

BANGKOK DUSIT MEDICAL SERVICES  
THAILAND / HEALTH CARE SERVICES

## BDMS TB

BUY

UNCHANGED

## เริ่มปี 2023 ได้ดี

- คาดกำไรปกติ 1Q23 จะโต 7% q-q มาอยู่ที่ 3.3พัน ลบ. จากรายได้ผู้ป่วยชาวต่างชาติ ซึ่งน่าจะโต 40-50% y-y
- Revenue Intensity สูงเกินระดับก่อนโควิดไปแล้วประมาณ 10% และน่าจะเป็นปัจจัยหนุนการเติบโตสำคัญในปี 2023
- คงแนะนำซื้อที่ราคาเป้าหมาย 34.5 บาท (DCF)

TARGET PRICE	THB34.50
CLOSE	THB30.00
UP/DOWNSIDE	+15.0%
PRIOR TP	THB34.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+2.3%

## 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 (%)	-	3.0	7.3	8.4
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. (%)	-	-	-	-
EPS growth (%)	63.0	6.8	13.6	10.1
Core P/E (x)	37.8	35.4	31.2	28.3
Dividend yield (%)	1.7	1.7	1.7	1.9
EV/EBITDA (x)	21.3	19.8	17.7	16.0
Price/book (x)	5.3	5.0	4.6	4.3
Net debt/Equity (%)	9.2	1.3	(7.0)	(14.4)
ROE (%)	14.5	14.5	15.4	15.8

## คาดการณ์รายได้จะทำสถิติสูงสุดใหม่

เรคาดว่ารายได้ 1Q23 จะโต 6% y-y และ 3% q-q รายได้ผู้ป่วยชาวต่างชาติน่าจะโต 40-50% y-y และ 15-20% q-q และสูงเกินระดับก่อนโควิดอยู่ 8% จากผู้ป่วยในกลุ่มประเทศ CLMV และผู้ป่วยชาวต่างชาติที่อาศัยอยู่ในประเทศ รายได้ผู้ป่วยชาวไทยน่าจะลดลง 7% y-y จากรายได้ที่เกี่ยวข้องกับโควิดที่อยู่ในระดับสูงซึ่งคิดเป็น 17% ของรายได้ใน 1Q22 แต่จะยังสูงกว่าระดับก่อนโควิดประมาณ 20% EBITDA margin น่าจะปรับตัวดีขึ้นเป็น 25% (เทียบกับ 24% ใน 4Q22) ในภาพรวมกำไรปกติน่าจะโต 7% q-q เป็น 3.3พัน ลบ.

## คาดปริมาณผู้ป่วยจะฟื้นตัว Revenue Intensity น่าจะดีต่อเนื่อง

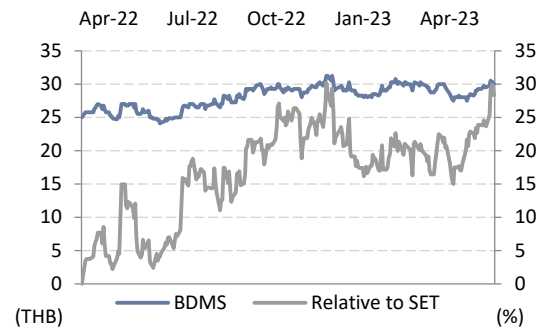
เรคาดว่ารายได้จะโต 8% ในปี 2023 ซึ่งค่อนข้างใกล้เคียงกับข้อมูลของผู้บริหารโดยมี key growth จาก Revenue Intensity โดยณ. สิ้น 4Q22 ซึ่งเป็นไตรมาสที่มีการดำเนินงานปกติหลังโควิด รายได้ต่อหัวของแผนกผู้ป่วยนอก (OPD) และผู้ป่วยใน (IPD) สูงกว่าระดับก่อนโควิดอยู่ 9% และ 12% ตามลำดับ เรคาดว่าแนวโน้มดังกล่าวจะเกิดต่อเนื่องในปี 2023 จากผู้ป่วยชาวต่างชาติ ในขณะที่ปริมาณผู้ป่วย IPD ต่ำกว่าระดับก่อนโควิดอยู่ 4% เนื่องจากปริมาณผู้ป่วยจากตะวันออกกลางยังต่ำกว่าระดับก่อนโควิด เรคาดว่าการฟื้นตัวจะเร่งขึ้นในปีนี้

