

RAMKHAMHAENG HOSPITAL

THAILAND / HEALTH CARE SERVICES

RAM TB

BUY

UNCHANGED

TARGET PRICE	THB50.00
CLOSE	THB33.00
UP/DOWNSIDE	+51.5%
PRIOR TP	THB60.00
CHANGE IN TP	-16.7%
TP vs CONSENSUS	+1.5%

RAM 2 hit the road running

- RAM 2's revenue ramp-up rate is trending positively and broke even at the EBITDA level in Sep; expect it to turn profitable in 2025.
- Expect core profit to grow by 20% in 2024, driven by the improving performance of RAM 2 and Vibharam.
- Maintain BUY with a new DCF-based TP of THB50/shr.

Positive sign of recovery in 3Q23

RAM's 3Q23 core profit significantly improved to THB478m (from THB267m and THB320m in 1Q-2Q23). Key drivers were Vibharam's improving margin and strong share income from Synphaet, THG and Chiangmai Ram. We believe the momentum should continue in 4Q23.

Expect RAM 2 to turn around in 2025

Ramkhamhaeng 2 Hospital (RAM 2)'s first phase recently opened with 75 beds. Revenue ramped up faster than estimated and reached THB20m in Sep, sufficient to break even in EBITDA. Management expects revenue to ramp up to around THB500m in 2024 (5% of RAM's total revenue) and generate EBITDA of around THB90m. They also estimate RAM 2 to turn profitable in 2025 with the key assumption of an average 45-50 utilized IPD beds (from 120 active beds and 560 registered beds). They target middle to high-income Thai patients at 90% and 10% international patients, especially expats and fly-ins from Myanmar. In addition, RAM 2 will open its Radiology Center in 1Q24 to capture both general patients and NHSO cancer patients under the Cancer Anywhere campaign.

Expect revenue to grow by 11% in 2024

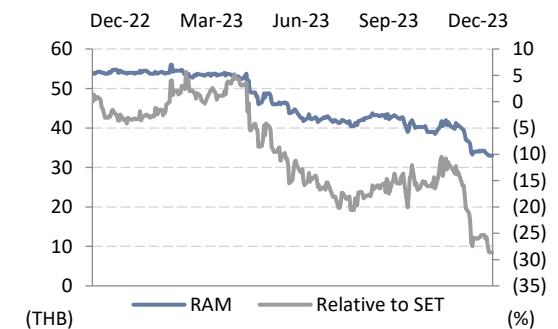
We estimate revenue to grow by 11% in 2024 (in line with management's guidance), driven by RAM 2 (+300%), Vibharam (+7%) and RAM 1 (+7%). We estimate the overall EBITDA margin to improve to 20% in 2024 from 19% in 2023, driven by Vibharam whose EBITDA margin has improved steadily from 9% in 1H23 to 17% in 3Q23 following a better IPD utilization rate. Share income from Synphaet and THG should also increase in 2024 as both groups are in harvesting periods. Overall, we forecast core profit to grow by 20% to THB1.8b in 2024.

