

# RAMKHAMHAENG HOSPITAL

THAILAND / HEALTHCARE

# RAM TB

# BUY

UNCHANGED

TARGET PRICE	THB62.00
CLOSE	THB49.25
UP/DOWNSIDE	+25.9%
PRIOR TP	THB56.00
CHANGE IN TP	+10.7%
TP vs CONSENSUS	+19.2%

## In expansion mode

- Expect Non-Covid revenue to improve, driven by cash patients from RAM's flagship hospital and SSO operations at VBR.
- Two new investments in 2Q22: expanding hospital network benefits in new strategic location and procurement synergies.
- Rolling over DCF valuation to 2023 with new TP of THB62/shr.

### Organic revenue to offset slowdown of Covid revenue

Although Covid-related revenue (26% of total revenue in 1Q22) should slow down from 2Q22 onwards as Covid infection cases are declining, we expect non-Covid revenue to start significantly improving from 2H22. RAM flagship's non-Covid revenue already reached the pre-Covid level in 1Q22, while the non-Covid revenue of Vibharam group (VBR) was slightly below the pre-Covid level by c5-10% in 1Q22. The Social Security Office (SSO) should also be a key growth driver given that the registered members of VBR rose to 488k in 1Q22 vs 433k-460k in 2020-21, implying an upside to our forecast of 487k by end-2022.

### Investment in EKH and Chiang Rai Inter Hospital

RAM recently announced two new investments. First, RAM invested in Ekachai Medical Care (EKH TB, not rated) for 5.5% of total shares by subscribing to newly issued shares totalling THB252m. The potential synergy would be patient referrals with VBR Samut Sakhon (10 km from EKH). Second, RAM invested in Chiang Rai Inter Hospital for 40% of total shares by subscribing to newly issued shares totalling THB242m. The 50-bed hospital is located in a good location in Muang district, Chiang Rai. RAM plans to convert the hospital to serve SSO operations to turn the hospital around from its THB8m loss in 2021, and also plans to buy a nearby plot of land for expansion in the future.

### Strong sales of medical equipment due to network expansion

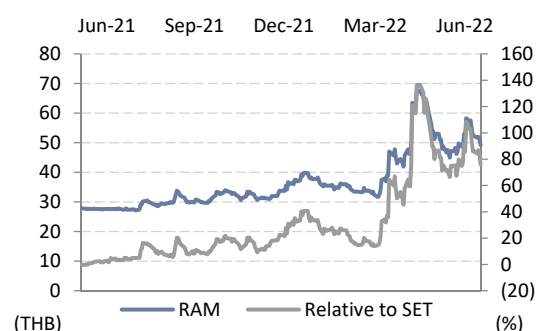
RAM has continued to expand its network and currently has 33 hospitals in the network. RAM flagship is the procurement centre for the whole network, with more bargaining power to purchase medical equipment and supplies at a lower cost. Revenue from the sale of medical equipment grew at a 40% CAGR from THB0.8b to THB1.6b over 2019-21 and contributed a THB0.4b gross profit, or 9% of RAM's gross profit. RAM should continue to benefit from this along with its network expansion.

### Trading cheaper than peers

We maintain our forecasts and roll forward our DCF-based valuation to 2023, thus deriving a new TP of THB62/shr. RAM is trading at an attractive valuation of only 26.4x 2023E P/E (vs peers' average of 31x) and 3.0x 2023E P/BV (vs peers' average of 4.1x).

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	12,664	10,715	11,158	11,731
Net profit	4,193	2,226	2,240	2,451
EPS (THB)	3.49	1.85	1.87	2.04
vs Consensus (%)	-	(11.3)	9.0	10.3
EBITDA	4,162	3,141	3,251	3,479
Core net profit	4,070	2,226	2,240	2,451
Core EPS (THB)	3.39	1.85	1.87	2.04
Chg. In EPS est. (%)	-	-	0.0	0.0
EPS growth (%)	544.0	(45.3)	0.7	9.4
Core P/E (x)	14.5	26.6	26.4	24.1
Dividend yield (%)	1.5	1.9	1.9	2.1
EV/EBITDA (x)	17.8	23.2	22.3	20.5
Price/book (x)	3.4	3.2	3.0	2.8
Net debt/Equity (%)	37.6	29.9	26.6	18.9
ROE (%)	27.2	12.5	11.8	12.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.7	44.9	77.8
Relative to country (%)	2.5	45.4	76.1
Mkt cap (USD m)			1,710
3m avg. daily turnover (USD m)			4.5
Free float (%)			20
Major shareholder			F&S 79 (23%)
12m high/low (THB)			69.25/27.10
Issued shares (m)			1,200.00

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

RAM currently operates 18 hospitals with a capacity of more than 2,400 beds. We think the stock is undervalued due to its complicated structure and lack of trading liquidity. RAM split its par in 2021 and trading liquidity has improved since then.

