

5 MARCH 2024

EQUITY RESEARCH - COMPANY REPORT

BANGKOK DUSIT MEDICAL SERVICES

THAILAND / HEALTH CARE SERVICES

FSSIA ESG rating



BDMS TB

BUY

UNCHANGED

TARGET PRICE	THB35.00
CLOSE	THB27.75
UP/DOWNSIDE	+26.1%
PRIOR TP	THB35.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.6%

Bright short- and long-term outlook

- Positive feedback for both short and long term from analyst meeting; strong revenue growth of 11% y-y during Jan and Feb-24.
- We expect core profit to grow by 14% to THB16.4b, based on low-to mid-range of management's guidance.
- Maintain BUY with DCF-based TP of TH35.0/shr.

Short term: potential for record high revenue in 1Q24

BDMS reported an impressive record high core profit of THB4.0b in 4Q23 (+27% y-y, +2% q-q). At the analyst meeting today, management guided that momentum should continue in 1Q24. Revenue grew by 11% y-y during Jan to 21 Feb-24, driven by both Thai and international patient revenue (+16% y-y and +15% y-y, respectively, in Jan-24). Thus, we see the potential for revenue and core profit to hit another record high in 1Q24.

Mid-term: expect revenue to grow by 10-12% in 2024

Management has a promising view in 2024, targeting revenue growth of 10-12% for the year with an EBITDA margin of 24-25% (vs 24.2% in 2023). The key driver is the strong international patient revenue trend. Revenue from Middle East patients (4% of revenue contribution) grew by 43% in 2023, driven by patients from Qatar (+85%), and grew by 20% y-y in Jan-24. Revenue from Chinese patients is also trending positively, growing by 45% in 2023 and 43% y-y in Jan-24, with a positive outlook from the visa-free travel policy. Overall, we forecast 2024 revenue to grow 10% (+15% international and +8% Thai), with an EBITDA margin of 24.7%. This would lead 2024 core profit to grow by 14% to THB16.4b.

Long term: expect revenue to grow 10% CAGR over 2024-26E

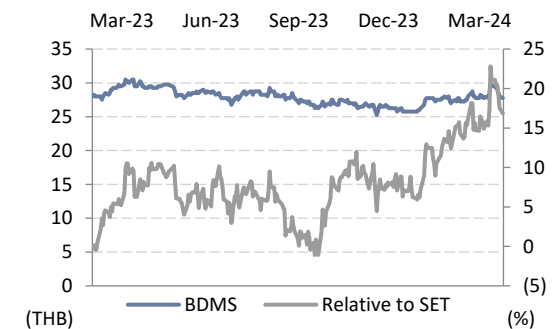
BDMS also provided 3-year targets (2024-26). The company expects revenue to grow by 10% CAGR. Bed capacity should increase by 11% from 8,600 in 2023 to 9,300 in 2026. The utilization rate should also increase from 69% in 2023 to 75% in 2026. Aside from the strong international patient outlook, revenue from insurance patients is expected to increase to 40% of total revenue by 2026 from 36% in 2023. Lastly, BDMS expects Social Security Office registered members to increase from 800k in 2023 to 900k in 2024, and exceed 1.0m by 2025.

Revising up core profit; trades at an attractive valuation

We revise up 2024-25E core profit by 5% to reflect the better outlook. We maintain our 2024 DCF-TP of THB35.0/shr, as we have factored in higher capex in 2024 which management targets at 8-10% of total revenue following the expansion projects. BDMS is trading at an attractive valuation of 27x 2024E P/E, lower than its five-year average of 31x.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	102,110	112,311	121,304	131,022
Net profit	14,375	16,413	17,928	19,652
EPS (THB)	0.90	1.03	1.13	1.24
vs Consensus (%)	-	18.3	18.1	20.4
EBITDA	24,740	27,717	30,179	32,859
Recurring net profit	14,375	16,413	17,928	19,652
Core EPS (THB)	0.90	1.03	1.13	1.24
Chg. In EPS est. (%)	nm	4.8	5.2	nm
EPS growth (%)	14.0	14.2	9.2	9.6
Core P/E (x)	30.7	26.9	24.6	22.4
Dividend yield (%)	2.3	2.5	2.6	2.8
EV/EBITDA (x)	18.3	16.3	14.8	13.4
Price/book (x)	4.6	4.4	4.1	3.9
Net debt/Equity (%)	8.8	6.2	1.1	(3.9)
ROE (%)	15.5	16.8	17.3	17.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.9)	5.7	(0.9)
Relative to country (%)	0.7	7.3	16.9
Mkt cap (USD m)	12,310		
3m avg. daily turnover (USD m)	30.2		
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



