

# BANGKOK DUSIT MEDICAL SERVICES

## THAILAND / HEALTH CARE SERVICES

# BDMS TB

# BUY

UNCHANGED

## Key takeaways from analyst meeting

TARGET PRICE	THB34.50
CLOSE	THB26.50
UP/DOWNSIDE	+30.2%
TP vs CONSENSUS	+0.7%

### Highlights

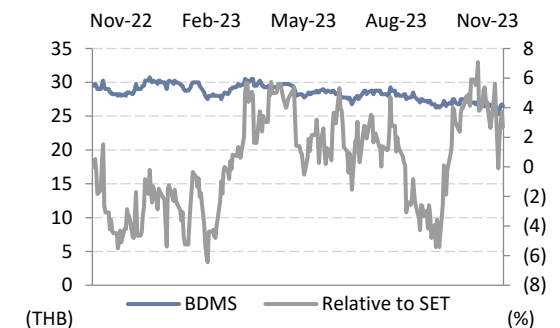
- We have slightly positive feedback from BDMS's 3Q23 analyst meeting.
- Management revised up their 2023 revenue growth target to 9-10% from 6-8% with an EBITDA margin of 24% (vs 24% in 9M23). This implies revenue growth of 9-13% y-y to THB26.0-26.9b in 4Q23 (vs THB26.7b in 3Q23).
- International patient revenue growth momentum continued in Oct with growth of 19% y-y (vs 19% in Oct). Middle East patient revenue slowed down to 31% y-y (vs 41% y-y in 3Q23), but CLMV patient revenue accelerated to 13% y-y (vs 12% y-y in 3Q23).
- Expect Social Security Office (SSO) registered members to grow from 790k in 2023 to more than 1.0m in 2025. Nine hospitals have currently joined the SSO scheme, and three additional hospitals should join over the next two years.
- Chinese patients have jumped from ninth to fourth rank in terms of revenue contribution (1.9% of total revenue in 9M23), with 49% y-y growth in 9M23 driven by expat patients.
- Movenpick Wellness Resort is currently running at a 60% OCC rate, while the net profit breakeven point is at a 70% OCC rate. Revenue from international customers account for around 40%. BDMS plans to add more clinic services to the hotel such as sleep tests or check-ups to attract more international wellness customers next year.

### Recommendation

- BDMS is trading at 28x 2024E P/E, lower than its five-year average of 34x. Its share price has fallen by 9% since the beginning of this year, in contrast with its earnings which hit a new record high in 3Q23. Thus, we see this as an opportunity to buy the stock.

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	92,968	100,315	108,779	116,421
Net profit	12,606	13,469	15,295	16,843
EPS (THB)	0.79	0.85	0.96	1.06
vs Consensus (%)	-	(0.1)	4.2	6.5
EBITDA	22,933	24,415	26,856	29,091
Recurring net profit	12,606	13,469	15,295	16,843
Core EPS (THB)	0.79	0.85	0.96	1.06
EPS growth (%)	63.0	6.8	13.6	10.1
Core P/E (x)	33.4	31.3	27.5	25.0
Dividend yield (%)	1.9	1.9	1.9	2.2
EV/EBITDA (x)	18.9	17.5	15.6	14.1
Price/book (x)	4.7	4.4	4.1	3.8
Net debt/Equity (%)	9.2	1.3	(7.0)	(14.4)
ROE (%)	14.5	14.5	15.4	15.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.8)	(6.2)	(8.6)
Relative to country (%)	(1.5)	1.3	4.2
Mkt cap (USD m)	12,010		
3m avg. daily turnover (USD m)	39.4		
Free float (%)	70		
Major shareholder	Thai NVDR (14%)		
12m high/low (THB)	31.00/25.00		
Issued shares (m)	15,892.00		

