

MASTER STYLE MASTER TB

THAILAND / SERVICES

BUY

Thailand's leading surgery hospital

- MASTER provides one-stop cosmetic surgery services. It has recently increased operating beds to 17, which should support its 4Q23 profit to hit another new high.
- MASTER has announced its tenth acquisition deal this year, in which it will recognize profit sharing in 2024.
- We initiate MASTER with a BUY rating at our 2024 TP of THB71.

TARGET PRICE	THB71.00
CLOSE	THB56.25
UP/DOWNSIDE	+26.2%
TP vs CONSENSUS	-13.6%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,483	1,883	2,216	2,517
Net profit	301	367	536	607
EPS (THB)	1.58	1.39	2.03	2.30
vs Consensus (%)	-	(3.1)	2.3	0.1
EBITDA	422	529	659	750
Recurring net profit	301	367	536	607
Core EPS (THB)	1.58	1.39	2.03	2.30
EPS growth (%)	(1.7)	(12.1)	45.8	13.3

Full-quarter realization of new operating beds from 4Q23 onward

MASTER completed its expansion of hospital services in 3Q23, increasing its operating beds to 17 from seven. Currently, MASTER has 45 doctors, making it possible to receive all additional Thai and international customers. At end-9M23, revenue from international customers accounted for 24% of total revenue, up from 18% in 2022. In the short run, we expect the 4Q23 profit to continue to hit a new high at THB115m (+14.8% q-q, +45.6% y-y) since it is a high season. Also, MASTER now has sufficient capacity. It solves long waiting time problems, which can negatively impact customer retention.

Announce its tenth acquisition deal of this year

MASTER has recently announced its tenth acquisition deal this year, with an investment value of THB1.57b. Since it received proceeds of THB2.3b from its IPO early this year, it has not taken out any loan. Also, the liquidity generally remains strong. Note that each deal takes 3-6 months to complete. Besides, MASTER invested in a stake of no more than 40% in every deal. In the short run, it anticipates profit sharing of cTHB10m from the first two, i.e., Wind Clinic and Kin Corporation in 4Q23. The rest should gradually contribute a profit throughout 2024. Initially, we expects 2024 profit sharing of THB105m, representing 19.6% of the full-year net profit.

Growth should come from organic and inorganic drivers

We expect the 2023 net profit to hit a record high of THB367m (+22% y-y). In 2024, we anticipate continued growth of 46% y-y due to organic drivers (e.g., more customers and the full-year utilization of its operating beds) and inorganic ones (e.g., the realization of profit sharing from the ten deals made in 2023). Excluding their profit sharing, we anticipate 2024-25 net profit growth of 26% y-y and 15% y-y, respectively.

Value our TP at THB71

We initiate MASTER at our 2024 TP of THB71, assuming a 35x PE target. We derive it from the existing business of THB59 and the new ones of THB12. MASTER is trading on a 2024 PE of 28x, close to the hospital sector but higher than KLINIQ and TRP of 23.8x and 23x, respectively, because the profit growth is higher at 46%, while the 2024E profit growth of TRP is 24% y-y and the consensus expects KLINIQ's profit growth at around 28%.

Core P/E (x)	35.5	40.4	27.7	24.5
Dividend yield (%)	0.5	1.2	1.8	-
EV/EBITDA (x)	25.8	24.9	22.1	19.0
Price/book (x)	26.5	5.2	4.8	4.3
Net debt/Equity (%)	51.7	(59.1)	(10.1)	(16.9)
ROE (%)	105.5	22.5	17.9	18.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	19.7	(13.5)	n/a
Relative to country (%)	22.3	(3.0)	n/a
Mkt cap (USD m)	420		
3m avg. daily turnover (USD m)	2.1		
Free float (%)	0		
Major shareholder	Maschamadol family (68%)		
12m high/low (THB)	83.18/41.50		
Issued shares (m)	264.00		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

We expect Thailand's cosmetic surgery market to grow by 9.7% CAGR in 2023-30, close to global cosmetic surgery markets. Besides, the medical tourism trend would support surgery hospitals in Thailand to have a higher revenue mix from international customers, which would, in turn, support future growth.

MASTER has several strengths. It has earned a good reputation and has become well-known in the past ten years. Given the experience of Dr. Raweewat Maschamadol and other renowned doctors, MASTER has gained customer trust, leading to referrals and positive reviews on social media. Also, it has expanded and invested in other businesses to further its long-term growth.

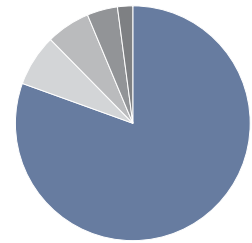
Company profile

MASTER is in the cosmetic surgery hospital business under Masterpiece Hospital. Established in 2012, it has 17 operating beds and offers one-stop cosmetic surgery services. MASTER earns revenue from four services, including surgery, skin, hair treatment, and aftercare, with surgery contributing the highest revenue of 81% of total revenue.

www.masterpiecehospital.com

Principal activities (revenue, 2022)

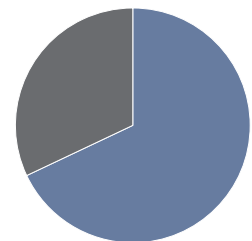
- Surgery - 80.5 %
- Skin - 7.1 %
- Hair treatment - 6.1 %
- Aftercare - 4.2 %
- Others - 2.1 %



Source: Master Style

Major shareholders

- Maschamadol family - 68.0 %
- Others - 32.0 %



Source: Master Style

Catalysts

2024 potential growth drivers include 1) higher surgery customers, 2) a higher utilization rate of operating beds, which would drive operating leverage, and 3) the realization of profit and synergies from M&As.

Risks to our call

Downside risks to our P/E-based TP include 1) increased competition, 2) a pandemic that results in a lockdown, 3) lower-than-expected utilization rate of new operating beds, 4) higher-than-expected doctor costs and expenses, and 5) a loss contribution from the acquired units.

