

BANGKOK DUSIT MEDICAL SERVICES

BDMS TB

THAILAND / HEALTH CARE SERVICES

BUY

UNCHANGED

Finishing the year strong

- คาดว่ากำไรปกติ 4Q23 จะโต 19% y-y เป็น 3.7 พัน ลบ. โดยได้ปัจจัยหนุนจากรายได้จากผู้ป่วยทั้งชาวไทยและชาวต่างประเทศ
- กำไรน่าจะโตต่อเนื่องที่ 11% y-y ในปี 2024 โดยได้ปัจจัยหนุนจาก Utilisation rate และ EBITDA margin ที่ปรับตัวดีขึ้น
- คงคำแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 35.0 บาท (DCF)

TARGET PRICE	THB35.00
CLOSE	THB27.25
UP/DOWNSIDE	+28.4%
PRIOR TP	THB34.50
CHANGE IN TP	+1.4%
TP vs CONSENSUS	+3.2%

คาดการณ์กำไรปกติ 4Q23 จะสูงกว่าระดับก่อนโควิด 56%

เรคาดว่ารายได้ 4Q23 จะโต 12% y-y โดยรายได้จากผู้ป่วยชาวไทยน่าจะโต 11% y-y และสูงกว่าระดับก่อนโควิดอยู่ 29% จากการระบาดของโรคไข้หวัดใหญ่และโควิด รายได้จากผู้ป่วยต่างประเทศน่าจะโต 16% y-y และสูงกว่าระดับก่อนโควิด 16% โดยได้ปัจจัยหนุนจากผู้ป่วยชาวต่างชาติและชาวจีนที่อาศัยอยู่ในประเทศไทย ใน 4Q23 เรคาดว่า EBITDA margin จะปรับตัวดีขึ้นเป็น 23.8% จาก 23.7% ใน 4Q22 จากการเติบโตของรายได้ที่อยู่ในเกณฑ์ดี แต่ต่ำกว่า 24.7% ใน 3Q23 จากค่าใช้จ่ายเพิ่มเติมซึ่งปกติจะอยู่ในระดับสูงในช่วงสิ้นปี ด้วยเหตุดังกล่าวเรคาดว่ากำไรปกติ 4Q23 จะโต 19% y-y เป็น 3.7 พัน ลบ. แต่ลดลงเล็กน้อย 5% q-q

โควตาสมาชิกประกันสังคมเพิ่มเติมในปี 2024 เป็น Upside

ประมาณการ 4Q23 ของเรา ส่งผลให้การเติบโตของรายได้ปี 2023 น่าจะจบที่ 10% ซึ่งอยู่ในกรอบด้านบนของเป้าหมายการของผู้บริหารที่ 8-10% เรคาดว่ารายได้จะโตต่อเนื่องอีก 7% ในปี 2024 จากการฟื้นตัวของผู้ป่วยชาวจีนที่บินเข้ามารับการรักษาในประเทศไทย การปรับราคาขึ้น 2-3% และ Revenue intensity ที่สูงขึ้น นอกจากนี้ BDMS ฝั่งได้รับโควตาสมาชิกประกันสังคมเพิ่มจากประมาณ 1.0 ล้านในปี 2023 เป็นประมาณ 1.5 ล้านในปี 2024 ปัจจัยดังกล่าวน่าจะช่วยสนับสนุนเป้าหมายของบริษัทฯ ในการเพิ่มสมาชิกประกันสังคมลงทะเบียนจากประมาณ 790,000 คนในปี 2023 เป็น 1.0 ล้านคนภายในปี 2025

โรงพยาบาลศูนย์แห่งความเป็นเลิศ (CoE) จะช่วยผลักดัน EBITDA margin ปี 2024

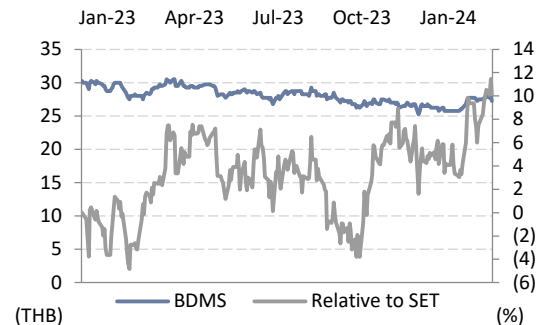
EBITDA margin อยู่ในแนวโน้มขาขึ้นโดยเพิ่มขึ้นจาก 22% ในปี 2019 เป็น 23.9% ในปี 2023E เรคาดว่าแนวโน้มดังกล่าวจะต่อเนื่องโดยจะปรับขึ้นเป็น 24.4% ในปี 2024 บนสมมติฐานที่ว่า Utilisation rate ปรับตัวดีขึ้นจาก 69% ในปี 2023 เป็น 70-71% ในปี 2024 ประกอบกับ CoE 14 แห่งที่เข้าสู่ Maturity phase (CoE มี EBITDA margin อยู่ที่ 26% ณ สิ้นช่วง 9M23) เพราะฉะนั้นเรจึงคาดว่ากำไรปกติปี 2024 จะโต 11% เป็น 15.7 พัน ลบ.

