

RAMKHAMHAENG HOSPITAL

THAILAND / HEALTHCARE

RAM TB

BUY

UNCHANGED

TARGET PRICE	THB62.00
CLOSE	THB55.50
UP/DOWNSIDE	+11.7%
PRIOR TP	THB62.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+7.8%

Non-Covid to drive 3Q22 operations

- Expect non-Covid patient revenue to grow q-q, led by 3Q22 high season, to more than offset the slowdown in Covid revenue.
- RAM 2 to complete construction in Dec-22 and open by 1H23; EBITDA to turn positive by 2025.
- Maintain BUY with DCF-based TP of THB62/shr.

Expect 3Q22 core profit to grow q-q

RAM hosted an analyst meeting on 20 Sep. 2Q22 earnings dropped by 32% q-q, mainly due to slower Covid-related revenue from 26% of total in 1Q22 to 14% in 2Q22. However, we expect 3Q22 earnings to slightly grow q-q, led by non-Covid patient revenue. Note that RAM flagship's non-Covid revenue was at c96% of the pre-Covid level and Vibharam (VBR)'s was at c107% in 2Q22. We expect both RAM and VBR's non-Covid level to improve on the high healthcare season in 3Q22. Overall, we estimate 3Q22 core profit to grow by 4% q-q to THB500m.

Estimate a share of loss from RAM 2 in 2023

Ramkhamhaeng 2 Hospital (RAM 2; RAM holds 47%) is expected to complete construction in Dec-22 and open in 1Q23. It will operate 120 IPD beds for the first phase (from a total of 560 registered beds). The hospital should capture patients from a new area (Soi Mistine) which is not far (10 km) from RAM's flagship. According to RAM, there is patient demand from this area that normally uses services at RAM's flagship. Management expects the hospital's EBITDA to turn positive by year three and turn profitable by year five. We forecast the hospital to book a loss of THB250m and contribute a share of loss of cTHB120m to RAM in 2023.

Expanding up to five radiology centres

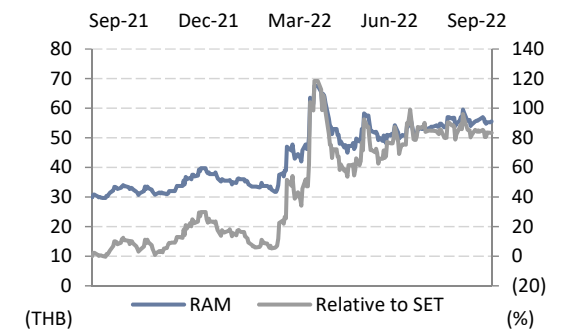
Another key driver for RAM 2 is the establishment of a new radiology centre in the hospital to capture both fee-for-service and National Health Security Office (NHSO) cancer patients under the Cancer Anywhere campaign, which allows NHSO cancer patients to have treatments in any hospital. Note that RAM plans to expand from the two radiology centres currently in VBR Amata and Chiangmai Ram by adding three more in RAM 2, VBR Samut Prakarn and Synphaet Nakhon Pathom.

Trim 2022-23E core profit

We slightly trim our 2022-23E core profit by 5-6% to reflect lower Covid-related revenue and the incorporation of the share of loss from RAM 2 into our model. However, we maintain our 2024E earnings and 2023 DCF-TP of THB62/shr. RAM is trading at 31x 2023E P/E, lower than its peers' average of 34x. RAM is continuing to explore opportunities for share acquisitions from new partner hospitals – a potential upside.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	12,664	10,582	11,155	11,761
Net profit	4,193	2,097	2,140	2,451
EPS (THB)	3.49	1.75	1.78	2.04
vs Consensus (%)	-	(6.7)	3.5	10.6
EBITDA	4,162	2,754	3,164	3,427
Core net profit	4,070	2,097	2,140	2,451
Core EPS (THB)	3.39	1.75	1.78	2.04
Chg. In EPS est. (%)	-	(5.8)	(4.5)	0.0
EPS growth (%)	544.0	(48.5)	2.0	14.6
Core P/E (x)	16.4	31.8	31.1	27.2
Dividend yield (%)	1.4	1.6	1.6	1.8
EV/EBITDA (x)	19.6	29.2	25.4	23.0
Price/book (x)	3.9	3.6	3.4	3.2
Net debt/Equity (%)	37.6	30.6	27.4	19.4
ROE (%)	27.2	11.8	11.3	12.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.4	9.4	84.4
Relative to country (%)	0.6	4.1	80.4
Mkt cap (USD m)	1,799		
3m avg. daily turnover (USD m)	2.4		
Free float (%)	24		
Major shareholder	F&S 79 (23%)		
12m high/low (THB)	69.25/29.30		
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 30% (based on equity beds) by 2025.

