

BANGKOK CHAIN HOSPITAL  
THAILAND / HEALTHCARE

## BCH TB

BUY

UNCHANGED

## การเติบโตจากการดำเนินงานปกติที่ดีหลังโควิด

- คาดกำไร 2Q22 จะลดลง 41% q-q มาอยู่ที่ 1.2 พัน ลบ. จากรายได้โควิดที่ชะลอตัว แต่ยังคงสูงกว่าระดับใน 2Q19 อยู่ 360%
- อาจมี Upside จากความต้องการที่อ่อนแอของผู้ป่วยต่างชาติโดยเฉพาะอย่างยิ่งจากตะวันออกกลางและอัตราการจ่ายของสำนักงานประกันสังคมที่อาจปรับขึ้น
- ราคาหุ้นยังถูกอยู่; คาดกำไร 2023 จะสูงกว่าระดับก่อนโควิดถึง 72%

TARGET PRICE	THB28.50
CLOSE	THB20.10
UP/DOWNSIDE	+41.8%
PRIOR TP	THB28.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+18.8%

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	21,405	20,531	12,451	13,414
Net profit	6,846	4,656	1,977	2,272
EPS (THB)	2.75	1.87	0.79	0.91
vs Consensus (%)	-	15.0	(2.9)	15.3
EBITDA	10,248	7,297	3,888	4,319
Core net profit	6,846	4,656	1,977	2,272
Core EPS (THB)	2.75	1.87	0.79	0.91
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	456.9	(32.0)	(57.5)	14.9
Core P/E (x)	7.3	10.8	25.4	22.1
Dividend yield (%)	1.6	6.0	4.6	2.0
EV/EBITDA (x)	5.2	6.9	12.9	11.2
Price/book (x)	3.9	3.4	3.5	3.2
Net debt/Equity (%)	12.5	(8.6)	(10.1)	(20.6)
ROE (%)	68.9	33.7	13.7	15.2

## คาดการณ์รายได้จากการดำเนินงานปกติใน 2Q22 จะสูงกว่าระดับก่อนโควิดอยู่ 16%

เราคาดว่ารายได้ที่เกี่ยวข้องกับโควิดจะลดลงจาก 4.5 พัน ลบ. ใน 1Q22 มาอยู่ที่ 2.7 พัน ลบ. (คิดเป็นประมาณ 52% ของประมาณการรายได้รวมใน 2Q22E) จากตัวเลขผู้ติดเชื้อโควิดที่ลดลง ตัวเลขการตรวจโควิดน่าจะลดลงประมาณ 50% q-q ในขณะที่ตัวเลขผู้ป่วยโควิดในโรงพยาบาลและโรงแรมกึ่งโรงพยาบาลน่าจะลดลงประมาณ 60% q-q มาอยู่ที่ประมาณ 5,000 เตียง/วัน เราคาดว่าตัวเลขที่ลดลงดังกล่าวจะถูกแทนที่โดยตัวเลขผู้กักตัวที่บ้านที่ประมาณ 10,000 ราย/วัน ในด้านบวกรายได้จากการดำเนินงานปกติน่าจะสูงกว่าระดับก่อนโควิด 17% จากตัวเลขผู้ประกันจดทะเบียนที่เพิ่มขึ้น (985,000 ใน 2Q22 เทียบกับ 892,000 ใน 2Q21) และความต้องการที่อ่อนแอเป็นจำนวนมากของผู้ป่วยที่ไม่ได้เป็นโควิด เราคาดว่ารายได้รวมใน 2Q22 จะลดลง 27% q-q และกำไรจากการดำเนินงานปกติจะลดลง 41% q-q มาอยู่ที่ 1.2 พัน ลบ. แต่ยังคงสูงกว่าระดับใน 2Q19 ถึง 360%