RAM has diversified its portfolio both geographically and through its revenue mix. RAM has several hospital brands to capture patients from the middle-income to high-income segments.

RAM is in an expansion mode. Its organic growth should be driven by VBR, which is in a harvesting period after investing in greenfield hospitals. RAM also has five projects in the pipeline which should lift its capacity by almost 28% (based on equity beds) by 2025.

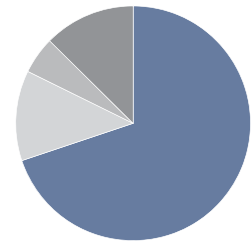
### Company profile

RAM is a private hospital which opened in 1988. Currently, RAM operates 18 hospitals with a capacity of more than 2,400 beds. It is the second largest private hospital operator in Thailand in terms of registered beds.

[www.ram-hosp.co.th](http://www.ram-hosp.co.th)

### Principal activities (revenue, 2021)

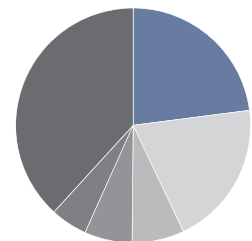
- Cash patient - 69.8 %
- SSO - 12.4 %
- NHSO - 5.1 %
- Sales of medical equipment - 12.6 %



Source: Ramkhamhaeng Hospital

### Major shareholders

- F&S 79 - 23.0 %
- Cypress Consolidated Healthcare - 20.0 %
- Chiangmai Ram Hospital - 7.2 %
- Synphaet - 6.6 %
- Vibhavadi Hospital PCL - 5.1 %



Source: Ramkhamhaeng Hospital

### Catalysts

Key potential growth drivers include 1) an improving EBITDA margin led by new hospitals and a larger share of profits and dividend income from its subsidiaries; 2) more Social Security Office (SSO) registered members via VBR group; and 3) benefitting from the economies of scale due to its large network.

### Risks to our call

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.

### Event calendar

Date	Event
Aug 2022	2Q22 results announcement

### Key assumptions

	2022E	2023E	2024E
Ramkhamhaeng revenue growth (y-y %)	8	6	5
Ramkhamhaeng EBITDA margin (%)	31	31	32
Subsidiary revenue growth (y-y %)	(23)	3	5
Subsidiary EBITDA margin (%)	29	28	29
Share income - Synphaet (THB m)	330	301	323
Share income - Sukhumvit (THB m)	69	73	76
Share income - Chiangmai Ram (THB m)	75	80	82
Share income - VIBHA (THB m)	132	136	152
Share income - THG (THB m)	225	167	175

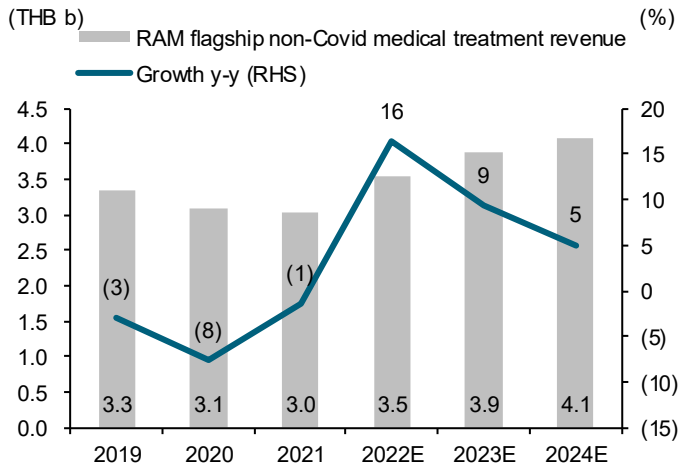
Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in patient volume, we project 2023 earnings to rise by 3%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2023 earnings to rise by 5%, and vice versa, all else being equal.

