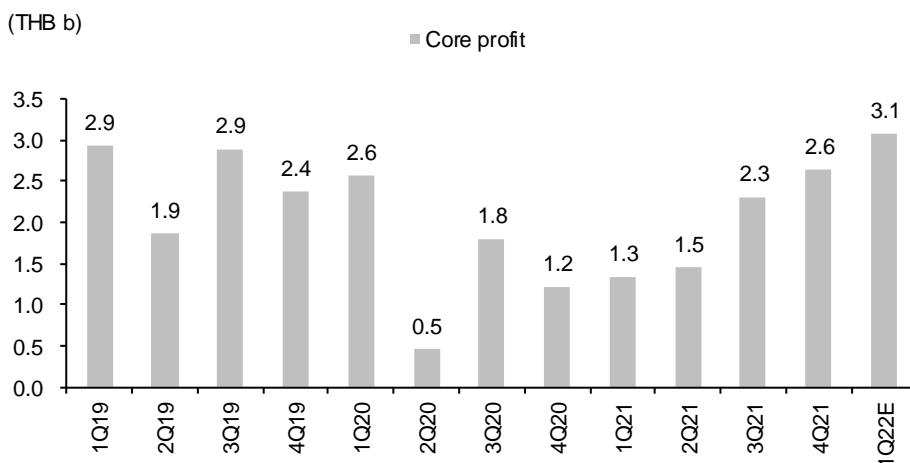
Sources: BDMS; FSSIA estimate

**Exhibit 11: EBITDA margin trend, quarterly**



Sources: BDMS; FSSIA estimate

**Exhibit 12: Core profit, quarterly**



Sources: BDMS; FSSIA estimate

**Exhibit 13: BDMS – DCF-derived TP**

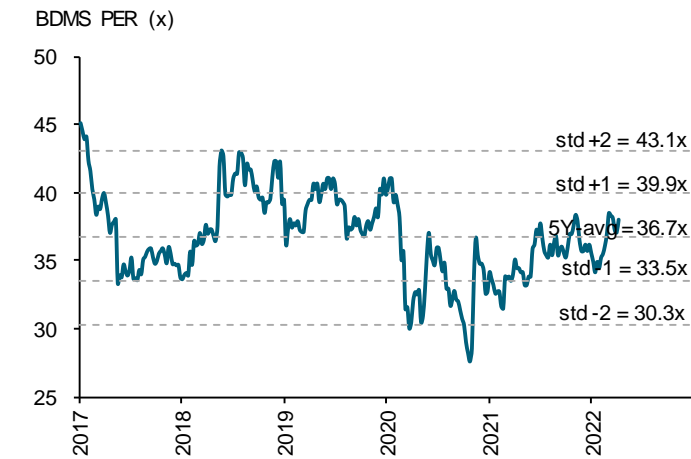
Cost of equity assumptions (%)		Cost of debt assumptions (%)	
Risk-free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	0.8		
Cost of equity, Ke	9.4	Net cost of debt, Kd	2.8
Weight applied	80.0	Weight applied	20.0
WACC	8.1		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	157.0	9.9	WACC 8.1%, Risk-free rate 3%, Risk premium 8%
Terminal value	332.5	20.9	Terminal growth 3%
Cash & liquid assets	16.8	1.1	At end-2023E
Investments	0.9	0.1	At end-2023E
Debt	(8.8)	(0.6)	At end-2023E
Minorities	(5.1)	(0.3)	At end-2023E
<b>Residual ordinary equity</b>	<b>493.3</b>	<b>31.0</b>	

