EQUITY RESEARCH - COMPANY REPORT

BANGKOK CHAIN HOSPITAL   BCH TB
THAILAND / HEALTH CARE SERVICES

FSSIA ESG rating ★ ★ ★

BUY
UNCHANGED

TARGET PRICE	THB24.50
CLOSE	THB20.00
UP/DOWNSIDE	+22.5%
PRIOR TP	THB22.50
CHANGE IN TP	+8.9%
TP vs CONSENSUS	+15.6%

การเติบโตอยู่ไม่ไกล

- คาดกำไรปกติ 3Q23 จะกระโดดเพิ่ม 45% q-q เป็น 412 ลบ. จากตัวเลขผู้ป่วยเงินสดที่อยู่ในเกณฑ์ดีและ EBITDA margin ที่ปรับตัวดีขึ้น
- การเติบโตของกำไรปี 2024 ดูดีจากการพลิกฟื้นของ 3 โรงพยาบาลใหม่ที่ยังให้ส่วนแบ่งผลขาดทุนและค่าใช้จ่ายพิเศษที่ลดลง
- คงคำแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 24.5 บาท (DCF)

คาด 3Q23 จะโต y-y นับเป็นครั้งแรกในรอบ 5 ไตรมาส

เราคาดว่ารายได้ 3Q23 จะโต 11% q-q รายได้ผู้ป่วยเงินสดน่าจะโต 14% q-q จากการแพร่ระบาดของโรคไข้หวัดใหญ่และไข้หวัดในช่วงฤดูฝนและน่าจะสูงกว่าระดับก่อนโควิดอยู่ 35% รายได้สำนักงานประกันสังคม (SSO) น่าจะโต 3% q-q จากอัตราการจ่ายเงินที่สูงขึ้น (1,808 บาท/หัว/ปี จาก 1,640 บาทที่เริ่มในเดือน พ.ค. 2023) EBITDA margin น่าจะปรับตัวดีขึ้นอย่างมีนัยสำคัญเป็น 25% ใน 3Q23 (เทียบกับ 22% ใน 2Q23) เราคาดว่าค่าใช้จ่ายพิเศษจะลดลง q-q จาก 122 ลบ. (63 ลบ. จากผลขาดทุนอัตราแลกเปลี่ยนและอีก 59 ลบ. จากค่าใช้จ่ายสำรอง UCEP Covid) ใน 2Q23 เป็น 60-70 ลบ. (20-30 ลบ. จากผลขาดทุนอัตราแลกเปลี่ยนและอีก 40 ลบ. จากค่าใช้จ่ายสำรอง) เพราะฉะนั้นเราจึงคาดว่ากำไรปกติจะกระโดดเพิ่ม 45% q-q เป็น 412 ลบ. สูงกว่าระดับก่อนโควิดอยู่ 2%

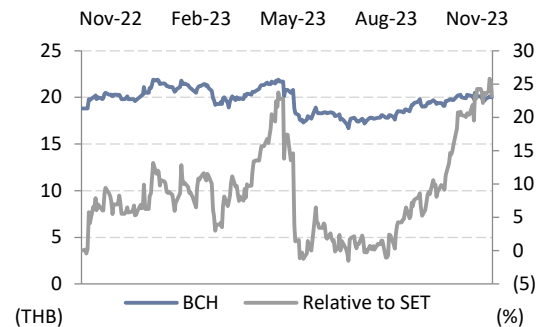### แนวโน้มกำไรน่าจะดีต่อเนื่องใน 4Q23

เราคาดว่ากำไร 4Q23 น่าจะยังอยู่ในเกณฑ์ดี ผลขาดทุนอัตราแลกเปลี่ยน (100-110 ลบ. ใน 9M23E) น่าจะหายไปหลัง BCH และหุ้นส่วนได้เพิ่มเงินทุน 482 ลบ. ให้ KIH Vientiane เพื่อจ่ายคืนหนี้ระยะยาวสกุลเงินบาททั้งหมดในเดือน ก.ย. นอกจากนี้ BCH ยังน่าจะบันทึกกำไรเพิ่มเติมอีกประมาณ 30-50 ลบ. จากการรักษาโรคภาระเสี่ยงใน 4Q23 ซึ่งทำให้เราคาดว่าจะมี Upside จากประมาณการกำไรปกติปี 2023 ของเราโดยจะขึ้นอยู่กับผลประกอบการ 3Q23 ที่มีกำหนดประกาศในวันที่ 9 พ.ย.