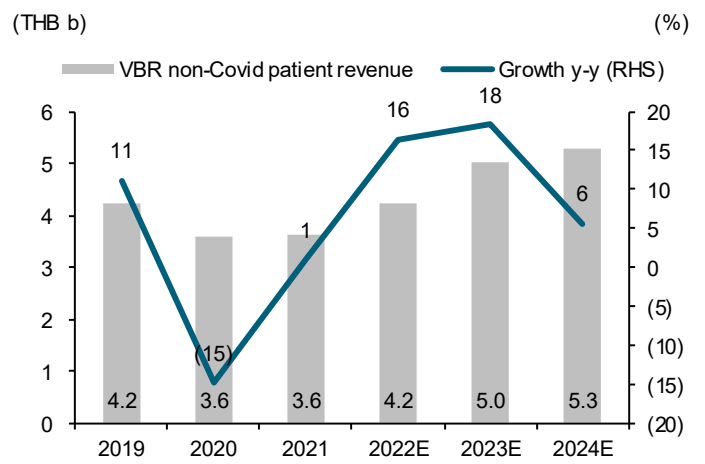
Source: FSSIA estimates

**Exhibit 1: RAM flagship's non-Covid medical treatment revenue**



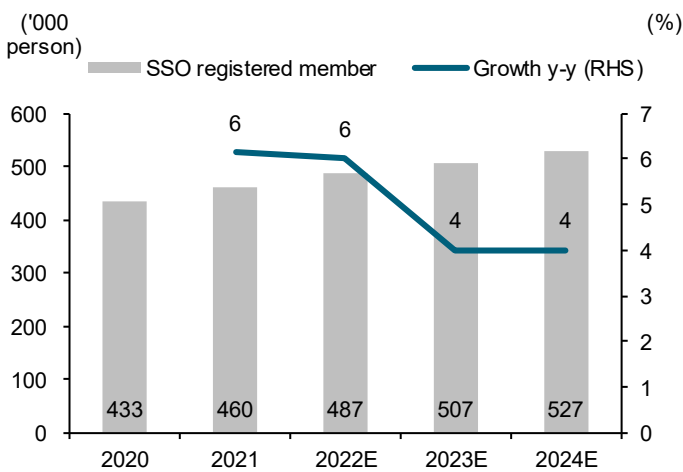
Sources: RAM; FSSIA estimates

**Exhibit 2: VBR's non-Covid patient revenue**



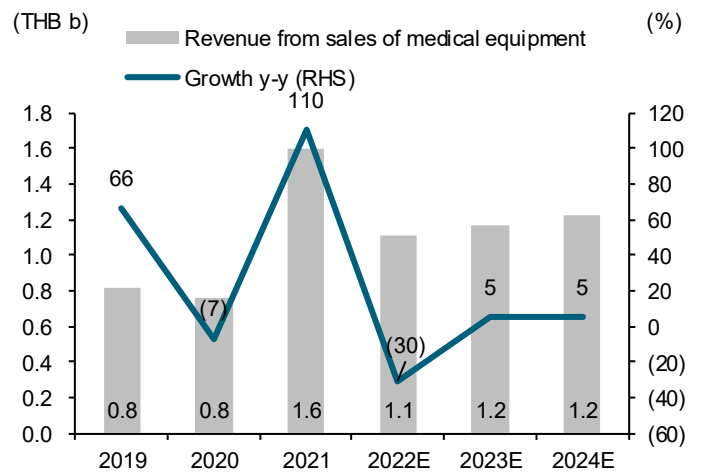
Sources: RAM; FSSIA estimate

**Exhibit 3: Number of SSO registered members**



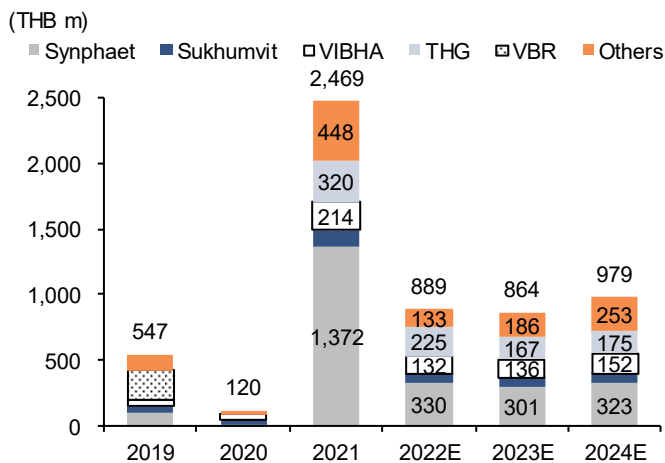
Sources: RAM; FSSIA estimate

**Exhibit 4: Revenue from sales of medical equipment**



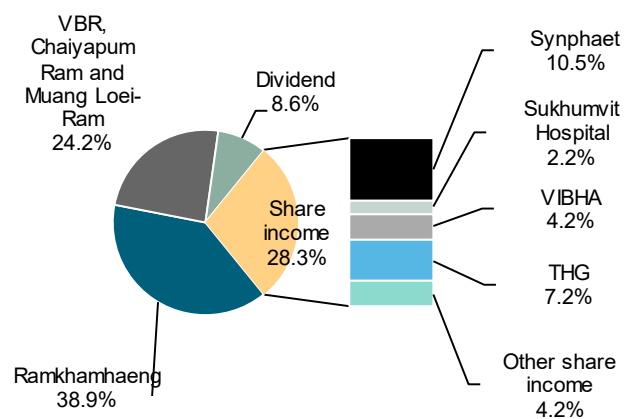
Sources: RAM; FSSIA estimates

**Exhibit 5: RAM's share income**



Sources: RAM; FSSIA estimates

**Exhibit 6: EBIT of THB3.1b – breakdown as of 2022E**



Sources: RAM; FSSIA estimates

## Recap: 1Q22 results review

RAM reported a core profit of THB0.7b in 1Q22 (+109% y-y, -60% q-q), in line with our estimate. Core profit dropped q-q due to 1) the absence of one-time gain from the asset reclassification of Serirak under Synphaet totalling THB0.8b in 4Q21; and 2) lower profit contributions from VBR and its subsidiaries following the slowdown of Covid-related services.