Teerapol Udomvej, CFA

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

<div><h3>Investment thesis</h3><p>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.</p><p>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 utilization rate, its Centre of Excellence (CoE) project, and the turnaround of loss-making hospitals.</p><p>BDMS has a healthy balance sheet with 2023 net D/E at only 0.1x. FCFF should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.</p><h3>Company profile</h3><p>BDMS is the largest healthcare provider in terms of market capital in Thailand. It operates 59 hospitals under six brands.</p><p>www.bangkokhospital.com</p></div>	<div><h3>Principal activities (revenue, 2023)</h3><div><div><div>■ Thai patient revenue - 69.4 %</div><div>■ International patient revenue - 25.7 %</div><div>■ Other revenue - 4.9 %</div></div></div><div>Source: Bangkok Dusit Medical Services</div></div> <div><div><h3>Major shareholders</h3><div><div><div>■ Prasert Prasarttong-Osoth - 12.5 %</div><div>■ Thai NVDR - 12.4 %</div><div>■ Poramaporn Prasarttong-Osoth - 5.2 %</div><div>■ Others - 69.9 %</div></div></div><div>Source: Bangkok Dusit Medical Services</div></div></div>
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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
May 2024	1Q24 results announcement

Key assumptions

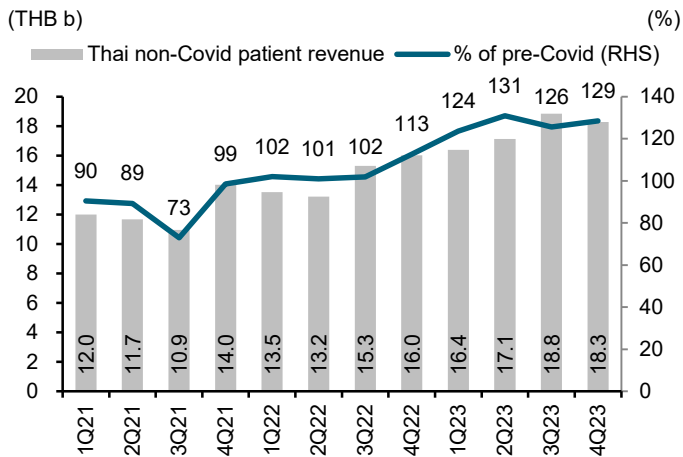
	2024E	2025E	2026E
	(%)	(%)	(%)
No. of hospitals (no.)	61	63	66
OPD volume growth	5	4	4
OPD revenue / patient growth	5	4	4
IPD volume growth	5	4	4
IPD revenue / patient growth	5	4	4

Source: FSSIA estimates

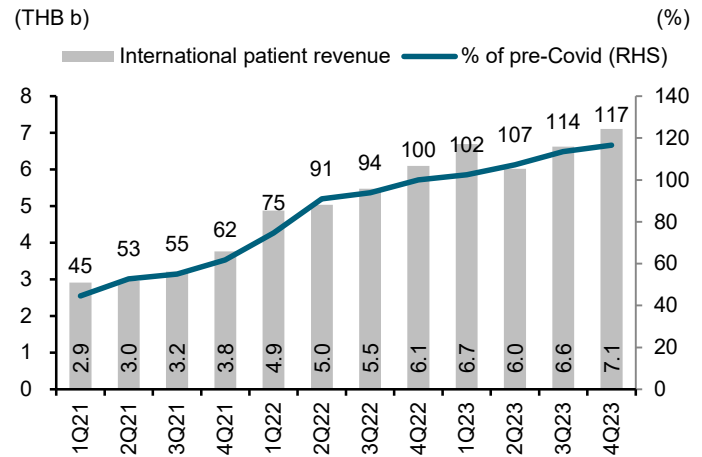
Earnings sensitivity

- 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.

