

# BUMRUNGRAD HOSPITAL BH TB

## THAILAND / HEALTH CARE SERVICES

# BUY

UNCHANGED

### Intensity ที่สูงขึ้นจะช่วยผลักดันกำไรให้ทำสถิติสูงสุดใหม่

- ผลประกอบการ 2Q23 ดีเกินคาดจาก Revenue intensity ที่เพิ่มขึ้น โมเมนตัมดังกล่าวจะเกิดต่อเนื่องใน 3Q23
- คาดกำไรปกติ 3Q23 จะทำสถิติสูงสุดใหม่จากเตียงผู้ป่วยพร้อมใช้ที่เพิ่มขึ้น การปรับราคาขึ้นและฤดูกาลดูแลสุขภาพ
- คงแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 300 บาท (DCF)

TARGET PRICE	THB300.00
CLOSE	THB249.00
UP/DOWNSIDE	+20.5%
PRIOR TP	THB280.00
CHANGE IN TP	+7.1%
TP vs CONSENSUS	+17.2%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	20,721	25,629	26,662	28,282
Net profit	4,938	6,822	7,066	7,552
EPS (THB)	6.21	8.57	8.88	9.49
vs Consensus (%)	-	19.4	13.4	16.6
EBITDA	7,127	9,527	9,909	10,562
Recurring net profit	4,941	6,762	7,066	7,552
Core EPS (THB)	6.21	8.50	8.88	9.49
Chg. In EPS est. (%)	-	12.6	11.2	10.1
EPS growth (%)	287.9	36.8	4.5	6.9
Core P/E (x)	40.1	29.3	28.0	26.2
Dividend yield (%)	1.3	1.4	2.0	2.1
EV/EBITDA (x)	26.7	19.5	18.4	17.0
Price/book (x)	10.1	8.3	7.4	6.6
Net debt/Equity (%)	(41.1)	(54.3)	(58.6)	(62.7)
ROE (%)	26.7	31.1	28.0	26.6

### ข้อมูลเชิงบวกจากที่ประชุมนักวิเคราะห์

เราเข้าร่วมการประชุมนักวิเคราะห์ของ BH เมื่อวันที่ 16 ส.ค. และได้รับข้อมูลเชิงบวกจากที่ประชุมดังกล่าว กำไรปกติทำสถิติสูงสุดใหม่ใน 2Q23 ซึ่งเป็นฤดูที่ซบเซาสำหรับธุรกิจการดูแลสุขภาพ นอกจากนี้ยังมีความเป็นไปได้สูงที่กำไรจะทำสถิติสูงสุดใหม่อีกครั้งใน 3Q23 ซึ่งเป็นฤดูที่ดีสำหรับธุรกิจดังกล่าว แม้ว่าราคาหุ้นจะปรับตัวได้ดีกว่า SET อยู่ 13% ในช่วงเดือนที่ผ่านมา เรายังชอบ BH จากแนวโน้ม 3Q23 ที่อยู่ในเกณฑ์ดีและศักยภาพในการจับตลาดผู้ป่วยต่างชาติใหม่ประกอบด้วยจีนและชาวอุราระเบีย

