

PRARAM 9 HOSPITAL  
THAILAND / HEALTH CARE SERVICES

## PR9 TB

BUY

UNCHANGED

## เริ่มเจาะตลาดตะวันออกกลาง

- คาดกำไร 3Q23 โต 6% q-q เป็น 128 ลบ. โดยได้ปัจจัยหนุนจากปริมาณผู้ป่วยไทยที่อยู่ในเกณฑ์ดี กำไร 4Q23 น่าจะเป็นจุดสูงสุดของปี 2023
- บริษัทฯ พังจัดตั้งที่มีการตลาดต่างประเทศเพื่อทำงานร่วมกับตัวแทนในการนำผู้ป่วยชาวตะวันออกกลางมารักษาที่โรงพยาบาลใน 4Q23
- คงแนะนำซื้อที่ราคาเป้าหมายที่ 22.0 บาท (DCF)

|                 |           |
|-----------------|-----------|
| TARGET PRICE    | THB22.00  |
| CLOSE           | THB17.20  |
| UP/DOWNSIDE     | +27.9%    |
| PRIOR TP        | THB22.00  |
| CHANGE IN TP    | UNCHANGED |
| TP vs CONSENSUS | -3.2%     |

## KEY STOCK DATA

| YE Dec (THB m)       | 2022   | 2023E  | 2024E  | 2025E  |
|----------------------|--------|--------|--------|--------|
| Revenue              | 4,107  | 4,153  | 4,491  | 4,765  |
| Net profit           | 568    | 506    | 603    | 655    |
| EPS (THB)            | 0.72   | 0.64   | 0.77   | 0.83   |
| vs Consensus (%)     | -      | (12.0) | (5.4)  | (6.1)  |
| EBITDA               | 991    | 927    | 1,062  | 1,143  |
| Recurring net profit | 568    | 506    | 603    | 655    |
| Core EPS (THB)       | 0.72   | 0.64   | 0.77   | 0.83   |
| Chg. In EPS est. (%) | -      | (13.1) | (4.6)  | (5.6)  |
| EPS growth (%)       | 127.8  | (10.9) | 19.2   | 8.7    |
| Core P/E (x)         | 23.8   | 26.7   | 22.4   | 20.6   |
| Dividend yield (%)   | 1.7    | 1.9    | 2.2    | 2.4    |
| EV/EBITDA (x)        | 11.9   | 12.5   | 10.5   | 9.4    |
| Price/book (x)       | 2.9    | 2.7    | 2.5    | 2.4    |
| Net debt/Equity (%)  | (36.1) | (38.8) | (43.6) | (47.7) |
| ROE (%)              | 12.6   | 10.4   | 11.6   | 11.8   |

## กำไรปกติ 3Q23 น่าจะสูงกว่าระดับก่อนโควิด 44%

เราคาดว่ารายได้ 3Q23 จะโต 4% q-q จากฤดูกาลที่ดีของธุรกิจดูแลสุขภาพ รายได้ผู้ป่วยในน่าจะปรับขึ้นจากปริมาณผู้ป่วยที่สูงขึ้น (ประมาณ 130 เตียง/วันใน 3Q23 เทียบกับ 116 ใน 2Q23) รายได้จากผู้ป่วยชาวไทยน่าจะโต 11% q-q ใน 3Q23 จากการแพร่ระบาดของโรค RSV และไข้หวัดใหญ่ ในขณะที่รายได้จากผู้ป่วยต่างชาติน่าจะโต 6% q-q จากการฟื้นตัวของผู้ป่วยในตลาด CLMV ในขณะที่ EBITDA margin น่าจะปรับตัวดีขึ้นเล็กน้อยเป็น 22.1% (เทียบกับ 21.9% ใน 2Q23) ในภาพรวมเราคาดว่ากำไรปกติ 3Q23 จะโต 6% q-q เป็น 128 ลบ. สูงกว่าระดับก่อนโควิด 44% อย่างไรก็ตามกำไรดังกล่าวน่าจะปรับตัวลดลง 13% y-y เนื่องจาก PR9 มีรายได้ที่เกี่ยวข้องกับโควิดอยู่ 10% ใน 3Q22

## กำไรน่าจะเร่งตัวขึ้นใน 4Q23

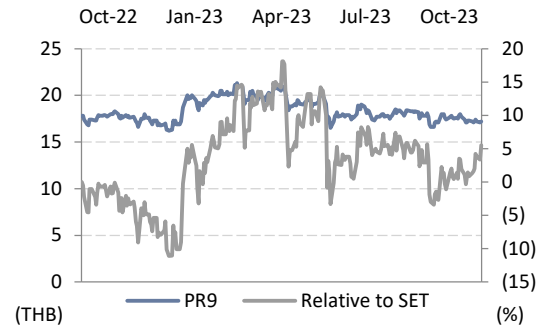
โดยปกติ 4Q เป็นฤดูกาลที่ดีสำหรับ PR9 เราคาดว่ารายได้จะทำสถิติสูงสุดใหม่ (ปัจจุบันอยู่ที่ 1.1 พัน ลบ. ใน 4Q22) ปัจจุบันปริมาณผู้ป่วยในอยู่ที่ประมาณ 140-150 เตียง/วันจากความต้องการที่อยู่ในระดับสูงในตลาดผู้ป่วยเด็ก นอกจากนี้รายได้จากการตรวจสุขภาพและศูนย์เลสิกก็น่าจะช่วยหนุนให้รายได้ผู้ป่วยนอกโตดี เพราะฉะนั้นกำไรปกติ 4Q23 จึงน่าจะโต q-q และ y-y