ปรับเพิ่มประมาณการกำไรจากแนวโน้มไตรมาส 4Q23 และปี 2024 ที่อยู่ในเกณฑ์ดี

เราปรับเพิ่มประมาณการกำไรปกติปี 2023-25 ขึ้น 1-5% เพื่อสะท้อนผลประกอบการ 4Q23 ที่คาดว่าจะอยู่ในเกณฑ์ดีและได้ราคาเป้าหมายปี 2024 ใหม่ที่ 35.0 บาท (DCF) BDMS มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 28x ของค่า 2024E P/E ต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 32x BDMS เป็นหนึ่งในหุ้น Defensive ที่ดีที่สุดสำหรับตลาดที่มีความผันผวน นอกจากนี้หุ้นยังมีการเติบโตของกำไรที่ดีโดยน่าจะจะมีปัจจัยบวกอยู่ที่ผลประกอบการ 4Q23 ที่อยู่ในเกณฑ์ดีและแนวโน้มที่ดีในปี 2024 จากการประชุมนักวิเคราะห์ที่ใกล้จะมาถึง เราเห็นโอกาสที่ตลาดจะปรับประมาณการกำไรขึ้นเนื่องจากประมาณการของเราสูงกว่าตลาดอยู่ 3-5%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	92,968	102,041	109,202	116,867
Net profit	12,606	14,130	15,666	17,045
EPS (THB)	0.79	0.89	0.99	1.07
vs Consensus (%)	-	2.7	5.0	5.3
EBITDA	22,933	24,427	26,632	28,852
Recurring net profit	12,606	14,130	15,666	17,045
Core EPS (THB)	0.79	0.89	0.99	1.07
Chg. In EPS est. (%)	-	4.9	2.4	1.2
EPS growth (%)	63.0	12.1	10.9	8.8
Core P/E (x)	34.4	30.6	27.6	25.4
Dividend yield (%)	1.8	1.8	2.0	2.2
EV/EBITDA (x)	19.4	17.9	16.2	14.6
Price/book (x)	4.8	4.5	4.2	3.9
Net debt/Equity (%)	9.2	1.0	(6.7)	(13.9)
ROE (%)	14.5	15.2	15.7	15.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.8	0.0	(8.4)
Relative to country (%)	6.6	3.8	11.5
Mkt cap (USD m)			12,202
3m avg. daily turnover (USD m)			30.6
Free float (%)			70
Major shareholder	Prasert Prasarttong-Osoth (13%)		
12m high/low (THB)	30.75/25.00		
Issued shares (m)	15,892.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 18 มกราคม 2024

Investment thesis

BDMS has aggressively expanded its hospital network from 10 in 2004 to 59 currently. The company had a high capex level averaging 17% of revenue over 2013-19. It is now at the tail end of its capex cycle, as it has already achieved its target of 50 hospitals.

BDMS plans to focus on organic growth. We expect its EBITDA margin to be maintained at a high level of 24-25% over 2023-25 (vs 22% in 2019), led by a higher utilisation rate, its Centre of Excellence (CoE) project, and the turnaround of loss-making hospitals.

BDMS has a healthy balance sheet with 2022 net D/E at only 0.1x. FCFE should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.

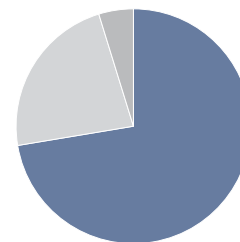
Company profile

BDMS is the largest healthcare provider in terms of market capital in Thailand. It operates 59 hospitals under six brands.

www.bangkokhospital.com

Principal activities (revenue, 2022)

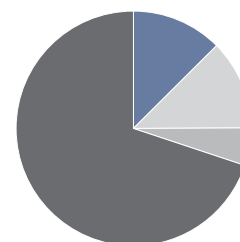
- Thai patient revenue - 72.4 %
- International patient revenue - 22.9 %
- Other revenue - 4.8 %



Source: Bangkok Dusit Medical Services

Major shareholders

- Prasert Prasarttong-Osoth - 12.5 %
- Thai NVDR - 12.4 %
- Poramaporn Prasarttong-Osoth - 5.2 %
- Others - 69.9 %



Source: Bangkok Dusit Medical Services

Catalysts

Key potential growth drivers include 1) higher insurance patient revenue; 2) rising demand from medical tourists; and 3) an improving EBITDA margin led by CoE hospitals.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.