การเติบโตของกำไรปี 2024 มีความชัดเจนมากยิ่งขึ้น

เราคาดว่าการเติบโตของกำไรในปี 2024 จะอยู่ในเกณฑ์ดีที่ 25% โดยมีสมมติฐานจากการพลิกฟื้นของ 3 โรงพยาบาลใหม่ เราคาดว่าโรงพยาบาลทั้งสามจะให้ส่วนแบ่งผลขาดทุน 200-240 ลบ. ในปี 2023 และน่าจะถึงจุดคุ้มทุนในปี 2024 โดย KIH Vientiane น่าจะเป็นโรงพยาบาลแรกที่พลิกเป็นกำไร นอกจากนี้รายการค่าใช้จ่ายพิเศษรวม 200-230 ลบ. อันประกอบด้วยผลขาดทุนอัตราแลกเปลี่ยน 100-110 ลบ. และสำรองอีก 100-120 ลบ. จาก UCEP Covid ก็น่าจะลดลงอย่างมีนัยสำคัญในปี 2024

การประเมินมูลค่าอยู่ในระดับต่ำ เลือกเป็นหุ้นเด่นในกลุ่ม Healthcare

เราคงประมาณการและปรับการประเมินมูลค่าของเราไปเป็นประมาณการปี 2024 ซึ่งทำให้ได้ราคาเป้าหมายใหม่ที่ 24.5 บาท (DCF) BCH มีการซื้อขายที่ 29x ของค่า 2024E P/E เท่ากับค่าเฉลี่ย 5 ปีในอดีต กำไรที่คาดว่าจะฟื้นตัวดีใน 3Q23 น่าจะทำให้ตลาดหันมาให้ความสนใจ BCH เราเลือก BCH เป็นหุ้นเด่นของเราในกลุ่ม Healthcare จากแนวโน้มการฟื้นตัวของ EBITDA ที่อยู่ในเกณฑ์ดีโดยคาดว่าจะฟื้นตัวจากจุดต่ำสุดที่ 22% ในช่วง 1H23 เป็น 24% ในปี 2024

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,827	12,851	14,089	15,342
Net profit	3,039	1,357	1,697	2,011
EPS (THB)	1.22	0.54	0.68	0.81
vs Consensus (%)	-	(7.4)	(3.1)	3.3
EBITDA	5,059	2,956	3,424	3,882
Recurring net profit	3,039	1,357	1,697	2,011
Core EPS (THB)	1.22	0.54	0.68	0.81
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(55.6)	(55.4)	25.1	18.5
Core P/E (x)	16.4	36.8	29.4	24.8
Dividend yield (%)	7.0	2.5	1.5	1.9
EV/EBITDA (x)	10.3	17.0	14.3	12.3
Price/book (x)	4.0	4.0	3.7	3.4
Net debt/Equity (%)	9.2	(6.1)	(13.9)	(21.2)
ROE (%)	23.9	10.9	13.0	14.3

Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.5)	12.4	6.4
Relative to country (%)	4.1	24.1	23.1
Mkt cap (USD m)			1,387
3m avg. daily turnover (USD m)			6.0
Free float (%)			50
Major shareholder			Chalerm Harnphanich (33%)
12m high/low (THB)			22.20/16.60
Issued shares (m)			2,493.75

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 3 พฤศจิกายน 2023

Investment thesis

BCH is a leading service provider under the Social Security Office (SSO) scheme with a 5% market share. It likely benefited the most from Covid-19 services, including screening and treatments for Covid patients.

After Covid-19 has subsided, we think World Medical Hospital (WMC) should continue to capture rising demand from medical tourists. Normally, 50% of WMC's revenue comes from international patients, especially from the Middle East. We expect BCH to capture the strong recovery of that patient segment.

In 2020-2021, BCH opened three new hospitals, which continue to produce a loss contribution. However, their operation is improving, and all three hospitals should turn profitable by 2025, leading to a better EBITDA and NPM.
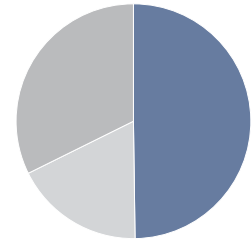
Company profile

The company operates its business as a group, providing healthcare services for both cash patients and patients under the social security scheme.

www.bangkokchainhospital.com
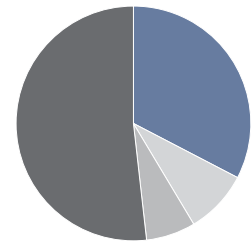
Principal activities (revenue, 2022)

- Cash patient revenue - 49.8 %
- SSO patient revenue - 17.9 %
- NHSO patient revenue - 32.3 %

Source: Bangkok Chain Hospital

Major shareholders

- Chalerm Harnphanich - 32.6 %
- Thai NVDR - 8.8 %
- Somporn Harnphanich - 6.8 %
- Others - 51.8 %

Source: Bangkok Chain Hospital

Catalysts

Key potential growth drivers include 1) more SSO-registered members; 2) rising demand from medical tourists; and 3) an improving EBITDA margin led by new hospitals.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests, or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.

