

BUMRUNGRAD HOSPITAL

THAILAND / HEALTHCARE

BH TB

BUY

UNCHANGED

Record high earnings in 3Q22

- Posted a new record high core profit of THB1.5b in 3Q22, beating our estimate by 22%.
- Expect 2023 core profit to exceed pre-Covid level by 30%, driven by higher international patient revenue and EBITDA margin.
- Maintain BUY with a higher 2023 DCF-TP of THB255/shr.

| | |
|-----------------|-----------|
| TARGET PRICE | THB255.00 |
| CLOSE | THB224.00 |
| UP/DOWNSIDE | +13.8% |
| PRIOR TP | THB235.00 |
| CHANGE IN TP | +8.5% |
| TP vs CONSENSUS | +19.1% |

KEY STOCK DATA

| YE Dec (THB m) | 2021 | 2022E | 2023E | 2024E |
|----------------------|--------|--------|--------|--------|
| Revenue | 12,460 | 20,264 | 21,286 | 22,692 |
| Net profit | 1,216 | 4,617 | 5,049 | 5,479 |
| EPS (THB) | 1.53 | 5.80 | 6.34 | 6.89 |
| vs Consensus (%) | - | 19.1 | 12.1 | 11.3 |
| EBITDA | 2,613 | 6,783 | 7,253 | 7,868 |
| Core net profit | 1,274 | 4,617 | 5,049 | 5,479 |
| Core EPS (THB) | 1.60 | 5.80 | 6.34 | 6.89 |
| Chg. In EPS est. (%) | - | 10.6 | 8.5 | 8.3 |
| EPS growth (%) | 6.2 | 262.4 | 9.4 | 8.5 |
| Core P/E (x) | 139.9 | 38.6 | 35.3 | 32.5 |
| Dividend yield (%) | 1.4 | 1.4 | 1.4 | 1.7 |
| EV/EBITDA (x) | 66.1 | 25.0 | 22.9 | 20.8 |
| Price/book (x) | 10.3 | 9.2 | 8.2 | 7.3 |
| Net debt/Equity (%) | (33.3) | (45.8) | (55.1) | (61.7) |
| ROE (%) | 7.1 | 25.2 | 24.5 | 23.7 |

International patient revenue was the key driver in 3Q22

BH reported a core profit of THB1.5b (+404% y-y, +29% q-q) in 3Q22, beating BBG's consensus estimate and ours by 22-23%, mainly due to higher-than-expected revenue from international patients. Revenue grew 16% q-q. International patient revenue grew by 25% q-q and exceeded the 3Q19 level by 25%. Thai patient revenue was flat q-q and exceeded the 3Q19 level by 12%. As a result, the 3Q22 revenue contribution from Thai patients amounted to 33%, with international patients contributing 67%. The EBITDA margin increased to 36% in 3Q22 from 34% in 2Q22 thanks to the strong international patient revenue growth.

Middle East patient outlook is promising

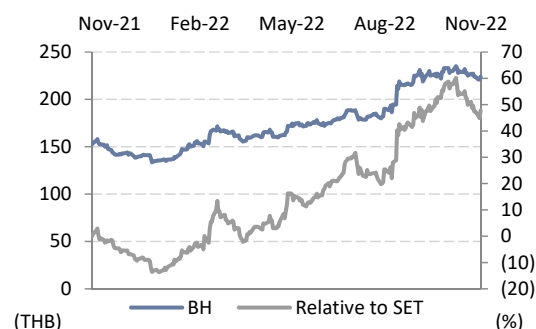
BH has not yet provided a breakdown of international patients in 3Q22 – we should get more details in the analyst meeting on 15 Nov. However, we believe one of the key drivers was the pent-up demand from the Middle East. Based on Thailand's tourist arrivals, Middle Eastern tourists recovered to 77% of the pre-Covid level in 3Q22 and exceeded the pre-Covid level by 10% in Sep (vs 70% of pre-Covid in 2Q22). This would also imply strong medical tourism. BH mentioned that it gained a higher market share of Omani patients, as they have moved base from India and Turkey to Thailand for better quality treatments. In addition, we believe BH should continue to get more Saudi Arabian patients following the restoration of diplomatic ties between the Thai and Saudi Arabian governments at the beginning of this year.

Revising up core profit estimates for 2022-24

We revise up our 2022-24E core profit by 8-11% to reflect the strong 3Q22 results and promising outlook, and derive a new 2023 DCF-based TP of THB255/shr. We expect 2023 core profit to exceed the pre-Covid level by 30%, premised on the expectation that revenue should exceed the pre-Covid level by 15% (17% and 13% for international and Thai patient revenue, respectively), while we assume an EBITDA margin of 34% (vs 34%/31% in 2018/19) thanks to its high operating leverage.

Share price has the potential to covert to current record high

BH trades at 35x 2023E P/E, in line with the 5-yr avg of 35x. We believe the record high earnings in 3Q22 should drive BH's share price to its record high of between cTHB230/shr in 2017 and cTHB260/shr in 2015.