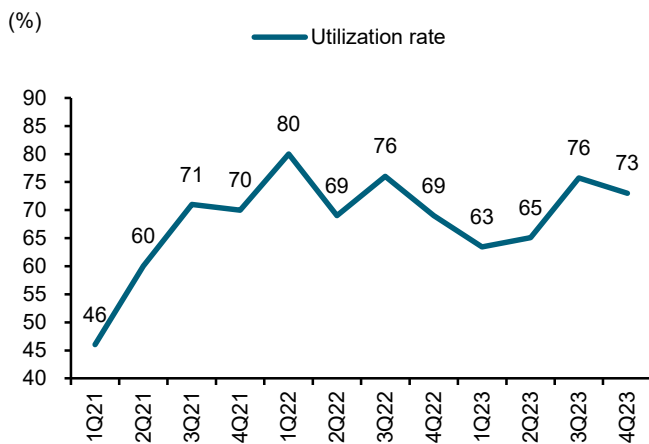
Source: FSSIA estimates

Exhibit 1: Non-Covid Thai patient revenue, quarterly

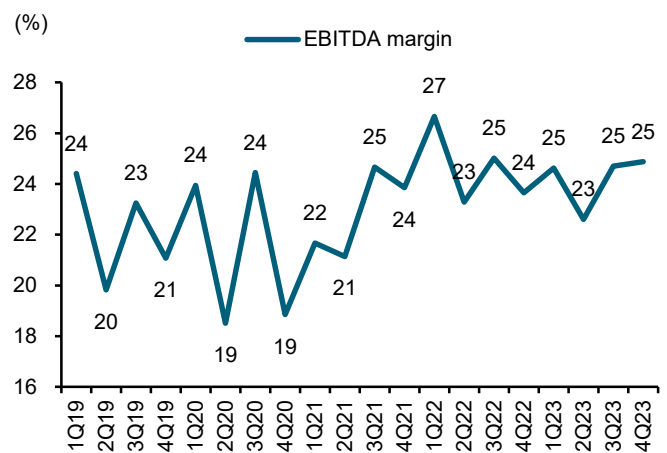
Sources: BDMS; FSSIA estimates

Exhibit 2: International patient revenue, quarterly

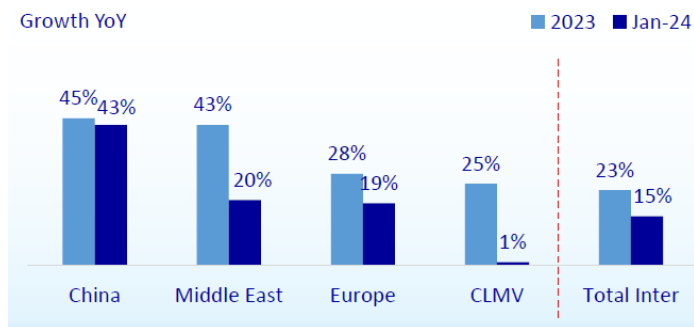
Sources: BDMS; FSSIA estimates

Exhibit 3: Utilization rate

Source: BDMS; FSSIA estimates

Exhibit 4: EBITDA margin trend, quarterly

Sources: BDMS; FSSIA estimates

Exhibit 5: Key contributors to international patient growth trend

Source: BDMS

Exhibit 6: Projects in the pipeline

Source: BDMS

Recap: 4Q23 results review

Despite the low season, BDMS reported a new record high core profit of THB4.0b in 4Q23 (+27% y-y, +2% q-q), beating our forecast and the Bloomberg consensus estimate by 7-8%, mainly due to a higher-than-expected EBITDA margin of 24.9% (vs our forecast of 23.8%) and 6% q-q growth in international patient revenue.

Hospital revenue grew 12% y-y in the quarter, accelerating from 9% y-y growth in 9M23. International patient revenue grew 18% y-y and exceeded the pre-Covid level by 17%, driven by patient revenue from Qatar (+92% y-y), China (+36% y-y), and France (+36% y-y). Thai patient revenue grew 10% y-y and exceeded pre-Covid by 29%. Excluding Covid treatments, non-Covid revenue grew by 14% y-y.

