

THONBURI HEALTHCARE GROUP

THAILAND / HEALTH CARE SERVICES

THG TB

HOLD

FROM REDUCE

ธุรกิจโรงพยาบาลมีการดำเนินงานที่ดี

- กำไรจะมีแนวโน้มการเติบโตที่ดีต่อเนื่องใน 4Q23 จากการแพร่ระบาดของโรคไข้เลือดออกและไข้หวัดใหญ่
- EBITDA margin อยู่ในเกณฑ์ที่ดีที่ 31% ใน 3Q23 โดยได้ปัจจัยหนุนจากโรงพยาบาลในต่างจังหวัด คาดอัตรากำไรดังกล่าวจะทรงตัวในระดับสูงในปี 2024
- ปรับคำแนะนำเป็น HOLD ที่ราคาเป้าหมายปี 2024 ที่ 55 บาท (DCF)

TARGET PRICE	THB55.00
CLOSE	THB56.00
UP/DOWNSIDE	-1.8%
PRIOR TP	THB55.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.8%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	11,540	10,567	11,407	12,124
Net profit	1,602	956	1,207	1,386
EPS (THB)	1.89	1.13	1.42	1.64
vs Consensus (%)	-	(13.7)	(2.9)	(0.4)
EBITDA	2,746	2,516	2,895	3,198
Recurring net profit	1,497	956	1,207	1,386
Core EPS (THB)	1.77	1.13	1.42	1.64
Chg. In EPS est. (%)	-	(19.4)	(10.4)	(7.7)
EPS growth (%)	20.3	(36.1)	26.2	14.8
Core P/E (x)	31.7	49.6	39.3	34.3
Dividend yield (%)	1.6	1.4	1.8	2.0
EV/EBITDA (x)	20.8	22.5	19.6	17.8
Price/book (x)	4.7	4.6	4.4	4.2
Net debt/Equity (%)	78.7	71.5	67.6	65.6
ROE (%)	15.5	9.3	11.4	12.4

ธุรกิจโรงพยาบาลมีแนวโน้มการดำเนินงานที่ดีใน 4Q23

เราเข้าร่วมการประชุมนักวิเคราะห์เมื่อวันที่ 7 ธ.ค. และมีมุมมองเชิงบวกเล็กน้อยเกี่ยวกับการประชุมดังกล่าว ผู้บริหารคาดว่าจะรายได้จากการดำเนินงานจะโตอย่างต่อเนื่องใน 4Q23 จากการแพร่ระบาดของโรคไข้เลือดออกและไข้หวัดใหญ่ นอกจากนี้ EBITDA margin ที่ออกมาดีที่ 31% ใน 3Q23 ยังน่าจะอยู่ต่อเนื่องไปจนถึง 4Q23 และในปี 2024 โรงพยาบาลในต่างจังหวัด รายงานแนวโน้ม EBITDA margin ในเกณฑ์ที่ดีโดยได้ปัจจัยหนุนจากการขยายตัวของเมือง ผลประกอบการของ Ar Yu Hospital ในพม่าปรับตัวดีขึ้นอย่างมีนัยสำคัญโดยมีกำไรจากการดำเนินงานอยู่ที่ 141 ลบ. ในรอบ 9M23 (เทียบกับ 126 ลบ. ใน 9M22) ค่าเงินจ๊าต (Kyat) ที่อ่อนตัวอาจทำให้ความต้องการของผู้ป่วยชาวพม่าเปลี่ยนทางอ้อมโดยเลือกรักษาในประเทศมากกว่าบินเข้ามารับการรักษาที่โรงพยาบาลในกรุงเทพฯ

แผนแยกธุรกิจบริหารโรงพยาบาลในปี 2024

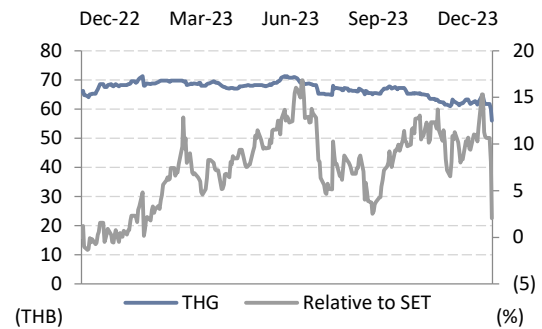
THG วางแผนแยก Thonburi Sermrath ออกจากบริษัทฯ ในปี 2024 ปัจจุบัน Thonburi Sermrath ประกอบธุรกิจบริหารโรงพยาบาลโดยมีโรงพยาบาลรัฐ 4 แห่งพร้อมรายได้ 496 ลบ. ในช่วง 9M23 หรือ 6% ของรายได้ของ THG อยู่ภายใต้การบริหาร THG คาดว่าจะมีความร่วมมือกับโรงพยาบาลรัฐเพิ่มขึ้นและวางแผนเพิ่มสัญญาบริหารศูนย์โรคหัวใจ 1-2 แห่งต่อปี

