

BUMRUNGRAD HOSPITAL
THAILAND / HEALTH CARE SERVICES

BH TB

BUY

UNCHANGED

ปลดล็อกสองเครื่องยนต์เพื่อการเติบโต

- กำไรปกติ 1Q23 ทำสถิติสูงสุดใหม่ที่ 1.6 พัน ลบ. แม้ว่าจะได้รับผลกระทบบางส่วนจากเทศกาลรอมฎอน
- ปลดล็อกข้อจำกัดในด้านความสามารถในการรองรับผู้ป่วยในหลังแผนการปรับปรุงแล้วเสร็จพร้อมปลดล็อกการเติบโตระยะยาวผ่านโครงการใหม่ในภูเก็ต
- คงแนะนำซื้อหลังปรับราคาเป้าหมายปี 2023 ขึ้นเป็น 280 บาท (DCF)

TARGET PRICE	THB280.00
CLOSE	THB251.00
UP/DOWNSIDE	+11.6%
PRIOR TP	THB260.00
CHANGE IN TP	+7.7%
TP vs CONSENSUS	+14.3%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	20,721	23,713	24,669	26,167
Net profit	4,938	6,006	6,356	6,861
EPS (THB)	6.21	7.55	7.99	8.62
vs Consensus (%)	-	9.1	6.7	7.7
EBITDA	7,127	8,580	9,023	9,669
Core net profit	4,941	6,006	6,356	6,861
Core EPS (THB)	6.21	7.55	7.99	8.62
Chg. In EPS est. (%)	-	11.8	8.7	6.6
EPS growth (%)	287.9	21.5	5.8	7.9
Core P/E (x)	40.4	33.3	31.4	29.1
Dividend yield (%)	1.3	1.4	1.8	1.9
EV/EBITDA (x)	26.9	21.9	20.5	18.8
Price/book (x)	10.1	8.7	7.8	7.0
Net debt/Equity (%)	(41.1)	(51.9)	(57.5)	(63.5)
ROE (%)	26.7	28.2	26.2	25.2

คาดการณ์รายได้และกำไรต่อ y-y เป็นเลขสองหลักในช่วงฤดูชบเซาใน 2Q23

BH รายงานกำไรปกติสูงสุดใหม่ที่ 1.6 พัน ลบ. ใน 1Q23 จากรายได้ผู้ป่วยชาวไทยและต่างประเทศที่อยู่ในเกณฑ์ดีโดยสูงกว่าระดับก่อนโควิดถึงประมาณ 30% แม้ว่าจะได้รับผลกระทบจากช่วงรอมฎอนประมาณ 10 วัน ใน 2Q23 แม้ว่า BH จะเข้าสู่ฤดูชบเซาและมีแนวโน้มที่จะได้รับผลกระทบจากเทศกาลรอมฎอนและสงกรานต์ในเดือน เม.ย. เรายังคาดว่า BH จะรายงานรายได้และกำไรปกติโตดี y-y เป็นเลขสองหลักใน 2Q23

ปลดล็อกการเติบโตระยะสั้นจากจำนวนเตียงผู้ป่วยใหม่ที่เพิ่มขึ้น

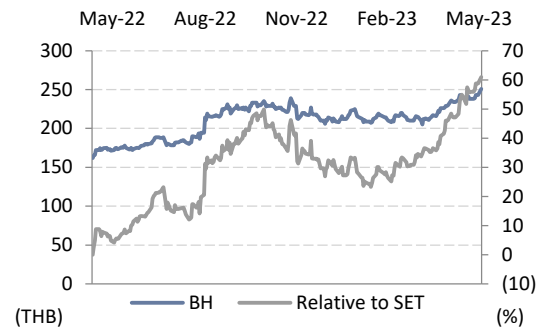
เราคิดว่ากำไรปกติของ BH มีโอกาสที่จะทำสถิติสูงสุดใหม่อีกครั้งใน 3Q23 ซึ่งเป็นฤดูกาลขายสำหรับกลุ่มโรงพยาบาลเนื่องจากบริษัทฯ พึ่งจะปลดล็อกข้อจำกัดในด้านความสามารถในการรองรับผู้ป่วยไปเมื่อไม่นานมานี้หลังโครงการปรับปรุงแล้วเสร็จ ปัจจุบัน BH มีจำนวนเตียงผู้ป่วยในอยู่ที่ 547 เตียงเทียบกับค่าเฉลี่ยที่ 459 เตียงในปี 2022 นอกจากนี้ผู้ป่วยชาวจีนได้ขยับขึ้นเป็นอันดับที่ 9 ในแง่ของสัดส่วนรายได้โดยมีรายได้สูงกว่าระดับก่อนโควิดถึง 35% ณ สิ้น 1Q23 เมื่อไม่นานมานี้ BH ได้เปิดศูนย์ IVF ซึ่งน่าจะเป็นปัจจัยดึงดูดผู้ป่วยชาวจีนในปีนี้