### Revenue intensity ที่เพิ่มขึ้นชี้ให้เห็นถึงระยะเวลาในการเข้าพักรักษาที่สูงขึ้น

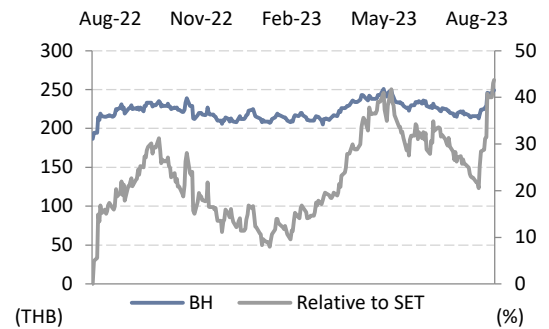
BH อธิบายว่ารายได้ที่โตได้ถึง 23% y-y ใน 2Q23 เกิดจาก Revenue intensity (14%), ปริมาณที่เพิ่มขึ้น (4%) และการปรับราคา (5%) ระยะเวลาในการเข้าพักรักษา (LOS) เฉลี่ยเพิ่มเป็น 5.3 วันในช่วง 1H23 จาก 4.4 วันในปี 2019 โดยได้ปัจจัยผลักดันจาก LOS ของผู้ป่วยชาวตะวันออกกลางซึ่งกระโดดเพิ่มเป็น 22 วันใน 2Q23 จาก 13 วันใน 2Q19 นอกจากนี้ BH ยังปรับราคาค่ารักษาพยาบาลขึ้น 4.6% ในเดือน ก.ค. ซึ่งทำให้ราคาเพิ่มขึ้น 6.6% ในปี 2023 ด้วยเหตุดังกล่าวเราคาดว่ารายได้ต่อหัวจะโตในช่วง 2H23

### รายได้ 3Q23 น่าจะโตประมาณ 20-40% y-y

BH คาดว่ารายได้ 3Q23 จะโตในอัตราสองหลักเมื่อเทียบ y-y โดยน่าจะมีการเติบโตที่ระหว่าง 23% y-y (2Q23) และ 47% y-y (1Q23) เพราะฉะนั้นเราจึงเชื่อว่ากำไรปกติ 3Q23 จะทำสถิติสูงสุดใหม่ เราเห็นปัจจัยผลักดันสำคัญ 3 ประการใน 3Q23 ประเด็นแรกตัวเลขเตียงพร้อมใช้เพิ่มขึ้นเป็น 497 เตียงใน 3Q23 เทียบกับ 471 เตียงพร้อมอัตราการใช้เตียงที่ 80% ใน 2Q23 ประเด็นสองโดยปกติปริมาณผู้ป่วยชาวตะวันออกกลางและไทยจะสูงในฤดูกาลดูแลสุขภาพ นอกจากนี้ผู้ป่วยชาวพม่าซึ่งเป็นลำดับหนึ่งในด้านสัดส่วนรายได้ในปี 2022 และตกมาอยู่ที่สองในช่วง 1H23 จากปัญหาความตึงเครียดทางการเมืองน่าจะกลับมาใน 3Q23 หลังสถานการณ์ทางการเมืองปรับตัวดีขึ้น ประเด็นสุดท้ายบริษัทฯ ปรับราคาขึ้นในเดือน ก.ค.

### ปรับเพิ่มกำไรปกติ

เราปรับเพิ่มประมาณการกำไรปกติปี 2023 ขึ้น 13% เพื่อสะท้อนแนวโน้มที่ดีใน 2Q23 และสดใน 3Q23 นอกจากนี้เรายังปรับเพิ่มประมาณการกำไรปี 2024-25 อีก 10-11% ส่วนมากจาก Revenue intensity พร้อมปรับการประเมินมูลค่าไปในปี 2024 (DCF) ซึ่งทำให้เราได้ราคาเป้าหมายใหม่ที่ 300 บาท (จาก 280 บาท) ปัจจุบัน BH มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 28x ของค่า 2024E P/E (เทียบกับค่าเฉลี่ย 5 ปีย้อนหลังที่ 32x)



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	13.2	2.0	31.4
Relative to country (%)	13.9	2.3	41.8
Mkt cap (USD m)	5,595		
3m avg. daily turnover (USD m)	15.8		
Free float (%)	65		
Major shareholder	Thai NVDR (16%)		
12m high/low (THB)	256.00/180.50		
Issued shares (m)	922.70		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 17 สิงหาคม 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.