## เริ่มจับตลาดตะวันออกกลางใน 4Q23

PR9 วางแผนเจาะตลาดตะวันออกกลางตั้งแต่ 4Q23 เป็นต้นไป นอกจาก Patrick group ซึ่งเซ็นสัญญาเป็นพันธมิตรกับบริษัทฯ แต่เพียงผู้เดียวเพื่อนำผู้ป่วยส่งต่อชาวตะวันออกกลางมายังโรงพยาบาลแล้ว PR9 ได้จัดตั้งที่มีการตลาดต่างประเทศเพื่อเจรจากับ agency ในการส่งต่อผู้ป่วย High-intensity ชาวตะวันออกกลางเพิ่ม PR9 วางแผนใช้หอผู้ป่วย 1 หอ (ประมาณ 20 เตียง) ในการให้บริการผู้ป่วยชาวตะวันออกกลาง ปัจจัยดังกล่าวจะช่วยหนุนรายได้จากผู้ป่วยต่างชาติให้อยู่ในเกณฑ์ดีโดยอาจเพิ่มจาก 13% ในปี 2022 เป็น 20% ในช่วง 2-3 ปีข้างหน้า

## ปรับลดประมาณการกำไรปกติ หุ่นมีการซื้อขายโดยมีการประเมินมูลค่าในระดับต่ำ

เราปรับลดประมาณการกำไรปกติปี 2023-25 ลง 5-13% เพื่อสะท้อนรายได้ที่ต่ำกว่าคาด ส่วนมากจากผู้ป่วยชาวจีนที่บินเข้ามารับการรักษาและ EBITDA margin นอกจากนี้เรายังปรับการประเมินมูลค่าของเราไปในปี 2024 และคงราคาเป้าหมายที่ 22 บาท (DCF) PR9 มีการซื้อขายโดยมีการประเมินมูลค่าในระดับที่น่าสนใจที่ 22x (เทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 26x) ราคาหุ้นมีการเคลื่อนไหว sideways ในปีที่ผ่านมา ซึ่งเรามองว่าเป็นโอกาสในการซื้อโดยมีสมมติฐานจาก 1) แนวโน้มขาขึ้นของจำนวนวันนอนของผู้ป่วยใน; 2) กำไรที่น่าจะโต q-q อย่างต่อเนื่องใน 3Q-4Q23; และ 3) การเติบโตในระดับสูงที่อาจเกิดขึ้นใหม่จากผู้ป่วยชาวตะวันออกกลาง



| Share price performance        | 1 Month                          | 3 Month | 12 Month |
|--------------------------------|----------------------------------|---------|----------|
| Absolute (%)                   | (1.1)                            | (2.8)   | 2.4      |
| Relative to country (%)        | 6.7                              | 1.2     | 10.2     |
| Mkt cap (USD m)                |                                  |         | 365      |
| 3m avg. daily turnover (USD m) |                                  |         | 0.7      |
| Free float (%)                 |                                  |         | 59       |
| Major shareholder              | Khunying Potjaman Damapong (37%) |         |          |
| 12m high/low (THB)             | 21.30/16.10                      |         |          |
| Issued shares (m)              | 786.30                           |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 4 ตุลาคม 2023

**Analysis**

one hospital that is known as a “value-tal. It recently upgraded its services to are with new specialist centres. One of ors is the Kidney Transplant Institute, facility to be accredited by Joint rnational (JCI) outside the US.

a growth phase, with a new building 020. The new building enables PR9 to omer groups from its new specialist s it a higher IPD capacity. PR9 has the ase its IPD capacity to up to 300 beds tly).

BITDA margin and ROE should lead to a e-rating, in our view.

e

operating a private hospital since 1992.

m

### Principal activities (revenue, 2022)

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

Source: Praram 9 Hospital

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### 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; 2) rising demand from medical tourists, especially patients from Cambodia, Laos, Myanmar and Vietnam (CLMV), as well as China; and 3) the new strategy to capture Middle East patients.

### 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                     |
|----------|---------------------------|
| Nov 2023 | 3Q23 results announcement |

### Key assumptions

|                              | 2023E | 2024E | 2025E |
|------------------------------|-------|-------|-------|
|                              | (%)   | (%)   | (%)   |
| No. of beds (no.)            | 249   | 270   | 312   |
| OPD volume growth            | 0     | 4     | 3     |
| OPD revenue / patient growth | 0     | 4     | 3     |
| IPD volume growth            | 0     | 4     | 3     |
| IPD revenue / patient growth | 3     | 4     | 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.