Event calendar

Date	Event
March 2024	2023 results announcement

Key assumptions

	2023E	2024E	2025E
Total OR room (no.)	17	17	17
Capacity hours (hours)	64,605	88,330	88,330
Operating hours (hours)	48,147	54,272	58,866
Utilisation rate (%)	74.5	61.4	66.6

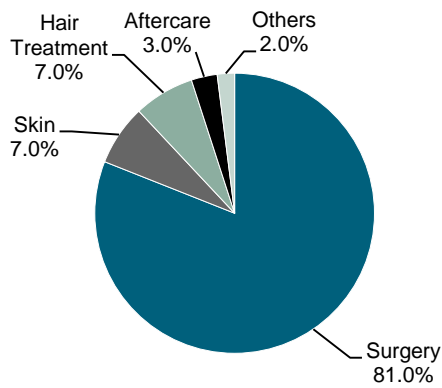
Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in revenue, we estimate 2024 net profit to rise by 3.9%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in SG&A, we estimate 2024 net profit to fall by 3.5%, and vice versa, all else being equal.

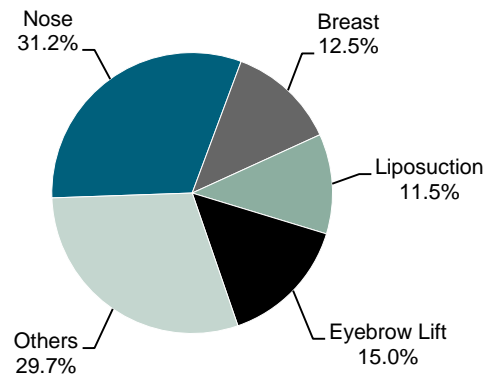
Source: FSSIA estimates

Exhibit 1: Revenue breakdown by type of service in 9M23



Source: MASTER, FSSIA's compilation

Exhibit 2: Surgery revenue breakdown in 2022



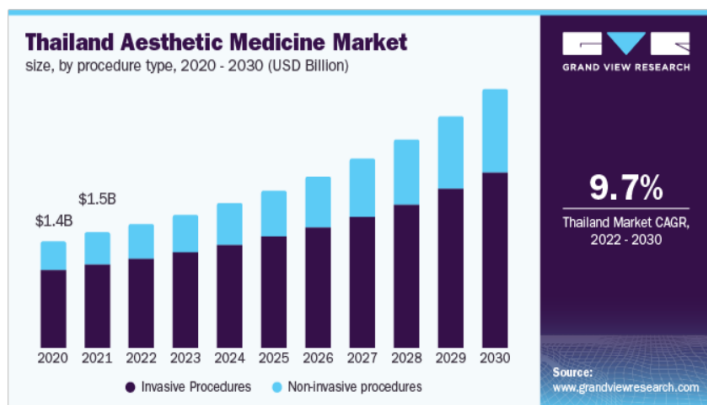
Source: MASTER, FSSIA's compilation

Exhibit 3: Master Style Hospital



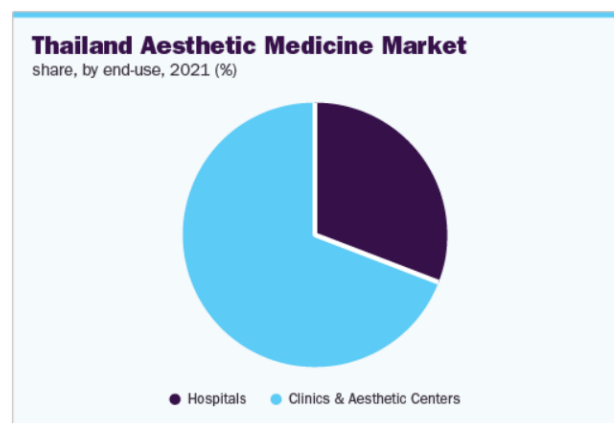
Source: MASTER

Exhibit 4: Thailand Aesthetic Medicine Market Size



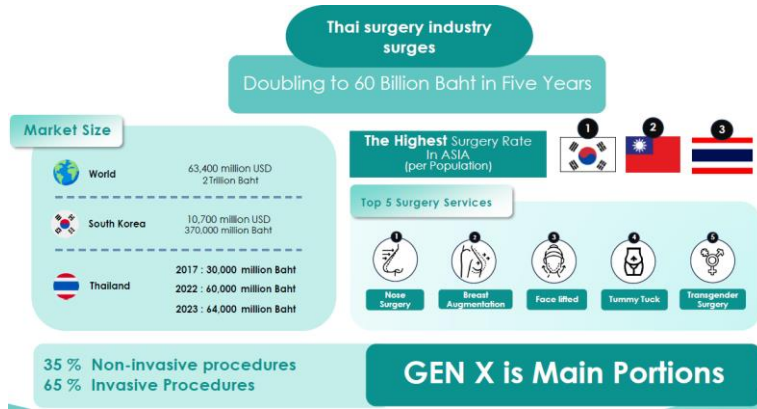
Source: Grand View Research

Exhibit 5: Thailand Aesthetic Medicine Market Share



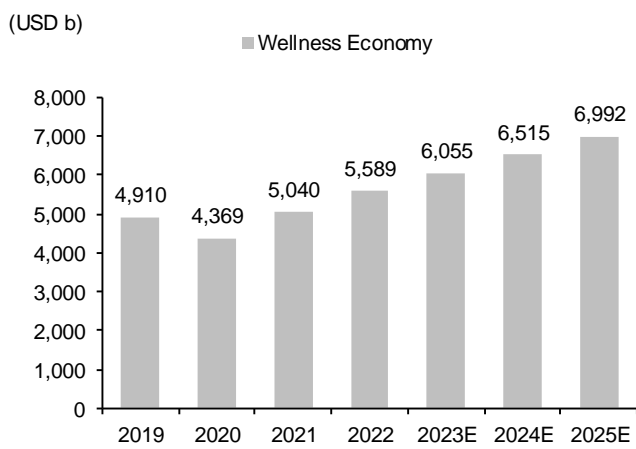
Source: Grand View Research

Exhibit 6: Surgery Industry Trend



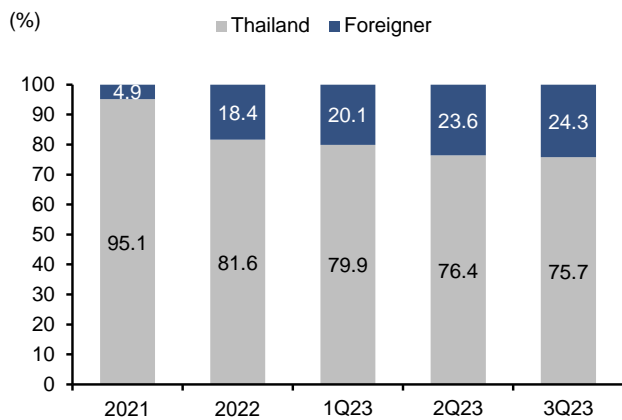
Source: MASTER's presentation (Allied Market Research)

Exhibit 7: Global wellness economy market value



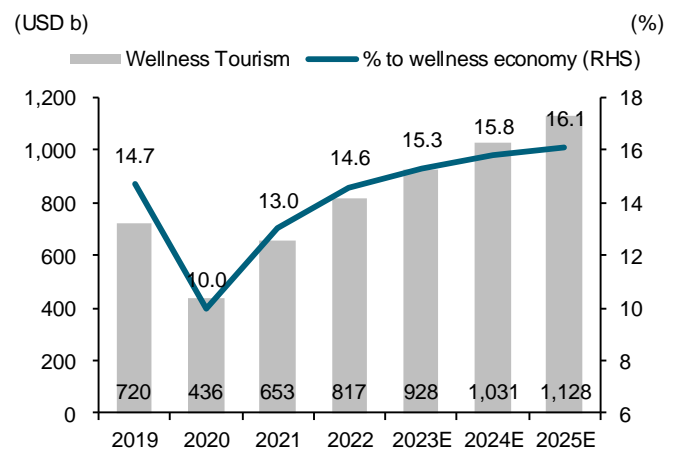
Sources: Global Wellness Institute, FSSIA's compilation

Exhibit 9: Revenue breakdown by customer



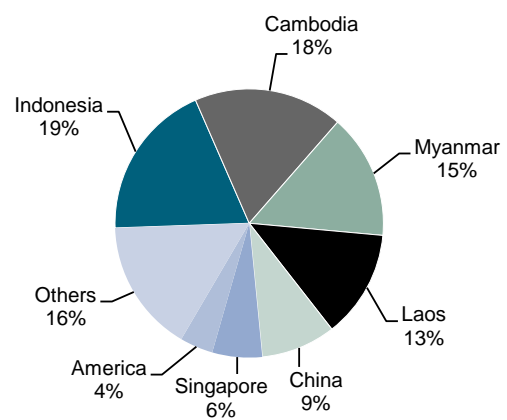
Sources: MASTER, FSSIA's compilation

Exhibit 8: Global wellness tourism market value