Event calendar

Date	Event
Nov 2023	3Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
SSO volume growth	6	3	3
SSO revenue / patient growth	5	5	5
OPD volume growth	(36)	5	5
OPD revenue / patient growth	30	5	5
IPD volume growth	10	5	5
IPD revenue / patient growth	7	5	3

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2023 earnings would rise by 2%, and vice versa, all else being equal.

- For every 1% increase in EBITDA margin, we project 2023 earnings would rise by 5%, and vice versa, all else being equal.
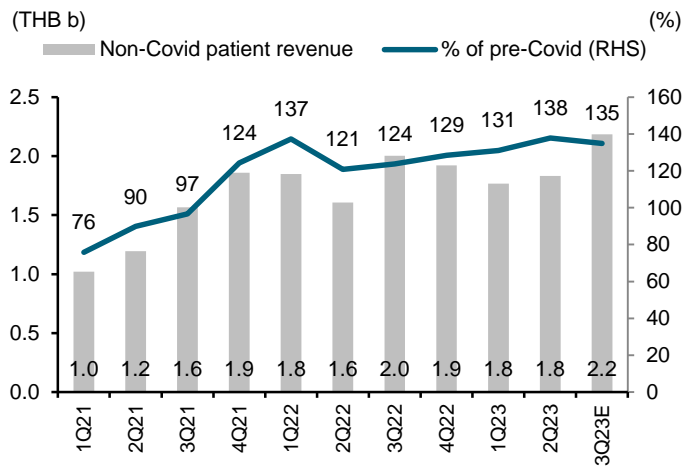
Source: FSSIA estimates

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Exhibit 1: 3Q23 results preview

	3Q22	4Q22	1Q23	2Q23	3Q23E	-------- Change --------		2023E	Chg.
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	3,429	2,788	2,674	2,849	3,160	11	(8)	12,851	(32)
COGS (incl. depreciation)	(3,519)	(1,876)	(1,936)	(1,989)	(2,180)	10	(38)	(8,971)	(30)
Gross profit	(90)	912	738	860	980	14	(1,184)	3,880	(36)
SG&A	(420)	(511)	(398)	(495)	(460)	(7)	9	(1,928)	(1)
Operating profit	(511)	401	340	365	520	42	(202)	1,953	(52)
Net other income	27	13	25	28	32	13	19	90	(2)
Interest expense	(35)	(34)	(28)	(24)	(24)	0	(30)	(125)	(20)
Pretax profit	(519)	380	337	369	527	43	202	1,918	(53)
Income Tax	74	(101)	(70)	(86)	(95)	10	(228)	(384)	(57)
Associates	0	(1)	(1)	2	0			2	n/a
Minority interest	41	(8)	(12)	(1)	(20)			(179)	51
Core profit	(403)	270	254	284	412	45	202	1,357	(55)
Extraordinaries, GW & FX	0	0	0	0	0				
Reported net profit	(403)	270	254	284	412	45	202	1,357	(55)
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494	0
Core EPS (THB)	(0.16)	0.11	0.10	0.11	0.17	45	202	0.54	(55)
EPS (THB)	(0.16)	0.11	0.10	0.11	0.17	45	202	0.54	(55)
COGS (excl. depreciation)	3,279	1,636	1,698	1,755	1,942	11	(41)	7,968	(33)
Depreciation	240	240	238	234	239	2	(1)	1,003	6
EBITDA	(244)	654	603	627	790	26	424	3,046	(41)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	(3)	33	28	30	31	1	34	30	(2)
SG&A/Revenue	12	18	15	17	15	(3)	2	15	5
EBITDA margin	(7)	23	23	22	25	3	32	23	(4)
Net profit margin	(12)	10	9	10	13	3	25	11	(6)
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)					
Cash-OPD revenue growth	45	(38)	(51)	(21)					
Cash-OPD volume growth	(23)	(63)	(74)	(47)					
Cash-OPD revenue per head growth	17	50	66	49					
Cash-IPD revenue growth	5	(9)	(20)	13					
Cash-IPD volume growth	(97)	(71)	(77)	(56)					
Cash-IPD revenue per head growth	402	(26)	7	25					
SSO revenue growth	37	7	14	16					
SSO registered member ('000)	994	1,012	1,013	1,012					
SSO registered member growth	11	13	8	4					
SSO revenue per head growth	45	(13)	(43)	(64)					