## รายได้จากผู้ป่วยต่างชาติจะสูงกว่าระดับก่อนโควิดถึง 70%

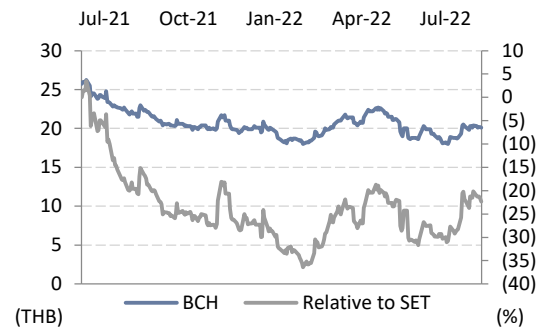
รายได้จากผู้ป่วยต่างชาติฟื้นตัวดีและดีกว่ากลุ่ม รพ. อื่นๆ โดยเราคาดว่ารายได้ดังกล่าวจะอยู่ที่ 0.6 พัน ลบ. ในช่วง 1H22 ซึ่งสูงกว่าระดับก่อนโควิดอยู่ประมาณ 40% แนวโน้มน่าจะดีขึ้นใน 3Q22 จากผู้ป่วยจากตะวันออกกลางตามฤดูกาลเข้ามารับการรักษาหลังเทศกาลรอมฎอน นอกจากนี้ BCH ยังเปิด International Diabetic Wound Center ที่ KH RAM ในเดือน พ.ค. เพื่อรับผู้ป่วยจากตะวันออกกลางเพิ่มขึ้น โดยคาดว่าศูนย์ฯ จะมีรายได้อยู่ที่ 20 ลบ./เดือน ในภาพรวมเราคาดว่ารายได้จากผู้ป่วยต่างชาติจะอยู่ที่ 1.3-1.5 พัน ลบ. ในปี 2022-23 รายได้ดังกล่าวจะกระโดดเพิ่มอย่างมีนัยสำคัญจาก 0.9 พัน ลบ. ในปี 2019 ซึ่งเป็นปัจจัยหนุนจากภายในที่สำคัญสำหรับ BCH เมื่อรายได้โควิดลดลง

## Upside ในด้านรายได้จากการจ่ายของสำนักงานประกันสังคมที่อาจปรับขึ้น

เราเห็น Upside ที่อาจเกิดขึ้นจากรายได้ประกันสังคม เนื่องจากมีความเป็นไปได้ว่าสำนักงานประกันสังคมอาจขึ้นอัตราค่าจ่ายในช่วง 2H22 หรือ 1H23 การขึ้นครั้งสุดท้าย (เฉลี่ย 5%) เกิดขึ้นในเดือน ม.ค. 20 และปกติสำนักงานฯ จะปรับอัตราค่าจ่ายทุก ๆ 2-3 ปี เราคาดว่าอัตราค่าจ่ายที่ปรับขึ้น 5% จะให้ Upside ประมาณ 8-9% ต่อประมาณการกำไรปกติในปี 2023 ถ้าปัจจัยอื่นคงที่

## มีการซื้อขายในระดับต่ำกว่าค่าเฉลี่ยกลุ่มและค่าเฉลี่ยในอดีต

BCH มีการซื้อขายในระดับที่น่าสนใจที่ 25x ของค่า 2023E P/E ถ้าหักเงินสดในมือที่ประมาณ 6.0 พัน ลบ. (2.4 บาท/หุ้น) และรายได้ค่ารักษาพยาบาลค้างจ่าย ระดับการประเมินมูลค่าจะอยู่ที่ 23x ของค่า 2023E P/E ซึ่งต่ำกว่าค่าเฉลี่ยของกลุ่มฯ ที่ 34x และค่าเฉลี่ย 5 ปีย้อนหลังที่ 31x ในขณะที่เราคาดว่ากำไรในปี 2023 จะสูงกว่าระดับก่อนโควิดถึง 72%



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.7	(11.1)	(21.2)
Relative to country (%)	12.8	(4.0)	(21.6)
Mkt cap (USD m)	1,369		
3m avg. daily turnover (USD m)	9.9		
Free float (%)	44		
Major shareholder	Chalerm Hamphanich (33%)		
12m high/low (THB)	26.75/17.70		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 25 กรกฎาคม 2022

## Investment thesis

BCH is the leading service provider under the Social Security Office (SSO) scheme with a 5% market share. It will likely be the hospital that benefits the most from Covid-19 services, including screening services and treatment services for Covid patients.

After Covid-19 subsidies, the World Medical Hospital (WMC) should continue to capture the rising demand from medical tourists. Currently, 50% of WMC's revenue is derived from international patients, especially Middle Eastern patients. The recovery of that patient segment should start in 2022.

BCH opened three new hospitals in 2020-21. We see Covid-19 as the driver for its new hospitals to turn around earlier than expected due to the influx of Covid patients, some of which could convert to regular patients in the future.

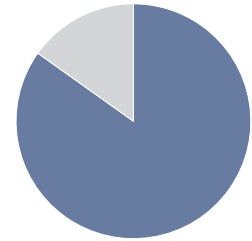
## Company profile

The company operates its business as a group, providing healthcare services for both cash patients and patients under the social security scheme.

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

## Principal activities (revenue, 2021)

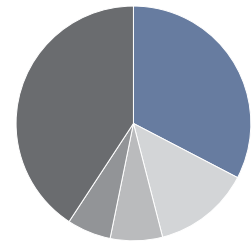
- Cash patient revenue - 84.8 %
- SSO patient revenue - 15.2 %



Source: Bangkok Chain Hospital

## Major shareholders

- Chalerm Harnphanich - 32.6 %
- Thai NVDR - 13.4 %
- Somporn Harnphanich - 7.2 %
- Thailand Social Security Office - 6.1 %
- Others - 40.8 %



Source: Bangkok Chain Hospital

## Catalysts

Key growth drivers include 1) more SSO registered members; 2) rising demand from medical tourists; and 3) an improving EBITDA margin led by new hospitals

## Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in 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.