Sources: Global Wellness Institute, FSSIA's compilation

Exhibit 10: Foreign customer revenue breakdown by country



Sources: MASTER, FSSIA's compilation

Exhibit 11: Peer Comparisons

Name of hospital / Clinique	Established year	No. of branches (no.)	----- Revenue -----		----- Net profit -----		GPM 2022 (%)	SG&A to sales 2022 (%)	NM 2022 (%)
			2021 (THB m)	2022 (THB m)	2021 (THB m)	2022 (THB m)			
APEX	1995	22	977	1,586	198	473	56.1	23.6	29.8
Siam Laser (SLC)	2005	21	828	2,029	(57)	435	45.2	19.2	21.4
MASTER	2013	1	660	1,483	163	301	56.7	31.2	20.3
TRP	2016	1	428	854	113	270	55.4	15.4	31.7
Yanhee	1994	1	1,371	2,047	(91)	257	31.9	18.6	12.6
The Klinique	2009	46	950	1,639	129	205	56.3	41.1	12.5
Meko	1982	5	198	469	32	60	43.3	28.1	12.9
W Plastic Surgery	2018	1	148	230	2	16	66.3	51.9	7.1
Kamol Cosmetic	2009	1	124	143	2	2	32.6	35.4	1.7
Lelux	2006	1	150	150	3	1	48.9	47.8	0.8
Asia Cosmetic	2014	1	88	145	10	(8)	57.1	62.8	(5.8)
Wansiri	2012	1	63	191	(54)	(41)	34.7	51.1	(21.3)

Sources: MASTER, Datawarehouse, Company website, FSSIA's compilation

Organic and inorganic growth drivers; ten announced M&A deals YTD

MASTER has announced ten acquisitions YTD, with a combined value of THB1.57b. However, it received proceeds of cTHB2.3b from its IPO early this year and reported cash and equivalents of roughly THB2.06b at end-9M23. Of the ten, seven were aesthetic clinics, one nursing home, and two media companies. Since MASTER acquired a stake of no more than 40% in every deal, it will realize a share of loss or profit. In this regard, it intends to have original owners operate their business due to their expertise.