Sources: BCH; FSSIA estimates
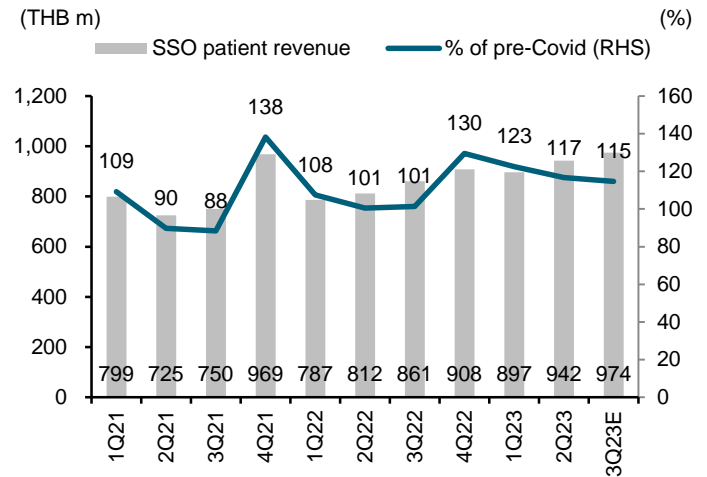
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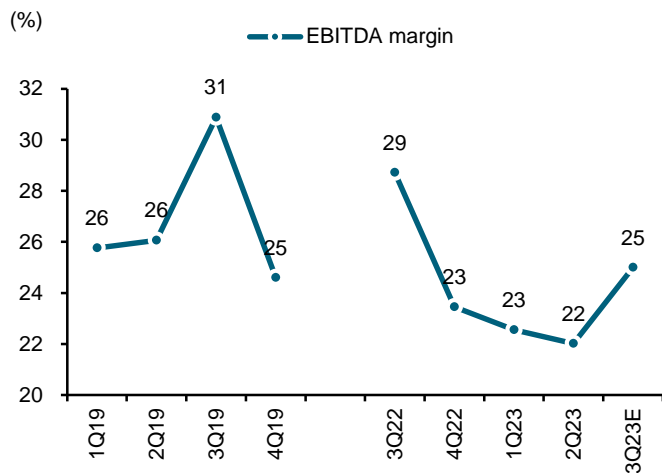## Exhibit 2: Non-Covid general patient revenue

Source: BCH; FSSIA estimates

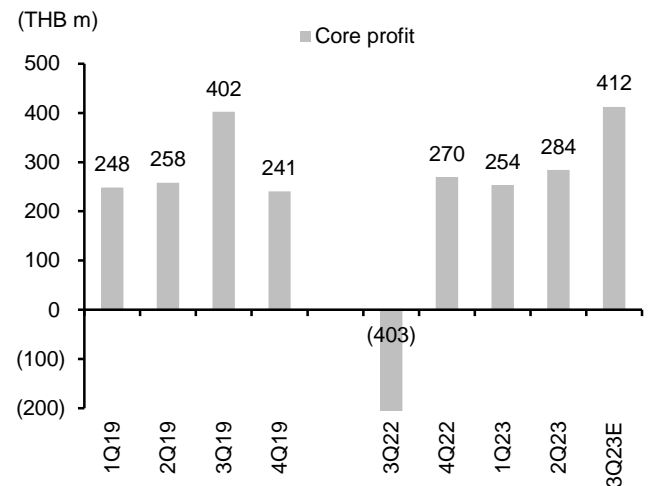## Exhibit 3: SSO revenue, quarterly

Source: BCH; FSSIA estimates

Exhibit 4: EBITDA margin

Note: 3Q22 excludes Moderna write-off
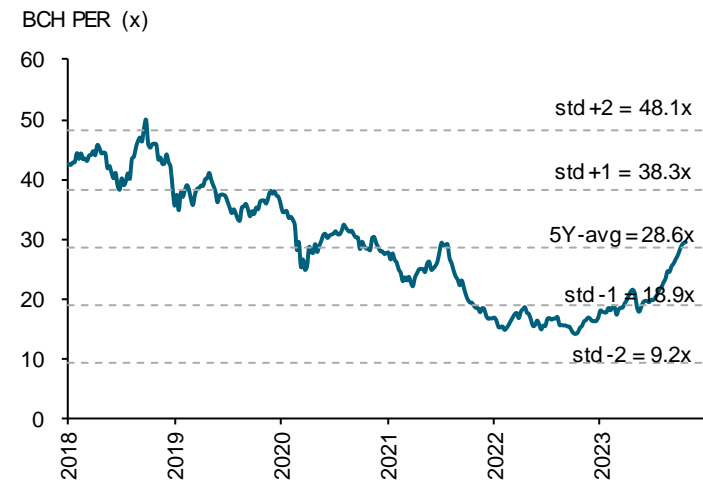Sources: BCH; FSSIA estimates

Exhibit 5: Core profit

Sources: BCH; FSSIA estimates

Exhibit 6: DCF-derived TP

Cost of equity assumptions	(%)		Cost of debt assumptions	(%)
Risk-free rate	3.0		Pre-tax cost of debt	4.0
Market risk premium	8.0		Marginal tax rate	20.0
Stock beta	1.0			
Cost of equity, Ke	10.6		Net cost of debt, Kd	3.2
Weight applied	70.0		Weight applied	30.0
WACC	8.4			