Event calendar

Date	Event
Feb 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
No. of hospitals (no.)	59	60	63
OPD volume growth	(2)	3	4
OPD revenue / patient growth	14	4	3
IPD volume growth	35	3	4
IPD revenue / patient growth	(20)	4	3

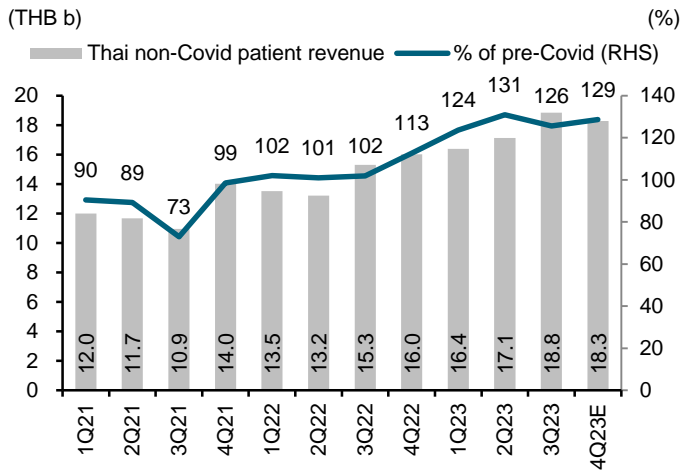
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2024 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2024 earnings to rise by 6%, and vice versa, all else being equal.