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-----------------------------|---------|----------|
| Absolute (%) | (3.9) | 23.4 | 45.0 |
| Relative to country (%) | (6.4) | 23.1 | 45.8 |
| Mkt cap (USD m) | 4,827 | | |
| 3m avg. daily turnover (USD m) | 43.0 | | |
| Free float (%) | 64 | | |
| Major shareholder | Dr. Satit Viddayakorn (18%) | | |
| 12m high/low (THB) | 238.00/132.50 | | |
| Issued shares (m) | 922.70 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We think BH's operations are in an upward trend. International patient revenue should continue to improve following the reopening of Thailand's borders.

We expect to see an improvement in Bumrungrad Health Network (BHN), which is the new business model that BHN and its partner hospitals have set up to jointly operate Centers of Excellence (CoE) in partnered hospitals. We believe there will be more CoE openings in partnered hospitals.

BH's EBITDA margin should be in an upward trend as the hospital has started to reduce its medical discount rate. Plus, international patients, which normally command a higher EBITDA margin than Thai patients, are beginning to recover in terms of volume.

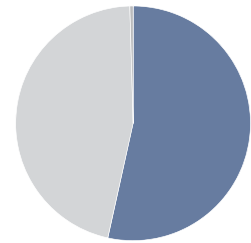
Company profile

BH is a leading private hospital (580 licensed beds) in the premium segment.

www.bumrungrad.com

Principal activities (revenue, 2021)

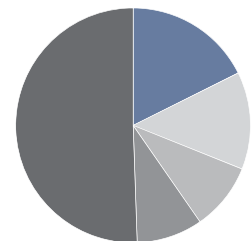
- Thai patient revenue - 53.5 %
- International patient revenue - 46.1 %
- Other revenue - 0.5 %



Source: Bumrungrad Hospital

Major shareholders

- Dr. Satit Viddayakorn - 17.6 %
- Bangkok Insurance - 13.4 %
- Thai NVDR - 9.3 %
- UOB Kay Hian (Hong Kong) - 9.1 %
- Others - 50.6 %



Source: Bumrungrad Hospital

Catalysts

Key growth drivers include 1) the recovery of international patient numbers; 2) its new business model, "Bumrungrad Health Network", which should enable BH to capture the middle-class patient segment; and 3) its vital life business (Wellness) which has a high margin compared to traditional healthcare.

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) higher medical fee discount promotions, leading to a weaker EBITDA margin.

Event calendar

| Date | Event |
|----------|---------------------------|
| Feb 2023 | 4Q22 results announcement |

Key assumptions

| | 2022E | 2023E | 2024E |
|------------------------------|-------|-------|-------|
| | (%) | (%) | (%) |
| OPD volume growth | 29 | 3 | 4 |
| OPD revenue / patient growth | 34 | 2 | 3 |
| IPD volume growth | 30 | 3 | 3 |
| IPD revenue / patient growth | 18 | 2 | 3 |

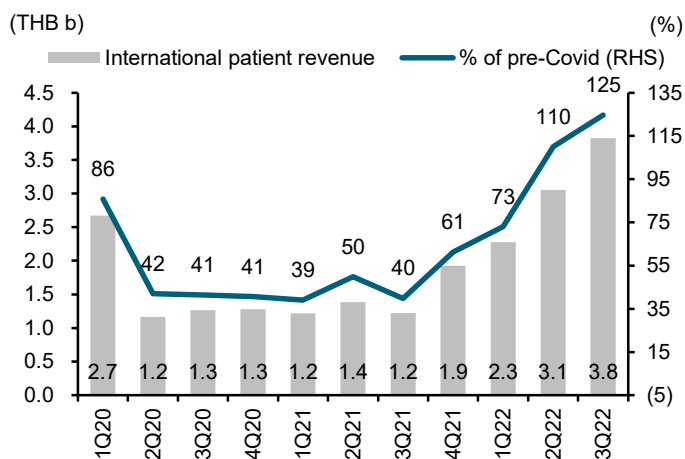
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2023 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2023 earnings to rise by 4%, and vice versa, all else being equal.