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	22.9	9.2	WACC 8.4%, Risk-free rate 3%, Risk premium 8%
Terminal value	37.4	15.0	Terminal growth 3%
Cash & liquid assets	5.1	2.1	At end-2023E
Investments	0.0	0.0	At end-2023E
Debt	(3.1)	(1.2)	At end-2023E
Minorities	(1.2)	(0.5)	At end-2023E
Residual ordinary equity	**61.2**	**24.5**	

Source: FSSIA estimates

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Exhibit 7: Historical P/E band

BCH PER (x)

Sources: Bloomberg; FSSIA estimates

Exhibit 8: Historical P/BV band

BCH PBV (x)
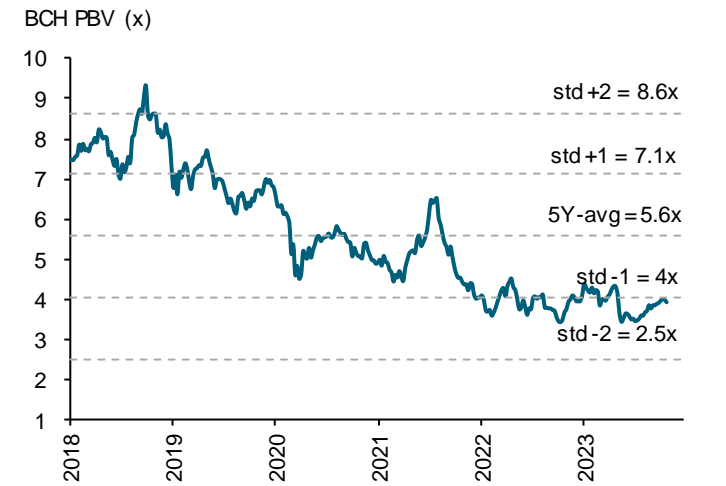
Sources: Bloomberg; FSSIA estimates

Exhibit 9: Peer comparisons as of 2 Nov 2023

Company	BBG	Rec	Current	Target	Upside	Market Cap	PE 23E	PE 24E	ROE 23E	ROE 24E	PBV 23E	PBV 24E	EV/EBITDA 23E	EV/EBITDA 24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	26.75	34.50	29.0	11,824	31.6	27.8	14.5	15.4	4.5	4.1	17.6	15.7
Bumrungrad Hospital	BH TB	BUY	256.00	300.00	17.2	5,660	30.1	28.8	31.1	28.0	8.6	7.6	20.0	19.0
Bangkok Chain Hospital	BCH TB	BUY	20.00	24.50	22.5	1,387	36.8	29.4	10.9	13.0	4.0	3.7	17.0	14.3
Chularat Hospital	CHG TB	BUY	3.18	4.00	25.8	973	29.5	25.5	15.7	17.4	4.6	4.3	17.0	14.8
Praram 9 Hospital	PR9 TB	BUY	15.80	22.00	39.2	346	24.6	20.6	10.4	11.6	2.5	2.3	11.3	9.5
Thonburi Healthcare Group	THG TB	REDUCE	61.50	55.00	(10.6)	1,450	44.0	38.7	11.4	12.4	4.9	4.7	24.4	21.8
Ramkhamhaeng Hospital	RAM TB	BUY	41.75	60.00	43.7	1,393	25.5	21.9	10.0	11.2	2.5	2.4	29.1	25.4
Rajthanee Hospital	RJH TB	n/a	26.25	n/a	n/a	218	19.2	18.1	18.3	17.9	5.3	3.3	12.4	11.5
Ekachai Medical Care	EKH TB	n/a	7.70	n/a	n/a	150	22.1	20.3	11.1	11.6	5.6	2.4	12.4	11.3
Thailand average						**23,401**	**29.3**	**25.7**	**14.8**	**15.4**	**4.7**	**3.9**	**17.9**	**15.9**
Regional														
Ramsay Health Care	RHC AU	n/a	50.29	n/a	n/a	7,412	33.9	34.7	8.6	8.1	2.8	2.7	11.6	10.8
Ihh Healthcare Bhd	IHH SP	n/a	1.72	n/a	n/a	11,098	32.7	30.1	6.2	6.4	2.3	1.9	14.1	13.5
Ryman Healthcare	RYM NZ	n/a	5.77	n/a	n/a	2,337	11.5	12.1	7.5	7.8	1.3	0.8	13.4	12.8
Apollo Hospitals Enterprise	APHS IN	n/a	4,887	n/a	n/a	8,439	83.6	67.2	13.8	15.6	19.3	10.9	34.7	29.6
Kpj Healthcare Berhad	KPJ MK	n/a	1.26	n/a	n/a	1,157	25.7	23.3	9.4	9.9	2.8	2.4	11.6	10.9
Raffles Medical Group	RFMD SP	n/a	1.20	n/a	n/a	1,637	18.8	18.8	11.5	11.0	2.6	2.1	10.2	10.2
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,700	n/a	n/a	2,426	38.8	33.2	17.2	18.4	7.9	6.5	24.9	21.4
Aier Eye Hospital Group	300015 CH	n/a	18.30	n/a	n/a	23,339	48.7	38.3	18.2	19.7	19.6	8.3	28.6	22.9
Regional average						**57,846**	**36.7**	**32.2**	**11.6**	**12.1**	**7.3**	**4.5**	**18.6**	**16.5**
Overall average						**81,246**	**32.8**	**28.8**	**13.3**	**13.9**	**5.9**	**4.2**	**18.3**	**16.2**