Cut core profit; opportunity to buy stock for cheap valuation

We cut 2023-25E core profit by 17-22% to reflect the weaker-than-expected revenue and EBITDA margin of Vibharam in 1H23. However, there was a sign of recovery in 3Q23, and we maintain BUY with a 2024 DCF-TP of THB50/shr. The share price has fallen by 39% over the past year, pricing in all negative news. RAM is trading at a cheap valuation of only 22x 2024E P/E (vs peers' avg of 25x and its 5-yr avg of 28x). Share price catalyst is the strong improvement trend of RAM 2's performance.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	10,687	9,827	10,869	11,675
Net profit	2,088	1,684	1,836	2,111
EPS (THB)	1.74	1.40	1.53	1.76
vs Consensus (%)	-	(2.1)	(19.9)	(1.7)
EBITDA	2,356	1,841	2,192	2,439
Recurring net profit	2,088	1,528	1,836	2,111
Core EPS (THB)	1.74	1.27	1.53	1.76
Chg. In EPS est. (%)	-	(22.3)	(19.8)	(16.6)
EPS growth (%)	(48.4)	(26.8)	20.2	15.0
Core P/E (x)	19.0	25.9	21.6	18.8
Dividend yield (%)	3.3	3.3	2.3	2.7
EV/EBITDA (x)	24.7	31.8	26.4	22.9
Price/book (x)	2.0	2.0	2.0	1.8
Net debt/Equity (%)	35.7	36.8	33.8	25.2
ROE (%)	11.2	7.8	9.2	10.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(19.0)	(23.3)	(38.0)
Relative to country (%)	(17.7)	(15.9)	(28.0)
Mkt cap (USD m)	1,132		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	25		
Major shareholder	F&S 79 (24%)		
12m high/low (THB)	56.00/32.75		
Issued shares (m)	1,200.00		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

RAM currently operates 19 hospitals with a capacity of almost 3,000 beds. We think the stock is undervalued due to its complicated structure and lack of trading liquidity.

RAM has diversified its portfolio both geographically and through its revenue mix. RAM has several hospital brands to capture patients from the middle-income to high-income segments.

RAM is in an expansion mode. Its organic growth should be driven by VBR, which is in a harvesting period after investing in greenfield hospitals. RAM also has several projects in the pipeline which should lift its capacity by 25% (based on equity beds) by 2028.

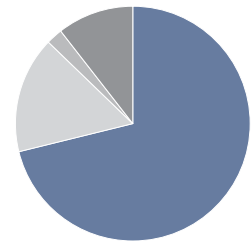
Company profile

RAM is a private hospital which opened in 1988. Currently, RAM operates 19 hospitals with a capacity of almost 3,000 beds. It is the second largest private hospital operator in Thailand in terms of registered beds.

www.ram-hosp.co.th

Principal activities (revenue, 2022)

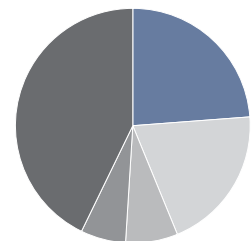
- Cash patient - 71.2 %
- SSO - 16.1 %
- NHSO - 2.3 %
- Sales of medical equipment - 10.5 %



Source: Ramkhamhaeng Hospital

Major shareholders

- F&S 79 - 23.8 %
- Cypress Consolidated Healthcare - 20.0 %
- Chiangmai Ram Hospital - 7.2 %
- Vibhavadi Hospital PCL - 6.2 %
- Others - 42.8 %



Source: Ramkhamhaeng Hospital

Catalysts

Key potential growth drivers include 1) an improving EBITDA margin led by new hospitals and a larger share of profits and dividend income from its subsidiaries; 2) more Social Security Office (SSO) registered members via VBR group; and 3) benefitting from the economies of scale due to its large network.

Risks to our call

Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.

Event calendar

Date	Event
Feb 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Ramkhamhaeng revenue growth (y-y %)	(3)	7	5
Ramkhamhaeng EBITDA margin (%)	31	31	32
Subsidiary revenue growth (y-y %)	(12)	14	10
Subsidiary EBITDA margin (%)	7	10	12
Share income - Synphaet (THB m)	248	262	282
Share income - Sukhumvit (THB m)	67	70	73
Share income - Chiangmai Ram (THB m)	138	142	146
Share income - VIBHA (THB m)	91	106	118
Share income - THG (THB m)	207	262	300