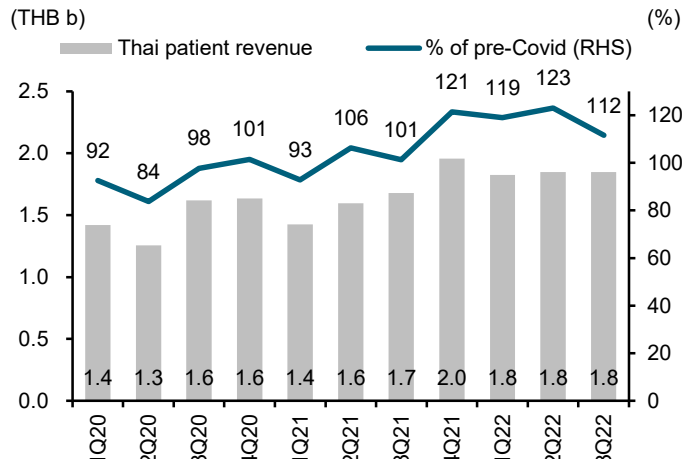
Source: FSSIA estimates

Exhibit 1: International patient revenue, quarterly



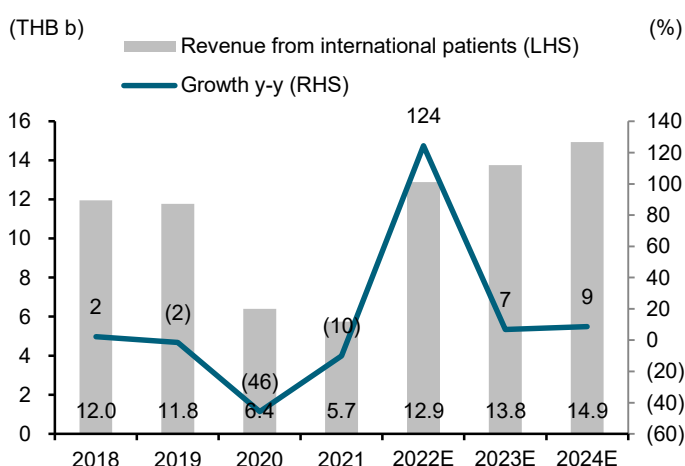
Source: BH

Exhibit 2: Thai patient revenue, quarterly



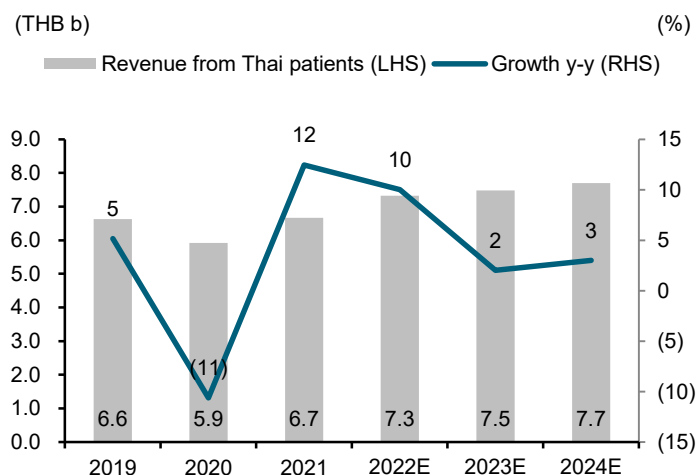
Source: BH

Exhibit 3: International patient revenue, yearly



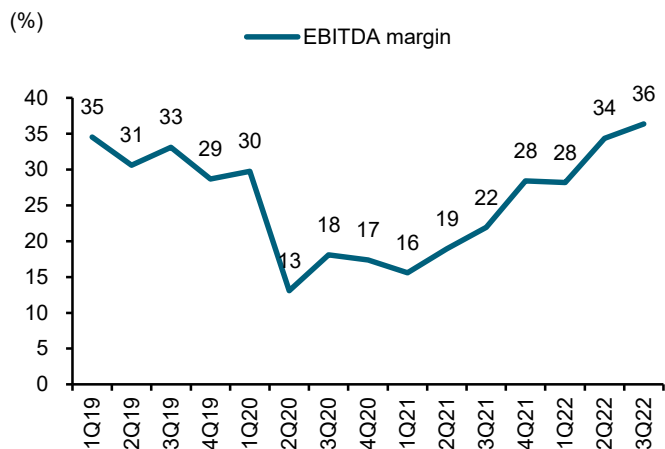
Sources: BH; FSSIA estimates

Exhibit 4: Thai patient revenue, yearly



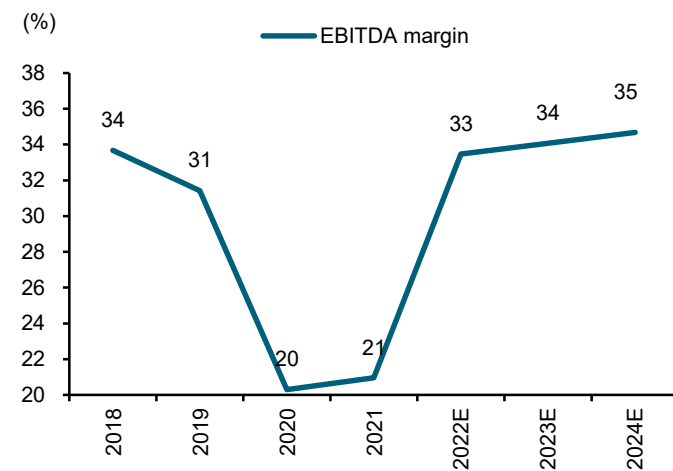
Sources: BH; FSSIA estimates

Exhibit 5: EBITDA margin, quarterly



Sources: BH; FSSIA estimates

Exhibit 6: EBITDA margin, yearly



Sources: BH; FSSIA's compilation

Exhibit 7: 3Q22 results review

| P&L (THB m) | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 | Change | | 2022E |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|---------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) |
| Sales | 2,915 | 3,896 | 4,118 | 4,922 | 5,693 | 16 | 95 | 20,264 |
| COGS (incl. depreciation) | (1,814) | (2,264) | (2,394) | (2,640) | (2,930) | 11 | 61 | (11,090) |
| Gross profit | 1,101 | 1,632 | 1,724 | 2,282 | 2,764 | 21 | 151 | 9,174 |
| SG&A | (813) | (836) | (865) | (887) | (999) | 13 | 23 | (3,597) |
| Operating profit | 288 | 796 | 859 | 1,395 | 1,764 | 26 | 513 | 5,577 |
| Net other income | 74 | 25 | 34 | 27 | 45 | 65 | (39) | 159 |
| Interest income | 16 | 15 | 11 | 9 | 10 | 13 | (34) | 50 |
| Interest expense | (31) | (26) | (2) | (1) | (1) | (14) | (98) | (9) |
| Pretax profit | 346 | 811 | 903 | 1,430 | 1,819 | 27 | 426 | 5,777 |
| Income Tax | (39) | (127) | (168) | (254) | (316) | 25 | 710 | (1,098) |
| Associates | (2) | (0) | (0) | (0) | (0) | | | (50) |
| Minority interest | (7) | (17) | (10) | (16) | (3) | (79) | (51) | (13) |
| Core profit | 298 | 667 | 725 | 1,161 | 1,500 | 29 | 404 | 4,617 |
| Extraordinaries, GW & FX | (2) | (55) | (0) | 5 | 2 | (67) | (214) | 0 |
| Reported net profit | 296 | 612 | 725 | 1,166 | 1,501 | 29 | 407 | 4,617 |
| Outstanding shares (m) | 795 | 795 | 795 | 795 | 795 | (0) | 0 | 795 |
