

PRARAM 9 HOSPITAL  
THAILAND / HEALTH CARE SERVICES

## PR9 TB

BUY

UNCHANGED

## กลับมาแข็งแกร่งอีกครั้งใน 2Q23

- เราคาดว่ากำไรปกติ 2Q23 จะโต 12% q-q เป็น 121 ลบ. จากรายได้ผู้ป่วยชาวไทยและชาวต่างชาติที่อยู่ในเกณฑ์ดี
- คาดโมเมนตัมกำไร 3Q23 ในเกณฑ์ที่ดีจากตัวเลขผู้ป่วยในชาวไทยที่เพิ่มขึ้นจากฤดูฝนและตัวเลขผู้ป่วยที่บินเข้ามารับการรักษา (Fly-in patient) ที่อาจสูงขึ้น
- คงแนะนำซื้อที่ราคาเป้าหมาย 22 บาท (DCF)

TARGET PRICE	THB22.00
CLOSE	THB17.70
UP/DOWNSIDE	+24.3%
PRIOR TP	THB22.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.5%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,107	4,422	4,645	4,928
Net profit	568	582	632	694
EPS (THB)	0.72	0.74	0.80	0.88
vs Consensus (%)	-	0.1	(2.6)	(1.9)
EBITDA	991	1,023	1,098	1,193
Recurring net profit	568	582	632	694
Core EPS (THB)	0.72	0.74	0.80	0.88
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	127.8	2.6	8.5	9.8
Core P/E (x)	24.5	23.9	22.0	20.1
Dividend yield (%)	1.6	2.1	2.3	2.5
EV/EBITDA (x)	12.3	11.6	10.5	9.3
Price/book (x)	2.9	2.7	2.6	2.4
Net debt/Equity (%)	(36.1)	(40.1)	(44.2)	(48.3)
ROE (%)	12.6	11.9	12.0	12.3

## คาดว่ากำไรปกติ 2Q23 จะเพิ่มเกือบเท่าตัวจาก 2Q19

ใน 2Q23 เราคาดว่ารายได้จะโต 5% y-y และ 7% q-q รายได้จากผู้ป่วยชาวไทยน่าจะโต 7% q-q และสูงกว่าระดับก่อนโควิดอย่างมีนัยสำคัญถึง 50-55% โดยจะได้ปัจจัยผลักดันจากรายได้จากการทำงานของศูนย์เลสิกและการผ่าตัดเพื่อความงามรวมถึงโรคโควิดที่ระบาด นอกจากนี้รายได้จากผู้ป่วยต่างชาติยังน่าจะโต 10-15% q-q จากปริมาณผู้ป่วยต่างชาติในไทย (Expat patient) ที่อยู่ในระดับสูงโดยเฉพาะอย่างยิ่งผู้ป่วยชาวจีน เราคาดว่า EBITDA margin จะปรับตัวขึ้นเป็น 22% (เทียบกับ 21% ใน 1Q23) นอกจากนี้เรายังคาดว่ากำไรปกติจะโต 12% q-q เป็น 121 ลบ. ซึ่งสูงกว่าระดับก่อนโควิดถึง 92%

## คาด EBITDA จะปรับตัวดีขึ้นในช่วง 2H23

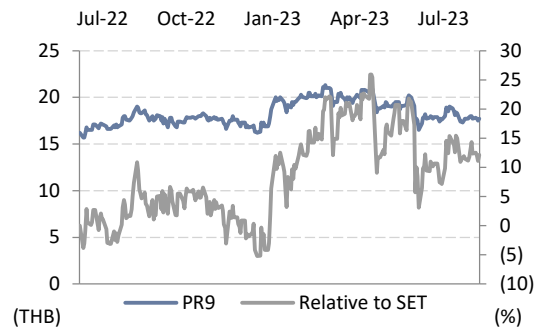
เราคาดว่าโมเมนตัมกำไรจะดีต่อเนื่องใน 3Q23 จากฤดูฝน ปัจจุบันอัตราการใช้เตียงเกือบแตะระดับสูงสุดที่ 204 เพียงจากการโรคทางเดินหายใจในเด็กที่เพิ่มขึ้นและการผ่าตัดที่มากขึ้น PR9 กำลังพิจารณาเปิดหอผู้ป่วยใหม่ (ประมาณ 20 เตียง) ปริมาณผู้ป่วยในที่สูงขึ้นน่าจะช่วยหนุนให้ EBITDA margin ปรับตัวดีขึ้นอีกครั้งหลังชะลอตัวจาก 23-24% ใน 2Q-3Q22 เป็น 21-22% ในช่วง 1H23E ในด้านต้นทุน PR9 ได้ปรับต้นทุนบุคลากรไปแล้ว 2 ครั้ง (เมื่อปีที่แล้วและต้นปีนี้) และต้นทุนน่าจะทรงตัวได้ เพราะฉะนั้นรายได้ที่สูงขึ้นจึงน่าจะไหลลงกำไรได้เกือบทั้งหมด

