

# BANGKOK CHAIN HOSPITAL

## THAILAND / HEALTH CARE SERVICES

BCH TB

**BUY**  
 UNCHANGED

### SSO จะช่วยเพิ่มกำไร

- ข้อมูลเชิงบวกจากที่ประชุมนักวิเคราะห์ คาดรายได้ 13 พัน ลบ. ในปี 2023 สูงกว่าระดับก่อนโควิดถึง 46%
- สำนักงานประกันสังคม (SSO) อาจเพิ่มอัตราเหมาจ่ายรายหัวอีก 8-10% และปรับอัตราการจ่ายสำหรับการทำหัตถการ 5 ประเภทขึ้นอีก 25% เป็นการถาวร
- คงแนะนำซื้อที่ราคาเป้าหมาย 25.5 บาท (DCF)

TARGET PRICE	THB25.50
CLOSE	THB20.10
UP/DOWNSIDE	+26.9%
PRIOR TP	THB25.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+9.9%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,827	12,848	14,012	15,180
Net profit	3,039	1,792	2,175	2,438
EPS (THB)	1.22	0.72	0.87	0.98
vs Consensus (%)	-	(3.6)	4.1	6.3
EBITDA	5,059	3,477	4,005	4,400
Core net profit	3,039	1,792	2,175	2,438
Core EPS (THB)	1.22	0.72	0.87	0.98
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	(55.6)	(41.0)	21.4	12.1
Core P/E (x)	16.5	28.0	23.0	20.6
Dividend yield (%)	7.0	2.5	2.0	2.4
EV/EBITDA (x)	10.4	14.4	12.2	10.7
Price/book (x)	4.0	3.9	3.5	3.3
Net debt/Equity (%)	9.2	(8.7)	(17.4)	(24.9)
ROE (%)	23.9	14.1	16.0	16.5

### ตั้งเป้าเพิ่มรายได้ที่ไม่เกี่ยวข้องกับโควิดโต 20% ในปี 2023

เราเข้าร่วมการประชุมนักวิเคราะห์ของ BCH ในวันที่ 16 มี.ค. และกลับมาพร้อมมุมมองเชิงบวก BCH บันทึกรายได้ที่ไม่เกี่ยวข้องกับโควิดจำนวน 10.7 พัน ลบ. ในปี 2022 และตั้งเป้าให้รายได้โตเป็น 12.7-13 พัน ลบ. ในปี 2023 (ค่อนข้างใกล้เคียงกับประมาณการของเรา) บัญชีหนี้สำคัญที่ประกอบด้วย (1) รายได้จากผู้ป่วยต่างชาติที่ WMC ซึ่งน่าจะจับตลาดใหม่ เช่น ผู้ป่วยจากซาอุดีอาระเบีย ลิเบียและจีนใต้, และ (2) โรงพยาบาลในพื้นที่ชายแดน (เชียงรายและอุทัยธานี) ซึ่งน่าจะจับความต้องการจากผู้ป่วยในกลุ่มประเทศ CLMV ได้เพิ่มขึ้น

### SSO อาจทำให้กำไรมี Upside ถึง 12% ต่อปี

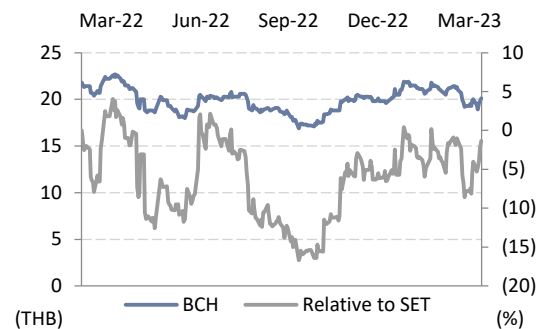
ผู้บริหารชี้แจงว่า SSO มีแนวโน้มที่จะปรับอัตราการจ่ายคงที่จำนวน 1,640 บาทต่อผู้ป่วยคนจดทะเบียนขึ้น 8-10% ภายในเดือน เม.ย. โดยปกติการจ่ายเงินคงที่คิดเป็นเกือบครึ่งของรายได้จาก SSO เราคาดว่า การปรับขึ้นดังกล่าวอาจช่วยเพิ่มกำไรปกติของ BCH ได้ 7% ในปี 2023 (คิดจากวันเริ่มต้นในเดือน ม.ค. 23) นอกจากนี้โรงพยาบาลของ BCH 8 แห่งได้เข้าร่วมโครงการนำร่องของ SSO เป็นระยะเวลา 6 เดือน (ม.ค. - มิ.ย. 2023) ซึ่งจะให้อัตราค่าตอบแทนสำหรับการทำหัตถการ 5 ประเภท (หลอดเลือดสมอง หัวใจและหลอดเลือด มะเร็งปอด นิ้วในไตและเนื้องอกในมดลูก) เพิ่มขึ้นอีก 25% จาก 12,000 เป็น 15,000 บาท/RW ถ้าโครงการนำร่องดังกล่าวประสบผลสำเร็จ SSO อาจปรับอัตราการจ่ายดังกล่าวขึ้นเป็นการถาวรในกรณีดังกล่าวกำไรปกติอาจเพิ่มได้อีก 5% ต่อปี (สมมติฐานจาก 5 หัตถการคิดเป็น 50% ของการรักษาที่มีต้นทุนสูง)

