

# THONBURI HEALTHCARE GROUP

THAILAND / HEALTHCARE

## THG TB

# REDUCE

FROM HOLD

TARGET PRICE	THB45.00
CLOSE	THB59.00
UP/DOWNSIDE	-23.7%
PRIOR TP	THB32.50
CHANGE IN TP	+38.5%
TP vs CONSENSUS	+21.7%

## Turnaround with pricy valuation

- 1Q22 NP dropped by 17% q-q due to lower reimbursement rate for Covid-related services and FX loss from hospital in Myanmar.
- Expect 2022 core profit to grow by 15% and exceed the pre-Covid level by 344%, led by Covid-related services.
- Downgrade to REDUCE due to expensive valuation.

### 1Q22 beat consensus estimate by 10%

THG reported a 1Q22 core profit of THB527m (+370% y-y, -17% q-q), beating BBG consensus by 10%. Core profit dropped q-q due to a lower reimbursement rate for Covid-related services and an FX loss from Ar Yu Hospital. Revenue was flat q-q. Covid-related revenue contributions slid from 44% in 4Q21 to 42% in 1Q22 due to the lower reimbursement rate for hospital operations. Non-Covid patient revenue grew by 37% y-y and 6% q-q. For Jin Wellbeing, two residential units were transferred (vs eight units in 4Q21). COGS increased by 6% q-q and SG&A rose by 2% q-q. As a result, the EBITDA margin slipped from 33% in 4Q21 to 29% in 1Q22. Share of loss from Ar Yu Hospital was THB26m (vs THB44m share of profit in 4Q21) due to an unrealised FX loss of THB42m. Excluding the FX loss, Ar Yu would book a share profit of THB16m.

### 2Q22 earnings to remain solid, led by Covid-related services

We expect 2Q22 Covid-related services to be relatively flat q-q. Although the reimbursement rate of Covid treatments is declining, the Covid patient volume should offset it. On a positive note, non-Covid hospital revenue has exceeded the pre-Covid level by c11%, driven by strong pent-up demand from Thai patients and the growth of new hospitals like Thonburi Bamrungmuang, Thanarad Thung Song and Thonburi Burana. We expect 2Q22's earnings trend to be similar to 1Q22.

### Expect 2022 core profit to grow by 15%

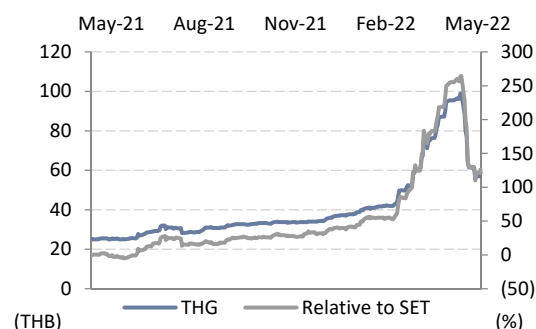
We expect revenue to slightly increase by 2% in 2022. Covid-related revenue should contribute c30% of total revenue (vs 33% in 2021). The EBITDA margin should be relatively flat y-y at 26%. Thus, we forecast core profit to grow by 15% to THB1.4b in 2022, exceeding the pre-Covid level by 344%. 2022E core profit can be broken down into THB0.3b non-Covid profit and THB1.1b Covid profit.

### Revised up core profit estimates; waiting for a good entry point

We revise up our 2022-24E core profit by 14-59% to reflect the strong 1H22E earnings. We also roll forward our DCF-based TP to 2023 and derive a new TP of THB45/shr. We like the turnaround story of THG; however, we have a REDUCE rating as THG trades at an expensive valuation of 35x 2022E P/E and 70x 2023E P/E (vs peers' average of 27x and 31x, respectively).

