

BANGKOK DUSIT MEDICAL SERVICES

THAILAND / HEALTHCARE

BDMS TB

BUY

UNCHANGED

Poised for Chinese market growth

- Expect core profit to grow by 13% y-y to THB3.0b in 4Q22; strong momentum to continue in 2023 with 8% earnings growth.
- Potential to increase Chinese patient revenue by 1%-2% after China's reopening.
- Maintain BUY with a higher DCF-TP of THB34.5/shr.

TARGET PRICE	THB34.50
CLOSE	THB30.25
UP/DOWNSIDE	+14.0%
PRIOR TP	THB33.00
CHANGE IN TP	+4.5%
TP vs CONSENSUS	+4.4%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	75,514	93,045	98,741	107,081
Net profit	7,936	12,471	13,462	15,293
EPS (THB)	0.50	0.78	0.85	0.96
vs Consensus (%)	-	6.8	-	-
EBITDA	17,345	22,860	24,358	27,058
Core net profit	7,736	12,471	13,462	15,293
Core EPS (THB)	0.49	0.78	0.85	0.96
Chg. In EPS est. (%)	-	9.9	4.4	3.0
EPS growth (%)	28.0	61.2	8.0	13.6
Core P/E (x)	62.1	38.5	35.7	31.4
Dividend yield (%)	2.6	1.5	1.6	1.7
EV/EBITDA (x)	28.3	21.1	19.6	17.3
Price/book (x)	5.7	5.4	5.1	4.7
Net debt/Equity (%)	7.1	(2.3)	(9.2)	(16.3)
ROE (%)	9.0	14.4	14.6	15.5

International patient revenue should recover in 4Q22

We expect 4Q22 revenue to grow by 9% y-y, but with a slight drop of 1% q-q due to the drop in Covid-related revenue to 7%-8% of overall revenue vs 9% in 3Q22. International patient revenue should grow by 11% q-q and 62% y-y to THB6.1b, equivalent to the pre-Covid level, thanks to a recovery in fly-in patients (CLMV and the Middle East) and expat patients, especially Chinese. Non-Covid Thai patient revenue should grow by 6% y-y but stay relatively flat q-q. We conservatively forecast EBITDA margin to drop to 23% in 4Q22 (vs 25% in 3Q22) as BDMS normally books higher expenses in 4Q. Overall, core profit should drop by 12% q-q, but grow by 13% y-y to THB3.0b, exceeding the pre-Covid level by 25%.

Expect 2023E profit to rise 8% and exceed pre-Covid by 34%

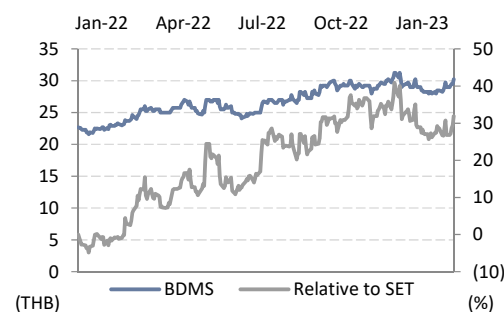
We forecast revenue to grow by 23% in 2022 (vs 22% according to management's guidance) and a further 6% in 2023 (vs management's projected 6%-8% growth over 2023-2025). We expect EBITDA margin to remain at a high level of 24.7% in 2023, slightly above management's guidance of 23%-24%, driven by a recovery in international patients which normally have larger bills and higher margins. As a result, we expect 2023 core profit to grow by 8% to THB13.5b, exceeding the pre-Covid level by 34%.

Collaboration with Ping An group should resume

BDMS will benefit from China's reopening. Chinese patient revenue contributed 2% of overall revenue in 2019 and BDMS plans to further penetrate the Chinese medical tourism market. BDMS partnered with Ping An Good Doctor and Ping An Health Insurance, a leading Chinese medical service platform and insurance company, but plans were frozen due to the Covid pandemic. We believe BDMS will restore the plan this year along with its previous annual target of capturing c1,000-4,000 Chinese patients for additional revenue of THB2b per year.