### ขยายจำนวนเตียงอีก 38% ภายในปี 2027

BCH วางแผนเปิดโรงพยาบาลใหม่เพิ่ม 5 แห่งภายในปี 2027 ซึ่งจะเพิ่มจำนวนเตียงจดทะเบียนสำหรับผู้ป่วยในเป็น 3,100 (จาก 2,254 ใน 15 โรงพยาบาลในปัจจุบัน) โดยมี 2 โครงการที่ได้ประกาศไปแล้วประกอบด้วย KH Cancer Rangsi Raksa Center ซึ่งตั้งอยู่ใกล้กับ WMC และมีงบลงทุน 300 ลบ. (กำหนดเปิดในปีนี้) และ KH Suvarnabhumi ซึ่งตั้งอยู่ในจังหวัดสมุทรปราการและมีงบลงทุน 1.7 พัน ลบ. (กำหนดเปิดในปี 2027)

### หุ้นมีการซื้อขายต่ำกว่ากลุ่มและค่าเฉลี่ยในอดีต

เราคงประมาณการกำไรปกติปี 2023-24 และราคาเป้าหมาย 25.5 บาท (DCF) เราคาดว่ากำไรปกติปี 2023 จะสูงกว่าระดับก่อนโควิด 56% ปัจจุบัน BCH มีการซื้อขายที่ 28x ของค่า 2023E P/E ซึ่งต่ำกว่าค่าเฉลี่ยของกลุ่มที่ 31x และค่าเฉลี่ย 5 ปีย้อนหลังที่ 29x ในระยะสั้นราคาหุ้นอาจได้ปัจจัยบวกจากการประกาศขึ้นอัตราการจ่ายของ SSO



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.2)	1.5	(4.3)
Relative to country (%)	0.1	5.1	2.9
Mkt cap (USD m)	1,463		
3m avg. daily turnover (USD m)	5.7		
Free float (%)	50		
Major shareholder	Chalerm Hamphanich (33%)		
12m high/low (THB)	23.10/16.80		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 20 มีนาคม 2023

## Investment thesis

BCH is the leading service provider under the Social Security Office (SSO) scheme with a 5% market share. It will likely be the hospital that benefits the most from Covid-19 services, including screening services and treatment services for Covid patients.

After Covid-19 subsidies, the World Medical Hospital (WMC) should continue to capture the rising demand from medical tourists. Normally, 50% of WMC's revenue is derived from international patients, especially Middle Eastern patients. We expect BCH to capture the strong recovery of that patient segment.

BCH opened three new hospitals in 2020-21. We see the Covid pandemic as the driver for its new hospitals to turn around earlier than expected due to the influx of Covid patients, some of which could convert to regular patients in the future.

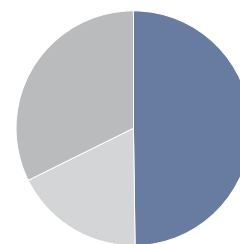
## Company profile

The company operates its business as a group, providing healthcare services for both cash patients and patients under the Social Security scheme.

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

## Principal activities (revenue, 2022)

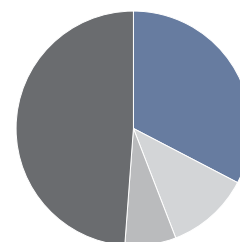
- Cash patient revenue - 49.8 %
- SSO patient revenue - 17.9 %
- NHSO patient revenue - 32.3 %



Source: Bangkok Chain Hospital

## Major shareholders

- Chalerm Harnphanich - 32.6 %
- Thai NVDR - 11.5 %
- Somporn Harnphanich - 7.1 %
- Others - 48.8 %



Source: Bangkok Chain Hospital

## Catalysts

Key potential growth drivers include 1) more SSO registered members; 2) rising demand from medical tourists; and 3) an improving EBITDA margin led by new 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) SSO provision expenses following a limited SSO budget.

## Event calendar

Date	Event
May 2023	1Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
SSO volume growth	6	3	3
SSO revenue / patient growth	3	3	3
OPD volume growth	(36)	5	5
OPD revenue / patient growth	32	5	5
IPD volume growth	10	5	5
IPD revenue / patient growth	7	5	3

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in patient volume, we project 2023 earnings would rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2023 earnings would rise by 5%, and vice versa, all else being equal.

Source: FSSIA estimates



## Recap: 4Q22 results review

BCH reported a 4Q22 core profit of THB270m, missing our estimate due to a THB43m revenue reversal and THB72m in provision expenses following the change to the reimbursement requirement from government-related to Covid treatments. Excluding these items, its 4Q22 core profit would be THB385m, relatively in line with our estimate.

4Q22 revenue dropped 19% q-q due to slower Covid-related revenue. On a positive note, non-Covid patient revenue remained strong and exceeded the pre-Covid level by 29%. SSO revenue exceeded the pre-Covid level by 30% due to a larger SSO registered member base (1.01m in 4Q22 vs 899k in 4Q21), and BCH booked an additional gain from chronic disease treatments.