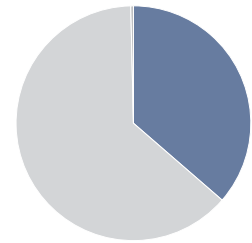
### Company profile

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

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

### Principal activities (revenue, 2022)

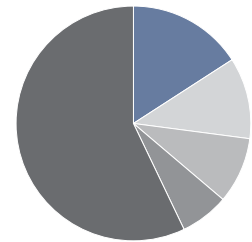
- Thai patient revenue - 36.4 %
- International patient revenue - 63.3 %
- Other revenue - 0.4 %



Source: Bumrungrad Hospital

### Major shareholders

- Thai NVDR - 15.9 %
- Bangkok Insurance - 11.2 %
- UOB Kay Hian (Hong Kong) - 9.1 %
- Bangkok Bank - 6.7 %
- Others - 57.1 %



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
Nov 2023	2Q23 results announcement

### Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
OPD volume growth	4	2	3
OPD revenue / patient growth	19	2	3
IPD volume growth	4	2	3
IPD revenue / patient growth	19	2	3

Source: FSSIA estimates

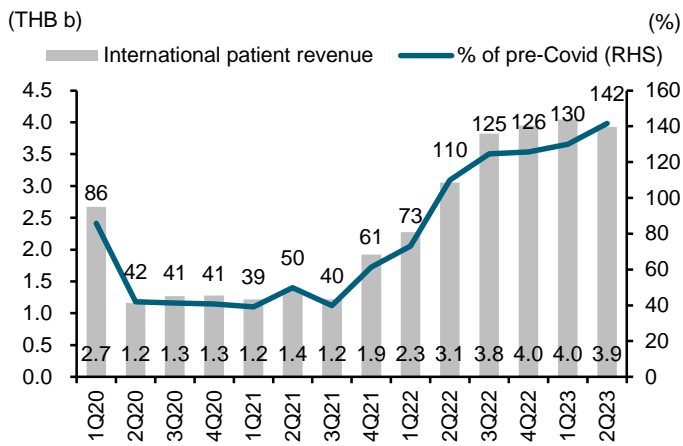
### Earnings sensitivity

- 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

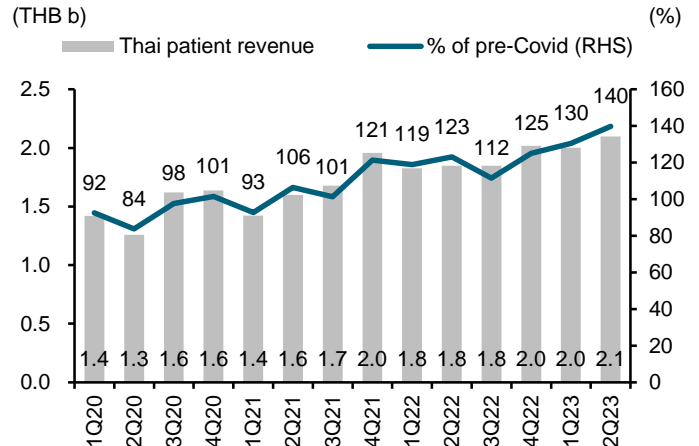


**Exhibit 1: International patient revenue, quarterly**



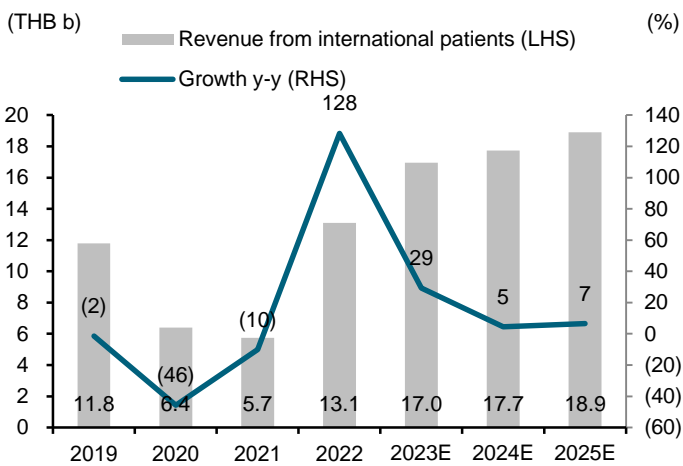