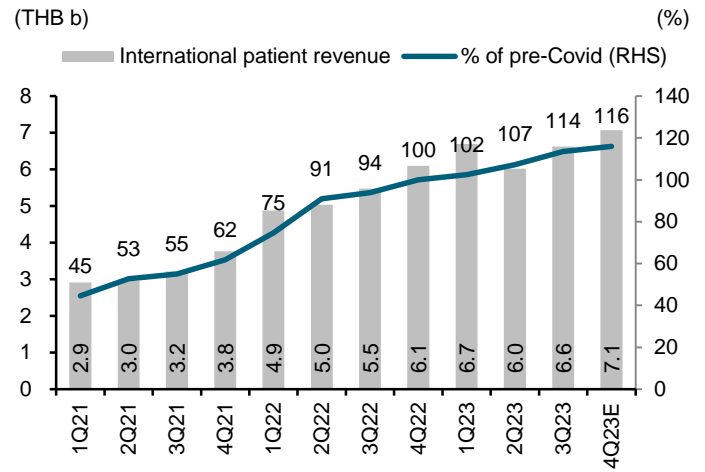
Source: FSSIA estimates

Exhibit 1: Non-Covid Thai patient revenue, quarterly



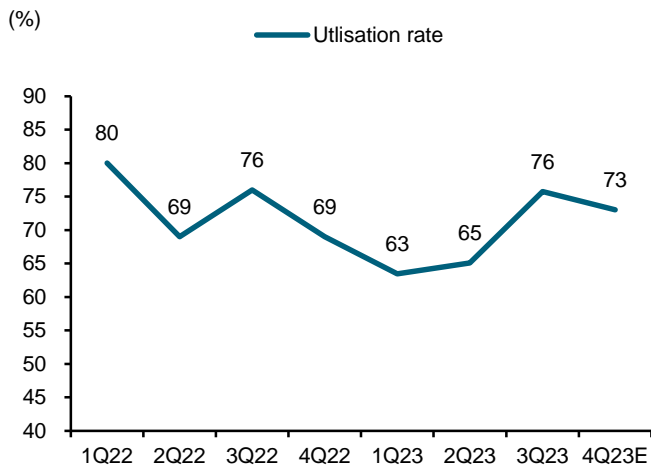
Sources: BDMS; FSSIA estimates

Exhibit 2: International patient revenue, quarterly



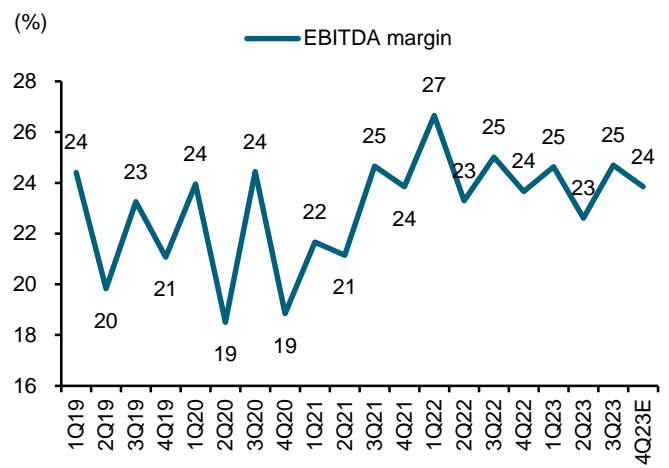
Sources: BDMS; FSSIA estimates

Exhibit 3: Utilisation rate



Source: BDMS; FSSIA estimates

Exhibit 4: EBITDA margin trend, quarterly



Sources: BDMS; FSSIA estimates

Exhibit 5: 4Q23 results preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	Change		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	23,842	24,313	24,372	26,699	26,654	(0)	12	102,041	10
- Hospital revenue	22,568	23,084	23,141	25,473	25,354	(0)	12	97,120	10
- Other revenue	1,274	1,229	1,232	1,227	1,300	6	2	4,921	11
COGS (incl depreciation)	(14,752)	(15,122)	(15,432)	(16,469)	(16,445)	(0)	11	(63,511)	9
Gross profit	9,090	9,191	8,940	10,230	10,208	(0)	12	38,530	11
SG&A	(4,933)	(4,633)	(4,876)	(5,106)	(5,353)	5	9	(19,939)	13
Operating profit¹⁾	4,157	4,558	4,064	5,124	4,856	(5)	17	18,591	9
Net other income	(0)	12	5	7	7			30	270
Interest income	32	26	48	48	48	0	51	165	106
Interest expense	(169)	(164)	(134)	(122)	(122)	0	(28)	(542)	(14)
Pretax profit	4,020	4,432	3,983	5,057	4,788	(5)	19	18,244	11
Income Tax	(806)	(880)	(812)	(1,025)	(958)	(7)	19	(3,649)	13
Associates	10	34	13	21	21	0	101	80	91
Minority interest	(111)	(116)	(120)	(163)	(145)	(11)	30	(545)	(16)
Core profit	3,113	3,470	3,063	3,890	3,707	(5)	19	14,130	12
Extraordinaries, GW & FX								0	
Reported net profit	3,113	3,470	3,063	3,890	3,707	(5)	19	14,130	12
Outstanding shares (m)	15,892	15,892	15,892	15,892	15,892	0	0	15,892	0
Core EPS (THB)	0.20	0.22	0.19	0.24	0.23	(5)	19	0.89	12
EPS (THB)	0.20	0.22	0.19	0.24	0.23	(5)	19	0.89	12
COGS (excl depreciation)	13,268	13,693	13,986	14,999	14,945	(0)	13	57,675	10
Depreciation	1,484	1,429	1,446	1,470	1,500	2	1	5,835	(2)
EBITDA ²⁾	5,641	5,987	5,510	6,594	6,356	(4)	13	24,427	7
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	38.1	38	37	38	38	(0)	0	38	1
SG&A/Revenue	21	19	20	19	20	1	(1)	20	1
EBITDA margin	24	25	23	25	24	(1)	0	24	(1)
Net profit margin	13	14	13	15	14	(1)	1	14	0
Operating stats	(%)	(%)	(%)	(%)	(%)				
OPD revenue growth y-y	15	11	10	14	-				
OPD volume growth y-y	13	(7)	0	0					
OPD revenue per head growth y-y	1	20	10	14					
IPD revenue growth y-y	(2)	(2)	10	9	15				
IPD volume growth y-y	35	33	60	20					
IPD revenue per head growth y-y	(27)	(26)	(31)	(9)					
Thai revenue growth y-y	(4)	(6)	7	9					
International revenue growth y-y	61	38	22	19					

Note: 1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income – depreciation

Sources: BDMS; FSSIA estimates

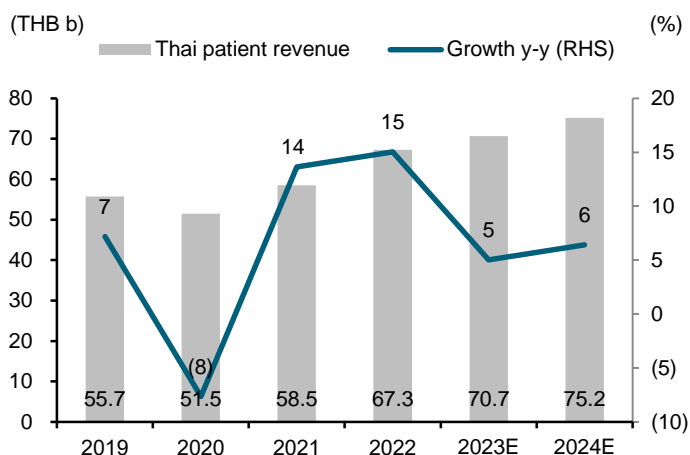
Exhibit 6: Forecast revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
OPD volume (visits per day)	32,355	33,326	34,659	34,232	35,601	37,025	(5.5)	(6.4)	(6.4)
OPD revenue / patient (THB)	3,948	4,106	4,230	3,602	3,746	3,859	9.6	9.6	9.6
IPD volume (admissions per day)	1,552	1,599	1,663	1,466	1,598	1,662	5.9	0.1	0.1
IPD revenue / patient (THB)	89,110	92,674	95,454	94,679	94,679	97,519	(5.9)	(2.1)	(2.1)
Revenue	102.0	109.2	116.9	100.3	108.8	116	1.7	0.4	0.4
EBITDA margin (%)	23.9	24.4	24.7	24.3	24.7	25	(0.4)	(0.3)	(0.3)
Core profit	14.1	15.7	17.0	13.5	15.3	17	4.9	2.4	1.2