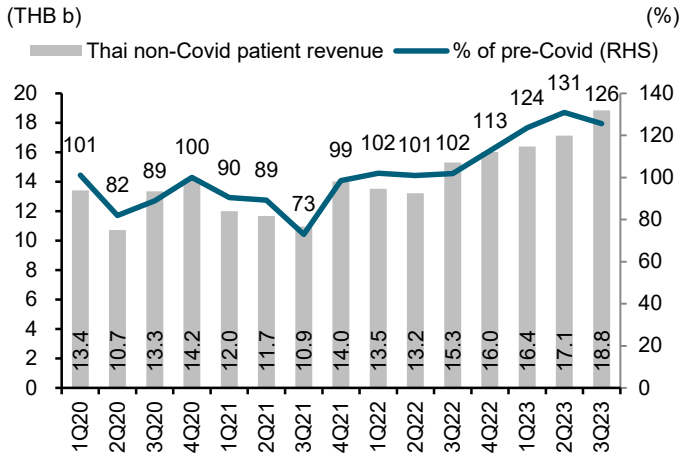
Sources: Bloomberg consensus; FSSIA estimates



**Teerapol Udomvej, CFA**

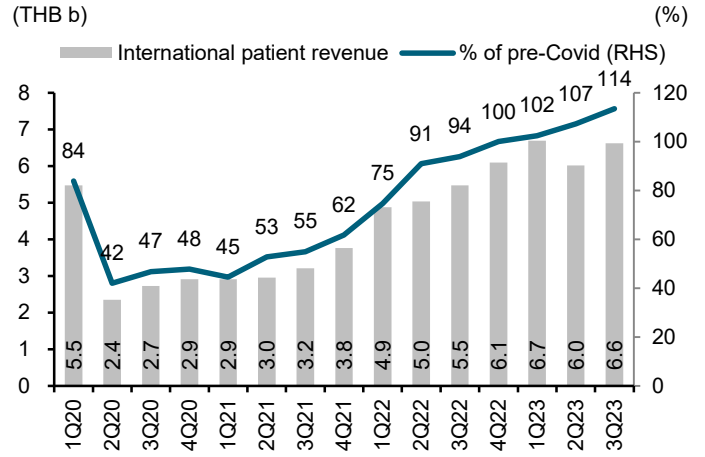
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**Exhibit 1: Non-Covid Thai patient revenue, quarterly**