| Core EPS (THB) | 0.37 | 0.84 | 0.91 | 1.46 | 1.89 | 29 | 404 | 5.80 |
| EPS (THB) | 0.37 | 0.77 | 0.91 | 1.47 | 1.89 | 29 | 407 | 5.80 |
| COGS (excl. depreciation) | 1,521 | 1,972 | 2,117 | 2,361 | 2,651 | 12 | 74 | 9,884 |
| Depreciation | 294 | 292 | 277 | 278 | 278 | 0 | (5) | 1,206 |
| EBITDA | 655 | 1,114 | 1,170 | 1,701 | 2,088 | 23 | 219 | 6,942 |
| Key ratios | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) | (%) |
| Gross margin | 38 | 42 | 42 | 46 | 49 | 2 | 11 | 45 |
| SG&A/Revenue | 28 | 21 | 21 | 18 | 18 | (0) | (10) | 18 |
| EBITDA margin | 22 | 28 | 28 | 34 | 36 | 2 | 14 | 33 |
| Net profit margin | 10 | 16 | 18 | 24 | 26 | 3 | 16 | 23 |
| Operating stats | (y-y %) | (y-y %) | (y-y %) | (y-y %) | (y-y %) | | | |
| Hospital revenue growth | 0 | 33 | 55 | 65 | 96 | | | |
| OPD revenue growth | (7) | 44 | 65 | 93 | n/a | | | |
| IPD revenue growth | 9 | 23 | 46 | 40 | n/a | | | |
| International patient revenue growth | (4) | 50 | 87 | 121 | 213 | | | |
| Thai patient revenue growth | 4 | 20 | 28 | 16 | 10 | | | |

Sources: BH; FSSIA estimates

Exhibit 8: Changes in key assumptions

| | Current | | | Previous | | | Change | | |
|-------------------------------|---------|---------|---------|----------|---------|---------|--------|-------|-------|
| | 2022E | 2023E | 2024E | 2022E | 2023E | 2024E | 2022E | 2023E | 2024E |
| | (THB b) | (THB b) | (THB b) | (THB b) | (THB b) | (THB b) | (%) | (%) | (%) |
| OPD patient revenue | 10.5 | 11.0 | 11.8 | 10.0 | 10.7 | 11.4 | 5.5 | 3.5 | 3.5 |
| IPD patient revenue | 9.7 | 10.2 | 10.8 | 9.2 | 9.7 | 10.3 | 6.1 | 5.0 | 5.0 |
| Thai patient revenue | 7.3 | 7.5 | 7.7 | 7.3 | 7.5 | 7.7 | 0.5 | (0.5) | (0.5) |
| International patient revenue | 12.9 | 13.8 | 14.9 | 11.8 | 12.9 | 14.0 | 9.1 | 7.0 | 6.8 |
| Revenue | 20.3 | 21.3 | 22.7 | 19.2 | 20.4 | 21.8 | 5.8 | 4.2 | 4.2 |
| EBITDA margin (%) | 33.5 | 34.1 | 34.7 | 32.8 | 33.4 | 34.0 | 0.7 | 0.7 | 0.7 |
| Core profit | 4.6 | 5.0 | 5.5 | 4.2 | 4.7 | 5.1 | 10.6 | 8.5 | 8.3 |