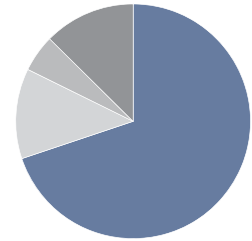
Company profile

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

Principal activities (revenue, 2021)

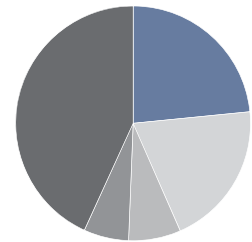
- Cash patient - 69.8 %
- SSO - 12.4 %
- NHSO - 5.1 %
- Sales of medical equipment - 12.6 %



Source: Ramkhamhaeng Hospital

Major shareholders

- F&S 79 - 23.4 %
- Cypress Consolidated Healthcare - 20.0 %
- Chiangmai Ram Hospital - 7.2 %
- Vibhavadi Hospital PCL - 6.2 %
- Others - 43.2 %



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
Nov 2022	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Ramkhamhaeng revenue growth (y-y %)	8	6	5
Ramkhamhaeng EBITDA margin (%)	31	32	32
Subsidiary revenue growth (y-y %)	(25)	5	6
Subsidiary EBITDA margin (%)	23	26	27
Share income - Synphaet (THB m)	330	315	371
Share income - Sukhumvit (THB m)	69	73	77
Share income - Chiangmai Ram (THB m)	75	80	85
Share income - VIBHA (THB m)	150	155	163
Share income - THG (THB m)	300	169	195

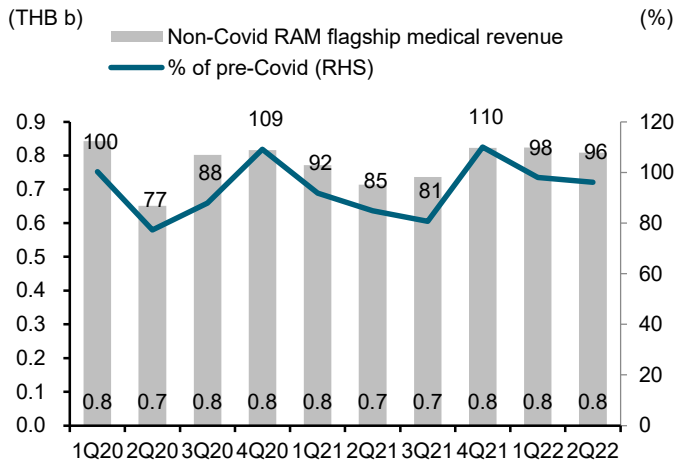
Source: FSSIA estimates

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.