## กำไรปี 2023 น่าจะมี Upside จาก EBITDA margin

เรคาดว่ากำไรปกติจะโต 7% y-y ในปี 2023 เราเชื่อว่ากำไรจะมี Upside จาก EBITDA margin ซึ่งเรคาดไว้ที่ 24.3% ในปี 2023 (เทียบกับ 24.7% ใน 2H23) จาก Revenue Intensity ที่สูงขึ้น เรคาดว่ารายได้จากผู้ป่วยชาวต่างชาติจะโต 30% y-y ในขณะที่รายได้จากผู้ป่วยชาวไทยยังคงค่อนข้างทรงตัว y-y จากอัตราค่าโรของผู้ป่วยชาวต่างชาติที่ปกติจะสูงกว่าผู้ป่วยชาวไทย เรคาดว่า EBITDA margin ที่เพิ่มทุก ๆ 1% จะทำให้ประมาณการกำไรปี 2023 เพิ่ม 6%

## ตัวเลขผู้ป่วยชาวจีนและซาอุฯ เป็นปัจจัยหนุนสำคัญสำหรับราคาหุ้น

เราคงประมาณการและราคาเป้าหมายที่ 34.5 บาท (DCF) BDMS มีการซื้อขายที่ 35x ของค่า 2023E P/E ค่อนข้างใกล้เคียงกับค่าเฉลี่ย 5 ปีย้อนหลังที่ 34x เราเห็นว่าปัจจัยบวกสำคัญอยู่ที่ศักยภาพในการจัดการท่องเที่ยวเชิงการแพทย์จากจีนและซาอุดีอาระเบียที่สูงขึ้น BDMS ซึ่งเป็นพันธมิตรกับ Ping An group วางแผนนำเสนอมแผนแพคเกจเกี่ยวกับโควิดให้แก่นักท่องเที่ยวจีน นอกจากนี้บริษัท ยังได้เปิด BDMS Saudi Arabia Collaboration Center เพื่ออำนวยความสะดวกให้แก่ผู้ป่วยชาวซาอุฯ อีกด้วย



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.2	(0.8)	20.0
Relative to country (%)	8.2	5.3	29.4
Mkt cap (USD m)			13,987
3m avg. daily turnover (USD m)			31.4
Free float (%)			68
Major shareholder	Prasert Prasatthongsoj (13%)		
12m high/low (THB)			32.00/24.00
Issued shares (m)			15,892.00

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 10 เมษายน 2023

### 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 be maintained 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 2022 net D/E at only 0.1x. FCFF should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.

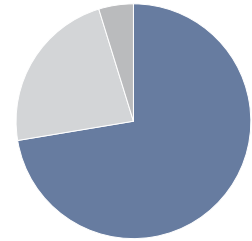
### Company profile

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)

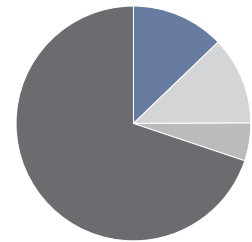
- Thai patient revenue - 72.4 %
- International patient revenue - 22.9 %
- Other revenue - 4.8 %



Source: Bangkok Dusit Medical Services

### Major shareholders

- Prasert 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
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



