

THONBURI HEALTHCARE GROUP

THAILAND / HEALTHCARE

Strong operations, but costly price

- 3Q22 core profit exceeded pre-Covid by 146%, driven by strong non-Covid revenue and the turnaround of Jin Wellbeing and Ar Yu.
- Acquired a hospital in Trang Province; expect strong core profit to continue in 2023 with an almost four-fold increase vs 2019 level.
- Maintain REDUCE due to expensive valuation.

Positive feedback from analyst meeting

THG's 3Q22 core profit was relatively flat q-q despite the sharp decline in Covid revenue. It also exceeded the pre-Covid level by 146%. Non-Covid revenue exceeded the pre-Covid level by 9%, with a higher IPD utilisation rate at 78% (vs 73% in 3Q19). Jin Wellbeing County reached breakeven with c30 units transferred per quarter. Ar Yu Hospital (THG holds a 40% share)'s core operations also turned profitable with share income of THB13m in 9M22 (vs a THB56m share of loss in 2019), as it became the market leader among private hospitals in Myanmar. Note, excluding FX loss, Ar Yu would contribute share income of THB50m to THG in 9M22.

Acquisition of TRPH could lift 2023 core profit by 3-5%

THG recently acquired a 55% share in Trang Vejit (TRPH, not listed), which operates TRPH Hospital (former name: Trang Ruam Phaet Hospital), for a total value of THB657.6m. It is a secondary hospital with 200 beds, operating since 1982 in Trang Province. TRPH generated revenue of THB559m in 2021 with a c10% NPM. This would imply a 21-24x P/E multiple at the acquisition price, which is reasonable in our view. THG will become one of the market leaders in the southern region with three hospitals in the network: TRPH, THG Thungsong and Rajyindee. THG expects synergies and expects to ramp up TRPH's revenue to THB1.0b. We estimate it would lift THG's 2023 core profit by c3-5%.

Expect flat revenue q-q, but higher than pre-Covid level by 42%

We estimate 2022 revenue to grow by 11% to THB11.8b, relatively in line with management's guidance of THB11.7b. For 2023, we estimate revenue to be relatively flat y-y. We conservatively forecast Covid revenue contributions to drop from c22% in 2022 to 5% in 2023, which should be offset by organic growth of 10-15% and inorganic growth (TRPH Hospital). Overall, we forecast core profit of THB1.2b in 2023, higher than the pre-Covid level by 3.7x.

Revise up core profit and TP, but maintain REDUCE rating

We revise up our 2022-24E core profit by 13-72% to reflect the strong 3Q22 earnings and better outlook. We derive a new 2023 DCF-TP of THB55/shr. THG's fundamentals have significantly improved from the pre-Covid level. However, we have a REDUCE rating as THG trades at an expensive valuation of 51x 2023E P/E (vs peers' average of 31x).



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THG TB

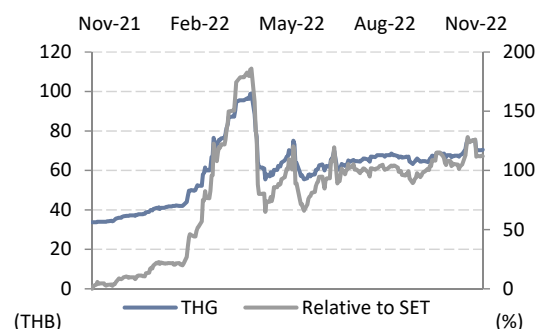
REDUCE

UNCHANGED

TARGET PRICE	THB55.00
CLOSE	THB70.50
UP/DOWNSIDE	-22.0%
PRIOR TP	THB45.00
CHANGE IN TP	+22.2%
TP vs CONSENSUS	+24.6%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	10,847	11,756	11,690	12,387
Net profit	1,337	1,617	1,186	1,347
EPS (THB)	1.58	1.90	1.40	1.59
vs Consensus (%)	-	16.9	48.9	53.2
EBITDA	2,814	3,201	2,694	2,923
Core net profit	1,247	1,617	1,186	1,347
Core EPS (THB)	1.47	1.90	1.40	1.59
Chg. In EPS est. (%)	-	13.1	66.4	72.2
EPS growth (%)	nm	29.7	(26.7)	13.6
Core P/E (x)	48.0	37.0	50.5	44.4
Dividend yield (%)	1.3	1.9	1.4	1.6
EV/EBITDA (x)	24.6	21.6	25.7	23.3
Price/book (x)	6.5	6.0	6.0	5.7
Net debt/Equity (%)	92.5	84.8	83.2	68.4
ROE (%)	14.6	16.9	11.8	13.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.1	4.4	108.9
Relative to country (%)	1.9	5.0	111.7
Mkt cap (USD m)	1,647		
3m avg. daily turnover (USD m)	10.2		
Free float (%)	42		
Major shareholder	Ramkhamhaeng Hospital (21%)		
12m high/low (THB)	99.50/33.25		
Issued shares (m)	849.08		