คาดการณ์รายได้จะโต 8% ในปี 2024

เราคาดว่ารายได้ที่ไม่เกี่ยวข้องกับโควิดจะโต 18% จาก 8.9 พัน ลบ. ในปี 2022 เป็น 10.6 พัน ลบ. ในปี 2023 และคาดว่าจะรายได้ดังกล่าวจะโตต่อเนื่องอีก 8% (ต่ำกว่าเป้าของผู้บริหารที่คาดว่าจะโตเป็นตัวเลขสองหลัก) ในปี 2024 เป็น 11.4 พัน ลบ. นอกจากนี้เรายังคาดว่าจะ EBITDA margin ของ THG (รวมส่วน share and JV income) จะปรับตัวดีขึ้นเป็น 29% ในปี 2024 (เทียบกับ 28% ในปี 2023E และ 15% ในปี 2019) ในด้านลบการโอนห้องของ Jin Wellbeing County มีอยู่เพียง 14 ห้องในช่วง 9M23 และเราคาดว่ายอดโอนจะจบที่ 29 ห้องในปี 2023 ต่ำกว่าเป้าของผู้บริหารที่ 50 ห้อง

ปรับลดประมาณการกำไรปกติจากยอดโอนห้องที่ลดลงของ Jin Wellbeing

เราปรับลดประมาณการกำไรปกติปี 2023-24 ของเราลง 10-19% จากยอดโอนคอนโดที่ต่ำกว่าคาดของ Jin Wellbeing County และค่าใช้จ่ายดอกเบี้ยที่สูงขึ้นหลังการขึ้นอัตราดอกเบี้ย นอกจากนี้เรายังปรับประมาณการไปในปี 2024 และคงราคาเป้าหมายของเราไว้ที่ 55 บาท (DCF) เราปรับคำแนะนำเป็นถือ หลังจากราคาหุ้นลงมา 10% ในช่วงสัปดาห์ที่ผ่านมา โดยหุ้นยังมีการซื้อขายในระดับการประเมินมูลค่าที่สูงที่ 39x ของค่า 2024E P/E (เทียบกับค่าเฉลี่ยของกลุ่มที่ 25x)



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.3)	(17.3)	(14.8)
Relative to country (%)	(7.4)	(6.5)	2.0
Mkt cap (USD m)	1,325		
3m avg. daily turnover (USD m)	0.8		
Free float (%)	40		
Major shareholder	Ramkhamhaeng Hospital (22%)		
12m high/low (THB)	72.00/55.50		
Issued shares (m)	847.47		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

Fundamental Investment Analyst on Securities; License no. 080523
teerapol.udo@fssia.com, +66 2646 9969

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 14 ธันวาคม 2023

Investment thesis

THG is in an expansion mode, as it opened three hospitals during 2018-19. The three hospitals have recently turned profitable and improved the overall performance of the group.

Aside from the new hospitals that had impacted group earnings, Jin Wellbeing is currently a drag on THG, as it missed its presales target, while Covid-19 slowed the demand for condominiums. The project's fixed costs and interest expenses should continue to be a burden on the group.

We like THG's fundamentals, but have a HOLD rating due to the expensive valuation and uncertainty over Jin Wellbeing.

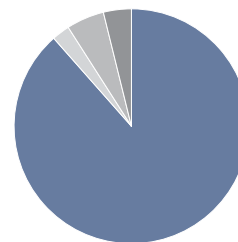
Company profile

The company operates a medical treatment business under nine hospitals and is also a healthcare solutions provider.

www.thg.co.th

Principal activities (revenue, 2022)

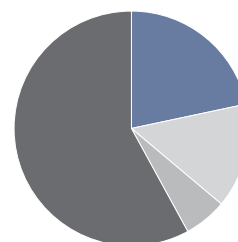
- Revenue from hospital operations - 88.5 %
- Revenue from sale of goods - 2.5 %
- Revenue from other services - 5.2 %
- Revenue from sales of condominium unit - 3.8 %



Source: Thonburi Healthcare Group

Major shareholders

- Ramkhamhaeng Hospital - 21.7 %
- Jaruwat Vanasin - 14.5 %
- Rajthanee Land Development - 5.9 %
- Others - 58.0 %



Source: Thonburi Healthcare Group

Catalysts

Key potential growth drivers are 1) the turnaround of new hospitals; 2) rising demand for medical tourism; and 3) big-lot sales for Jin Wellbeing.