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

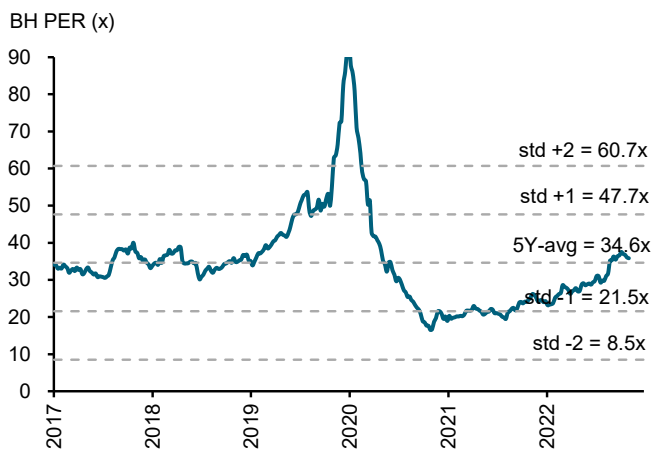
Source: FSSIA estimates

Exhibit 9: DCF valuation

| 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 | 0.7 | | |
| Cost of equity, Ke | 8.6 | Net cost of debt, Kd | 2.8 |
| Weight applied | 87.0 | Weight applied | 13.0 |
| WACC | 7.8 | | |
| DCF valuation estimate (THB b) | (THB/share) | Comments | |
| NPV | 64.0 | 69.3 | WACC 7.8%, Risk-free rate 3%, Risk premium 8% |
| Terminal value | 159.1 | 172.4 | Terminal growth 3% |
| Cash & liquid assets | 12.3 | 13.3 | At end-2023E |
| Investments | 0.0 | 0.0 | At end-2023E |
| Debt | (0.1) | (0.1) | At end-2023E |
| Minorities | (0.4) | (0.4) | At end-2023E |
| Residual ordinary equity | 235 | 255 | |

Source: FSSIA estimates

Exhibit 10: One-year forward rolling P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: One-year forward rolling P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peers comparison as of 9 November 2022