Source: BH

**Exhibit 2: Thai patient revenue, quarterly**



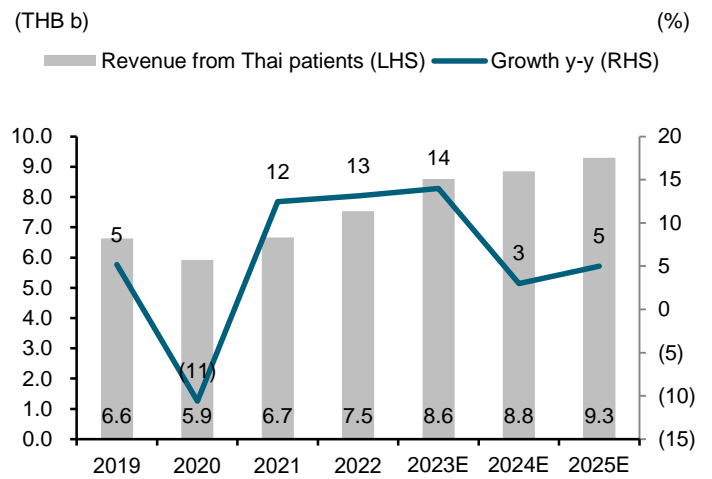
Source: BH

**Exhibit 3: International patient revenue, yearly**



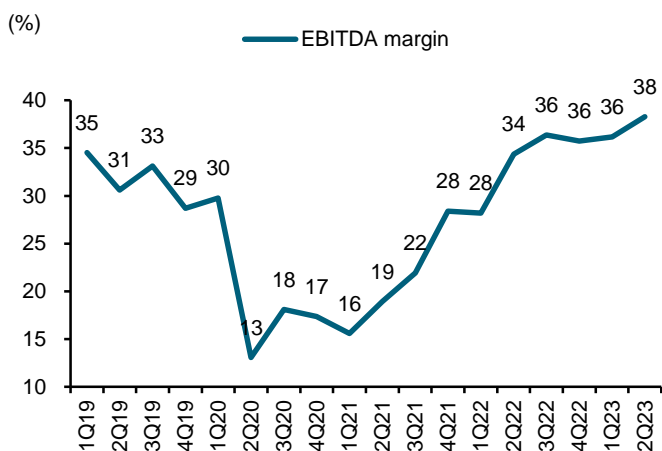
Sources: BH; FSSIA estimates

**Exhibit 4: Thai patient revenue, yearly**



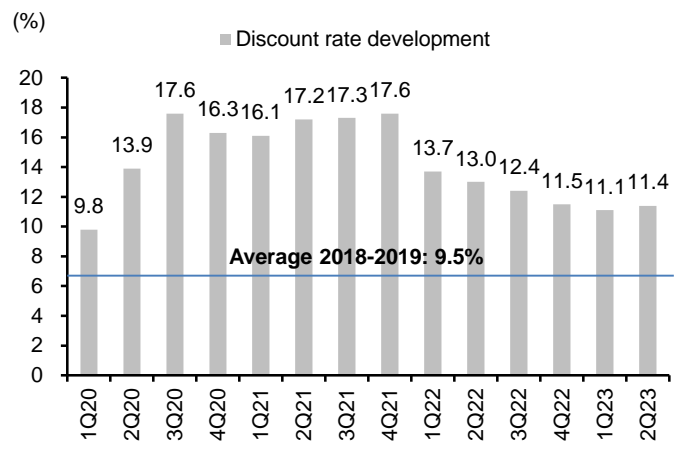
Sources: BH; FSSIA estimates

**Exhibit 5: EBITDA margin, quarterly**



Source: BH

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



Sources: BH; FSSIA estimates

**Exhibit 7: Changes in key assumptions**

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
OPD patient revenue	13.3	13.8	14.7	12.3	12.8	13.6	8.1	8.1	8.1
IPD patient revenue	12.3	12.8	13.5	11.3	11.8	12.5	8.1	8.1	8.1
Thai patient revenue	8.6	8.8	9.3	7.9	8.1	8.5	8.6	8.6	9.6
International patient revenue	17.0	17.7	18.9	15.7	16.4	17.6	7.9	7.9	7.4
Revenue	25.6	26.7	28.3	23.7	24.7	26.2	8.1	8.1	8.1
EBITDA margin (%)	37.2	37.2	37.3	36.2	36.6	37.0	1.0	0.6	0.4
Core profit	6.8	7.1	7.6	6.0	6.4	6.9	12.6	11.2	10.1