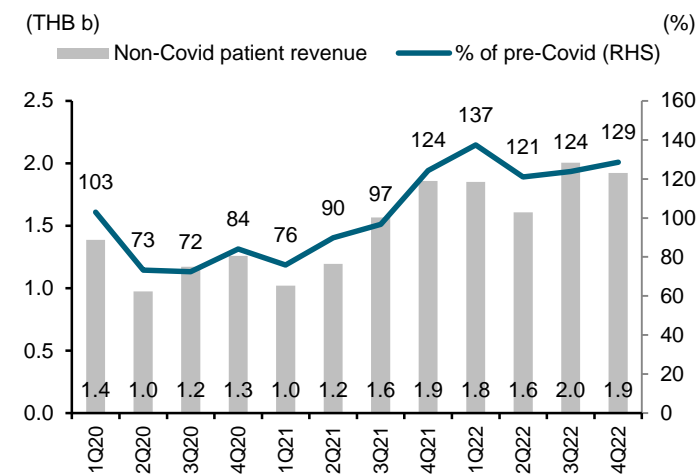
The 4Q22 EBITDA margin was 23% (27% excluding the revenue reversal and provision expense) compared to 25% in 4Q19.

### Exhibit 1: 4Q22 results review

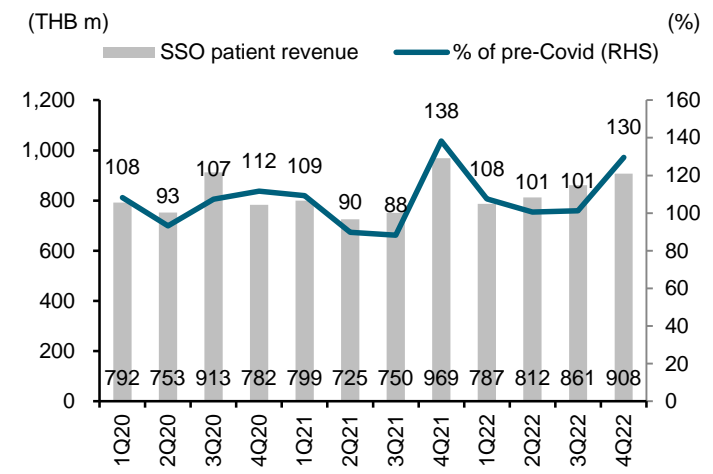
	4Q21	1Q22	2Q22	3Q22	4Q22	----- Change -----		2022	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
<b>Sales</b>	<b>6,816</b>	<b>7,087</b>	<b>5,523</b>	<b>3,429</b>	<b>2,788</b>	<b>(19)</b>	<b>(59)</b>	<b>18,827</b>	<b>(12)</b>
COGS (incl. depreciation)	(2,935)	(3,890)	(3,487)	(3,519)	(1,876)	(47)	(36)	(12,772)	21
<b>Gross profit</b>	<b>3,881</b>	<b>3,197</b>	<b>2,037</b>	<b>(90)</b>	<b>912</b>	<b>(1,109)</b>	<b>(77)</b>	<b>6,055</b>	<b>(44)</b>
SG&A	(411)	(491)	(524)	(420)	(511)	21	24	(1,946)	32
<b>Operating profit</b>	<b>3,470</b>	<b>2,706</b>	<b>1,513</b>	<b>(511)</b>	<b>401</b>	<b>179</b>	<b>(88)</b>	<b>4,109</b>	<b>(56)</b>
Net other income	24	32	21	27	13	(53)	(46)	92	(29)
Interest expense	(48)	(48)	(39)	(35)	(34)	(2)	(29)	(156)	3
<b>Pretax profit</b>	<b>3,445</b>	<b>2,690</b>	<b>1,495</b>	<b>(519)</b>	<b>380</b>	<b>173</b>	<b>(89)</b>	<b>4,045</b>	<b>(57)</b>
Income Tax	(679)	(542)	(319)	74	(101)	(236)	(85)	(888)	(52)
Associates	1	1	0	0	(1)	(414)	(255)	0	n/a
Minority interest	(286)	(120)	(32)	41	(8)	(118)	(97)	(118)	(82)
<b>Core profit</b>	<b>2,480</b>	<b>2,028</b>	<b>1,144</b>	<b>(403)</b>	<b>270</b>	<b>167</b>	<b>(89)</b>	<b>3,039</b>	<b>(56)</b>
Extraordinaries, GW & FX	0	0	0	0	0				
<b>Reported net profit</b>	<b>2,480</b>	<b>2,028</b>	<b>1,144</b>	<b>(403)</b>	<b>270</b>	<b>167</b>	<b>(89)</b>	<b>3,039</b>	<b>(56)</b>
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494	0
<b>Core EPS (THB)</b>	<b>0.99</b>	<b>0.81</b>	<b>0.46</b>	<b>(0.16)</b>	<b>0.11</b>	<b>167</b>	<b>(89)</b>	<b>1.22</b>	<b>(56)</b>
<b>EPS (THB)</b>	<b>0.99</b>	<b>0.81</b>	<b>0.46</b>	<b>(0.16)</b>	<b>0.11</b>	<b>167</b>	<b>(89)</b>	<b>1.22</b>	<b>(56)</b>
COGS (excl. depreciation)	2,703	3,656	3,251	3,279	1,636	(50)	(39)	11,822	22
Depreciation	232	234	236	240	240	(0)	3	950	9
<b>EBITDA</b>	<b>3,725</b>	<b>2,972</b>	<b>1,769</b>	<b>(244)</b>	<b>654</b>	<b>368</b>	<b>(82)</b>	<b>5,151</b>	<b>(50)</b>
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	57	45	37	(3)	33	35	(24)	32	(18)
SG&A/Revenue	6	7	9	12	18	6	12	10	3
EBITDA margin	55	42	32	(7)	23	31	(31)	27	(21)
Net profit margin	36	29	21	(12)	10	21	(27)	16	(16)
<b>Operating stats</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>				
Cash-OPD revenue growth	101	121	(32)	(10)	(45)				
Cash-OPD volume growth	155	211	(14)	(23)	(63)				
Cash-OPD revenue per head growth	(21)	(29)	(21)	17	50				
Cash-IPD revenue growth	526	514	0	(86)	(79)				
Cash-IPD volume growth	304	514	(54)	(97)	(71)				
Cash-IPD revenue per head growth	55	(0)	117	402	(26)				
SSO revenue growth	24	81	247	61	(2)				
SSO registered members ('000)	899	936	976	994	1,012				
SSO registered member growth	2	5	10	11	13				