Revenue dropped 6% q-q in 1Q22. RAM flagship's revenue was flat q-q. However, VBR's revenue dropped by 11% q-q due to slowdown of Covid-related revenue.

The EBITDA margin dropped from 32% in 4Q21 to 28% in 1Q22 due to the narrowing EBITDA of VBR. On a positive note, the EBITDA margin of RAM's flagship hospital operations improved from 29% in 4Q21 to 36% in 1Q22. Share of income dropped from THB1.4b in 4Q21 to THB0.3b in 1Q22, mainly due to a smaller share of income from Synphaet as mentioned earlier.

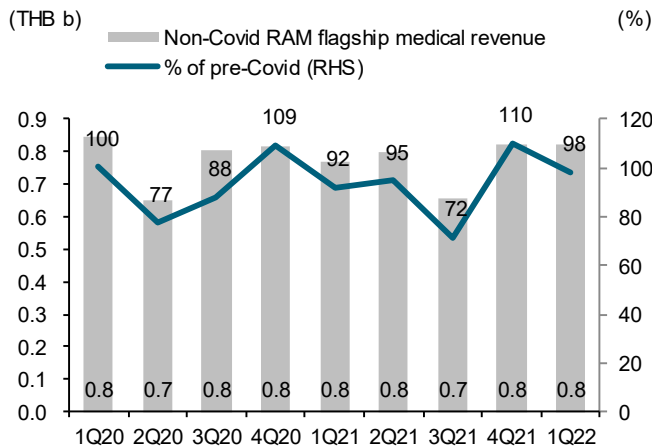
1Q22 core profit accounted for 32% of our 2022 core profit forecast of THB2.2b.

### Exhibit 7: 1Q22 results review

FY ending Dec	1Q21	2Q21	3Q21	4Q21	1Q22	----- Change -----		2021	2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)
Sales	2,194	2,550	4,710	3,210	3,004	(6)	37	12,664	10,715
COGS (incl depreciation)	(1,718)	(1,826)	(2,570)	(2,078)	(2,026)	(3)	18	(8,193)	(7,453)
<b>Gross profit</b>	<b>476</b>	<b>724</b>	<b>2,140</b>	<b>1,131</b>	<b>977</b>	<b>(14)</b>	<b>105</b>	<b>4,471</b>	<b>3,262</b>
SG&A	(341)	(359)	(329)	(346)	(366)	6	7	(1,375)	(1,278)
<b>Operating profit</b>	<b>135</b>	<b>365</b>	<b>1,811</b>	<b>785</b>	<b>611</b>	<b>(22)</b>	<b>353</b>	<b>3,096</b>	<b>1,984</b>
Dividend income	79	126	58	39	35	(9)	(55)	301	271
Net other income	23	31	21	21	23	13	1	95	120
Interest expenses	(56)	(60)	(61)	(63)	(53)	(15)	(5)	(239)	(256)
<b>Pretax profit</b>	<b>181</b>	<b>462</b>	<b>1,829</b>	<b>782</b>	<b>616</b>	<b>(21)</b>	<b>241</b>	<b>3,253</b>	<b>2,118</b>
Income tax	(26)	(41)	(299)	(102)	(124)	21	372	(468)	(381)
Associates	141	177	718	1,434	343	(76)	144	2,469	889
Minority interest	44	(93)	(766)	(368)	(129)	(65)	(395)	(1,183)	(400)
<b>Core profit</b>	<b>339</b>	<b>505</b>	<b>1,481</b>	<b>1,745</b>	<b>706</b>	<b>(60)</b>	<b>109</b>	<b>4,070</b>	<b>2,226</b>
Extraordinaries, GW & FX	0	0	164	(42)	0			122	
<b>Reported net profit</b>	<b>339</b>	<b>505</b>	<b>1,646</b>	<b>1,703</b>	<b>706</b>	<b>(59)</b>	<b>109</b>	<b>4,193</b>	<b>2,226</b>
Outstanding shares (m)	1,200	1,200	1,200	1,200	1,200	0	0	1,200	1,201
<b>Pre-ex EPS (THB)</b>	<b>0.28</b>	<b>0.42</b>	<b>1.23</b>	<b>1.45</b>	<b>0.59</b>	<b>(60)</b>	<b>109</b>	<b>3.39</b>	<b>1.85</b>
<b>EPS (THB)</b>	<b>0.28</b>	<b>0.42</b>	<b>1.37</b>	<b>1.42</b>	<b>0.59</b>	<b>(59)</b>	<b>109</b>	<b>3.49</b>	<b>1.85</b>
COGS excl. depreciation	(1,443)	(1,547)	(2,318)	(1,820)	(1,781)	(2)	23	(7,127)	(6,296)
Depreciation	(275)	(279)	(253)	(259)	(245)	(5)	(11)	(1,065)	(1,157)
EBITDA	410	644	2,063	1,044	856	(18)	109	4,162	3,141
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>
Gross margin	22	28	45	35	33	(3)	11	35	30
SG&A/Revenue	16	14	7	11	12	1	(3)	11	12
EBITDA margin	18	25	44	32	28	(4)	10	33	29
Net profit margin	15	20	35	53	24	(30)	8	33	21
<b>Operating stats</b>									
Ramkhamhaeng hospital revenue growth (y-y %)	(7)	33	12	14	22				
Ramkhamhaeng EBITDA margin (%)	30	30	33	28	36				
Subsidiary hospital revenue growth (y-y %)	7	54	268	72	47				
Subsidiary EBITDA margin (%)	10	20	53	35	24				
Share income - Synphaet (THB m)	68	61	288	955	44				
Share income - THG (THB m)		19	174	127	115				
Share income - Sukhumvit (THB m)	15	39	43	19	44				
Share income - Chiangmai Ram (THB m)	37	4	15	24	46				
Share income - VIBHA (THB m)	17	35	79	82	50				
Share income - RJH (THB m)	13	16	58	0	0				