Risks to our call

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. Downside risks include 1) regulatory risks from drug prices and medical bill controls; and 2) a slowdown in international patients due to economic concerns.

Event calendar

Date	Event
Feb 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025
	(%)	(%)	(%)
OPD volume growth	15	3	2
OPD revenue / patient growth	(20)	4	3
IPD volume growth	20	3	3
IPD revenue / patient growth	(20)	4	3
Jin transferred (units)	29	35	35

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2024 earnings to rise by 5%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2024 earnings to rise by 11%, and vice versa, all else being equal.

Source: FSSIA estimates

Recap: 3Q23 results review

THG reported a 3Q23 net profit of THB310m (-29% y-y, +142% q-q), beating the Bloomberg consensus estimate by 12%. Net profit dropped y-y due to a decrease in Covid revenue, while the strong growth q-q was due to the strong EBITDA margin and better share income from JV hospitals.

Revenue grew 8% q-q. Hospital revenue grew by 10% q-q, led by Thonburi Trang Hospital and seasonal diseases, especially for paediatric patients. Revenue from sales of Jin Wellbeing decreased by 71% q-q as one residential unit was transferred (vs four units in 2Q23).

COGS increased by 1% q-q, while SG&A decreased by 3% q-q. As a result, the EBITDA margin jumped to 31% (vs 23% in 2Q23).

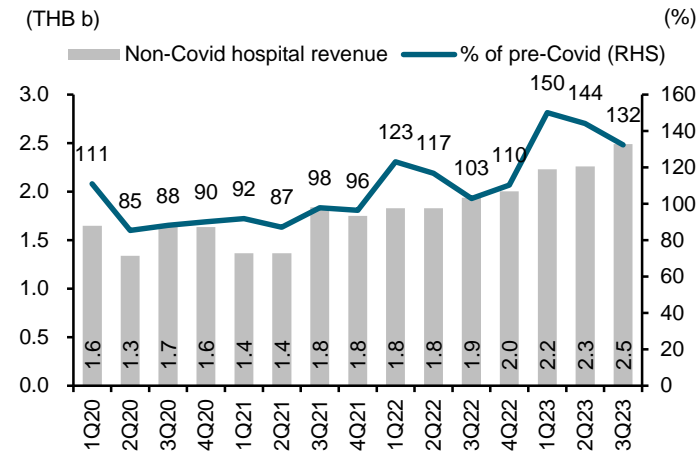
Share of profits from Ar Yu Hospital increased to THB25m (vs 15m in 2Q23). Share of profits from Ubonrak and Siriivej increased to THB51m (vs THB33m in 2Q23).

Exhibit 1: 3Q23 results review

	3Q22	4Q22	1Q23	2Q23	3Q23	----- Change -----		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	2,954	2,382	2,508	2,515	2,724	8	(8)	10,567	(8)
COGS (incl depreciation)	(2,080)	(1,755)	(1,740)	(1,836)	(1,863)	1	(10)	(7,372)	(8)
Gross profit	875	627	768	679	862	27	(2)	3,195	(8)
SG&A	(460)	(437)	(441)	(453)	(439)	(3)	(5)	(1,815)	4
Operating profit	415	190	327	227	422	86	2	1,380	(21)
Net other income	130	94	45	30	51	66	(61)	180	(43)
Interest expense	(74)	(83)	(99)	(112)	(116)	4	57	(444)	46
Pretax profit	471	200	273	146	357	145	(24)	1,116	36
Income Tax	(107)	(3)	(55)	(41)	(79)	93	(26)	(223)	(32)
Associates' income	35	23	18	33	51	55	45	223	n/a
JV income	(12)	20	14	15	25	75	(318)		
Minority interest	(15)	(21)	(38)	(24)	(46)	93	211	(160)	114
Core profit	372	219	212	128	308	140	(17)	956	36
Extraordinaries, GW & FX	67	19	(1)	(0)	2	(1,868)	(98)	0	n/a
Reported net profit	438	238	211	128	310	142	(29)	956	(40)
Outstanding shares (m)	849	847	847	847	847	0	(0)	849	0
Core EPS (THB)	0.52	0.28	0.25	0.15	0.37	142	(29)	1.13	n/a
COGS (excl depreciation)	1,823	1,502	1,469	1,556	1,572	1	(14)	6,235	(12)
Depreciation	256	253	271	280	291	4	14	1,137	13
EBITDA	824	579	675	584	840	44	2	2,920	(5)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	30	26	31	27	32	5	2	30	0
SG&A/Revenue	16	18	18	18	16	(2)	1	17	2
EBITDA margin	28	24	27	23	31	8	3	28	1
Net profit margin	15	10	8	5	11	6	(3)	9	(5)
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
OPD revenue growth	17	(0)	20	16	14				
OPD visits growth	32	5	16	17	11				
OPD revenue per head growth	(11)	(5)	3	(1)	3				
IPD revenue growth	(6)	28	10	25	49				
IPD visits growth	56	23	8	16	27				
IPD revenue per head growth	(40)	4	2	7	18				