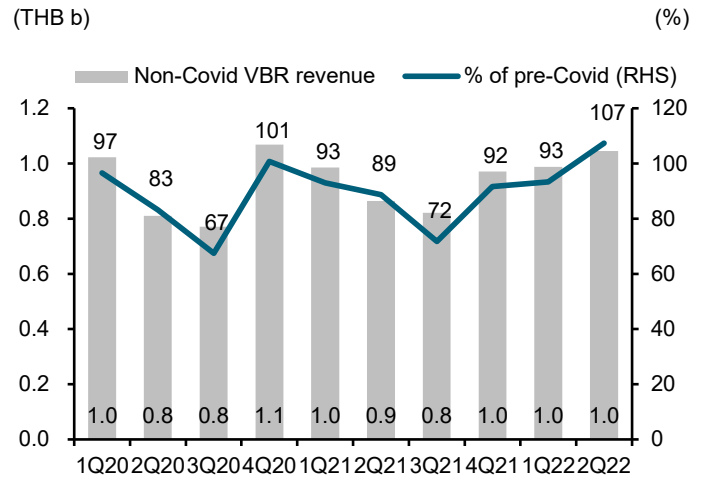
Source: FSSIA estimates

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



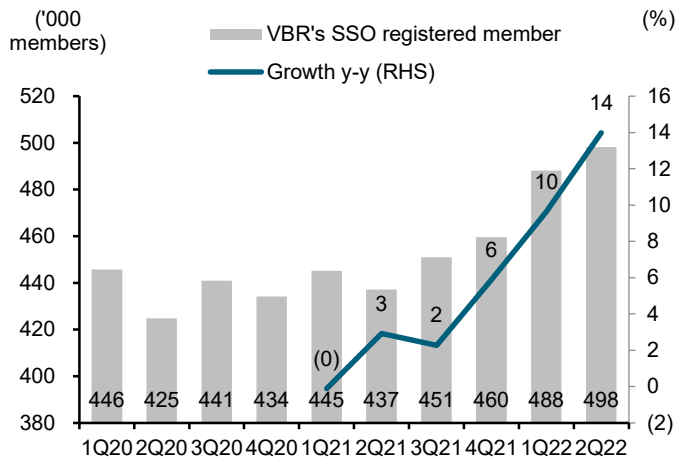
Source: RAM

Exhibit 2: VBR's non-Covid patient revenue, quarterly



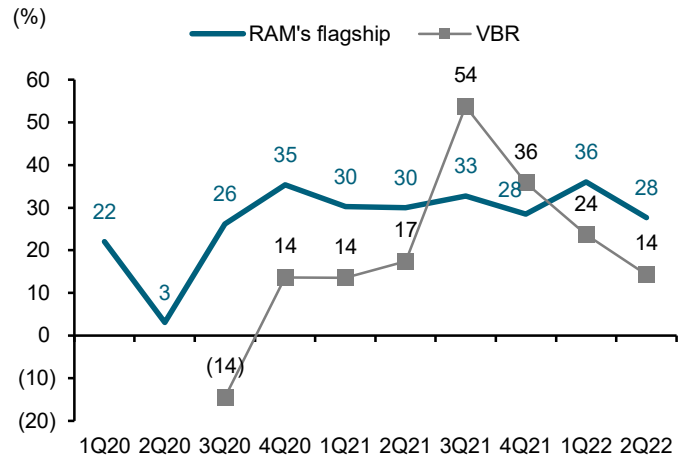
Source: RAM

Exhibit 3: VBR's SSO registered members, quarterly



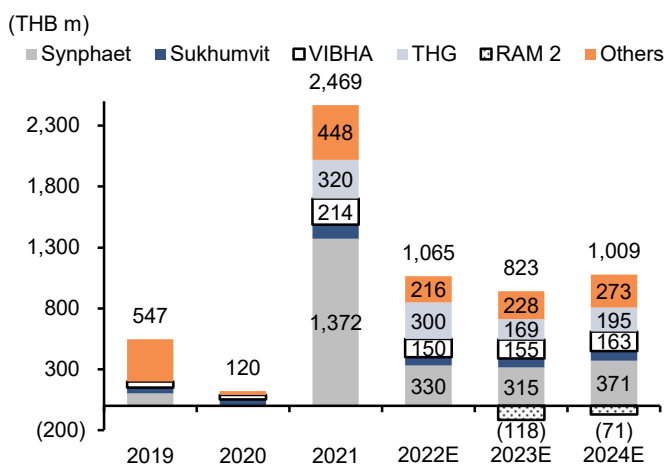
Source: RAM

Exhibit 4: EBITDA margin, quarterly



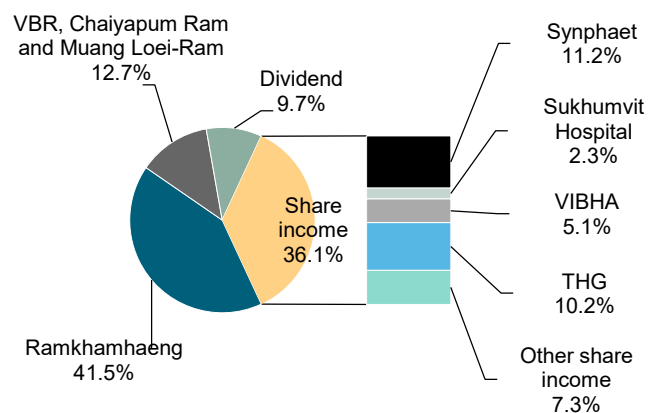
Source: RAM

Exhibit 5: RAM's share income



Sources: RAM; FSSIA estimates

Exhibit 6: EBIT of THB2.9b – 2022E breakdown



Sources: RAM; FSSIA estimates

Exhibit 7: 3Q22 results preview

FY ending Dec	3Q21	4Q21	1Q22	2Q22	3Q22E	----- Change -----		2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	4,710	3,210	3,004	2,592	2,655	2	(44)	12,664	10,582	(16)
COGS (incl depreciation)	(2,570)	(2,078)	(2,026)	(1,950)	(1,898)	(3)	(26)	(8,193)	(7,645)	(7)
Gross profit	2,140	1,131	977	641	757	18	(65)	4,471	2,938	(34)
SG&A	(329)	(346)	(366)	(388)	(390)	0	18	(1,375)	(1,340)	(3)
Operating profit	1,811	785	611	253	367	45	(80)	3,096	1,597	(48)
Dividend income	58	39	35	158	62	(61)	7	301	286	
Net other income	21	21	23	26	26	0	24	95	120	26
Interest expenses	(61)	(63)	(53)	(58)	(58)	0	(4)	(239)	(256)	7
Pretax profit	1,829	782	616	378	396	5	(78)	3,253	1,747	(46)
Income Tax	(299)	(102)	(124)	(56)	(79)	41	(73)	(468)	(314)	(33)
Associates	718	1,434	343	218	250	15	(65)	2,469	1,065	(57)
Minority interest	(766)	(368)	(129)	(60)	(67)	11	(91)	(1,183)	(400)	(66)
Core profit	1,481	1,745	706	479	500	4	(66)	4,070	2,097	(48)
Extraordinaries, GW & FX	164	(42)	0	0	0			122		
Reported net profit	1,646	1,703	706	479	500	4	(70)	4,193	2,097	(50)
Outstanding shares (m)	1,200	1,200	1,200	1,200	1,200	0	0	1,200	1,201	0
