

# BANGKOK DUSIT MEDICAL SERVICES

THAILAND / HEALTH CARE SERVICES

## BDMS TB

# BUY

UNCHANGED

## Riding high on medical tourism

- 1Q23 core profit should grow q-q, led by the strong recovery of fly-in patient numbers.
- Revenue should grow by 6-8% in 2023 despite the high base. BDMS should capture more patients from China and Saudi Arabia.
- Maintain BUY with a DCF-TP of THB34.5/shr.

TARGET PRICE	THB34.50
CLOSE	THB28.00
UP/DOWNSIDE	+23.2%
PRIOR TP	THB34.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+2.7%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	92,968	100,315	108,779	116,421
Net profit	12,606	13,469	15,295	16,843
EPS (THB)	0.79	0.85	0.96	1.06
vs Consensus (%)	-	12.0	17.1	19.2
EBITDA	22,933	24,415	26,856	29,091
Core net profit	12,606	13,469	15,295	16,843
Core EPS (THB)	0.79	0.85	0.96	1.06
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	63.0	6.8	13.6	10.1
Core P/E (x)	35.3	33.0	29.1	26.4
Dividend yield (%)	1.8	1.8	1.8	2.1
EV/EBITDA (x)	19.9	18.5	16.5	14.9
Price/book (x)	5.0	4.7	4.3	4.0
Net debt/Equity (%)	9.2	1.3	(7.0)	(14.4)
ROE (%)	14.5	14.5	15.4	15.8

### Recap: 4Q22 results

BDMS reported a core profit of THB3.1b in 4Q22 (+18% y-y, -8% q-q), beating our estimate by 5% due to a higher-than-expected EBITDA margin. 4Q22 core profit exceeded 4Q19's profit of THB2.4b by 31%. Hospital revenue dropped 1% q-q due to a lower Covid-related revenue contribution at 2% (vs 9% in 3Q22). Non-Covid Thai patient revenue grew 5% q-q and exceeded the pre-Covid level by 13%. 4Q22 revenue from international patients grew 9% q-q and reached the pre-Covid level (94% in 3Q22). Key growth areas by nationality were patients from the Middle East, Australia and CLMV. COGS fell 2% q-q, but SG&A rose 10% q-q. Thus, the EBITDA margin dropped from 25% in 3Q22 to 24% in 4Q22.

### Strong momentum to continue in 1Q23

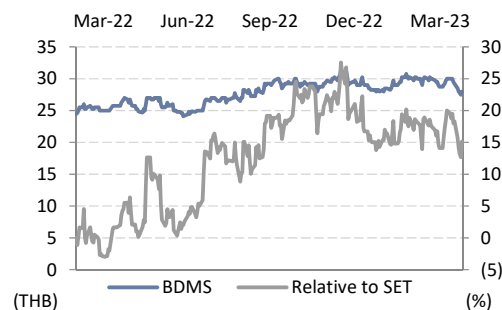
At the analyst meeting on 2 March, management signalled that strong earnings growth should continue in 1Q23, with c6% y-y growth in Jan-Feb 2023, driven by fly-in and expat patients. The number of international patient appointments increased from 12,630 in Oct-22 to 15,000 cases in Feb-23, consisting of 44% from CLMV, 14% from the Middle East and 12% from Europe. As a result, we expect revenue and earnings to grow q-q in 1Q23.

### Fly-in international patients to drive 2023 profit

Management targets revenue growth of 6-8% (vs our assumption of 8%) in 2023, with an EBITDA margin of 24% (vs our assumption of 24.3%). Key revenue growth should come from international patient revenue, which should grow 30% y-y and exceed the pre-Covid level by 16%. BDMS has resumed its partnership with the Ping An group after the plan was halted during the Covid pandemic. They plan to offer post-Covid packages to Chinese tourists. In addition, they recently opened the BDMS Saudi Arabia Collaboration Center for Saudi patients, and expect revenue to jump from cTHB100m by 5-6x within the next five years.

### China patient recovery is a key catalyst

We maintain our forecast and expect earnings to grow by 7% in 2023, with a potential upside from the EBITDA margin, given that BDMS achieved 26% in 2H22 (vs our 2023E of 24.22%). BDMS is trading at 33x 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 (%)	(6.7)	(3.4)	13.8
Relative to country (%)	(1.9)	(1.4)	20.1
Mkt cap (USD m)	12,819		
3m avg. daily turnover (USD m)	30.9		
Free float (%)	68		
Major shareholder	Prasert Prasatthongsoj (13%)		
12m high/low (THB)	32.00/23.80		
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 57 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 maintain at a high level of 24-25% over 2023-25 (vs 22% in 2019), 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 2022 net D/E of only 0.1x. FCFF should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.

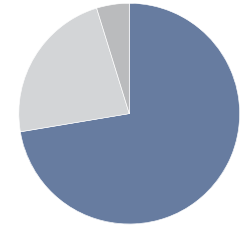
## Company profile

BDMS is the largest healthcare provider in terms of market capital in Thailand. It operates 57 hospitals under six brands.