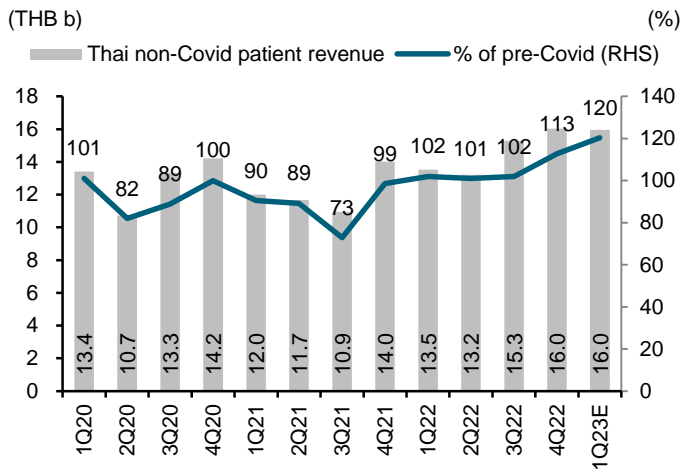
## Exhibit 1: 1Q23 results preview

	1Q22	2Q22	3Q22	4Q22	1Q23E	----- Change -----		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	23,159	21,981	23,985	23,842	24,499	3	6	92,968	100,315	8
- Hospital revenue	22,165	20,976	22,825	22,568	23,225	3	5	88,535	95,661	8
- Other revenue	994	1,005	1,160	1,274	1,274	0	28	4,433	4,655	5
COGS (incl depreciation)	(14,451)	(14,147)	(14,979)	(14,752)	(15,263)	3	6	(58,329)	(62,761)	8
<b>Gross profit</b>	<b>8,708</b>	<b>7,834</b>	<b>9,006</b>	<b>9,090</b>	<b>9,236</b>	<b>2</b>	<b>6</b>	<b>34,638</b>	<b>37,555</b>	<b>8</b>
SG&A	(4,025)	(4,200)	(4,496)	(4,933)	(4,709)	(5)	17	(17,655)	(19,351)	10
<b>Operating profit<sup>1)</sup></b>	<b>4,683</b>	<b>3,634</b>	<b>4,510</b>	<b>4,157</b>	<b>4,527</b>	<b>9</b>	<b>(3)</b>	<b>16,984</b>	<b>18,204</b>	<b>7</b>
Net other income	0	8	0	(0)	0			8	9	10
Interest income	13	16	19	32	32	0	154	80	142	78
Interest expense	(158)	(151)	(154)	(169)	(167)	(1)	5	(632)	(700)	11
<b>Pretax profit</b>	<b>4,538</b>	<b>3,508</b>	<b>4,374</b>	<b>4,020</b>	<b>4,392</b>	<b>9</b>	<b>(3)</b>	<b>16,440</b>	<b>17,654</b>	<b>7</b>
Income Tax	(903)	(695)	(824)	(806)	(878)	9	(3)	(3,227)	(3,531)	9
Associates	9	7	16	10	10	0	18	42	26	(39)
Minority interest	(201)	(155)	(181)	(111)	(201)	80	0	(648)	(680)	5
<b>Core profit</b>	<b>3,443</b>	<b>2,664</b>	<b>3,386</b>	<b>3,113</b>	<b>3,323</b>	<b>7</b>	<b>(3)</b>	<b>12,606</b>	<b>13,469</b>	<b>7</b>
Extraordinaries, GW & FX								0	0	
<b>Reported net profit</b>	<b>3,443</b>	<b>2,664</b>	<b>3,386</b>	<b>3,113</b>	<b>3,323</b>	<b>7</b>	<b>(3)</b>	<b>12,606</b>	<b>13,469</b>	<b>7</b>
Outstanding shares (m)	15,892	15,892	15,892	15,892	15,892	0	0	15,892	15,892	0
<b>Core EPS (THB)</b>	<b>0.22</b>	<b>0.17</b>	<b>0.21</b>	<b>0.20</b>	<b>0.21</b>	<b>7</b>	<b>(3)</b>	<b>0.79</b>	<b>0.85</b>	<b>7</b>
<b>EPS (THB)</b>	<b>0.22</b>	<b>0.17</b>	<b>0.21</b>	<b>0.20</b>	<b>0.21</b>	<b>7</b>	<b>(3)</b>	<b>0.79</b>	<b>0.85</b>	<b>7</b>
COGS excl. depreciation	12,961	12,661	13,489	13,268	13,763	4	6	52,380	56,550	8
Depreciation	1,490	1,486	1,490	1,484	1,500	1	1	5,950	6,211	4
EBITDA <sup>2)</sup>	6,173	5,120	5,999	5,641	6,027	7	(2)	22,933	24,415	6
<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	36	38	38	38	(0)	0	37	37	0
SG&A/Revenue	17	19	19	21	19	(1)	2	19	19	0
EBITDA margin	27	23	25	24	25	1	(2)	25	24	(0)
Net profit margin	15	12	14	13	14	1	(1)	14	13	(0)
<b>Operating stats</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>					
OPD revenue growth y-y	36	39	42	15	n/a					
OPD volume growth y-y	32	23	35	13	n/a					
OPD revenue per head growth y-y	3	13	5	1	n/a					
IPD revenue growth y-y	53	18	7	(2)	n/a					
IPD volume growth y-y	7	12	90	35	n/a					
IPD revenue per head growth y-y	43	5	(44)	(27)	n/a					
Thai revenue growth y-y	38	18	10	(4)	(7)					
International revenue growth y-y	72	69	74	61	45					