SSO revenue per head growth	21	72	217	45	(13)				
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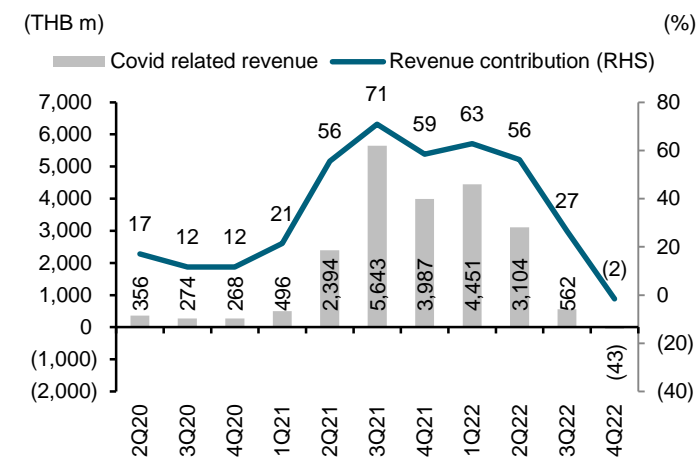
Sources: BCH; FSSIA estimates

**Exhibit 2: Non-Covid general patient revenue**

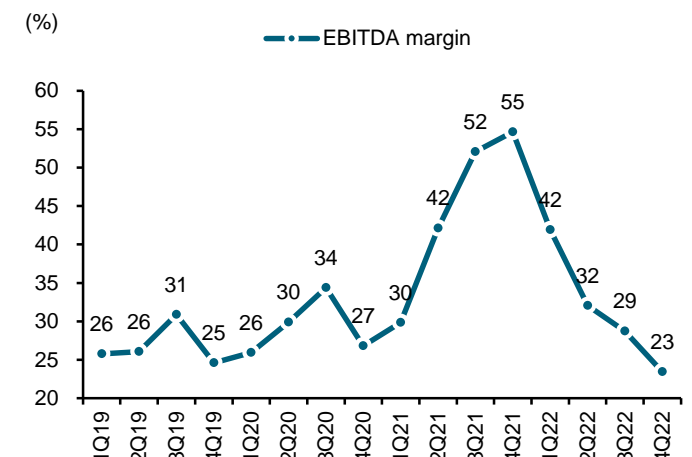
Source: BCH

**Exhibit 3: SSO revenue, quarterly**

Source: BCH

**Exhibit 4: Covid-related revenue, quarterly**

Source: BCH

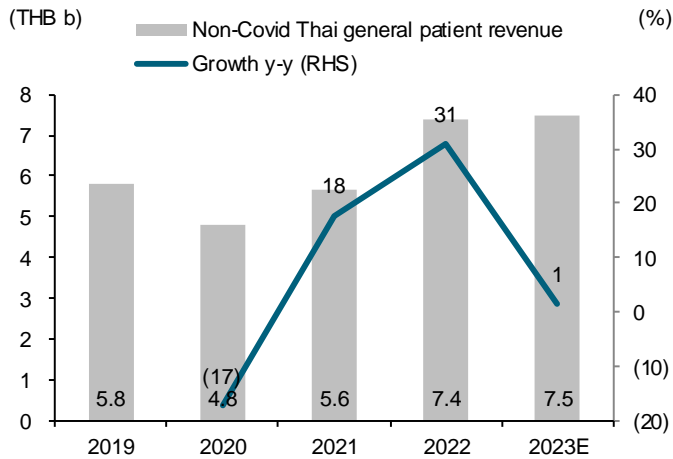
**Exhibit 5: EBITDA margin**

Note: 3Q22 excludes Moderna write-off  
Sources: BCH; FSSIA estimates

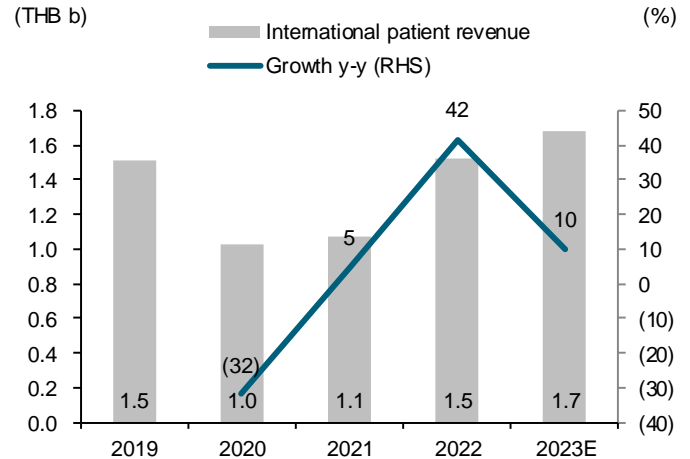
**Exhibit 6: Forecast revisions**

	Current			Previous		% Change	
	2023E	2024E	2025E	2023E	2024E	2023E	2024E
SSO registered members ('000)	1,038	1,069	1,101	1,061	1,093	(2.2)	(2.2)
SSO revenue per head (THB)	3,547	3,653	3,762	3,779	3,855	(6.2)	(5.2)
Cash-OPD visits per day (no.)	3,468	3,642	3,824	4,500	4,635	(22.9)	(21.4)
Cash-OPD revenue per head (THB)	3,615	3,796	3,986	2,800	2,884	29.1	31.6
Cash-IPD admissions per day (no.)	142	149	156	165	171	(13.8)	(13.0)
Cash-IPD revenue per head (THB)	88,677	93,111	95,904	70,000	80,328	26.7	15.9
Revenue (THB m)	12,848	14,012	15,180	12,815	14,112	0.3	(0.7)