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

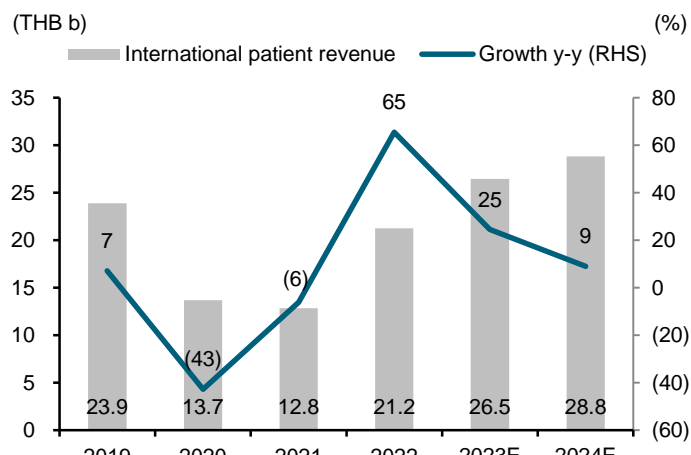
Source: FSSIA estimates

Exhibit 7: Thai patient revenue forecast



Note: Includes Covid-related revenue of THB10.1b in 2021 and THB9.0b in 2022
Sources: BDMS; FSSIA estimates

Exhibit 8: International patient revenue forecast



Sources: BDMS; FSSIA estimates

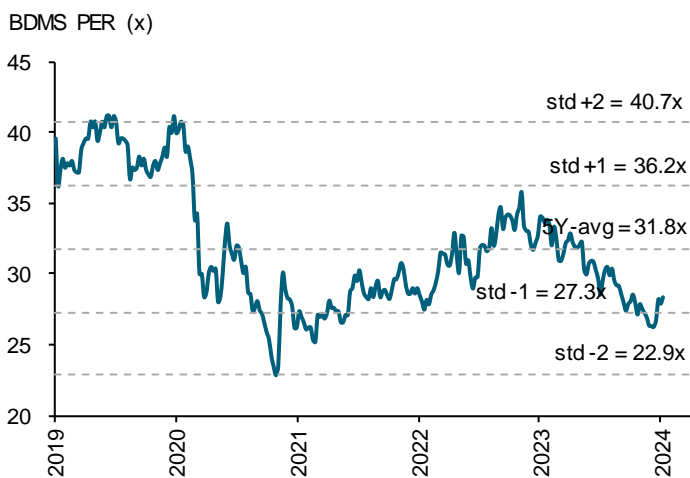
Exhibit 9: BDMS – DCF-derived TP

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	0.8		
Cost of equity, Ke	9.4	Net cost of debt, Kd	2.8
Weight applied	80.0	Weight applied	20.0
WACC	8.1		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	182.2	11.5	WACC 8.1%, Risk-free rate 3%, Risk premium 8%
Terminal value	369.3	23.2	Terminal growth 3%
Cash & liquid assets	28.4	1.8	At end-2024E
Investments	2.0	0.1	At end-2024E
Debt	(21.1)	(1.3)	At end-2024E
Minorities	(5.0)	(0.3)	At end-2024E
Residual ordinary equity	555.8	35.0	

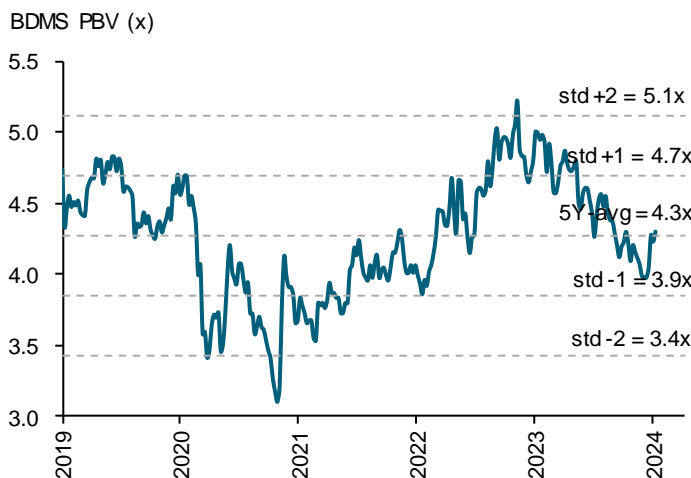
Source: FSSIA estimates

Exhibit 10: One-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 17 January 2024