[www.bangkokhospital.com](http://www.bangkokhospital.com)

## Principal activities (revenue, 2022)

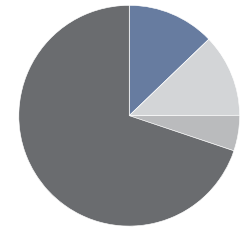
- Thai patient revenue - 72.4 %
- International patient revenue - 22.9 %
- Other revenue - 4.8 %



Source: Bangkok Dusit Medical Services

## Major shareholders

- Prasert Prasathongsoj - 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
May 2023	1Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
No. of hospitals (no.)	60	61	62
OPD volume growth	4	4	4
OPD revenue / patient growth	4	4	3
IPD volume growth	27	9	4
IPD revenue / patient growth	(15)	0	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 6%, and vice versa, all else being equal.

Source: FSSIA estimates

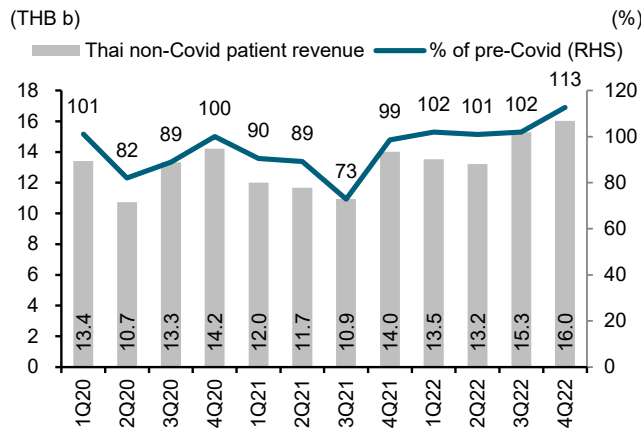
## Exhibit 1: 4Q22 results review

	4Q21	1Q22	2Q22	3Q22	4Q22	----- Change -----		2021	2022	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
<b>Sales</b>	<b>21,878</b>	<b>23,159</b>	<b>21,981</b>	<b>23,985</b>	<b>23,842</b>	<b>(1)</b>	<b>9</b>	<b>75,514</b>	<b>92,968</b>	<b>23</b>
- Hospital revenue	20,914	22,165	20,976	22,825	22,568	(1)	8	71,341	88,535	24
- Other revenue	964	994	1,005	1,160	1,274	10	32	4,173	4,433	6
COGS (incl depreciation)	(13,525)	(14,451)	(14,147)	(14,979)	(14,752)	(2)	9	(49,462)	(58,329)	18
<b>Gross profit</b>	<b>8,353</b>	<b>8,708</b>	<b>7,834</b>	<b>9,006</b>	<b>9,090</b>	<b>1</b>	<b>9</b>	<b>26,052</b>	<b>34,638</b>	<b>33</b>
SG&A	(4,691)	(4,025)	(4,200)	(4,496)	(4,933)	10	5	(15,029)	(17,655)	17
<b>Operating profit <sup>1)</sup></b>	<b>3,662</b>	<b>4,683</b>	<b>3,634</b>	<b>4,510</b>	<b>4,157</b>	<b>(8)</b>	<b>14</b>	<b>11,023</b>	<b>16,984</b>	<b>54</b>
Net other income	(0)	0	8	0	(0)			5	8	77
Interest income	14	13	16	19	32	68	128	73	80	9
Interest expense	(173)	(158)	(151)	(154)	(169)	9	(3)	(728)	(632)	(13)
<b>Pretax profit</b>	<b>3,503</b>	<b>4,538</b>	<b>3,508</b>	<b>4,374</b>	<b>4,020</b>	<b>(8)</b>	<b>15</b>	<b>10,373</b>	<b>16,440</b>	<b>58</b>
Income Tax	(746)	(903)	(695)	(824)	(806)	(2)	8	(2,103)	(3,227)	53
Associates	10	9	7	16	10	(35)	7	21	42	98
Minority interest	(131)	(201)	(155)	(181)	(111)	(38)	(15)	(554)	(648)	17
<b>Core profit</b>	<b>2,636</b>	<b>3,443</b>	<b>2,664</b>	<b>3,386</b>	<b>3,113</b>	<b>(8)</b>	<b>18</b>	<b>7,736</b>	<b>12,606</b>	<b>63</b>
Extra ordinaries, GW & FX								200	0	
<b>Reported net profit</b>	<b>2,636</b>	<b>3,443</b>	<b>2,664</b>	<b>3,386</b>	<b>3,113</b>	<b>(8)</b>	<b>18</b>	<b>7,936</b>	<b>12,606</b>	<b>59</b>
Outstanding shares (m)	15,892	15,892	15,892	15,892	15,892	0	0	15,892	15,892	0
Core EPS (THB)	0.17	0.22	0.17	0.21	0.20	(8)	18	0.49	0.79	63
EPS (THB)	0.17	0.22	0.17	0.21	0.20	(8)	18	0.50	0.79	59
COGS excl depreciation	11,969	12,961	12,661	13,489	13,268	(2)	11	43,141	52,380	21
Depreciation	1,556	1,490	1,486	1,490	1,484	(0)	(5)	6,321	5,950	(6)
EBITDA <sup>2)</sup>	5,218	6,173	5,120	5,999	5,641	(6)	8	17,345	22,933	32
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	38	38	36	38	38	1	(0)	34	37	3
SG&A/Revenue	21	17	19	19	21	2	(1)	20	19	(1)
EBITDA margin	24	27	23	25	24	(1)	(0)	23	25	2
Net profit margin	12	15	12	14	13	(1)	1	11	14	3
<b>Operating stats</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>					
OPD revenue growth y-y	19	36	39	42	15					
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	(2)					
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	(4)					
International revenue growth y-y	27	72	69	74	61					