## ผู้ป่วย Fly-in จากจีนและตะวันออกกลางอาจเพิ่มขึ้น

แม้เราจะคาดว่ารายได้ในช่วง 1H23 จะโตเพียง 2% y-y ซึ่งต่ำกว่าที่เคยคาดไว้ก่อนหน้านี้ เรายังคงประมาณการการเติบโตของรายได้ปี 2023 ไว้ที่ 8% โดยคาดว่าตัวเลขนักท่องเที่ยวชาวจีนที่บินเข้ามาเพื่อรับการรักษาจะปรับตัวดีขึ้นใน 2H23 ตามการเร่งตัวของตัวเลขนักท่องเที่ยวชาวจีนที่เดินทางเข้าประเทศซึ่งน่าจะเพิ่มตามการกลับมาของเส้นทางการบินระหว่างประเทศไทยและจีนที่เพิ่มขึ้น นอกจากนี้เราน่าจะเริ่มเห็นรายได้เพิ่มขึ้นจากผู้ป่วยจากตะวันออกกลางในช่วง 2H23 เนื่องจาก PR9 ได้เซ็นสัญญาเป็นพันธมิตรแต่เพียงผู้เดียวกับ The Patrick group เพื่อส่งต่อผู้ป่วยในตะวันออกกลางมาที่โรงพยาบาลของบริษัทฯ ไปเมื่อไม่นานมานี้

## มีการซื้อขายในระดับการประเมินมูลค่าที่ต่ำ

เราคงประมาณการกำไรและราคาเป้าหมายที่ 22 บาท (DCF) ปัจจุบัน PR9 มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 24x ของค่า 2023E P/E (เทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 28x) กำไรน่าจะผ่านจุดต่ำสุดไปแล้วใน 1Q23 จากแนวโน้มที่ดีในช่วง 2H23 เราแนะนำให้นักลงทุนสะสมหุ้น PR9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.3)	(5.9)	9.3
Relative to country (%)	(2.1)	0.4	13.1
Mkt cap (USD m)	403		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	59		
Major shareholder	Khunying Potjaman Damapong (37%)		
12m high/low (THB)	21.30/15.60		
Issued shares (m)	786.30		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 14 กรกฎาคม 2023

## Investment thesis

PR9 is a standalone hospital that is known as a “value-for-money” hospital. It recently upgraded its services to include tertiary care with new specialist centres. One of the top contributors is the Kidney Transplant Institute, which is the only facility to be accredited by Joint Commission International (JCI) outside the US.

The hospital is in a growth phase, with a new building opened in July 2020. The new building enables PR9 to capture new customer groups from its new specialist centres and gives it a higher IPD capacity.

The improving EBITDA margin and ROE should lead to a stock valuation re-rating, in our view.

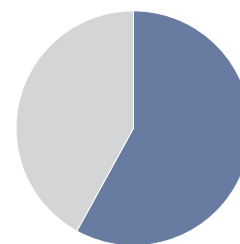
## Company profile

PR9 has been operating a private hospital since 1992.

[www.praram9.com](http://www.praram9.com)

## Principal activities (revenue, 2022)

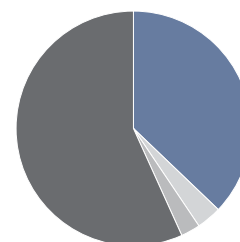
- OPD patient revenue - 58.0 %
- IPD patient revenue - 42.0 %



Source: Praram 9 Hospital

## Major shareholders

- Khunying Potjaman Damapong - 37.1 %
- Thai NVDR - 3.4 %
- Krungsri Asset Management - 2.7 %
- Others - 56.8 %



Source: Praram 9 Hospital

## Catalysts

Key potential growth drivers include 1) higher Thai patient volume from new specialist centres; and 2) rising demand from medical tourists, especially patients from Cambodia, Laos, Myanmar and Vietnam (CLMV), as well as China.