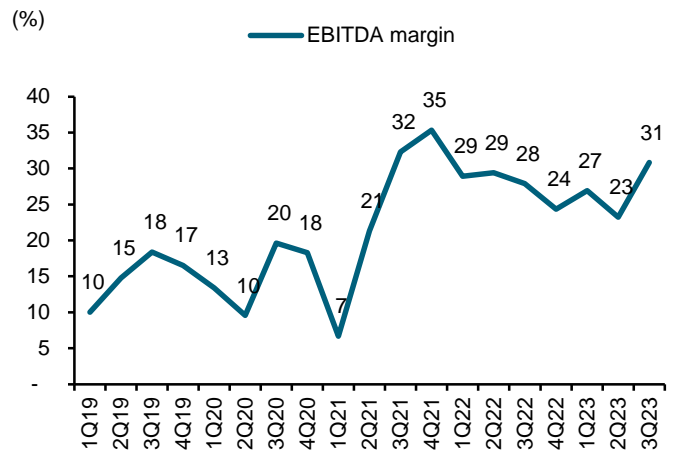
Sources: THG; FSSIA estimates

Exhibit 2: Non-Covid hospital revenue, quarterly



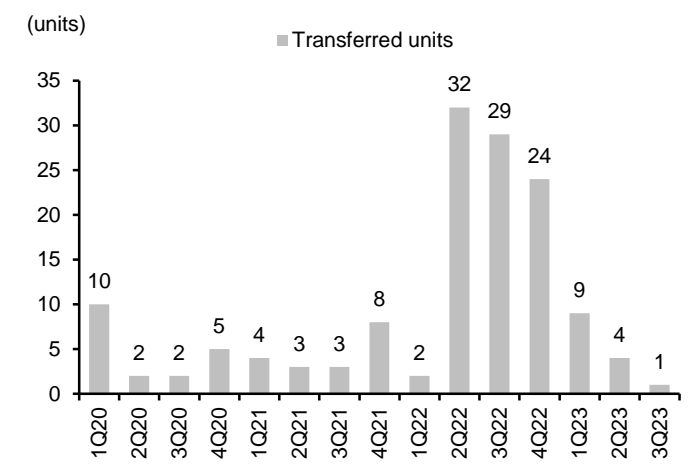
Note: Includes Moderna vaccinations
Source: THG

Exhibit 3: EBITDA margin, quarterly



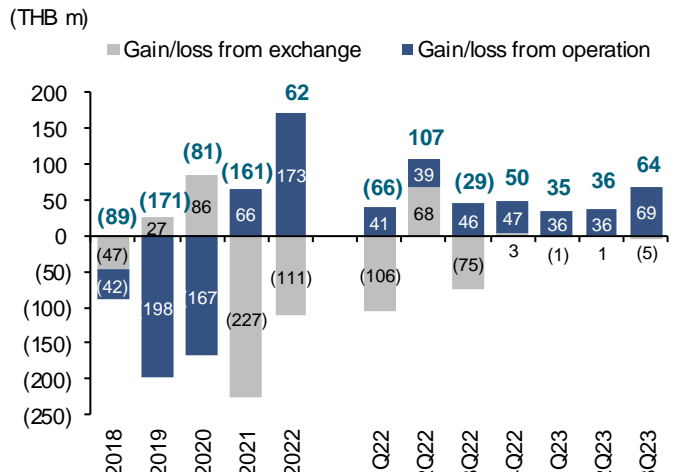
Note: EBITDA including share and JV income
Source: THG