COGS increased by 12% y-y and SG&A increased by 5% y-y in 4Q23. As a result, the EBITDA margin improved to 24.9% (vs 23.7% in 4Q22 and 24.7% in 3Q23). Excluding the Covid pandemic period, the EBITDA margin hit a new record.

Exhibit 7: BDMS – 4Q23 results review

	4Q22 (THB m)	1Q23 (THB m)	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	Change		2023 (THB m)	Change
						(q-q %)	(y-y %)		(y-y %)
Sales	23,842	24,313	24,372	26,699	26,726	0	12	102,110	10
- Hospital revenue	22,568	23,084	23,141	25,473	25,379	(0)	12	97,077	10
- Other revenue	1,274	1,229	1,232	1,227	1,346	10	6	5,034	14
COGS (incl depreciation)	(14,752)	(15,122)	(15,432)	(16,469)	(16,389)	(0)	11	(63,412)	9
Gross profit	9,090	9,191	8,940	10,230	10,337	1	14	38,698	12
SG&A	(4,933)	(4,633)	(4,876)	(5,106)	(5,191)	2	5	(19,806)	12
Operating profit¹⁾	4,157	4,558	4,064	5,124	5,146	0	24	18,892	11
Net other income	(0)	12	5	7	19			43	435
Interest income	32	26	48	48	52	8	63	173	117
Interest expense	(169)	(164)	(134)	(122)	(126)	3	(25)	(547)	(14)
Pretax profit	4,020	4,432	3,983	5,057	5,091	1	27	18,563	13
Income Tax	(806)	(880)	(812)	(1,025)	(1,038)	1	29	(3,755)	16
Associates	10	34	13	21	22	4	109	89	114
Minority interest	(111)	(116)	(120)	(163)	(123)	(25)	10	(522)	(19)
Core profit	3,113	3,470	3,063	3,890	3,952	2	27	14,375	14
Extraordinaries, GW & FX								0	
Reported net profit	3,113	3,470	3,063	3,890	3,952	2	27	14,375	14
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	0.25	2	27	0.90	14
EPS (THB)	0.20	0.22	0.19	0.24	0.25	2	27	0.90	14
COGS (excl depreciation)	13,268	13,693	13,986	14,999	14,886	(1)	12	57,564	10
Depreciation	1,484	1,429	1,446	1,470	1,503	2	1	5,848	(2)
EBITDA ²⁾	5,641	5,987	5,510	6,594	6,649	1	18	24,740	8
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	38.1	38	37	38	39	0	1	38	1
SG&A/Revenue	21	19	20	19	19	0	(1)	19	0
EBITDA margin	24	25	23	25	25	0	1	24	(0)
Net profit margin	13	14	13	15	15	0	2	14	1
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	10				
International revenue growth y-y	61	38	22	19	18				