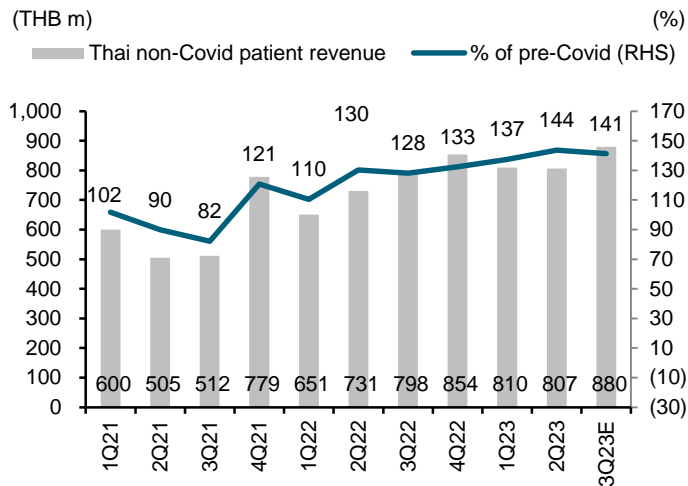
Source: FSSIA estimates

## Exhibit 1: 3Q23 results preview

| FY ending Dec                    | 3Q22        | 4Q22        | 1Q23        | 2Q23        | 3Q23E       | Change       |              | 2023E        | Change       |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
|                                  | (THB m)     | (THB m)     | (THB m)     | (THB m)     | (THB m)     | (q-q %)      | (y-y %)      | (THB m)      | (y-y %)      |
| Sales                            | 1,064       | 1,103       | 957         | 1,005       | 1,050       | 4            | (1)          | 4,153        | 1            |
| COGS (incl depreciation)         | (702)       | (730)       | (657)       | (688)       | (709)       | 3            | 1            | (2,789)      | 2            |
| <b>Gross profit</b>              | <b>362</b>  | <b>373</b>  | <b>300</b>  | <b>316</b>  | <b>341</b>  | <b>8</b>     | <b>(6)</b>   | <b>1,364</b> | <b>(1)</b>   |
| SG&A                             | (195)       | (218)       | (182)       | (185)       | (199)       | 7            | 2            | (789)        | 7            |
| <b>Operating profit</b>          | <b>167</b>  | <b>155</b>  | <b>118</b>  | <b>132</b>  | <b>143</b>  | <b>8</b>     | <b>(15)</b>  | <b>575</b>   | <b>(11)</b>  |
| Net other income                 | 13          | 17          | 16          | 17          | 17          | (2)          | 27           | 58           | 12           |
| Interest expenses                | (0)         | (0)         | (0)         | (0)         | 0           |              |              | (1)          | n/a          |
| <b>Pretax profit</b>             | <b>181</b>  | <b>172</b>  | <b>134</b>  | <b>149</b>  | <b>160</b>  | <b>7</b>     | <b>(12)</b>  | <b>632</b>   | <b>(10)</b>  |
| Income Tax                       | (33)        | (33)        | (25)        | (28)        | (32)        | 14           | (5)          | (126)        | (5)          |
| <b>Core profit</b>               | <b>147</b>  | <b>139</b>  | <b>109</b>  | <b>121</b>  | <b>128</b>  | <b>6</b>     | <b>(13)</b>  | <b>506</b>   | <b>(11)</b>  |
| Extraordinaries, GW & FX         |             |             |             |             |             |              |              |              |              |
| <b>Reported net profit</b>       | <b>147</b>  | <b>139</b>  | <b>109</b>  | <b>121</b>  | <b>128</b>  | <b>6</b>     | <b>(13)</b>  | <b>506</b>   | <b>(11)</b>  |
| Outstanding shares (m)           | 786         | 786         | 786         | 786         | 786         | 0            | 0            | 786          | 0            |
| <b>Pre-ex EPS (THB)</b>          | <b>0.19</b> | <b>0.18</b> | <b>0.14</b> | <b>0.15</b> | <b>0.16</b> | <b>6</b>     | <b>(13)</b>  | <b>0.64</b>  | <b>(11)</b>  |
| <b>EPS (THB)</b>                 | <b>0.19</b> | <b>0.18</b> | <b>0.14</b> | <b>0.15</b> | <b>0.16</b> | <b>6</b>     | <b>(13)</b>  | <b>0.64</b>  | <b>(11)</b>  |
| COGS excl. depreciation          | (626)       | (656)       | (584)       | (614)       | (633)       | 4            | 0            | (2,483)      | 2            |
| Depreciation                     | (76)        | (74)        | (73)        | (75)        | (76)        | 1            | 3            | (306)        | 2            |
| EBITDA                           | 257         | 246         | 207         | 224         | 235         | 5            | 1            | 938          | (6)          |
| <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                     | 34          | 34          | 31          | 31          | 33          | 1            | (2)          | 33           | (1)          |
| SG&A/Revenue                     | 18          | 20          | 19          | 18          | 19          | 1            | 1            | 19           | 1            |
| EBITDA margin                    | 24          | 22          | 21          | 21.9        | 22.1        | 0            | (2)          | 22           | (2)          |
| Net profit margin                | 14          | 13          | 11          | 12          | 12          | 0            | (2)          | 12           | (2)          |
| <b>Operating stats</b>           | <b>(%)</b>  | <b>(%)</b>  | <b>(%)</b>  | <b>(%)</b>  |             |              |              |              |              |
| OPD revenue growth y-y           | 75          | 20          | 6           | 5           |             |              |              |              |              |
| OPD volume growth y-y            | 48          | 13          | 8           | 4           |             |              |              |              |              |
| OPD revenue per head growth y-y  | 18          | 6           | (2)         | 1           |             |              |              |              |              |
| IPD revenue growth y-y           | 13          | 15          | (11)        | 1           |             |              |              |              |              |
| IPD volume growth y-y            | (11)        | 5           | (35)        | (10)        |             |              |              |              |              |
| IPD revenue per head growth y-y  | 28          | 10          | 38          | 13          |             |              |              |              |              |
| Thai patient revenue growth y-y  | 30          | 11          | (5)         | 4           |             |              |              |              |              |
| Inter patient revenue growth y-y | 196         | 96          | 29          | 1           |             |              |              |              |              |