Sources: Bloomberg; FSSIA estimates

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Financial Statements

Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	21,405	18,827	12,851	14,089	15,342
Cost of goods sold	(10,561)	(12,772)	(8,971)	(9,691)	(10,427)
Gross profit	**10,844**	**6,055**	**3,880**	**4,399**	**4,915**
Other operating income	-	-	-	-	-
Operating costs	(1,469)	(1,946)	(1,928)	(2,015)	(2,133)
Operating EBITDA	**10,248**	**5,059**	**2,956**	**3,424**	**3,882**
Depreciation	(874)	(950)	(1,003)	(1,040)	(1,099)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	**9,374**	**4,109**	**1,953**	**2,384**	**2,783**
Net financing costs	(147)	(148)	(121)	(108)	(94)
Associates	2	0	2	2	2
Recurring non-operating income	127	84	88	92	96
Non-recurring items	0	0	0	0	0
Profit before tax	**9,354**	**4,046**	**1,920**	**2,368**	**2,785**
Tax	(1,846)	(888)	(384)	(473)	(557)
Profit after tax	**7,507**	**3,157**	**1,536**	**1,895**	**2,228**
Minority interests	(661)	(118)	(179)	(197)	(217)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**6,846**	**3,039**	**1,357**	**1,697**	**2,011**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**6,846**	**3,039**	**1,357**	**1,697**	**2,011**
Per share (THB)					
Recurring EPS *	2.75	1.22	0.54	0.68	0.81
Reported EPS	2.75	1.22	0.54	0.68	0.81
DPS	0.33	1.40	0.50	0.30	0.37
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
Growth					
Revenue (%)	139.8	(12.0)	(31.7)	9.6	8.9
Operating EBITDA (%)	306.3	(50.6)	(41.6)	15.8	13.4
Operating EBIT (%)	438.6	(56.2)	(52.5)	22.1	16.7
Recurring EPS (%)	456.9	(55.6)	(55.4)	25.1	18.5
Reported EPS (%)	456.9	(55.6)	(55.4)	25.1	18.5
Operating performance					
Gross margin inc. depreciation (%)	50.7	32.2	30.2	31.2	32.0
Gross margin exc. depreciation (%)	54.7	37.2	38.0	38.6	39.2
Operating EBITDA margin (%)	47.9	26.9	23.0	24.3	25.3
Operating EBIT margin (%)	43.8	21.8	15.2	16.9	18.1
Net margin (%)	32.0	16.1	10.6	12.0	13.1
Effective tax rate (%)	19.7	22.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	12.0	114.9	91.9	44.0	46.4
Interest cover (X)	64.5	28.4	16.9	23.0	30.6
Inventory days	12.9	12.3	13.9	10.7	10.8
Debtor days	42.9	49.3	43.7	39.9	36.6
Creditor days	40.3	41.0	49.9	38.6	38.7
Operating ROIC (%)	51.4	21.4	11.7	15.6	18.4
ROIC (%)	50.1	21.0	11.7	15.3	18.0
ROE (%)	68.9	23.9	10.9	13.0	14.3
ROA (%)	35.5	14.2	8.3	10.1	11.2
* Pre-exceptional, pre-goodwill and fully diluted					

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Cash patient revenue	7,476	9,372	9,099	10,032	10,954
SSO patient revenue	2,905	3,371	3,752	4,058	4,388
NHSO patient revenue	11,023	6,084	0	0	0

Sources: Bangkok Chain Hospital; FSSIA estimates

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Financial Statements
Bangkok Chain Hospital