Revise up 2022-24E core profit estimate by 3%-10%

We revise up our core profit to reflect the strong business outlook and derive a new 2023 DCF-derived TP of THB34.5/shr. BDMS is trading at 35x 2023E P/E, relatively in line with its five-year average of 34x. In our view, the key catalyst is the potential to capture more Chinese medical tourism.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.1	2.5	33.8
Relative to country (%)	2.9	(3.2)	32.6
Mkt cap (USD m)	14,276		
3m avg. daily turnover (USD m)	37.5		
Free float (%)	68		
Major shareholder	Prasert Prasatthongsoj (13%)		
12m high/low (THB)	32.00/21.50		
Issued shares (m)	15,892.00		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

BDMS has aggressively expanded its hospital network from 10 in 2004 to 54 currently. The company had a high capex level averaging 17% of revenue over 2013-19. It is now at the tail end of its capex cycle, as it has already achieved its target of 50 hospitals.

BDMS plans to focus on organic growth. We expect its EBITDA margin to improve from 22% in 2019 to 25% in 2024, led by a higher utilisation rate, its Centre of Excellence (CoE) project, and the turnaround of loss-making hospitals.

BDMS has a healthy balance sheet with a 9M22 net D/E of only 0.1x. FCFF should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.

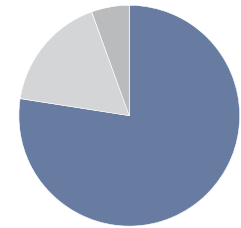
Company profile

BDMS is the largest healthcare provider in terms of market capital in Thailand. It operates 54 hospitals under six brands.

www.bangkokhospital.com

Principal activities (revenue, 2021)

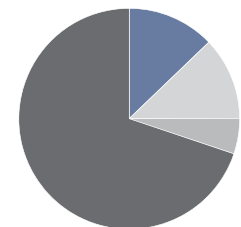
- Thai patient revenue - 77.5 %
- International patient revenue - 17.0 %
- Other revenue - 5.5 %



Source: Bangkok Dusit Medical Services

Major shareholders

- Prasert Prasatthongsoj - 12.8 %
- Thai NVDR - 12.1 %
- Bangkok Airways - 5.2 %
- Others - 69.9 %



Source: Bangkok Dusit Medical Services

Catalysts

Key potential growth drivers include 1) higher insurance patient revenue; 2) rising demand from medical tourists; and 3) an improving EBITDA margin led by CoE hospitals.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.

Event calendar

Date	Event
Feb 2023	4Q22 result announcement

Key assumptions

	2022E (%)	2023E (%)	2024E (%)
No. of hospitals (no.)	56	59	60
OPD volume growth	24	3	4
OPD revenue / patient growth	3	3	4
IPD volume growth	17	25	9
IPD revenue / patient growth	4	(15)	0

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 6%, and vice versa, all else being equal.