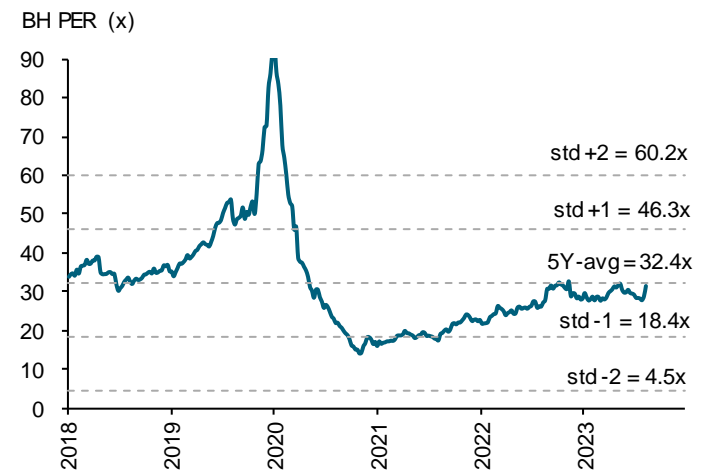
Note: Change of items in percentage terms are represented in ppt change  
 Source: FSSIA estimates

**Exhibit 8: 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	79.0	85.7	WACC 7.8%, Risk-free rate 3%, Risk premium 8%		
Terminal value	182.3	197.5	Terminal growth 3%		
Cash & liquid assets	16.0	17.3	At end-2024E		
Investments	0.0	0.0	At end-2024E		
Debt	(0.1)	(0.1)	At end-2024E		
Minorities	(0.4)	(0.4)	At end-2024E		
<b>Residual ordinary equity</b>	<b>276.8</b>	<b>300.0</b>			

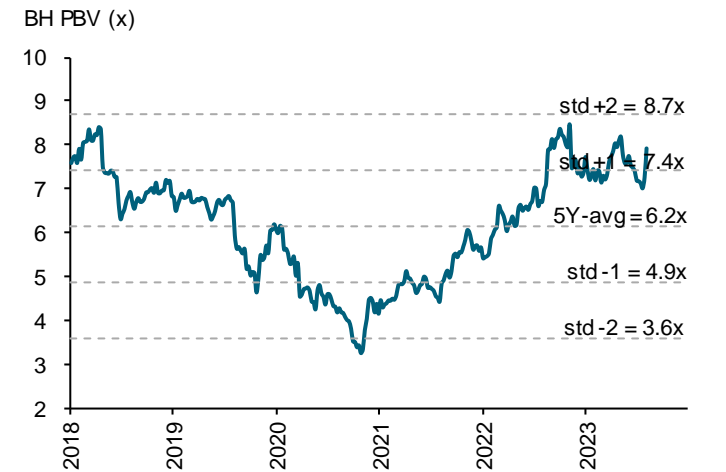
Source: FSSIA estimates

**Exhibit 9: One-year forward rolling P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 10: One-year forward rolling P/BV band**