| Company | BBG | Rec | Share price | | | Market Cap (USD m) | PE | | | ROE | | PBV | | EV/ EBITDA | |
|-----------------------------|-----------|--------|---------------|--------------|------------|--------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
| | | | Current (LCY) | Target (LCY) | Upside (%) | | 22E (x) | 23E (x) | 24E (x) | 22E (%) | 23E (%) | 22E (x) | 23E (x) | 22E (x) | 23E (x) |
| Thailand | | | | | | | | | | | | | | | |
| Bangkok Dusit Med Service | BDMS TB | BUY | 30.50 | 33.00 | 8 | 13,141 | 42.7 | 37.6 | 32.6 | 13.2 | 14.2 | 5.5 | 5.1 | 22.8 | 20.4 |
| Bumrungrad Hospital | BH TB | BUY | 224.00 | 255.00 | 14 | 4,827 | 38.6 | 35.3 | 32.5 | 25.2 | 24.5 | 9.2 | 8.2 | 25.0 | 22.9 |
| Bangkok Chain Hospital | BCH TB | BUY | 18.80 | 26.00 | 38 | 1,271 | 14.7 | 23.7 | 20.6 | 24.9 | 14.9 | 3.7 | 3.4 | 9.4 | 12.6 |
| Chularat Hospital | CHG TB | BUY | 3.60 | 4.70 | 31 | 1,074 | 13.1 | 27.2 | 23.9 | 37.9 | 17.7 | 4.7 | 4.9 | 8.8 | 16.0 |
| Praram 9 Hospital | PR9 TB | BUY | 17.50 | 21.00 | 20 | 373 | 25.5 | 24.3 | 22.4 | 12.0 | 11.8 | 2.9 | 2.8 | 12.5 | 11.9 |
| Thonburi Healthcare Group | THG TB | REDUCE | 75.75 | 45.00 | (41) | 1,740 | 45.0 | 90.2 | 82.2 | 15.1 | 7.4 | 6.6 | 6.8 | 25.2 | 35.3 |
| Vibhavadi Medical Center | VIBHA TB | BUY | 2.84 | 3.20 | 13 | 1,045 | 36.8 | 35.6 | 31.8 | 8.1 | 7.3 | 2.6 | 2.6 | 32.3 | 29.2 |
| Ramkhamhaeng Hospital | RAM TB | BUY | 55.75 | 62.00 | 11 | 1,814 | 31.9 | 31.3 | 27.3 | 11.8 | 11.3 | 3.6 | 3.4 | 29.3 | 25.5 |
| Principal Capital | PRINC TB | BUY | 6.55 | 9.00 | 37 | 676 | 45.0 | 37.9 | 28.3 | 5.5 | 6.2 | 2.4 | 2.3 | 20.1 | 18.4 |
| Rajthanee Hospital | RJH TB | n/a | 32.50 | n/a | n/a | 262 | 8.5 | 23.2 | 22.1 | 50.6 | 18.7 | 6.5 | 4.1 | 6.6 | 15.2 |
| Ekachai Medical Care | EKH TB | n/a | 8.25 | n/a | n/a | 148 | 24.7 | 25.0 | 24.3 | 16.4 | 15.0 | 5.9 | 3.5 | 14.8 | 14.2 |
| Thailand average | | | | | | 26,373 | 29.7 | 35.6 | 31.6 | 20.1 | 13.5 | 4.9 | 4.3 | 18.8 | 20.1 |
| Regional | | | | | | | | | | | | | | | |
| Ramsay Health Care | RHC AU | n/a | 58.70 | n/a | n/a | 8,667 | 42.4 | 30.9 | 22.2 | 8.3 | 11.4 | 3.3 | 3.3 | 12.8 | 11.3 |
| Ihh Healthcare Bhd | IHH SP | n/a | 1.77 | n/a | n/a | 11,060 | 33.1 | 28.5 | 26.1 | 6.7 | 7.0 | 2.1 | 2.1 | 14.6 | 13.7 |
| Ryman Healthcare | RYM NZ | n/a | 8.01 | n/a | n/a | 2,326 | 17.2 | 14.2 | 12.3 | 7.4 | 7.7 | 1.2 | 1.2 | 17.6 | 12.2 |
| Apollo Hospitals Enterprise | APHS IN | n/a | 4,361 | n/a | n/a | 7,714 | 67.9 | 62.6 | 44.2 | 18.6 | 16.5 | 11.1 | 11.1 | 28.7 | 28.6 |
| Kpj Healthcare Berhad | KPJ MK | n/a | 0.87 | n/a | n/a | 800 | 33.3 | 24.7 | 21.1 | 5.2 | 7.0 | 1.7 | 1.7 | 12.3 | 11.0 |
| Raffles Medical Group | RFMD SP | n/a | 1.41 | n/a | n/a | 1,839 | 24.0 | 26.2 | 24.4 | 11.0 | 9.6 | 2.6 | 2.6 | 12.7 | 13.8 |
| Mitra Keluarga Karyasehat | MIKA IJ | n/a | 2,870 | n/a | n/a | 2,538 | 37.4 | 33.4 | 29.0 | 19.2 | 19.6 | 6.9 | 6.9 | 24.2 | 21.3 |
| Aier Eye Hospital Group | 300015 CH | n/a | 26.00 | n/a | n/a | 25,976 | 62.0 | 48.1 | 37.3 | 20.9 | 22.6 | 12.3 | 12.3 | 35.9 | 28.5 |
| Regional average | | | | | | 60,921 | 39.7 | 33.6 | 27.1 | 12.2 | 12.7 | 5.1 | 5.1 | 19.9 | 17.6 |
| Overall average | | | | | | 87,293 | 33.9 | 34.7 | 29.7 | 16.7 | 13.2 | 5.0 | 4.6 | 19.2 | 19.1 |