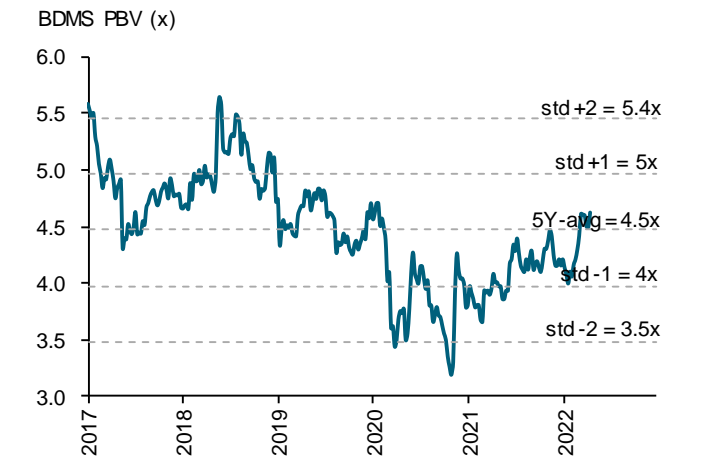
Source: FSSIA estimates

**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 18 Apr-22**

Company	BBG	Rec	Share price		Up (down) side (%)	Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)			22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
<b>Thailand</b>														
Bangkok Dusit Med Service	BDMS TB	BUY	25.75	31.00	20.4	12,159	40.5	32.6	11.8	13.9	4.7	4.4	20.6	17.5
Bumrungrad Hospital	BH TB	BUY	160.00	190.00	18.8	3,779	46.6	30.3	15.7	23.0	7.3	6.7	27.0	18.9
Bangkok Chain Hospital	BCH TB	BUY	22.60	28.50	26.1	1,675	15.5	28.5	27.4	14.4	4.1	4.1	9.5	14.6
Chularat Hospital	CHG TB	BUY	4.08	4.70	15.2	1,334	21.1	30.8	28.2	19.2	6.0	5.8	13.8	18.6
Praram 9 Hospital	PR9 TB	BUY	13.10	15.00	14.5	306	27.8	21.7	8.4	10.2	2.3	2.2	11.6	9.5
Thonburi Healthcare Group	THG TB	HOLD	96.50	32.50	(66.3)	2,430	90.9	131.2	9.8	6.7	8.8	8.8	40.8	46.6
Vibhavadi Medical Center	VIBHA TB	BUY	2.74	3.20	16.8	1,105	35.5	34.3	8.1	7.3	2.6	2.5	31.4	28.4
Ramkhamhaeng Hospital	RAM TB	BUY	65.50	56.00	(14.5)	2,335	35.3	35.1	12.5	11.8	4.3	4.0	29.2	28.2
Rajthanee Hospital	RJH TB	n/a	33.75	n/a	n/a	298	17.8	22.9	29.0	22.5	6.7	5.2	11.9	15.0
Ekachai Medical Care	EKH TB	n/a	7.90	n/a	n/a	140	27.2	26.2	15.6	14.3	5.4	3.9	15.6	14.4
<b>Thailand average</b>						<b>25,561</b>	<b>35.8</b>	<b>39.4</b>	<b>16.7</b>	<b>14.3</b>	<b>5.2</b>	<b>4.8</b>	<b>21.2</b>	<b>21.2</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	64.60	n/a	n/a	10,894	36.9	24.4	9.8	14.2	3.7	3.7	11.8	9.8
Ihh Healthcare Bhd	IHH SP	n/a	2.04	n/a	n/a	13,184	33.9	29.8	6.8	7.3	2.3	2.3	15.2	14.1
Ryman Healthcare	RYM NZ	n/a	9.43	n/a	n/a	3,067	19.8	14.7	7.5	8.9	1.4	1.4	19.5	16.6
Apollo Hospitals Enterprise	APHS IN	n/a	4,555	n/a	n/a	8,588	70.4	55.0	18.8	19.3	11.8	11.8	30.0	25.5
Kpj Healthcare Berhad	KPJ MK	n/a	0.97	n/a	n/a	984	29.2	21.9	6.6	8.6	1.8	1.8	11.7	10.6
Raffles Medical Group	RFMD SP	n/a	1.21	n/a	n/a	1,637	31.6	29.3	7.5	7.7	2.3	2.3	15.4	14.7
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,700	n/a	n/a	2,698	36.4	32.7	18.2	18.4	6.4	6.4	23.0	20.5
Aier Eye Hospital Group	300015 CH	n/a	33.58	n/a	n/a	27,773	57.4	45.2	22.0	23.5	12.1	12.1	34.5	27.3
<b>Regional average</b>						<b>68,826</b>	<b>39.5</b>	<b>31.6</b>	<b>12.2</b>	<b>13.5</b>	<b>5.2</b>	<b>5.2</b>	<b>20.1</b>	<b>17.4</b>
<b>Overall average</b>						<b>94,387</b>	<b>37.4</b>	<b>35.9</b>	<b>14.7</b>	<b>14.0</b>	<b>5.2</b>	<b>5.0</b>	<b>20.7</b>	<b>19.5</b>

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Sources: \*Bloomberg; FSSIA estimates



## Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	69,057	75,514	84,801	95,481	102,182
Cost of goods sold	(39,958)	(43,141)	(47,988)	(53,584)	(56,986)
<b>Gross profit</b>	<b>29,099</b>	<b>32,373</b>	<b>36,813</b>	<b>41,898</b>	<b>45,196</b>
Other operating income	-	-	-	-	-
Operating costs	(14,161)	(15,029)	(16,707)	(18,621)	(19,621)
<b>Operating EBITDA</b>	<b>14,938</b>	<b>17,345</b>	<b>20,105</b>	<b>23,277</b>	<b>25,575</b>
Depreciation	(6,413)	(6,321)	(6,414)	(6,638)	(6,968)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>8,525</b>	<b>11,023</b>	<b>13,691</b>	<b>16,639</b>	<b>18,607</b>
Net financing costs	(832)	(655)	(378)	(236)	(132)
Associates	273	21	23	26	28
Recurring non-operating income	278	26	28	31	34
Non-recurring items	1,169	200	0	0	0
<b>Profit before tax</b>	<b>9,141</b>	<b>10,594</b>	<b>13,341</b>	<b>16,434</b>	<b>18,509</b>
Tax	(1,491)	(2,103)	(2,664)	(3,282)	(3,696)
<b>Profit after tax</b>	<b>7,649</b>	<b>8,490</b>	<b>10,678</b>	<b>13,152</b>	<b>14,813</b>
Minority interests	(435)	(554)	(582)	(611)	(672)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>7,214</b>	<b>7,936</b>	<b>10,096</b>	<b>12,541</b>	<b>14,140</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(1,169)</b>	<b>(200)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,045</b>	<b>7,736</b>	<b>10,096</b>	<b>12,541</b>	<b>14,140</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.38	0.49	0.64	0.79	0.89
Reported EPS	0.45	0.50	0.64	0.79	0.89
DPS	0.30	0.80	0.45	0.38	0.47
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
<b>Growth</b>					
Revenue (%)	(17.6)	9.3	12.3	12.6	7.0
Operating EBITDA (%)	(19.6)	16.1	15.9	15.8	9.9
Operating EBIT (%)	(33.5)	29.3	24.2	21.5	11.8
Recurring EPS (%)	(39.9)	28.0	30.5	24.2	12.8
Reported EPS (%)	(53.5)	10.0	27.2	24.2	12.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	32.9	34.5	35.8	36.9	37.4
Gross margin of key business (%)	32.9	34.5	35.8	36.9	37.4
Operating EBITDA margin (%)	21.6	23.0	23.7	24.4	25.0
Operating EBIT margin (%)	12.3	14.6	16.1	17.4	18.2
Net margin (%)	8.8	10.2	11.9	13.1	13.8
Effective tax rate (%)	19.4	20.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	78.4	164.7	70.8	48.3	53.2
Interest cover (X)	10.6	16.9	36.3	70.6	141.0
Inventory days	16.9	16.3	16.1	16.1	16.5
Debtor days	42.4	39.4	39.3	34.9	32.6
Creditor days	47.7	40.1	40.4	40.4	41.3
Operating ROIC (%)	8.7	10.6	13.5	16.8	19.0
ROIC (%)	6.5	8.5	10.7	13.3	15.0
ROE (%)	7.0	9.0	11.8	13.9	14.6
ROA (%)	5.3	6.7	8.6	10.4	11.0
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Thai patient revenue	51,482	58,664	61,328	66,023	70,001
International patient revenue	13,685	12,877	19,316	25,111	27,622
Other revenue	3,891	3,973	4,157	4,347	4,560

Sources: Bangkok Dusit Medical Services; FSSIA estimates

## Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	6,045	7,736	10,096	12,541	14,140
Depreciation	6,413	6,321	6,414	6,638	6,968
Associates & minorities	-	-	-	-	-
Other non-cash items	2,408	931	582	611	672
Change in working capital	(1,614)	(980)	1,710	1,417	881
<b>Cash flow from operations</b>	<b>13,252</b>	<b>14,008</b>	<b>18,802</b>	<b>21,207</b>	<b>22,662</b>
Capex - maintenance	(12,551)	(4,235)	(5,952)	(6,701)	(7,172)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	17,066	8	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>4,514</b>	<b>(4,227)</b>	<b>(5,952)</b>	<b>(6,701)</b>	<b>(7,172)</b>
Dividends paid	(4,741)	(12,738)	(7,151)	(6,057)	(7,525)
Equity finance	0	0	0	0	0
Debt finance	(137)	(5,416)	(8,000)	(2,000)	(500)
Other financing cash flows	2,455	75	0	0	0
<b>Cash flow from financing</b>	<b>(2,423)</b>	<b>(18,079)</b>	<b>(15,151)</b>	<b>(8,057)</b>	<b>(8,025)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>15,343</b>	<b>(8,298)</b>	<b>(2,301)</b>	<b>6,448</b>	<b>7,466</b>
Free cash flow to firm (FCFF)	18,637.19	10,509.69	13,354.23	14,839.96	15,782.06
Free cash flow to equity (FCFE)	20,084.21	4,439.73	4,850.03	12,505.76	14,990.35