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

Sources: BDMS; FSSIA estimates

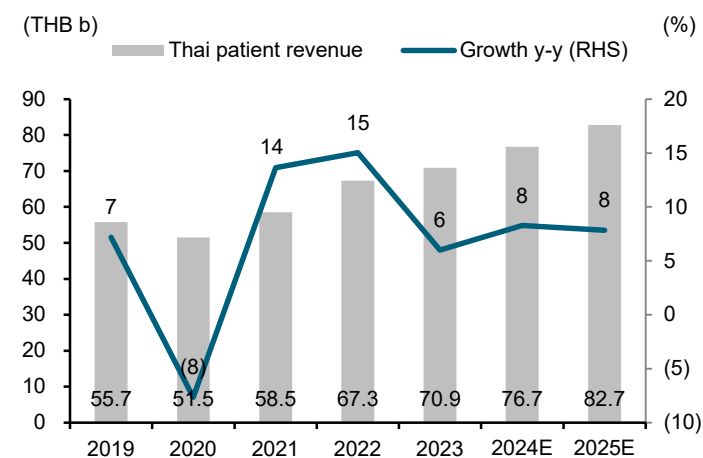
Exhibit 8: Forecast revisions

	Current			Previous			Change		
	2024E (THB b)	2025E (THB b)	2026E (THB b)	2024E (THB b)	2025E (THB b)	2026E (THB b)	2024E (%)	2025E (%)	2026E (%)
OPD volume (visits per day)	34,636	36,022	37,463	33,326	34,659	n/a	3.9	3.9	n/a
OPD revenue / patient (THB)	4,064	4,226	4,395	4,106	4,230	n/a	(1.0)	(0.1)	n/a
IPD volume (admissions per day)	1,754	1,824	1,897	1,599	1,663	n/a	9.7	9.7	n/a
IPD revenue / patient (THB)	86,956	90,434	94,051	92,674	95,454	n/a	(6.2)	(5.3)	n/a
Revenue	112.3	121.3	131.0	109.2	117	n/a	2.8	3.8	n/a
EBITDA margin (%)	24.7	24.9	25.1	24.4	25	n/a	0.3	0.2	n/a
Core profit	16.4	17.9	19.7	15.7	17	n/a	4.8	5.2	n/a