EBITDA margin (%)	27.1	28.6	29.0	27.5	28.7	(0.4)	(0.1)
Core profit (THB m)	1,792	2,175	2,438	1,792	2,175	0.0	0.0

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

**Exhibit 7: Non-Covid Thai general patient revenue**

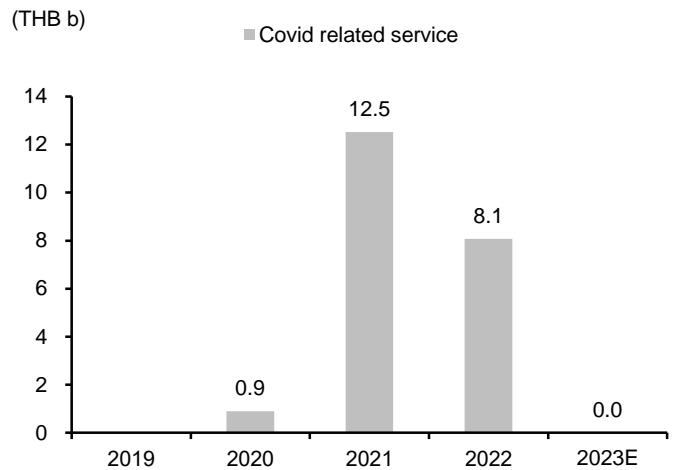
Sources: BCH; FSSIA estimates

**Exhibit 8: International patient revenue**

Sources: BCH; FSSIA estimates

**Exhibit 9: SSO revenue, yearly**

Sources: BCH; FSSIA estimate

**Exhibit 10: Covid-related revenue, yearly**

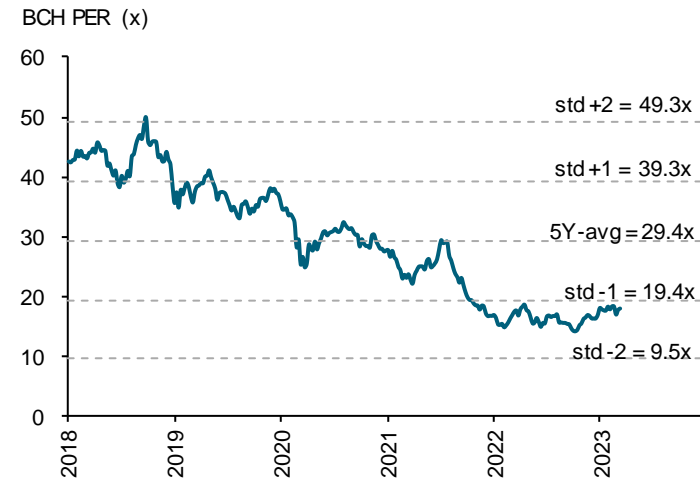
Sources: BCH; FSSIA estimate

**Exhibit 11: DCF-derived TP**

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		4.0
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.0			
Cost of equity, Ke		10.6	Net cost of debt, Kd		3.2
Weight applied		70.0	Weight applied		30.0
WACC		8.4			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		24.1	9.7	WACC 8.4%, Risk-free rate 3%, Risk premium 8%	
Terminal value		41.7	16.7	Terminal growth 3%	
Cash & liquid assets		2.6	1.1	At end-2023E	
Investments		0.0	0.0	At end-2023E	
Debt		(3.9)	(1.6)	At end-2023E	
Minorities		(1.1)	(0.4)	At end-2023E	
<b>Residual ordinary equity</b>		<b>63.5</b>	<b>25.5</b>		