Pre-ex EPS (THB)	1.23	1.45	0.59	0.40	0.42	4	(66)	3.39	1.75	(49)
EPS (THB)	1.37	1.42	0.59	0.40	0.42	4	(70)	3.49	1.75	(50)
COGS excl. depreciation	(2,318)	(1,820)	(1,781)	(1,708)	(1,656)	(3)	(29)	(7,127)	(6,488)	(9)
Depreciation	(253)	(259)	(245)	(243)	(243)	0	(4)	(1,065)	(1,157)	9
EBITDA	2,063	1,044	856	496	610	23	(70)	4,162	2,754	(34)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	45	35	33	25	29	4	(17)	35	28	(8)
SG&A/Revenue	7	11	12	15	15	(0)	8	11	13	2
EBITDA margin	44	32	28	19	23	4	(21)	33	26	(7)
Net profit margin	35	53	24	18	19	0	(16)	33	20	(13)
Operating stats										
Ramkhamhaeng hospital revenue growth (y-y %)	12	14	22	10						
Ramkhamhaeng EBITDA margin (%)	33	28	36	28						
Subsidiary hospital revenue growth (y-y %)	268	72	47	3						
Subsidiary EBITDA margin (%)	53	35	24	14						
Share income - Synphaet (THB m)	288	955	44	47						
Share income - THG (THB m)	174	127	115	94						
Share income - Sukhumvit (THB m)	43	19	44	18						
Share income - Chiangmai Ram (THB m)	15	24	46	8						
Share income - VIBHA (THB m)	79	82	50	38						
Share income - RJH (THB m)	58	0	0	0						

Sources: RAM; FSSIA estimates

Exhibit 8: RAM – forecast revisions

	----- Current -----			----- Previous -----			----- Change -----		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
Revenue	10,582	11,155	11,761	10,715	11,158	11,731	(1)	(0)	0
EBITDA margin (%)	26.0	28.4	29.1	29.3	29.1	29.7	(3)	(1)	(1)
Core profit	2,097	2,140	2,451	2,226	2,241	2,451	(6)	(5)	0
Key assumptions									
RAM's flagship hospital revenue	3,757	3,982	4,181	3,757	3,982	4,181	0	0	0
Revenue from sales of medical equipment	1,110	1,166	1,224	1,110	1,166	1,224	0	0	0
Subsidiary hospital revenue	5,715	6,007	6,356	5,848	6,010	6,326	(2)	(0)	0
Share income	1,065	823	1,009	889	864	979	20	(5)	3