Sources: Bloomberg; FSSIA estimates

## Exhibit 11: Peer comparisons as of 16 Aug 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	28.25	34.50	22.1	12,690	33.3	29.4	14.5	15.4	4.7	4.4	18.6	16.6
Bumrungrad Hospital	BH TB	BUY	249.00	300.00	20.5	5,595	29.3	28.0	31.1	28.0	8.3	7.4	19.5	18.4
Bangkok Chain Hospital	BCH TB	BUY	18.40	22.50	22.3	1,297	33.8	27.0	10.9	13.0	3.7	3.4	15.6	13.2
Chularat Hospital	CHG TB	BUY	2.98	3.90	30.9	927	27.6	23.9	15.7	17.4	4.3	4.0	15.9	13.8
Praram 9 Hospital	PR9 TB	BUY	17.70	22.00	24.3	393	23.9	22.0	11.9	12.0	2.7	2.6	11.6	10.5
Thonburi Healthcare Group	THG TB	REDUCE	66.00	55.00	(16.7)	1,581	47.2	41.5	11.4	12.4	5.3	5.0	25.9	23.1
Vibhavadi Medical Center	VIBHA TB	BUY	2.36	3.20	35.6	906	29.6	26.4	7.3	7.9	2.1	2.1	25.1	22.5
Ramkhamhaeng Hospital	RAM TB	BUY	41.00	60.00	46.3	1,391	25.0	21.5	10.0	11.2	2.5	2.3	28.7	25.0
Rajthanee Hospital	RJH TB	n/a	29.00	n/a	n/a	245	20.7	20.7	18.0	17.2	5.8	3.6	12.9	12.9
Ekachai Medical Care	EKH TB	n/a	7.70	n/a	n/a	152	21.8	27.2	11.3	11.5	5.6	2.4	12.4	11.5
<b>Thailand average</b>						<b>25,177</b>	<b>29.2</b>	<b>26.8</b>	<b>14.2</b>	<b>14.6</b>	<b>4.5</b>	<b>3.7</b>	<b>18.6</b>	<b>16.8</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	55.83	n/a	n/a	8,179	37.5	26.8	8.6	11.0	3.1	3.0	12.1	10.8
Ihh Healthcare Bhd	IHH SP	n/a	1.76	n/a	n/a	11,405	32.1	28.3	6.3	6.8	2.3	1.9	13.8	13.0
Ryman Healthcare	RYM NZ	n/a	6.67	n/a	n/a	2,906	13.3	14.1	7.5	7.2	1.5	0.9	15.3	19.2
Apollo Hospitals Enterprise	APHS IN	n/a	4,942	n/a	n/a	8,543	84.5	67.3	13.8	16.3	19.6	11.0	35.0	29.7
Kpj Healthcare Berhad	KPJ MK	n/a	1.19	n/a	n/a	1,122	23.8	21.3	9.7	10.3	2.7	2.2	11.3	10.5
Raffles Medical Group	RFMD SP	n/a	1.30	n/a	n/a	1,766	19.5	19.0	11.8	11.7	2.8	2.2	10.8	10.5
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,740	n/a	n/a	2,548	37.9	32.7	18.2	19.4	8.0	6.6	24.4	20.8
Aier Eye Hospital Group	300015 CH	n/a	18.07	n/a	n/a	23,210	45.2	35.0	18.2	19.9	19.4	8.4	27.1	21.9
<b>Regional average</b>						<b>59,679</b>	<b>36.7</b>	<b>30.5</b>	<b>11.8</b>	<b>12.8</b>	<b>7.4</b>	<b>4.5</b>	<b>18.7</b>	<b>17.1</b>
<b>Overall average</b>						<b>84,856</b>	<b>32.6</b>	<b>28.4</b>	<b>13.1</b>	<b>13.8</b>	<b>5.8</b>	<b>4.1</b>	<b>18.7</b>	<b>16.9</b>