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

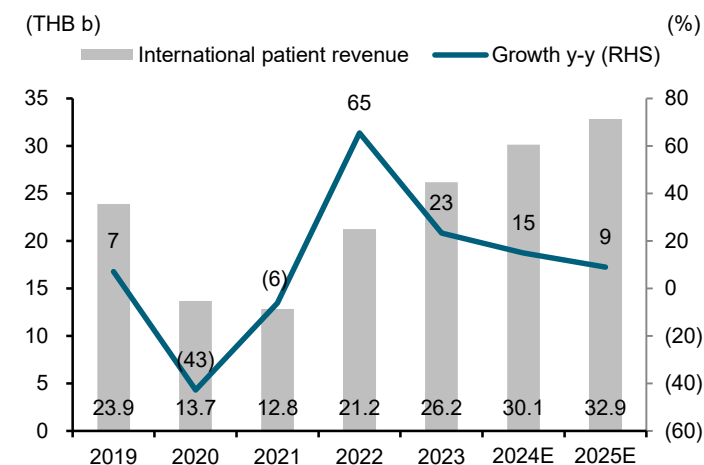
Source: FSSIA estimates

Exhibit 9: Thai patient revenue forecast



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

Exhibit 10: International patient revenue forecast



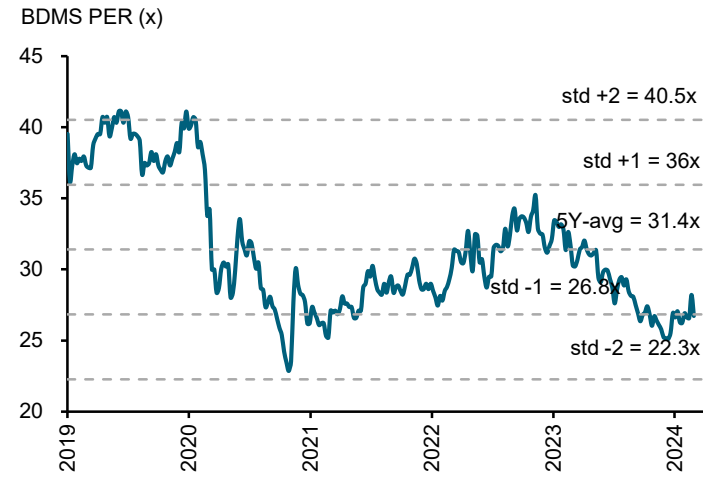
Sources: BDMS; FSSIA estimates

Exhibit 11: BDMS – DCF-derived TP

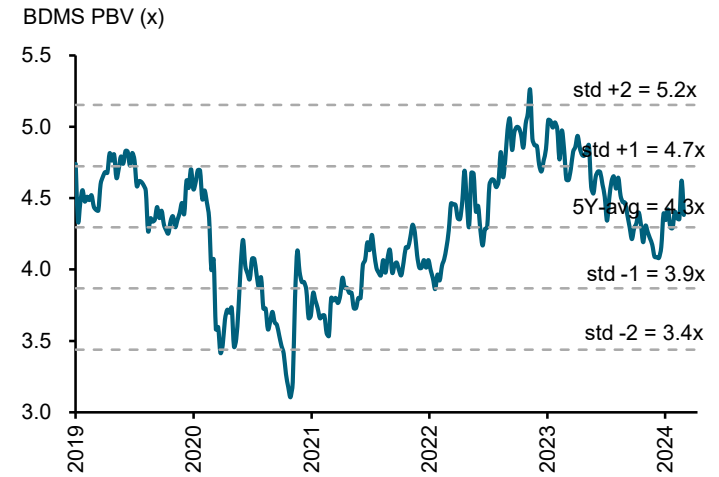
Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate	3.0		Pre-tax cost of debt	3.5	
Market risk premium	8.0		Marginal tax rate	20.0	
Stock beta	0.8				
Cost of equity, Ke	9.4		Net cost of debt, Kd	2.8	
Weight applied	80.0		Weight applied	20.0	
WACC	8.1				

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	173.2	10.9	WACC 8.1%, Risk-free rate 3%, Risk premium 8%
Terminal value	391.3	24.6	Terminal growth 3%
Cash & liquid assets	11.1	0.7	At end-2024E
Investments	2.3	0.1	At end-2024E
Debt	(17.6)	(1.1)	At end-2024E
Minorities	(4.2)	(0.3)	At end-2024E
Residual ordinary equity	556.0	35.0	

Source: FSSIA estimates

Exhibit 12: One-year prospective P/E band

Sources: Bloomberg; FSSIA estimates

Exhibit 13: One-year prospective P/BV band

Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 4 March 2024

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/ EBITDA	
			Current	Target	Upside		23A	24E	23A	24E	23A	24E	23A	24E
			(LCY)	(LCY)	(%)		(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	27.75	35.00	26.1	12,310	30.7	26.9	15.5	16.8	4.6	4.4	18.3	16.3
Bumrungrad Hospital	BH TB	BUY	229.00	305.00	33.2	5,081	26.3	24.6	31.8	28.8	7.7	6.6	18.1	16.3
Bangkok Chain Hospital	BCH TB	BUY	21.60	26.00	20.4	1,504	38.6	28.9	11.1	14.2	4.3	3.9	19.2	15.4
Chularat Hospital	CHG TB	BUY	2.96	3.90	31.8	909	30.6	25.0	14.2	16.8	4.4	4.0	16.8	14.1
Praram 9 Hospital	PR9 TB	BUY	18.90	22.00	16.4	415	26.6	24.6	11.4	11.5	2.9	2.7	13.5	11.9
Thonburi Healthcare Group	THG TB	HOLD	43.75	55.00	25.7	1,035	38.8	30.7	9.3	11.4	3.6	3.4	18.4	16.0
Ramkhamhaeng Hospital	RAM TB	BUY	30.25	50.00	65.3	1,013	23.8	19.8	7.8	9.2	1.8	1.8	30.0	24.9
Rajthanee Hospital	RJH TB	n/a	26.25	n/a	n/a	220	18.5	18.9	19.1	18.8	5.3	3.4	13.6	12.8
Ekachai Medical Care	EKH TB	n/a	7.60	n/a	n/a	151	18.9	18.3	14.6	13.4	5.6	2.5	10.9	10.1
Thailand average						22,638	28.1	24.2	15.0	15.6	4.5	3.6	17.7	15.3
Regional														
Ramsay Health Care	RHC AU	n/a	54.75	n/a	n/a	8,309	37.5	41.5	8.6	7.9	3.1	3.0	12.0	11.2
Ihh Healthcare Bhd	IHH SP	n/a	1.73	n/a	n/a	11,277	33.4	31.2	6.3	6.0	2.3	1.9	14.1	13.3
Ryman Healthcare	RYM NZ	n/a	4.59	n/a	n/a	1,886	9.0	11.3	7.5	7.0	1.0	0.6	11.8	13.5
Apollo Hospitals Enterprise	APHS IN	n/a	6,033	n/a	n/a	10,468	103.2	88.7	13.8	14.8	23.9	13.5	42.5	37.3
Kpj Healthcare Berhad	KPJ MK	n/a	1.68	n/a	n/a	1,552	31.7	25.5	10.2	11.6	3.7	3.1	13.9	12.6
Raffles Medical Group	RFMD SP	n/a	1.02	n/a	n/a	1,410	21.3	25.5	8.6	7.3	2.2	1.8	10.5	11.9
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,600	n/a	n/a	2,354	38.0	32.8	16.8	17.8	7.6	6.3	23.7	20.7
Aier Eye Hospital Group	300015 CH	n/a	14.48	n/a	n/a	18,582	37.9	30.1	18.3	19.6	15.4	6.6	22.3	18.0
Regional average						55,838	39.0	35.8	11.3	11.5	7.4	4.6	18.8	17.3
Overall average						78,476	33.2	29.7	13.2	13.7	5.8	4.1	18.2	16.3