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

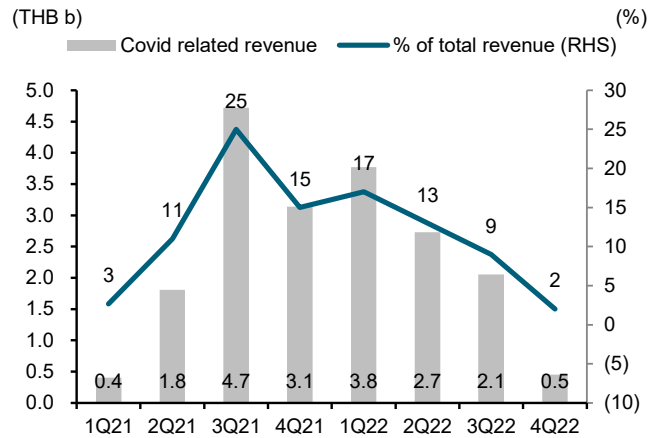
Sources: BDMS; FSSIA estimates

**Exhibit 2: Non-Covid Thai patient revenue, quarterly**



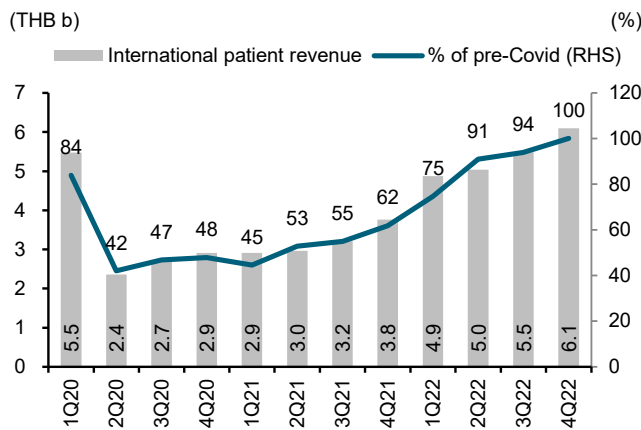
Sources: BDMS; FSSIA estimates

**Exhibit 3: Covid-related revenue, quarterly**



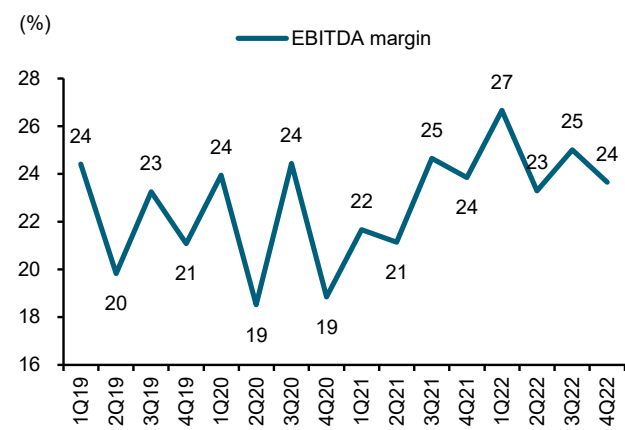
Sources: BDMS; FSSIA estimates

**Exhibit 4: International patient revenue, quarterly**



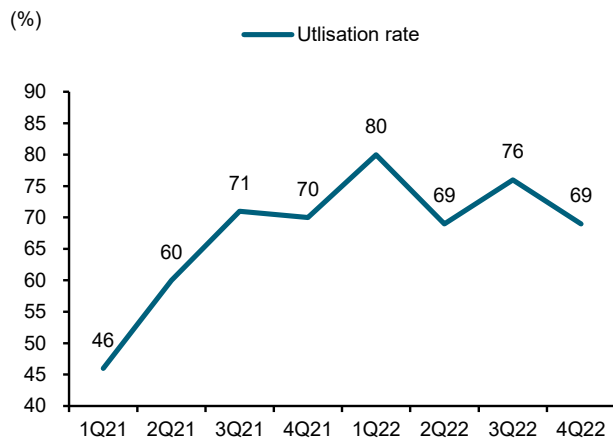
Sources: BDMS; FSSIA estimates

**Exhibit 5: EBITDA margin trend, quarterly**



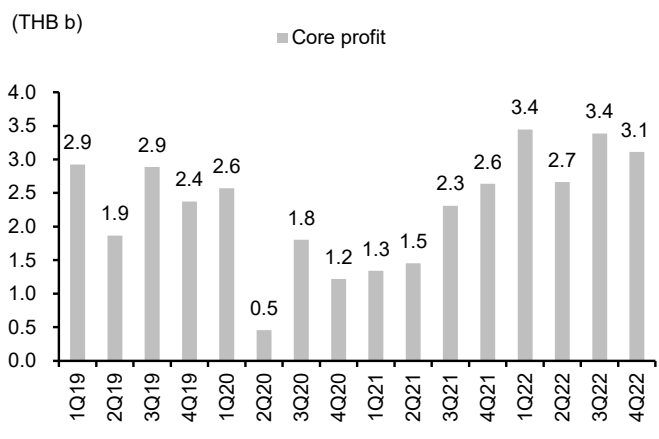
Sources: BDMS; FSSIA estimates

**Exhibit 6: Utilisation rate, quarterly**



Sources: BDMS; FSSIA estimate

**Exhibit 7: Core profit, quarterly**



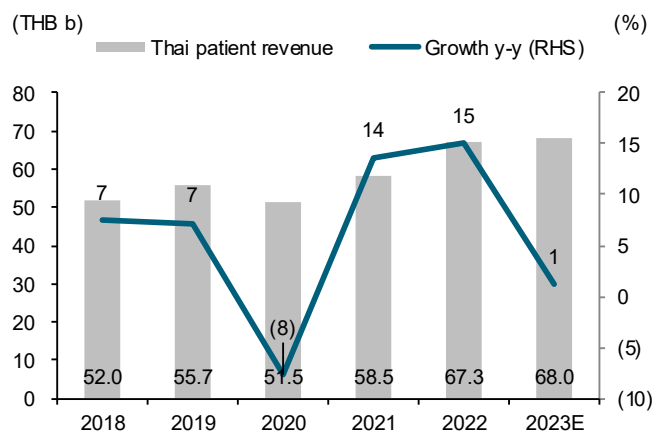
Sources: BDMS; FSSIA estimates

**Exhibit 8: Forecast revisions**

	Current			Previous			Change	
