

Thailand Healthcare

BH and PRINC buying opportunity?

- Dr. Satit sold a big lot of BH shares (8.4%) to investors on 18-Aug.
- BH's weak share price is a buying opportunity to capture the strong 2H22E earnings momentum from the recovery of international patient numbers.
- Dr. Satit likely to focus on expanding PRINC's hospital portfolio from 13 to 20 hospitals by 2025 with capex of cTHB5b-6b.

Big-lot transaction of BH shares with an 8% discount to market price

Dr. Satit Viddayakorn acquired 180.7m BH shares (22.7% of total shares) at THB103/shr for a total transaction worth THB18.6b in Nov-20. He transferred and divested some shares and had held c143m shares since 2021. This year, he has sold two major portions of BH shares. The first transaction was the divestment of 71.9m shares (9.0%) at THB151.5/shr to Kiatnakin Phatra Asset Management in May-22, and the second transaction was the divestment of 66.8m shares at cTHB178/shr (8.4%) to investors today, according to [Kaahoon](#). We estimate he would receive proceeds of cTHB22.8b with a profit of cTHB8.5b for the two major transactions this year.

No impact on BH's operations

The divestment of a major shareholder would have no impact on BH's operations as Dr. Satit has not been involved in BH's management team. We believe the weak share price is a buying opportunity. BH recently reported a new record high core profit in 2Q22 (exceeding 2Q19 level by 37%), driven by the recovery of international patients. The momentum should continue in 3Q22, which is the high healthcare season for Thai and Middle East patients.

The proceeds may be used to fund PRINC's expansion plan

We believe Dr. Satit will turn his focus to PRINC. Currently, the Viddayakorn family holds c69% of PRINC and PRINC has an ambitious expansion plan to increase the number of its hospitals from 13 with c1,200 beds currently to 20 hospitals with c2,000-3,000 beds by 2025. Capex of cTHB5b-6b would be required for greenfield or brownfield projects over the next three years. PRINC has a strong balance sheet with IBD/E of only 0.4x as of 2Q22 and projected EBITDA of THB1.8b-2.5b per year over 2022-24, sufficient to support its expansion projects. The proceeds from the divestment of BH shares by PRINC's major shareholder may support PRINC's additional projects in the future.

Catalysts for both BH and PRINC awaiting in both the near and long term

We think this transaction provides an opportunity to accumulate both BH (BUY, TP THB210) and PRINC (BUY, TP THB10). BH's share price plunged 4% today as the big-lot price was at a discount to the market price by 8%. However, BH's fundamentals remain strong. The record high quarterly earnings in 2Q22 should support its share price to move to its record high (cTHB230/shr in 2017 and cTHB260 in 2015). PRINC is the cheapest investing option for a hospital chain in Thailand that is in a ramping up period (for existing hospitals) and expansion period (for new projects), with a market cap/bed of only THB20m and ample room to re-rate to the THB42m market cap/bed average of other hospital chains.