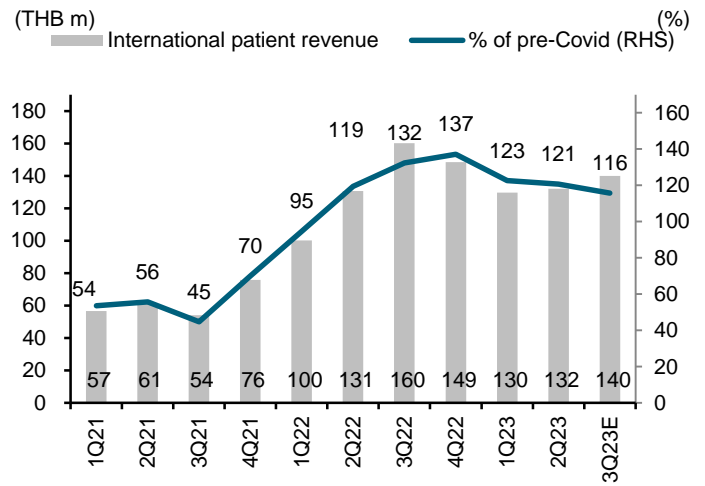
Sources: PR9; FSSIA estimates

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



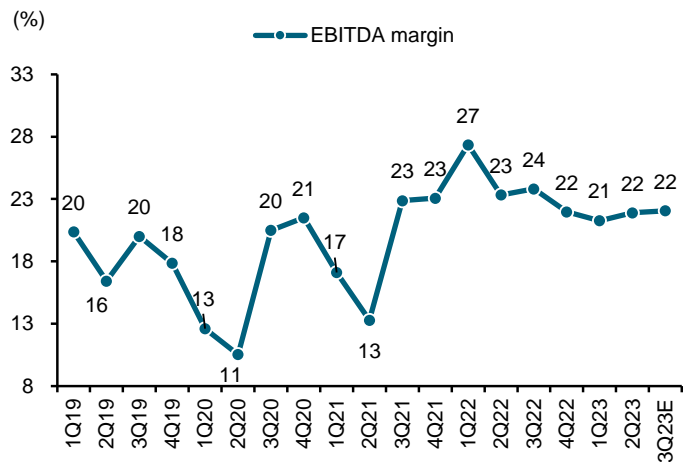
Sources: PR9; FSSIA estimates

### Exhibit 3: International patient revenue



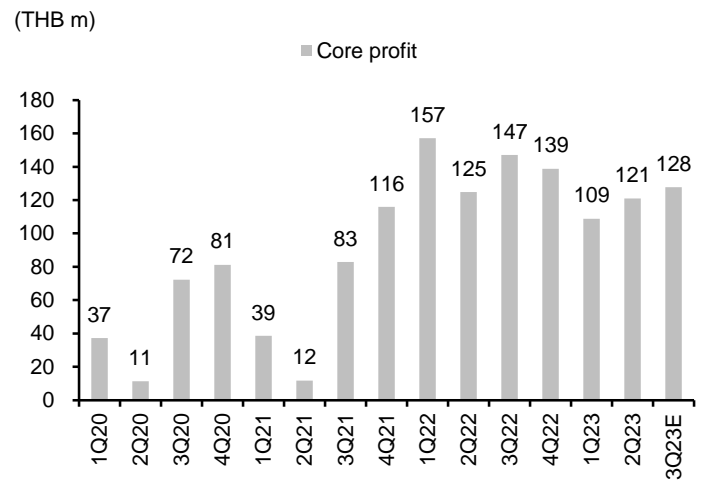
Sources: PR9; FSSIA estimates

### Exhibit 4: EBITDA margin



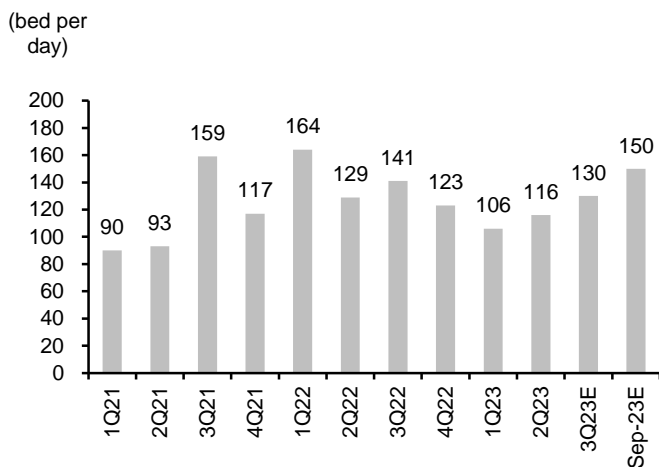
Sources: PR9; FSSIA estimates

### Exhibit 5: Core profit



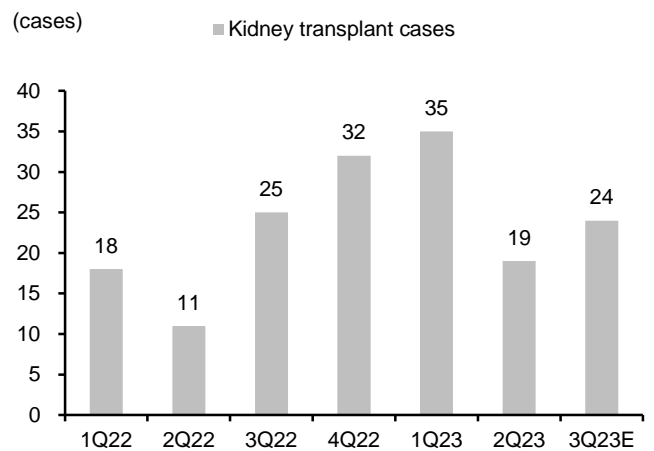
Sources: PR9; FSSIA estimates

### Exhibit 6: IPD average daily census (ADC)



Sources: PR9; FSSIA estimates

### Exhibit 7: Kidney transplant cases



Sources: PR9; FSSIA estimates

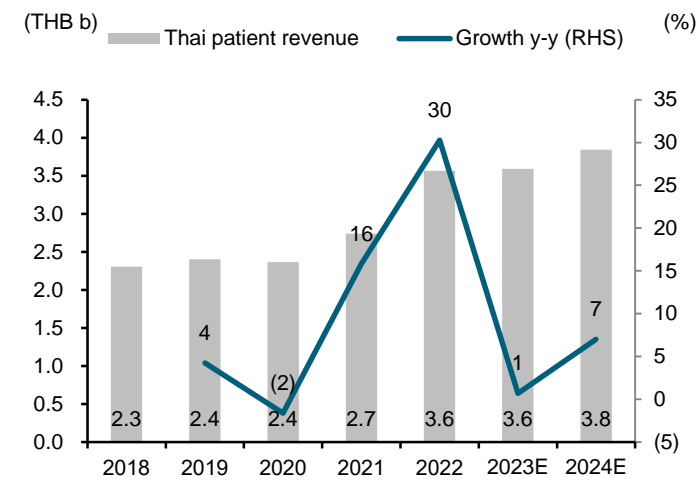
## Exhibit 8: Forecast revisions

|                                   | Current |         |         | Previous |         |         | Change |       |       |
|-----------------------------------|---------|---------|---------|----------|---------|---------|--------|-------|-------|
|                                   | 2023E   | 2024E   | 2025E   | 2023E    | 2024E   | 2025E   | 2023E  | 2024E | 2025E |
|                                   | (THB m) | (THB m) | (THB m) | (THB m)  | (THB m) | (THB m) | (%)    | (%)   | (%)   |
| Revenue                           | 4,153   | 4,491   | 4,765   | 4,422    | 4,645   | 4,928   | (6.1)  | (3.3) | (3.3) |
| EBITDA margin (%)                 | 22.3    | 23.6    | 24.0    | 23.1     | 23.6    | 24.2    | (0.8)  | (0.0) | (0.2) |
| Core profit                       | 506     | 603     | 655     | 582      | 632     | 694     | (13.1) | (4.6) | (5.6) |
| <b>Key assumptions</b>            |         |         |         |          |         |         |        |       |       |
| OPD- Visits per day (no.)         | 1,422   | 1,479   | 1,523   | 1,465    | 1,509   | 1,554   | (2.9)  | (2.0) | (2.0) |
| OPD - Revenue per visit (THB)     | 4,578   | 4,761   | 4,904   | 4,716    | 4,810   | 4,954   | (2.9)  | (1.0) | (1.0) |
| IPD - Admissions per day (no.)    | 40      | 41      | 43      | 43       | 44      | 45      | (6.5)  | (5.6) | (5.6) |