	2023E (THB b)	2024E (THB b)	2025E (THB b)	2023E (THB b)	2024E (THB b)	2025E (THB b)	2023E (%)	2024E (%)
OPD volume (visit per day)	34,232	35,601	37,025	33,676	35,023	n/a	1.7	1.7
OPD revenue / patient (THB)	3,602	3,746	3,859	3,549	3,691	n/a	1.5	1.5
IPD volume (admission per day)	1,466	1,598	1,662	1,439	1,568	n/a	1.9	1.9
IPD revenue / patient (THB)	94,679	94,679	97,519	96,421	96,421	n/a	(1.8)	(1.8)
<b>Revenue</b>	<b>100.3</b>	<b>108.8</b>	<b>116.4</b>	<b>98.7</b>	<b>107.1</b>	<b>n/a</b>	<b>1.6</b>	<b>1.6</b>
EBITDA margin (%)	24.3	24.7	25.0	24.7	25.3	n/a	(0.3)	(0.6)
<b>Core profit</b>	<b>13.5</b>	<b>15.3</b>	<b>16.8</b>	<b>13.5</b>	<b>15.3</b>	<b>n/a</b>	<b>0.0</b>	<b>0.0</b>

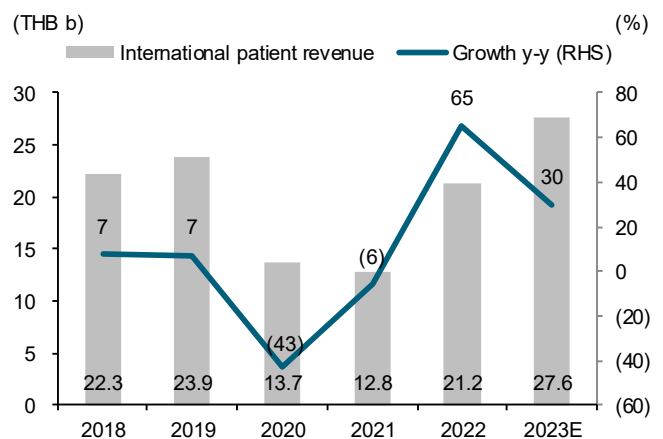
\*Note: Change of items in percentage terms are represented in ppt change.  
Source: FSSIA estimates

**Exhibit 9: Thai patient revenue forecast**



Note: Includes Covid-related revenue of THB10.1b in 2021 and THB9.0b in 2022  
Sources: BDMS; FSSIA estimate