## Risks to our call

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.

## Event calendar

Date	Event
Aug 2023	2Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
No. of beds (no.)	249	270	312
OPD volume growth	3	3	3
OPD revenue / patient growth	3	2	3
IPD volume growth	7	3	3
IPD revenue / patient growth	3	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 6%, and vice versa, all else being equal.

Source: FSSIA estimates

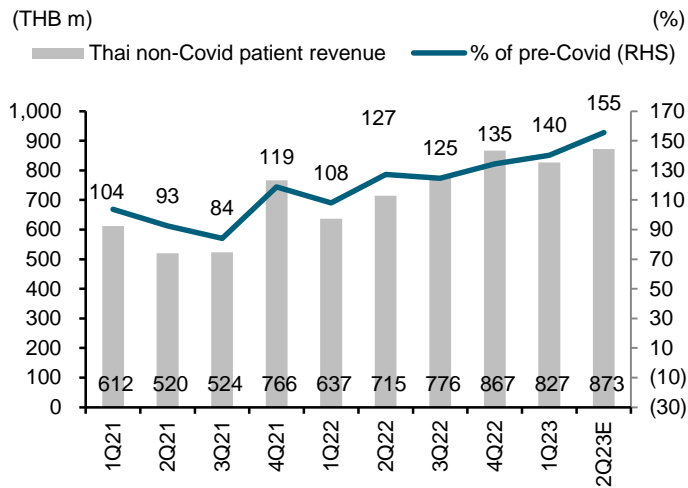


## Exhibit 1: 2Q23 results preview

FY ending Dec	2Q22	3Q22	4Q22	1Q23	2Q23E	----- Change -----		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	970	1,064	1,103	957	1,023	7	5	4,422	8
COGS (incl depreciation)	(664)	(702)	(730)	(657)	(693)	6	4	(2,947)	8
<b>Gross profit</b>	<b>306</b>	<b>362</b>	<b>373</b>	<b>300</b>	<b>329</b>	<b>10</b>	<b>8</b>	<b>1,475</b>	<b>7</b>
SG&A	(164)	(195)	(218)	(182)	(189)	3	15	(805)	9
<b>Operating profit</b>	<b>142</b>	<b>167</b>	<b>155</b>	<b>118</b>	<b>141</b>	<b>19</b>	<b>(1)</b>	<b>670</b>	<b>3</b>
Net other income	12	13	17	16	11	(32)	(5)	58	12
Interest expenses	(0)	(0)	(0)	(0)	0	(100)	(100)	(1)	n/a
<b>Pretax profit</b>	<b>154</b>	<b>181</b>	<b>172</b>	<b>134</b>	<b>152</b>	<b>13</b>	<b>(1)</b>	<b>728</b>	<b>4</b>
Income Tax	(29)	(33)	(33)	(25)	(30)	22	5	(146)	10
<b>Core profit</b>	<b>125</b>	<b>147</b>	<b>139</b>	<b>109</b>	<b>121</b>	<b>12</b>	<b>(3)</b>	<b>582</b>	<b>3</b>
Extraordinaries, GW & FX									
<b>Reported net profit</b>	<b>125</b>	<b>147</b>	<b>139</b>	<b>109</b>	<b>121</b>	<b>12</b>	<b>(3)</b>	<b>582</b>	<b>3</b>
Outstanding shares (m)	786	786	786	786	786	0	0	786	0
<b>Pre-ex EPS (THB)</b>	<b>0.16</b>	<b>0.19</b>	<b>0.18</b>	<b>0.14</b>	<b>0.15</b>	<b>12</b>	<b>(3)</b>	<b>0.74</b>	<b>3</b>
<b>EPS (THB)</b>	<b>0.16</b>	<b>0.19</b>	<b>0.18</b>	<b>0.14</b>	<b>0.15</b>	<b>12</b>	<b>(3)</b>	<b>0.74</b>	<b>3</b>
COGS excl. depreciation	(588)	(626)	(656)	(584)	(620)	6	5	(2,640)	9
Depreciation	(75)	(76)	(74)	(73)	(74)	1	(2)	(306)	2
EBITDA	229	257	246	207	226	9	(1)	1,034	3
<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	32	34	34	31	32	1	1	33	(0)
SG&A/Revenue	17	18	20	19	18	(1)	2	18	0
EBITDA margin	23	24	22	21	22	1	(2)	23	(1)
Net profit margin	13	14	13	11	12	0	(1)	13	(1)
<b>Operating stats</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>					
OPD revenue growth y-y	61	75	20	6					
OPD volume growth y-y	43	48	13	8					
OPD revenue per head growth y-y	13	18	6	(2)					
IPD revenue growth y-y	44	13	15	(11)					
IPD volume growth y-y	39	(11)	5	(35)					
IPD revenue per head growth y-y	4	28	10	38					
Thai patient revenue growth y-y	47	30	11	(5)					
Inter patient revenue growth y-y	114	196	96	29					