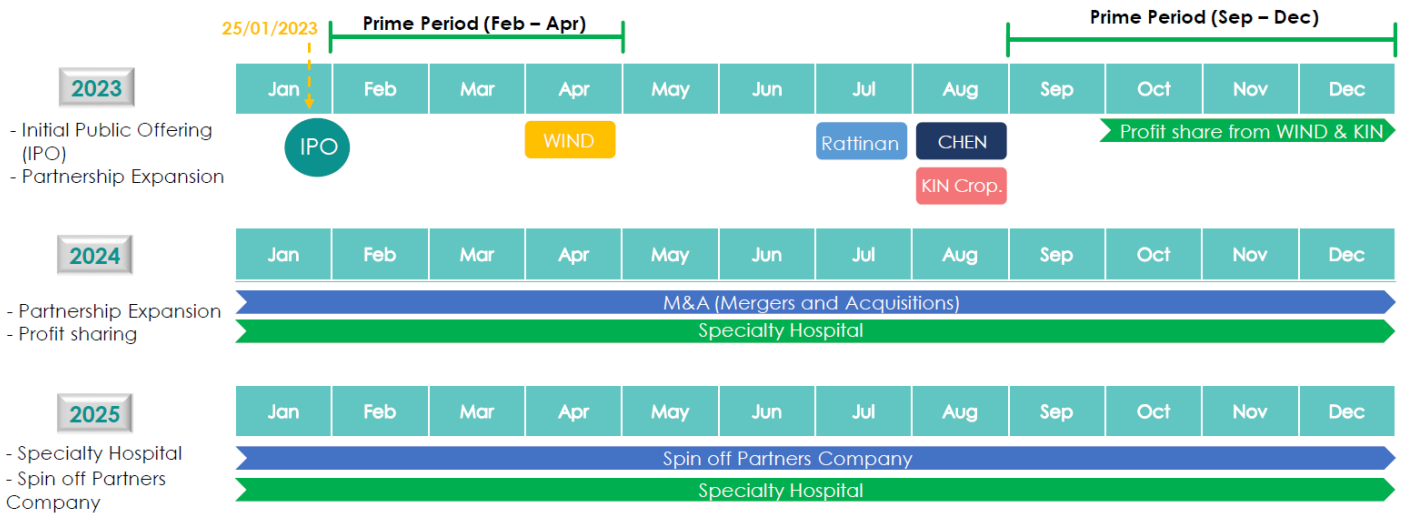
Since cosmetic medicine is MASTER's forte, it expects synergies through cross-products, cross-doctors, and cross-knowledge. MASTER invested in the elderly home business to expand its business base and stabilize its future growth. Meanwhile, the investment in the media business aims to secure advertising channels for its products. Since they are already profitable, MASTER can instantly recognize profit sharing. It anticipates profit sharing from the first two deals, i.e., Wind Clinic and Kin Corporation, in 4Q23. The rest would gradually contribute a profit throughout 2024, particularly the last six. They need roughly 3-6 months to complete since they have to adjust their financial statements to MASTER's standards. Initially, we project profit sharing of THB10m in 4Q23 and THB105m in 2024, 19.6% of the net profit.

Exhibit 12: Details of all announced deals

Company	Stake (%)	Value (m)	Business	2022 profit (m) *Data from MoC
Me Plan Dee	40	64.0	Operates two Wind Clinics in Bangkok and Ubon Ratchathani.	na
Rattinan	20	38.85	Operates cosmetic clinics in Silom, Bangkok. MASTER acquired a 20% stake of its ordinary shares for THB38.85m and provided a THB31.15m loan, with an option to convert into equity. Assuming 100% conversion, MASTER will have a 36% interest.	10.0
De.Chen	40	94.22	Operates a Dr. Chen Clinic in Chiangmai. Plans to use the proceeds from MASTER's purchase to build a surgery hospital in Soi Ramkhamhaeng 160.	na
Kin Corporation	40	160.0	Found in 2018, Kin Corporation is in the media, PR, billboards, and marketing promotion businesses.	116.0
Twinkle Star	40	64.9	Buys, sells, and produces media for advertising and public relations. Currently manages advertising slots for three TV programs.	7.7
TYP Medical	40	73.7	Established in 2023. Currently transferring a TYP Clinic in Hat Yai, Songkhla, to MASTER.	na
CMNH	40	50.0	Operates Chiang Mai Nursing Home Care (109 beds, 92% OCC rate) in Chiang Mai. Currently constructing its second home.	3.4
Doctor Top Hair	40	96.0	Established in 2023. Currently transferring seven The Skin Clinic in Bangkok, specializing in hair transplant, to MASTER.	na
BEQ	35	183.7	Operates one BEQ Clinic at CP Tower on Silom Road, specializing in skin and body treatments and hair transplant.	2.5
V Square Clinic	40	720.0	Operates 25 V Square Clinic in Bangkok, specializing in filler treatment.	11.5
Total		1,576		

Sources: MASTER, FSSIA's compilation

Exhibit 13: MASTER's M&A timeline



Source: MASTER

Exhibit 14: MASTER's strategy for the future growth



Source: MASTER

Exhibit 15: Strategy of hair treatment business



Source: MASTER

The 4Q23 profit should increase to another new high

We expect the 4Q23 net profit to rise to a new high of THB115m (+14.8% q-q, +45.6% y-y) due to the full-quarter realization of new operating beds. Also, 4Q is a high season. According to the latest data, customers continued to rise in October – November before weakening in December since it is a holiday season. Also, we anticipate extended revenue growth of 6% q-q and 8% y-y to a record high in 4Q23.

Although MASTER would recognize depreciation expenses of THB8-10m from the improvement expenses of its buildings, profit sharing from the two new businesses, i.e., Wind Clinic and Kin Corporation, would fully offset it. Since the number of doctors remains at 45 as in 3Q23, we expect the 4Q23 gross margin to remain high at 58.1%, close to 3Q23 but higher than 55.5% in 4Q22 due to increased operating leverage. Should the 4Q23 profit be in line, the 2023 net profit will hit another record high of THB367m (+22% y-y).