Source: FSSIA estimates

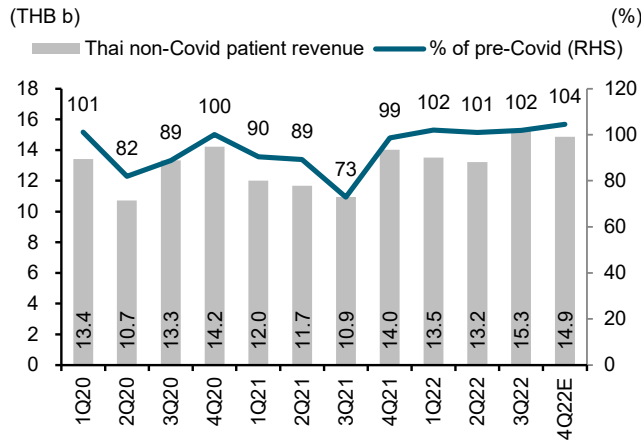
Exhibit 1: 4Q22E results preview

	4Q21	1Q22	2Q22	3Q22	4Q22E	Change		2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	21,878	23,159	21,981	23,985	23,806	(1)	9	93,045	23
- Hospital revenue	20,914	22,165	20,976	22,825	22,745	(0)	9	88,766	24
- Other revenue	964	994	1,005	1,160	1,061	(9)	10	4,279	3
COGS (incl depreciation)	(13,525)	(14,451)	(14,147)	(14,979)	(14,998)	0	11	(58,473)	18
Gross Profit	8,353	8,708	7,834	9,006	8,808	(2)	5	34,571	33
SG&A	(4,691)	(4,025)	(4,200)	(4,496)	(4,785)	6	2	(17,773)	18
Operating Profit¹⁾	3,662	4,683	3,634	4,510	4,023	(11)	10	16,798	52
Net other income	(0)	0	8	0	3			5	10
Interest income	14	13	16	19	19	0	35	126	73
Interest expense	(173)	(158)	(151)	(154)	(154)	0	(11)	(504)	(31)
Pretax profit	3,503	4,538	3,508	4,374	3,891	(11)	11	16,425	58
Income Tax	(746)	(903)	(695)	(824)	(778)	(6)	4	(3,285)	56
Associates	10	9	7	16	16	0	66	23	10
Minority interest	(131)	(201)	(155)	(181)	(163)	(10)	25	(693)	25
Core profit	2,636	3,443	2,664	3,386	2,966	(12)	13	12,471	61
Extraordinaries, GW & FX								0	
Reported net profit	2,636	3,443	2,664	3,386	2,966	(12)	13	12,471	57
Outstanding shares (m)	15,892	15,892	15,892	15,892	15,892	0	0	15,892	0
Core EPS (THB)	0.17	0.22	0.17	0.21	0.19	(12)	13	0.78	61
EPS (THB)	0.17	0.22	0.17	0.21	0.19	(12)	13	0.78	57
COGS Excl depreciation	11,969	12,961	12,661	13,489	13,448	(0)	12	52,411	21
Depreciation	1,556	1,490	1,486	1,490	1,550	4	(0)	6,062	(4)
EBITDA ²⁾	5,218	6,173	5,120	5,999	5,573	(7)	7	22,860	32
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	38	38	36	38	37	(1)	(1)	37	3
SG&A/Revenue	21	17	19	19	20	1	(1)	19	(1)
EBITDA margin	24	27	23	25	23	(2)	(0)	25	2
Net profit margin	12	15	12	14	12	(2)	0	13	3
Operating stats	(%)	(%)	(%)	(%)	(%)				
OPD revenue growth y-y	19	36	39	42	-				
OPD volume growth y-y	8	32	23	35	n/a				
OPD revenue per head growth y-y	11	3	13	5	n/a				
IPD revenue growth y-y	29	53	18	7	-				
IPD volume growth y-y	(6)	7	12	90	n/a				
IPD revenue per head growth y-y	37	43	5	(44)	n/a				
Thai revenue growth y-y	21	38	18	10	-				
International revenue growth y-y	27	72	69	74	-				