Exhibit 4: Jin Wellbeing units transferred, quarterly



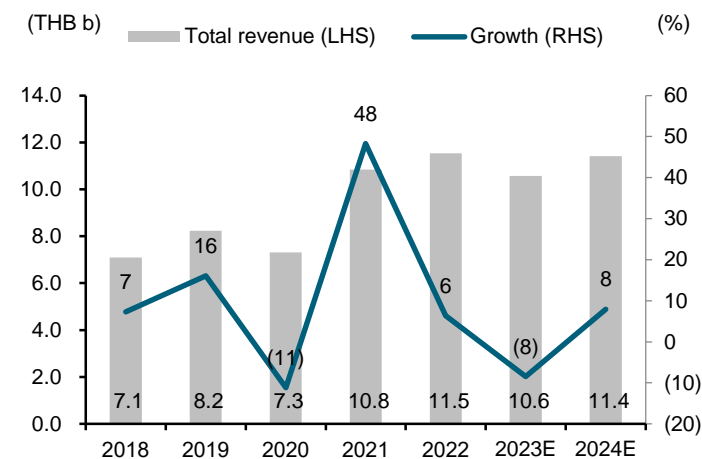
Source: THG

Exhibit 5: Ar Yu International Hospital profit and loss



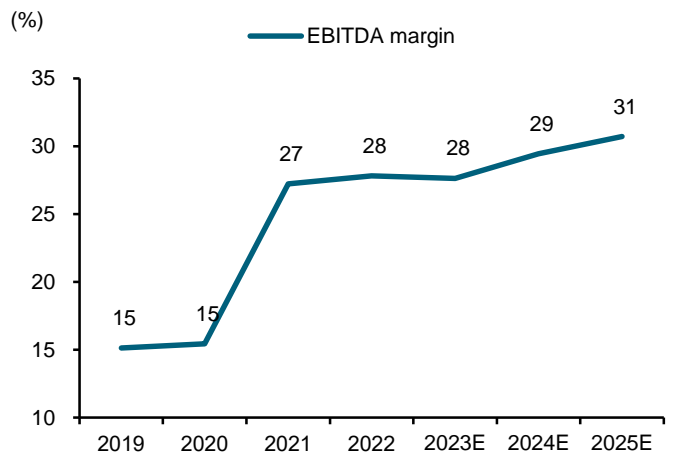
Source: THG

Exhibit 6: Total revenue, yearly



Sources: THG; FSSIA estimates

Exhibit 7: EBITDA margin should exceed pre-Covid level



Note: EBITDA including share income
Sources: THG; FSSIA estimates

Exhibit 8: Forecast revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(THB b)
OPD patient revenue	3.2	3.4	3.6	3.7	3.9	4.1	(13.7)	(13.7)	(13.7)
IPD patient revenue	4.2	4.0	4.3	3.9	4.2	4.5	8.9	(3.3)	(3.3)
Jin Wellbeing revenue	0.2	0.2	0.2	0.5	0.4	0.4	(61.5)	(42.4)	(42.2)
Revenue	10.6	11.4	12.1	12.3	13.1	13.9	(14.2)	(13.2)	(13.0)
EBITDA margin (%)	23.8	25.4	26.4	20.5	21.5	22.3	3.3	3.9	4.1
Core profit	0.96	1.21	1.39	1.19	1.35	1.5	(19.4)	(10.4)	(7.7)

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

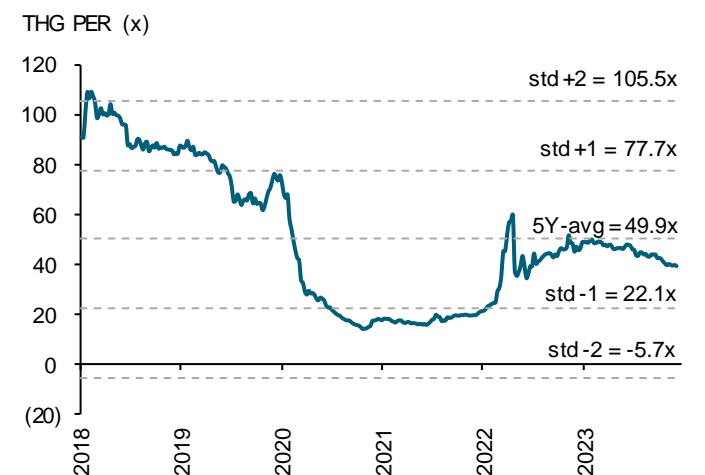
Sources: THG; FSSIA estimates

Exhibit 9: THG – DCF-derived TP

Cost of equity assumptions	(%)		Cost of debt assumptions	(%)
Risk-free rate	3.0		Pre-tax cost of debt	3.5
Market risk premium	8.0		Marginal tax rate	20.0
Stock beta	1.1			
Cost of equity, Ke	11.8		Net cost of debt, Kd	2.8
Weight applied	60.0		Weight applied	40.0
WACC	8.2			
DCF valuation estimate	(THB b)	(THB/share)	Comments	
NPV	18.6	21.9	WACC 8.2%, Risk-free rate 3%, Risk premium 8%	
Terminal value	34.4	40.6	Terminal growth 3%	
Cash & liquid assets	3.3	3.9	At end-2024E	
Investments	2.8	3.3	At end-2024E	
Debt	(11.4)	(13.4)	At end-2024E	
Minorities	(1.1)	(1.3)	At end-2024E	
Residual ordinary equity	46.6	55.0		