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	10,847	11,034	10,377	10,962
Net profit	1,337	1,430	713	782
EPS (THB)	1.58	1.68	0.84	0.92
vs Consensus (%)	-	24.4	13.1	10.2
EBITDA	2,814	2,904	2,081	2,198
Core net profit	1,247	1,430	713	782
Core EPS (THB)	1.47	1.68	0.84	0.92
Chg. In EPS est. (%)	-	58.6	14.2	18.0
EPS growth (%)	nm	14.6	(50.1)	9.7
Core P/E (x)	40.2	35.0	70.3	64.0
Dividend yield (%)	1.5	2.0	1.0	1.1
EV/EBITDA (x)	21.1	20.3	28.5	26.5
Price/book (x)	5.5	5.1	5.3	5.1
Net debt/Equity (%)	92.5	82.2	87.3	75.3
ROE (%)	14.6	15.1	7.4	8.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(37.7)	40.5	136.0
Relative to country (%)	(35.3)	47.4	131.0
Mkt cap (USD m)	1,447		
3m avg. daily turnover (USD m)	12.4		
Free float (%)	42		
Major shareholder	Ramkhamhaeng Hospital (21%)		
12m high/low (THB)	99.50/24.20		
Issued shares (m)	849.08		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

THG is in an expansion mode, as it opened three hospitals during 2018-19. We expect those three hospitals to turn profitable by 2022, which should improve the overall performance of the group.

Aside from the new hospitals that impacted group earnings, Jin Wellbeing is also a drag on THG, as it missed its presales target, while Covid-19 should slow the demand for condominiums. The project's fixed costs and interest expenses should continue to be a burden on the group.

We like THG's fundamentals, but have a REDUCE rating due to the expensive valuation and uncertainty over Jin Wellbeing.

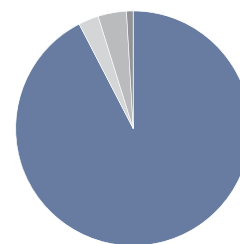
## Company profile

The Company operates a medical treatment business under nine hospitals, as well as a healthcare solution provider business.

[www.thg.co.th](http://www.thg.co.th)

## Principal activities (revenue, 2021)

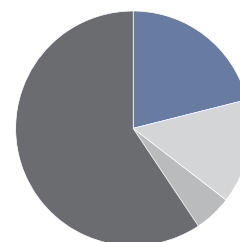
- Revenue from hospital operations - 92.4 %
- Revenue from sale of goods - 2.8 %
- Revenue from other services - 3.9 %
- Revenue from sales of condominium unit - 0.9 %



Source: Thonburi Healthcare Group

## Major shareholders

- Ramkhamhaeng Hospital - 21.1 %
- Jaruwan Vanasin - 14.4 %
- Aumnua Aunnanan - 5.2 %
- Others - 59.4 %



Source: Thonburi Healthcare Group

## Catalysts

Key potential growth drivers are 1) the turnaround of new hospitals; 2) rising demand for medical tourism; and 3) big-lot sales for Jin Wellbeing.

## Risks to our call

Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units.

## Event calendar

Date	Event
Aug 2022	2Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
OPD volume growth	8	0	2
OPD revenue / patient growth	(5)	0	3
IPD volume growth	8	0	2
IPD revenue / patient growth	(5)	0	3
Jin transferred (units)	18	50	50

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in patient volume, we project 2023 earnings to rise by 5%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2023 earnings to rise by 11%, and vice versa, all else being equal.