Sources: Bloomberg consensus; FSSIA estimates

Investment thesis

THG is in an expansion mode, as it opened three hospitals during 2018-19. The three hospitals have recently turned profitable and improved the overall performance of the group.

Aside from the new hospitals that had impacted group earnings, Jin Wellbeing is currently a drag on THG, as it missed its presales target, while Covid-19 has slowed the demand for condominiums. The project's fixed costs and interest expenses should continue to be a burden on the group. The operation has improved overall and reached the breakeven point in 3Q22.

We like THG's fundamentals, but have a REDUCE rating due to the expensive valuation and uncertainty over Jin Wellbeing.

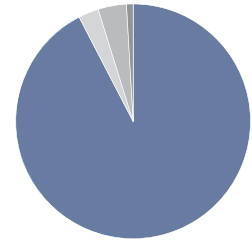
Company profile

The company operates a medical treatment business under nine hospitals, as well as a healthcare solution provider business.

www.thg.co.th

Principal activities (revenue, 2021)

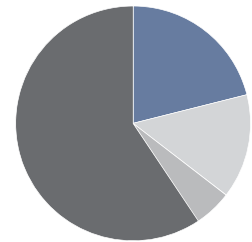
- Revenue from hospital operations - 92.4 %
- Revenue from sale of goods - 2.8 %
- Revenue from other services - 3.9 %
- Revenue from sales of condominium unit - 0.9 %



Source: Thonburi Healthcare Group

Major shareholders

- Ramkhamhaeng Hospital - 21.1 %
- Jaruwan Vanasin - 14.4 %
- Aumnua Aunnanan - 5.2 %
- Others - 59.4 %



Source: Thonburi Healthcare Group

Catalysts

Key potential growth drivers are 1) the turnaround of new hospitals; 2) rising demand for medical tourism; and 3) big-lot sales for Jin Wellbeing.

Risks to our call

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.

Event calendar

Date	Event
Feb 2023	4Q22 results announcement

Key assumptions

	2022E (%)	2023E (%)	2024E (%)
OPD volume growth	12	4	2
OPD revenue / patient growth	0	0	3
IPD volume growth	12	4	2
IPD revenue / patient growth	0	0	3
Jin transferred (units)	90	50	50

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2023 earnings to rise by 5%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2023 earnings to rise by 11%, and vice versa, all else being equal.