## Event calendar

Date	Event
Aug 2022	2Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
SSO volume growth	16	7	3
SSO revenue / patient growth	2	2	2
OPD volume growth	7	(49)	3
OPD revenue / patient growth	(8)	33	3
IPD volume growth	(14)	(63)	4
IPD revenue / patient growth	2	8	8

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in patient volume, we project 2023 earnings would rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2023 earnings would rise by 5%, and vice versa, all else being equal.

Source: FSSIA estimates

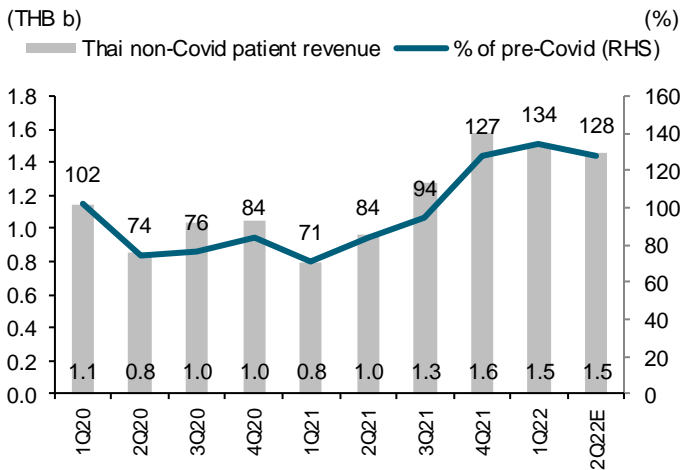


## Exhibit 1: 2Q22 results preview

	2Q21	3Q21	4Q21	1Q22	2Q22E	----- Change -----		1H21	1H22E	Chg.	2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
<b>Sales</b>	<b>4,313</b>	<b>7,959</b>	<b>6,816</b>	<b>7,087</b>	<b>5,162</b>	<b>(27)</b>	<b>20</b>	<b>6,630</b>	<b>12,249</b>	<b>85</b>	<b>20,531</b>
COGS (incl. depreciation)	(2,318)	(3,689)	(2,935)	(3,890)	(3,097)	(20)	34	(3,937)	(6,987)	77	(12,327)
<b>Gross profit</b>	<b>1,995</b>	<b>4,271</b>	<b>3,881</b>	<b>3,197</b>	<b>2,065</b>	<b>(35)</b>	<b>4</b>	<b>2,692</b>	<b>5,262</b>	<b>95</b>	<b>8,205</b>
SG&A	(401)	(367)	(411)	(491)	(430)	(12)	7	(691)	(921)	33	(1,889)
<b>Operating profit</b>	<b>1,594</b>	<b>3,904</b>	<b>3,470</b>	<b>2,706</b>	<b>1,635</b>	<b>(40)</b>	<b>3</b>	<b>2,001</b>	<b>4,341</b>	<b>117</b>	<b>6,316</b>
Net other income	18	19	24	32	30	(5)	64	86	62	(28)	153
Interest expense	(35)	(40)	(48)	(48)	(46)	(5)	30	(63)	(94)	49	(124)
<b>Pretax profit</b>	<b>1,577</b>	<b>3,882</b>	<b>3,445</b>	<b>2,690</b>	<b>1,619</b>	<b>(40)</b>	<b>3</b>	<b>2,024</b>	<b>4,309</b>	<b>113</b>	<b>6,345</b>
Income Tax	(312)	(772)	(679)	(542)	(324)	(40)	4	(395)	(866)	119	(1,269)
Associates	1	0	1	1	1	52	51	1	2	n/a	0
Minority interest	(121)	(215)	(286)	(120)	(100)	(17)	(17)	(161)	(220)	37	(420)
<b>Core profit</b>	<b>1,146</b>	<b>2,896</b>	<b>2,480</b>	<b>2,028</b>	<b>1,196</b>	<b>(41)</b>	<b>4</b>	<b>1,469</b>	<b>3,225</b>	<b>119</b>	<b>4,656</b>
Extraordinaries, GW & FX	0	0	0	0	0						
<b>Reported net profit</b>	<b>1,146</b>	<b>2,896</b>	<b>2,480</b>	<b>2,028</b>	<b>1,196</b>	<b>(41)</b>	<b>4</b>	<b>1,469</b>	<b>3,225</b>	<b>119</b>	<b>4,656</b>
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494	2,494	0	2,494
<b>Core EPS (THB)</b>	<b>0.46</b>	<b>1.16</b>	<b>0.99</b>	<b>0.81</b>	<b>0.48</b>	<b>(41)</b>	<b>4</b>	<b>0.59</b>	<b>1.29</b>	<b>119</b>	<b>1.87</b>
<b>EPS (THB)</b>	<b>0.46</b>	<b>1.16</b>	<b>0.99</b>	<b>0.81</b>	<b>0.48</b>	<b>(41)</b>	<b>4</b>	<b>0.59</b>	<b>1.29</b>	<b>119</b>	<b>1.87</b>
COGS (excl. depreciation)	2,113	3,468	2,703	3,656	2,859	(22)	35	3,516	6,515	85	11,346
Depreciation	205	220	232	234	239	2	16	422	472	12	981
<b>EBITDA</b>	<b>1,817</b>	<b>4,143</b>	<b>3,725</b>	<b>2,972</b>	<b>1,903</b>	<b>(36)</b>	<b>5</b>	<b>2,508</b>	<b>4,875</b>	<b>94</b>	<b>7,450</b>
<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>	<b>(%)</b>
Gross margin	46	54	57	45	40	(5)	(6)	41	43	2	40
SG&A/Revenue	9	5	6	7	8	1	(1)	10	8	(3)	9
EBITDA margin	42	52	55	42	37	(5)	(5)	38	40	2	36
Net profit margin	27	36	36	29	23	(5)	(3)	22	26	4	23
<b>Operating stats</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>						
Cash-OPD revenue growth	117	70	101	121	n/a						
Cash-OPD volume growth	170	157	199	213	n/a						
Cash-OPD revenue per head growth	(20)	(34)	(33)	(29)	n/a						
Cash-IPD revenue growth	263	966	526	514	n/a						
Cash-IPD volume growth	453	1,352	247	2,035	n/a						
Cash-IPD revenue per head growth	(34)	(27)	80	(71)	n/a						
SSO revenue growth	(4)	(18)	24	81	11						
SSO registered member ('000)	890	894	899	936	n/a						
SSO registered member growth	0	1	2	5	n/a						
SSO revenue per head growth	(4)	(19)	21	72	n/a						