**Exhibit 10: International patient revenue forecast**



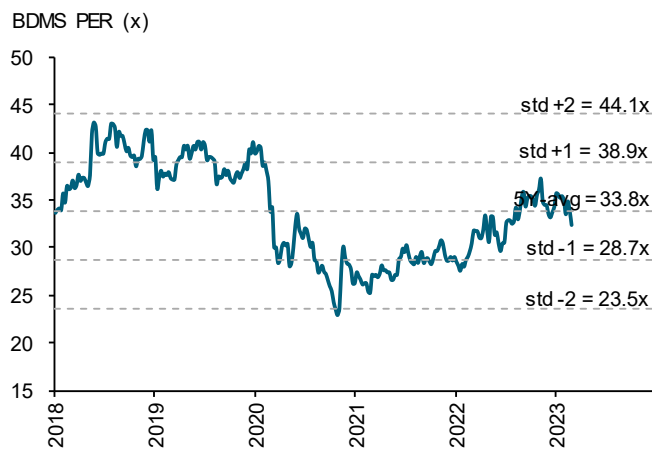
Sources: BDMS; FSSIA estimate

**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	170.7	10.7	WACC 8.1%, Risk-free rate 3%, Risk premium 8%		
Terminal value	381.3	24.0	Terminal growth 3%		
Cash & liquid assets	20.3	1.3	At end-2023E		
Investments	2.0	0.1	At end-2023E		
Debt	(21.6)	(1.4)	At end-2023E		
Minorities	(4.5)	(0.3)	At end-2023E		
<b>Residual ordinary equity</b>	<b>548.2</b>	<b>34.5</b>			