| IPD - Revenue per admission (THB) | 122,336 | 127,230 | 131,047 | 122,336  | 124,783 | 128,527 | 0.0    | 2.0   | 2.0   |

Note: Change of items in percentage terms are represented in ppt change.

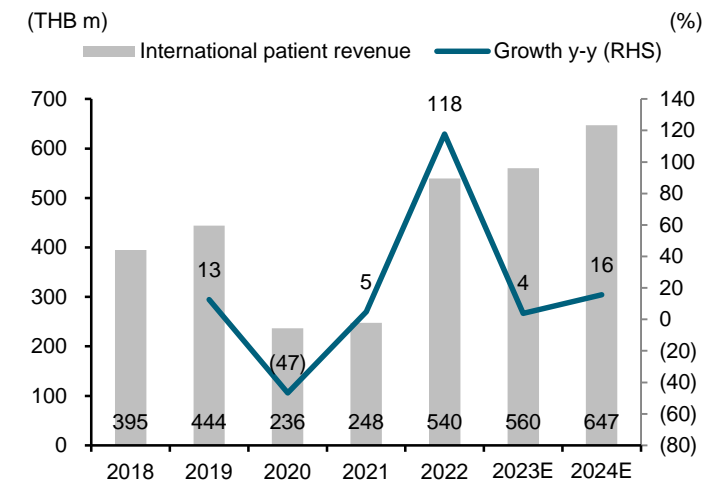
Source: FSSIA estimates

## Exhibit 9: Thai patient revenue



Sources: PR9; FSSIA estimates

## Exhibit 10: International patient revenue



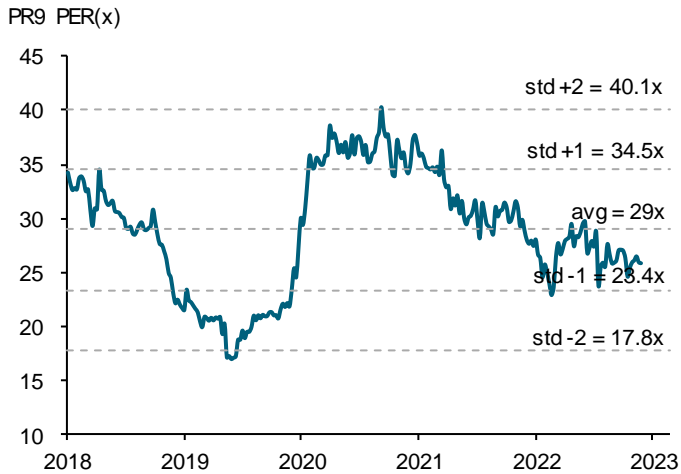
Sources: PR9; FSSIA estimates

## Exhibit 11: 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                      |  | 0.8         |                          |   |      |
| Cost of equity, Ke              |  | 9.3         | Net cost of debt, Kd     |   | 2.8  |
| Weight applied                  |  | 100.0       | Weight applied           |   | 0.0  |
|                                 |  |             |                          |   |      |
| WACC                            |  | 9.3         |                          |   |      |
| DCF valuation estimate          |  | (THB b)     | (THB/share)              | Comments                                      |      |
| NPV                             |  | 6.1         | 7.8                      | WACC 9.3%, risk-free rate 3%, risk premium 8% |      |
| Terminal value                  |  | 8.7         | 11.1                     | Terminal growth 3%                            |      |
| Cash & liquid assets            |  | 2.3         | 2.9                      | At end-2024E                                  |      |
| Investments                     |  | 0.2         | 0.2                      | At end-2024E                                  |      |
| Debt                            |  | (0.0)       | (0.0)                    | At end-2024E                                  |      |
| Minorities                      |  | 0.0         | 0.0                      | At end-2024E                                  |      |
| <b>Residual ordinary equity</b> |  | <b>17.3</b> | <b>22.0</b>              |   |      |