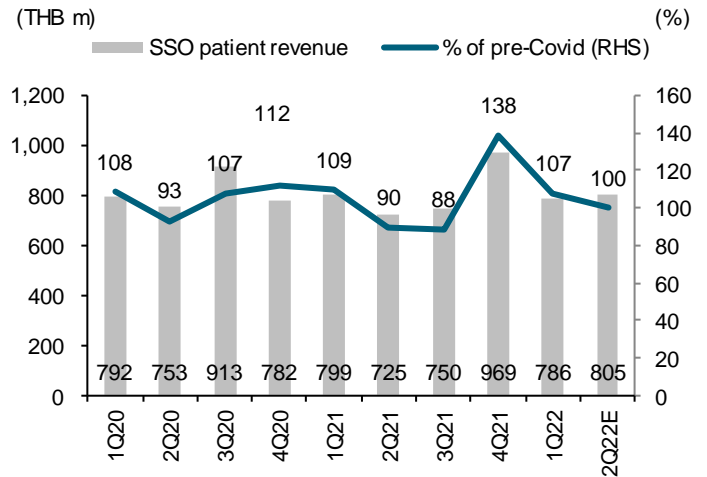
Sources: BCH; FSSIA estimates

**Exhibit 2: Non-Covid Thai general patient revenue**



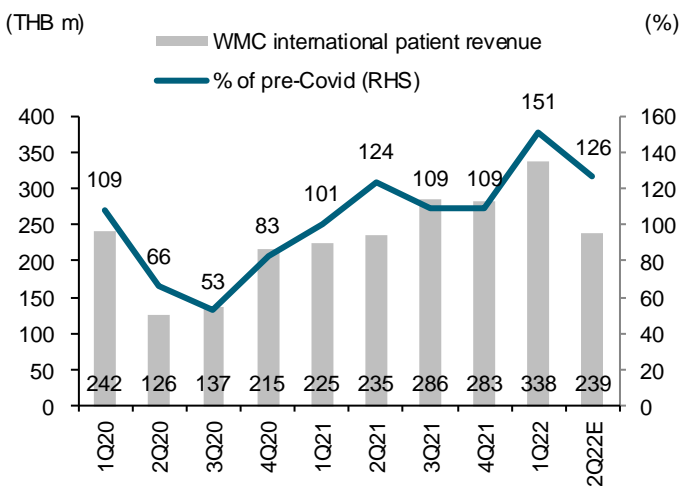
Source: BCH

**Exhibit 3: SSO revenue**



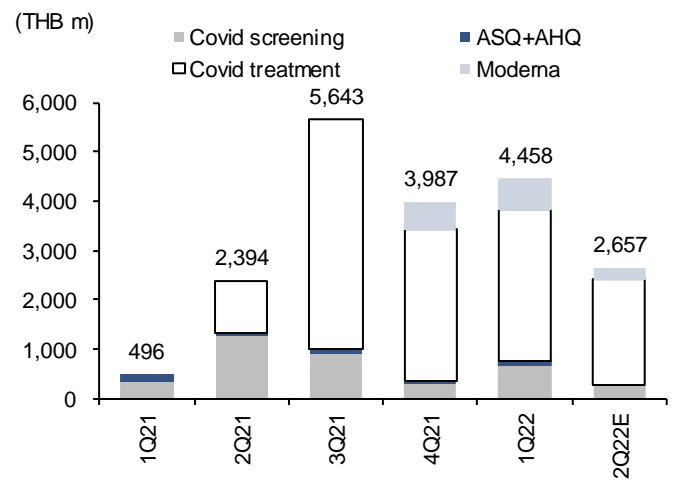
Source: BCH

**Exhibit 4: WMC – international patient revenue**



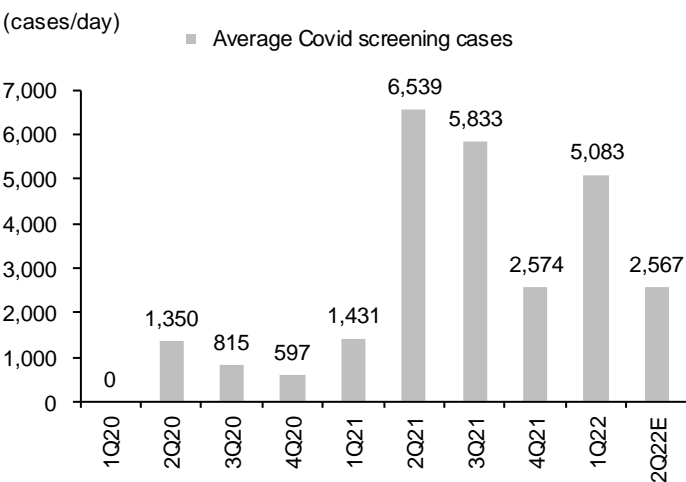