ปลดล็อกการเติบโตระยะยาวจากโรงพยาบาลใหม่ในภูเก็ต

BH ประกาศโครงการสร้างใหม่ในภูเก็ตโดยจะเป็นโรงพยาบาลที่มีเอกลักษณ์ขนาด 150 เตียง ด้วยงบลงทุน 4.3 พัน ลบ. โรงพยาบาลดังกล่าวจะให้บริการต่าง ๆ อาทิเช่น VitalLife โรครหัวใจ ศัลยกรรมกระดูกและกระดูกสันหลังรวมถึงการผ่าตัดเพื่อความงาม BH วางแผนซื้อที่ดินภายใน 2Q23 และจะขออนุมัติรายงานวิเคราะห์ผลกระทบด้านสิ่งแวดล้อม (EIA) ภายในสิ้นปีนี้เพื่อให้เริ่มงานก่อสร้างและเปิดโรงพยาบาลได้ภายในช่วง 1H25 เรามองปัจจัยดังกล่าวเป็นบวกเนื่องจาก BH จะสามารถจับตลาดท่องเที่ยวเชิงการแพทย์ใหม่ในภูเก็ตซึ่งมีนักท่องเที่ยวประมาณ 5.4 ล้านรายในปี 2019 ผู้บริหารให้ความเห็นว่าโครงการดังกล่าวไม่น่าจะแย่งผู้ป่วยจากโรงพยาบาลหลักในกรุงเทพฯ นอกจากนี้ปัจจัยดังกล่าวยังน่าจะช่วยปลดล็อก BH จากการเป็นโรงพยาบาลเดี่ยวสู่เครือข่ายโรงพยาบาลในอนาคต

ปรับเพิ่มประมาณการกำไร; ราคาหุ้นมีโอกาสทำสถิติสูงสุดใหม่

เราปรับเพิ่มประมาณการกำไรปกติปี 2023-25 ขึ้น 7-12% เพื่อสะท้อนผลประกอบการที่ดีใน 1Q23 และแนวโน้มที่สดใสซึ่งทำให้เราปรับราคาเป้าหมายปี 2023 ใหม่ที่ 280 บาท (DCF) BH มีการซื้อขายที่ 33x ของค่า 2023E P/E ต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 34x เราเชื่อว่ากำไรสูงสุดใหม่ใน 1Q23 น่าจะช่วยผลักดันราคาหุ้นของ BH ขึ้นทำสถิติสูงสุดใหม่ที่ประมาณ 260 บาทในปี 2015



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	9.1	17.3	55.4
Relative to country (%)	11.4	26.8	64.4
Mkt cap (USD m)	5,899		
3m avg. daily turnover (USD m)	14.5		
Free float (%)	64		
Major shareholder	Dr. Satit Viddayakorn (18%)		
12m high/low (THB)	256.00/161.00		
Issued shares (m)	922.70		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 9 พฤษภาคม 2023

Investment thesis

We think BH’s operations are in an upward trend. International patient revenue should continue to improve on the back of pent-up demand for medical tourism.

We expect to see an improvement in Bumrungrad Health Network (BHN), which is the new business model that BHN and its partner hospitals have set up to jointly operate Centers of Excellence (CoE) in partnered hospitals. We believe there will be more CoE openings in partnered hospitals.

BH’s EBITDA margin should be in an upward trend as the hospital has started to reduce its medical discount rate. Plus, international patients, which normally command a higher EBITDA margin than Thai patients, are beginning to recover in terms of volume.