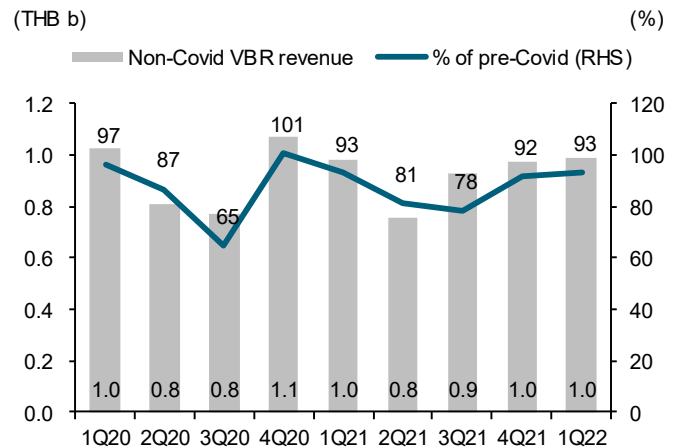
Sources: RAM; FSSIA estimates

**Exhibit 8: RAM flagship's non-Covid medical treatment revenue, quarterly**



Sources: RAM; FSSIA estimates

**Exhibit 9: VBR's non-Covid patient revenue, quarterly**



Sources: RAM; FSSIA estimates

**Exhibit 10: 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	1.0		
Cost of equity, Ke	10.7	Net cost of debt, Kd	2.8
Weight applied	70.0	Weight applied	30.0
WACC	8.3		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	25.8	21.5	WACC 8.3%, Risk-free rate 3%, Risk premium 8%
Terminal value	62.1	51.8	Terminal growth 3%
Cash & liquid assets	1.5	1.3	At end-2023E
Investments	0.0	0.0	At end-2023E
Debt	(8.5)	(7.1)	At end-2023E
Minorities	(6.5)	(5.5)	At end-2023E
<b>Residual ordinary equity</b>	<b>74.4</b>	<b>62.0</b>	