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	25,629	26,662	28,282
Cost of goods sold	(7,731)	(11,099)	(13,056)	(13,614)	(14,400)
<b>Gross profit</b>	<b>4,729</b>	<b>9,621</b>	<b>12,573</b>	<b>13,048</b>	<b>13,882</b>
Other operating income	144	187	187	193	198
Operating costs	(3,296)	(3,798)	(4,390)	(4,567)	(4,845)
<b>Operating EBITDA</b>	<b>2,758</b>	<b>7,127</b>	<b>9,527</b>	<b>9,909</b>	<b>10,562</b>
Depreciation	(1,180)	(1,117)	(1,157)	(1,236)	(1,327)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>1,578</b>	<b>6,010</b>	<b>8,370</b>	<b>8,673</b>	<b>9,235</b>
Net financing costs	(51)	42	131	208	254
Associates	(12)	(1)	(1)	(1)	(1)
Recurring non-operating income	(12)	(1)	(1)	(1)	(1)
Non-recurring items	(58)	(3)	60	0	0
<b>Profit before tax</b>	<b>1,456</b>	<b>6,049</b>	<b>8,560</b>	<b>8,881</b>	<b>9,488</b>
Tax	(216)	(1,072)	(1,700)	(1,776)	(1,898)
<b>Profit after tax</b>	<b>1,240</b>	<b>4,977</b>	<b>6,860</b>	<b>7,105</b>	<b>7,591</b>
Minority interests	(24)	(39)	(39)	(39)	(39)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,216</b>	<b>4,938</b>	<b>6,822</b>	<b>7,066</b>	<b>7,552</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>58</b>	<b>3</b>	<b>(60)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,274</b>	<b>4,941</b>	<b>6,762</b>	<b>7,066</b>	<b>7,552</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.60	6.21	8.50	8.88	9.49
Reported EPS	1.53	6.21	8.57	8.88	9.49
DPS	3.20	3.20	3.50	5.10	5.33
Diluted shares (used to calculate per share data)	796	796	796	796	796
<b>Growth</b>					
Revenue (%)	0.8	66.3	23.7	4.0	6.1
Operating EBITDA (%)	6.5	158.5	33.7	4.0	6.6
Operating EBIT (%)	15.3	281.0	39.3	3.6	6.5
Recurring EPS (%)	6.2	287.9	36.8	4.5	6.9
Reported EPS (%)	1.0	306.2	38.1	3.6	6.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	38.0	46.4	49.1	48.9	49.1
Gross margin exc. depreciation (%)	47.4	51.8	53.6	53.6	53.8
Operating EBITDA margin (%)	22.1	34.4	37.2	37.2	37.3
Operating EBIT margin (%)	12.7	29.0	32.7	32.5	32.7
Net margin (%)	10.2	23.8	26.4	26.5	26.7
Effective tax rate (%)	14.1	17.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	199.7	51.5	41.2	57.4	56.1
Interest cover (X)	30.7	(141.7)	(64.1)	(41.6)	(36.4)
Inventory days	17.7	11.9	11.0	11.7	11.6
Debtor days	53.7	36.3	36.0	32.9	31.0
Creditor days	42.0	34.6	36.5	38.9	38.6
Operating ROIC (%)	10.6	40.6	56.9	60.4	63.3
ROIC (%)	10.0	39.1	54.9	58.2	61.1
ROE (%)	7.1	26.7	31.1	28.0	26.6
ROA (%)	6.0	21.9	25.1	22.6	21.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Thai patient revenue	6,661	7,536	8,591	8,848	9,291
International patient revenue	5,743	13,110	16,960	17,735	18,911
Other revenue	56	75	78	79	80

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	6,762	7,066	7,552
Depreciation	1,180	1,117	1,157	1,236	1,327
Associates & minorities	-	-	-	-	-
Other non-cash items	318	26	99	39	39
Change in working capital	897	131	911	144	221
<b>Cash flow from operations</b>	<b>3,668</b>	<b>6,216</b>	<b>8,928</b>	<b>8,484</b>	<b>9,138</b>
Capex - maintenance	(928)	(1,170)	(1,281)	(1,600)	(1,697)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	74	0	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(853)</b>	<b>(1,170)</b>	<b>(1,281)</b>	<b>(1,600)</b>	<b>(1,697)</b>
Dividends paid	(2,545)	(2,543)	(2,785)	(4,057)	(4,240)
Equity finance	0	0	0	0	0
Debt finance	(2,516)	(8)	0	0	0
Other financing cash flows	44	(155)	0	0	0
<b>Cash flow from financing</b>	<b>(5,017)</b>	<b>(2,705)</b>	<b>(2,785)</b>	<b>(4,057)</b>	<b>(4,240)</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>(2,203)</b>	<b>2,341</b>	<b>4,861</b>	<b>2,828</b>	<b>3,201</b>
Free cash flow to firm (FCFF)	2,934.46	5,049.59	7,648.39	6,886.53	7,443.06
Free cash flow to equity (FCFE)	342.35	4,882.92	7,646.49	6,884.63	7,441.17