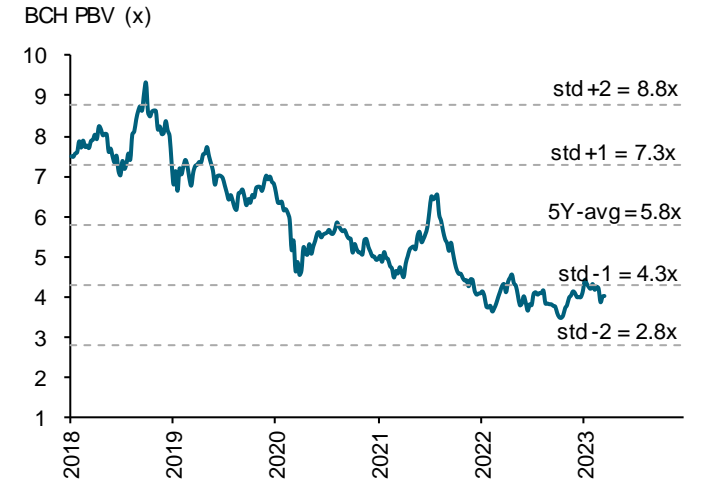
Source: FSSIA estimates

Exhibit 12: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 17 Mar-23

Company	BBG	Rec	Share price			Market	PE		ROE		PBV		EV/ EBITDA	
			Current	Target	Upside	Cap	23E	24E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>Thailand</b>														
Bangkok Dusit Med Service	BDMS TB	BUY	28.50	34.50	21.1	13,219	33.6	29.6	14.5	15.4	4.7	4.4	18.8	16.8
Bumrungrad Hospital	BH TB	BUY	213.00	260.00	22.1	4,942	31.6	29.0	25.6	24.8	7.6	6.8	20.3	18.4
Bangkok Chain Hospital	BCH TB	BUY	20.10	25.50	26.9	1,463	28.0	23.0	14.1	16.0	3.9	3.5	14.4	12.2
Chularat Hospital	CHG TB	BUY	3.66	4.40	20.2	1,175	30.6	26.2	16.5	18.8	5.2	4.7	17.9	15.3
Praram 9 Hospital	PR9 TB	BUY	20.00	22.00	10.0	459	27.0	24.9	12.1	12.6	3.2	3.1	13.5	12.3
Thonburi Healthcare Group	THG TB	REDUCE	68.25	55.00	(19.4)	1,688	48.8	42.9	11.4	12.4	5.5	5.2	26.7	23.8
Vibhavadi Medical Center	VIBHA TB	BUY	2.66	3.20	20.3	1,054	33.3	29.8	7.3	7.9	2.4	2.3	27.7	24.9
Ramkhamhaeng Hospital	RAM TB	BUY	53.00	62.00	17.0	1,856	29.7	25.9	11.3	12.2	3.3	3.1	24.4	22.1
Rajthanee Hospital	RJH TB	n/a	28.50	n/a	n/a	250	20.3	19.6	18.5	19.6	5.7	3.9	13.8	13.4
Ekachai Medical Care	EKH TB	n/a	7.95	n/a	n/a	156	23.4	22.3	12.3	12.0	5.7	2.7	11.9	11.0
<b>Thailand average</b>						<b>26,262</b>	<b>30.6</b>	<b>27.3</b>	<b>14.4</b>	<b>15.2</b>	<b>4.7</b>	<b>4.0</b>	<b>18.9</b>	<b>17.0</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	65.67	n/a	n/a	9,880	35.6	26.3	10.4	12.3	3.6	3.5	12.6	11.3
Ihh Healthcare Bhd	IHH SP	n/a	1.74	n/a	n/a	11,289	30.2	26.8	6.4	6.8	2.2	1.8	13.6	12.8
Ryman Healthcare	RYM NZ	n/a	5.18	n/a	n/a	2,224	10.2	11.5	7.0	7.1	1.2	0.7	14.0	15.5
Apollo Hospitals Enterprise	APHS IN	n/a	4,347	n/a	n/a	7,471	72.5	49.8	13.9	17.7	17.0	9.6	30.3	23.8
Kpj Healthcare Berhad	KPJ MK	n/a	1.12	n/a	n/a	1,052	22.5	20.0	9.2	10.0	2.4	2.0	8.6	8.1
Raffles Medical Group	RFMD SP	n/a	1.38	n/a	n/a	1,912	21.2	20.6	11.7	11.5	3.0	2.4	11.8	11.6
Mitra Keluarga Karyasehat	MIKA IJ	n/a	3,120	n/a	n/a	2,889	38.7	33.3	19.5	20.5	9.2	7.1	24.9	21.5
Aier Eye Hospital Group	300015 CH	n/a	30.67	n/a	n/a	31,106	57.2	44.2	22.2	23.7	24.6	11.9	32.9	26.2
<b>Regional average</b>						<b>67,823</b>	<b>36.0</b>	<b>29.1</b>	<b>12.5</b>	<b>13.7</b>	<b>7.9</b>	<b>4.9</b>	<b>18.6</b>	<b>16.3</b>