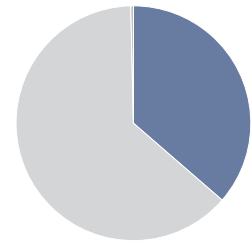
Company profile

BH is a leading private hospital (580 licensed beds) in the premium segment.

www.bumrungrad.com

Principal activities (revenue, 2022)

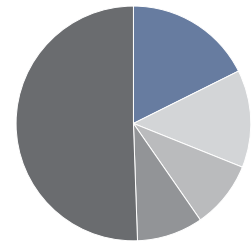
- Thai patient revenue - 36.4 %
- International patient revenue - 63.3 %
- Other revenue - 0.4 %



Source: Bumrungrad Hospital

Major shareholders

- Dr. Satit Viddayakorn - 17.6 %
- Bangkok Insurance - 13.4 %
- Thai NVDR - 9.3 %
- UOB Kay Hian (Hong Kong) - 9.1 %
- Others - 50.6 %



Source: Bumrungrad Hospital

Catalysts

Key growth drivers include 1) the recovery of international patient numbers; 2) its new business model, “Bumrungrad Health Network”, which should enable BH to capture the middle-class patient segment; and 3) its vital life business (Wellness) which has a high margin compared to traditional healthcare.

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 medical fee discount promotions, leading to a weaker EBITDA margin.

Event calendar

Date	Event
Aug 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
OPD volume growth	7	2	3
OPD revenue / patient growth	7	2	3
IPD volume growth	8	2	3
IPD revenue / patient growth	6	2	3

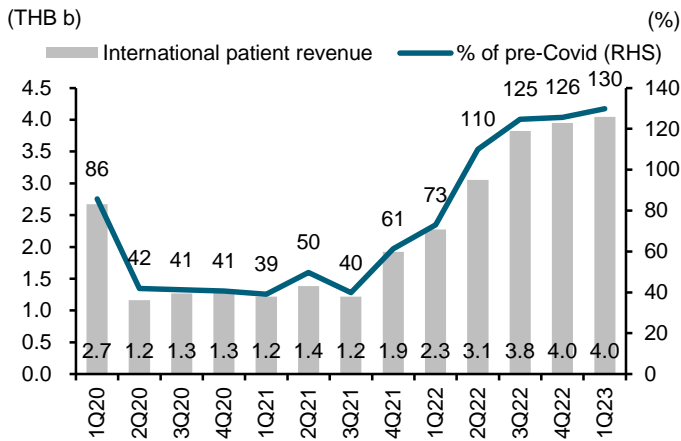
Source: FSSIA estimates

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 4%, and vice versa, all else being equal.