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

Sources: RAM; FSSIA estimates

Exhibit 9: 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	25.9	21.6	WACC 8.3%, Risk-free rate 3%, Risk premium 8%
Terminal value	62.2	51.9	Terminal growth 3%
Cash & liquid assets	1.4	1.1	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
Residual ordinary equity	74.4	62.0	

Source: FSSIA estimates

Exhibit 10: Peer comparisons as of 20 Sep 2022

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	29.25	31.00	6	12,559	46.0	37.1	11.8	13.9	5.4	5.0	23.4	19.8
Bumrungrad Hospital	BH TB	BUY	226.00	235.00	4	4,853	43.1	38.6	23.1	23.3	9.5	8.6	27.3	24.8
Bangkok Chain Hospital	BCH TB	BUY	18.40	28.50	55	1,240	9.9	23.2	33.7	13.7	3.1	3.2	6.3	11.8
Chularat Hospital	CHG TB	BUY	3.72	4.70	26	1,106	13.6	28.1	37.8	17.7	4.9	5.1	9.1	16.7
Praram 9 Hospital	PR9 TB	BUY	17.50	18.00	3	372	28.4	28.0	10.9	10.4	3.0	2.9	13.6	13.2
Thonburi Healthcare Group	THG TB	REDUCE	64.00	45.00	(30)	1,465	38.0	76.2	15.1	7.4	5.5	5.7	21.8	30.5
Vibhavadi Medical Center	VIBHA TB	BUY	2.74	3.20	17	1,005	35.5	34.3	8.1	7.3	2.6	2.5	31.4	28.4
Ramkhamhaeng Hospital	RAM TB	BUY	55.50	62.00	12	1,799	31.8	31.1	11.8	11.3	3.6	3.4	29.2	25.4
Principal Capital	PRINC TB	BUY	7.20	10.00	39	741	31.9	29.2	8.4	8.5	2.6	2.4	16.9	16.1
Rajthanee Hospital	RJH TB	n/a	34.75	n/a	n/a	280	9.0	23.3	52.1	20.3	7.0	4.4	7.0	15.6
Ekachai Medical Care	EKH TB	n/a	7.50	n/a	n/a	139	24.7	24.5	15.1	14.1	5.4	3.2	14.5	13.7
Thailand average						25,558	28.3	34.0	20.7	13.5	4.8	4.2	18.2	19.6
Regional														
Ramsay Health Care	RHC AU	n/a	62.39	n/a	n/a	9,519	45.0	32.8	8.3	11.4	3.5	3.5	13.2	11.7
Ihh Healthcare Bhd	IHH SP	n/a	1.90	n/a	n/a	11,833	33.2	28.3	6.8	7.2	2.1	2.1	15.1	14.0
Ryman Healthcare	RYM NZ	n/a	8.93	n/a	n/a	2,627	19.5	16.2	7.4	7.6	1.3	1.3	19.1	14.7
Apollo Hospitals Enterprise	APHS IN	n/a	4,559	n/a	n/a	8,247	71.4	66.3	18.6	16.8	11.7	11.7	30.1	29.6
Kpj Healthcare Berhad	KPJ MK	n/a	0.83	n/a	n/a	780	30.4	23.4	5.4	7.0	1.6	1.6	12.0	10.9
Raffles Medical Group	RFMD SP	n/a	1.40	n/a	n/a	1,821	26.7	27.8	9.8	9.0	2.6	2.6	14.2	14.8
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,750	n/a	n/a	2,572	35.6	31.7	19.6	20.2	6.7	6.7	23.3	20.5
Aier Eye Hospital Group	300015 CH	n/a	26.55	n/a	n/a	26,526	59.4	46.0	21.7	23.5	12.6	12.6	35.8	28.1
Regional average						63,925	40.1	34.1	12.2	12.9	5.3	5.3	20.4	18.0
Overall average						89,483	33.3	34.0	17.1	13.2	5.0	4.7	19.1	19.0