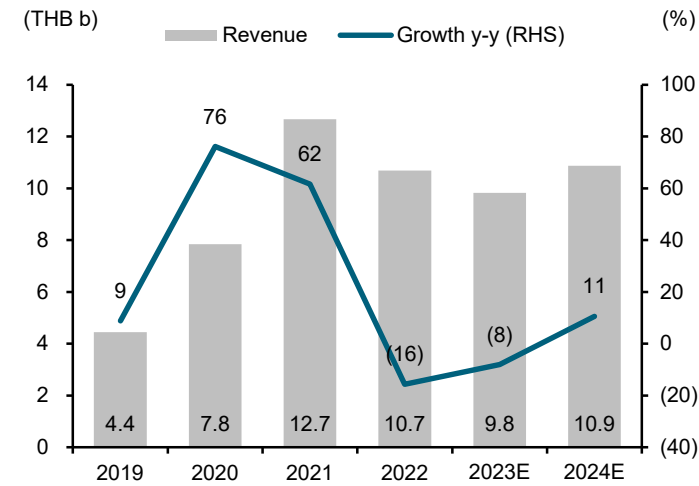
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2024 earnings to rise by 3%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2024 earnings to rise by 5%, and vice versa, all else being equal.

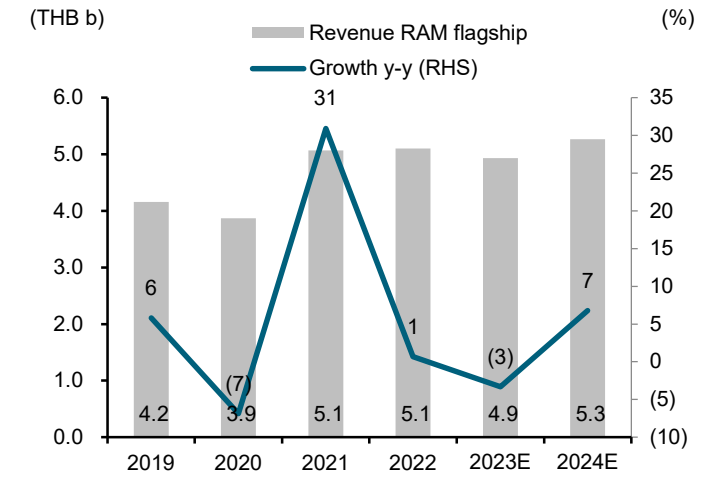
Source: FSSIA estimates

Exhibit 1: RAM's total revenue



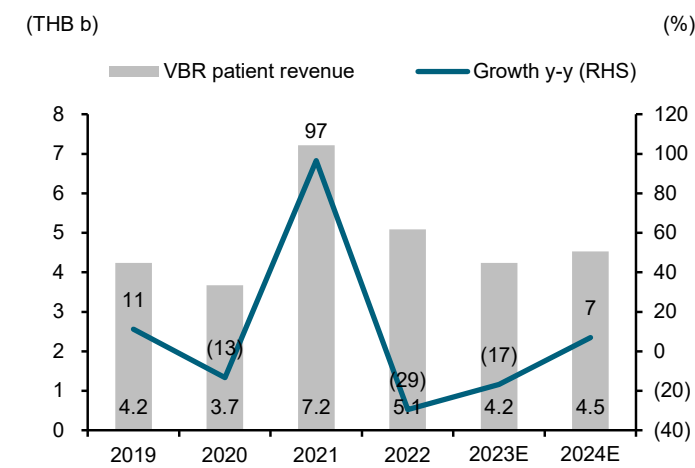
Sources: RAM; FSSIA estimates

Exhibit 2: RAM flagship's medical treatment revenue



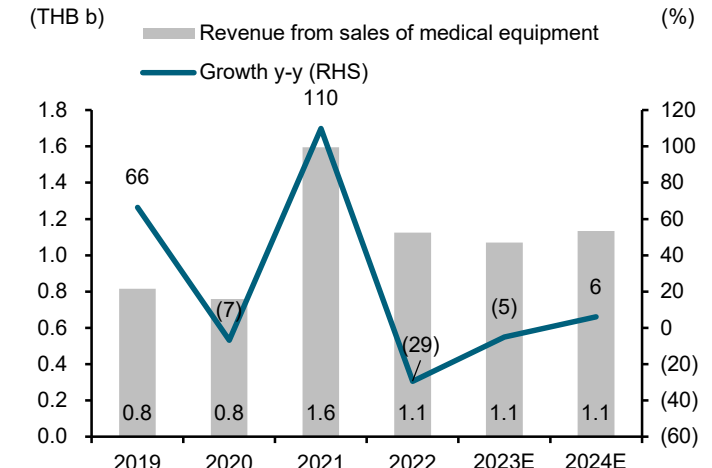
Sources: RAM; FSSIA estimates

Exhibit 3: Vibharam's medical treatment revenue



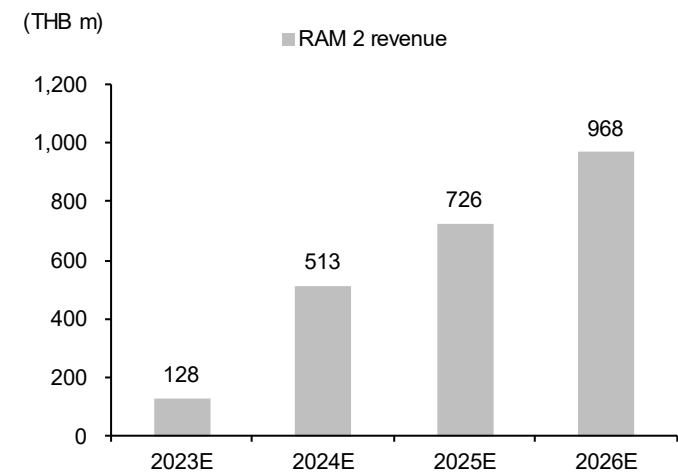
Sources: RAM; FSSIA estimates

Exhibit 4: Revenue from sales of medical equipment



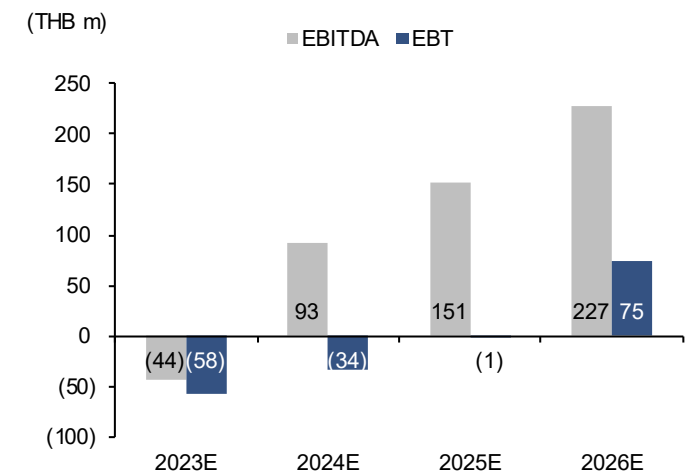
Sources: RAM; FSSIA estimates