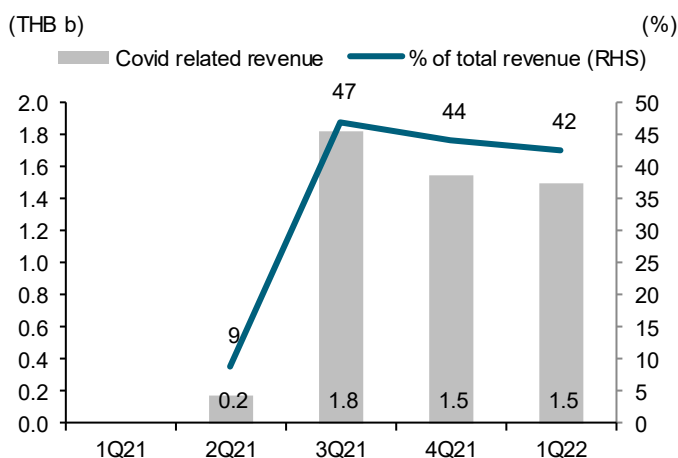
Source: FSSIA estimates

## Exhibit 1: 1Q22 results review

	1Q21	2Q21	3Q21	4Q21	1Q22	Change		2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	1,566	1,906	3,861	3,514	3,530	0	125	11,034
COGS (incl depreciation)	(1,336)	(1,413)	(2,424)	(2,233)	(2,339)	5	75	(7,547)
<b>Gross profit</b>	<b>230</b>	<b>493</b>	<b>1,437</b>	<b>1,282</b>	<b>1,191</b>	<b>(7)</b>	<b>417</b>	<b>3,487</b>
SG&A	(341)	(335)	(430)	(436)	(445)	2	30	(1,571)
<b>Operating profit</b>	<b>(111)</b>	<b>158</b>	<b>1,006</b>	<b>845</b>	<b>746</b>	<b>(12)</b>	<b>772</b>	<b>1,915</b>
Net other income	18	41	20	49	28	(42)	56	113
Interest expense	(71)	(72)	(77)	(78)	(75)	(4)	5	(326)
<b>Pretax profit</b>	<b>(165)</b>	<b>127</b>	<b>949</b>	<b>816</b>	<b>699</b>	<b>(14)</b>	<b>525</b>	<b>1,702</b>
Income Tax	(13)	(29)	(98)	(238)	(154)	(35)	1,089	(340)
Associate income	7	7	29	51	32	(37)	374	78
JV income	(32)	(27)	(49)	44	(26)	(159)	(19)	
Minority interest	8	12	(0)	(39)	(25)	(36)	(408)	(10)
<b>Core profit</b>	<b>(195)</b>	<b>90</b>	<b>831</b>	<b>635</b>	<b>527</b>	<b>(17)</b>	<b>370</b>	<b>1,430</b>
Extraordinaries, GW & FX	(20)	(5)	2	0	(0)	(144)	(99)	0
<b>Reported net profit</b>	<b>(215)</b>	<b>84</b>	<b>833</b>	<b>635</b>	<b>527</b>	<b>(17)</b>	<b>345</b>	<b>1,430</b>
Outstanding shares (m)	849	849	849	849	849	0	0	849
<b>Core EPS (THB)</b>	<b>(0.25)</b>	<b>0.10</b>	<b>0.98</b>	<b>0.75</b>	<b>0.62</b>	<b>(17)</b>	<b>(345)</b>	<b>1.68</b>
COGS excl depreciation	1,113	1,185	2,184	1,980	2,094	6	88	6,559
Depreciation	223	228	240	253	246	(3)	10	988
EBITDA	130	427	1,266	1,147	1,020	(11)	686	3,016
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>
Gross margin	15	26	37	36	34	(3)	19	32
SG&A/Revenue	22	18	11	12	13	0	(9)	14
EBITDA margin	8	22	33	33	29	(4)	21	26
Net profit margin	(14)	4	22	18	15	(3)	29	13
<b>Operating stats</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>			
OPD revenue growth	(8)	12	(5)	17	n/a			
OPD visits growth	(15)	5	(17)	3	n/a			
OPD revenue per head growth	1	7	15	14	n/a			
IPD revenue growth	(14)	13	7	(2)	n/a			
IPD visits growth	(28)	0	(9)	(4)	n/a			
IPD revenue per head growth	20	13	18	2	n/a			

Sources: THG; FSSIA estimates

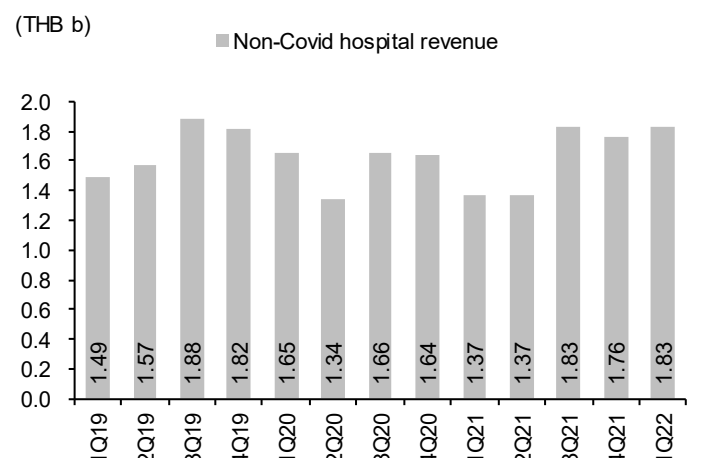
## Exhibit 2: Covid-related revenue, quarterly