#### Per share (THB)

FCFF per share	3.18	5.47	8.29	7.46	8.07
FCFE per share	0.37	5.29	8.29	7.46	8.06
Recurring cash flow per share	3.48	7.65	10.07	10.48	11.21

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	25,744	26,652	27,933	29,533	31,230
Less: Accumulated depreciation	(13,425)	(14,236)	(15,393)	(16,630)	(17,956)
<b>Tangible fixed assets (net)</b>	<b>12,319</b>	<b>12,416</b>	<b>12,540</b>	<b>12,904</b>	<b>13,274</b>
<b>Intangible fixed assets (net)</b>	<b>71</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1	1	1	1	1
Cash & equivalents	5,936	8,276	13,137	15,965	19,167
A/C receivable	1,461	2,658	2,402	2,402	2,402
Inventories	328	326	388	404	427
Other current assets	338	159	196	204	217
<b>Current assets</b>	<b>8,062</b>	<b>11,419</b>	<b>16,124</b>	<b>18,975</b>	<b>22,212</b>
Other assets	404	362	362	362	362
<b>Total assets</b>	<b>20,857</b>	<b>24,259</b>	<b>29,088</b>	<b>32,303</b>	<b>35,910</b>
Common equity	17,286	19,705	23,742	26,751	30,063
Minorities etc.	332	300	338	377	415
<b>Total shareholders' equity</b>	<b>17,618</b>	<b>20,005</b>	<b>24,080</b>	<b>27,128</b>	<b>30,479</b>
Long term debt	71	63	63	63	63
Other long-term liabilities	924	799	799	799	799
<b>Long-term liabilities</b>	<b>995</b>	<b>862</b>	<b>862</b>	<b>862</b>	<b>862</b>
A/C payable	805	1,085	1,293	1,346	1,421
Short term debt	0	0	0	0	0
Other current liabilities	1,439	2,306	2,853	2,968	3,148
<b>Current liabilities</b>	<b>2,244</b>	<b>3,391</b>	<b>4,146</b>	<b>4,313</b>	<b>4,569</b>
<b>Total liabilities and shareholders' equity</b>	<b>20,857</b>	<b>24,259</b>	<b>29,088</b>	<b>32,303</b>	<b>35,910</b>
Net working capital	(117)	(249)	(1,160)	(1,303)	(1,524)
Invested capital	12,677	12,591	11,805	12,025	12,174

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

#### Per share (THB)

Book value per share	21.72	24.76	29.84	33.62	37.78
Tangible book value per share	21.63	24.69	29.76	33.54	37.70

#### Financial strength

Net debt/equity (%)	(33.3)	(41.1)	(54.3)	(58.6)	(62.7)
Net debt/total assets (%)	(28.1)	(33.9)	(44.9)	(49.2)	(53.2)
Current ratio (x)	3.6	3.4	3.9	4.4	4.9
CF interest cover (x)	7.7	(114.1)	(57.6)	(32.1)	(28.3)

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>155.5</b>	<b>40.1</b>	<b>29.3</b>	<b>28.0</b>	<b>26.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>187.4</b>	<b>48.3</b>	<b>35.3</b>	<b>33.8</b>	<b>31.6</b>
Reported P/E (x)	163.0	40.1	29.0	28.0	26.2
Dividend yield (%)	1.3	1.3	1.4	2.0	2.1
Price/book (x)	11.5	10.1	8.3	7.4	6.6
Price/tangible book (x)	11.5	10.1	8.4	7.4	6.6
EV/EBITDA (x) **	69.8	26.7	19.5	18.4	17.0
EV/EBITDA @ target price (x) **	84.6	32.4	23.7	22.5	20.8
EV/invested capital (x)	15.2	15.1	15.7	15.2	14.7

\* 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)<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).

### Corporate Governance Report Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

### 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 **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. 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: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (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
Bumrungrad Hospital	BH TB	THB 249.00	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 28.25	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 18.40	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 2.98	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 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.
Thonburi Healthcare Group	THG TB	THB 66.00	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 2.36	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 41.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 16-Aug-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.