Source: BCH

**Exhibit 5: Covid-related revenue**



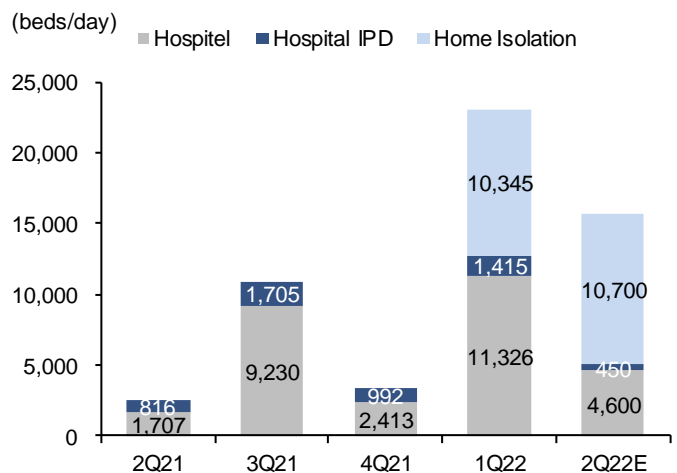
Sources: BCH; FSSIA estimates

**Exhibit 6: Number of Covid screening cases**



Source: BCH

**Exhibit 7: Number of Covid patients under BCH's care**



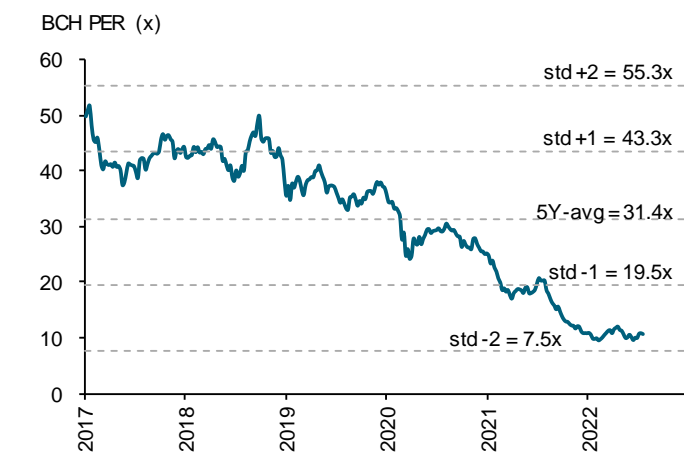
Note: Home isolation started on 4 Mar 2022  
Source: BCH