Note: Includes Moderna vaccinations

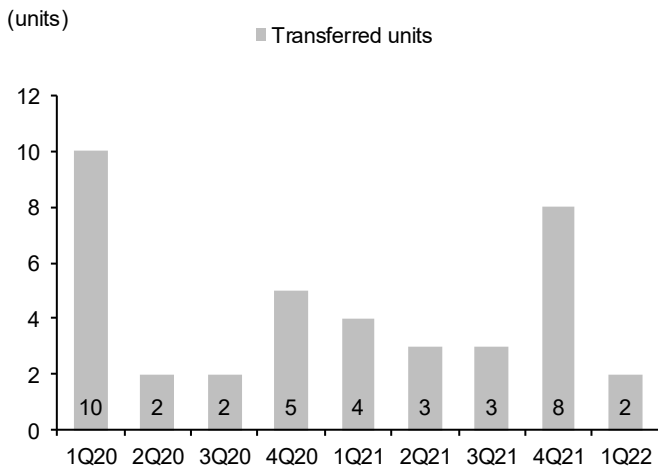
Source: THG

## Exhibit 3: Revenue of non-Covid hospital revenue, quarterly



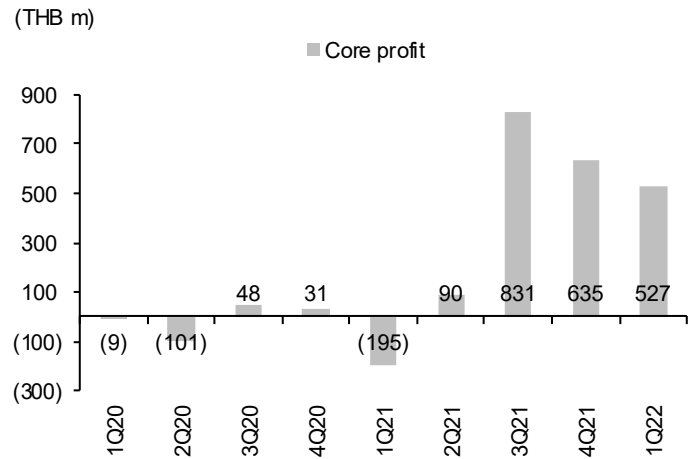
Source: THG

**Exhibit 4: Jin Wellbeing units transferred, quarterly**



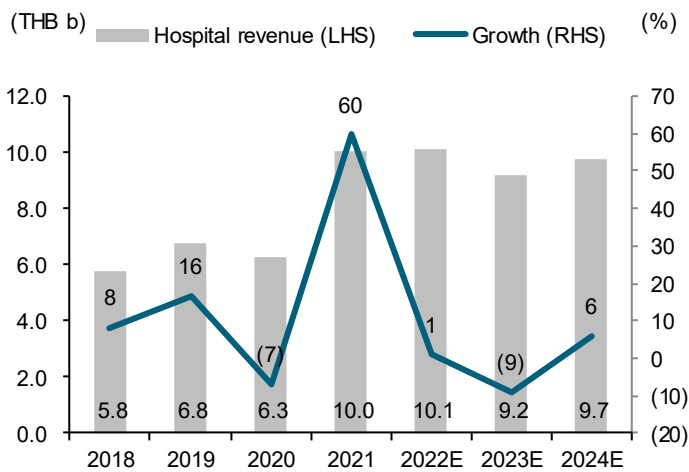
Source: THG

**Exhibit 5: Core profit, quarterly**



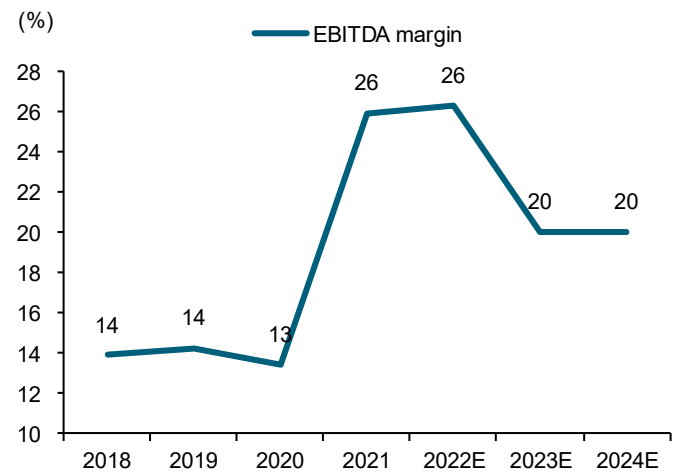
Source: THG

**Exhibit 6: Hospital revenue, yearly**



Sources: THG; FSSIA estimates

**Exhibit 7: EBITDA margin should exceed pre-Covid level**



Sources: THG; FSSIA estimates

**Exhibit 8: Forecast revisions**

	Current			Previous			Change		
	2022E (THB b)	2023E (THB b)	2024E (THB b)	2022E (THB b)	2023E (THB b)	2024E (THB b)	2022E (%)	2023E (%)	2024E (%)
OPD patient revenue	3.1	3.1	3.3	2.7	2.9	3.1	14.7	6.1	6.1
IPD patient revenue	3.4	3.5	3.5	2.9	3.2	3.5	19.7	10.6	2.3