<b>Overall average</b>						<b>94,085</b>	<b>33.0</b>	<b>28.1</b>	<b>13.6</b>	<b>14.5</b>	<b>6.1</b>	<b>4.4</b>	<b>18.8</b>	<b>16.7</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	21,405	18,827	12,848	14,012	15,180
Cost of goods sold	(9,687)	(11,822)	(7,700)	(8,282)	(8,926)
<b>Gross profit</b>	<b>11,717</b>	<b>7,005</b>	<b>5,148</b>	<b>5,730</b>	<b>6,253</b>
Other operating income	-	-	-	-	-
Operating costs	(1,469)	(1,946)	(1,672)	(1,725)	(1,853)
<b>Operating EBITDA</b>	<b>10,248</b>	<b>5,059</b>	<b>3,477</b>	<b>4,005</b>	<b>4,400</b>
Depreciation	(874)	(950)	(992)	(1,040)	(1,098)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>9,374</b>	<b>4,109</b>	<b>2,485</b>	<b>2,966</b>	<b>3,302</b>
Net financing costs	(147)	(148)	(113)	(97)	(84)
Associates	2	0	2	2	2
Recurring non-operating income	127	84	88	92	96
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>9,354</b>	<b>4,046</b>	<b>2,460</b>	<b>2,961</b>	<b>3,314</b>
Tax	(1,846)	(888)	(492)	(592)	(662)
<b>Profit after tax</b>	<b>7,507</b>	<b>3,157</b>	<b>1,969</b>	<b>2,369</b>	<b>2,652</b>
Minority interests	(661)	(118)	(176)	(194)	(213)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>6,846</b>	<b>3,039</b>	<b>1,792</b>	<b>2,175</b>	<b>2,438</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,846</b>	<b>3,039</b>	<b>1,792</b>	<b>2,175</b>	<b>2,438</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.75	1.22	0.72	0.87	0.98
Reported EPS	2.75	1.22	0.72	0.87	0.98
DPS	0.33	1.40	0.50	0.40	0.48
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
<b>Growth</b>					
Revenue (%)	139.8	(12.0)	(31.8)	9.1	8.3
Operating EBITDA (%)	306.3	(50.6)	(31.3)	15.2	9.8
Operating EBIT (%)	438.6	(56.2)	(39.5)	19.3	11.3
Recurring EPS (%)	456.9	(55.6)	(41.0)	21.4	12.1
Reported EPS (%)	456.9	(55.6)	(41.0)	21.4	12.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	50.7	32.2	32.4	33.5	34.0
Gross margin of key business (%)	50.7	32.2	32.4	33.5	34.0
Operating EBITDA margin (%)	47.9	26.9	27.1	28.6	29.0
Operating EBIT margin (%)	43.8	21.8	19.3	21.2	21.8
Net margin (%)	32.0	16.1	13.9	15.5	16.1
Effective tax rate (%)	19.7	22.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	12.0	114.9	69.6	45.3	49.1
Interest cover (X)	64.5	28.4	22.8	31.6	40.6
Inventory days	12.9	12.3	14.2	10.8	10.8
Debtor days	42.9	49.3	43.7	40.1	37.0
Creditor days	40.3	41.0	50.9	38.7	38.7
Operating ROIC (%)	51.4	21.4	14.9	19.3	21.8
ROIC (%)	50.1	21.0	14.7	18.8	21.2
ROE (%)	68.9	23.9	14.1	16.0	16.5
ROA (%)	35.5	14.2	10.4	12.1	12.8