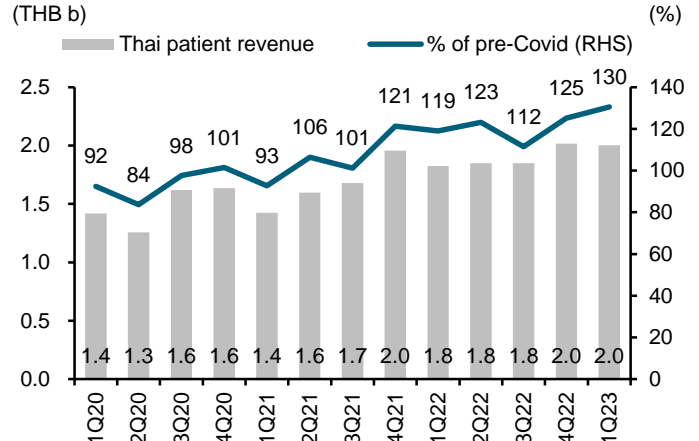
Source: FSSIA estimates

Exhibit 1: International patient revenue, quarterly



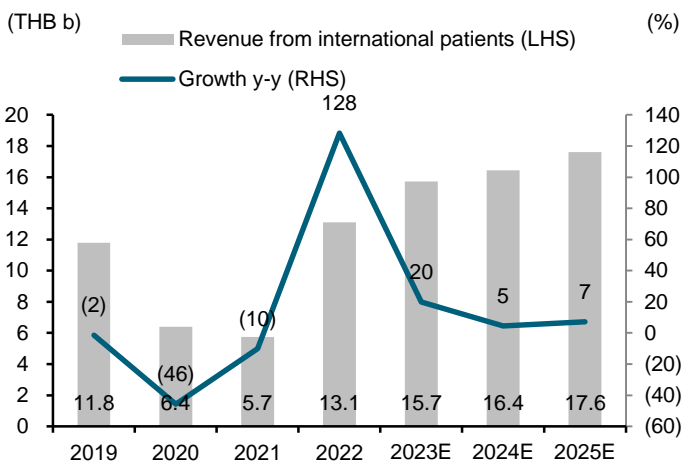
Source: BH

Exhibit 2: Thai patient revenue, quarterly



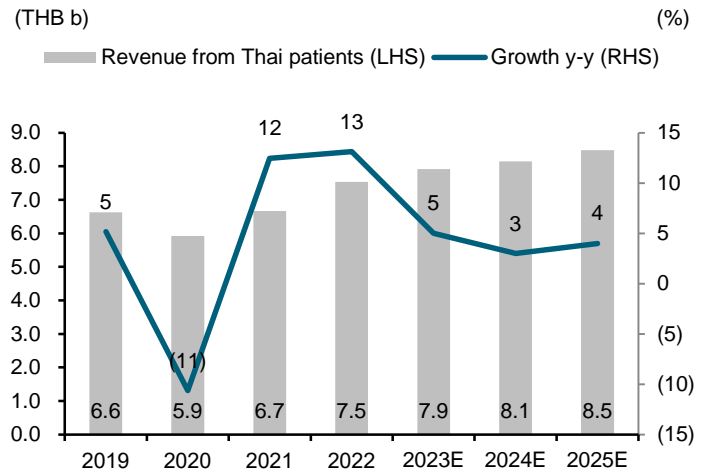
Source: BH

Exhibit 3: International patient revenue, yearly



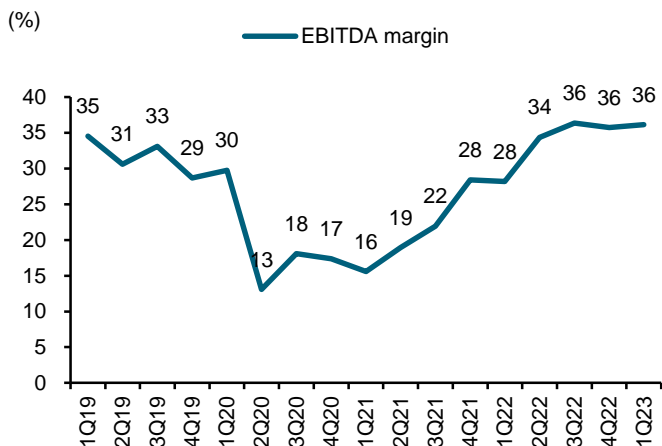
Sources: BH; FSSIA estimates

Exhibit 4: Thai patient revenue, yearly



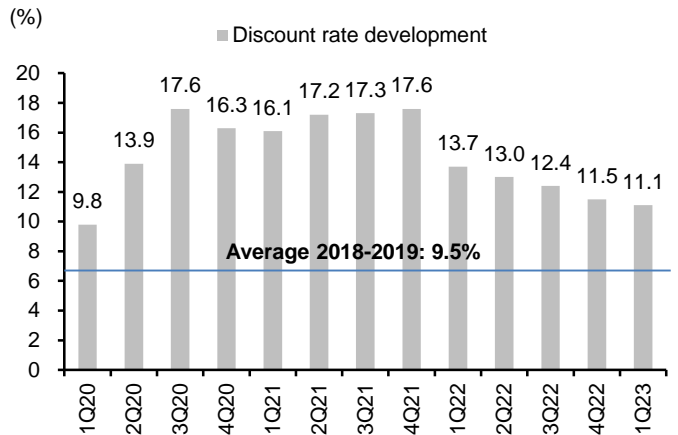
Sources: BH; FSSIA estimates

Exhibit 5: EBITDA margin, quarterly



Source: BH

Exhibit 6: Discount rate has converted to pre-Covid level



Sources: BH; FSSIA estimates

Recap: 1Q23 results review

BH posted a new record high core profit of THB1.6b (+119% y-y, +2% q-q) in 1Q23, exceeding the pre-Covid level by 46% and beating BBG's consensus estimate by 9%, mainly due to higher-than-expected revenue from both Thai and international patients.

Revenue grew 1% q-q and 47% y-y in 1Q23. International patient revenue grew by 2% q-q and exceed the pre-Covid level by 30%. Thai patient revenue was flat q-q and exceeded the pre-Covid level by 30%. As a result, the revenue contribution from Thai patients was 33% and international patients was 67%

COGS increased by 1% q-q in 1Q23, while SG&A decreased by 3% q-q. Thus, the EBITDA margin remained at a high level of 36% thanks to strong revenue.