Exhibit 16: 4Q23 earnings preview

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	238	372	401	471	436	459	479	509	6.2	7.9
Cost of sales	102	163	167	210	182	204	200	213	6.4	1.7
Gross profit	136	209	234	262	253	255	279	296	6.0	12.9
SG&A	68	106	128	161	162	158	160	169	5.3	4.7
Operating profit	71	104	108	103	94	106	128	137	6.4	33.0
Profit sharing	0	0	0	0	0	0	0	10	<i>nm</i>	<i>nm</i>
Interest expense	2	2	2	3	3	4	4	4	(0.3)	0.4
Tax expense	14	21	21	21	19	21	25	29	14.0	39.2
Reported net profit	55	82	85	79	72	81	100	115	14.8	45.6
Core profit	55	82	85	79	72	81	100	115	14.8	45.6
Key Ratios (%)									(ppt)	(ppt)
Gross margin	57.3	56.2	58.4	55.5	58.2	55.5	58.2	58.1	(0.1)	2.6
SG&A to sales	28.5	28.5	31.8	34.2	37.2	34.3	33.5	33.2	(0.3)	(1.0)
Operating margin	29.7	28.1	27.0	21.8	21.5	23.1	26.8	26.9	0.1	5.1
Net margin	23.1	22.1	21.2	16.7	16.4	17.7	20.8	22.5	1.7	5.8
Core margin	23.1	22.1	21.2	16.7	16.4	17.7	20.8	22.5	1.7	5.8
Operating Statistics										
Revenue breakdown (THB m)										
Surgery	192	293	320	389	340	364	387	410	6.0	5.6
Skin	15	26	28	38	42	34	33	36	10.0	(4.4)
Hair treatment	15	24	29	21	28	32	31	34	7.7	57.8
Aftercare	12	19	13	18	18	18	17	17	4.0	(1.5)
Other	4	10	11	6	8	11	11	12	0.3	78.8
Revenue proportion (%)										
Surgery	80.6	78.8	79.8	82.4	78.0	79.2	80.8	80.7	(0.1)	(1.8)
Skin	6.2	6.9	6.9	8.0	9.6	7.5	6.8	7.0	0.2	(0.9)
Hair treatment	6.3	6.6	7.3	4.5	6.4	6.9	6.5	6.6	0.1	2.1
Aftercare	5.2	5.1	3.3	3.7	4.1	3.9	3.5	3.4	(0.1)	(0.3)
Other	1.8	2.6	2.7	1.4	1.9	2.4	2.4	2.3	(0.1)	0.9

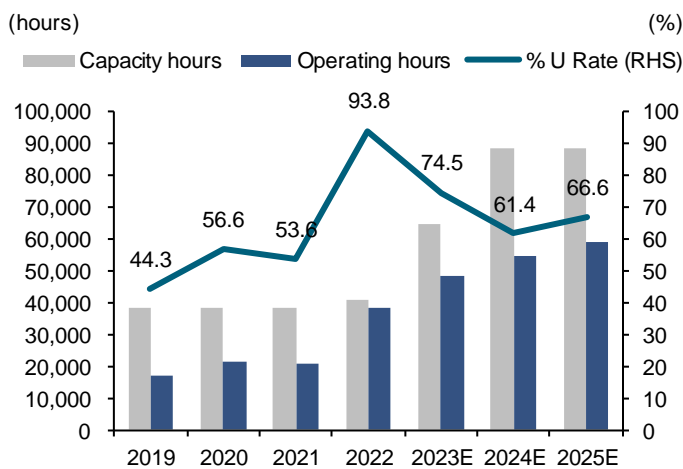
Source: FSSIA estimates

Expect 2024-25 net profit growth of 46% y-y and 13% y-y, respectively

We maintain our bullish view of the 2024 growth outlook due to organic drivers, such as the full-year realization of its new operating beds. As a result, we expect extended double-digit revenue growth of 18% y-y. Since doctors should increase at a lower rate, we anticipate continued benefits from operating leverage. Therefore, we project the 2024 gross margin to rise to 58.5% from 57.5% in 2023, a conservative forecast since it is close to 2H23. Also, there would be inorganic drivers, such as the realization of profit sharing from the ten companies that MASTER announced an investment in a 35%-40% stake. Initially, we assume 2024-25 profit sharing of THB105m and THB112m, up from THB10m in 2023, representing roughly 19.6% and 18.5% of the 2024-25 net profit, respectively.

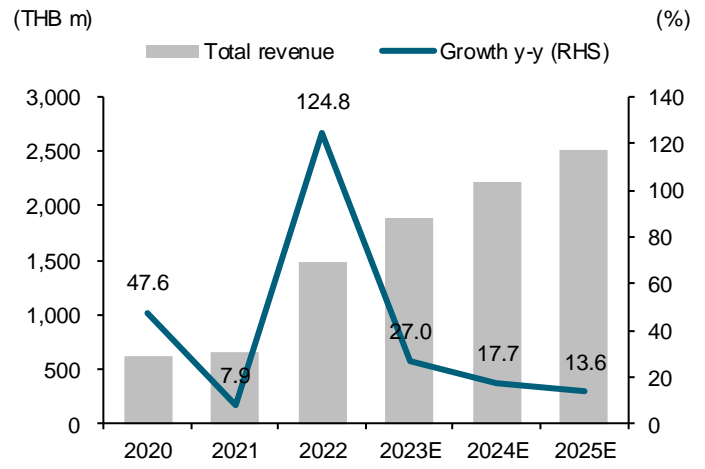
Hence, we expect a 2024-25 net profit of THB536m (+46% y-y) and THB607m (+13% y-y), respectively. Excluding profit sharing from the ten new units, the 2024-25 net profit will jump by 26% y-y and 14.5% y-y, respectively.