Jin Wellbeing revenue	0.2	0.4	0.4	0.2	0.4	0.4	(21.7)	(3.4)	(3.6)
Revenue	11.0	10.4	11.0	9.6	9.8	10.2	14.8	5.8	7.2
EBITDA margin (%)	26.3	20.1	20.1	23.3	19.9	19.8	3.0	0.2	0.3
Core profit	1.4	0.7	0.8	0.9	0.6	0.7	58.6	14.2	18.0

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

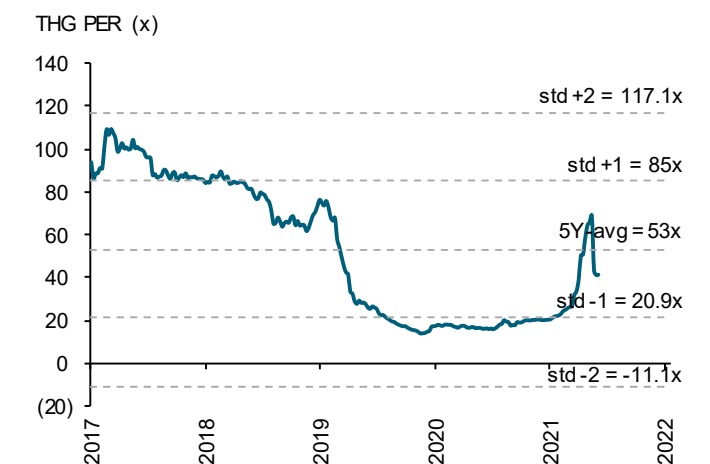
Sources: THG; FSSIA estimates

## Exhibit 9: THG – 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	1.1		
Cost of equity, Ke	11.8	Net cost of debt, Kd	2.8
Weight applied	60.0	Weight applied	40.0
WACC	8.2		
DCF valuation estimate (THB b)	(THB/share)	Comments	
NPV	15.2	17.9	WACC 8.2%, Risk-free rate 3%, Risk premium 8%
Terminal value	29.7	35.0	Terminal growth 3%
Cash & liquid assets	1.8	2.1	At end-2023E
Investments	2.6	3.0	At end-2023E
Debt	(10.5)	(12.3)	At end-2023E
Minorities	(0.5)	(0.6)	At end-2023E
<b>Residual ordinary equity</b>	<b>38.2</b>	<b>45.0</b>	