At the analyst meeting, BH provided more details on strong growth in terms of 1Q23 vs 1Q22. Strong International patient revenue was driven mainly by patients from the Middle East (+147% y-y) and Indochina (+60% y-y). The top three revenue contributors, in terms of geography, for international patient revenue in 1Q23 were patients from Qatar (+300% y-y), Myanmar (+61% y-y), and Kuwait (+67% y-y). In addition, Chinese patients have become the 9th-ranked contributors with 184% y-y growth and a revenue contribution of 2% in 1Q23.

Exhibit 7: 1Q23 results review

	1Q19	1Q22	2Q22	3Q22	4Q22	1Q23	----- Change -----		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	4,666	4,118	4,922	5,693	5,988	6,069	1	47	23,713	60
COGS (incl. depreciation)	(2,495)	(2,394)	(2,640)	(2,930)	(3,136)	(3,150)	0	32	(12,318)	38
Gross Profit	2,171	1,724	2,282	2,764	2,851	2,920	2	69	11,395	101
SG&A	(880)	(865)	(887)	(999)	(1,046)	(1,013)	(3)	17	(4,157)	6
Operating Profit	1,291	859	1,395	1,764	1,805	1,906	6	122	7,239	545
Net other income	34	34	27	45	80	21	(73)	(38)	187	38
Interest income	33	11	9	10	15	25	63	120	132	(47)
Interest expense	(31)	(2)	(1)	(1)	(1)	(0)	(15)	(69)	(2)	(96)
Pretax profit	1,326	903	1,430	1,819	1,900	1,952	3	116	7,556	530
Income Tax	(242)	(168)	(254)	(316)	(335)	(355)	6	112	(1,511)	738
Associates	(0)	(0)	(0)	(0)	(0)	(0)	(94)	550	(1)	(100)
Minority interest	(0)	(10)	(16)	(3)	(8)	(10)	22	(2)	(39)	12,579
Core profit	1,084	725	1,161	1,500	1,556	1,586	2	119	6,006	509
Extraordinaries, GW & FX	(2)	(0)	5	2	(10)	(3)	(72)	564	0	
Reported net profit	1,081	725	1,166	1,501	1,546	1,583	2	118	6,006	515
Outstanding shares (m)	729	795	795	795	795	795	0	0	795	0
Core EPS (THB)	1.49	0.91	1.46	1.89	1.96	2.00	2	119	7.55	509
EPS (THB)	1.48	0.91	1.47	1.89	1.94	1.99	2	118	7.55	515
COGS (excl. depreciation)	2,198	2,117	2,361	2,651	2,853	2,875	1	36	11,163	46
Depreciation	298	277	278	278	283	275	(3)	(1)	1,154	(7)
EBITDA	1,623	1,170	1,701	2,088	2,168	2,202	2	88	8,580	190
Key ratios	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	47	42	46	49	48	48	0	6	48	9
SG&A/Revenue	19	21	18	18	17	17	(1)	(4)	18	(10)
EBITDA margin	35	28	34	36	36	36	0	8	36	14
Net profit margin	23	18	24	26	26	26	0	8	25	15
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
Hospital revenue growth	1	55	65	96	54	47				
OPD revenue growth		65	93	116						
IPD revenue growth		46	40	77						
International patient revenue growth	2	87	121	213	105	78				
Thai patient revenue growth	(4)	28	16	10	3	10				

Sources: BH; FSSIA estimates

Exhibit 8: Changes in key assumptions

	Current			Previous			Change		
	2023E (THB b)	2024E (THB b)	2025E (THB b)	2023E (THB b)	2024E (THB b)	2025E (THB b)	2023E (%)	2024E (%)	2025E (%)
OPD patient revenue	12.3	12.8	13.6	11.6	12.3	13.2	6.1	4.1	3.1
IPD patient revenue	11.3	11.8	12.5	10.7	11.4	12.1	5.6	3.6	3.6
Thai patient revenue	7.9	8.1	8.5	7.8	8.2	8.6	1.0	(0.5)	(1.0)
International patient revenue	15.7	16.4	17.6	14.5	15.5	16.7	8.6	6.1	5.5
Revenue	23.7	24.7	26.2	22.4	23.8	25.3	5.9	3.8	3.3
EBITDA margin (%)	36.2	36.6	37.0	34.9	35.5	36.3	1.3	1.1	0.7
Core profit	6.0	6.4	6.9	5.4	5.8	6.4	11.8	8.7	6.6