Source: FSSIA estimates

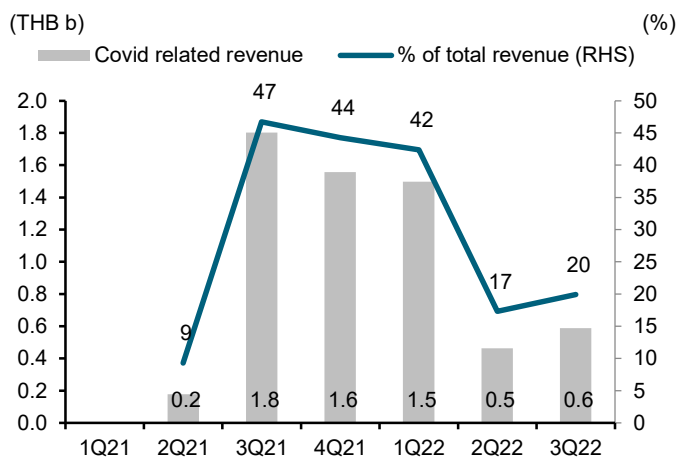
Recap: 3Q22 results review

THG reported a 3Q22 core profit of THB372m (-55% y-y, -3% q-q), beating the Bloomberg consensus estimate by 41%. Core profit dropped q-q due to a lower Covid-related service volume. Including a THB65m net gain after tax from land disposal, THG's 3Q22 net profit was THB438m. Revenue grew by 11% q-q. Hospital revenue grew by 13% q-q, driven by non-Covid patient revenue and revenue realised from releasing all remaining Covid-19 vaccines. Revenue from sales of Jin Wellbeing units decreased by 20%, as 29 residential units were transferred in 3Q22 (vs 32 units in 2Q22). COGS increased by 11% q-q, while SG&A increased by 14% q-q, mainly due to donations of Moderna vaccines. As a result, the EBITDA margin slightly improved from 26% in 2Q22 to 27% in 3Q22. The share of loss from Ar Yu Hospital was THB12m in 3Q22 (vs a THB42m share of profit in 1Q22) due to an unrealised FX loss. Excluding the FX loss, share income would amount to THB18m.

Exhibit 1: 3Q22 results review

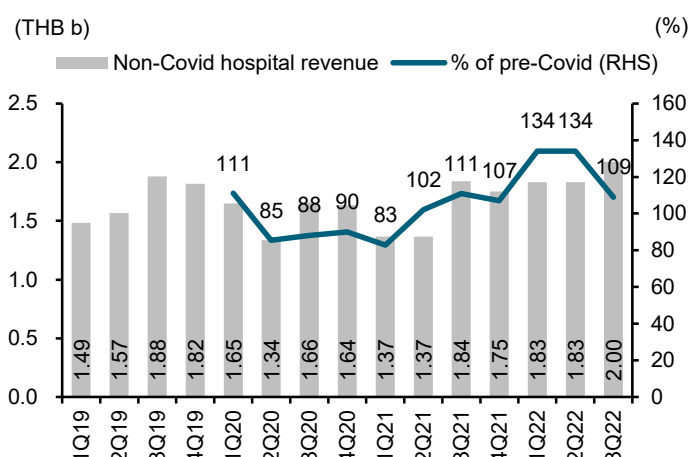
	3Q21	4Q21	1Q22	2Q22	3Q22	----- Change -----		2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	3,861	3,514	3,530	2,674	2,954	11	(23)	11,756
COGS (incl depreciation)	(2,424)	(2,233)	(2,339)	(1,880)	(2,080)	11	(14)	(7,869)
Gross profit	1,437	1,282	1,191	793	875	10	(39)	3,887
SG&A	(430)	(436)	(445)	(403)	(460)	14	7	(1,681)
Operating profit	1,006	845	746	390	415	6	(59)	2,205
Net other income	20	49	23	67	130	93	544	113
Interest expense	(77)	(78)	(75)	(73)	(74)	1	(5)	(326)
Pretax profit	949	816	694	384	471	23	(50)	1,992
Income Tax	(98)	(238)	(154)	(65)	(107)	66	10	(438)
Associates income	29	51	32	36	35	(3)	19	134
JV income	(49)	44	(26)	42	(12)	(128)	(76)	
Minority interest	(0)	(39)	(25)	(14)	(15)	5	4,411	(70)
Core profit	831	635	522	384	372	(3)	(55)	1,617
Extraordinaries, GW & FX	2	0	5	14	67	368	4,074	0
Reported net profit	833	635	527	398	438	10	(47)	1,617
Outstanding shares (m)	849	849	849	849	849	0	0	849
Core EPS (THB)	0.98	0.75	0.62	0.47	0.52	10	(47)	1.90
COGS Excl depreciation	2,184	1,980	2,094	1,629	1,823	12	(17)	6,873
Depreciation	240	253	246	251	256	2	7	996
EBITDA	1,266	1,147	1,015	708	801	13	(37)	3,314
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	37	36	34	30	30	(0)	(8)	33
SG&A/Revenue	11	12	13	15	16	0	4	14
EBITDA margin	33	33	29	26	27	1	(6)	27
Net profit margin	22	18	15	15	15	(0)	(7)	14
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
OPD revenue growth	(5)	17	9	16				
OPD visits growth	(17)	3	11	17				
OPD revenue per head growth	15	14	(2)	(1)				
IPD revenue growth	7	(2)	41	19				
IPD visits growth	(9)	(4)	60	53				
IPD revenue per head growth	18	2	(11)	(22)				