Exhibit 17: Operating hours and utilization rate



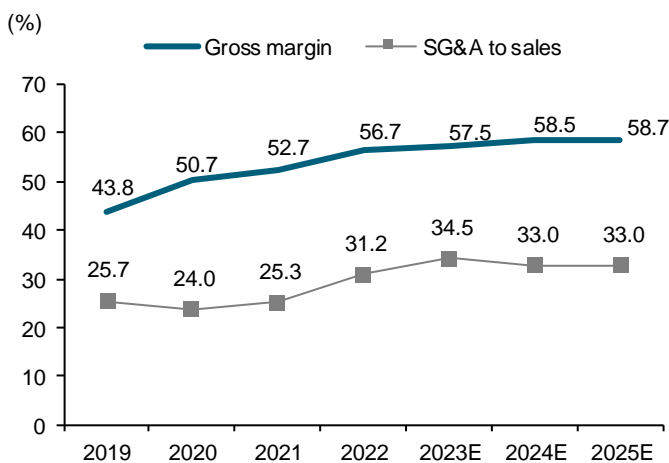
Sources: MASTER, FSSIA estimates

Exhibit 18: Yearly total revenue and growth



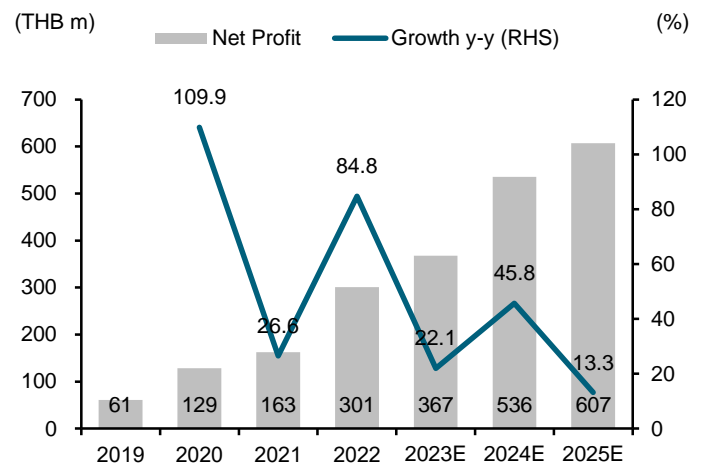
Sources: MASTER, FSSIA estimates

Exhibit 19: Gross margin and SG&A to sales



Sources: MASTER, FSSIA estimates

Exhibit 20: Net profit and growth



Sources: MASTER, FSSIA estimates

Exhibit 21: Key assumptions for MASTER

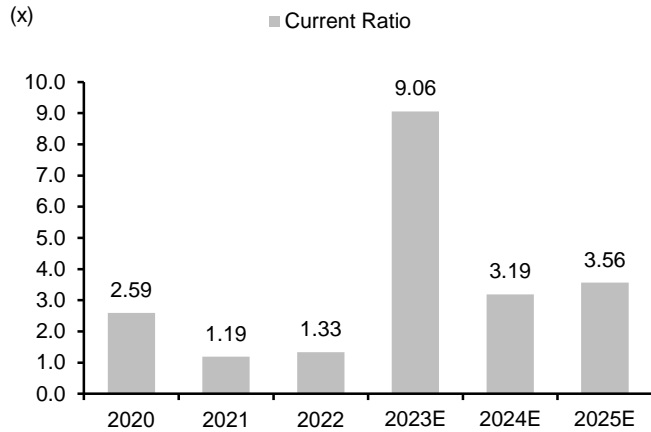
	Actual	Forecast			Growth		
	2022 (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total revenue	1,483	1,883	2,216	2,517	27.0	17.7	13.6
Costs	641	800	920	1,040	24.8	14.9	13.0
Gross profit	841	1,083	1,296	1,478	28.7	19.7	14.0
SG&A expense	463	650	731	831	40.3	12.6	13.6
Interest expense	9	14	14	13	53.5	(1.4)	(5.4)
Profit sharing	0	10	105	112	<i>nm</i>	950.0	6.7
Reported net profit	301	367	536	607	22.1	45.8	13.3
Core profit	301	367	536	607	22.1	45.8	13.3
Key ratios (%)							
Total revenue growth	124.8	27.0	17.7	13.6			
Net profit growth	84.8	22.1	45.8	13.3			
Core profit growth	114.9	22.1	45.8	13.3			
Gross margin	56.7	57.5	58.5	58.7	0.7	1.0	0.2
SG&A to sales	31.2	34.5	33.0	33.0	3.3	(1.5)	0.0
Net margin	20.3	19.5	22.7	23.3	(0.8)	3.2	0.6
Core margin	20.3	19.5	22.7	23.3	(0.8)	3.2	0.6
Operating statistics							
Total OR room (no.)	7	17	17	17	142.9	0.0	0.0
Capacity hours (hours)	40,880	64,605	88,330	88,330	58.0	36.7	0.0
Operating hours (hours)	38,345	48,147	54,272	58,866	25.6	12.7	8.5
Utilisation rate (%)	93.8	74.5	61.4	66.6			
Revenue breakdown (THB m)							
Surgery	1,194	1,501	1,777	2,024	25.8	18.4	13.9
Skin	106	144	171	197	36.8	18.5	15.4
Hair treatment	90	125	148	167	38.6	18.5	13.3
Aftercare	62	70	76	82	12.1	8.2	8.1
Others	31	42	45	47	36.8	5.0	5.0
Revenue proportion (%)							
Surgery	80.5	79.7	80.2	80.4			
Skin	7.1	7.7	7.7	7.8			
Hair treatment	6.1	6.6	6.7	6.6			
Aftercare	4.2	3.7	3.4	3.2			
Others	2.1	2.3	2.0	1.9			

Source: FSSIA estimates

Solid balance sheet

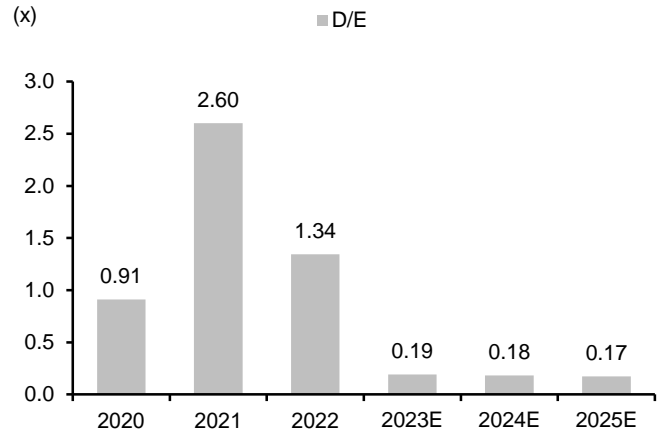
MASTER has strong liquidity. It usually makes cash sales, and customers may even need to make an advanced payment in some cases. Besides, it just sold its shares in an IPO early this year. At end-9M23, MASTER has a current ratio and D/E ratio of 7.4x and 0.2x, respectively. Most of its debts are trade payable, unearned service revenue, and liabilities under operating lease. It does not have any bank loans. At the end of 2023-24, its projected current ratio was high at 9x and 3.2x, while its projected D/E ratio was low at 0.2x, close to 9M23. On the other hand, the ROE should stand at 12.9% in 2023, down from 2022, due to increased equity after its IPO, before rising to 17.1% in 2024. Generally, we view that MASTER has a solid balance sheet and strong liquidity.