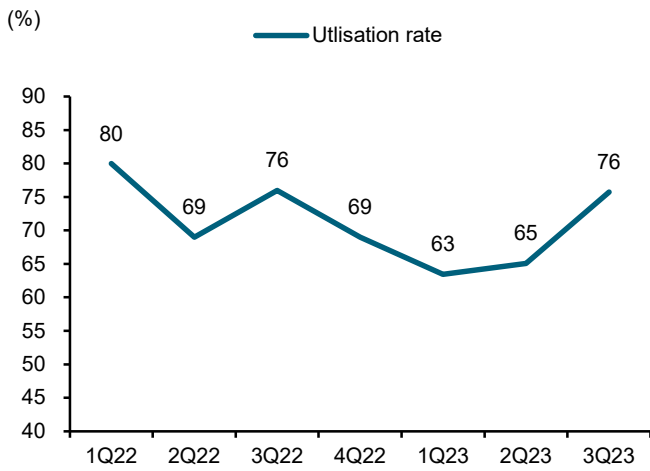
Source: BDMS

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



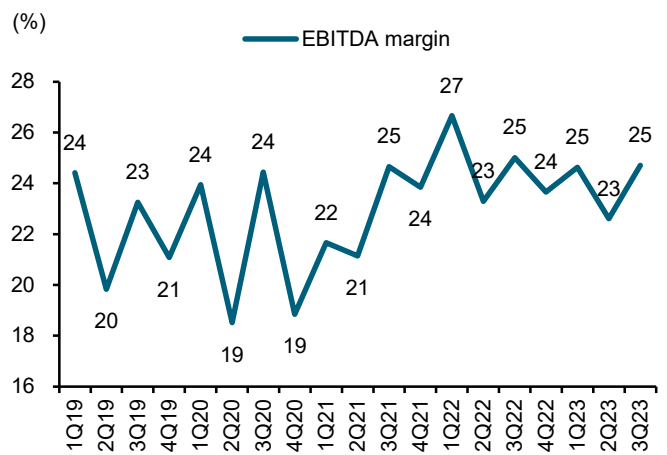
Source: BDMS

**Exhibit 3: Utilisation rate**



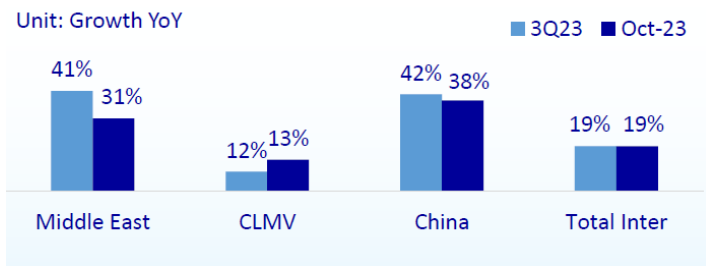
Source: BDMS

**Exhibit 4: EBITDA margin trend, quarterly**



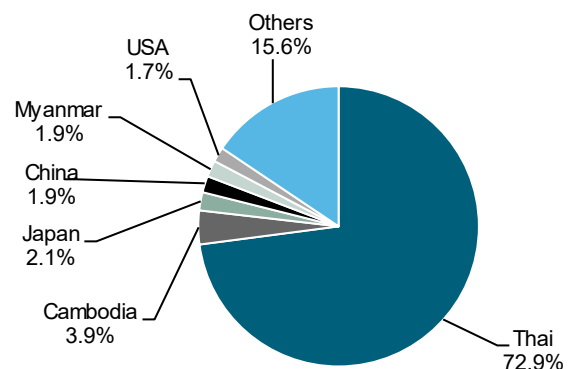
Source: BDMS

**Exhibit 5: Strong trend of international patient growth**



Source: BDMS

**Exhibit 6: Revenue contribution by nationality as of 9M23**



Source: BDMS

## Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	75,514	92,968	100,315	108,779	116,421
Cost of goods sold	(49,462)	(58,329)	(62,761)	(67,590)	(72,059)
<b>Gross profit</b>	<b>26,052</b>	<b>34,638</b>	<b>37,555</b>	<b>41,189</b>	<b>44,362</b>
Other operating income	-	-	-	-	-
Operating costs	(15,029)	(17,655)	(19,351)	(20,712)	(21,934)
<b>Operating EBITDA</b>	<b>17,345</b>	<b>22,933</b>	<b>24,415</b>	<b>26,856</b>	<b>29,091</b>
Depreciation	(6,321)	(5,950)	(6,211)	(6,378)	(6,663)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>11,023</b>	<b>16,984</b>	<b>18,204</b>	<b>20,478</b>	<b>22,428</b>
Net financing costs	(655)	(552)	(558)	(469)	(394)
Associates	21	42	26	28	31
Recurring non-operating income	26	50	34	38	42
Non-recurring items	200	0	0	0	0
<b>Profit before tax</b>	<b>10,594</b>	<b>16,481</b>	<b>17,680</b>	<b>20,047</b>	<b>22,075</b>
Tax	(2,103)	(3,227)	(3,531)	(4,004)	(4,409)
<b>Profit after tax</b>	<b>8,490</b>	<b>13,254</b>	<b>14,149</b>	<b>16,043</b>	<b>17,666</b>
Minority interests	(554)	(648)	(680)	(748)	(823)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>7,936</b>	<b>12,606</b>	<b>13,469</b>	<b>15,295</b>	<b>16,843</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(200)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>7,736</b>	<b>12,606</b>	<b>13,469</b>	<b>15,295</b>	<b>16,843</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.49	0.79	0.85	0.96	1.06
Reported EPS	0.50	0.79	0.85	0.96	1.06
DPS	0.80	0.50	0.50	0.51	0.58
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
<b>Growth</b>					
Revenue (%)	9.3	23.1	7.9	8.4	7.0
Operating EBITDA (%)	16.1	32.2	6.5	10.0	8.3
Operating EBIT (%)	29.3	54.1	7.2	12.5	9.5
Recurring EPS (%)	28.0	63.0	6.8	13.6	10.1
Reported EPS (%)	10.0	58.8	6.8	13.6	10.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	34.5	37.3	37.4	37.9	38.1
Gross margin exc. depreciation (%)	42.9	43.7	43.6	43.7	43.8
Operating EBITDA margin (%)	23.0	24.7	24.3	24.7	25.0
Operating EBIT margin (%)	14.6	18.3	18.1	18.8	19.3
Net margin (%)	10.2	13.6	13.4	14.1	14.5
Effective tax rate (%)	20.3	19.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	164.7	63.0	59.0	52.8	54.5
Interest cover (X)	16.9	30.8	32.7	43.8	57.0
Inventory days	16.3	14.7	14.8	14.8	14.9
Debtor days	39.4	38.5	38.1	35.2	32.9
Creditor days	40.1	39.1	41.4	41.4	41.7
Operating ROIC (%)	10.6	15.8	16.2	18.4	20.4
ROIC (%)	8.5	12.7	13.1	14.8	16.3
ROE (%)	9.0	14.5	14.5	15.4	15.8
ROA (%)	6.7	10.1	10.1	10.9	11.2
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Thai patient revenue	58,500	67,286	68,038	73,507	79,081
International patient revenue	12,841	21,248	27,623	30,385	32,208
Other revenue	4,173	4,433	4,655	4,887	5,132