Sources: THG; FSSIA estimates

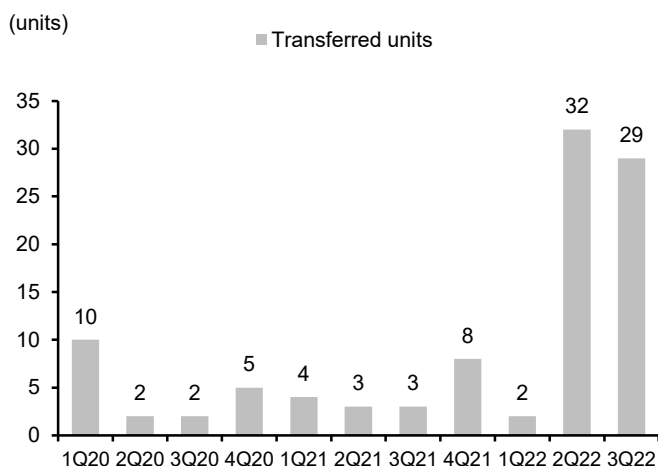
Exhibit 2: Covid-related revenue, quarterly

Note: Includes Moderna vaccinations

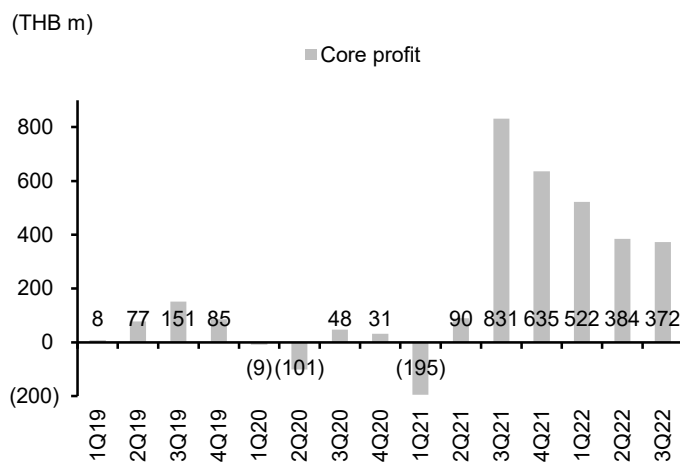
Source: THG

Exhibit 3: Non-Covid hospital revenue, quarterly

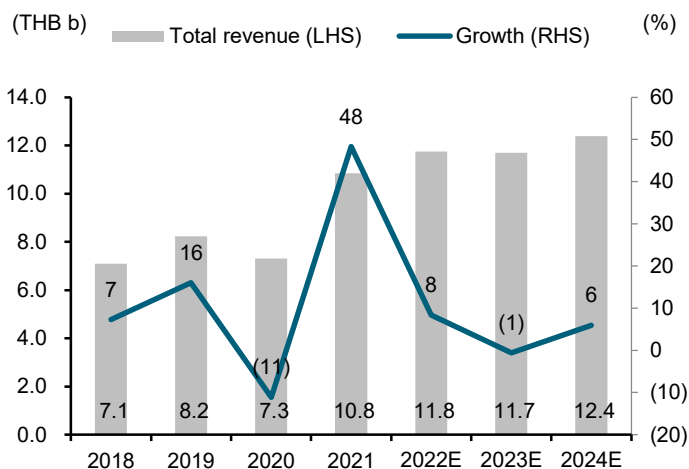
Source: THG

Exhibit 4: Jin Wellbeing units transferred, quarterly

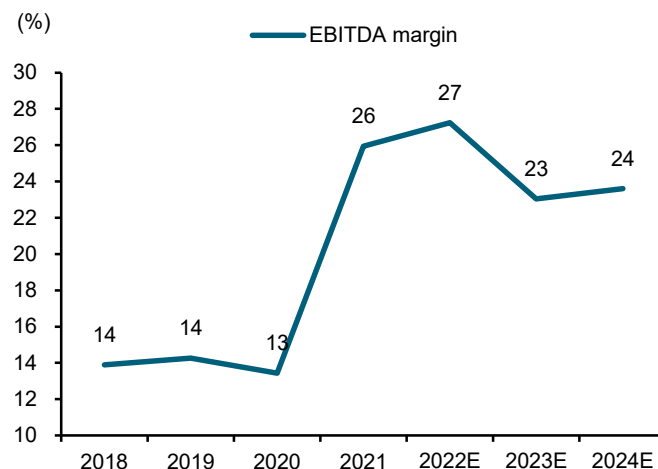
Source: THG

Exhibit 5: Core profit, quarterly

Source: THG

Exhibit 6: Total revenue, yearly

Sources: THG; FSSIA estimates

Exhibit 7: EBITDA margin should exceed pre-Covid level

Sources: THG; FSSIA estimates

Exhibit 8: Forecast revisions

	Current			Previous			Change		
	2022E (THB b)	2023E (THB b)	2024E (THB b)	2022E (THB b)	2023E (THB b)	2024E (THB b)	2022E (%)	2023E (%)	2024E (%)
OPD patient revenue	3.4	3.5	3.7	3.1	3.1	3.3	9.2	13.5	13.5
IPD patient revenue	3.4	3.9	4.0	3.4	3.5	3.5	0.0	9.2	13.5