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

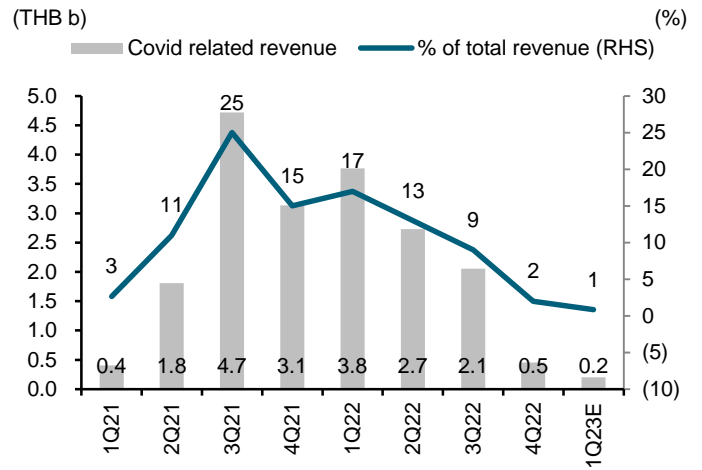
Sources: BDMS; FSSIA estimates

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



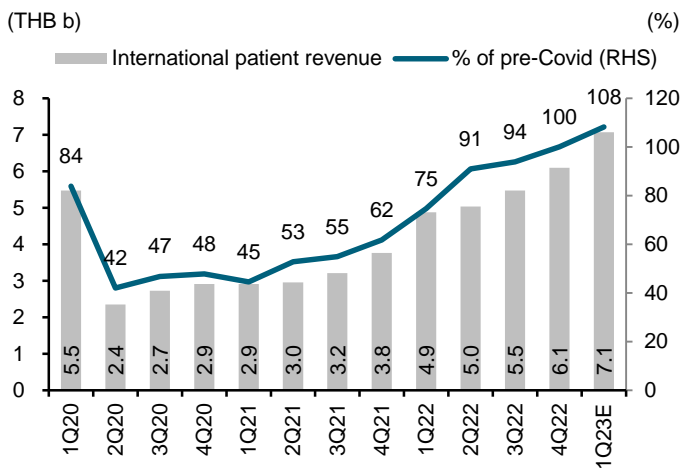
Sources: BDMS; FSSIA estimates

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



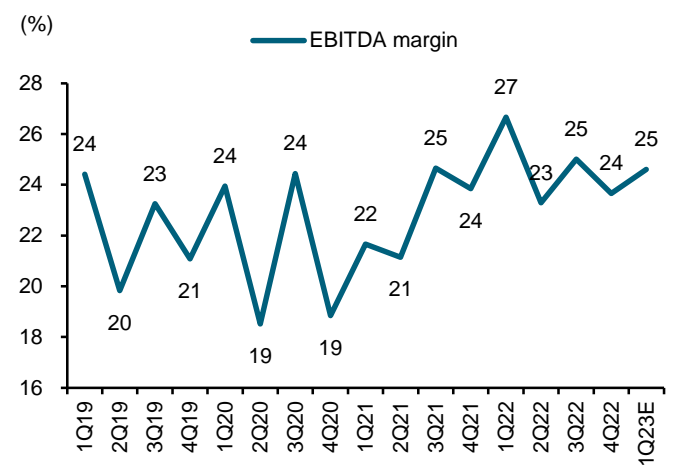
Sources: BDMS; FSSIA estimates

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



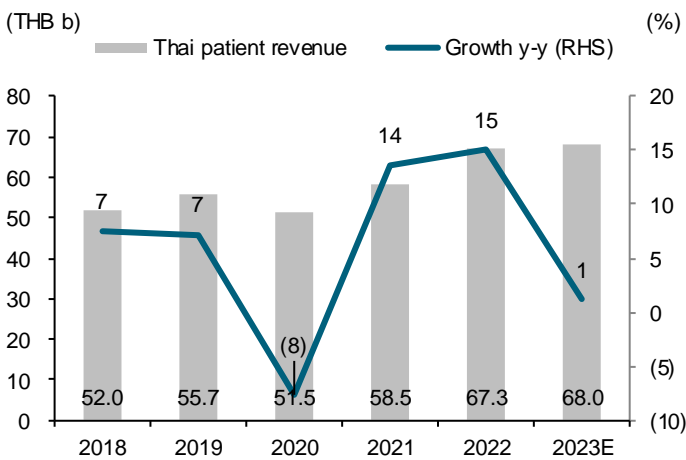
Sources: BDMS; FSSIA estimates

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



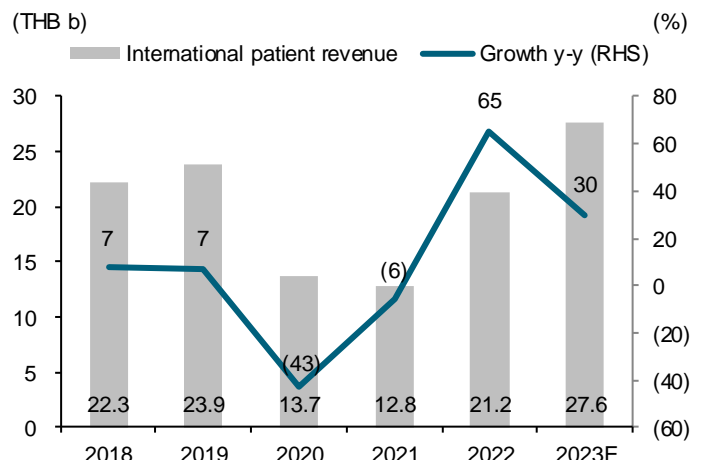