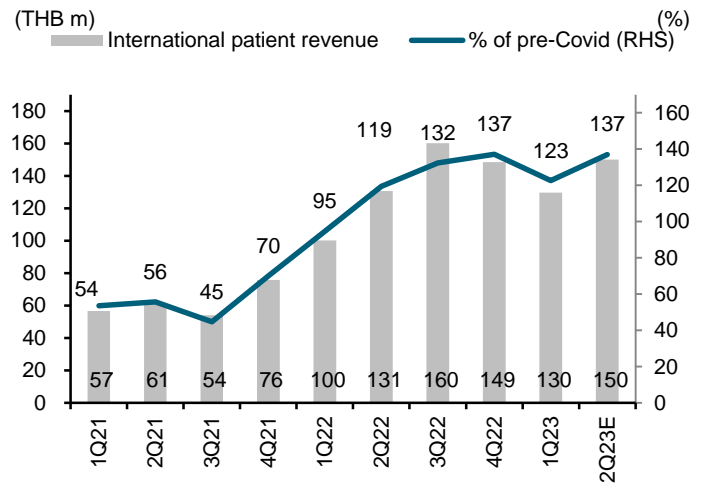
Sources: PR9; FSSIA estimates

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



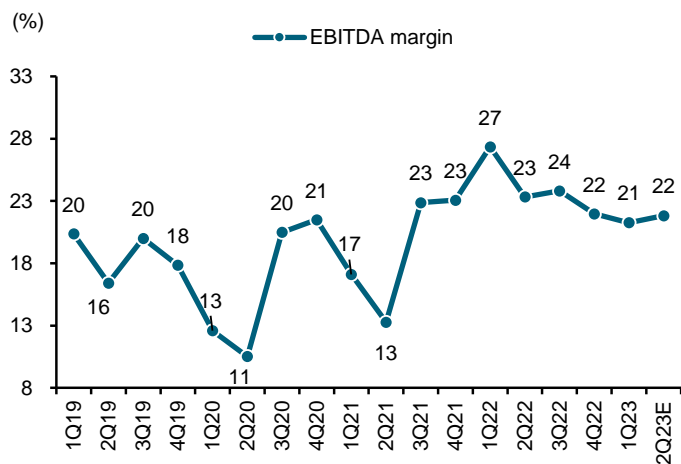
Sources: PR9; FSSIA estimates

**Exhibit 3: International patient revenue**



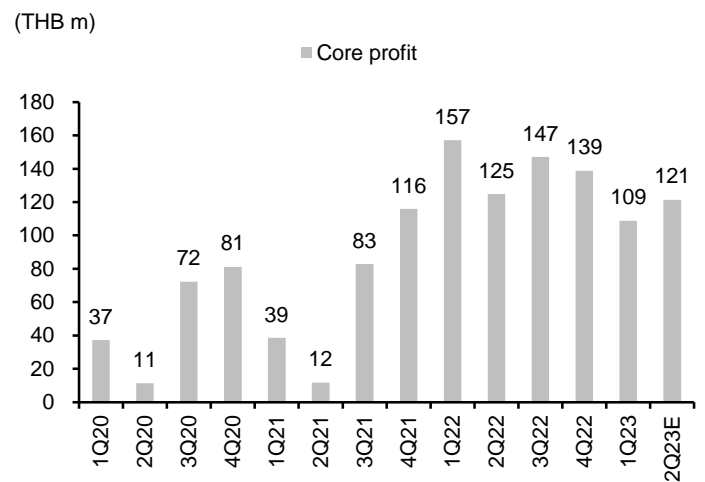
Sources: PR9; FSSIA estimates

**Exhibit 4: EBITDA margin**



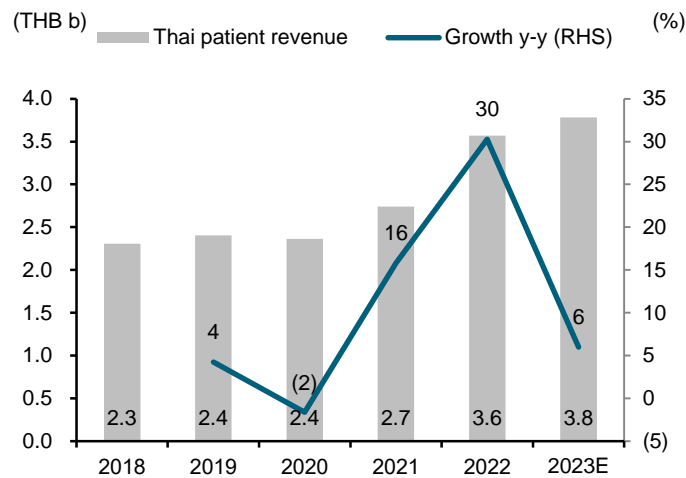
Sources: PR9; FSSIA estimates

**Exhibit 5: Core profit**



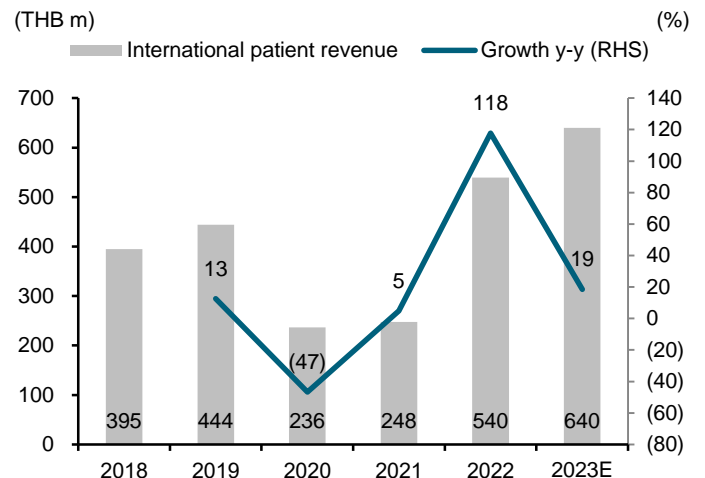
Sources: PR9; FSSIA estimates

**Exhibit 6: Thai patient revenue**

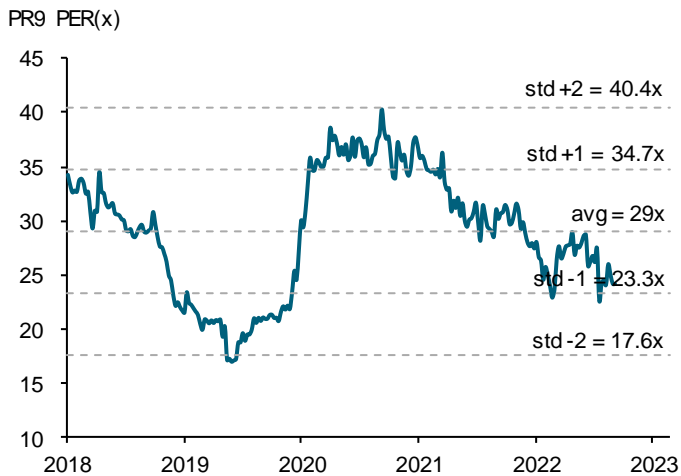


Sources: PR9; FSSIA estimates

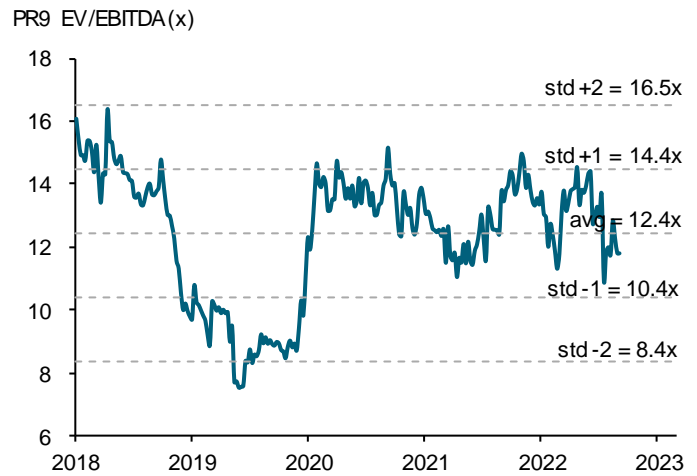
**Exhibit 7: International patient revenue**



Sources: PR9; FSSIA estimates

**Exhibit 8: Historical P/E band**

Sources: Bloomberg; FSSIA estimates

**Exhibit 9: Historical EV/EBITDA band**

Sources: Bloomberg; FSSIA estimates

**Exhibit 10: Peer comparisons as of 13 July 2023**

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
<b>Thailand</b>														