## Exhibit 8: Healthcare sector share price performance and 2023E core profit compared to 2019 level

Stocks	Price performance				Net profit		
	2020	2021	2022 YTD	Since 2020	2019	2023E	diff
	(%)	(%)	(%)	(%)	(THB m)	(THB m)	(%)
Bangkok Dusit Med Services PCL	(20.0)	10.6	17.4	3.8	10,053	12,544	25
Bumrungrad Hospital PCL	(18.4)	17.5	26.6	21.4	3,883	4,200	8
Ramkhamhaeng Hospital PCL	(8.2)	42.5	32.7	73.5	1,474	2,240	52
Thonburi Healthcare Group PCL	(3.7)	44.7	72.5	140.2	322	713	122
<b>Bangkok Chain Hospital PCL</b>	<b>(20.5)</b>	<b>47.8</b>	<b>0.0</b>	<b>17.5</b>	<b>1,149</b>	<b>1,977</b>	<b>72</b>
Chularat Hospital PCL	(4.7)	48.8	2.2	45.0	719	1,456	103
Vibhavadi Medical Center PCL	(17.9)	79.6	(8.3)	35.2	853	1,165	37
Praram 9 Hospital PCL	14.6	22.2	50.0	110.2	312	492	58
Sikarin PCL	28.7	100.0	(6.9)	139.6	242.3	n/a	-
Principal Capital PCL	(18.0)	18.5	39.2	35.2	(347.1)	n/a	-
Chiang Mai Ram Medical Business PCL	(12.9)	73.9	(9.2)	37.6	157.8	n/a	-
Srivichai Vejvivat PCL	17.7	53.4	0.9	82.3	200.4	n/a	-
Ekachai Medical Care PCL	(25.6)	46.6	9.7	19.6	160.5	220.5	37
<b>Average</b>	<b>(6.83)</b>	<b>46.61</b>	<b>17.44</b>	<b>58.55</b>			<b>57</b>

Source: Bloomberg

## Exhibit 9: Historical P/E band



Sources: Bloomberg; FSSIA estimates

## Exhibit 10: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 11: Peer comparisons as of 22 Jul-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	27.00	31.00	15	11,722	42.5	34.2	11.8	13.9	4.9	4.6	21.6	18.3
Bumrungrad Hospital	BH TB	BUY	178.50	210.00	18	3,876	46.6	33.8	17.4	22.6	8.0	7.3	27.8	21.2
Bangkok Chain Hospital	BCH TB	BUY	20.10	28.50	42	1,369	10.8	25.4	33.7	13.7	3.4	3.5	6.9	12.9
Chularat Hospital	CHG TB	BUY	3.74	4.70	26	1,124	13.6	28.3	37.8	17.7	4.9	5.1	9.1	16.8
Praram 9 Hospital	PR9 TB	BUY	16.50	18.00	9	354	26.8	26.4	10.9	10.4	2.8	2.7	12.7	12.3
Thonburi Healthcare Group	THG TB	REDUCE	64.25	45.00	(30)	1,487	38.2	76.5	15.1	7.4	5.6	5.7	21.9	30.6
Vibhavadi Medical Center	VIBHA TB	BUY	2.42	3.20	32	897	31.4	30.3	8.1	7.3	2.3	2.2	28.3	25.6
Ramkhamhaeng Hospital	RAM TB	BUY	52.75	62.00	18	1,729	28.4	28.3	12.5	11.8	3.4	3.2	24.5	23.6
Rajthanee Hospital	RJH TB	n/a	39.50	n/a	n/a	322	12.7	26.5	46.6	20.0	7.9	5.3	9.0	17.1
Ekachai Medical Care	EKH TB	n/a	7.70	n/a	n/a	130	25.3	25.2	14.3	13.0	5.5	3.1	13.9	13.1
<b>Thailand average</b>						<b>23,012</b>	<b>27.6</b>	<b>33.5</b>	<b>20.8</b>	<b>13.8</b>	<b>4.9</b>	<b>4.3</b>	<b>17.6</b>	<b>19.2</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	71.18	n/a	n/a	11,243	51.2	29.2	8.2	12.9	4.0	4.0	13.0	10.6
Ihh Healthcare Bhd	IHH SP	n/a	2.02	n/a	n/a	12,816	34.8	30.4	6.8	7.4	2.3	2.3	15.4	14.4
Ryman Healthcare	RYM NZ	n/a	9.00	n/a	n/a	2,791	19.5	16.2	7.4	7.6	1.3	1.3	19.1	15.9
Apollo Hospitals Enterprise	APHS IN	n/a	4,125	n/a	n/a	7,435	64.2	54.1	18.6	17.5	10.5	10.5	27.2	24.7
Kpj Healthcare Berhad	KPJ MK	n/a	0.85	n/a	n/a	829	30.4	22.4	5.6	7.4	1.7	1.7	12.2	11.0
Raffles Medical Group	RFMD SP	n/a	1.12	n/a	n/a	1,508	29.7	27.6	7.5	7.7	2.2	2.2	14.5	13.8
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,700	n/a	n/a	2,591	36.4	32.4	18.8	19.0	6.6	6.6	23.2	20.6
Aier Eye Hospital Group	300015 CH	n/a	33.20	n/a	n/a	34,540	74.6	56.2	22.4	24.2	17.3	17.3	44.7	34.9
<b>Regional average</b>						<b>73,753</b>	<b>42.6</b>	<b>33.6</b>	<b>11.9</b>	<b>13.0</b>	<b>5.7</b>	<b>5.7</b>	<b>21.2</b>	<b>18.2</b>
<b>Overall average</b>						<b>96,765</b>	<b>34.3</b>	<b>33.5</b>	<b>16.9</b>	<b>13.4</b>	<b>5.3</b>	<b>4.9</b>	<b>19.2</b>	<b>18.7</b>