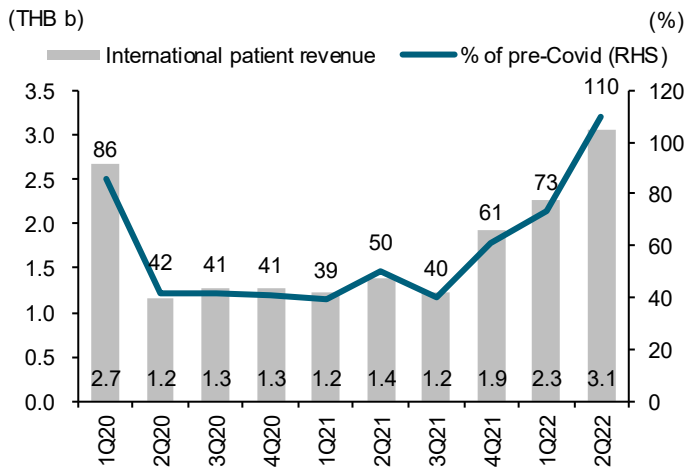


Teerapol Udomvej, CFA

teerapol.udo@fssia.com

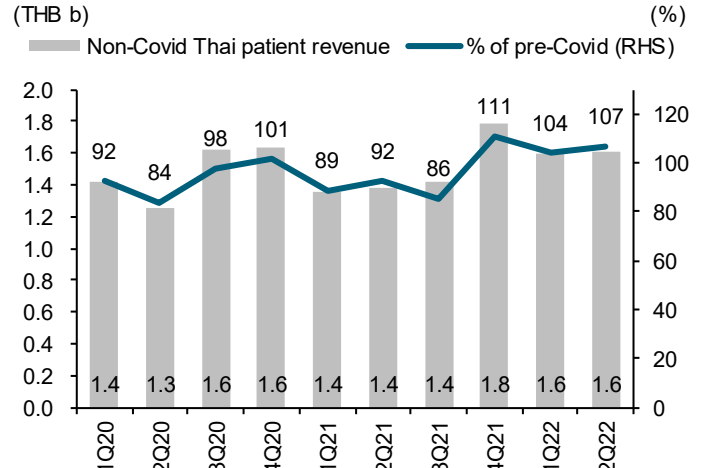
+66 2611 3535

Exhibit 1: BH – strong international patient revenue trend



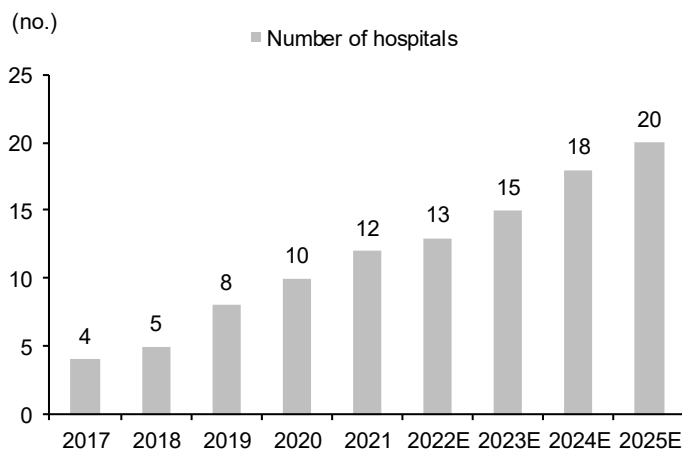
Source: BH

Exhibit 2: BH – Thai patient revenue exceeding pre-Covid level



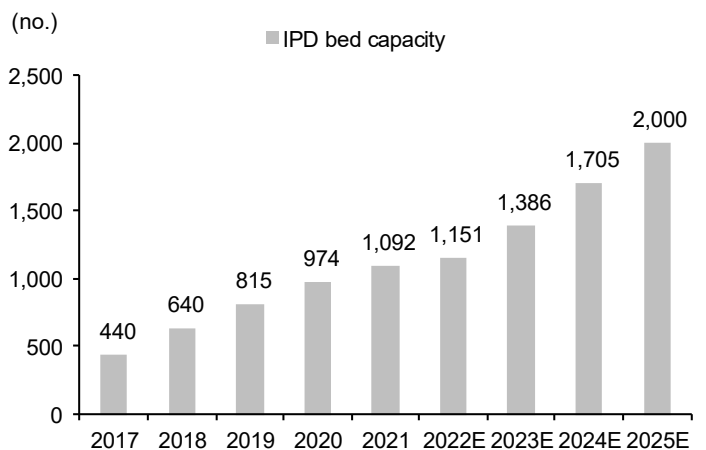
Source: BH

Exhibit 3: PRINC – number of hospitals in portfolio



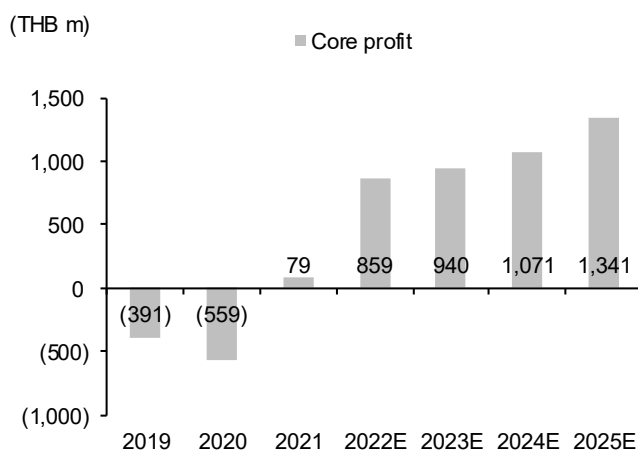