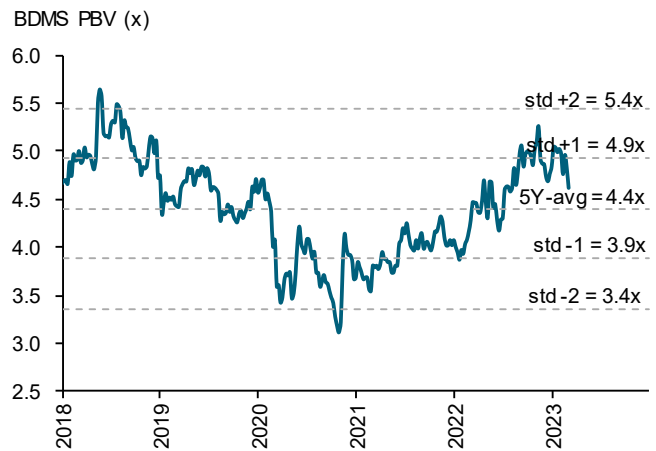
Source: FSSIA estimates

**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 3 Mar-23**

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
<b>Thailand</b>														
Bangkok Dusit Med Service	BDMS TB	BUY	28.00	34.50	23.2	12,819	33.0	29.1	14.5	15.4	4.7	4.3	18.5	16.5
Bumrungrad Hospital	BH TB	BUY	210.00	260.00	23.8	4,809	31.1	28.6	25.6	24.8	7.5	6.7	20.0	18.2
Bangkok Chain Hospital	BCH TB	BUY	19.30	25.50	32.1	1,386	26.9	22.1	13.6	15.3	3.5	3.2	13.9	11.6
Chularat Hospital	CHG TB	BUY	3.70	4.40	18.9	1,172	30.9	26.5	16.5	18.8	5.2	4.8	18.1	15.5
Praram 9 Hospital	PR9 TB	BUY	19.50	22.00	12.8	442	26.3	24.3	12.1	12.6	3.1	3.0	13.1	11.9
Thonburi Healthcare Group	THG TB	REDUCE	69.75	55.00	(21.1)	1,703	49.9	44.0	11.8	13.1	5.9	5.6	25.4	23.0
Vibhavadi Medical Center	VIBHA TB	BUY	2.62	3.20	22.1	1,025	32.8	29.3	7.3	7.9	2.4	2.3	27.3	24.6
Ramkhamhaeng Hospital	RAM TB	BUY	54.50	62.00	13.8	1,884	30.6	26.7	11.3	12.2	3.4	3.1	25.0	22.6
Rajthanee Hospital	RJH TB	n/a	29.50	n/a	n/a	255	21.0	20.2	18.5	19.6	5.9	4.0	14.1	13.7
Ekachai Medical Care	EKH TB	n/a	8.40	n/a	n/a	162	24.1	24.6	14.0	11.8	5.9	3.1	13.2	12.2
<b>Thailand average</b>						<b>25,657</b>	<b>30.7</b>	<b>27.5</b>	<b>14.5</b>	<b>15.1</b>	<b>4.7</b>	<b>4.0</b>	<b>18.8</b>	<b>17.0</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	67.50	n/a	n/a	10,337	37.3	27.6	10.4	12.3	3.8	3.7	12.9	11.6
Ihh Healthcare Bhd	IHH SP	n/a	1.76	n/a	n/a	11,657	31.0	27.6	6.4	6.7	2.2	1.9	14.0	13.1
Ryman Healthcare	RYM NZ	n/a	5.59	n/a	n/a	2,158	11.0	11.8	7.0	7.1	1.3	0.7	13.7	13.8
Apollo Hospitals Enterprise	APHS IN	n/a	4,421	n/a	n/a	7,773	74.7	51.4	13.9	17.7	17.5	9.9	31.2	24.5
Kpj Healthcare Berhad	KPJ MK	n/a	1.13	n/a	n/a	1,131	24.2	21.5	9.2	10.0	2.6	2.2	11.4	10.8
Raffles Medical Group	RFMD SP	n/a	1.38	n/a	n/a	1,879	20.9	20.3	11.7	11.5	2.9	2.4	12.1	11.8
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,870	n/a	n/a	2,648	35.5	30.5	19.3	20.2	8.4	6.6	23.0	19.9
Aier Eye Hospital Group	300015 CH	n/a	30.62	n/a	n/a	31,729	58.5	45.2	22.2	23.7	25.2	12.2	33.7	26.8
<b>Regional average</b>						<b>69,311</b>	<b>36.6</b>	<b>29.5</b>	<b>12.5</b>	<b>13.6</b>	<b>8.0</b>	<b>4.9</b>	<b>19.0</b>	<b>16.6</b>
<b>Overall average</b>						<b>94,968</b>	<b>33.3</b>	<b>28.4</b>	<b>13.6</b>	<b>14.5</b>	<b>6.2</b>	<b>4.4</b>	<b>18.9</b>	<b>16.8</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	75,514	92,968	100,315	108,779	116,421
Cost of goods sold	(43,141)	(52,380)	(56,550)	(61,212)	(65,396)
<b>Gross profit</b>	<b>32,373</b>	<b>40,588</b>	<b>43,766</b>	<b>47,567</b>	<b>51,025</b>
Other operating income	-	-	-	-	-
Operating costs	(15,029)	(17,655)	(19,351)	(20,712)	(21,934)
<b>Operating EBITDA</b>	<b>17,345</b>	<b>22,933</b>	<b>24,415</b>	<b>26,856</b>	<b>29,091</b>
Depreciation	(6,321)	(5,950)	(6,211)	(6,378)	(6,663)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>11,023</b>	<b>16,984</b>	<b>18,204</b>	<b>20,478</b>	<b>22,428</b>
Net financing costs	(655)	(552)	(558)	(469)	(394)
Associates	21	42	26	28	31
Recurring non-operating income	26	50	34	38	42
Non-recurring items	200	0	0	0	0
<b>Profit before tax</b>	<b>10,594</b>	<b>16,481</b>	<b>17,680</b>	<b>20,047</b>	<b>22,075</b>
Tax	(2,103)	(3,227)	(3,531)	(4,004)	(4,409)
<b>Profit after tax</b>	<b>8,490</b>	<b>13,254</b>	<b>14,149</b>	<b>16,043</b>	<b>17,666</b>
Minority interests	(554)	(648)	(680)	(748)	(823)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>7,936</b>	<b>12,606</b>	<b>13,469</b>	<b>15,295</b>	<b>16,843</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(200)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>7,736</b>	<b>12,606</b>	<b>13,469</b>	<b>15,295</b>	<b>16,843</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.49	0.79	0.85	0.96	1.06
Reported EPS	0.50	0.79	0.85	0.96	1.06
DPS	0.80	0.50	0.50	0.51	0.58
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
<b>Growth</b>					
Revenue (%)	9.3	23.1	7.9	8.4	7.0
Operating EBITDA (%)	16.1	32.2	6.5	10.0	8.3
Operating EBIT (%)	29.3	54.1	7.2	12.5	9.5
Recurring EPS (%)	28.0	63.0	6.8	13.6	10.1
Reported EPS (%)	10.0	58.8	6.8	13.6	10.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	34.5	37.3	37.4	37.9	38.1
Gross margin of key business (%)	34.5	37.3	37.4	37.9	38.1
Operating EBITDA margin (%)	23.0	24.7	24.3	24.7	25.0
Operating EBIT margin (%)	14.6	18.3	18.1	18.8	19.3
Net margin (%)	10.2	13.6	13.4	14.1	14.5
Effective tax rate (%)	20.3	19.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	164.7	63.0	59.0	52.8	54.5
Interest cover (X)	16.9	30.8	32.7	43.8	57.0
Inventory days	16.3	14.7	14.8	14.8	14.9
Debtor days	39.4	38.5	38.1	35.2	32.9
Creditor days	40.1	39.1	41.4	41.4	41.7
Operating ROIC (%)	10.6	15.8	16.2	18.4	20.4
ROIC (%)	8.5	12.7	13.1	14.8	16.3
ROE (%)	9.0	14.5	14.5	15.4	15.8
ROA (%)	6.7	10.1	10.1	10.9	11.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Thai patient revenue	58,500	67,286	68,038	73,507	79,081
International patient revenue	12,841	21,248	27,623	30,385	32,208
Other revenue	4,173	4,433	4,655	4,887	5,132