Sources: Bloomberg; FSSIA estimates

Exhibit 11: Capacity summary

Group	No	Hospital	RAM's stake (%)	No. of beds (no.)	No. of beds based on stake (no.)
Ramkhamhaeng Hospital	1	Ramkhamhaeng Hospital	100.0	486	486
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
		Total Ram and subsidiaries		1,650	1,019
Associates - operated directly	14	Chiangmai 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
		Total associates - operated directly		770	235
Associates - operated through Synphaet	19	Ramintra	28.4	346	98
	20	Theparak	23.0	120	28
	21	Lumlukka	28.4	100	28
	22	Srinakarin	21.3	110	23
	23	Serirak	22.5	238	53
	24	Nakhon Pathom	32.0	240	77
	25	Kanchanaburi	15.8	100	16
		Total associates - operated through Synphaet		1,254	324
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 Ram	40.3	50	20
	33	EKH	5.5	142	8
		Total partner		3,791	501
		Grand total existing beds		7,465	2,078
Projects in pipeline	34	Ramkhamhaeng 2 (Ram Nakra)	47.0	560	263
	35	Ramkhamhaeng 3 (Narathiwat Road)	100.0	210	210
	36	Nan Ram	26.4	141	37
	37	Vientiane Ram	70.0	150	105
	38	Thonburi Rangsit	40.0	250	100
		Total projects in pipeline		1,311	616

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	10,582	11,155	11,761
Cost of goods sold	(5,508)	(7,127)	(6,488)	(6,624)	(6,940)
Gross profit	2,315	5,537	4,095	4,531	4,821
Other operating income	-	-	-	-	-
Operating costs	(1,260)	(1,375)	(1,340)	(1,367)	(1,394)
Operating EBITDA	1,055	4,162	2,754	3,164	3,427
Depreciation	(716)	(1,065)	(1,157)	(1,206)	(1,259)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	339	3,096	1,597	1,957	2,168
Net financing costs	(181)	(224)	(223)	(192)	(185)
Associates	120	2,469	1,065	823	1,009
Recurring non-operating income	460	2,850	1,437	1,226	1,433
Non-recurring items	0	122	0	0	0
Profit before tax	617	5,844	2,811	2,992	3,417
Tax	(148)	(468)	(314)	(412)	(482)
Profit after tax	469	5,376	2,497	2,580	2,935
Minority interests	163	(1,183)	(400)	(440)	(484)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	632	4,193	2,097	2,140	2,451
Non-recurring items & goodwill (net)	0	(122)	0	0	0
Recurring net profit	632	4,070	2,097	2,140	2,451
Per share (THB)					
Recurring EPS *	0.53	3.39	1.75	1.78	2.04
Reported EPS	0.53	3.49	1.75	1.78	2.04
DPS	0.72	0.76	0.87	0.89	1.02
Diluted shares (used to calculate per share data)	1,200	1,200	1,200	1,200	1,200
Growth					
Revenue (%)	75.9	61.9	(16.4)	5.4	5.4
Operating EBITDA (%)	(0.3)	294.4	(33.8)	14.9	8.3
Operating EBIT (%)	(61.1)	814.5	(48.4)	22.5	10.8
Recurring EPS (%)	(57.1)	544.0	(48.5)	2.0	14.6
Reported EPS (%)	(56.0)	563.3	(50.0)	2.0	14.6
Operating performance					
Gross margin inc. depreciation (%)	20.4	35.3	27.8	29.8	30.3
Gross margin of key business (%)	20.4	35.3	27.8	29.8	30.3
Operating EBITDA margin (%)	13.5	32.9	26.0	28.4	29.1
Operating EBIT margin (%)	4.3	24.4	15.1	17.5	18.4
Net margin (%)	8.1	32.1	19.8	19.2	20.8
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	13.6	16.6	19.5
Inventory days	45.6	38.7	40.6	38.3	37.8
Debtor days	43.1	54.7	83.4	75.7	71.8
Creditor days	27.0	25.0	24.7	23.3	23.0
Operating ROIC (%)	3.3	22.5	11.4	13.8	15.2
ROIC (%)	2.5	17.0	7.6	7.8	8.6
ROE (%)	5.0	27.2	11.8	11.3	12.2
ROA (%)	2.5	16.8	7.5	7.6	8.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Cash patient	5,465	8,845	7,350	7,755	8,204
SSO	1,402	1,575	1,733	1,836	1,928
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	2,097	2,140	2,451
Depreciation	716	1,065	1,157	1,206	1,259
Associates & minorities	-	-	-	-	-
Other non-cash items	697	1,167	400	440	484
Change in working capital	(663)	(199)	77	(1,022)	(13)
Cash flow from operations	1,383	6,104	3,731	2,764	4,181
Capex - maintenance	(8,952)	(944)	(635)	(669)	(706)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,327)	(4,833)	(779)	(395)	(395)
Other investments (net)	-	-	-	-	-
Cash flow from investing	(10,279)	(5,776)	(1,414)	(1,064)	(1,101)
Dividends paid	(810)	(812)	(912)	(1,049)	(1,070)
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)
Cash flow from financing	8,500	183	(1,912)	(1,869)	(1,612)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(396)	510	405	(169)	1,468
Free cash flow to firm (FCFF)	(8,685.48)	566.89	2,573.61	1,937.31	3,305.26
Free cash flow to equity (FCFE)	413.45	1,322.26	1,317.16	879.76	2,537.86