Exhibit 22: Current ratio (x)



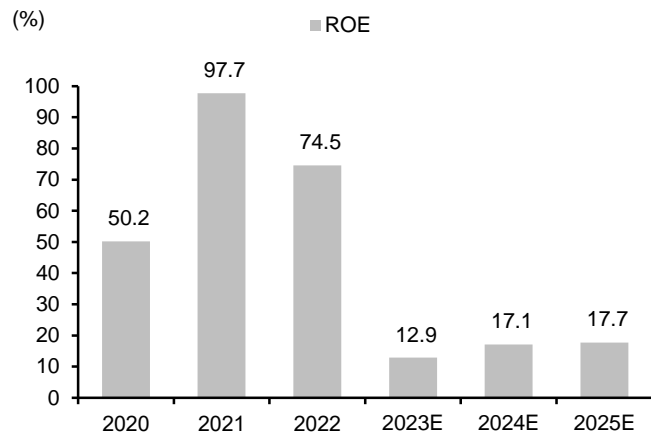
Source: FSSIA estimates

Exhibit 23: D/E ratio (x)



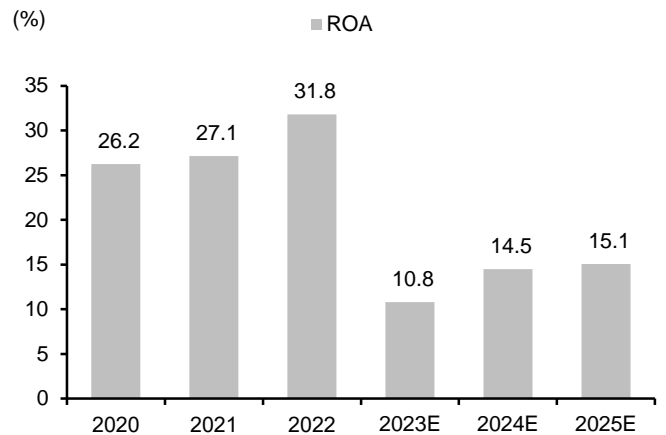
Source: FSSIA estimates

Exhibit 24: Return on equity (%)



Source: FSSIA estimates

Exhibit 25: Return on assets (%)



Source: FSSIA estimates

Value our 2024 TP at THB71

We initiate MASTER with a BUY rating at our 2024 TP of THB71, assuming a 35x PE target. We derive it from the existing business of THB59 and the new ones of THB12. MASTER is trading on a 2024 PE of 28x, close to the hospital sector but higher than KLINIQ and TRP of 23.8x and 23x, respectively, because the profit growth is higher at 46%, while the 2024E profit growth of TRP is 24% y-y and the consensus expects KLINIQ's profit growth at around 28%.

Exhibit 26: Peers Comparison as of 8 Dec 2023

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Bangkok Dusit Med Service	BDMS TB	BUY	25.75	34.50	34.0	11,586	30.4	26.8	14.5	15.4	4.3	4.0	17.0	15.2
Bumrungrad Hospital	BH TB	BUY	214.00	300.00	40.2	4,816	25.2	24.1	31.1	28.0	7.2	6.4	16.5	15.6
Bangkok Chain Hospital	BCH TB	BUY	21.40	24.50	14.5	1,511	39.3	31.4	10.9	13.0	4.3	4.0	18.2	15.3
Praram 9 Hospital	PR9 TB	BUY	15.00	22.00	46.7	334	23.3	19.6	10.4	11.6	2.4	2.2	10.6	8.9
Thonburi Healthcare Group	THG TB	REDUCE	61.75	55.00	(10.9)	1,482	44.1	38.8	11.4	12.4	5.0	4.7	24.5	21.9
Average						19,728	32.5	28.1	15.7	16.1	4.6	4.2	17.4	15.4
Master Style	MASTER TB	BUY	56.25	71.00	26.2	420	40.4	27.7	22.5	17.9	5.2	4.8	24.9	22.1
Aesthetic Connect	TRP TB	BUY	15.60	26.00	66.7	155	26.0	21.0	15.6	12.0	2.6	2.5	12.8	10.1
Klinique Medical Clinic*	KLINIQ TB	n/a	38.75	n/a	n/a	241	29.1	24.6	16.8	18.1	n/a	4.8	15.5	13.0
Average						816	31.9	24.4	18.3	16.0	3.9	4.0	17.7	15.0
Overall average						20,544	32.2	26.7	16.7	16.1	4.4	4.2	17.5	15.3