Bangkok Dusit Med Service	BDMS TB	BUY	27.50	34.50	25.5	12,643	32.4	28.6	14.5	15.4	4.6	4.3	18.1	16.2
Bumrungrad Hospital	BH TB	BUY	215.00	280.00	30.2	4,944	28.5	26.9	28.2	26.2	7.5	6.7	18.6	17.3
Bangkok Chain Hospital	BCH TB	BUY	17.30	23.50	35.8	1,248	26.2	21.7	13.0	14.9	3.4	3.1	13.0	11.1
Chularat Hospital	CHG TB	BUY	2.92	4.40	50.7	929	24.4	20.9	17.3	19.1	4.2	3.8	14.3	12.3
Praram 9 Hospital	PR9 TB	BUY	17.70	22.00	24.3	403	23.9	22.0	11.9	12.0	2.7	2.6	11.6	10.5
Thonburi Healthcare Group	THG TB	REDUCE	65.25	55.00	(15.7)	1,600	46.6	41.1	11.4	12.4	5.2	5.0	25.7	22.9
Vibhavadi Medical Center	VIBHA TB	BUY	2.44	3.20	31.1	958	30.6	27.3	7.3	7.9	2.2	2.1	25.8	23.2
Ramkhamhaeng Hospital	RAM TB	BUY	41.75	60.00	43.7	1,449	25.5	21.9	10.0	11.2	2.5	2.4	29.1	25.4
Rajthanee Hospital	RJH TB	n/a	28.00	n/a	n/a	240	20.2	19.8	17.8	17.5	5.6	3.5	12.5	12.2
Ekachai Medical Care	EKH TB	n/a	7.70	n/a	n/a	158	22.9	20.4	12.8	13.9	5.7	2.7	12.1	10.8
<b>Thailand average</b>						<b>24,572</b>	<b>28.1</b>	<b>25.1</b>	<b>14.4</b>	<b>15.1</b>	<b>4.4</b>	<b>3.6</b>	<b>18.1</b>	<b>16.2</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	56.01	n/a	n/a	8,944	37.4	26.5	9.0	11.1	3.2	3.1	12.2	10.8