Sources: Bangkok Dusit Medical Services; FSSIA estimates

## Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	7,736	12,606	13,469	15,295	16,843
Depreciation	6,321	5,950	6,211	6,378	6,663
Associates & minorities	-	-	-	-	-
Other non-cash items	997	1,275	680	748	823
Change in working capital	(980)	720	940	1,072	966
<b>Cash flow from operations</b>	<b>14,074</b>	<b>20,551</b>	<b>21,300</b>	<b>23,493</b>	<b>25,295</b>
Capex - maintenance	(4,235)	(14,953)	(6,019)	(6,527)	(6,985)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(58)	(386)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(4,293)</b>	<b>(15,340)</b>	<b>(6,019)</b>	<b>(6,527)</b>	<b>(6,985)</b>
Dividends paid	(12,738)	(7,943)	(7,946)	(8,081)	(9,177)
Equity finance	0	0	0	0	0
Debt finance	(5,416)	4,764	(2,000)	(500)	(500)
Other financing cash flows	75	299	0	0	0
<b>Cash flow from financing</b>	<b>(18,079)</b>	<b>(2,880)</b>	<b>(9,946)</b>	<b>(8,581)</b>	<b>(9,677)</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>(8,298)</b>	<b>2,330</b>	<b>5,335</b>	<b>8,385</b>	<b>8,633</b>
Free cash flow to firm (FCFF)	10,509.69	5,842.84	15,981.37	17,627.65	18,977.14
Free cash flow to equity (FCFE)	4,439.73	10,273.66	13,280.96	16,465.99	17,810.13

### Per share (THB)

FCFF per share	0.66	0.37	1.01	1.11	1.19
FCFE per share	0.28	0.65	0.84	1.04	1.12
Recurring cash flow per share	0.95	1.25	1.28	1.41	1.53

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	142,630	155,412	161,431	167,958	174,943
Less: Accumulated depreciation	(59,725)	(63,503)	(69,714)	(76,092)	(82,755)
<b>Tangible fixed assets (net)</b>	<b>82,905</b>	<b>91,909</b>	<b>91,717</b>	<b>91,866</b>	<b>92,188</b>
<b>Intangible fixed assets (net)</b>	<b>18,828</b>	<b>19,160</b>	<b>19,160</b>	<b>19,160</b>	<b>19,160</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,600	1,986	1,986	1,986	1,986
Cash & equivalents	12,641	14,972	20,307	28,691	37,325
A/C receivable	9,131	10,484	10,484	10,484	10,484
Inventories	2,005	2,211	2,387	2,584	2,761
Other current assets	624	132	142	154	165
<b>Current assets</b>	<b>24,401</b>	<b>27,799</b>	<b>33,320</b>	<b>41,914</b>	<b>50,735</b>
Other assets	720	689	689	689	689
<b>Total assets</b>	<b>128,454</b>	<b>141,543</b>	<b>146,872</b>	<b>155,615</b>	<b>164,758</b>
Common equity	83,845	89,879	95,402	102,615	110,282
Minorities etc.	3,920	3,834	4,514	5,262	6,086
<b>Total shareholders' equity</b>	<b>87,765</b>	<b>93,713</b>	<b>99,916</b>	<b>107,878</b>	<b>116,368</b>
Long term debt	18,753	23,062	21,062	20,562	20,062
Other long-term liabilities	9,442	10,032	10,032	10,032	10,032
<b>Long-term liabilities</b>	<b>28,196</b>	<b>33,094</b>	<b>31,094</b>	<b>30,594</b>	<b>30,094</b>
A/C payable	5,035	6,176	6,668	7,217	7,711
Short term debt	76	532	532	532	532
Other current liabilities	7,382	8,028	8,663	9,394	10,053
<b>Current liabilities</b>	<b>12,493</b>	<b>14,736</b>	<b>15,862</b>	<b>17,143</b>	<b>18,296</b>
<b>Total liabilities and shareholders' equity</b>	<b>128,454</b>	<b>141,543</b>	<b>146,872</b>	<b>155,615</b>	<b>164,758</b>
Net working capital	(657)	(1,377)	(2,316)	(3,388)	(4,354)
Invested capital	103,396	112,367	111,235	110,313	109,669