Sources: Bangkok Dusit Medical Services; FSSIA estimates

## Financial Statements

### Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	7,736	12,606	13,469	15,295	16,843
Depreciation	6,321	5,950	6,211	6,378	6,663
Associates & minorities	-	-	-	-	-
Other non-cash items	997	1,275	680	748	823
Change in working capital	(980)	720	940	1,072	966
<b>Cash flow from operations</b>	<b>14,074</b>	<b>20,551</b>	<b>21,300</b>	<b>23,493</b>	<b>25,295</b>
Capex - maintenance	(4,235)	(14,953)	(6,019)	(6,527)	(6,985)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(58)	(386)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(4,293)</b>	<b>(15,340)</b>	<b>(6,019)</b>	<b>(6,527)</b>	<b>(6,985)</b>
Dividends paid	(12,738)	(7,943)	(7,946)	(8,081)	(9,177)
Equity finance	0	0	0	0	0
Debt finance	(5,416)	4,764	(2,000)	(500)	(500)
Other financing cash flows	75	299	0	0	0
<b>Cash flow from financing</b>	<b>(18,079)</b>	<b>(2,880)</b>	<b>(9,946)</b>	<b>(8,581)</b>	<b>(9,677)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(8,298)</b>	<b>2,330</b>	<b>5,335</b>	<b>8,385</b>	<b>8,633</b>
Free cash flow to firm (FCFF)	10,509.69	5,842.84	15,981.37	17,627.65	18,977.14
Free cash flow to equity (FCFE)	4,439.73	10,273.66	13,280.96	16,465.99	17,810.13

#### Per share (THB)

FCFF per share	0.66	0.37	1.01	1.11	1.19
FCFE per share	0.28	0.65	0.84	1.04	1.12
Recurring cash flow per share	0.95	1.25	1.28	1.41	1.53

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	142,630	155,412	161,431	167,958	174,943
Less: Accumulated depreciation	(59,725)	(63,503)	(69,714)	(76,092)	(82,755)
<b>Tangible fixed assets (net)</b>	<b>82,905</b>	<b>91,909</b>	<b>91,717</b>	<b>91,866</b>	<b>92,188</b>
<b>Intangible fixed assets (net)</b>	<b>18,828</b>	<b>19,160</b>	<b>19,160</b>	<b>19,160</b>	<b>19,160</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,600	1,986	1,986	1,986	1,986
Cash & equivalents	12,641	14,972	20,307	28,691	37,325
A/C receivable	9,131	10,484	10,484	10,484	10,484
Inventories	2,005	2,211	2,387	2,584	2,761
Other current assets	624	132	142	154	165
<b>Current assets</b>	<b>24,401</b>	<b>27,799</b>	<b>33,320</b>	<b>41,914</b>	<b>50,735</b>
Other assets	720	689	689	689	689
<b>Total assets</b>	<b>128,454</b>	<b>141,543</b>	<b>146,872</b>	<b>155,615</b>	<b>164,758</b>
Common equity	83,845	89,879	95,402	102,615	110,282
Minorities etc.	3,920	3,834	4,514	5,262	6,086
<b>Total shareholders' equity</b>	<b>87,765</b>	<b>93,713</b>	<b>99,916</b>	<b>107,878</b>	<b>116,368</b>
Long term debt	18,753	23,062	21,062	20,562	20,062
Other long-term liabilities	9,442	10,032	10,032	10,032	10,032
<b>Long-term liabilities</b>	<b>28,196</b>	<b>33,094</b>	<b>31,094</b>	<b>30,594</b>	<b>30,094</b>
A/C payable	5,035	6,176	6,668	7,217	7,711
Short term debt	76	532	532	532	532
Other current liabilities	7,382	8,028	8,663	9,394	10,053
<b>Current liabilities</b>	<b>12,493</b>	<b>14,736</b>	<b>15,862</b>	<b>17,143</b>	<b>18,296</b>
<b>Total liabilities and shareholders' equity</b>	<b>128,454</b>	<b>141,543</b>	<b>146,872</b>	<b>155,615</b>	<b>164,758</b>
Net working capital	(657)	(1,377)	(2,316)	(3,388)	(4,354)
Invested capital	103,396	112,367	111,235	110,313	109,669

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

#### Per share (THB)

Book value per share	5.28	5.66	6.00	6.46	6.94
Tangible book value per share	4.09	4.45	4.80	5.25	5.73

#### Financial strength

Net debt/equity (%)	7.1	9.2	1.3	(7.0)	(14.4)
Net debt/total assets (%)	4.8	6.1	0.9	(4.9)	(10.2)
Current ratio (x)	2.0	1.9	2.1	2.4	2.8
CF interest cover (x)	7.8	19.6	24.8	36.1	46.2

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>57.5</b>	<b>35.3</b>	<b>33.0</b>	<b>29.1</b>	<b>26.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>70.9</b>	<b>43.5</b>	<b>40.7</b>	<b>35.8</b>	<b>32.6</b>
Reported P/E (x)	56.1	35.3	33.0	29.1	26.4
Dividend yield (%)	2.9	1.8	1.8	1.8	2.1
Price/book (x)	5.3	5.0	4.7	4.3	4.0
Price/tangible book (x)	6.8	6.3	5.8	5.3	4.9
EV/EBITDA (x) **	26.2	19.9	18.5	16.5	14.9
EV/EBITDA @ target price (x) **	32.2	24.5	22.7	20.3	18.5
EV/invested capital (x)	4.4	4.1	4.1	4.0	4.0