Source: FSSIA estimates

**Exhibit 11: Peer comparisons as of 9 Jun-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	25.00	31.00	24.0	11,496	39.4	31.7	11.8	13.9	4.6	4.3	20.0	16.9
Bumrungrad Hospital	BH TB	BUY	178.00	205.00	15.2	4,094	51.9	33.7	15.7	23.0	8.1	7.4	30.2	21.2
Bangkok Chain Hospital	BCH TB	BUY	19.30	28.50	47.7	1,393	10.3	24.4	33.7	13.7	3.3	3.4	6.6	12.4
Chularat Hospital	CHG TB	BUY	3.74	4.70	25.7	1,190	13.6	28.3	37.8	17.7	4.9	5.1	9.1	16.8
Praram 9 Hospital	PR9 TB	BUY	14.60	16.50	13.0	332	28.0	24.2	9.3	10.2	2.5	2.4	12.3	10.8
Thonburi Healthcare Group	THG TB	REDUCE	56.50	45.00	(20.4)	1,385	33.6	67.3	15.1	7.4	4.9	5.0	19.6	27.5
Vibhavadi Medical Center	VIBHA TB	BUY	2.50	3.20	28.0	982	32.4	31.3	8.1	7.3	2.3	2.3	29.1	26.3
Ramkhamhaeng Hospital	RAM TB	BUY	49.25	62.00	25.9	1,710	26.6	26.4	12.5	11.8	3.2	3.0	23.2	22.3
Rajthanee Hospital	RJH TB	n/a	33.50	n/a	n/a	290	11.8	19.7	46.0	25.0	6.7	4.8	8.9	14.9
Ekachai Medical Care	EKH TB	n/a	7.70	n/a	n/a	139	25.7	25.7	13.9	12.5	5.5	3.1	14.0	13.1
<b>Thailand average</b>						<b>23,012</b>	<b>27.3</b>	<b>31.3</b>	<b>20.4</b>	<b>14.2</b>	<b>4.6</b>	<b>4.1</b>	<b>17.3</b>	<b>18.2</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	77.47	n/a	n/a	12,614	55.6	31.6	8.4	13.6	4.4	4.4	13.7	11.2
Ihh Healthcare Bhd	IHH SP	n/a	2.00	n/a	n/a	12,749	34.2	30.0	6.9	7.4	2.3	2.3	15.1	14.1
Ryman Healthcare	RYM NZ	n/a	9.10	n/a	n/a	2,912	19.9	16.1	7.4	8.5	1.4	1.4	19.3	14.7
Apollo Hospitals Enterprise	APHS IN	n/a	3,670	n/a	n/a	6,782	57.1	47.1	18.6	17.7	9.3	9.3	24.3	21.9
Kpj Healthcare Berhad	KPJ MK	n/a	0.88	n/a	n/a	866	30.2	23.0	5.7	7.3	1.7	1.7	12.2	11.1
Raffles Medical Group	RFMD SP	n/a	1.15	n/a	n/a	1,545	30.3	28.0	7.5	7.7	2.2	2.2	14.7	14.1
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,620	n/a	n/a	2,558	35.5	31.5	18.5	18.8	6.4	6.4	22.4	20.0
Aier Eye Hospital Group	300015 CH	n/a	36.66	n/a	n/a	29,698	66.8	51.3	22.4	24.2	14.8	14.8	38.7	30.2
<b>Regional average</b>						<b>69,725</b>	<b>41.2</b>	<b>32.3</b>	<b>11.9</b>	<b>13.1</b>	<b>5.3</b>	<b>5.3</b>	<b>20.1</b>	<b>17.2</b>
<b>Overall average</b>						<b>92,737</b>	<b>33.5</b>	<b>31.7</b>	<b>16.6</b>	<b>13.8</b>	<b>4.9</b>	<b>4.6</b>	<b>18.5</b>	<b>17.8</b>

Sources: Bloomberg; FSSIA estimates

**Exhibit 12: Capacity summary**

Group	No	Hospital	RAM's stake (%)	No. of beds (no.)	No. of beds based on stake (no.)
<b>Ramkhamhaeng Hospital</b>	<b>1</b>	<b>Ramkhamhaeng Hospital</b>	<b>100.0</b>	<b>486</b>	<b>486</b>
Subsidiaries	2	Chaiyaphum Ram	78.0	60	47
	3	Mueng Loei Ram	77.7	100	78
Subsidiaries - Vibharam (VBR)	4	Pattanakarn	50.0	150	75
	5	Laemchabang	50.0	100	50
	6	Samutsakhon	50.0	100	50
	7	Nawamin	50.0	52	26
	8	Parkkred	44.2	100	44
	9	Amatanakorn	37.6	100	38
	10	Chaiprakarn	49.6	100	50
	11	Mahaesak	25.9	132	34
	12	Phaetpanya	25.0	160	40
	13	Cancer Center Amatanakorn	18.8	10	2
		<b>Total Ram and subsidiaries</b>		<b>1,650</b>	<b>1,019</b>
Associates - operated directly	14	Chiang Mai Ram	42.9	200	86
	15	Phayao Ram	40.0	100	40
	16	Buriram Ram	36.1	90	32
	17	Sukhumvit	34.2	80	27
	18	Khonkaen Ram	16.4	300	49
		<b>Total associates - operated directly</b>		<b>770</b>	<b>235</b>
Associates - operated through Synphaet	19	Ramintra	28.4	380	108
	20	Theparak	23.0	120	28
	21	Lumlukka	28.4	100	28
	22	Srinakarin	21.3	100	21
	23	Serirak	22.5	238	53
	24	Nakhon Pathom	32.0	240	77
	25	Kanchanaburi	26.3	100	26
		<b>Total associates - operated through Synphaet</b>		<b>1,278</b>	<b>342</b>
Partner hospitals	26	Vibhavadi (VIBHA)	9.2	1,282	118
	27	Thonburi (THG)	21.1	1,314	277
	28	Petcharat Hospital	17.9	100	18
	29	Rajthanee (RJH)	4.0	353	14
	30	Eak Udorn	9.3	350	33
	31	Chaophaya	6.8	200	14
	32	Chiang Rai Inter	40.3	50	20
	33	EKH	5.5	142	8
		<b>Total partner</b>		<b>3,791</b>	<b>501</b>
		<b>Grand total existing beds</b>		<b>7,489</b>	<b>2,096</b>
Projects in pipeline	34	Ramkhamhaeng 2 (Ram Nakra)	41.6	560	233
	35	Ramkhamhaeng 3 (Narathiwat Road)	100.0	210	210
	36	Nan Ram	25.7	141	36
	37	Vientiane Ram	70.0	150	105
	38	Thonburi Rangsit	40.0	250	100
		<b>Total projects in pipeline</b>		<b>1,311</b>	<b>584</b>