Exhibit 5: RAM 2's revenue



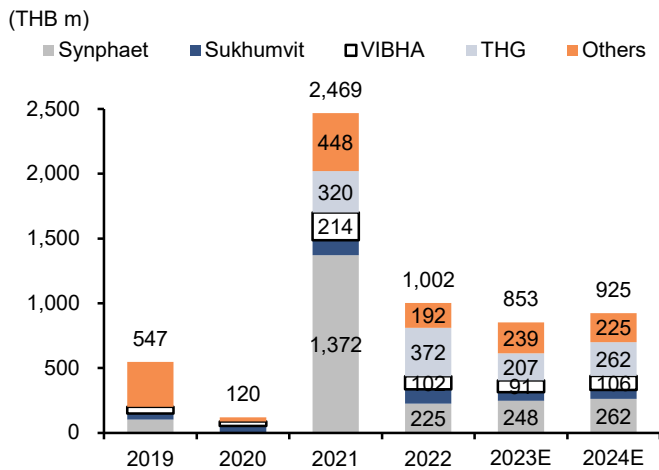
Sources: RAM; FSSIA estimates

Exhibit 6: RAM 2's EBITDA and EBT



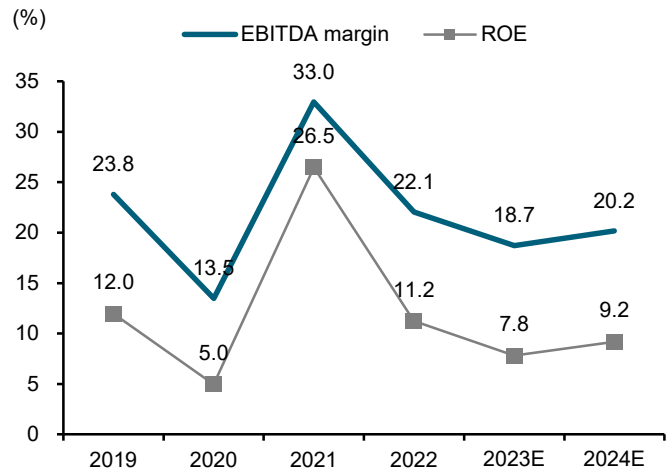
Sources: RAM; FSSIA estimates

Exhibit 7: RAM's share income



Sources: RAM; FSSIA estimates

Exhibit 8: EBITDA margin and ROE



Sources: RAM; FSSIA estimates

Exhibit 9: RAM – forecast revisions

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Revenue	9,827	10,869	11,675	10,907	11,613	12,451	(10)	(6)	(6)
EBITDA margin (%)	18.7	20.2	20.9	21.7	23.0	23.6	(3)	(3)	(3)
Core profit	1,528	1,836	2,111	1,965	2,289	2,531	(22)	(20)	(17)
Key assumptions									
RAM's flagship hospital revenue	3,863	4,133	4,340	4,192	4,402	4,622	(8)	(6)	(6)
Revenue from sales of medical equipment	1,069	1,134	1,179	1,171	1,229	1,278	(9)	(8)	(8)
Subsidiary hospital revenue	4,895	5,602	6,156	5,544	5,982	6,550	(12)	(6)	(6)
Share income	853	925	1,034	871	1,012	1,085	(2)	(9)	(5)

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

Sources: RAM; FSSIA estimates

Exhibit 10: 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	1.0			
Cost of equity, Ke	10.7		Net cost of debt, Kd	2.8
Weight applied	70.0		Weight applied	30.0
WACC	8.3			
DCF valuation estimate	(THB b)	(THB/share)	Comments	
NPV	27.7	23.1	WACC 8.3%, Risk-free rate 3%, Risk premium 8%	
Terminal value	50.6	42.2	Terminal growth 3%	
Cash & liquid assets	0.7	0.6	At end-2024E	
Investments	0.0	0.0	At end-2024E	
Debt	(10.5)	(8.7)	At end-2024E	
Minorities	(8.6)	(7.1)	At end-2024E	
Residual ordinary equity	60.0	50.0		