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

### Per share (THB)

Book value per share	5.28	5.66	6.00	6.46	6.94
Tangible book value per share	4.09	4.45	4.80	5.25	5.73

### Financial strength

Net debt/equity (%)	7.1	9.2	1.3	(7.0)	(14.4)
Net debt/total assets (%)	4.8	6.1	0.9	(4.9)	(10.2)
Current ratio (x)	2.0	1.9	2.1	2.4	2.8
CF interest cover (x)	7.8	19.6	24.8	36.1	46.2

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>54.4</b>	<b>33.4</b>	<b>31.3</b>	<b>27.5</b>	<b>25.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>70.9</b>	<b>43.5</b>	<b>40.7</b>	<b>35.8</b>	<b>32.6</b>
Reported P/E (x)	53.1	33.4	31.3	27.5	25.0
Dividend yield (%)	3.0	1.9	1.9	1.9	2.2
Price/book (x)	5.0	4.7	4.4	4.1	3.8
Price/tangible book (x)	6.5	6.0	5.5	5.0	4.6
EV/EBITDA (x) **	24.9	18.9	17.5	15.6	14.1
EV/EBITDA @ target price (x) **	32.2	24.5	22.7	20.3	18.5
EV/invested capital (x)	4.2	3.9	3.8	3.8	3.7

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

Sources: Bangkok Dusit Medical Services; FSSIA estimates

# Bangkok Dusit Medical Serv (BDMS TB)

**FSSIA ESG rating**

**74.00 /100**
**Exhibit 7: 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★★	>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 8: ESG – peer comparison**

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG 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 9: ESG score by Bloomberg**

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.08</b>	<b>1.05</b>	<b>2.21</b>	<b>2.76</b>	<b>3.74</b>	<b>3.77</b>	<b>3.76</b>	<b>3.45</b>
BESG environmental pillar score	0.00	0.00	2.04	4.49	4.17	3.84	3.24	2.25
BESG social pillar score	0.14	0.14	1.24	1.48	3.40	3.53	3.54	3.59
BESG governance pillar score	4.56	4.40	4.37	4.19	4.03	4.13	4.51	4.12
<b>ESG disclosure score</b>	<b>32.33</b>	<b>32.33</b>	<b>46.90</b>	<b>47.34</b>	<b>57.35</b>	<b>57.69</b>	<b>58.34</b>	<b>58.92</b>
Environmental disclosure score	0.00	0.00	22.74	24.07	52.31	52.31	54.27	56.00
Social disclosure score	13.21	13.21	34.22	34.22	36.03	37.06	37.06	37.06
Governance disclosure score	83.59	83.59	83.59	83.59	83.59	83.59	83.59	83.59
<b>Environmental</b>								
Emissions reduction initiatives	No	No	No	No	No	No	No	No
Climate change policy	No	No	No	No	Yes	Yes	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	—	—	3	4	9	35	9	34
GHG scope 2 location-based	—	—	91	92	98	94	96	209
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	143	145	152	147	194	497
Renewable energy use	—	—	—	—	—	—	—	5
Electricity used	—	—	143	145	152	147	192	417
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