Sources: RAM; FSSIA estimates

## Financial Statements

### Ramkhamhaeng Hospital

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	7,822	12,664	10,715	11,158	11,731
Cost of goods sold	(5,508)	(7,127)	(6,296)	(6,585)	(6,894)
<b>Gross profit</b>	<b>2,315</b>	<b>5,537</b>	<b>4,419</b>	<b>4,573</b>	<b>4,837</b>
Other operating income	-	-	-	-	-
Operating costs	(1,260)	(1,375)	(1,278)	(1,322)	(1,358)
<b>Operating EBITDA</b>	<b>1,055</b>	<b>4,162</b>	<b>3,141</b>	<b>3,251</b>	<b>3,479</b>
Depreciation	(716)	(1,065)	(1,157)	(1,207)	(1,259)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>339</b>	<b>3,096</b>	<b>1,984</b>	<b>2,044</b>	<b>2,220</b>
Net financing costs	(181)	(224)	(223)	(187)	(180)
Associates	120	2,469	889	864	979
Recurring non-operating income	460	2,850	1,245	1,250	1,383
Non-recurring items	0	122	0	0	0
<b>Profit before tax</b>	<b>617</b>	<b>5,844</b>	<b>3,007</b>	<b>3,106</b>	<b>3,424</b>
Tax	(148)	(468)	(381)	(426)	(489)
<b>Profit after tax</b>	<b>469</b>	<b>5,376</b>	<b>2,626</b>	<b>2,680</b>	<b>2,935</b>
Minority interests	163	(1,183)	(400)	(440)	(484)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>632</b>	<b>4,193</b>	<b>2,226</b>	<b>2,240</b>	<b>2,451</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(122)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>632</b>	<b>4,070</b>	<b>2,226</b>	<b>2,240</b>	<b>2,451</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.53	3.39	1.85	1.87	2.04
Reported EPS	0.53	3.49	1.85	1.87	2.04
DPS	0.72	0.76	0.93	0.93	1.02
Diluted shares (used to calculate per share data)	1,200	1,200	1,200	1,200	1,200
<b>Growth</b>					
Revenue (%)	75.9	61.9	(15.4)	4.1	5.1
Operating EBITDA (%)	(0.3)	294.4	(24.5)	3.5	7.0
Operating EBIT (%)	(61.1)	814.5	(35.9)	3.0	8.6
Recurring EPS (%)	(57.1)	544.0	(45.3)	0.7	9.4
Reported EPS (%)	(56.0)	563.3	(46.9)	0.7	9.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	20.4	35.3	30.4	30.2	30.5
Gross margin of key business (%)	20.4	35.3	30.4	30.2	30.5
Operating EBITDA margin (%)	13.5	32.9	29.3	29.1	29.7
Operating EBIT margin (%)	4.3	24.4	18.5	18.3	18.9
Net margin (%)	8.1	32.1	20.8	20.1	20.9
Effective tax rate (%)	29.7	14.4	18.0	19.0	20.0
Dividend payout on recurring profit (%)	136.7	22.4	50.0	50.0	50.0
Interest cover (X)	4.4	26.6	14.5	17.6	20.1
Inventory days	45.6	38.7	41.3	37.9	37.8
Debtor days	43.1	54.7	82.3	75.6	71.9
Creditor days	27.0	25.0	25.1	23.0	23.0
Operating ROIC (%)	3.3	22.5	14.1	14.4	15.5
ROIC (%)	2.5	17.0	8.1	8.1	8.6
ROE (%)	5.0	27.2	12.5	11.8	12.1
ROA (%)	2.5	16.8	7.9	7.8	8.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cash patient	5,465	8,845	7,483	7,794	8,210
SSO	1,402	1,575	1,733	1,802	1,892
NHSO	196	649	389	397	405
Sales of medical equipment	760	1,595	1,110	1,166	1,224

Sources: Ramkhamhaeng Hospital; FSSIA estimates

## Financial Statements

### Ramkhamhaeng Hospital

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	632	4,070	2,226	2,240	2,451
Depreciation	716	1,065	1,157	1,207	1,259
Associates & minorities	-	-	-	-	-
Other non-cash items	697	1,167	400	440	484
Change in working capital	(663)	(199)	98	(1,039)	(12)
<b>Cash flow from operations</b>	<b>1,383</b>	<b>6,104</b>	<b>3,881</b>	<b>2,849</b>	<b>4,181</b>
Capex - maintenance	(8,952)	(944)	(643)	(669)	(704)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,327)	(4,833)	(779)	(395)	(395)
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(10,279)</b>	<b>(5,776)</b>	<b>(1,422)</b>	<b>(1,064)</b>	<b>(1,099)</b>
Dividends paid	(810)	(812)	(912)	(1,113)	(1,120)
Equity finance	0	0	0	0	0
Debt finance	5,063	603	(800)	(600)	(300)
Other financing cash flows	4,247	392	(200)	(220)	(242)
<b>Cash flow from financing</b>	<b>8,500</b>	<b>183</b>	<b>(1,912)</b>	<b>(1,933)</b>	<b>(1,662)</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>(396)</b>	<b>510</b>	<b>547</b>	<b>(149)</b>	<b>1,420</b>
Free cash flow to firm (FCFF)	(8,685.48)	566.89	2,715.42	2,021.59	3,307.86
Free cash flow to equity (FCFE)	413.45	1,322.26	1,458.97	964.04	<b>2,540.46</b>