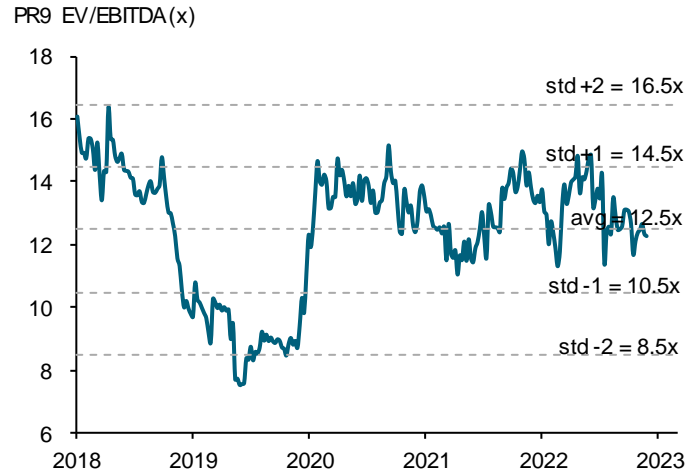
Source: FSSIA estimates

## Exhibit 12: Historical P/E band



Sources: Bloomberg; FSSIA estimates

## Exhibit 13: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

## Exhibit 14: Peer comparisons as of 3 October 2023

| Company                     | BBG       | Rec    | Share price |        |        | Market Cap<br>(USD m) | PE          |             | ROE         |             | PBV        |            | EV/EBITDA   |             |
|-----------------------------|-----------|--------|-------------|--------|--------|-----------------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
|                             |           |        | Current     | Target | Upside |                       | 23E         | 24E         | 22E         | 23E         | 22E        | 23E        | 22E         | 23E         |
|                             |           |        | (LCY)       | (LCY)  | (%)    |                       | (x)         | (x)         | (%)         | (%)         | (x)        | (x)        | (x)         | (x)         |
| <b>Thailand</b>             |           |        |             |        |        |                       |             |             |             |             |            |            |             |             |
| Bangkok Dusit Med Service   | BDMS TB   | BUY    | 26.75       | 34.50  | 29.0   | 11,458                | 31.6        | 27.8        | 14.5        | 15.4        | 4.5        | 4.1        | 17.6        | 15.7        |
| Bumrungrad Hospital         | BH TB     | BUY    | 265.00      | 300.00 | 13.2   | 5,677                 | 31.2        | 29.8        | 31.1        | 28.0        | 8.9        | 7.9        | 20.8        | 19.7        |
| Bangkok Chain Hospital      | BCH TB    | BUY    | 20.20       | 22.50  | 11.4   | 1,358                 | 37.1        | 29.7        | 10.9        | 13.0        | 4.0        | 3.7        | 17.1        | 14.5        |
| Chularat Hospital           | CHG TB    | BUY    | 3.28        | 3.90   | 18.9   | 972                   | 30.4        | 26.3        | 15.7        | 17.4        | 4.8        | 4.4        | 17.6        | 15.3        |
| Praram 9 Hospital           | PR9 TB    | BUY    | 17.20       | 22.00  | 27.9   | 365                   | 26.7        | 22.4        | 10.4        | 11.6        | 2.7        | 2.5        | 12.5        | 10.5        |
| Thonburi Healthcare Group   | THG TB    | REDUCE | 65.25       | 55.00  | (15.7) | 1,490                 | 46.6        | 41.1        | 11.4        | 12.4        | 5.2        | 5.0        | 25.7        | 22.9        |
| Vibhavadi Medical Center    | VIBHA TB  | BUY    | 2.22        | 3.20   | 44.1   | 812                   | 27.8        | 24.9        | 7.3         | 7.9         | 2.0        | 1.9        | 23.9        | 21.4        |
| Ramkhamhaeng Hospital       | RAM TB    | BUY    | 39.50       | 60.00  | 51.9   | 1,278                 | 24.1        | 20.7        | 10.0        | 11.2        | 2.4        | 2.3        | 28.0        | 24.4        |
| Principal Capital           | PRINC TB  | BUY    | 4.98        | 9.00   | 80.7   | 511                   | 28.8        | 21.5        | 6.2         | 7.9         | 1.7        | 1.7        | 14.6        | 12.3        |
| Rajthanee Hospital          | RJH TB    | n/a    | 28.25       | n/a    | n/a    | 225                   | 20.0        | 20.0        | 18.0        | 17.2        | 5.6        | 3.5        | 12.6        | 12.6        |
| Ekachai Medical Care        | EKH TB    | n/a    | 7.80        | n/a    | n/a    | 147                   | 22.1        | 20.6        | 11.1        | 11.6        | 5.7        | 2.5        | 12.6        | 11.5        |
| <b>Thailand average</b>     |           |        |             |        |        | <b>24,294</b>         | <b>29.7</b> | <b>25.9</b> | <b>13.3</b> | <b>14.0</b> | <b>4.3</b> | <b>3.6</b> | <b>18.4</b> | <b>16.4</b> |
| <b>Regional</b>             |           |        |             |        |        |                       |             |             |             |             |            |            |             |             |
| Ramsay Health Care          | RHC AU    | n/a    | 50.79       | n/a    | n/a    | 7,244                 | 33.8        | 34.9        | 8.6         | 7.9         | 2.8        | 2.7        | 11.6        | 10.8        |
| Ihh Healthcare Bhd          | IHH SP    | n/a    | 1.70        | n/a    | n/a    | 10,761                | 33.1        | 28.8        | 6.1         | 6.5         | 2.2        | 1.9        | 14.0        | 13.2        |
| Ryman Healthcare            | RYM NZ    | n/a    | 6.15        | n/a    | n/a    | 3,111                 | 12.1        | 12.8        | 7.5         | 7.2         | 1.4        | 0.8        | 16.1        | 20.3        |
| Apollo Hospitals Enterprise | APHS IN   | n/a    | 5,119       | n/a    | n/a    | 8,748                 | 86.6        | 68.6        | 13.8        | 15.9        | 20.0       | 11.3       | 35.9        | 30.4        |
| Kpj Healthcare Berhad       | KPJ MK    | n/a    | 1.14        | n/a    | n/a    | 1,060                 | 23.5        | 21.3        | 9.4         | 9.9         | 2.6        | 2.2        | 11.0        | 10.3        |
| Raffles Medical Group       | RFMD SP   | n/a    | 1.26        | n/a    | n/a    | 1,679                 | 19.4        | 19.4        | 11.5        | 11.1        | 2.7        | 2.2        | 11.0        | 10.8        |
| Mitra Keluarga Karyasehat   | MIKA IJ   | n/a    | 2,730       | n/a    | n/a    | 2,506                 | 39.2        | 33.3        | 17.6        | 19.0        | 8.1        | 6.6        | 25.0        | 21.3        |
| Aier Eye Hospital Group     | 300015 CH | n/a    | 17.97       | n/a    | n/a    | 22,970                | 48.7        | 37.0        | 18.0        | 19.8        | 19.2       | 8.3        | 28.4        | 22.6        |