Jin Wellbeing revenue	0.5	0.4	0.4	0.2	0.4	0.4	220.7	0.0	0.0
Revenue	11.8	11.7	12.4	11.0	10.4	11.0	6.5	12.7	13.0
EBITDA margin (%)	27.2	23.0	23.6	26.3	20.1	20.1	0.9	3.0	3.5
Core profit	1.62	1.19	1.35	1.4	0.7	0.8	13.1	66.4	72.2

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

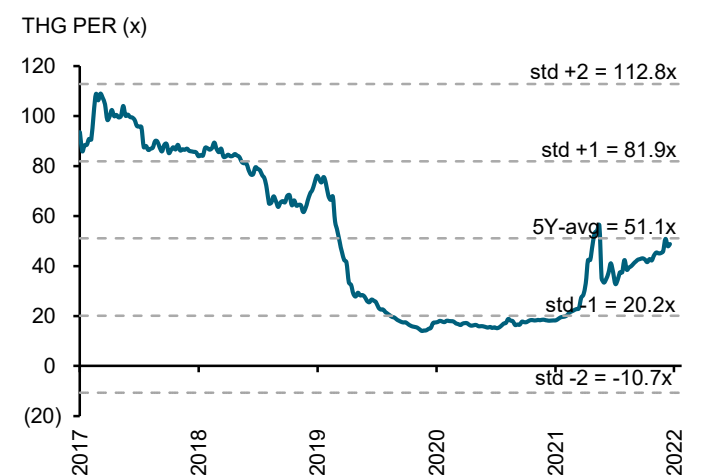
Sources: THG; FSSIA estimates

Exhibit 9: THG – 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		1.1			
Cost of equity, Ke		11.8	Net cost of debt, Kd		2.8
Weight applied		60.0	Weight applied		40.0
WACC		8.2			
DCF valuation estimate	(THB b)	(THB/share)	Comments		
NPV	18.6	21.9	WACC 8.2%, Risk-free rate 3%, Risk premium 8%		
Terminal value	34.8	41.0	Terminal growth 3%		
Cash & liquid assets	1.7	2.0	At end-2023E		
Investments	2.6	3.0	At end-2023E		
Debt	(10.5)	(12.3)	At end-2023E		
Minorities	(0.5)	(0.6)	At end-2023E		
Residual ordinary equity	46.7	55.0			