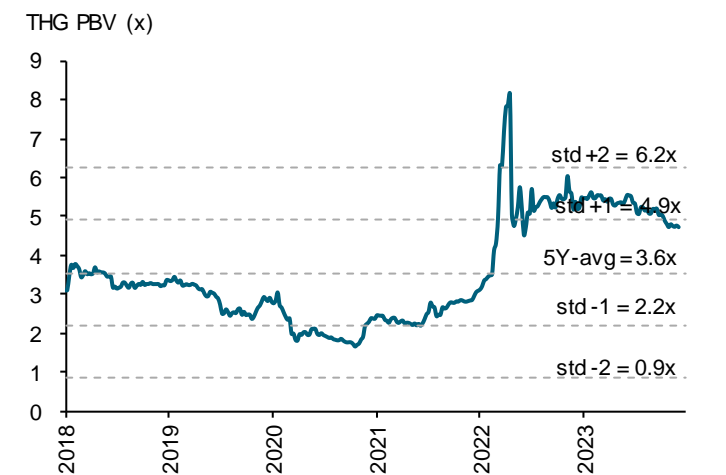
Source: FSSIA estimates

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 13 Dec-23

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/ EBITDA	
			Current	Target	Upside		23E	24E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	25.75	34.50	34.0	11,428	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	4,750	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	1,490	39.3	31.4	10.9	13.0	4.3	4.0	18.2	15.3
Chularat Hospital	CHG TB	BUY	2.96	4.00	35.1	909	27.4	23.8	15.7	17.4	4.3	4.0	15.8	13.7
Praram 9 Hospital	PR9 TB	BUY	14.70	22.00	49.7	323	22.9	19.2	10.4	11.6	2.3	2.2	10.4	8.7
Thonburi Healthcare Group	THG TB	HOLD	56.00	55.00	(1.8)	1,325	49.6	39.3	9.3	11.4	4.6	4.4	22.5	19.6
Ramkhamhaeng Hospital	RAM TB	BUY	33.50	60.00	79.1	1,123	20.5	17.6	10.0	11.2	2.0	1.9	24.9	21.7
Rajthanee Hospital	RJH TB	n/a	27.50	n/a	n/a	230	19.6	19.4	18.0	17.4	5.5	3.5	13.5	12.9
Ekachai Medical Care	EKH TB	n/a	7.20	n/a	n/a	143	19.3	18.9	12.3	11.6	5.3	2.4	11.4	10.5
Thailand average						21,723	28.2	24.5	14.7	15.2	4.4	3.6	16.7	14.8
Regional														
Ramsay Health Care	RHC AU	n/a	50.10	n/a	n/a	7,568	33.8	37.6	8.6	8.0	2.8	2.7	11.6	10.9
Ihh Healthcare Bhd	IHH SP	n/a	1.69	n/a	n/a	11,096	32.9	30.1	6.2	6.4	2.2	1.9	14.1	13.2
Ryman Healthcare	RYM NZ	n/a	5.30	n/a	n/a	2,232	10.6	12.0	7.5	7.5	1.2	0.7	13.0	12.7
Apollo Hospitals Enterprise	APHS IN	n/a	5,427	n/a	n/a	9,361	92.8	78.4	13.8	14.9	21.5	12.1	38.4	33.3
Kpj Healthcare Berhad	KPJ MK	n/a	1.40	n/a	n/a	1,298	25.9	23.0	10.1	10.5	3.1	2.6	12.0	11.4
Raffles Medical Group	RFMD SP	n/a	1.07	n/a	n/a	1,481	22.3	23.8	8.7	8.1	2.3	1.9	11.4	11.7
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,730	n/a	n/a	2,488	40.2	34.8	16.6	17.8	8.0	6.6	25.1	21.7
Aier Eye Hospital Group	300015 CH	n/a	15.70	n/a	n/a	20,420	41.5	32.8	18.2	19.8	16.8	7.1	24.4	19.6
Regional average						55,944	37.5	34.1	11.2	11.6	7.2	4.5	18.8	16.8
Overall average						77,667	32.6	29.0	13.1	13.5	5.7	4.0	17.7	15.7