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Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	8,928	21,405	20,531	12,451	13,414
Cost of goods sold	(5,193)	(9,687)	(11,346)	(7,317)	(7,820)
<b>Gross profit</b>	<b>3,735</b>	<b>11,717</b>	<b>9,186</b>	<b>5,133</b>	<b>5,594</b>
Other operating income	-	-	-	-	-
Operating costs	(1,213)	(1,469)	(1,889)	(1,245)	(1,274)
<b>Operating EBITDA</b>	<b>2,523</b>	<b>10,248</b>	<b>7,297</b>	<b>3,888</b>	<b>4,319</b>
Depreciation	(782)	(874)	(981)	(1,018)	(1,056)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>1,741</b>	<b>9,374</b>	<b>6,316</b>	<b>2,870</b>	<b>3,263</b>
Net financing costs	(125)	(147)	(102)	(64)	(48)
Associates	3	2	0	2	2
Recurring non-operating income	89	127	131	137	143
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>1,705</b>	<b>9,354</b>	<b>6,345</b>	<b>2,943</b>	<b>3,359</b>
Tax	(313)	(1,846)	(1,269)	(588)	(671)
<b>Profit after tax</b>	<b>1,392</b>	<b>7,507</b>	<b>5,076</b>	<b>2,355</b>	<b>2,688</b>
Minority interests	(163)	(661)	(420)	(378)	(416)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,229</b>	<b>6,846</b>	<b>4,656</b>	<b>1,977</b>	<b>2,272</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,229</b>	<b>6,846</b>	<b>4,656</b>	<b>1,977</b>	<b>2,272</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.49	2.75	1.87	0.79	0.91
Reported EPS	0.49	2.75	1.87	0.79	0.91
DPS	0.23	0.33	1.20	0.93	0.40
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
<b>Growth</b>					
Revenue (%)	0.5	139.8	(4.1)	(39.4)	7.7
Operating EBITDA (%)	10.7	306.3	(28.8)	(46.7)	11.1
Operating EBIT (%)	7.8	438.6	(32.6)	(54.6)	13.7
Recurring EPS (%)	7.0	456.9	(32.0)	(57.5)	14.9
Reported EPS (%)	8.3	456.9	(32.0)	(57.5)	14.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	33.1	50.7	40.0	33.1	33.8
Gross margin of key business (%)	33.1	50.7	40.0	33.1	33.8
Operating EBITDA margin (%)	28.3	47.9	35.5	31.2	32.2
Operating EBIT margin (%)	19.5	43.8	30.8	23.1	24.3
Net margin (%)	13.8	32.0	22.7	15.9	16.9
Effective tax rate (%)	18.4	19.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	46.7	12.0	64.3	117.8	43.5
Interest cover (X)	14.6	64.5	63.5	46.8	71.7
Inventory days	16.9	12.9	15.3	21.0	15.9
Debtor days	67.5	42.9	63.1	104.0	96.5
Creditor days	52.7	40.3	47.4	65.2	49.5
Operating ROIC (%)	11.4	51.4	33.7	16.2	19.0
ROIC (%)	11.5	50.1	33.0	16.3	19.0
ROE (%)	18.7	68.9	33.7	13.7	15.2
ROA (%)	9.8	35.5	20.3	10.5	12.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cash patient revenue	5,688	18,161	16,693	8,261	9,013
SSO patient revenue	3,240	3,244	3,838	4,189	4,401
NHSO patient revenue	0	0	0	0	0

Sources: Bangkok Chain Hospital; FSSIA estimates



## Financial Statements

### Bangkok Chain Hospital

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	1,229	6,846	4,656	1,977	2,272
Depreciation	782	874	981	1,018	1,056
Associates & minorities	-	-	-	-	-
Other non-cash items	94	660	418	378	416
Change in working capital	(593)	(2,204)	1,350	(9)	108
<b>Cash flow from operations</b>	<b>1,512</b>	<b>6,175</b>	<b>7,405</b>	<b>3,363</b>	<b>3,852</b>
Capex - maintenance	(2,546)	(678)	(1,024)	(623)	(671)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	5	(1)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(2,541)</b>	<b>(679)</b>	<b>(1,024)</b>	<b>(623)</b>	<b>(671)</b>
Dividends paid	(574)	(821)	(2,992)	(2,328)	(988)
Equity finance	0	0	0	0	0
Debt finance	1,837	(274)	(3,000)	(800)	(800)
Other financing cash flows	(168)	(90)	(210)	(189)	(208)
<b>Cash flow from financing</b>	<b>1,096</b>	<b>(1,186)</b>	<b>(6,202)</b>	<b>(3,317)</b>	<b>(1,996)</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>67</b>	<b>4,310</b>	<b>178</b>	<b>(576)</b>	<b>1,185</b>
Free cash flow to firm (FCFF)	(896.48)	5,647.32	6,504.10	2,828.35	3,249.05
Free cash flow to equity (FCFE)	640.69	5,131.91	3,170.23	1,751.97	2,172.97