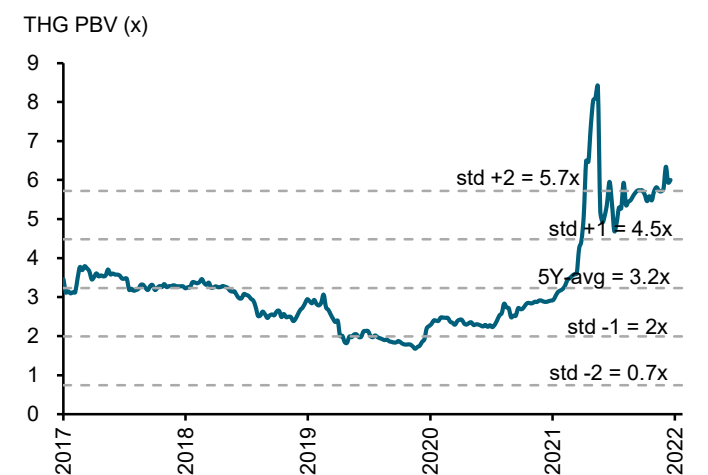
Source: FSSIA estimates

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 23 November 2022

Company	BBG	Rec	Share price			Market Cap	PE			ROE		PBV		EV/ EBITDA	
			Current	Target	Upside		22E	23E	24E	22E	23E	22E	23E	22E	23E
			(LCY)	(LCY)	(%)		(USD m)	(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Thailand															
Bangkok Dusit Med Serv.	BDMS TB	BUY	29.75	33.00	11	13,036	41.7	36.7	31.8	13.2	14.2	5.4	5.0	22.2	19.9
Bumrungrad Hospital	BH TB	BUY	220.00	255.00	16	4,822	37.9	34.7	32.0	25.2	24.5	9.0	8.0	24.5	22.5
Bangkok Chain Hospital	BCH TB	BUY	19.90	26.00	31	1,368	15.5	25.1	21.8	24.9	14.9	3.9	3.6	9.9	13.4
Chularat Hospital	CHG TB	BUY	3.46	4.70	36	1,049	12.6	26.1	23.0	37.9	17.7	4.5	4.7	8.4	15.3
Praram 9 Hospital	PR9 TB	BUY	17.20	21.00	22	373	25.0	23.9	22.0	12.0	11.8	2.9	2.8	12.3	11.6
Thonburi Healthcare Group	THG TB	REDUCE	70.50	55.00	(22)	1,647	37.0	50.5	44.4	16.9	11.8	6.0	6.0	21.6	25.7
Vibhavadi Medical Center	VIBHA TB	BUY	2.70	3.20	19	1,011	35.0	33.8	30.2	8.1	7.3	2.5	2.4	31.0	28.0
Ramkhamhaeng Hospital	RAM TB	BUY	54.50	62.00	14	1,803	31.2	30.6	26.7	11.8	11.3	3.6	3.4	28.8	25.0
Principal Capital	PRINC TB	BUY	5.95	9.00	51	625	40.9	34.4	25.7	5.5	6.2	2.2	2.1	18.5	16.9
Rajthanee Hospital	RJH TB	n/a	29.75	n/a	n/a	250	7.9	21.6	20.6	50.6	18.7	6.0	3.8	6.3	14.6
Ekachai Medical Care	EKH TB	n/a	8.35	n/a	n/a	156	23.2	23.6	24.2	17.6	13.9	5.9	3.2	13.7	13.3
Thailand average						26,142	28.0	31.0	27.5	20.3	13.9	4.7	4.1	17.9	18.7
Regional															
Ramsay Health Care	RHC AU	n/a	64.40	n/a	n/a	9,942	46.4	35.3	24.6	8.3	11.5	3.6	3.6	13.5	12.2
Ihh Healthcare Bhd	IHH SP	n/a	1.80	n/a	n/a	11,657	33.4	28.7	26.3	6.7	7.0	2.1	2.1	14.6	13.7
Ryman Healthcare	RYM NZ	n/a	6.40	n/a	n/a	2,000	14.0	11.2	10.6	7.4	8.0	1.0	1.0	16.9	13.5
Apollo Hospitals Enterprise	APHS IN	n/a	4,605	n/a	n/a	8,445	74.7	70.5	49.6	18.6	16.3	12.2	12.2	31.6	31.7
Kpj Healthcare Berhad	KPJ MK	n/a	0.86	n/a	n/a	913	33.8	24.9	22.0	5.7	7.3	1.9	1.9	12.7	11.4
Raffles Medical Group	RFMD SP	n/a	1.33	n/a	n/a	1,807	23.1	25.3	23.5	11.0	9.6	2.5	2.5	12.3	13.3
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,640	n/a	n/a	2,487	37.0	33.0	28.9	19.0	19.5	6.8	6.8	23.8	21.0
Aier Eye Hospital Group	300015 CH	n/a	26.35	n/a	n/a	26,464	63.5	48.6	38.1	20.7	22.5	12.3	12.3	36.1	28.7
Regional average						63,716	40.7	34.7	27.9	12.2	12.7	5.3	5.3	20.2	18.2
Overall average						89,858	33.4	32.5	27.7	16.9	13.4	5.0	4.6	18.9	18.5