## Exhibit 10: 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	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	1	2	2	2	3	5
Total waste	—	—	6	7	7	5	9	13
Waste recycled	—	—	0	1	1	0	1	2
Waste sent to landfills	—	—	—	—	—	—	3	5
Environmental supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
Water policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	354	358	388	332	472	754
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
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	—	—	82	82	82	82	83	83
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0	0	0	0	0	1
Total recordable incident rate - employees	—	—	2	2	2	1	1	1
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	33,456	36,989	37,505	38,803	40,298	36,254	36,344	40,495
Employee turnover pct	—	—	18	19	19	17	16	20
Total hours spent by firm - employee training	568,960	588,890	795,330	547,592	784,625	476,816	437,209	1,417,320
Social supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
<b>Governance</b>								
<b>Board size</b>	<b>15</b>	<b>14</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>16</b>	<b>18</b>	<b>17</b>
<b>No. of independent directors (ID)</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>
No. of women on board	2	1	1	1	1	2	2	2
No. of non-executive directors on board	9	7	6	8	9	9	9	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	13	14	12	13	12	12	12
Board meeting attendance pct	95	94	98	97	98	98	97	100
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	45	42	43	44	45	46	47	48
Age of the oldest director	83	84	85	86	87	88	89	90
<b>No. of executives / company managers</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>5</b>
No. of female executives	1	1	1	2	1	2	2	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	10	9	10	7	10	6	6	6
Audit meeting attendance %	100	100	100	100	97	100	100	100
<b>Size of compensation committee</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	3	3	3	2	2	2	2	2
No. of compensation committee meetings	3	1	4	4	3	4	4	3
Compensation meeting attendance %	100	100	100	100	100	100	100	100
<b>Size of nomination committee</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	3	1	4	4	3	4	4	3
Nomination meeting attendance %	100	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation



## 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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																											
<b>CG Score</b> 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%).																											
<b>AGM level</b> 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%). <i>(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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	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.																											
<b>Thai CAC</b> 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. <i>(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.)</i>	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.																											
<b>Morningstar Sustainalytics</b>	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. <i>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 &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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<b>ESG Book</b>	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.																											
<b>MSCI</b>	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. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																												
<b>Refinitiv ESG rating</b>	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. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
<b>S&amp;P Global</b>	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.																												
<b>Bloomberg</b>	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.																											

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

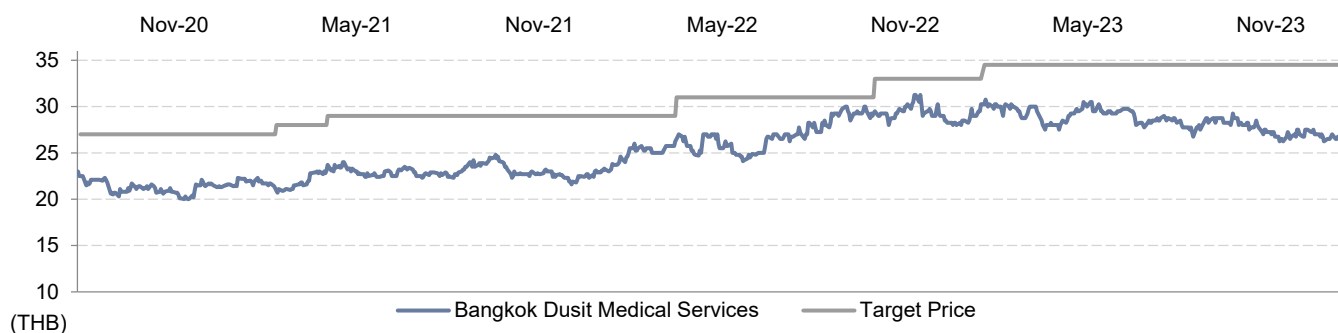
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

### History of change in investment rating and/or target price

#### Bangkok Dusit Medical Services (BDMS TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Nov-2020	BUY	27.00	24-Jun-2021	BUY	29.00	06-Oct-2022	BUY	33.00
11-May-2021	BUY	28.00	19-Apr-2022	BUY	31.00	08-Jan-2023	BUY	34.50

Teerapol Udomvej, CFA started covering this stock from 30-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Dusit Medical Services	BDMS TB	THB 26.50	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.

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 17-Nov-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.