1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income – depreciation

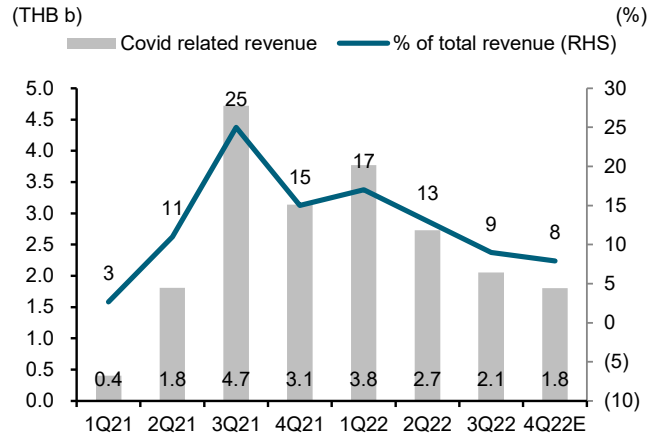
Sources: BDMS; FSSIA estimates

Exhibit 2: Non-Covid Thai patient revenue, quarterly



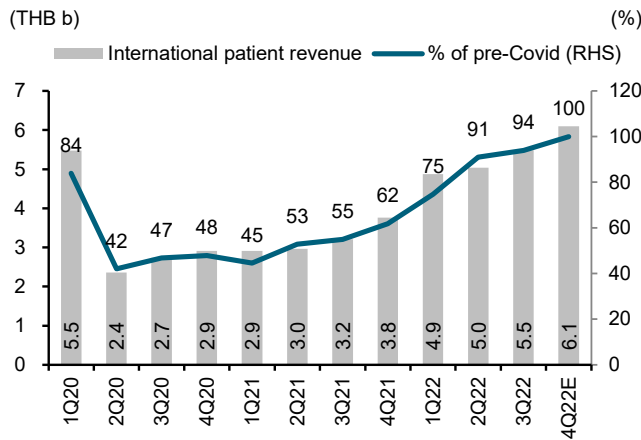
Sources: BDMS; FSSIA estimates

Exhibit 3: Covid-related revenue, quarterly



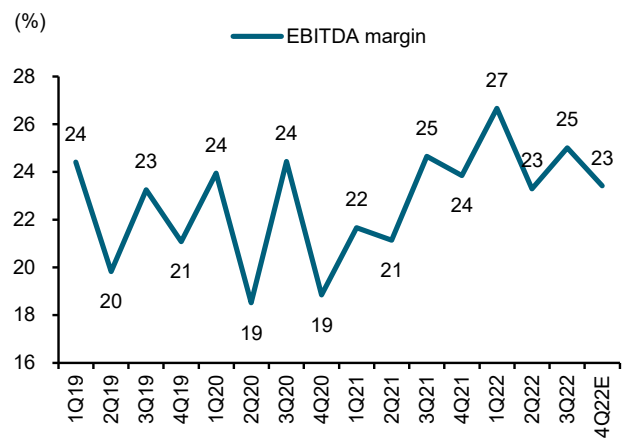
Sources: BDMS; FSSIA estimates

Exhibit 4: International patient revenue, quarterly



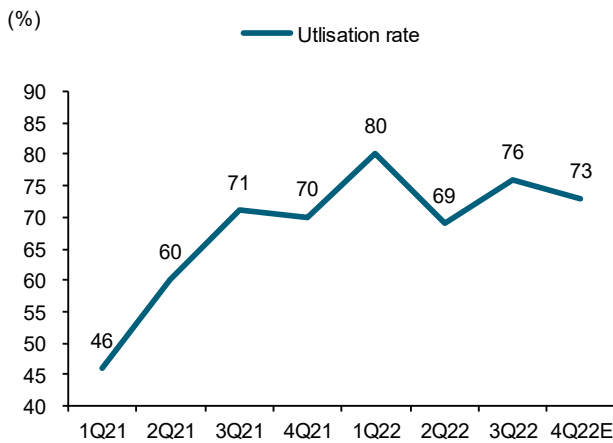
Sources: BDMS; FSSIA estimates

Exhibit 5: EBITDA margin trend, quarterly



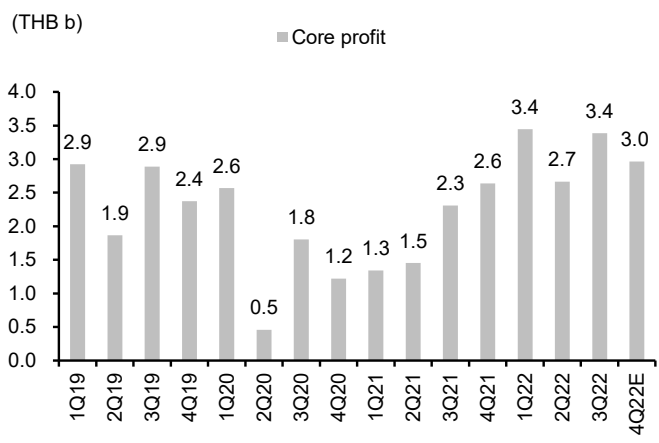
Sources: BDMS; FSSIA estimates

Exhibit 6: Utilisation rate



Sources: BDMS; FSSIA estimate

Exhibit 7: Core profit, quarterly



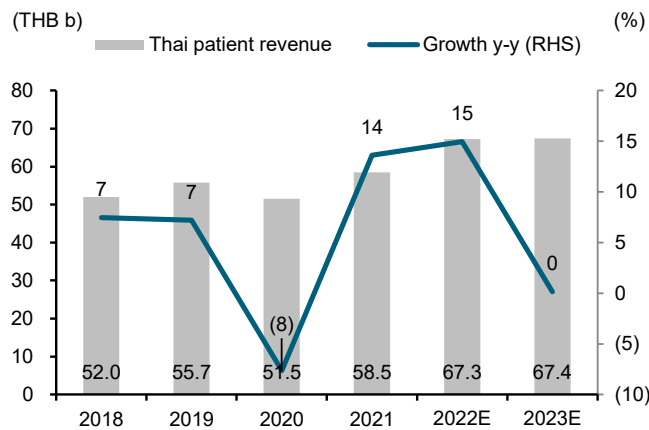
Sources: BDMS; FSSIA estimates

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 volume (visits per day)	32,695	33,676	35,023	31,113	32,046	33,328	5.1	5.1	5.1
OPD revenue / patient (THB)	3,446	3,549	3,691	3,479	3,583	3,727	(1.0)	(1.0)	(1.0)
IPD volume (admissions per day)	1,151	1,439	1,568	1,161	1,451	1,581	(0.8)	(0.8)	(0.8)
IPD revenue / patient (THB)	113,437	96,421	96,421	109,601	98,640	98,640	3.5	(2.3)	(2.3)