Source: FSSIA estimates

Exhibit 11: Peer comparisons as of 18 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)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	25.75	34.50	34.0	11,694	30.4	26.8	14.5	15.4	4.3	4.0	17.0	15.2
Bumrungrad Hospital	BH TB	BUY	220.00	300.00	36.4	4,997	25.9	24.8	31.1	28.0	7.4	6.5	17.0	16.1
Bangkok Chain Hospital	BCH TB	BUY	20.90	24.50	17.2	1,489	38.4	30.7	10.9	13.0	4.2	3.9	17.7	15.0
Chularat Hospital	CHG TB	BUY	2.94	4.00	36.1	924	27.3	23.6	15.7	17.4	4.3	3.9	15.7	13.6
Praram 9 Hospital	PR9 TB	BUY	15.00	22.00	46.7	337	23.3	19.6	10.4	11.6	2.4	2.2	10.6	8.9
Thonburi Healthcare Group	THG TB	HOLD	56.25	55.00	(2.2)	1,362	49.9	39.5	9.3	11.4	4.6	4.4	22.6	19.6
Ramkhamhaeng Hospital	RAM TB	BUY	33.00	50.00	51.5	1,132	25.9	21.6	7.8	9.2	2.0	2.0	31.8	26.4
Rajthanee Hospital	RJH TB	n/a	27.25	n/a	n/a	233	19.5	19.2	18.0	17.4	5.5	3.4	13.4	12.8
Ekachai Medical Care	EKH TB	n/a	7.20	n/a	n/a	146	19.3	18.9	12.3	11.6	5.3	2.4	11.4	10.5
Thailand average						22,315	28.9	25.0	14.5	15.0	4.4	3.6	17.5	15.3
Regional														
Ramsay Health Care	RHC AU	n/a	50.58	n/a	n/a	7,807	34.1	38.0	8.6	7.1	2.8	2.8	11.7	11.0
Ihh Healthcare Bhd	IHH SP	n/a	1.71	n/a	n/a	11,308	33.5	30.6	6.2	6.4	2.3	2.0	14.3	13.4
Ryman Healthcare	RYM NZ	n/a	5.36	n/a	n/a	2,298	10.7	12.2	7.5	7.5	1.2	0.7	13.1	12.8
Apollo Hospitals Enterprise	APHS IN	n/a	5,499	n/a	n/a	9,512	94.0	78.8	13.8	15.0	21.8	12.3	38.9	33.6
Kpj Healthcare Berhad	KPJ MK	n/a	1.44	n/a	n/a	1,339	27.2	24.0	9.9	10.4	3.2	2.7	12.3	11.6
Raffles Medical Group	RFMD SP	n/a	1.08	n/a	n/a	1,506	22.5	24.0	8.7	8.1	2.3	2.0	11.5	11.8
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,730	n/a	n/a	2,511	40.2	34.8	16.6	17.8	8.0	6.6	25.1	21.7
Aier Eye Hospital Group	300015 CH	n/a	15.95	n/a	n/a	20,853	42.2	33.3	18.2	19.8	17.1	7.2	24.8	19.9
Regional average						57,133	38.0	34.5	11.2	11.5	7.3	4.5	19.0	17.0
Overall average						79,449	33.2	29.4	12.9	13.4	5.8	4.1	18.2	16.1