Sources: PRINC; FSSIA estimates

Exhibit 4: PRINC – IPD bed capacity in portfolio



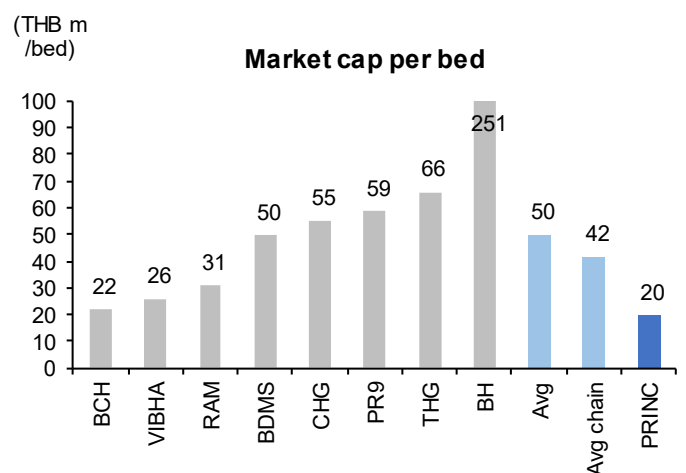
Sources: PRINC; FSSIA estimates

Exhibit 5: PRINC – strong core profit of 103% CAGR estimated over 2021-25



Source: FSSIA estimate

Exhibit 6: Market cap per bed






Note: 1) Excluding property business value from PRINC's market cap; 2) RAM, VIBHA and THG calculation based on equity beds; 3) data as of 18 Aug 2022
Source: FSSIA estimates