\* 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 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTA	SCN	STA	TKN	TPWC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDMS	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	SVI	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENTEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	THG	TTB	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	

VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TIPLI	WIHK
AIT	BIG	CSC	GTB	KCAR	MITSI	PIMO	ROJNA	SKN	SYNEX	TIPIP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCCM	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMIT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UEC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	

GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

**Disclaimer:**

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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	BCPG	CPI	GCAP	JR	MCOT	PHOL	RABBIT	SNC	THANI	TTCL
7UP	BE8	CPL	GEL	K	META	PK	RATCH	SNP	THCOM	TU
ADVANC	BEC	CPN	GFPT	KASET	MFC	PL	RML	SORKON	THIP	TVDH
AF	BEYOND	CRC	GGC	KBANK	MFEC	PLANB	RWI	SPACK	THRE	TVI
AI	BGC	CSC	GJS	KBS	MILL	PLANET	S&J	SPALI	THREL	TVO
AIE	BGRIM	DCC	GPI	KCAR	MINT	PLAT	SAAM	SPC	TIDLOR	TWPC
AIRA	BKI	DELTA	GPSC	KCE	MONO	PM	SABINA	SPI	TIPCO	UBE
AJ	BLA	DEMCO	GSTEEL	KGEN	MOONG	PPP	SAPPE	SPRC	TISCO	UBIS
AKP	BPP	DIMET	GULF	KGI	MSC	PPPM	SAT	SRICHA	TKS	UEC
AMA	BROOK	DRT	GUNKUL	KKP	MST	PPS	SC	SSF	TKT	UKEM
AMANAHA	BRR	DTAC	HANA	KSL	MTC	PR9	SCB	SSP	TMILL	UOBKH
AMATA	BSBM	DUSIT	HARN	KTB	MTI	PREB	SCC	SSSC	TMT	UPF
AMATAV	BTS	EA	HEMP	KTC	NEP	PRG	SCCC	SST	TNITY	UV
AP	BWG	EASTW	HENG	KWI	NINE	PRINC	SCG	STA	TNL	VGI
APCS	CEN	EGCO	HMPRO	L&E	NKI	PRM	SCGP	STGT	TNP	VIH
AS	CENDEL	EP	HTC	LANNA	NOBLE	PROS	SCM	STOWER	TNR	WACOAL
ASIAN	CFRESH	EPG	ICC	LH	NOK	PSH	SCN	SUSCO	TOG	WHA
ASK	CGH	ERW	ICHI	LHFG	NSI	PSL	SEAOIL	SVI	TOP	WHAUP
ASP	CHEWA	ESTAR	IFS	LHK	NWR	PSTC	SE-ED	SYMC	TOPP	WICE
AWC	CHOTI	ETE	III	LPN	OCC	PT	SELIC	SYNTEC	TPA	WIIK
AYUD	CHOW	FE	ILINK	LRH	OGC	PTG	SENA	TAE	TPCS	XO
B	CIG	FNS	INET	M	ORI	PTT	SGP	TAKUNI	TPP	YUASA
BAFS	CIMBT	FPI	INSURE	MAJOR	PAP	PTTEP	SINGER	TASCO	TRU	ZEN
BAM	CM	FPT	INTUCH	MAKRO	PATO	PTTGC	SIRI	TCAP	TRUE	ZIGA
BANPU	CMC	FSMART	IRC	MALEE	PB	PYLON	SITHAI	TCMC	TSC	
BAY	COM7	FSS	IRPC	MATCH	PCSGH	Q-CON	SKR	TFG	TSTE	
BBL	COTTO	FTE	ITEL	MBAX	PDG	QH	SMIT	TFI	TSTH	
BCH	CPALL	GBX	IVL	MBK	PDJ	QLT	SMK	TFMAMA	TTA	
BCP	CPF	GC	JKN	MC	PG	QTC	SMPC	TGH	TTB	

### DECLARED

AH	CHG	DHOUSE	EVER	J	KUMWEL	NRF	RS	SUPER	TQM	VIBHA
ALT	CI	DOHOME	FLOYD	JMART	LDC	NUSA	SAK	SVT	TRT	W
APCO	CPR	ECF	GLOBAL	JMT	MEGA	OR	SIS	TKN	TSI	WIN
ASW	CPW	EKH	ILM	JTS	NCAP	PIMO	SSS	TMD	VARO	
B52	DDD	ETC	INOX	KEX	NOVA	PLE	STECH	TMI	VCOM	

### 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:

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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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Dusit Medical Services	BDMS TB	THB 28.00	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-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 210.00	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 19.30	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 3.70	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 price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 19.50	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 69.75	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 2.62	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.

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 03-Mar-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.