| <b>Regional average</b>     |           |        |             |        |        | <b>58,079</b>         | <b>37.0</b> | <b>32.0</b> | <b>11.6</b> | <b>12.2</b> | <b>7.4</b> | <b>4.5</b> | <b>19.1</b> | <b>17.5</b> |
| <b>Overall average</b>      |           |        |             |        |        | <b>82,373</b>         | <b>32.8</b> | <b>28.5</b> | <b>12.6</b> | <b>13.2</b> | <b>5.6</b> | <b>4.0</b> | <b>18.7</b> | <b>16.9</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        | 4,153        | 4,491        | 4,765        |
| Cost of goods sold                                | (2,172)    | (2,724)      | (2,789)      | (2,985)      | (3,156)      |
| <b>Gross profit</b>                               | <b>815</b> | <b>1,384</b> | <b>1,364</b> | <b>1,507</b> | <b>1,609</b> |
| Other operating income                            | 39         | 43           | 46           | 60           | 62           |
| Operating costs                                   | (557)      | (735)        | (789)        | (826)        | (867)        |
| <b>Operating EBITDA</b>                           | <b>590</b> | <b>991</b>   | <b>927</b>   | <b>1,062</b> | <b>1,143</b> |
| Depreciation                                      | (294)      | (299)        | (306)        | (321)        | (340)        |
| Goodwill amortisation                             | -          | -            | -            | -            | -            |
| <b>Operating EBIT</b>                             | <b>297</b> | <b>692</b>   | <b>621</b>   | <b>741</b>   | <b>803</b>   |
| Net financing costs                               | 4          | 8            | 12           | 13           | 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>632</b>   | <b>754</b>   | <b>819</b>   |
| Tax   | (51)       | (132)        | (126)        | (151)        | (164)        |
| <b>Profit after tax</b>                           | <b>249</b> | <b>568</b>   | <b>506</b>   | <b>603</b>   | <b>655</b>   |
| Minority interests                                | 0          | 0            | 0            | 0            | 0            |
| Preferred dividends                               | -          | -            | -            | -            | -            |
| Other items                                       | -          | -            | -            | -            | -            |
| <b>Reported net profit</b>                        | <b>249</b> | <b>568</b>   | <b>506</b>   | <b>603</b>   | <b>655</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>506</b>   | <b>603</b>   | <b>655</b>   |
| <b>Per share (THB)</b>                            |            |              |              |              |              |
| Recurring EPS *                                   | 0.32       | 0.72         | 0.64         | 0.77         | 0.83         |
| Reported EPS                                      | 0.32       | 0.72         | 0.64         | 0.77         | 0.83         |
| DPS   | 0.14       | 0.29         | 0.32         | 0.38         | 0.42         |
| Diluted shares (used to calculate per share data) | 786        | 786          | 786          | 786          | 786          |
| <b>Growth</b>                                     |            |              |              |              |              |
| Revenue (%)                                       | 14.8       | 37.5         | 1.1          | 8.2          | 6.1          |
| Operating EBITDA (%)                              | 33.0       | 67.9         | (6.5)        | 14.6         | 7.7          |
| Operating EBIT (%)                                | 28.5       | 133.3        | (10.3)       | 19.3         | 8.5          |
| Recurring EPS (%)                                 | 23.3       | 127.8        | (10.9)       | 19.2         | 8.7          |
| Reported EPS (%)                                  | 23.3       | 127.8        | (10.9)       | 19.2         | 8.7          |
| <b>Operating performance</b>                      |            |              |              |              |              |
| Gross margin inc. depreciation (%)                | 27.3       | 33.7         | 32.8         | 33.6         | 33.8         |
| Gross margin exc. depreciation (%)                | 37.1       | 41.0         | 40.2         | 40.7         | 40.9         |
| Operating EBITDA margin (%)                       | 19.8       | 24.1         | 22.3         | 23.6         | 24.0         |
| Operating EBIT margin (%)                         | 9.9        | 16.8         | 14.9         | 16.5         | 16.9         |
| Net margin (%)                                    | 8.3        | 13.8         | 12.2         | 13.4         | 13.8         |
| 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)       | (54.0)       | (56.3)       | (50.5)       |
| Inventory days                                    | 10.2       | 8.1          | 7.6          | 7.5          | 7.5          |
| Debtor days                                       | 22.7       | 20.2         | 22.7         | 22.3         | 21.0         |
| Creditor days                                     | 101.4      | 82.5         | 74.3         | 72.6         | 73.1         |
| Operating ROIC (%)                                | 7.7        | 18.1         | 16.4         | 19.5         | 21.4         |
| ROIC (%)  | 7.5        | 17.4         | 15.3         | 18.2         | 20.0         |
| ROE (%)   | 5.9        | 12.6         | 10.4         | 11.6         | 11.8         |
| ROA (%)   | 5.0        | 10.5         | 8.7          | 9.8          | 10.0         |
| * Pre-exceptional, pre-goodwill and fully diluted |            |              |              |              |              |
| <b>Revenue by Division (THB m)</b>                |            |              |              |              |              |
| OPD patient revenue                               | 1,620      | 2,383        | 2,376        | 2,570        | 2,726        |
| IPD patient revenue                               | 1,367      | 1,725        | 1,777        | 1,922        | 2,039        |