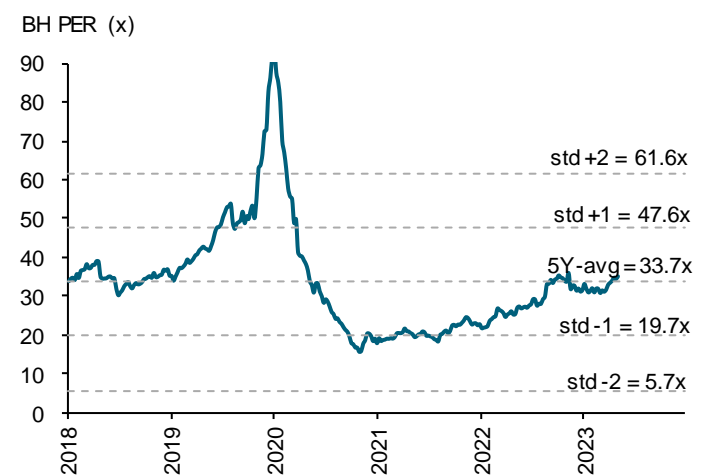
Note: Change of items in percentage terms are represented in ppt change
 Source: FSSIA estimates

Exhibit 9: DCF valuation

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		0.7		
Cost of equity, Ke		8.6	Net cost of debt, Kd	2.8
Weight applied		87.0	Weight applied	13.0
WACC		7.8		
DCF valuation estimate	(THB b)	(THB/share)	Comments	
NPV	69.7	75.5	WACC 7.8%, Risk-free rate 3%, Risk premium 8%	
Terminal value	176.9	191.7	Terminal growth 3%	
Cash & liquid assets	12.1	13.2	At end-2023E	
Investments	0.0	0.0	At end-2023E	
Debt	(0.1)	(0.1)	At end-2023E	
Minorities	(0.3)	(0.4)	At end-2023E	
Residual ordinary equity	258	280		

Source: FSSIA estimates

Exhibit 10: One-year forward rolling P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: One-year forward rolling P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 8 May 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)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	29.75	34.50	16.0	13,978	35.1	30.9	14.5	15.4	5.0	4.6	19.6	17.5
Bumrungrad Hospital	BH TB	BUY	251.00	280.00	11.6	5,899	33.3	31.4	28.2	26.2	8.7	7.8	21.9	20.5
Bangkok Chain Hospital	BCH TB	BUY	20.50	23.50	14.6	1,511	31.1	25.7	13.0	14.9	4.0	3.7	15.4	13.2
Chularat Hospital	CHG TB	BUY	3.46	4.40	27.2	1,125	28.9	24.8	17.3	19.1	5.0	4.5	17.1	14.7
Praram 9 Hospital	PR9 TB	BUY	19.20	22.00	14.6	446	25.9	23.9	11.9	12.0	3.0	2.8	12.8	11.6
Thonburi Healthcare Group	THG TB	REDUCE	68.00	55.00	(19.1)	1,704	48.6	42.8	11.4	12.4	5.5	5.2	26.6	23.7
Vibhavadi Medical Center	VIBHA TB	BUY	2.62	3.20	22.1	1,052	32.8	29.3	7.3	7.9	2.4	2.3	27.3	24.6
Ramkhamhaeng Hospital	RAM TB	BUY	53.75	60.00	11.6	1,907	32.8	28.2	10.0	11.2	3.2	3.1	35.2	30.7
Rajthanee Hospital	RJH TB	n/a	28.50	n/a	n/a	253	21.2	20.8	17.7	17.7	5.7	3.7	13.6	13.2
Ekachai Medical Care	EKH TB	n/a	7.85	n/a	n/a	162	24.2	22.7	12.3	12.0	5.8	2.8	12.2	11.3
Thailand average						28,037	31.4	28.1	14.4	14.9	4.8	4.0	20.2	18.1
Regional														
Ramsay Health Care	RHC AU	n/a	60.58	n/a	n/a	9,403	40.0	27.8	9.1	11.4	3.4	3.3	12.8	11.2
Ihh Healthcare Bhd	IHH SP	n/a	1.76	n/a	n/a	11,633	30.9	27.5	6.3	6.6	2.2	1.9	13.9	13.0
Ryman Healthcare	RYM NZ	n/a	5.34	n/a	n/a	2,366	10.6	11.9	7.5	7.6	1.2	0.7	14.3	15.7
Apollo Hospitals Enterprise	APHS IN	n/a	4,625	n/a	n/a	8,073	80.5	55.0	13.5	17.4	18.2	10.3	32.8	25.9
Kpj Healthcare Berhad	KPJ MK	n/a	1.14	n/a	n/a	1,120	23.8	21.1	9.2	10.0	2.5	2.2	11.4	10.8
Raffles Medical Group	RFMD SP	n/a	1.46	n/a	n/a	2,036	21.3	21.0	12.0	11.8	3.1	2.5	12.2	12.0
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,600	n/a	n/a	2,491	33.0	28.4	18.8	19.6	7.6	5.8	20.9	17.9
Aier Eye Hospital Group	300015 CH	n/a	29.01	n/a	n/a	29,895	58.3	45.1	19.4	21.1	23.7	10.8	33.0	26.6
Regional average						67,016	37.3	29.7	12.0	13.2	7.8	4.7	18.9	16.6
Overall average						95,053	34.0	28.8	13.3	14.1	6.1	4.3	19.6	17.5