Sources: Bloomberg; FSSIA estimates

Financial Statements

Thonburi Healthcare Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	10,847	11,540	10,567	11,407	12,124
Cost of goods sold	(7,406)	(8,054)	(7,372)	(7,889)	(8,357)
Gross profit	3,442	3,486	3,195	3,518	3,767
Other operating income	-	-	-	-	-
Operating costs	(1,571)	(1,745)	(1,815)	(1,869)	(1,935)
Operating EBITDA	2,814	2,746	2,516	2,895	3,198
Depreciation	(944)	(1,006)	(1,137)	(1,246)	(1,366)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,870	1,740	1,380	1,649	1,833
Net financing costs	(299)	(305)	(444)	(444)	(444)
Associates	31	151	223	277	330
Recurring non-operating income	139	465	403	464	525
Non-recurring items	90	105	0	0	0
Profit before tax	1,801	2,005	1,339	1,669	1,914
Tax	(444)	(329)	(223)	(278)	(317)
Profit after tax	1,357	1,676	1,116	1,391	1,597
Minority interests	(19)	(75)	(160)	(184)	(212)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,337	1,602	956	1,207	1,386
Non-recurring items & goodwill (net)	(90)	(105)	0	0	0
Recurring net profit	1,247	1,497	956	1,207	1,386
Per share (THB)					
Recurring EPS *	1.47	1.77	1.13	1.42	1.64
Reported EPS	1.58	1.89	1.13	1.42	1.64
DPS	0.90	0.90	0.79	1.00	1.14
Diluted shares (used to calculate per share data)	849	847	847	847	847
Growth					
Revenue (%)	48.3	6.4	(8.4)	7.9	6.3
Operating EBITDA (%)	186.3	(2.4)	(8.4)	15.0	10.5
Operating EBIT (%)	1,096.3	(6.9)	(20.7)	19.5	11.2
Recurring EPS (%)	nm	20.3	(36.1)	26.2	14.8
Reported EPS (%)	2,042.4	20.0	(40.3)	26.2	14.8
Operating performance					
Gross margin inc. depreciation (%)	31.7	30.2	30.2	30.8	31.1
Gross margin exc. depreciation (%)	40.4	38.9	41.0	41.8	42.3
Operating EBITDA margin (%)	25.9	23.8	23.8	25.4	26.4
Operating EBIT margin (%)	17.2	15.1	13.1	14.5	15.1
Net margin (%)	11.5	13.0	9.0	10.6	11.4
Effective tax rate (%)	26.4	18.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	61.3	51.0	70.0	70.0	70.0
Interest cover (X)	6.7	7.2	4.0	4.8	5.3
Inventory days	78.1	64.7	59.8	54.4	54.7
Debtor days	76.3	85.9	59.3	38.1	35.8
Creditor days	110.4	111.6	82.6	75.2	75.7
Operating ROIC (%)	8.3	8.3	6.3	7.5	8.1
ROIC (%)	7.8	9.0	6.9	8.2	8.9
ROE (%)	14.6	15.5	9.3	11.4	12.4
ROA (%)	6.7	7.4	5.9	6.9	7.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Revenue from hospital operations	10,023	10,211	9,460	10,221	10,889
Revenue from sale of goods	301	284	288	303	318
Revenue from other services	425	601	673	708	742
Revenue from sales of condominium unit	98	444	145	175	175

Sources: Thonburi Healthcare Group; FSSIA estimates

Financial Statements

Thonburi Healthcare Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	1,247	1,497	956	1,207	1,386
Depreciation	944	1,006	1,137	1,246	1,366
Associates & minorities	-	-	-	-	-
Other non-cash items	217	214	160	184	212
Change in working capital	780	(211)	1,080	(38)	(32)
Cash flow from operations	3,188	2,506	3,333	2,599	2,931
Capex - maintenance	(1,821)	(1,951)	(1,774)	(1,758)	(2,090)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(590)	(243)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(2,411)	(2,194)	(1,774)	(1,758)	(2,090)
Dividends paid	(252)	(758)	(763)	(669)	(845)
Equity finance	6	27	(35)	0	0
Debt finance	301	1,002	0	0	0
Other financing cash flows	154	520	(112)	(129)	(148)
Cash flow from financing	210	792	(909)	(798)	(993)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	987	1,104	649	43	(152)
Free cash flow to firm (FCFF)	1,076.11	616.83	2,002.47	1,285.01	1,284.15
Free cash flow to equity (FCFE)	1,232.57	1,834.70	1,446.77	712.51	692.33

Per share (THB)

FCFF per share	1.27	0.73	2.36	1.52	1.52
FCFE per share	1.45	2.16	1.71	0.84	0.82
Recurring cash flow per share	2.84	3.21	2.66	3.11	3.50