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	92,968	102,110	112,311	121,304	131,022
Cost of goods sold	(58,329)	(63,412)	(69,333)	(74,787)	(80,610)
Gross profit	34,638	38,698	42,979	46,518	50,413
Other operating income	-	-	-	-	-
Operating costs	(17,655)	(19,806)	(21,504)	(23,104)	(24,824)
Operating EBITDA	22,933	24,740	27,717	30,179	32,859
Depreciation	(5,950)	(5,848)	(6,243)	(6,766)	(7,271)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	16,984	18,892	21,475	23,413	25,588
Net financing costs	(552)	(373)	(391)	(358)	(288)
Associates	42	89	98	108	119
Recurring non-operating income	50	133	146	161	177
Non-recurring items	0	0	0	0	0
Profit before tax	16,481	18,652	21,230	23,216	25,477
Tax	(3,227)	(3,755)	(4,226)	(4,622)	(5,072)
Profit after tax	13,254	14,897	17,003	18,595	20,406
Minority interests	(648)	(522)	(590)	(667)	(753)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	12,606	14,375	16,413	17,928	19,652
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	12,606	14,375	16,413	17,928	19,652
Per share (THB)					
Recurring EPS *	0.79	0.90	1.03	1.13	1.24
Reported EPS	0.79	0.90	1.03	1.13	1.24
DPS	0.50	0.65	0.70	0.72	0.79
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
Growth					
Revenue (%)	23.1	9.8	10.0	8.0	8.0
Operating EBITDA (%)	32.2	7.9	12.0	8.9	8.9
Operating EBIT (%)	54.1	11.2	13.7	9.0	9.3
Recurring EPS (%)	63.0	14.0	14.2	9.2	9.6
Reported EPS (%)	58.8	14.0	14.2	9.2	9.6
Operating performance					
Gross margin inc. depreciation (%)	37.3	37.9	38.3	38.3	38.5
Gross margin exc. depreciation (%)	43.7	43.6	43.8	43.9	44.0
Operating EBITDA margin (%)	24.7	24.2	24.7	24.9	25.1
Operating EBIT margin (%)	18.3	18.5	19.1	19.3	19.5
Net margin (%)	13.6	14.1	14.6	14.8	15.0
Effective tax rate (%)	19.6	20.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	63.0	71.9	67.8	64.1	63.9
Interest cover (X)	30.8	51.0	55.3	65.9	89.5
Inventory days	14.7	14.7	14.7	14.8	14.8
Debtor days	38.5	39.4	37.6	34.8	32.2
Creditor days	39.1	41.5	41.8	42.2	42.2
Operating ROIC (%)	15.8	16.1	17.5	18.6	19.9
ROIC (%)	12.7	13.1	14.4	15.3	16.5
ROE (%)	14.5	15.5	16.8	17.3	17.8
ROA (%)	10.1	10.7	11.8	12.2	12.7

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Thai patient revenue	67,286	70,866	76,733	82,741	89,217
International patient revenue	21,248	26,211	30,142	32,855	35,812
Other revenue	4,433	5,034	5,436	5,708	5,993