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	27.25	35.00	28.4	12,202	30.6	27.6	15.2	15.7	4.5	4.2	17.9	16.2
Bumrungrad Hospital	BH TB	BUY	235.00	300.00	27.7	5,263	27.7	26.5	31.1	28.0	7.9	7.0	18.3	17.3
Bangkok Chain Hospital	BCH TB	BUY	22.40	24.50	9.4	1,574	41.2	32.9	10.9	13.0	4.4	4.1	19.0	16.1
Chularat Hospital	CHG TB	BUY	3.12	4.00	28.2	967	28.9	25.0	15.7	17.4	4.5	4.2	16.7	14.5
Praram 9 Hospital	PR9 TB	BUY	17.10	22.00	28.7	379	24.9	22.3	11.0	11.6	2.7	2.5	12.0	10.5
Thonburi Healthcare Group	THG TB	HOLD	53.00	55.00	3.8	1,266	47.0	37.2	9.3	11.4	4.3	4.1	21.5	18.7
Ramkhamhaeng Hospital	RAM TB	BUY	32.75	50.00	52.7	1,107	25.7	21.4	7.8	9.2	2.0	1.9	31.7	26.3
Rajthanee Hospital	RJH TB	n/a	27.00	n/a	n/a	228	19.3	19.0	18.0	17.4	5.4	3.4	13.3	12.7
Ekachai Medical Care	EKH TB	n/a	7.45	n/a	n/a	149	20.2	19.9	12.8	11.9	5.5	2.4	11.4	10.6
Thailand average						23,135	29.5	25.8	14.7	15.1	4.6	3.8	18.0	15.9
Regional														
Ramsay Health Care	RHC AU	n/a	49.70	n/a	n/a	7,477	33.5	37.1	8.6	8.0	2.8	2.7	11.6	10.9
Ihh Healthcare Bhd	IHH SP	n/a	1.72	n/a	n/a	11,270	34.9	31.1	6.1	6.4	2.3	1.9	14.0	13.4
Ryman Healthcare	RYM NZ	n/a	6.00	n/a	n/a	2,525	12.0	13.6	7.5	7.5	1.4	0.8	14.0	13.7
Apollo Hospitals Enterprise	APHS IN	n/a	5,905	n/a	n/a	10,247	101.3	85.3	13.8	14.9	23.5	13.2	41.8	36.2
Kpj Healthcare Berhad	KPJ MK	n/a	1.52	n/a	n/a	1,406	28.7	25.3	10.0	10.6	3.4	2.8	12.7	12.0
Raffles Medical Group	RFMD SP	n/a	1.04	n/a	n/a	1,437	21.7	23.1	8.7	8.1	2.2	1.9	11.0	11.4
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,540	n/a	n/a	2,315	37.1	32.1	16.8	17.9	7.5	6.2	23.3	20.2
Aier Eye Hospital Group	300015 CH	n/a	14.06	n/a	n/a	18,230	37.0	29.4	18.4	19.8	15.1	6.4	21.7	17.5
Regional average						54,907	38.3	34.6	11.2	11.6	7.3	4.5	18.8	16.9
Overall average						78,042	33.6	29.9	13.0	13.4	5.8	4.1	18.4	16.4