Sources: Bloomberg; FSSIA estimates

Financial Statements

Ramkhamhaeng Hospital

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	12,664	10,687	9,827	10,869	11,675
Cost of goods sold	(7,941)	(7,815)	(7,261)	(7,980)	(8,542)
Gross profit	4,723	2,872	2,566	2,889	3,133
Other operating income	-	-	-	-	-
Operating costs	(1,364)	(1,513)	(1,813)	(1,891)	(1,929)
Operating EBITDA	4,175	2,356	1,841	2,192	2,439
Depreciation	(816)	(998)	(1,088)	(1,195)	(1,235)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	3,359	1,359	753	998	1,204
Net financing costs	(224)	(234)	(321)	(316)	(304)
Associates	2,259	1,002	853	925	1,034
Recurring non-operating income	2,640	1,450	1,273	1,357	1,479
Non-recurring items	122	0	156	0	0
Profit before tax	5,897	2,575	1,861	2,039	2,380
Tax	(506)	(274)	(247)	(223)	(269)
Profit after tax	5,391	2,301	1,614	1,816	2,111
Minority interests	(1,220)	(212)	70	20	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,171	2,088	1,684	1,836	2,111
Non-recurring items & goodwill (net)	(122)	0	(156)	0	0
Recurring net profit	4,049	2,088	1,528	1,836	2,111
Per share (THB)					
Recurring EPS *	3.37	1.74	1.27	1.53	1.76
Reported EPS	3.48	1.74	1.40	1.53	1.76
DPS	0.76	1.10	1.10	0.77	0.88
Diluted shares (used to calculate per share data)	1,200	1,200	1,200	1,200	1,200
Growth					
Revenue (%)	61.9	(15.6)	(8.0)	10.6	7.4
Operating EBITDA (%)	295.8	(43.6)	(21.9)	19.1	11.3
Operating EBIT (%)	892.2	(59.6)	(44.6)	32.5	20.7
Recurring EPS (%)	540.6	(48.4)	(26.8)	20.2	15.0
Reported EPS (%)	559.9	(49.9)	(19.4)	9.1	15.0
Operating performance					
Gross margin inc. depreciation (%)	37.3	26.9	26.1	26.6	26.8
Gross margin exc. depreciation (%)	43.7	36.2	37.2	37.6	37.4
Operating EBITDA margin (%)	33.0	22.1	18.7	20.2	20.9
Operating EBIT margin (%)	26.5	12.7	7.7	9.2	10.3
Net margin (%)	32.0	19.5	15.5	16.9	18.1
Effective tax rate (%)	14.4	17.4	29.0	20.0	20.0
Dividend payout on recurring profit (%)	22.5	63.2	86.4	50.0	50.0
Interest cover (X)	26.8	12.0	6.3	7.5	8.8
Inventory days	38.7	40.8	43.4	39.4	39.7
Debtor days	54.7	77.7	75.1	67.9	63.2
Creditor days	25.1	30.4	38.1	34.5	34.9
Operating ROIC (%)	23.3	7.7	3.2	4.9	6.2
ROIC (%)	16.8	6.4	3.7	4.8	5.6
ROE (%)	26.5	11.2	7.8	9.2	10.1
ROA (%)	16.6	6.4	4.1	5.0	5.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Cash patient	8,845	7,604	6,760	7,643	8,305
SSO	1,575	1,716	1,854	1,946	2,044
NHSO	649	241	144	146	147
Sales of medical equipment	1,595	1,126	1,069	1,134	1,179

Sources: Ramkhamhaeng Hospital; FSSIA estimates

Financial Statements

Ramkhamhaeng Hospital

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	4,049	2,088	1,528	1,836	2,111
Depreciation	816	998	1,088	1,195	1,235
Associates & minorities	-	-	-	-	-
Other non-cash items	2,038	609	86	(20)	0
Change in working capital	(199)	439	(882)	(17)	1,079
Cash flow from operations	6,705	4,134	1,819	2,994	4,425
Capex - maintenance	(1,776)	(4,895)	(582)	(615)	(976)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(4,791)	(1,480)	(395)	(395)	(360)
Other investments (net)	-	-	-	-	-
Cash flow from investing	(6,567)	(6,375)	(977)	(1,010)	(1,336)
Dividends paid	(969)	(1,362)	(1,320)	(1,320)	(918)
Equity finance	0	0	0	0	0
Debt finance	753	1,318	(600)	(300)	(300)
Other financing cash flows	589	2,527	55	10	0
Cash flow from financing	372	2,483	(1,865)	(1,610)	(1,218)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	510	242	(1,023)	374	1,871
Free cash flow to firm (FCFF)	377.20	(1,997.35)	1,174.48	2,302.41	3,398.89
Free cash flow to equity (FCFE)	1,479.50	1,604.43	297.34	1,693.91	2,789.38

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	0.31	(1.66)	0.98	1.92	2.83
FCFE per share	1.23	1.34	0.25	1.41	2.32
Recurring cash flow per share	5.75	3.08	2.25	2.51	2.79