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bumrungrad Hospital

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	12,460	20,721	23,713	24,669	26,167
Cost of goods sold	(6,551)	(9,982)	(11,163)	(11,564)	(12,188)
Gross profit	5,909	10,738	12,550	13,105	13,979
Other operating income	144	187	187	193	198
Operating costs	(3,296)	(3,798)	(4,157)	(4,275)	(4,508)
Operating EBITDA	2,758	7,127	8,580	9,023	9,669
Depreciation	(1,180)	(1,117)	(1,154)	(1,221)	(1,283)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,578	6,010	7,426	7,802	8,386
Net financing costs	(51)	42	131	192	239
Associates	(12)	(1)	(1)	(1)	(1)
Recurring non-operating income	(12)	(1)	(1)	(1)	(1)
Non-recurring items	(58)	(3)	0	0	0
Profit before tax	1,456	6,049	7,556	7,994	8,624
Tax	(216)	(1,072)	(1,511)	(1,599)	(1,725)
Profit after tax	1,240	4,977	6,044	6,395	6,899
Minority interests	(24)	(39)	(39)	(39)	(39)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,216	4,938	6,006	6,356	6,861
Non-recurring items & goodwill (net)	58	3	0	0	0
Recurring net profit	1,274	4,941	6,006	6,356	6,861
Per share (THB)					
Recurring EPS *	1.60	6.21	7.55	7.99	8.62
Reported EPS	1.53	6.21	7.55	7.99	8.62
DPS	3.20	3.20	3.50	4.53	4.79
Diluted shares (used to calculate per share data)	796	796	796	796	796
Growth					
Revenue (%)	0.8	66.3	14.4	4.0	6.1
Operating EBITDA (%)	6.5	158.5	20.4	5.2	7.2
Operating EBIT (%)	15.3	281.0	23.5	5.1	7.5
Recurring EPS (%)	6.2	287.9	21.5	5.8	7.9
Reported EPS (%)	1.0	306.2	21.6	5.8	7.9
Operating performance					
Gross margin inc. depreciation (%)	38.0	46.4	48.1	48.2	48.5
Gross margin of key business (%)	38.0	46.4	48.1	48.2	48.5
Operating EBITDA margin (%)	22.1	34.4	36.2	36.6	37.0
Operating EBIT margin (%)	12.7	29.0	31.3	31.6	32.0
Net margin (%)	10.2	23.8	25.3	25.8	26.2
Effective tax rate (%)	14.1	17.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	199.7	51.5	46.4	56.7	55.6
Interest cover (X)	30.7	(141.7)	(56.9)	(40.6)	(35.1)
Inventory days	17.7	11.9	11.3	11.7	11.6
Debtor days	53.7	36.3	39.1	35.8	33.8
Creditor days	42.0	34.6	37.6	39.0	38.7
Operating ROIC (%)	10.6	40.6	50.1	54.3	59.8
ROIC (%)	10.0	39.1	48.3	52.3	57.6
ROE (%)	7.1	26.7	28.2	26.2	25.2
ROA (%)	6.0	21.9	22.7	21.2	20.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thai patient revenue	6,661	7,536	7,912	8,150	8,476
International patient revenue	5,743	13,110	15,724	16,441	17,613
Other revenue	56	75	77	78	79