Revenue	93.0	98.7	107.1	90.2	98.7	107.0	3.1	0.1	0.1
EBITDA margin (%)	24.6	24.7	25.3	23.8	24.0	24.8	0.8	0.7	0.5
Core profit	12.5	13.5	15.3	11.3	12.9	14.9	9.9	4.4	3.0

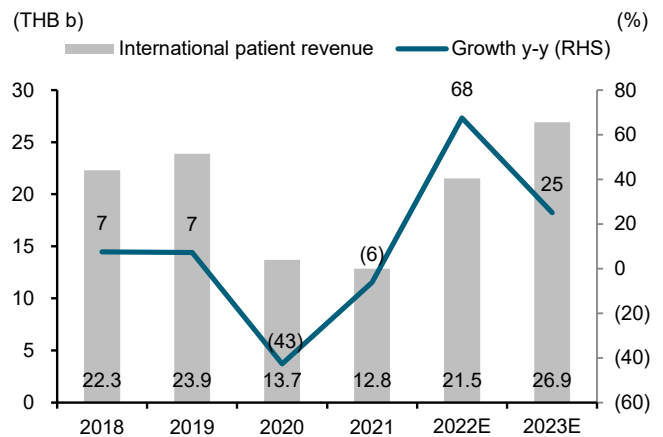
*Note: Change of items in percentage terms are represented in ppt change.
Source: FSSIA estimates

Exhibit 9: Thai patient revenue forecast



Note: Includes Covid-related revenue of THB10.1b in 2021 and THB7.1b in 2022E.
Sources: BDMS; FSSIA estimates

Exhibit 10: International patient revenue forecast



Sources: BDMS; FSSIA estimates

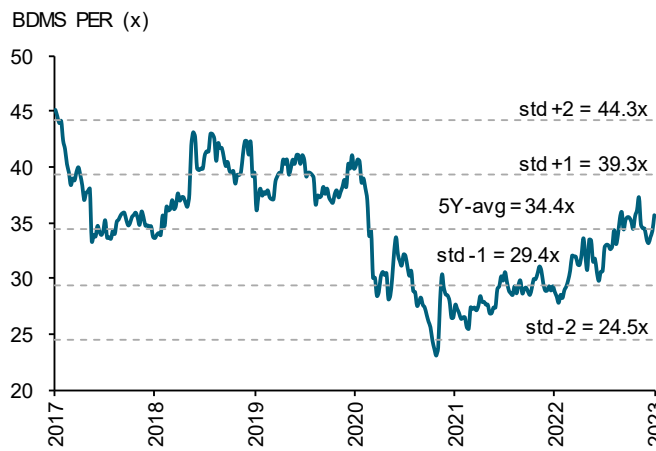
Exhibit 11: BDMS – DCF-derived TP

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	0.8		
Cost of equity, Ke	9.4	Net cost of debt, Kd	2.8
Weight applied	80.0	Weight applied	20.0
WACC	8.1		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	167.3	10.5	WACC 8.1%, Risk-free rate 3%, Risk premium 8%
Terminal value	375.5	23.6	Terminal growth 3%
Cash & liquid assets	18.0	1.1	At end-2023E
Investments	0.9	0.1	At end-2023E
Debt	(8.8)	(0.6)	At end-2023E
Minorities	(5.3)	(0.3)	At end-2023E
Residual ordinary equity	547.6	34.5	