Sources: BDMS; FSSIA estimates

**Exhibit 6: Thai patient revenue forecast, yearly**



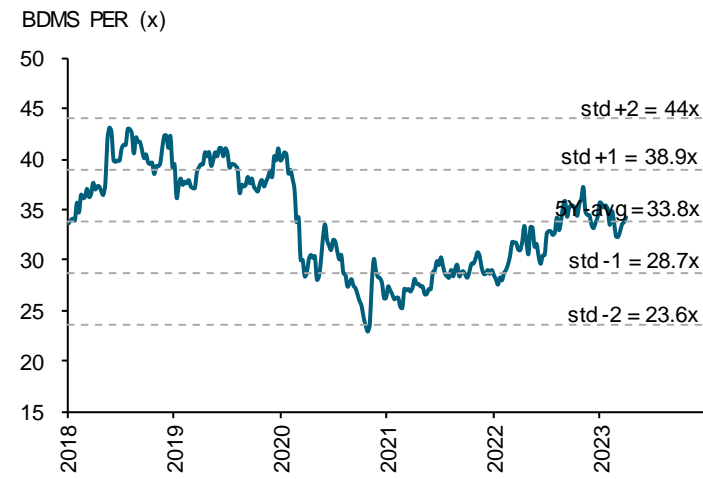
Note: Includes Covid-related revenue of THB10.1b in 2021 and THB9.0b in 2022  
Sources: BDMS; FSSIA estimate

**Exhibit 7: International patient revenue forecast, yearly**



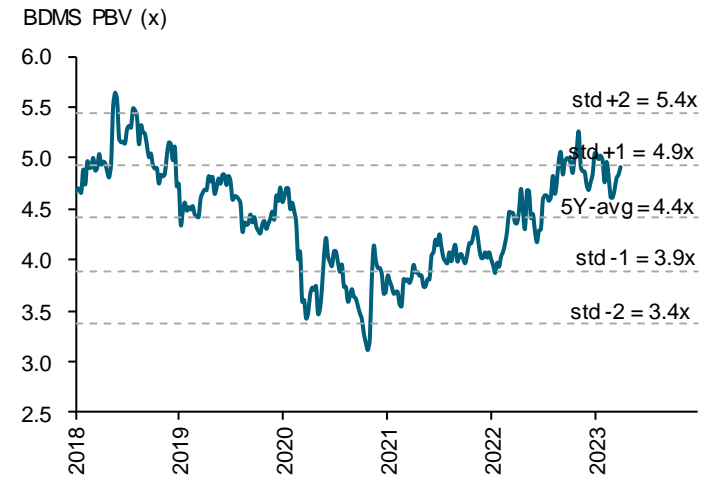
Sources: BDMS; FSSIA estimate

**Exhibit 8: One-year prospective P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 9: One-year prospective P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 10: Peer comparisons as of 7 April 2023**