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	75,514	92,968	102,041	109,202	116,867
Cost of goods sold	(49,462)	(58,329)	(63,511)	(67,661)	(72,376)
Gross profit	26,052	34,638	38,530	41,540	44,492
Other operating income	-	-	-	-	-
Operating costs	(15,029)	(17,655)	(19,939)	(21,065)	(22,310)
Operating EBITDA	17,345	22,933	24,427	26,632	28,852
Depreciation	(6,321)	(5,950)	(5,835)	(6,157)	(6,671)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	11,023	16,984	18,591	20,475	22,182
Net financing costs	(655)	(552)	(378)	(286)	(209)
Associates	21	42	80	88	97
Recurring non-operating income	26	50	110	121	133
Non-recurring items	200	0	0	0	0
Profit before tax	10,594	16,481	18,324	20,310	22,106
Tax	(2,103)	(3,227)	(3,649)	(4,044)	(4,402)
Profit after tax	8,490	13,254	14,675	16,266	17,704
Minority interests	(554)	(648)	(545)	(600)	(659)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,936	12,606	14,130	15,666	17,045
Non-recurring items & goodwill (net)	(200)	0	0	0	0
Recurring net profit	7,736	12,606	14,130	15,666	17,045
Per share (THB)					
Recurring EPS *	0.49	0.79	0.89	0.99	1.07
Reported EPS	0.50	0.79	0.89	0.99	1.07
DPS	0.80	0.50	0.50	0.53	0.59
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
Growth					
Revenue (%)	9.3	23.1	9.8	7.0	7.0
Operating EBITDA (%)	16.1	32.2	6.5	9.0	8.3
Operating EBIT (%)	29.3	54.1	9.5	10.1	8.3
Recurring EPS (%)	28.0	63.0	12.1	10.9	8.8
Reported EPS (%)	10.0	58.8	12.1	10.9	8.8
Operating performance					
Gross margin inc. depreciation (%)	34.5	37.3	37.8	38.0	38.1
Gross margin exc. depreciation (%)	42.9	43.7	43.5	43.7	43.8
Operating EBITDA margin (%)	23.0	24.7	23.9	24.4	24.7
Operating EBIT margin (%)	14.6	18.3	18.2	18.7	19.0
Net margin (%)	10.2	13.6	13.8	14.3	14.6
Effective tax rate (%)	20.3	19.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	164.7	63.0	56.2	54.1	55.1
Interest cover (X)	16.9	30.8	49.5	72.1	106.8
Inventory days	16.3	14.7	14.7	14.9	14.9
Debtor days	39.4	38.5	37.5	35.0	32.7
Creditor days	40.1	39.1	41.1	41.7	41.7
Operating ROIC (%)	10.6	15.8	16.5	18.3	20.0
ROIC (%)	8.5	12.7	13.4	14.8	16.1
ROE (%)	9.0	14.5	15.2	15.7	15.9
ROA (%)	6.7	10.1	10.4	10.9	11.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thai patient revenue	58,500	67,286	70,666	75,200	80,877
International patient revenue	12,841	21,248	26,454	28,835	30,565
Other revenue	4,173	4,433	4,921	5,167	5,425

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	7,736	12,606	14,130	15,666	17,045
Depreciation	6,321	5,950	5,835	6,157	6,671
Associates & minorities	-	-	-	-	-
Other non-cash items	997	1,275	545	599	659
Change in working capital	(980)	720	1,171	898	969
Cash flow from operations	14,074	20,551	21,682	23,321	25,344
Capex - maintenance	(4,235)	(14,953)	(6,122)	(6,552)	(7,012)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(58)	(386)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(4,293)	(15,340)	(6,122)	(6,552)	(7,012)
Dividends paid	(12,738)	(7,943)	(7,946)	(8,478)	(9,400)
Equity finance	0	0	0	0	0
Debt finance	(5,416)	4,764	(2,000)	(500)	(500)
Other financing cash flows	75	299	0	0	0
Cash flow from financing	(18,079)	(2,880)	(9,946)	(8,978)	(9,900)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(8,298)	2,330	5,613	7,791	8,432
Free cash flow to firm (FCFF)	10,509.69	5,842.84	16,101.53	17,281.10	18,852.70
Free cash flow to equity (FCFE)	4,439.73	10,273.66	13,559.28	16,268.84	17,831.60

Per share (THB)

FCFF per share	0.66	0.37	1.01	1.09	1.19
FCFE per share	0.28	0.65	0.85	1.02	1.12
Recurring cash flow per share	0.95	1.25	1.29	1.41	1.53

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	142,630	155,412	161,534	168,087	175,099
Less: Accumulated depreciation	(59,725)	(63,503)	(69,339)	(75,496)	(82,166)
Tangible fixed assets (net)	82,905	91,909	92,196	92,591	92,932
Intangible fixed assets (net)	18,828	19,160	19,160	19,160	19,160
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,600	1,986	1,986	1,986	1,986
Cash & equivalents	12,641	14,972	20,585	28,376	36,808
A/C receivable	9,131	10,484	10,484	10,484	10,484
Inventories	2,005	2,211	2,435	2,596	2,774
Other current assets	624	132	145	155	166
Current assets	24,401	27,799	33,649	41,611	50,231
Other assets	720	689	689	689	689
Total assets	128,454	141,543	147,680	156,037	164,999
Common equity	83,845	89,879	96,063	103,252	110,896
Minorities etc.	3,920	3,834	4,379	4,978	5,637
Total shareholders' equity	87,765	93,713	100,442	108,230	116,534
Long term debt	18,753	23,062	21,062	20,562	20,062
Other long-term liabilities	9,442	10,032	10,032	10,032	10,032
Long-term liabilities	28,196	33,094	31,094	30,594	30,094
A/C payable	5,035	6,176	6,800	7,252	7,747
Short term debt	76	532	532	532	532
Other current liabilities	7,382	8,028	8,812	9,430	10,092
Current liabilities	12,493	14,736	16,144	17,214	18,371
Total liabilities and shareholders' equity	128,454	141,543	147,680	156,037	164,999
Net working capital	(657)	(1,377)	(2,548)	(3,446)	(4,415)
Invested capital	103,396	112,367	111,483	110,980	110,352