Ihh Healthcare Bhd	IHH SP	n/a	1.66	n/a	n/a	11,283	30.8	27.2	6.4	6.8	2.2	1.9	13.4	12.5
Ryman Healthcare	RYM NZ	n/a	6.90	n/a	n/a	3,263	13.7	14.6	7.5	7.2	1.6	0.9	15.8	19.8
Apollo Hospitals Enterprise	APHS IN	n/a	5,182	n/a	n/a	8,939	87.2	63.8	13.8	17.4	20.2	11.4	36.1	29.2
Kpj Healthcare Berhad	KPJ MK	n/a	1.11	n/a	n/a	1,091	22.6	20.2	9.7	10.3	2.5	2.1	10.9	10.2
Raffles Medical Group	RFMD SP	n/a	1.36	n/a	n/a	1,904	19.9	19.6	12.0	11.8	2.9	2.4	11.3	11.1
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,840	n/a	n/a	2,765	39.1	33.9	18.6	19.9	8.5	6.8	25.1	21.3
Aier Eye Hospital Group	300015 CH	n/a	19.34	n/a	n/a	25,160	49.6	38.3	18.2	19.9	20.6	8.9	28.6	23.2
<b>Regional average</b>						<b>63,349</b>	<b>37.5</b>	<b>30.5</b>	<b>11.9</b>	<b>13.0</b>	<b>7.7</b>	<b>4.7</b>	<b>19.2</b>	<b>17.3</b>
<b>Overall average</b>						<b>87,921</b>	<b>32.3</b>	<b>27.5</b>	<b>13.3</b>	<b>14.2</b>	<b>5.8</b>	<b>4.1</b>	<b>18.6</b>	<b>16.7</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Praram 9 Hospital