Sources: Bloomberg; FSSIA estimates

Financial Statements

Thonburi Healthcare Group

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	7,315	10,847	11,756	11,690	12,387
Cost of goods sold	(4,921)	(6,462)	(6,873)	(7,264)	(7,680)
Gross profit	2,394	4,385	4,882	4,426	4,707
Other operating income	-	-	-	-	-
Operating costs	(1,411)	(1,571)	(1,681)	(1,732)	(1,784)
Operating EBITDA	983	2,814	3,201	2,694	2,923
Depreciation	(827)	(944)	(996)	(1,063)	(1,102)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	156	1,870	2,205	1,631	1,822
Net financing costs	(281)	(299)	(326)	(328)	(328)
Associates	35	31	134	126	139
Recurring non-operating income	147	139	247	244	261
Non-recurring items	94	90	0	0	0
Profit before tax	116	1,801	2,125	1,547	1,755
Tax	(93)	(444)	(438)	(284)	(323)
Profit after tax	23	1,357	1,687	1,263	1,431
Minority interests	40	(19)	(70)	(77)	(85)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	62	1,337	1,617	1,186	1,347
Non-recurring items & goodwill (net)	(94)	(90)	0	0	0
Recurring net profit	(31)	1,247	1,617	1,186	1,347
Per share (THB)					
Recurring EPS *	(0.04)	1.47	1.90	1.40	1.59
Reported EPS	0.07	1.58	1.90	1.40	1.59
DPS	0.30	0.90	1.33	0.98	1.11
Diluted shares (used to calculate per share data)	849	849	849	849	849
Growth					
Revenue (%)	(11.1)	48.3	8.4	(0.6)	6.0
Operating EBITDA (%)	(16.3)	186.3	13.8	(15.8)	8.5
Operating EBIT (%)	(72.2)	1,096.3	17.9	(26.0)	11.7
Recurring EPS (%)	nm	nm	29.7	(26.7)	13.6
Reported EPS (%)	(86.5)	2,042.4	20.9	(26.7)	13.6
Operating performance					
Gross margin inc. depreciation (%)	21.4	31.7	33.1	28.8	29.1
Gross margin of key business (%)	21.4	31.7	33.1	28.8	29.1
Operating EBITDA margin (%)	13.4	25.9	27.2	23.0	23.6
Operating EBIT margin (%)	2.1	17.2	18.8	14.0	14.7
Net margin (%)	(0.4)	11.5	13.8	10.1	10.9
Effective tax rate (%)	(779.1)	26.4	22.0	20.0	20.0
Dividend payout on recurring profit (%)	(816.4)	61.3	70.0	70.0	70.0
Interest cover (X)	1.1	6.7	7.5	5.7	6.4
Inventory days	101.2	78.1	77.6	77.8	77.8
Debtor days	66.8	76.3	106.1	119.5	118.0
Creditor days	99.9	110.4	154.1	154.6	154.6
Operating ROIC (%)	8.7	8.3	10.1	7.5	8.5
ROIC (%)	14.6	7.8	9.7	7.5	8.4
ROE (%)	(0.4)	14.6	16.9	11.8	13.1
ROA (%)	11.8	6.7	8.0	6.1	6.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Revenue from hospital operations	6,279	10,023	10,409	10,442	11,083
Revenue from sale of goods	271	301	316	332	349
Revenue from other services	665	425	571	613	652
Revenue from sales of condominium unit	99	98	459	304	304