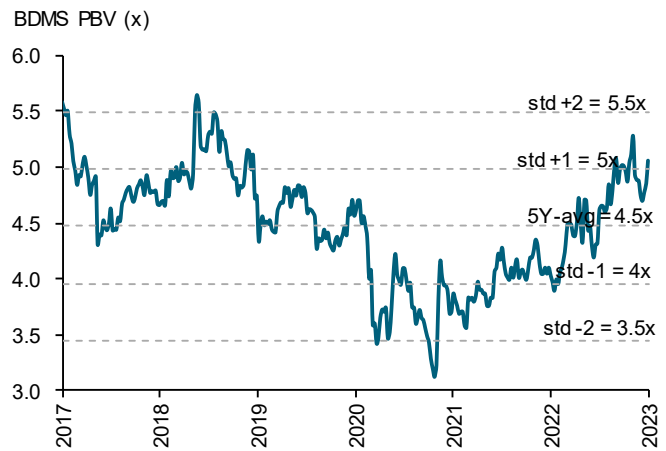
Source: FSSIA estimates

Exhibit 12: One-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 6 Jan-23

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	30.25	34.50	14	14,276	38.5	35.7	31.4	14.4	14.6	5.4	5.1	21.1	19.6
Bumrungrad Hospital	BH TB	BUY	223.00	255.00	14	5,264	38.4	35.1	32.4	25.2	24.5	9.2	8.1	24.9	22.8
Bangkok Chain Hospital	BCH TB	BUY	21.90	26.00	19	1,622	17.1	27.6	24.0	24.9	14.9	4.3	4.0	10.9	14.7
Chularat Hospital	CHG TB	BUY	3.84	4.70	22	1,254	14.0	29.0	25.5	37.9	17.7	5.0	5.3	9.4	17.1
Praram 9 Hospital	PR9 TB	BUY	19.10	21.00	10	446	27.8	26.5	24.5	12.0	11.8	3.2	3.1	13.8	13.1
Thonburi Healthcare Group	THG TB	REDUCE	68.25	55.00	(19)	1,718	35.8	48.9	43.0	16.9	11.8	5.8	5.8	21.0	25.0
Vibhavadi Medical Center	VIBHA TB	BUY	2.74	3.20	17	1,105	35.5	34.3	30.7	8.1	7.3	2.6	2.5	31.4	28.4
Ramkhamhaeng Hospital	RAM TB	BUY	54.75	62.00	13	1,951	31.3	30.7	26.8	11.8	11.3	3.6	3.4	28.9	25.1
Principal Capital	PRINC TB	BUY	5.95	9.00	51	673	40.9	34.4	25.7	5.5	6.2	2.2	2.1	18.5	16.9
Rajthanee Hospital	RJH TB	n/a	30.00	n/a	n/a	267	8.3	21.2	19.9	50.3	18.6	6.0	3.9	6.6	14.4
Ekachai Medical Care	EKH TB	n/a	9.15	n/a	n/a	183	25.0	25.8	26.7	19.9	13.9	6.5	3.7	12.8	14.7
Thailand average						28,759	28.4	31.8	28.2	20.6	13.9	4.9	4.2	18.1	19.2
Regional															
Ramsay Health Care	RHC AU	n/a	66.14	n/a	n/a	10,398	47.7	36.7	25.2	8.3	11.3	3.7	3.7	13.7	12.6
Ihh Healthcare Bhd	IHH SP	n/a	1.88	n/a	n/a	12,395	36.9	30.8	27.5	6.5	6.7	2.1	2.1	15.9	14.8
Ryman Healthcare	RYM NZ	n/a	5.64	n/a	n/a	1,804	12.3	9.9	9.3	7.4	8.0	0.8	0.8	15.9	12.8
Apollo Hospitals Enterprise	APHS IN	n/a	4,387	n/a	n/a	7,666	68.3	64.6	45.5	18.6	16.2	11.2	11.2	29.0	28.9
Kpj Healthcare Berhad	KPJ MK	n/a	1.00	n/a	n/a	986	31.3	25.6	21.7	6.5	7.8	2.0	2.0	12.2	11.3
Raffles Medical Group	RFMD SP	n/a	1.42	n/a	n/a	1,972	24.5	26.8	24.9	11.0	9.6	2.6	2.6	13.0	14.2
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,850	n/a	n/a	2,608	40.2	34.9	30.3	18.4	19.5	7.3	7.3	25.9	22.6
Aier Eye Hospital Group	300015 CH	n/a	30.79	n/a	n/a	32,355	74.9	57.1	44.7	20.7	22.4	14.6	14.6	42.4	33.7
Regional average						70,185	42.0	35.8	28.6	12.2	12.7	5.5	5.5	21.0	18.9
Overall average						98,944	34.1	33.5	28.4	17.1	13.4	5.2	4.8	19.3	19.1