Sources: Bumrungrad Hospital; FSSIA estimates

Financial Statements

Bumrungrad Hospital

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	1,274	4,941	6,006	6,356	6,861
Depreciation	1,180	1,117	1,154	1,221	1,283
Associates & minorities	-	-	-	-	-
Other non-cash items	318	26	39	39	39
Change in working capital	897	131	637	129	203
Cash flow from operations	3,668	6,216	7,836	7,745	8,385
Capex - maintenance	(928)	(1,170)	(1,186)	(1,233)	(1,047)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	74	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(853)	(1,170)	(1,186)	(1,233)	(1,047)
Dividends paid	(2,545)	(2,543)	(2,785)	(3,604)	(3,814)
Equity finance	0	0	0	0	0
Debt finance	(2,516)	(8)	0	0	0
Other financing cash flows	44	(155)	0	0	0
Cash flow from financing	(5,017)	(2,705)	(2,785)	(3,604)	(3,814)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(2,203)	2,341	3,865	2,908	3,525
Free cash flow to firm (FCFF)	2,934.46	5,049.59	6,652.15	6,513.49	7,340.71
Free cash flow to equity (FCFE)	342.35	4,882.92	6,650.25	6,511.59	7,338.81

Per share (THB)

FCFF per share	3.18	5.47	7.21	7.06	7.96
FCFE per share	0.37	5.29	7.21	7.06	7.95
Recurring cash flow per share	3.48	7.65	9.05	9.57	10.28

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	25,744	26,652	27,838	29,071	30,118
Less: Accumulated depreciation	(13,425)	(14,236)	(15,391)	(16,612)	(17,895)
Tangible fixed assets (net)	12,319	12,416	12,447	12,460	12,223
Intangible fixed assets (net)	71	61	61	61	61
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1	1	1	1	1
Cash & equivalents	5,936	8,276	12,141	15,049	18,574
A/C receivable	1,461	2,658	2,421	2,421	2,421
Inventories	328	326	364	377	398
Other current assets	338	159	182	189	200
Current assets	8,062	11,419	15,108	18,037	21,594
Other assets	404	362	362	362	362
Total assets	20,857	24,259	27,980	30,921	34,241
Common equity	17,286	19,705	22,926	25,679	28,726
Minorities etc.	332	300	338	377	415
Total shareholders' equity	17,618	20,005	23,265	26,056	29,141
Long term debt	71	63	63	63	63
Other long-term liabilities	924	799	799	799	799
Long-term liabilities	995	862	862	862	862
A/C payable	805	1,085	1,213	1,257	1,325
Short term debt	0	0	0	0	0
Other current liabilities	1,439	2,306	2,639	2,746	2,912
Current liabilities	2,244	3,391	3,853	4,003	4,237
Total liabilities and shareholders' equity	20,857	24,259	27,980	30,921	34,241
Net working capital	(117)	(249)	(886)	(1,015)	(1,218)
Invested capital	12,677	12,591	11,985	11,869	11,429

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

Per share (THB)

Book value per share	21.72	24.76	28.81	32.27	36.10
Tangible book value per share	21.63	24.69	28.73	32.19	36.02

Financial strength

Net debt/equity (%)	(33.3)	(41.1)	(51.9)	(57.5)	(63.5)
Net debt/total assets (%)	(28.1)	(33.9)	(43.2)	(48.5)	(54.1)
Current ratio (x)	3.6	3.4	3.9	4.5	5.1
CF interest cover (x)	7.7	(114.1)	(50.0)	(32.9)	(29.7)

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	156.8	40.4	33.3	31.4	29.1
Recurring P/E @ target price (x) *	174.9	45.1	37.1	35.1	32.5
Reported P/E (x)	164.3	40.4	33.3	31.4	29.1
Dividend yield (%)	1.3	1.3	1.4	1.8	1.9
Price/book (x)	11.6	10.1	8.7	7.8	7.0
Price/tangible book (x)	11.6	10.2	8.7	7.8	7.0
EV/EBITDA (x) **	70.4	26.9	21.9	20.5	18.8
EV/EBITDA @ target price (x) **	78.8	30.2	24.6	23.1	21.2
EV/invested capital (x)	15.3	15.2	15.7	15.6	15.9

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

Sources: Bumrungrad Hospital; 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)¹

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)²

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)³

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)⁴ 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 >150 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 Indices⁵ (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:

¹ 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.

² 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.

³ 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.

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

⁵ 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
Bumrungrad Hospital	BH TB	THB 251.00	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 Dusit Medical Services	BDMS TB	THB 29.75	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bangkok Chain Hospital	BCH TB	THB 20.50	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) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 3.46	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 19.20	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Thonburi Healthcare Group	THG TB	THB 68.00	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 2.62	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 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 08-May-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.