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Cash patient revenue	7,476	9,372	9,168	10,108	11,038
SSO patient revenue	2,905	3,371	3,680	3,904	4,142
NHSO patient revenue	11,023	6,084	0	0	0

Sources: Bangkok Chain Hospital; FSSIA estimates



## Financial Statements

### Bangkok Chain Hospital

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	6,846	3,039	1,792	2,175	2,438
Depreciation	874	950	992	1,040	1,098
Associates & minorities	-	-	-	-	-
Other non-cash items	660	24	173	194	213
Change in working capital	(2,204)	1,459	1,765	113	118
<b>Cash flow from operations</b>	<b>6,175</b>	<b>5,471</b>	<b>4,721</b>	<b>3,521</b>	<b>3,868</b>
Capex - maintenance	(678)	(984)	(896)	(981)	(1,063)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1)	2	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(679)</b>	<b>(982)</b>	<b>(896)</b>	<b>(981)</b>	<b>(1,063)</b>
Dividends paid	(821)	(3,491)	(1,247)	(986)	(1,196)
Equity finance	0	0	0	0	0
Debt finance	(274)	(3,153)	0	(800)	0
Other financing cash flows	(90)	(462)	(97)	(107)	(117)
<b>Cash flow from financing</b>	<b>(1,186)</b>	<b>(7,106)</b>	<b>(1,344)</b>	<b>(1,892)</b>	<b>(1,314)</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>4,310</b>	<b>(2,616)</b>	<b>2,482</b>	<b>648</b>	<b>1,491</b>
Free cash flow to firm (FCFF)	5,647.32	4,645.31	3,942.59	2,644.94	2,897.63
Free cash flow to equity (FCFE)	5,131.91	875.07	3,728.52	1,633.69	2,687.72
<b>Per share (THB)</b>					
FCFF per share	2.26	1.86	1.58	1.06	1.16
FCFE per share	2.06	0.35	1.50	0.66	1.08
Recurring cash flow per share	3.36	1.61	1.19	1.37	1.50
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	19,417	20,274	21,174	22,154	23,217
Less: Accumulated depreciation	(7,175)	(7,992)	(8,984)	(10,023)	(11,121)
<b>Tangible fixed assets (net)</b>	<b>12,243</b>	<b>12,282</b>	<b>12,190</b>	<b>12,131</b>	<b>12,096</b>
<b>Intangible fixed assets (net)</b>	<b>540</b>	<b>425</b>	<b>425</b>	<b>425</b>	<b>425</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	34	32	32	32	32
Cash & equivalents	5,256	2,640	5,122	5,770	7,261
A/C receivable	3,547	1,539	1,539	1,539	1,539
Inventories	437	362	235	253	273
Other current assets	4,302	2,294	124	135	146
<b>Current assets</b>	<b>13,541</b>	<b>6,835</b>	<b>7,020</b>	<b>7,696</b>	<b>9,219</b>
Other assets	26	223	223	223	223
<b>Total assets</b>	<b>26,384</b>	<b>19,796</b>	<b>19,889</b>	<b>20,507</b>	<b>21,994</b>
Common equity	12,980	12,445	12,990	14,180	15,422
Minorities etc.	1,326	1,065	1,144	1,231	1,327
<b>Total shareholders' equity</b>	<b>14,306</b>	<b>13,510</b>	<b>14,135</b>	<b>15,411</b>	<b>16,749</b>
Long term debt	6,791	3,888	3,888	3,088	3,088
Other long-term liabilities	170	163	163	163	163
<b>Long-term liabilities</b>	<b>6,961</b>	<b>4,051</b>	<b>4,051</b>	<b>3,251</b>	<b>3,251</b>
A/C payable	1,358	1,300	847	911	982
Short term debt	250	0	0	0	0
Other current liabilities	3,510	935	856	934	1,011
<b>Current liabilities</b>	<b>5,117</b>	<b>2,235</b>	<b>1,703</b>	<b>1,845</b>	<b>1,993</b>
<b>Total liabilities and shareholders' equity</b>	<b>26,384</b>	<b>19,796</b>	<b>19,889</b>	<b>20,507</b>	<b>21,994</b>
Net working capital	3,418	1,959	195	82	(35)
Invested capital	16,260	14,921	13,064	12,893	12,740
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	5.20	4.99	5.21	5.69	6.18
Tangible book value per share	4.99	4.82	5.04	5.52	6.01
<b>Financial strength</b>					
Net debt/equity (%)	12.5	9.2	(8.7)	(17.4)	(24.9)
Net debt/total assets (%)	6.8	6.3	(6.2)	(13.1)	(19.0)
Current ratio (x)	2.6	3.1	4.1	4.2	4.6
CF interest cover (x)	35.9	6.9	34.0	17.9	33.1
Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>7.3</b>	<b>16.5</b>	<b>28.0</b>	<b>23.0</b>	<b>20.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>9.3</b>	<b>20.9</b>	<b>35.5</b>	<b>29.2</b>	<b>26.1</b>
Reported P/E (x)	7.3	16.5	28.0	23.0	20.6
Dividend yield (%)	1.6	7.0	2.5	2.0	2.4
Price/book (x)	3.9	4.0	3.9	3.5	3.3
Price/tangible book (x)	4.0	4.2	4.0	3.6	3.3
EV/EBITDA (x) **	5.2	10.4	14.4	12.2	10.7
EV/EBITDA @ target price (x) **	6.5	13.0	18.3	15.5	13.8
EV/invested capital (x)	3.3	3.5	3.8	3.8	3.7
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Bangkok Chain Hospital; FSSIA estimates

## Disclaimer: Corporate Governance Report of Thai listed companies (CGR)

The Thai Institute of Directors Association (Thai IOD), with support from the Stock Exchange of Thailand (SET), assesses the corporate governance practices of Thai listed businesses. The report will be reviewed and updated on an annual basis. It is publicly disclosed and can be accessed by a general public investor at [the Thai IOD website](#). The results are from the perspective of a third party. It is not an evaluation of operations and is not based on inside information. The CGR results recognise corporate governance in four levels: Excellent (score range 90-100), Very Good (score range 80-89), Good (Score range 70-79), and Lower Levels.

The five underlying categories used for corporate governance scoring are the rights of shareholders, equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and board responsibilities.

The survey results are as of the date appearing in the Corporate Governance Report of Thai Listed Companies. Accordingly, 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.

## Other useful information regarding corporate governance and sustainable development evaluation

Apart from the CG Score report by the Thai Institute of Directors Association (Thai IOD), mentioned above, investors may find other useful information from [The Securities and Exchange Commission of Thailand website](#), including 1) AGM quality assessments by the Thai Investors Association; 2) companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under the Thai IOD that are categorised into companies that have declared their intention to join the CAC and companies certified by the CAC; and 3) the record of listed companies with corporate sustainable development, "Thai Sustainability Investment", by the Stock Exchange of Thailand for SET and MAI-listed companies which have passed the assessment conducted by the Stock Exchange of Thailand and THSI (SET), THSI (MAI), and SET-listed companies which have passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI).

## 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
Bangkok Chain Hospital	BCH TB	THB 20.10	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.
Bangkok Dusit Medical Services	BDMS TB	THB 28.50	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 213.00	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.
Chularat Hospital	CHG TB	THB 3.66	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 20.00	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 2.66	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 53.00	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 17-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.