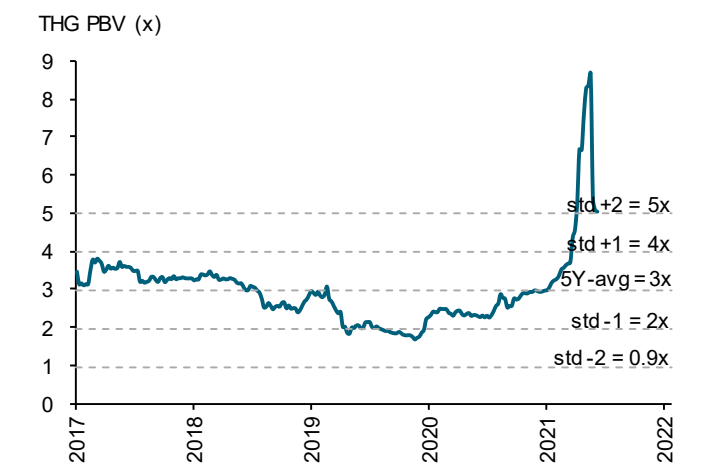
Source: FSSIA estimates

## Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

## Exhibit 11: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 12: Peer comparisons as of 10 May-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	31.00	22.8	11,615	39.7	32.0	11.8	13.9	4.6	4.3	20.2	17.1
Bumrungrad Hospital	BH TB	BUY	162.00	205.00	26.5	3,727	47.2	30.7	15.7	23.0	7.4	6.7	27.4	19.2
Bangkok Chain Hospital	BCH TB	BUY	19.60	28.50	45.4	1,415	10.5	24.7	33.7	13.7	3.3	3.4	6.7	12.6
Chularat Hospital	CHG TB	BUY	3.64	4.70	29.1	1,159	13.3	27.5	37.8	17.7	4.8	5.0	8.9	16.3
Praram 9 Hospital	PR9 TB	BUY	13.50	16.50	22.2	307	25.9	22.4	9.3	10.2	2.3	2.2	11.2	9.9
Thonburi Healthcare Group	THG TB	REDUCE	59.00	45.00	(23.7)	1,447	35.0	70.3	15.1	7.4	5.1	5.3	20.3	28.5
Vibhavadi Medical Center	VIBHA TB	BUY	2.44	3.20	31.1	959	31.6	30.6	8.1	7.3	2.3	2.2	28.5	25.8
Ramkhamhaeng Hospital	RAM TB	BUY	47.50	56.00	17.9	1,650	25.6	25.4	12.5	11.8	3.1	2.9	22.4	21.5
Rajthanee Hospital	RJH TB	n/a	32.50	n/a	n/a	282	13.9	22.2	35.8	20.9	6.5	4.7	9.2	14.4
Ekachai Medical Care	EKH TB	n/a	7.25	n/a	n/a	131	25.0	24.5	15.9	14.4	5.2	3.7	14.3	13.5
<b>Thailand average</b>						<b>22,693</b>	<b>26.8</b>	<b>31.0</b>	<b>19.6</b>	<b>14.0</b>	<b>4.5</b>	<b>4.0</b>	<b>16.9</b>	<b>17.9</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	77.20	n/a	n/a	12,323	54.1	31.2	8.7	13.7	4.3	4.3	13.6	11.1
Ihh Healthcare Bhd	IHH SP	n/a	2.04	n/a	n/a	12,933	34.2	30.0	6.8	7.3	2.3	2.3	15.2	14.1
Ryman Healthcare	RYM NZ	n/a	8.87	n/a	n/a	2,804	19.3	14.3	7.5	8.9	1.3	1.3	19.2	16.3
Apollo Hospitals Enterprise	APHS IN	n/a	3,687	n/a	n/a	6,873	57.1	44.7	18.7	18.7	9.4	9.4	24.4	20.8
Kpj Healthcare Berhad	KPJ MK	n/a	0.92	n/a	n/a	909	27.7	20.8	6.6	8.6	1.7	1.7	11.4	10.2
Raffles Medical Group	RFMD SP	n/a	1.15	n/a	n/a	1,539	30.3	28.0	7.5	7.7	2.2	2.2	14.8	14.1
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,490	n/a	n/a	2,443	33.7	30.5	18.9	19.3	6.1	6.1	20.5	18.4
Aier Eye Hospital Group	300015 CH	n/a	33.82	n/a	n/a	27,278	61.5	47.2	22.0	23.6	13.2	13.2	35.8	28.2
<b>Regional average</b>						<b>67,101</b>	<b>39.7</b>	<b>30.8</b>	<b>12.1</b>	<b>13.5</b>	<b>5.1</b>	<b>5.1</b>	<b>19.4</b>	<b>16.7</b>
<b>Overall average</b>						<b>89,793</b>	<b>32.5</b>	<b>30.9</b>	<b>16.2</b>	<b>13.8</b>	<b>4.7</b>	<b>4.5</b>	<b>18.0</b>	<b>17.3</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