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	6,846	3,039	1,357	1,697	2,011
Depreciation	874	950	1,003	1,040	1,099
Associates & minorities	-	-	-	-	-
Other non-cash items	660	24	176	197	217
Change in working capital	(2,204)	1,459	1,786	125	125
Cash flow from operations	**6,175**	**5,471**	**4,322**	**3,059**	**3,452**
Capex - maintenance	(678)	(984)	(896)	(986)	(1,074)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1)	2	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	**(679)**	**(982)**	**(896)**	**(986)**	**(1,074)**
Dividends paid	(821)	(3,491)	(1,247)	(746)	(933)
Equity finance	0	0	0	0	0
Debt finance	(274)	(3,153)	0	(800)	0
Other financing cash flows	(90)	(462)	(99)	(109)	(119)
Cash flow from financing	**(1,186)**	**(7,106)**	**(1,346)**	**(1,655)**	**(1,053)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**4,310**	**(2,616)**	**2,080**	**418**	**1,326**
Free cash flow to firm (FCFF)	5,647.32	4,645.31	3,550.83	2,188.14	2,480.26
Free cash flow to equity (FCFE)	5,131.91	875.07	3,327.20	1,164.45	2,258.92

Per share (THB)					
FCFF per share	2.26	1.86	1.42	0.88	0.99
FCFE per share	2.06	0.35	1.33	0.47	0.91
Recurring cash flow per share	3.36	1.61	1.02	1.18	1.33

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	19,417	20,274	21,174	22,160	23,234
Less: Accumulated depreciation	(7,175)	(7,992)	(8,995)	(10,035)	(11,134)
Tangible fixed assets (net)	**12,243**	**12,282**	**12,179**	**12,125**	**12,100**
Intangible fixed assets (net)	**540**	**425**	**425**	**425**	**425**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	34	32	32	32	32
Cash & equivalents	5,256	2,640	4,720	5,139	6,464
A/C receivable	3,547	1,539	1,539	1,539	1,539
Inventories	437	362	244	265	285
Other current assets	4,302	2,294	124	135	148
Current assets	**13,541**	**6,835**	**6,626**	**7,077**	**8,436**
Other assets	26	223	223	223	223
Total assets	**26,384**	**19,796**	**19,485**	**19,882**	**21,215**
Common equity	12,980	12,445	12,555	13,506	14,583
Minorities etc.	1,326	1,065	1,146	1,234	1,332
Total shareholders' equity	**14,306**	**13,510**	**13,700**	**14,740**	**15,916**
Long term debt	6,791	3,888	3,888	3,088	3,088
Other long-term liabilities	170	163	163	163	163
Long-term liabilities	**6,961**	**4,051**	**4,051**	**3,251**	**3,251**
A/C payable	1,358	1,300	876	951	1,026
Short term debt	250	0	0	0	0
Other current liabilities	3,510	935	856	939	1,022
Current liabilities	**5,117**	**2,235**	**1,733**	**1,890**	**2,048**
Total liabilities and shareholders' equity	**26,384**	**19,796**	**19,485**	**19,882**	**21,215**
Net working capital	3,418	1,959	173	49	(77)
Invested capital	16,260	14,921	13,032	12,853	12,703
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	5.20	4.99	5.03	5.42	5.85
Tangible book value per share	4.99	4.82	4.86	5.25	5.68
Financial strength					
Net debt/equity (%)	12.5	9.2	(6.1)	(13.9)	(21.2)
Net debt/total assets (%)	6.8	6.3	(4.3)	(10.3)	(15.9)
Current ratio (x)	2.6	3.1	3.8	3.7	4.1
CF interest cover (x)	35.9	6.9	28.5	11.8	25.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	**7.3**	**16.4**	**36.8**	**29.4**	**24.8**
Recurring P/E @ target price (x) *	**8.9**	**20.1**	**45.0**	**36.0**	**30.4**
Reported P/E (x)	7.3	16.4	36.8	29.4	24.8
Dividend yield (%)	1.6	7.0	2.5	1.5	1.9
Price/book (x)	3.8	4.0	4.0	3.7	3.4
Price/tangible book (x)	4.0	4.1	4.1	3.8	3.5
EV/EBITDA (x) **	5.2	10.3	17.0	14.3	12.3
EV/EBITDA @ target price (x) **	6.3	12.5	20.8	17.6	15.2
EV/invested capital (x)	3.3	3.5	3.9	3.8	3.8
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Bangkok Chain Hospital; FSSIA estimates

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Bangkok Chain Hospital PCL (BCH TB)

FSSIA ESG rating

★ ★ ★

39.71 /100

Exhibit 10: FSSIA ESG score implication

Rating	Score	Implication
★ ★ ★ ★ ★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★ ★ ★ ★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★ ★ ★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★ ★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 11: ESG – peer comparison