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	12,606	14,375	16,413	17,928	19,652
Depreciation	5,950	5,848	6,243	6,766	7,271
Associates & minorities	-	-	-	-	-
Other non-cash items	1,275	1,203	590	667	753
Change in working capital	720	161	1,291	1,142	1,234
Cash flow from operations	20,551	21,588	24,537	26,503	28,910
Capex - maintenance	(14,953)	(11,612)	(11,231)	(9,704)	(10,482)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(386)	(290)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(15,340)	(11,902)	(11,231)	(9,704)	(10,482)
Dividends paid	(7,943)	(10,343)	(11,124)	(11,489)	(12,550)
Equity finance	0	0	0	0	0
Debt finance	4,764	(5,460)	(500)	(500)	(500)
Other financing cash flows	299	612	0	0	0
Cash flow from financing	(2,880)	(15,190)	(11,624)	(11,989)	(13,050)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	2,330	(5,505)	1,681	4,810	5,379
Free cash flow to firm (FCFF)	5,842.84	10,232.29	13,806.49	17,285.67	18,901.18
Free cash flow to equity (FCFE)	10,273.66	4,838.23	12,805.74	16,298.92	17,928.43
Per share (THB)					
FCFF per share	0.37	0.64	0.87	1.09	1.19
FCFE per share	0.65	0.30	0.81	1.03	1.13
Recurring cash flow per share	1.25	1.35	1.46	1.60	1.74
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	155,412	165,315	176,546	186,250	196,732
Less: Accumulated depreciation	(63,503)	(67,642)	(73,884)	(80,650)	(87,921)
Tangible fixed assets (net)	91,909	97,673	102,662	105,600	108,811
Intangible fixed assets (net)	19,160	19,376	19,376	19,376	19,376
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,986	2,276	2,276	2,276	2,276
Cash & equivalents	14,972	9,467	11,148	15,958	21,337
A/C receivable	10,484	11,558	11,558	11,558	11,558
Inventories	2,211	2,420	2,652	2,859	3,083
Other current assets	132	101	111	120	130
Current assets	27,799	23,545	25,469	30,495	36,107
Other assets	689	726	726	726	726
Total assets	141,543	143,596	150,508	158,472	167,295
Common equity	89,879	95,242	100,531	106,970	114,072
Minorities etc.	3,834	3,630	4,220	4,887	5,641
Total shareholders' equity	93,713	98,872	104,752	111,857	119,713
Long term debt	23,062	18,134	17,634	17,134	16,634
Other long-term liabilities	10,032	10,973	10,973	10,973	10,973
Long-term liabilities	33,094	29,107	28,607	28,107	27,607
A/C payable	6,176	6,901	7,564	8,155	8,792
Short term debt	532	0	0	0	0
Other current liabilities	8,028	8,715	9,586	10,353	11,183
Current liabilities	14,736	15,616	17,149	18,508	19,975
Total liabilities and shareholders' equity	141,543	143,596	150,508	158,472	167,295
Net working capital	(1,377)	(1,538)	(2,828)	(3,971)	(5,205)
Invested capital	112,367	118,513	122,211	124,006	125,984
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	5.66	5.99	6.33	6.73	7.18
Tangible book value per share	4.45	4.77	5.11	5.51	5.96
Financial strength					
Net debt/equity (%)	9.2	8.8	6.2	1.1	(3.9)
Net debt/total assets (%)	6.1	6.0	4.3	0.7	(2.8)
Current ratio (x)	1.9	1.5	1.5	1.6	1.8
CF interest cover (x)	19.6	14.0	33.7	46.6	63.3
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	35.0	30.7	26.9	24.6	22.4
Recurring P/E @ target price (x) *	44.1	38.7	33.9	31.0	28.3
Reported P/E (x)	35.0	30.7	26.9	24.6	22.4
Dividend yield (%)	1.8	2.3	2.5	2.6	2.8
Price/book (x)	4.9	4.6	4.4	4.1	3.9
Price/tangible book (x)	6.2	5.8	5.4	5.0	4.7
EV/EBITDA (x) **	19.8	18.3	16.3	14.8	13.4
EV/EBITDA @ target price (x) **	24.8	23.0	20.5	18.6	17.0
EV/invested capital (x)	4.0	3.8	3.7	3.6	3.5
* 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

★★★★

Exhibit 15: FSSIA ESG score implication

74.00 /100

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 16: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	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 17: 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 18: 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 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><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="2">Average:</td><td rowspan="2">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><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></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	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																			
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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
Bangkok Dusit Medical Services	BDMS TB	THB 27.75	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 229.00	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 21.60	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 18.90	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 43.75	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 30.25	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 04-Mar-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.