Thonburi Healthcare Group

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	7,315	10,847	11,034	10,377	10,962
Cost of goods sold	(4,921)	(6,462)	(6,559)	(6,661)	(7,081)
<b>Gross profit</b>	<b>2,394</b>	<b>4,385</b>	<b>4,475</b>	<b>3,716</b>	<b>3,882</b>
Other operating income	-	-	-	-	-
Operating costs	(1,411)	(1,571)	(1,571)	(1,634)	(1,683)
<b>Operating EBITDA</b>	<b>983</b>	<b>2,814</b>	<b>2,904</b>	<b>2,081</b>	<b>2,198</b>
Depreciation	(827)	(944)	(988)	(1,036)	(1,073)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>156</b>	<b>1,870</b>	<b>1,915</b>	<b>1,046</b>	<b>1,125</b>
Net financing costs	(281)	(299)	(326)	(328)	(328)
Associates	35	31	78	56	59
Recurring non-operating income	147	139	191	173	181
Non-recurring items	94	90	0	0	0
<b>Profit before tax</b>	<b>116</b>	<b>1,801</b>	<b>1,780</b>	<b>891</b>	<b>978</b>
Tax	(93)	(444)	(340)	(167)	(184)
<b>Profit after tax</b>	<b>23</b>	<b>1,357</b>	<b>1,440</b>	<b>724</b>	<b>794</b>
Minority interests	40	(19)	(10)	(11)	(12)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>62</b>	<b>1,337</b>	<b>1,430</b>	<b>713</b>	<b>782</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(94)</b>	<b>(90)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(31)</b>	<b>1,247</b>	<b>1,430</b>	<b>713</b>	<b>782</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.04)	1.47	1.68	0.84	0.92
Reported EPS	0.07	1.58	1.68	0.84	0.92
DPS	0.30	0.90	1.18	0.59	0.64
Diluted shares (used to calculate per share data)	849	849	849	849	849
<b>Growth</b>					
Revenue (%)	(11.1)	48.3	1.7	(6.0)	5.6
Operating EBITDA (%)	(16.3)	186.3	3.2	(28.3)	5.6
Operating EBIT (%)	(72.2)	1,096.3	2.4	(45.4)	7.6
Recurring EPS (%)	nm	nm	14.6	(50.1)	9.7
Reported EPS (%)	(86.5)	2,042.4	6.9	(50.1)	9.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	21.4	31.7	31.6	25.8	25.6
Gross margin of key business (%)	21.4	31.7	31.6	25.8	25.6
Operating EBITDA margin (%)	13.4	25.9	26.3	20.1	20.1
Operating EBIT margin (%)	2.1	17.2	17.4	10.1	10.3
Net margin (%)	(0.4)	11.5	13.0	6.9	7.1
Effective tax rate (%)	(779.1)	26.4	20.0	20.0	20.0
Dividend payout on recurring profit (%)	(816.4)	61.3	70.0	70.0	70.0
Interest cover (X)	1.1	6.7	6.5	3.7	4.0
Inventory days	101.2	78.1	79.4	79.4	77.6
Debtor days	66.8	76.3	112.6	133.0	131.0
Creditor days	99.9	110.4	157.7	157.6	154.2
Operating ROIC (%)	8.7	8.3	9.2	5.0	5.5
ROIC (%)	14.6	7.8	8.7	5.0	5.5
ROE (%)	(0.4)	14.6	15.1	7.4	8.1
ROA (%)	11.8	6.7	7.0	4.0	4.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Revenue from hospital operations	6,279	10,023	10,119	9,204	9,737
Revenue from sale of goods	271	301	316	332	349
Revenue from other services	665	425	500	537	573
Revenue from sales of condominium unit	99	98	99	304	304

Sources: Thonburi Healthcare Group; FSSIA estimates

## Financial Statements

### Thonburi Healthcare Group

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(31)	1,247	1,430	713	782
Depreciation	827	944	988	1,036	1,073
Associates & minorities	-	-	-	-	-
Other non-cash items	(103)	212	10	11	12
Change in working capital	(689)	780	(432)	(248)	54
<b>Cash flow from operations</b>	<b>4</b>	<b>3,183</b>	<b>1,996</b>	<b>1,512</b>	<b>1,922</b>
Capex - maintenance	(1,495)	(1,816)	(775)	(775)	(438)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	513	(590)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(982)</b>	<b>(2,406)</b>	<b>(775)</b>	<b>(775)</b>	<b>(438)</b>
Dividends paid	(255)	(252)	(764)	(1,001)	(499)
Equity finance	0	6	(6)	0	0
Debt finance	1,096	301	100	0	0
Other financing cash flows	(106)	154	(7)	(8)	(8)
<b>Cash flow from financing</b>	<b>735</b>	<b>210</b>	<b>(678)</b>	<b>(1,008)</b>	<b>(507)</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>(243)</b>	<b>987</b>	<b>543</b>	<b>(272)</b>	<b>976</b>
Free cash flow to firm (FCFF)	(697.71)	1,076.11	1,546.70	1,064.37	1,810.86
Free cash flow to equity (FCFE)	11.29	1,232.57	1,313.51	728.90	1,474.63