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	(7.24)	0.47	2.26	1.68	2.76
FCFE per share	0.34	1.10	1.22	0.80	2.12
Recurring cash flow per share	1.70	5.25	3.15	3.24	3.49

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	18,063	19,277	19,920	20,590	21,294
Less: Accumulated depreciation	(7,958)	(9,294)	(10,452)	(11,659)	(12,918)
<b>Tangible fixed assets (net)</b>	<b>10,105</b>	<b>9,983</b>	<b>9,469</b>	<b>8,931</b>	<b>8,376</b>
<b>Intangible fixed assets (net)</b>	<b>409</b>	<b>409</b>	<b>409</b>	<b>409</b>	<b>409</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	15,224	20,057	20,836	21,231	21,626
Cash & equivalents	616	1,126	1,673	1,525	2,945
A/C receivable	1,274	2,524	2,310	2,310	2,310
Inventories	754	756	668	698	731
Other current assets	708	373	315	1,006	1,062
<b>Current assets</b>	<b>3,352</b>	<b>4,779</b>	<b>4,966</b>	<b>5,538</b>	<b>7,048</b>
Other assets	188	197	197	197	197
<b>Total assets</b>	<b>29,278</b>	<b>35,425</b>	<b>35,877</b>	<b>36,306</b>	<b>37,656</b>
Common equity	12,804	17,179	18,492	19,620	20,950
Minorities etc.	5,103	6,129	6,329	6,549	6,791
<b>Total shareholders' equity</b>	<b>17,906</b>	<b>23,308</b>	<b>24,821</b>	<b>26,169</b>	<b>27,741</b>
Long term debt	3,137	4,351	4,051	3,751	3,751
Other long-term liabilities	980	404	404	404	404
<b>Long-term liabilities</b>	<b>4,117</b>	<b>4,755</b>	<b>4,455</b>	<b>4,155</b>	<b>4,155</b>
A/C payable	518	460	406	425	445
Short term debt	6,158	5,548	5,048	4,748	4,448
Other current liabilities	578	1,356	1,147	810	867
<b>Current liabilities</b>	<b>7,255</b>	<b>7,363</b>	<b>6,601</b>	<b>5,983</b>	<b>5,760</b>
<b>Total liabilities and shareholders' equity</b>	<b>29,278</b>	<b>35,425</b>	<b>35,877</b>	<b>36,306</b>	<b>37,656</b>
Net working capital	1,639	1,838	1,740	2,779	2,791
Invested capital	27,565	32,484	32,650	33,546	33,399

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

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	10.67	14.32	15.41	16.35	17.46
Tangible book value per share	10.33	13.98	15.07	16.01	17.12

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	48.5	37.6	29.9	26.6	18.9
Net debt/total assets (%)	29.6	24.8	20.7	19.2	14.0
Current ratio (x)	0.5	0.6	0.8	0.9	1.2
CF interest cover (x)	3.3	6.9	7.6	6.1	15.1

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>93.5</b>	<b>14.5</b>	<b>26.6</b>	<b>26.4</b>	<b>24.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>117.7</b>	<b>18.3</b>	<b>33.4</b>	<b>33.2</b>	<b>30.4</b>
Reported P/E (x)	93.5	14.1	26.6	26.4	24.1
Dividend yield (%)	1.5	1.5	1.9	1.9	2.1
Price/book (x)	4.6	3.4	3.2	3.0	2.8
Price/tangible book (x)	4.8	3.5	3.3	3.1	2.9
EV/EBITDA (x) **	69.1	17.8	23.2	22.3	20.5
EV/EBITDA @ target price (x) **	83.6	21.5	28.1	27.0	24.8
EV/invested capital (x)	2.6	2.3	2.2	2.2	2.1

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

Sources: Ramkhamhaeng Hospital; FSSIA estimates



## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	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	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	MITISB	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:**

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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

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### ANALYST(S) CERTIFICATION

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Company	Ticker	Price	Rating	Valuation & Risks
Ramkhamhaeng Hospital	RAM TB	THB 49.25	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.
Bangkok Dusit Medical Services	BDMS TB	THB 25.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 178.00	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 19.30	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 3.74	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 price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 14.60	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 56.50	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.
Vibhavadi Medical Center	VIBHA TB	THB 2.50	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.

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 09-Jun-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.