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bumrungrad Hospital

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|--------------|--------------|---------------|---------------|---------------|
| Revenue | 12,362 | 12,460 | 20,264 | 21,286 | 22,692 |
| Cost of goods sold | (6,457) | (6,551) | (9,884) | (10,340) | (10,932) |
| Gross profit | 5,905 | 5,909 | 10,380 | 10,946 | 11,760 |
| Other operating income | - | - | - | - | - |
| Operating costs | (3,394) | (3,296) | (3,597) | (3,693) | (3,892) |
| Operating EBITDA | 2,511 | 2,613 | 6,783 | 7,253 | 7,868 |
| Depreciation | (1,220) | (1,180) | (1,206) | (1,235) | (1,286) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | 1,291 | 1,434 | 5,577 | 6,018 | 6,582 |
| Net financing costs | 0 | (51) | 41 | 137 | 188 |
| Associates | (2) | (12) | (50) | (53) | (55) |
| Recurring non-operating income | 75 | 132 | 109 | 106 | 108 |
| Non-recurring items | 5 | (58) | 0 | 0 | 0 |
| Profit before tax | 1,371 | 1,456 | 5,727 | 6,261 | 6,878 |
| Tax | (150) | (216) | (1,098) | (1,200) | (1,387) |
| Profit after tax | 1,221 | 1,240 | 4,629 | 5,061 | 5,491 |
| Minority interests | (17) | (24) | (13) | (13) | (13) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 1,204 | 1,216 | 4,617 | 5,049 | 5,479 |
| Non-recurring items & goodwill (net) | (5) | 58 | 0 | 0 | 0 |
| Recurring net profit | 1,199 | 1,274 | 4,617 | 5,049 | 5,479 |
| Per share (THB) | | | | | |
| Recurring EPS * | 1.51 | 1.60 | 5.80 | 6.34 | 6.89 |
| Reported EPS | 1.51 | 1.53 | 5.80 | 6.34 | 6.89 |
| DPS | 3.20 | 3.20 | 3.20 | 3.20 | 3.81 |
| Diluted shares (used to calculate per share data) | 796 | 796 | 796 | 796 | 796 |
| Growth | | | | | |
| Revenue (%) | (33.1) | 0.8 | 62.6 | 5.0 | 6.6 |
| Operating EBITDA (%) | (56.8) | 4.1 | 159.5 | 6.9 | 8.5 |
| Operating EBIT (%) | (71.8) | 11.1 | 289.0 | 7.9 | 9.4 |
| Recurring EPS (%) | (71.7) | 6.2 | 262.4 | 9.4 | 8.5 |
| Reported EPS (%) | (70.6) | 1.0 | 279.8 | 9.4 | 8.5 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 37.9 | 38.0 | 45.3 | 45.6 | 46.2 |
| Gross margin of key business (%) | 37.9 | 38.0 | 45.3 | 45.6 | 46.2 |
| Operating EBITDA margin (%) | 20.3 | 21.0 | 33.5 | 34.1 | 34.7 |
| Operating EBIT margin (%) | 10.4 | 11.5 | 27.5 | 28.3 | 29.0 |
| Net margin (%) | 9.7 | 10.2 | 22.8 | 23.7 | 24.1 |
| Effective tax rate (%) | 10.9 | 14.1 | 19.0 | 19.0 | 20.0 |
| Dividend payout on recurring profit (%) | 212.1 | 199.7 | 55.2 | 50.4 | 55.3 |
| Interest cover (X) | (5,021.5) | 30.7 | (137.7) | (44.8) | (35.6) |
| Inventory days | 18.1 | 17.7 | 15.2 | 17.8 | 17.8 |
| Debtor days | 73.1 | 53.7 | 22.7 | 16.3 | 13.6 |
| Creditor days | 44.5 | 42.0 | 34.8 | 38.9 | 38.7 |
| Operating ROIC (%) | 8.7 | 9.7 | 38.7 | 45.2 | 51.8 |
| ROIC (%) | 8.3 | 10.0 | 37.9 | 44.1 | 50.3 |
| ROE (%) | 6.2 | 7.1 | 25.2 | 24.5 | 23.7 |
| ROA (%) | 4.8 | 6.0 | 20.6 | 19.8 | 19.3 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Thai patient revenue | 5,924 | 6,661 | 7,327 | 7,474 | 7,698 |
| International patient revenue | 6,392 | 5,743 | 12,884 | 13,760 | 14,942 |
| Other revenue | 47 | 56 | 53 | 52 | 52 |

Sources: Bumrungrad Hospital; FSSIA estimates

Financial Statements

Bumrungrad Hospital

| Cash Flow (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Recurring net profit | 1,199 | 1,274 | 4,617 | 5,049 | 5,479 |
| Depreciation | 1,220 | 1,180 | 1,206 | 1,235 | 1,286 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | (370) | 318 | 13 | 13 | 13 |
| Change in working capital | (172) | 897 | 954 | 318 | 142 |
| Cash flow from operations | 1,877 | 3,668 | 6,789 | 6,614 | 6,920 |
| Capex - maintenance | (1,073) | (928) | (1,086) | (851) | (908) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | 1,320 | 74 | 0 | 0 | 0 |
| Other investments (net) | - | - | - | - | - |
| Cash flow from investing | 246 | (853) | (1,086) | (851) | (908) |
| Dividends paid | (2,544) | (2,545) | (2,546) | (2,546) | (3,029) |
| Equity finance | 230 | 0 | 0 | 0 | 0 |
| Debt finance | 93 | (2,516) | 0 | 0 | 0 |
| Other financing cash flows | (254) | 44 | 0 | 0 | 0 |
| Cash flow from financing | (2,476) | (5,017) | (2,546) | (2,546) | (3,029) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (352) | (2,203) | 3,157 | 3,216 | 2,983 |
| Free cash flow to firm (FCFF) | 2,251.07 | 2,934.46 | 5,712.23 | 5,771.09 | 6,021.07 |
| Free cash flow to equity (FCFE) | 1,961.78 | 342.35 | 5,703.34 | 5,762.20 | 6,012.18 |

| Per share (THB) | 2020 | 2021 | 2022E | 2023E | 2024E |
|-------------------------------|------|------|-------|-------|-------|
| FCFF per share | 2.44 | 3.18 | 6.19 | 6.25 | 6.53 |
| FCFE per share | 2.13 | 0.37 | 6.18 | 6.24 | 6.52 |
| Recurring cash flow per share | 2.57 | 3.48 | 7.33 | 7.91 | 8.52 |