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current	Target	Upside		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	30.00	34.50	15.0	13,987	35.4	31.2	14.5	15.4	5.0	4.6	19.8	17.7
Bumrungrad Hospital	BH TB	BUY	230.00	260.00	13.0	5,364	34.1	31.3	25.6	24.8	8.2	7.3	22.0	20.1
Bangkok Chain Hospital	BCH TB	BUY	20.70	25.50	23.2	1,514	28.8	23.7	14.1	16.0	4.0	3.6	14.8	12.5
Chularat Hospital	CHG TB	BUY	3.58	4.40	22.9	1,155	29.9	25.7	16.5	18.8	5.0	4.6	17.4	15.0
Praram 9 Hospital	PR9 TB	BUY	20.90	22.00	5.3	482	28.2	26.0	12.1	12.6	3.3	3.2	14.2	12.9
Thonburi Healthcare Group	THG TB	REDUCE	69.00	55.00	(20.3)	1,716	49.3	43.4	11.4	12.4	5.5	5.3	26.9	24.0
Vibhavadi Medical Center	VIBHA TB	BUY	2.64	3.20	21.2	1,052	33.1	29.6	7.3	7.9	2.4	2.3	27.5	24.8
Ramkhamhaeng Hospital	RAM TB	BUY	53.75	62.00	15.3	1,892	30.1	26.3	11.3	12.2	3.3	3.1	24.7	22.4
Rajthanee Hospital	RJH TB	n/a	28.25	n/a	n/a	248	21.2	21.6	18.4	17.6	5.7	3.8	13.6	13.4
Ekachai Medical Care	EKH TB	n/a	7.90	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>27,567</b>	<b>31.4</b>	<b>28.1</b>	<b>14.4</b>	<b>15.0</b>	<b>4.8</b>	<b>4.1</b>	<b>19.3</b>	<b>17.4</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	68.31	n/a	n/a	10,443	38.4	28.2	10.1	12.3	3.8	3.7	13.0	11.7
Ihh Healthcare Bhd	IHH SP	n/a	1.73	n/a	n/a	11,440	30.1	26.7	6.4	6.8	2.2	1.8	13.6	12.7
Ryman Healthcare	RYM NZ	n/a	5.30	n/a	n/a	2,297	10.5	11.8	7.0	7.2	1.2	0.7	14.2	15.7
Apollo Hospitals Enterprise	APHS IN	n/a	4,202	n/a	n/a	7,394	71.7	49.4	13.8	17.6	16.6	9.4	29.8	23.5
Kpj Healthcare Berhad	KPJ MK	n/a	1.13	n/a	n/a	1,121	23.5	20.9	9.2	10.0	2.5	2.1	11.3	10.7
Raffles Medical Group	RFMD SP	n/a	1.48	n/a	n/a	2,067	22.1	21.8	12.0	11.7	3.2	2.6	12.5	12.3
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,790	n/a	n/a	2,660	35.0	29.9	19.3	20.4	8.2	6.3	22.1	19.0
Aier Eye Hospital Group	300015 CH	n/a	30.44	n/a	n/a	31,795	58.2	45.0	22.2	23.7	25.0	12.1	33.5	26.7
<b>Regional average</b>						<b>69,218</b>	<b>36.2</b>	<b>29.2</b>	<b>12.5</b>	<b>13.7</b>	<b>7.8</b>	<b>4.8</b>	<b>18.8</b>	<b>16.5</b>
<b>Overall average</b>						<b>96,785</b>	<b>33.5</b>	<b>28.6</b>	<b>13.5</b>	<b>14.4</b>	<b>6.2</b>	<b>4.4</b>	<b>19.0</b>	<b>17.0</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>61.6</b>	<b>37.8</b>	<b>35.4</b>	<b>31.2</b>	<b>28.3</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)	60.1	37.8	35.4	31.2	28.3
Dividend yield (%)	2.7	1.7	1.7	1.7	1.9
Price/book (x)	5.7	5.3	5.0	4.6	4.3
Price/tangible book (x)	7.3	6.7	6.3	5.7	5.2
EV/EBITDA (x) **	28.1	21.3	19.8	17.7	16.0
EV/EBITDA @ target price (x) **	32.2	24.5	22.7	20.3	18.5
EV/invested capital (x)	4.7	4.4	4.3	4.3	4.3

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

Sources: Bangkok Dusit Medical Services; FSSIA estimates



## Public disclosures related to sustainable development evaluation of Thai listed companies

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >15% by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

## 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 Dusit Medical Services	BDMS TB	THB 30.00	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 230.00	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 20.70	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 3.58	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 20.90	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 69.00	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 2.64	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 53.75	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.

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 07-Apr-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.