Sources: Thonburi Healthcare Group; FSSIA estimates

Financial Statements

Thonburi Healthcare Group

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(31)	1,247	1,617	1,186	1,347
Depreciation	827	944	996	1,063	1,102
Associates & minorities	-	-	-	-	-
Other non-cash items	(103)	212	70	77	85
Change in working capital	(689)	780	(438)	(262)	46
Cash flow from operations	4	3,183	2,245	2,064	2,579
Capex - maintenance	(1,495)	(1,816)	(1,425)	(775)	(495)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	513	(590)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(982)	(2,406)	(1,425)	(775)	(495)
Dividends paid	(255)	(252)	(764)	(1,132)	(830)
Equity finance	0	6	(6)	0	0
Debt finance	1,096	301	100	0	0
Other financing cash flows	(106)	154	(49)	(54)	(59)
Cash flow from financing	735	210	(720)	(1,186)	(889)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(243)	987	100	103	1,194
Free cash flow to firm (FCFF)	(697.71)	1,076.11	1,146.00	1,616.43	2,411.52
Free cash flow to equity (FCFE)	11.29	1,232.57	870.80	1,234.76	2,024.47
Per share (THB)					
FCFF per share	(0.82)	1.27	1.35	1.90	2.84
FCFE per share	0.01	1.45	1.03	1.45	2.38
Recurring cash flow per share	0.82	2.83	3.16	2.74	2.98
Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	18,416	20,176	21,601	22,376	22,871
Less: Accumulated depreciation	(5,240)	(6,106)	(7,102)	(8,165)	(9,267)
Tangible fixed assets (net)	13,176	14,069	14,498	14,210	13,604
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,982	2,572	2,572	2,572	2,572
Cash & equivalents	496	1,482	1,583	1,685	2,880
A/C receivable	1,351	3,183	3,653	4,004	4,004
Inventories	1,350	1,416	1,506	1,592	1,683
Other current assets	1,696	937	1,015	1,009	1,070
Current assets	4,892	7,018	7,757	8,291	9,637
Other assets	229	139	139	139	139
Total assets	20,280	23,799	24,967	25,213	25,952
Common equity	7,895	9,147	9,994	10,048	10,564
Minorities etc.	436	471	492	515	540
Total shareholders' equity	8,331	9,618	10,486	10,563	11,105
Long term debt	7,211	6,399	6,499	6,499	6,499
Other long-term liabilities	726	737	737	737	737
Long-term liabilities	7,937	7,136	7,236	7,236	7,236
A/C payable	1,097	2,813	2,992	3,162	3,343
Short term debt	2,862	3,976	3,976	3,976	3,976
Other current liabilities	52	257	278	277	293
Current liabilities	4,012	7,045	7,245	7,414	7,612
Total liabilities and shareholders' equity	20,280	23,799	24,967	25,213	25,952
Net working capital	3,247	2,467	2,905	3,167	3,121
Invested capital	18,635	19,247	20,114	20,089	19,436
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	9.30	10.77	11.77	11.83	12.44
Tangible book value per share	9.30	10.77	11.77	11.83	12.44
Financial strength					
Net debt/equity (%)	115.0	92.5	84.8	83.2	68.4
Net debt/total assets (%)	47.2	37.4	35.6	34.9	29.3
Current ratio (x)	1.2	1.0	1.1	1.1	1.3
CF interest cover (x)	1.0	5.1	3.7	4.8	7.2
Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(1,918.6)	48.0	37.0	50.5	44.4
Recurring P/E @ target price (x) *	(1,496.8)	37.4	28.9	39.4	34.7
Reported P/E (x)	958.9	44.8	37.0	50.5	44.4
Dividend yield (%)	0.4	1.3	1.9	1.4	1.6
Price/book (x)	7.6	6.5	6.0	6.0	5.7
Price/tangible book (x)	7.6	6.5	6.0	6.0	5.7
EV/EBITDA (x) **	71.1	24.6	21.6	25.7	23.3
EV/EBITDA @ target price (x) **	57.7	19.9	17.5	20.8	18.8
EV/invested capital (x)	3.7	3.6	3.4	3.4	3.5
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Thonburi Healthcare Group; 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	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEOIL	SYMC	TQM	WHA
AP	CENEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	CHAX	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	TIPIPP	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	SEAOL	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
Thonburi Healthcare Group	THG TB	THB 70.50	REDUCE	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units.
Bangkok Dusit Medical Services	BDMS TB	THB 29.75	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 220.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Chain Hospital	BCH TB	THB 19.90	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 3.46	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 price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 17.20	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) higher-than-expected expenses from its new building.
Vibhavadi Medical Center	VIBHA TB	THB 2.70	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 54.50	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.
Principal Capital	PRINC TB	THB 5.95	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 23-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.