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Master Style

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	660	1,483	1,883	2,216	2,517
Cost of goods sold	(312)	(641)	(800)	(920)	(1,040)
Gross profit	348	841	1,083	1,296	1,478
Other operating income	31	8	31	13	13
Operating costs	(167)	(463)	(650)	(731)	(831)
Operating EBITDA	242	422	529	659	750
Depreciation	(31)	(35)	(65)	(80)	(90)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	211	386	464	578	660
Net financing costs	(7)	(9)	(14)	(14)	(13)
Associates	0	0	10	105	112
Recurring non-operating income	0	0	10	105	112
Non-recurring items	0	0	0	0	0
Profit before tax	204	377	460	670	758
Tax	(42)	(76)	(93)	(134)	(152)
Profit after tax	163	301	367	536	607
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	163	301	367	536	607
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	163	301	367	536	607
Per share (THB)					
Recurring EPS *	1.61	1.58	1.39	2.03	2.30
Reported EPS	1.61	1.58	1.39	2.03	2.30
DPS	0.36	0.30	0.70	1.01	0.00
Diluted shares (used to calculate per share data)	101	190	264	264	264
Growth					
Revenue (%)	7.9	124.8	27.0	17.7	13.6
Operating EBITDA (%)	27.0	73.9	25.6	24.4	13.8
Operating EBIT (%)	26.1	82.7	20.2	24.6	14.0
Recurring EPS (%)	26.6	(1.7)	(12.1)	45.8	13.3
Reported EPS (%)	26.6	(1.7)	(12.1)	45.8	13.3
Operating performance					
Gross margin inc. depreciation (%)	52.7	56.7	57.5	58.5	58.7
Gross margin exc. depreciation (%)	57.4	59.1	61.0	62.1	62.3
Operating EBITDA margin (%)	36.8	28.4	28.1	29.7	29.8
Operating EBIT margin (%)	32.1	26.1	24.6	26.1	26.2
Net margin (%)	24.7	20.3	19.5	24.2	24.1
Effective tax rate (%)	20.4	20.2	20.2	20.0	20.0
Dividend payout on recurring profit (%)	22.1	18.9	50.0	50.0	-
Interest cover (X)	30.6	42.4	33.9	49.5	59.1
Inventory days	30.1	26.8	31.8	30.7	31.0
Debtor days	1.2	0.9	1.0	0.9	0.9
Creditor days	40.9	34.7	34.9	30.7	31.0
Operating ROIC (%)	104.0	115.1	61.3	57.9	66.1
ROIC (%)	93.2	82.1	42.3	27.3	21.7
ROE (%)	77.0	105.5	22.5	17.9	18.5
ROA (%)	30.9	39.9	17.4	15.4	16.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Surgery	527	1,194	1,501	1,777	2,024
Skin	39	106	144	171	197
Hair treatment	23	90	125	148	167
Aftercare	36	62	70	76	82

Sources: Master Style; FSSIA estimates

Financial Statements

Master Style

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	163	301	367	536	607
Depreciation	31	35	65	80	90
Associates & minorities	0	0	0	0	0
Other non-cash items	46	0	(10)	(105)	(112)
Change in working capital	(21)	(100)	9	27	25
Cash flow from operations	218	236	432	538	610
Capex - maintenance	-	-	-	-	-
Capex - new investment	(99)	(413)	(626)	(1,646)	(43)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(99)	(413)	(626)	(1,646)	(43)
Dividends paid	(101)	(263)	(184)	(268)	(303)
Equity finance	0	198	2,270	0	0
Debt finance	13	159	(15)	(15)	(15)
Other financing cash flows	(21)	(1)	6	2	2
Cash flow from financing	(109)	93	2,077	(281)	(317)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	10	(84)	1,883	(1,389)	250
Free cash flow to firm (FCFF)	126.42	(167.40)	(180.57)	(1,094.23)	579.47
Free cash flow to equity (FCFE)	111.42	(19.25)	(203.64)	(1,121.37)	552.92

Per share (THB)

FCFF per share	0.48	(0.63)	(0.68)	(4.14)	2.19
FCFE per share	0.42	(0.07)	(0.77)	(4.25)	2.09
Recurring cash flow per share	2.37	1.77	1.60	1.94	2.22

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	288	483	722	797	812
Less: Accumulated depreciation	(55)	(59)	(63)	(68)	(74)
Tangible fixed assets (net)	233	424	659	729	738
Intangible fixed assets (net)	8	7	7	7	7
Long-term financial assets	8	8	8	8	8
Invest. in associates & subsidiaries	0	0	188	1,773	1,812
Cash & equivalents	182	98	1,980	591	841
A/C receivable	3	5	5	6	7
Inventories	26	63	66	76	85
Other current assets	131	166	301	288	277
Current assets	342	331	2,353	961	1,210
Other assets	9	177	188	222	252
Total assets	600	947	3,403	3,699	4,027
Common equity	167	404	2,857	3,125	3,429
Minorities etc.	0	0	0	0	0
Total shareholders' equity	167	404	2,857	3,125	3,429
Long term debt	141	291	276	261	246
Other long-term liabilities	5	3	9	11	13
Long-term liabilities	145	294	286	272	259
A/C payable	98	148	151	175	199
Short term debt	7	15	15	15	15
Other current liabilities	182	86	94	111	126
Current liabilities	288	249	260	301	340
Total liabilities and shareholders' equity	600	947	3,403	3,699	4,027
Net working capital	(121)	0	128	84	45
Invested capital	138	616	1,178	2,821	2,862

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

Per share (THB)

Book value per share	1.65	2.12	10.82	11.84	12.99
Tangible book value per share	1.57	2.09	10.80	11.81	12.96

Financial strength

Net debt/equity (%)	(20.2)	51.7	(59.1)	(10.1)	(16.9)
Net debt/total assets (%)	(5.6)	22.1	(49.6)	(8.5)	(14.4)
Current ratio (x)	1.2	1.3	9.1	3.2	3.6
CF interest cover (x)	31.4	44.1	31.2	39.0	46.7

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	34.9	35.5	40.4	27.7	24.5
Recurring P/E @ target price (x) *	44.0	44.8	51.0	35.0	30.9
Reported P/E (x)	34.9	35.5	40.4	27.7	24.5
Dividend yield (%)	0.6	0.5	1.2	1.8	-
Price/book (x)	34.1	26.5	5.2	4.8	4.3
Price/tangible book (x)	35.8	26.9	5.2	4.8	4.3
EV/EBITDA (x) **	23.3	25.8	24.9	22.1	19.0
EV/EBITDA @ target price (x) **	29.4	32.5	32.2	28.0	24.2
EV/invested capital (x)	41.1	17.7	11.2	5.2	5.0

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

Sources: Master Style; FSSIA estimates

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 (50-59), 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%). <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&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.																											
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. <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.																											
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. <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 & 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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0-10	10-20	20-30	30-40	40+																									
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. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</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>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	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			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
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.																											

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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Master Style	MASTER TB	THB 56.25	BUY	Downside risks to our P/E-based TP include 1) increased competition, 2) a pandemic that results in a lockdown, 3) lower-than-expected utilization rate of new operating beds, 4) higher-than-expected doctor costs and expenses, and 5) a loss contribution from the acquired units.

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 08-Dec-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.