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          | 506          | 603          | 655          |
| Depreciation                      | 294          | 299          | 306          | 321          | 340          |
| Associates & minorities           | -            | -            | -            | -            | -            |
| Other non-cash items              | 3            | 10           | 0            | 0            | 0            |
| Change in working capital         | 27           | (5)          | (19)         | 41           | 34           |
| <b>Cash flow from operations</b>  | <b>574</b>   | <b>871</b>   | <b>793</b>   | <b>965</b>   | <b>1,030</b> |
| Capex - maintenance               | (235)        | (140)        | (328)        | (320)        | (339)        |
| 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>(328)</b> | <b>(320)</b> | <b>(339)</b> |
| Dividends paid                    | (86)         | (110)        | (228)        | (253)        | (301)        |
| 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>(253)</b> | <b>(301)</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>237</b>   | <b>393</b>   | <b>390</b>   |
| Free cash flow to firm (FCFF)     | 338.71       | 581.44       | 465.46       | 646.06       | 691.53       |
| Free cash flow to equity (FCFE)   | 336.58       | 582.47       | 464.92       | 645.53       | 691.00       |

#### Per share (THB)

|                               |      |      |      |      |      |
|-------------------------------|------|------|------|------|------|
| FCFF per share                | 0.43 | 0.74 | 0.59 | 0.82 | 0.88 |
| FCFE per share                | 0.43 | 0.74 | 0.59 | 0.82 | 0.88 |
| Recurring cash flow per share | 0.69 | 1.11 | 1.03 | 1.18 | 1.27 |

| Balance Sheet (THB m) Year Ending Dec             | 2021         | 2022         | 2023E        | 2024E        | 2025E        |
|---|--------------|--------------|--------------|--------------|--------------|
| Tangible fixed assets (gross)                     | 5,565        | 5,638        | 5,965        | 6,285        | 6,624        |
| Less: Accumulated depreciation                    | (2,090)      | (2,322)      | (2,628)      | (2,949)      | (3,289)      |
| <b>Tangible fixed assets (net)</b>                | <b>3,475</b> | <b>3,315</b> | <b>3,337</b> | <b>3,336</b> | <b>3,335</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        | 1,954        | 2,347        | 2,736        |
| A/C receivable                                    | 212          | 243          | 274          | 274          | 274          |
| Inventories                                       | 56           | 51           | 53           | 56           | 60           |
| Other current assets                              | 90           | 12           | 12           | 13           | 14           |
| <b>Current assets</b>                             | <b>1,603</b> | <b>2,023</b> | <b>2,293</b> | <b>2,690</b> | <b>3,084</b> |
| Other assets                                      | 55           | 65           | 65           | 65           | 65           |
| <b>Total assets</b>                               | <b>5,137</b> | <b>5,558</b> | <b>5,849</b> | <b>6,245</b> | <b>6,637</b> |
| Common equity                                     | 4,278        | 4,735        | 5,013        | 5,363        | 5,717        |
| Minorities etc.                                   | 0            | 0            | 0            | 0            | 0            |
| <b>Total shareholders' equity</b>                 | <b>4,278</b> | <b>4,735</b> | <b>5,013</b> | <b>5,363</b> | <b>5,717</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          | 512          | 549          | 580          |
| Short term debt                                   | 0            | 0            | 0            | 0            | 0            |
| Other current liabilities                         | 66           | 106          | 107          | 116          | 123          |
| <b>Current liabilities</b>                        | <b>663</b>   | <b>606</b>   | <b>619</b>   | <b>665</b>   | <b>703</b>   |
| <b>Total liabilities and shareholders' equity</b> | <b>5,137</b> | <b>5,558</b> | <b>5,849</b> | <b>6,245</b> | <b>6,637</b> |
| Net working capital                               | (305)        | (299)        | (280)        | (321)        | (356)        |
| Invested capital                                  | 3,230        | 3,235        | 3,276        | 3,233        | 3,198        |

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

#### Per share (THB)

|                               |      |      |      |      |      |
|-------------------------------|------|------|------|------|------|
| Book value per share          | 5.44 | 6.02 | 6.38 | 6.82 | 7.27 |
| Tangible book value per share | 5.44 | 6.02 | 6.38 | 6.82 | 7.27 |

#### Financial strength

|                           |        |        |        |        |        |
|---------------------------|--------|--------|--------|--------|--------|
| Net debt/equity (%)       | (28.9) | (36.1) | (38.8) | (43.6) | (47.7) |
| Net debt/total assets (%) | (24.1) | (30.8) | (33.3) | (37.5) | (41.1) |
| Current ratio (x)         | 2.4    | 3.3    | 3.7    | 4.0    | 4.4    |
| CF interest cover (x)     | (89.2) | (69.7) | (39.4) | (48.0) | (42.4) |

| Valuation                                 | 2021        | 2022        | 2023E       | 2024E       | 2025E       |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Recurring P/E (x) *</b>                | <b>54.3</b> | <b>23.8</b> | <b>26.7</b> | <b>22.4</b> | <b>20.6</b> |
| <b>Recurring P/E @ target price (x) *</b> | <b>69.4</b> | <b>30.5</b> | <b>34.2</b> | <b>28.7</b> | <b>26.4</b> |
| Reported P/E (x)                          | 54.3        | 23.8        | 26.7        | 22.4        | 20.6        |
| Dividend yield (%)                        | 0.8         | 1.7         | 1.9         | 2.2         | 2.4         |
| Price/book (x)                            | 3.2         | 2.9         | 2.7         | 2.5         | 2.4         |
| Price/tangible book (x)                   | 3.2         | 2.9         | 2.7         | 2.5         | 2.4         |
| EV/EBITDA (x) **                          | 20.8        | 11.9        | 12.5        | 10.5        | 9.4         |
| EV/EBITDA @ target price (x) **           | 27.2        | 15.7        | 16.6        | 14.1        | 12.7        |
| EV/invested capital (x)                   | 3.8         | 3.7         | 3.5         | 3.5         | 3.4         |

\* 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).

### 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 >15% by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **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  |
|--------------------------------|----------|------------|--------|--|
| Praram 9 Hospital              | PR9 TB   | THB 17.20  | 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.   |
| Bangkok Dusit Medical Services | BDMS TB  | THB 26.75  | 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.                      |
| Bumrungrad Hospital            | BH TB    | THB 265.00 | BUY    | Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin. |
| Bangkok Chain Hospital         | BCH TB   | THB 20.20  | 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 3.28   | 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 2.22   | 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 39.50  | 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.  |
| Principal Capital              | PRINC TB | THB 4.98   | 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 new hospitals.   |

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.

All share prices are as at market close on 03-Oct-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.