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	2,987	4,107	4,422	4,645	4,928
Cost of goods sold	(2,172)	(2,724)	(2,947)	(3,086)	(3,260)
<b>Gross profit</b>	<b>815</b>	<b>1,384</b>	<b>1,475</b>	<b>1,559</b>	<b>1,669</b>
Other operating income	39	43	46	48	50
Operating costs	(557)	(735)	(805)	(832)	(867)
<b>Operating EBITDA</b>	<b>590</b>	<b>991</b>	<b>1,023</b>	<b>1,098</b>	<b>1,193</b>
Depreciation	(294)	(299)	(306)	(322)	(342)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>297</b>	<b>692</b>	<b>716</b>	<b>776</b>	<b>851</b>
Net financing costs	4	8	12	14	16
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>300</b>	<b>700</b>	<b>728</b>	<b>790</b>	<b>867</b>
Tax	(51)	(132)	(146)	(158)	(173)
<b>Profit after tax</b>	<b>249</b>	<b>568</b>	<b>582</b>	<b>632</b>	<b>694</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>249</b>	<b>568</b>	<b>582</b>	<b>632</b>	<b>694</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>249</b>	<b>568</b>	<b>582</b>	<b>632</b>	<b>694</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.32	0.72	0.74	0.80	0.88
Reported EPS	0.32	0.72	0.74	0.80	0.88
DPS	0.14	0.29	0.37	0.40	0.44
Diluted shares (used to calculate per share data)	786	786	786	786	786
<b>Growth</b>					
Revenue (%)	14.8	37.5	7.7	5.1	6.1
Operating EBITDA (%)	33.0	67.9	3.2	7.4	8.6
Operating EBIT (%)	28.5	133.3	3.6	8.3	9.7
Recurring EPS (%)	23.3	127.8	2.6	8.5	9.8
Reported EPS (%)	23.3	127.8	2.6	8.5	9.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	27.3	33.7	33.4	33.6	33.9
Gross margin exc. depreciation (%)	37.1	41.0	40.3	40.5	40.8
Operating EBITDA margin (%)	19.8	24.1	23.1	23.6	24.2
Operating EBIT margin (%)	9.9	16.8	16.2	16.7	17.3
Net margin (%)	8.3	13.8	13.2	13.6	14.1
Effective tax rate (%)	17.0	18.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	44.2	40.2	50.0	50.0	50.0
Interest cover (X)	(79.4)	(84.0)	(62.3)	(56.1)	(52.0)
Inventory days	10.2	8.1	7.4	7.6	7.5
Debtor days	22.7	20.2	21.4	21.7	20.4
Creditor days	101.4	82.5	72.1	73.5	73.2
Operating ROIC (%)	7.7	18.1	18.9	20.5	22.7
ROIC (%)	7.5	17.4	17.7	19.1	21.1
ROE (%)	5.9	12.6	11.9	12.0	12.3
ROA (%)	5.0	10.5	9.9	10.1	10.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
OPD patient revenue	1,620	2,383	2,521	2,648	2,810
IPD patient revenue	1,367	1,725	1,901	1,997	2,119