#### Per share (THB)

FCFF per share	(0.82)	1.27	1.82	1.25	2.13
FCFE per share	0.01	1.45	1.55	0.86	1.74
Recurring cash flow per share	0.82	2.83	2.86	2.07	2.20

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	18,416	20,176	20,951	21,726	22,164
Less: Accumulated depreciation	(5,240)	(6,106)	(7,094)	(8,130)	(9,204)
<b>Tangible fixed assets (net)</b>	<b>13,176</b>	<b>14,069</b>	<b>13,856</b>	<b>13,595</b>	<b>12,960</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,982	2,572	2,572	2,572	2,572
Cash & equivalents	496	1,482	2,025	1,754	2,729
A/C receivable	1,351	3,183	3,624	3,936	3,936
Inventories	1,350	1,416	1,437	1,460	1,552
Other current assets	1,696	937	953	896	947
<b>Current assets</b>	<b>4,892</b>	<b>7,018</b>	<b>8,040</b>	<b>8,045</b>	<b>9,163</b>
Other assets	229	139	139	139	139
<b>Total assets</b>	<b>20,280</b>	<b>23,799</b>	<b>24,607</b>	<b>24,352</b>	<b>24,835</b>
Common equity	7,895	9,147	9,806	9,518	9,802
Minorities etc.	436	471	474	477	481
<b>Total shareholders' equity</b>	<b>8,331</b>	<b>9,618</b>	<b>10,280</b>	<b>9,995</b>	<b>10,282</b>
Long term debt	7,211	6,399	6,499	6,499	6,499
Other long-term liabilities	726	737	737	737	737
<b>Long-term liabilities</b>	<b>7,937</b>	<b>7,136</b>	<b>7,236</b>	<b>7,236</b>	<b>7,236</b>
A/C payable	1,097	2,813	2,855	2,899	3,082
Short term debt	2,862	3,976	3,976	3,976	3,976
Other current liabilities	52	257	261	246	259
<b>Current liabilities</b>	<b>4,012</b>	<b>7,045</b>	<b>7,092</b>	<b>7,120</b>	<b>7,317</b>
<b>Total liabilities and shareholders' equity</b>	<b>20,280</b>	<b>23,799</b>	<b>24,607</b>	<b>24,352</b>	<b>24,835</b>
Net working capital	3,247	2,467	2,899	3,147	3,093
Invested capital	18,635	19,247	19,466	19,453	18,764

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

#### Per share (THB)

Book value per share	9.30	10.77	11.55	11.21	11.54
Tangible book value per share	9.30	10.77	11.55	11.21	11.54

#### Financial strength

Net debt/equity (%)	115.0	92.5	82.2	87.3	75.3
Net debt/total assets (%)	47.2	37.4	34.3	35.8	31.2
Current ratio (x)	1.2	1.0	1.1	1.1	1.3
CF interest cover (x)	1.0	5.1	5.0	3.2	5.5

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>(1,605.6)</b>	<b>40.2</b>	<b>35.0</b>	<b>70.3</b>	<b>64.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(1,224.6)</b>	<b>30.6</b>	<b>26.7</b>	<b>53.6</b>	<b>48.8</b>
Reported P/E (x)	802.5	37.5	35.0	70.3	64.0
Dividend yield (%)	0.5	1.5	2.0	1.0	1.1
Price/book (x)	6.3	5.5	5.1	5.3	5.1
Price/tangible book (x)	6.3	5.5	5.1	5.3	5.1
EV/EBITDA (x) **	61.2	21.1	20.3	28.5	26.5
EV/EBITDA @ target price (x) **	49.1	16.9	16.2	22.8	21.1
EV/invested capital (x)	3.2	3.1	3.0	3.0	3.1

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

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

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

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

**Disclaimer:**

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

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

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Thonburi Healthcare Group	THG TB	THB 59.00	REDUCE	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units.
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 162.00	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 19.60	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 3.64	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 13.50	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) higher-than-expected expenses from its new building.
Vibhavadi Medical Center	VIBHA TB	THB 2.44	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 47.50	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 10-May-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.