#### Per share (THB)

FCFF per share	(0.36)	2.26	2.61	1.13	1.30
FCFE per share	0.26	2.06	1.27	0.70	0.87
Recurring cash flow per share	0.84	3.36	2.43	1.35	1.50

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	18,773	19,417	20,444	21,066	21,737
Less: Accumulated depreciation	(6,369)	(7,175)	(8,156)	(9,174)	(10,230)
<b>Tangible fixed assets (net)</b>	<b>12,404</b>	<b>12,243</b>	<b>12,288</b>	<b>11,892</b>	<b>11,507</b>
<b>Intangible fixed assets (net)</b>	<b>522</b>	<b>540</b>	<b>540</b>	<b>540</b>	<b>540</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	33	34	34	34	34
Cash & equivalents	946	5,256	5,434	4,858	6,043
A/C receivable	1,487	3,547	3,547	3,547	3,547
Inventories	250	437	511	330	353
Other current assets	856	4,302	1,969	56	60
<b>Current assets</b>	<b>3,538</b>	<b>13,541</b>	<b>11,461</b>	<b>8,790</b>	<b>10,002</b>
Other assets	30	26	26	26	26
<b>Total assets</b>	<b>16,527</b>	<b>26,384</b>	<b>24,349</b>	<b>21,283</b>	<b>22,109</b>
Common equity	6,885	12,980	14,643	14,292	15,575
Minorities etc.	742	1,326	1,536	1,725	1,933
<b>Total shareholders' equity</b>	<b>7,626</b>	<b>14,306</b>	<b>16,179</b>	<b>16,017</b>	<b>17,508</b>
Long term debt	5,150	6,791	3,791	2,991	2,191
Other long-term liabilities	207	170	170	170	170
<b>Long-term liabilities</b>	<b>5,357</b>	<b>6,961</b>	<b>3,961</b>	<b>3,161</b>	<b>2,361</b>
A/C payable	784	1,358	1,590	1,025	1,096
Short term debt	2,165	250	250	250	250
Other current liabilities	595	3,510	2,369	830	894
<b>Current liabilities</b>	<b>3,544</b>	<b>5,117</b>	<b>4,209</b>	<b>2,105</b>	<b>2,240</b>
<b>Total liabilities and shareholders' equity</b>	<b>16,527</b>	<b>26,384</b>	<b>24,349</b>	<b>21,283</b>	<b>22,109</b>
Net working capital	1,214	3,418	2,068	2,077	1,970
Invested capital	14,203	16,260	14,956	14,570	14,077

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

#### Per share (THB)

Book value per share	2.76	5.20	5.87	5.73	6.25
Tangible book value per share	2.55	4.99	5.66	5.51	6.03

#### Financial strength

Net debt/equity (%)	83.5	12.5	(8.6)	(10.1)	(20.6)
Net debt/total assets (%)	38.5	6.8	(5.7)	(7.6)	(16.3)
Current ratio (x)	1.0	2.6	2.7	4.2	4.5
CF interest cover (x)	6.1	35.9	32.2	28.3	46.7

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>40.8</b>	<b>7.3</b>	<b>10.8</b>	<b>25.4</b>	<b>22.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>57.8</b>	<b>10.4</b>	<b>15.3</b>	<b>36.0</b>	<b>31.3</b>
Reported P/E (x)	40.8	7.3	10.8	25.4	22.1
Dividend yield (%)	1.1	1.6	6.0	4.6	2.0
Price/book (x)	7.3	3.9	3.4	3.5	3.2
Price/tangible book (x)	7.9	4.0	3.6	3.6	3.3
EV/EBITDA (x) **	22.7	5.2	6.9	12.9	11.2
EV/EBITDA @ target price (x) **	31.0	7.2	9.8	18.3	16.1
EV/invested capital (x)	4.0	3.3	3.4	3.4	3.4

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

Sources: Bangkok Chain Hospital; FSSIA estimates

## Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**Disclaimer:**

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\* 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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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:

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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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Chain Hospital	BCH TB	THB 20.10	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Bangkok Dusit Medical Services	BDMS TB	THB 27.00	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 178.50	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
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 16.50	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.
Thonburi Healthcare Group	THG TB	THB 64.25	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 2.42	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 52.75	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 22-Jul-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.