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	20,176	22,487	24,262	26,020	28,110
Less: Accumulated depreciation	(6,106)	(7,455)	(8,592)	(9,838)	(11,204)
Tangible fixed assets (net)	14,069	15,032	15,670	16,182	16,906
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	2,572	2,815	2,815	2,815	2,815
Cash & equivalents	1,482	2,586	3,235	3,279	3,126
A/C receivable	3,183	2,246	1,189	1,189	1,189
Inventories	1,416	1,084	959	1,022	1,075
Other current assets	937	1,092	1,000	1,080	1,147
Current assets	7,018	7,008	6,384	6,569	6,538
Other assets	139	225	225	225	225
Total assets	23,799	25,081	25,094	25,791	26,485
Common equity	9,147	10,178	10,337	10,875	11,415
Minorities etc.	471	998	1,046	1,101	1,164
Total shareholders' equity	9,618	11,176	11,383	11,976	12,580
Long term debt	6,399	6,852	6,852	6,852	6,852
Other long-term liabilities	737	784	784	784	784
Long-term liabilities	7,136	7,635	7,635	7,635	7,635
A/C payable	2,813	1,498	1,325	1,412	1,486
Short term debt	3,976	4,525	4,525	4,525	4,525
Other current liabilities	257	246	225	243	258
Current liabilities	7,045	6,269	6,076	6,180	6,270
Total liabilities and shareholders' equity	23,799	25,081	25,094	25,791	26,485
Net working capital	2,467	2,678	1,598	1,635	1,668
Invested capital	19,247	20,751	20,308	20,858	21,614

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

Per share (THB)

Book value per share	10.77	12.01	12.20	12.83	13.47
Tangible book value per share	10.77	12.01	12.20	12.83	13.47

Financial strength

Net debt/equity (%)	92.5	78.7	71.5	67.6	65.6
Net debt/total assets (%)	37.4	35.1	32.4	31.4	31.2
Current ratio (x)	1.0	1.1	1.1	1.1	1.0
CF interest cover (x)	5.1	7.0	4.3	2.6	2.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	38.1	31.7	49.6	39.3	34.3
Recurring P/E @ target price (x) *	37.4	31.1	48.7	38.6	33.6
Reported P/E (x)	35.6	29.6	49.6	39.3	34.3
Dividend yield (%)	1.6	1.6	1.4	1.8	2.0
Price/book (x)	5.2	4.7	4.6	4.4	4.2
Price/tangible book (x)	5.2	4.7	4.6	4.4	4.2
EV/EBITDA (x) **	20.2	20.8	22.5	19.6	17.8
EV/EBITDA @ target price (x) **	19.9	20.5	22.2	19.3	17.5
EV/invested capital (x)	3.0	2.8	2.8	2.7	2.6

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

Sources: Thonburi Healthcare Group; FSSIA estimates

Thonburi Healthcare Group (THG TB)

FSSIA ESG rating

20.88 /100
Exhibit 13: 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.

Source: FSSIA estimates

Exhibit 14: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	G score	AGM level	Thai CAC	Morningstar ESG risk	ISG 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
CHG	38.25	--	--	--	4.00	5.00	--	High	55.35	--	--	59.57	21.00	2.34	50.24
PRINC	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
RAM	11.75	--	--	--	3.00	--	--	High	--	--	--	--	--	--	--
THG	20.88	--	--	--	5.00	5.00	--	High	--	--	--	--	17.00	--	--
VIBHA	20.88	--	--	--	4.00	3.00	Declared	High	--	--	--	--	17.00	--	--

Sources: SETTRADE.com; FSSIA's compilation
Exhibit 15: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	13 / 4 / 4
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	13 / 97.8%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	11
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	14,123,000	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	40 / 78
Waste reduction policy	Yes	Number of executives / female	10 / 5
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	--	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	12
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	--	Size of compensation committee	3 / 3
Quality assurance and recall policy	Yes	Number of compensation committee meetings	12
Consumer data protection policy	--	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	Size of nomination committee / ID	3 / 3
Gender pay gap breakout	--	Number of nomination committee meetings	12
Pct women in workforce	Yes	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	6.72
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	8.55
Health and safety policy	Yes	(PricewaterhouseCoopers ABAS Ltd.)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
Social supply chain management	Yes		

Source: 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 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. <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+										
NEGL	Low	Medium	High	Severe																		
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"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="2">Leader:</td> <td rowspan="2">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td rowspan="2">Laggard:</td> <td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</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	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	
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																					
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.																				

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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

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.

Company	Ticker	Price	Rating	Valuation & Risks
Thonburi Healthcare Group	THG TB	THB 56.00	HOLD	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. Downside risks include 1) regulatory risks from drug prices and medical bill controls; and 2) a slowdown in international patients due to economic concerns.
Bangkok Dusit Medical Services	BDMS TB	THB 25.75	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 214.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Chain Hospital	BCH TB	THB 21.40	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 2.96	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 14.70	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Ramkhamhaeng Hospital	RAM TB	THB 33.50	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.

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 13-Dec-2023 unless otherwise stated.

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.