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	69,057	75,514	93,045	98,741	107,081
Cost of goods sold	(39,958)	(43,141)	(52,411)	(55,620)	(59,890)
Gross profit	29,099	32,373	40,633	43,121	47,191
Other operating income	-	-	-	-	-
Operating costs	(14,161)	(15,029)	(17,773)	(18,762)	(20,133)
Operating EBITDA	14,938	17,345	22,860	24,358	27,058
Depreciation	(6,413)	(6,321)	(6,062)	(6,448)	(6,862)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	8,525	11,023	16,798	17,910	20,196
Net financing costs	(832)	(655)	(378)	(211)	(120)
Associates	273	21	23	26	28
Recurring non-operating income	278	26	28	31	34
Non-recurring items	1,169	200	0	0	0
Profit before tax	9,141	10,594	16,449	17,731	20,110
Tax	(1,491)	(2,103)	(3,285)	(3,541)	(4,016)
Profit after tax	7,649	8,490	13,163	14,190	16,094
Minority interests	(435)	(554)	(693)	(728)	(800)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,214	7,936	12,471	13,462	15,293
Non-recurring items & goodwill (net)	(1,169)	(200)	0	0	0
Recurring net profit	6,045	7,736	12,471	13,462	15,293
Per share (THB)					
Recurring EPS *	0.38	0.49	0.78	0.85	0.96
Reported EPS	0.45	0.50	0.78	0.85	0.96
DPS	0.30	0.80	0.45	0.47	0.51
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
Growth					
Revenue (%)	(17.6)	9.3	23.2	6.1	8.4
Operating EBITDA (%)	(19.6)	16.1	31.8	6.6	11.1
Operating EBIT (%)	(33.5)	29.3	52.4	6.6	12.8
Recurring EPS (%)	(39.9)	28.0	61.2	8.0	13.6
Reported EPS (%)	(53.5)	10.0	57.1	8.0	13.6
Operating performance					
Gross margin inc. depreciation (%)	32.9	34.5	37.2	37.1	37.7
Gross margin of key business (%)	32.9	34.5	37.2	37.1	37.7
Operating EBITDA margin (%)	21.6	23.0	24.6	24.7	25.3
Operating EBIT margin (%)	12.3	14.6	18.1	18.1	18.9
Net margin (%)	8.8	10.2	13.4	13.6	14.3
Effective tax rate (%)	19.4	20.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	78.4	164.7	57.3	55.6	52.8
Interest cover (X)	10.6	16.9	44.5	85.2	168.0
Inventory days	16.9	16.3	15.5	16.5	16.4
Debtor days	42.4	39.4	35.8	33.8	31.1
Creditor days	47.7	40.1	38.8	41.4	41.1
Operating ROIC (%)	8.7	10.6	16.6	18.0	20.4
ROIC (%)	6.5	8.5	13.2	14.2	16.1
ROE (%)	7.0	9.0	14.4	14.6	15.5
ROA (%)	5.3	6.7	10.5	10.9	11.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thai patient revenue	51,482	58,500	67,256	67,361	72,788
International patient revenue	13,685	12,841	21,509	26,887	29,575
Other revenue	3,891	4,173	4,279	4,493	4,717