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	(7.24)	0.47	2.14	1.61	2.75
FCFE per share	0.34	1.10	1.10	0.73	2.11
Recurring cash flow per share	1.70	5.25	3.05	3.16	3.49

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	18,063	19,277	19,912	20,581	21,287
Less: Accumulated depreciation	(7,958)	(9,294)	(10,451)	(11,658)	(12,916)
Tangible fixed assets (net)	10,105	9,983	9,461	8,924	8,371
Intangible fixed assets (net)	409	409	409	409	409
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	15,224	20,057	20,836	21,231	21,626
Cash & equivalents	616	1,126	1,531	1,363	2,831
A/C receivable	1,274	2,524	2,313	2,313	2,313
Inventories	754	756	688	702	736
Other current assets	708	373	312	1,005	1,065
Current assets	3,352	4,779	4,844	5,383	6,944
Other assets	188	197	197	197	197
Total assets	29,278	35,425	35,746	36,143	37,547
Common equity	12,804	17,179	18,364	19,455	20,836
Minorities etc.	5,103	6,129	6,329	6,549	6,791
Total shareholders' equity	17,906	23,308	24,693	26,004	27,627
Long term debt	3,137	4,351	4,051	3,751	3,751
Other long-term liabilities	980	404	404	404	404
Long-term liabilities	4,117	4,755	4,455	4,155	4,155
A/C payable	518	460	418	427	448
Short term debt	6,158	5,548	5,048	4,748	4,448
Other current liabilities	578	1,356	1,133	810	870
Current liabilities	7,255	7,363	6,599	5,985	5,765
Total liabilities and shareholders' equity	29,278	35,425	35,746	36,143	37,547
Net working capital	1,639	1,838	1,761	2,783	2,796
Invested capital	27,565	32,484	32,664	33,543	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	15.30	16.21	17.36
Tangible book value per share	10.33	13.98	14.96	15.87	17.02

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	48.5	37.6	30.6	27.4	19.4
Net debt/total assets (%)	29.6	24.8	21.2	19.7	14.3
Current ratio (x)	0.5	0.6	0.7	0.9	1.2
CF interest cover (x)	3.3	6.9	6.9	5.6	14.8

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	105.4	16.4	31.8	31.1	27.2
Recurring P/E @ target price (x) *	117.7	18.3	35.5	34.8	30.4
Reported P/E (x)	105.4	15.9	31.8	31.1	27.2
Dividend yield (%)	1.3	1.4	1.6	1.6	1.8
Price/book (x)	5.2	3.9	3.6	3.4	3.2
Price/tangible book (x)	5.4	4.0	3.7	3.5	3.3
EV/EBITDA (x) **	76.2	19.6	29.2	25.4	23.0
EV/EBITDA @ target price (x) **	83.6	21.5	32.1	27.8	25.3
EV/invested capital (x)	2.9	2.5	2.5	2.4	2.4

* 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 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	DRSH	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	WIKK
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

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Company	Ticker	Price	Rating	Valuation & Risks
Ramkhamhaeng Hospital	RAM TB	THB 55.50	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.
Bangkok Dusit Medical Services	BDMS TB	THB 29.25	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 226.00	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 18.40	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 3.72	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 17.50	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 64.00	REDUCE	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units.
Vibhavadi Medical Center	VIBHA TB	THB 2.74	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Principal Capital	PRINC TB	THB 7.20	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 20-Sep-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.