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 24,861 | 25,744 | 26,830 | 27,682 | 28,589 |
| Less: Accumulated depreciation | (12,337) | (13,425) | (14,631) | (15,866) | (17,152) |
| Tangible fixed assets (net) | 12,525 | 12,319 | 12,199 | 11,816 | 11,437 |
| Intangible fixed assets (net) | 64 | 71 | 71 | 71 | 71 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 76 | 1 | 1 | 1 | 1 |
| Cash & equivalents | 8,138 | 5,936 | 9,092 | 12,308 | 15,291 |
| A/C receivable | 2,206 | 1,461 | 1,056 | 843 | 843 |
| Inventories | 309 | 328 | 494 | 517 | 547 |
| Other current assets | 148 | 338 | 390 | 409 | 436 |
| Current assets | 10,801 | 8,062 | 11,032 | 14,077 | 17,117 |
| Other assets | 757 | 404 | 404 | 404 | 404 |
| Total assets | 24,222 | 20,857 | 23,707 | 26,369 | 29,030 |
| Common equity | 18,532 | 17,286 | 19,356 | 21,859 | 24,308 |
| Minorities etc. | 305 | 332 | 344 | 357 | 370 |
| Total shareholders' equity | 18,837 | 17,618 | 19,701 | 22,216 | 24,678 |
| Long term debt | 2,587 | 71 | 71 | 71 | 71 |
| Other long-term liabilities | 914 | 924 | 924 | 924 | 924 |
| Long-term liabilities | 3,501 | 995 | 995 | 995 | 995 |
| A/C payable | 704 | 805 | 1,078 | 1,128 | 1,192 |
| Short term debt | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 1,179 | 1,439 | 1,933 | 2,031 | 2,165 |
| Current liabilities | 1,884 | 2,244 | 3,011 | 3,158 | 3,357 |
| Total liabilities and shareholders' equity | 24,222 | 20,857 | 23,707 | 26,369 | 29,030 |
| Net working capital | 779 | (117) | (1,071) | (1,389) | (1,531) |
| Invested capital | 14,200 | 12,677 | 11,603 | 10,903 | 10,382 |

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

| Per share (THB) | 2020 | 2021 | 2022E | 2023E | 2024E |
|-------------------------------|-------|-------|-------|-------|-------|
| Book value per share | 23.29 | 21.72 | 24.32 | 27.47 | 30.55 |
| Tangible book value per share | 23.21 | 21.63 | 24.23 | 27.38 | 30.46 |

| Financial strength | 2020 | 2021 | 2022E | 2023E | 2024E |
|---------------------------|-----------|--------|---------|--------|--------|
| Net debt/equity (%) | (29.5) | (33.3) | (45.8) | (55.1) | (61.7) |
| Net debt/total assets (%) | (22.9) | (28.1) | (38.1) | (46.4) | (52.4) |
| Current ratio (x) | 5.7 | 3.6 | 3.7 | 4.5 | 5.1 |
| CF interest cover (x) | (7,210.9) | 7.7 | (137.2) | (41.2) | (31.0) |

| Valuation | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|--------------|--------------|-------------|-------------|-------------|
| Recurring P/E (x) * | 148.6 | 139.9 | 38.6 | 35.3 | 32.5 |
| Recurring P/E @ target price (x) * | 169.2 | 159.3 | 44.0 | 40.2 | 37.0 |
| Reported P/E (x) | 148.0 | 146.6 | 38.6 | 35.3 | 32.5 |
| Dividend yield (%) | 1.4 | 1.4 | 1.4 | 1.4 | 1.7 |
| Price/book (x) | 9.6 | 10.3 | 9.2 | 8.2 | 7.3 |
| Price/tangible book (x) | 9.7 | 10.4 | 9.2 | 8.2 | 7.4 |
| EV/EBITDA (x) ** | 68.9 | 66.1 | 25.0 | 22.9 | 20.8 |
| EV/EBITDA @ target price (x) ** | 78.7 | 75.5 | 28.6 | 26.3 | 23.9 |
| EV/invested capital (x) | 12.2 | 13.6 | 14.6 | 15.3 | 15.7 |

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

Sources: Bumrungrad 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 | 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.

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| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|----------|------------|--------|--|
| Bumrungrad Hospital | BH TB | THB 224.00 | 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 Dusit Medical Services | BDMS TB | THB 30.50 | 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 price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects. |
| Bangkok Chain Hospital | BCH TB | THB 18.80 | 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 3.60 | 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 75.75 | 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 2.84 | 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 55.75 | 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. |
| Principal Capital | PRINC TB | THB 6.55 | 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 09-Nov-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.