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	6,045	7,736	12,471	13,462	15,293
Depreciation	6,413	6,321	6,062	6,448	6,862
Associates & minorities	-	-	-	-	-
Other non-cash items	2,408	931	693	728	800
Change in working capital	(1,614)	(980)	2,810	771	1,099
Cash flow from operations	13,252	14,008	22,036	21,409	24,055
Capex - maintenance	(12,551)	(4,235)	(6,513)	(6,912)	(7,496)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	17,066	8	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	4,514	(4,227)	(6,513)	(6,912)	(7,496)
Dividends paid	(4,741)	(12,738)	(7,151)	(7,482)	(8,077)
Equity finance	0	0	0	0	0
Debt finance	(137)	(5,416)	(8,000)	(2,000)	(500)
Other financing cash flows	2,455	75	0	0	0
Cash flow from financing	(2,423)	(18,079)	(15,151)	(9,482)	(8,577)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	15,343	(8,298)	371	5,015	7,982
Free cash flow to firm (FCFF)	18,637.19	10,509.69	16,026.81	14,831.15	16,850.70
Free cash flow to equity (FCFE)	20,084.21	4,439.73	7,522.61	12,496.95	16,058.99

Per share (THB)					
FCFF per share	1.17	0.66	1.01	0.93	1.06
FCFE per share	1.26	0.28	0.47	0.79	1.01
Recurring cash flow per share	0.94	0.94	1.21	1.30	1.44

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	139,771	142,630	149,143	156,055	163,550
Less: Accumulated depreciation	(54,780)	(59,725)	(65,787)	(72,235)	(79,096)
Tangible fixed assets (net)	84,991	82,905	83,356	83,820	84,454
Intangible fixed assets (net)	18,894	18,828	18,828	18,828	18,828
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	939	931	931	931	931
Cash & equivalents	20,939	12,641	13,012	18,027	26,009
A/C receivable	7,192	9,131	9,131	9,131	9,131
Inventories	1,855	2,005	2,436	2,585	2,783
Other current assets	27	624	179	190	206
Current assets	30,013	24,401	24,758	29,933	38,129
Other assets	1,213	1,389	1,389	1,389	1,389
Total assets	136,050	128,454	129,261	134,900	143,730
Common equity	87,910	83,845	89,164	95,144	102,360
Minorities etc.	3,553	3,920	4,613	5,340	6,140
Total shareholders' equity	91,463	87,765	93,777	100,485	108,501
Long term debt	24,163	18,753	10,753	8,753	8,253
Other long-term liabilities	9,631	9,442	9,442	9,442	9,442
Long-term liabilities	33,794	28,196	20,196	18,196	17,696
A/C payable	4,450	5,035	6,116	6,491	6,989
Short term debt	83	76	76	76	76
Other current liabilities	6,260	7,382	9,096	9,653	10,468
Current liabilities	10,793	12,493	15,289	16,220	17,534
Total liabilities and shareholders' equity	136,050	128,454	129,261	134,900	143,730
Net working capital	(1,637)	(657)	(3,467)	(4,238)	(5,337)
Invested capital	104,401	103,396	101,036	100,729	100,264

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

Per share (THB)					
Book value per share	5.53	5.28	5.61	5.99	6.44
Tangible book value per share	4.34	4.09	4.43	4.80	5.26

Financial strength					
Net debt/equity (%)	3.6	7.1	(2.3)	(9.2)	(16.3)
Net debt/total assets (%)	2.4	4.8	(1.7)	(6.8)	(12.3)
Current ratio (x)	2.8	2.0	1.6	1.8	2.2
CF interest cover (x)	25.1	7.8	20.9	60.3	134.3

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	79.5	62.1	38.5	35.7	31.4
Recurring P/E @ target price (x) *	90.7	70.9	44.0	40.7	35.9
Reported P/E (x)	66.6	60.6	38.5	35.7	31.4
Dividend yield (%)	1.0	2.6	1.5	1.6	1.7
Price/book (x)	5.5	5.7	5.4	5.1	4.7
Price/tangible book (x)	7.0	7.4	6.8	6.3	5.8
EV/EBITDA (x) **	32.6	28.3	21.1	19.6	17.3
EV/EBITDA @ target price (x) **	37.2	32.2	24.1	22.4	19.8
EV/invested capital (x)	4.7	4.7	4.8	4.7	4.7

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

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BPCG	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	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	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQU	
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	TPIPP	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
AMANAH	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	WIIK
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
Bangkok Dusit Medical Services	BDMS TB	THB 30.25	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 prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 223.00	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 21.90	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 3.84	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 price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 19.10	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 68.25	REDUCE	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units.
Vibhavadi Medical Center	VIBHA TB	THB 2.74	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.
Ramkhamhaeng Hospital	RAM TB	THB 54.75	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 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 06-Jan-2023 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.