	FSSIA	------------------ Domestic ratings -----------------------						------------------------------- Global ratings -------------------------						--- Bloomberg ---	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	SG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BCH	39.71	--	--	--	4.00	5.00	Certified	High	48.21	--	--	27.19	18.00	3.52	47.60
BDMS	74.00	Y	Y	Y	5.00	4.00	--	Medium	61.06	AA	34.00	59.83	72.00	3.45	58.92
BH	51.21	--	--	--	4.00	4.00	--	Medium	64.29	A	29.00	59.03	27.00	5.08	47.79
CHG	38.25	--	--	--	4.00	5.00	--	High	55.35	--	--	59.57	21.00	2.34	50.24
PR9	54.08	--	Y	Y	5.00	5.00	Certified	High	71.12	--	--	62.39	--	2.43	37.90
PRINC	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
RAM	11.75	--	--	--	3.00	--	--	High	--	--	--	--	--	--	--
THG	18.75	--	--	--	5.00	5.00	--	High	--	--	--	--	--	--	--
VIBHA	20.88	--	--	--	4.00	3.00	Declared	High	--	--	--	--	17.00	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**0.56**	**0.71**	**0.75**	**0.72**	**0.80**	**0.85**	**2.36**	**3.52**
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.38	0.38	2.96	4.63
BESG social pillar score	0.00	0.22	0.22	0.22	0.22	0.22	1.70	3.47
BESG governance pillar score	2.35	2.41	2.62	2.50	2.41	2.63	3.19	2.91
ESG disclosure score	**18.06**	**19.81**	**19.81**	**19.81**	**20.08**	**20.08**	**31.27**	**47.60**
Environmental disclosure score	0.00	0.42	0.42	0.42	1.24	1.24	20.57	46.18
Social disclosure score	3.17	10.52	10.52	10.52	10.52	10.52	18.53	41.96
Governance disclosure score	50.87	48.37	48.37	48.37	48.37	48.37	54.64	54.64
Environmental								
Emissions reduction initiatives	No	No	No	No	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	—	—	—	—	—	—	1	2
GHG scope 2 location-based	—	—	—	—	—	—	5	6
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	10	12
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	10	12
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

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Exhibit 13: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	0
Total waste	—	—	—	—	—	—	—	0
Waste recycled	—	—	—	—	—	—	—	0
Waste sent to landfills	—	—	—	—	—	—	—	0
Environmental supply chain management	No	No	No	No	No	No	No	Yes
Water policy	No	No	No	No	No	No	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	Yes
Quality assurance and recall policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	No	No	No	No
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	—	—	76
Pct disabled in workforce	—	—	—	—	—	—	—	1
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	0	1
Training policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of employees – CSR	—	—	—	—	—	—	8,597	8,877
Employee turnover pct	—	—	—	—	—	—	—	43
Total hours spent by firm - employee training	—	—	—	—	—	—	—	54,702
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	**10**	**10**	**10**	**12**	**12**	**12**	**12**	**11**
No. of independent directors (ID)	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
No. of women on board	3	3	3	4	4	3	3	3
No. of non-executive directors on board	5	5	5	5	5	5	5	5
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	5	6	5	5	6	6	6
Board meeting attendance pct	93	94	90	96	100	99	94	97
Board duration (years)	—	—	—	—	—	—	—	—
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	28	29	30	29	30	31	32	33
Age of the oldest director	72	73	74	75	76	77	78	79
No. of executives / company managers	**5**	**5**	**5**	**5**	**5**	**7**	**7**	**6**
No. of female executives	1	—	—	—	—	—	—	—
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	4	4	5	5	5	5	5	5
Audit meeting attendance %	100	92	100	93	100	100	93	100
Size of compensation committee	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
No. of ID on compensation committee	—	—	—	—	—	—	—	—
No. of compensation committee meetings	—	—	—	—	—	—	—	—
Compensation meeting attendance %	—	—	—	—	—	—	—	—
Size of nomination committee	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
No. of nomination committee meetings	—	—	—	—	—	—	—	—
Nomination meeting attendance %	—	—	—	—	—	—	—	—
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

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Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > 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.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. 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 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 scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (*Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including 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 document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.	

Morningstar Sustainalytics rating:

	NEGL	Low	Medium	High	Severe
	0-10	10-20	20-30	30-40	40+

MSCI ratings:

	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities
	AA	7.143-8.570		
	A	5.714-7.142	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
	BBB	4.286-5.713		
	BB	2.857-4.285		
	B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
	CCC	0.000-1.428		

ESG score	Methodology	
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

Source: FSSIA's compilation

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ANALYST(S) CERTIFICATION

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Chain Hospital	BCH TB	THB 20.00	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) SSO provision expenses following a limited SSO budget.
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 256.00	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.
Chularat Hospital	CHG TB	THB 3.18	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 15.80	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 61.50	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.
Ramkhamhaeng Hospital	RAM TB	THB 41.75	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 02-Nov-2023 unless otherwise stated.

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RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.

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