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

Per share (THB)

Book value per share	5.28	5.66	6.04	6.50	6.98
Tangible book value per share	4.09	4.45	4.84	5.29	5.77

Financial strength

Net debt/equity (%)	7.1	9.2	1.0	(6.7)	(13.9)
Net debt/total assets (%)	4.8	6.1	0.7	(4.7)	(9.8)
Current ratio (x)	2.0	1.9	2.1	2.4	2.7
CF interest cover (x)	7.8	19.6	36.9	57.9	86.3

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	56.0	34.4	30.6	27.6	25.4
Recurring P/E @ target price (x) *	71.9	44.1	39.4	35.5	32.6
Reported P/E (x)	54.6	34.4	30.6	27.6	25.4
Dividend yield (%)	2.9	1.8	1.8	2.0	2.2
Price/book (x)	5.2	4.8	4.5	4.2	3.9
Price/tangible book (x)	6.7	6.1	5.6	5.1	4.7
EV/EBITDA (x) **	25.6	19.4	17.9	16.2	14.6
EV/EBITDA @ target price (x) **	32.7	24.8	23.0	20.8	18.9
EV/invested capital (x)	4.3	4.0	3.9	3.9	3.8

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

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Bangkok Dusit Medical Serv (BDMS TB)

FSSIA ESG rating

74.00 /100
Exhibit 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.

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

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

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.08	1.05	2.21	2.76	3.74	3.77	3.76	3.45
BESG environmental pillar score	0.00	0.00	2.04	4.49	4.17	3.84	3.24	2.25
BESG social pillar score	0.14	0.14	1.24	1.48	3.40	3.53	3.54	3.59
BESG governance pillar score	4.56	4.40	4.37	4.19	4.03	4.13	4.51	4.12
ESG disclosure score	32.33	32.33	46.90	47.34	57.35	57.69	58.34	58.92
Environmental disclosure score	0.00	0.00	22.74	24.07	52.31	52.31	54.27	56.00
Social disclosure score	13.21	13.21	34.22	34.22	36.03	37.06	37.06	37.06
Governance disclosure score	83.59	83.59	83.59	83.59	83.59	83.59	83.59	83.59
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	No	No
Climate change policy	No	No	No	No	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	—	—	3	4	9	35	9	34
GHG scope 2 location-based	—	—	91	92	98	94	96	209
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	143	145	152	147	194	497
Renewable energy use	—	—	—	—	—	—	—	5
Electricity used	—	—	143	145	152	147	192	417
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 16: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	1	2	2	2	3	5
Total waste	—	—	6	7	7	5	9	13
Waste recycled	—	—	0	1	1	0	1	2
Waste sent to landfills	—	—	—	—	—	—	3	5
Environmental supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
Water policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	354	358	388	332	472	754
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	82	82	82	82	83	83
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0	0	0	0	0	1
Total recordable incident rate - employees	—	—	2	2	2	1	1	1
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	33,456	36,989	37,505	38,803	40,298	36,254	36,344	40,495
Employee turnover pct	—	—	18	19	19	17	16	20
Total hours spent by firm - employee training	568,960	588,890	795,330	547,592	784,625	476,816	437,209	1,417,320
Social supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
Governance								
Board size	15	14	13	14	14	16	18	17
No. of independent directors (ID)	7	6	6	6	6	7	7	7
No. of women on board	2	1	1	1	1	2	2	2
No. of non-executive directors on board	9	7	6	8	9	9	9	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	13	14	12	13	12	12	12
Board meeting attendance pct	95	94	98	97	98	98	97	100
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	45	42	43	44	45	46	47	48
Age of the oldest director	83	84	85	86	87	88	89	90
No. of executives / company managers	4	5	5	5	6	7	5	5
No. of female executives	1	1	1	2	1	2	2	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	10	9	10	7	10	6	6	6
Audit meeting attendance %	100	100	100	100	97	100	100	100
Size of compensation committee	4	4	4	4	4	3	3	3
No. of ID on compensation committee	3	3	3	2	2	2	2	2
No. of compensation committee meetings	3	1	4	4	3	4	4	3
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	4	4	4	4	4	3	3	3
No. of nomination committee meetings	3	1	4	4	3	4	4	3
Nomination meeting attendance %	100	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for 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 Sustainability	The Sustainability's 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.																				
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.	<table border="1"> <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> <p>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.</p>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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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.																					
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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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Dusit Medical Services	BDMS TB	THB 27.25	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 235.00	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 22.40	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 3.12	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 17.10	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 53.00	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.
Ramkhamhaeng Hospital	RAM TB	THB 32.75	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 17-Jan-2024 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.