### Per share (THB)

FCFF per share	1.17	0.66	0.84	0.93	0.99
FCFE per share	1.26	0.28	0.31	0.79	0.94
Recurring cash flow per share	0.94	0.94	1.08	1.25	1.37

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	139,771	142,630	148,582	155,283	162,455
Less: Accumulated depreciation	(54,780)	(59,725)	(66,139)	(72,778)	(79,746)
<b>Tangible fixed assets (net)</b>	<b>84,991</b>	<b>82,905</b>	<b>82,442</b>	<b>82,505</b>	<b>82,709</b>
<b>Intangible fixed assets (net)</b>	<b>18,894</b>	<b>18,828</b>	<b>18,828</b>	<b>18,828</b>	<b>18,828</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	939	931	931	931	931
Cash & equivalents	20,939	12,641	10,340	16,788	24,254
A/C receivable	7,192	9,131	9,131	9,131	9,131
Inventories	1,855	2,005	2,230	2,490	2,648
Other current assets	27	624	163	184	197
<b>Current assets</b>	<b>30,013</b>	<b>24,401</b>	<b>21,864</b>	<b>28,593</b>	<b>36,230</b>
Other assets	1,213	1,389	1,389	1,389	1,389
<b>Total assets</b>	<b>136,050</b>	<b>128,454</b>	<b>125,454</b>	<b>132,246</b>	<b>140,086</b>
Common equity	87,910	83,845	86,789	93,273	99,889
Minorities etc.	3,553	3,920	4,502	5,113	5,785
<b>Total shareholders' equity</b>	<b>91,463</b>	<b>87,765</b>	<b>91,291</b>	<b>98,386</b>	<b>105,674</b>
Long term debt	24,163	18,753	10,753	8,753	8,253
Other long-term liabilities	9,631	9,442	9,442	9,442	9,442
<b>Long-term liabilities</b>	<b>33,794</b>	<b>28,196</b>	<b>20,196</b>	<b>18,196</b>	<b>17,696</b>
A/C payable	4,450	5,035	5,600	6,253	6,650
Short term debt	83	76	76	76	76
Other current liabilities	6,260	7,382	8,290	9,334	9,989
<b>Current liabilities</b>	<b>10,793</b>	<b>12,493</b>	<b>13,967</b>	<b>15,664</b>	<b>16,716</b>
<b>Total liabilities and shareholders' equity</b>	<b>136,050</b>	<b>128,454</b>	<b>125,454</b>	<b>132,246</b>	<b>140,086</b>
Net working capital	(1,637)	(657)	(2,366)	(3,783)	(4,664)
Invested capital	104,401	103,396	101,223	99,870	99,192

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

### Per share (THB)

Book value per share	5.53	5.28	5.46	5.87	6.29
Tangible book value per share	4.34	4.09	4.28	4.68	5.10

### Financial strength

Net debt/equity (%)	3.6	7.1	0.5	(8.1)	(15.1)
Net debt/total assets (%)	2.4	4.8	0.4	(6.0)	(11.4)
Current ratio (x)	2.8	2.0	1.6	1.8	2.2
CF interest cover (x)	25.1	7.8	13.8	54.0	114.4

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>67.7</b>	<b>52.9</b>	<b>40.5</b>	<b>32.6</b>	<b>28.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>81.5</b>	<b>63.7</b>	<b>48.8</b>	<b>39.3</b>	<b>34.8</b>
Reported P/E (x)	56.7	51.6	40.5	32.6	28.9
Dividend yield (%)	1.2	3.1	1.7	1.5	1.8
Price/book (x)	4.7	4.9	4.7	4.4	4.1
Price/tangible book (x)	5.9	6.3	6.0	5.5	5.0
EV/EBITDA (x) **	27.9	24.2	20.6	17.5	15.6
EV/EBITDA @ target price (x) **	33.4	29.0	24.8	21.0	18.9
EV/invested capital (x)	4.0	4.1	4.1	4.1	4.0

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

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

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

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

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

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

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

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

## Anti-corruption Progress Indicator 2020

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

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

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

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

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

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 25.75	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 160.00	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 22.60	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 4.08	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 13.10	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 96.50	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 2.74	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 65.50	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 18-Apr-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.