Sources: Praram 9 Hospital; FSSIA estimates

## Financial Statements

### Praram 9 Hospital

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	249	568	582	632	694
Depreciation	294	299	306	322	342
Associates & minorities	-	-	-	-	-
Other non-cash items	3	10	0	0	0
Change in working capital	27	(5)	14	28	35
<b>Cash flow from operations</b>	<b>574</b>	<b>871</b>	<b>903</b>	<b>982</b>	<b>1,071</b>
Capex - maintenance	(235)	(140)	(344)	(330)	(350)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	(150)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(235)</b>	<b>(290)</b>	<b>(344)</b>	<b>(330)</b>	<b>(350)</b>
Dividends paid	(86)	(110)	(228)	(291)	(316)
Equity finance	0	0	0	0	0
Debt finance	(2)	2	0	0	0
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(88)</b>	<b>(108)</b>	<b>(228)</b>	<b>(291)</b>	<b>(316)</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>250</b>	<b>473</b>	<b>331</b>	<b>361</b>	<b>405</b>
Free cash flow to firm (FCFF)	338.71	581.44	559.55	653.02	721.73
Free cash flow to equity (FCFE)	336.58	582.47	559.02	652.48	721.20

#### Per share (THB)

FCFF per share	0.43	0.74	0.71	0.83	0.92
FCFE per share	0.43	0.74	0.71	0.83	0.92
Recurring cash flow per share	0.69	1.11	1.13	1.21	1.32

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	5,565	5,638	5,982	6,311	6,661
Less: Accumulated depreciation	(2,090)	(2,322)	(2,629)	(2,951)	(3,293)
<b>Tangible fixed assets (net)</b>	<b>3,475</b>	<b>3,315</b>	<b>3,353</b>	<b>3,360</b>	<b>3,368</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4	154	154	154	154
Cash & equivalents	1,244	1,717	2,048	2,409	2,815
A/C receivable	212	243	276	276	276
Inventories	56	51	56	59	62
Other current assets	90	12	13	14	14
<b>Current assets</b>	<b>1,603</b>	<b>2,023</b>	<b>2,393</b>	<b>2,757</b>	<b>3,167</b>
Other assets	55	65	65	65	65
<b>Total assets</b>	<b>5,137</b>	<b>5,558</b>	<b>5,965</b>	<b>6,337</b>	<b>6,754</b>
Common equity	4,278	4,735	5,090	5,430	5,808
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>4,278</b>	<b>4,735</b>	<b>5,090</b>	<b>5,430</b>	<b>5,808</b>
Long term debt	6	8	8	8	8
Other long-term liabilities	190	209	209	209	209
<b>Long-term liabilities</b>	<b>196</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>
A/C payable	597	499	544	569	601
Short term debt	0	0	0	0	0
Other current liabilities	66	106	114	120	128
<b>Current liabilities</b>	<b>663</b>	<b>606</b>	<b>658</b>	<b>690</b>	<b>729</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,137</b>	<b>5,558</b>	<b>5,965</b>	<b>6,337</b>	<b>6,754</b>
Net working capital	(305)	(299)	(313)	(341)	(376)
Invested capital	3,230	3,235	3,258	3,238	3,210

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

#### Per share (THB)

Book value per share	5.44	6.02	6.47	6.91	7.39
Tangible book value per share	5.44	6.02	6.47	6.91	7.39

#### Financial strength

Net debt/equity (%)	(28.9)	(36.1)	(40.1)	(44.2)	(48.3)
Net debt/total assets (%)	(24.1)	(30.8)	(34.2)	(37.9)	(41.6)
Current ratio (x)	2.4	3.3	3.6	4.0	4.3
CF interest cover (x)	(89.2)	(69.7)	(47.6)	(46.2)	(43.1)

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>55.9</b>	<b>24.5</b>	<b>23.9</b>	<b>22.0</b>	<b>20.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>69.4</b>	<b>30.5</b>	<b>29.7</b>	<b>27.4</b>	<b>24.9</b>
Reported P/E (x)	55.9	24.5	23.9	22.0	20.1
Dividend yield (%)	0.8	1.6	2.1	2.3	2.5
Price/book (x)	3.3	2.9	2.7	2.6	2.4
Price/tangible book (x)	3.3	2.9	2.7	2.6	2.4
EV/EBITDA (x) **	21.5	12.3	11.6	10.5	9.3
EV/EBITDA @ target price (x) **	27.2	15.7	14.9	13.6	12.1
EV/invested capital (x)	3.9	3.8	3.6	3.6	3.5

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

Sources: Praram 9 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)<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 >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 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
Praram 9 Hospital	PR9 TB	THB 17.70	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.
Bangkok Dusit Medical Services	BDMS TB	THB 27.50	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 215.00	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 17.30	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 2.92	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.
Thonburi Healthcare Group	THG TB	THB 65.25	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 2.44	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 41.75	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 13-Jul-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.