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	19,197	24,024	24,606	25,221	26,196
Less: Accumulated depreciation	(8,133)	(9,062)	(10,150)	(11,345)	(12,579)
Tangible fixed assets (net)	11,064	14,961	14,456	13,876	13,617
Intangible fixed assets (net)	409	422	422	422	422
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	20,016	21,496	21,891	22,286	22,646
Cash & equivalents	1,126	1,369	346	720	2,591
A/C receivable	2,524	2,023	2,023	2,023	2,023
Inventories	756	770	697	766	825
Other current assets	373	373	886	984	344
Current assets	4,779	4,534	3,952	4,493	5,783
Other assets	143	202	202	202	202
Total assets	36,411	41,615	40,922	41,279	42,670
Common equity	17,781	19,387	19,751	20,267	21,460
Minorities etc.	6,362	8,592	8,577	8,567	8,567
Total shareholders' equity	24,143	27,980	28,328	28,835	30,028
Long term debt	4,501	5,189	4,889	4,889	4,889
Other long-term liabilities	404	501	501	501	501
Long-term liabilities	4,905	5,690	5,390	5,390	5,390
A/C payable	460	676	612	672	724
Short term debt	5,548	6,178	5,878	5,578	5,278
Other current liabilities	1,356	1,092	714	804	1,250
Current liabilities	7,363	7,945	7,204	7,054	7,252
Total liabilities and shareholders' equity	36,411	41,615	40,922	41,279	42,670
Net working capital	1,838	1,398	2,280	2,297	1,218
Invested capital	33,470	38,480	39,251	39,083	38,105

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	14.82	16.16	16.46	16.89	17.88
Tangible book value per share	14.48	15.80	16.11	16.54	17.53

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	37.0	35.7	36.8	33.8	25.2
Net debt/total assets (%)	24.5	24.0	25.5	23.6	17.8
Current ratio (x)	0.6	0.6	0.5	0.6	0.8
CF interest cover (x)	7.6	7.9	1.9	6.4	10.2

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	9.8	19.0	25.9	21.6	18.8
Recurring P/E @ target price (x) *	14.8	28.7	39.3	32.7	28.4
Reported P/E (x)	9.5	19.0	23.5	21.6	18.8
Dividend yield (%)	2.3	3.3	3.3	2.3	2.7
Price/book (x)	2.2	2.0	2.0	2.0	1.8
Price/tangible book (x)	2.3	2.1	2.0	2.0	1.9
EV/EBITDA (x) **	13.1	24.7	31.8	26.4	22.9
EV/EBITDA @ target price (x) **	18.0	33.4	42.9	35.7	31.2
EV/invested capital (x)	1.6	1.5	1.5	1.5	1.5

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

Sources: Ramkhamhaeng Hospital; FSSIA estimates

Ramkhamhaeng Hospital PCL (RAM TB)

FSSIA ESG rating

★

11.75 /100

Exhibit 12: 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 13: 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
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
PRINC	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
RAM	11.75	--	--	--	3.00	--	--	High	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 14: 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	16 / 5 / 3
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	19 / 80%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	8
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	--	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	39 / 86
Waste reduction policy	Yes	Number of executives / female	12 / 2
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	--	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	11
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	--	Size of compensation committee	--
Quality assurance and recall policy	--	Number of compensation committee meetings	--
Consumer data protection policy	--	Compensation committee meeting attendance (%)	--
Equal opportunity policy	Yes	Size of nomination committee / ID	--
Gender pay gap breakout	--	Number of nomination committee meetings	--
Pct women in workforce	83.5	Nomination committee meeting attendance (%)	--
Business ethics policy	Yes	Board compensation (THB m)	--
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	3.18
Health and safety policy	Yes	<i>(Dharmniti Auditing Co., Ltd.)</i>	
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	--		

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%). <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 rowspan="3">Leader:</td> <td rowspan="3">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> </tr> <tr> <td>BBB</td> <td>4.286-5.713</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>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Ramkhamhaeng Hospital	RAM TB	THB 33.00	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.
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 220.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Chain Hospital	BCH TB	THB 20.90	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 2.94	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 15.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Thonburi Healthcare Group	THG TB	THB 56.25	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.

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 18-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.