Exhibit 7: Peers comparison as of 18 Aug-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) |
| Thailand | | | | | | | | | | | | | | |
| Bangkok Dusit Med Service | BDMS TB | BUY | 27.25 | 31.00 | 14 | 12,155 | 42.9 | 34.5 | 11.8 | 13.9 | 5.0 | 4.6 | 21.8 | 18.5 |
| Bumrungrad Hospital | BH TB | BUY | 186.50 | 210.00 | 13 | 4,161 | 48.7 | 35.3 | 17.4 | 22.6 | 8.3 | 7.6 | 29.1 | 22.2 |
| Bangkok Chain Hospital | BCH TB | BUY | 19.80 | 28.50 | 44 | 1,386 | 10.6 | 25.0 | 33.7 | 13.7 | 3.4 | 3.5 | 6.8 | 12.7 |
| Chularat Hospital | CHG TB | BUY | 3.76 | 4.70 | 25 | 1,161 | 13.7 | 28.4 | 37.8 | 17.7 | 4.9 | 5.1 | 9.2 | 16.9 |
| Praram 9 Hospital | PR9 TB | BUY | 16.80 | 18.00 | 7 | 371 | 27.2 | 26.8 | 10.9 | 10.4 | 2.8 | 2.7 | 13.0 | 12.6 |
| Thonburi Healthcare Group | THG TB | REDUCE | 67.75 | 45.00 | (34) | 1,612 | 40.2 | 80.7 | 15.1 | 7.4 | 5.9 | 6.0 | 22.9 | 32.1 |
| Vibhavadi Medical Center | VIBHA TB | BUY | 2.46 | 3.20 | 30 | 937 | 31.9 | 30.8 | 8.1 | 7.3 | 2.3 | 2.2 | 28.7 | 26.0 |
| Ramkhamhaeng Hospital | RAM TB | BUY | 54.00 | 62.00 | 15 | 1,819 | 29.1 | 28.9 | 12.5 | 11.8 | 3.5 | 3.3 | 25.0 | 24.1 |
| Principal Capital | PRINC TB | BUY | 7.40 | 10.00 | 35 | 791 | 32.8 | 30.0 | 8.4 | 8.5 | 2.6 | 2.5 | 17.3 | 16.5 |
| Rajthanee Hospital | RJH TB | n/a | 41.50 | n/a | n/a | 349 | 11.9 | 27.4 | 52.6 | 20.4 | 8.3 | 5.5 | 9.4 | 18.2 |
| Ekachai Medical Care | EKH TB | n/a | 7.55 | n/a | n/a | 141 | 24.8 | 24.7 | 15.1 | 14.1 | 5.4 | 3.2 | 14.5 | 13.6 |
| Thailand average | | | | | | 24,882 | 28.5 | 33.9 | 20.3 | 13.4 | 4.8 | 4.2 | 18.0 | 19.4 |
| Regional | | | | | | | | | | | | | | |
| Ramsay Health Care | RHC AU | n/a | 72.28 | n/a | n/a | 11,511 | 53.7 | 29.9 | 8.1 | 12.9 | 4.1 | 4.1 | 13.2 | 10.8 |
| Ihh Healthcare Bhd | IHH SP | n/a | 2.02 | n/a | n/a | 12,883 | 34.8 | 30.3 | 6.9 | 7.3 | 2.3 | 2.3 | 15.4 | 14.4 |
| Ryman Healthcare | RYM NZ | n/a | 9.48 | n/a | n/a | 2,987 | 20.7 | 17.2 | 7.4 | 7.6 | 1.4 | 1.4 | 19.8 | 15.3 |
| Apollo Hospitals Enterprise | APHS IN | n/a | 4,267 | n/a | n/a | 7,705 | 66.4 | 60.1 | 18.6 | 16.6 | 10.9 | 10.9 | 28.1 | 27.3 |
| Kpj Healthcare Berhad | KPJ MK | n/a | 0.88 | n/a | n/a | 855 | 31.4 | 23.2 | 5.6 | 7.4 | 1.7 | 1.7 | 12.4 | 11.1 |
| Raffles Medical Group | RFMD SP | n/a | 1.35 | n/a | n/a | 1,811 | 26.0 | 27.0 | 9.8 | 9.0 | 2.5 | 2.5 | 13.8 | 14.3 |
| Mitra Keluarga Karyasehat | MIKA IJ | n/a | 2,500 | n/a | n/a | 2,402 | 32.9 | 29.6 | 19.2 | 19.4 | 6.1 | 6.1 | 21.2 | 19.0 |
| Aier Eye Hospital Group | 300015 CH | n/a | 28.68 | n/a | n/a | 29,758 | 62.1 | 46.6 | 22.4 | 24.2 | 14.5 | 14.5 | 38.6 | 30.2 |
| Regional average | | | | | | 69,911 | 41.0 | 33.0 | 12.2 | 13.1 | 5.4 | 5.4 | 20.3 | 17.8 |
| Overall average | | | | | | 94,794 | 33.8 | 33.5 | 16.9 | 13.3 | 5.1 | 4.7 | 19.0 | 18.7 |

Sources: Bloomberg; 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 | SEAFCO | 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 | PPP | 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 | WIK |
| 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:

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

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:

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 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

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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|----------|------------|--------|--|
| Bangkok Dusit Medical Services | BDMS TB | THB 27.25 | 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 186.50 | BUY | Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin. |
| Bangkok Chain Hospital | BCH TB | THB 19.80 | 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 3.76 | 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 16.80 | BUY | Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building. |
| Thonburi Healthcare Group | THG TB | THB 67.75 | 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 2.46 | 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 54.00 | BUY | Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies. |
| Principal Capital | PRINC TB | THB 7.40 | 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 new hospitals. |

Source: FSSIA estimates

Additional Disclosures

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 18-Aug-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.