

BUMRUNGRAD HOSPITAL

BH TB

THAILAND / HEALTH CARE SERVICES

BUY

UNCHANGED

จะกลับมาโตดีหลังรอมฎอน

- กำไรปกติ 4Q23 โต 9% y-y Momentum ดังกล่าวจะเกิดต่อเนื่องไป 1Q24 พร้อมเป้าการเติบโตของรายได้ในอัตรา 1 หลักโดยจะได้รับแรงกดดันจากเทศกาลรอมฎอน
- คาดกำไรปกติจะโต 7% y-y ในปี 2024 โดยได้ปัจจัยผลักดันจากจำนวนเตียงที่เพิ่มขึ้น Referral offices ที่มากขึ้นและ Revenue intensity ที่สูงขึ้น
- คงคำแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 305 บาท (DCF)

TARGET PRICE	THB305.00
CLOSE	THB229.00
UP/DOWNSIDE	+33.2%
PRIOR TP	THB300.00
CHANGE IN TP	+1.7%
TP vs CONSENSUS	+7.9%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	25,376	27,172	28,543	29,983
Net profit	7,006	7,397	7,850	8,352
EPS (THB)	8.80	9.30	9.87	10.50
vs Consensus (%)	-	8.4	8.2	8.7
EBITDA	9,509	10,313	10,917	11,585
Recurring net profit	6,918	7,397	7,850	8,352
Core EPS (THB)	8.69	9.30	9.87	10.50
Chg. In EPS est. (%)	nm	4.7	3.9	nm
EPS growth (%)	40.0	6.9	6.1	6.4
Core P/E (x)	26.3	24.6	23.2	21.8
Dividend yield (%)	1.6	2.0	2.4	2.6
EV/EBITDA (x)	18.1	16.3	15.1	13.9
Price/book (x)	7.7	6.6	5.9	5.3
Net debt/Equity (%)	(44.2)	(51.1)	(55.7)	(60.4)
ROE (%)	31.8	28.8	26.8	25.4

รายได้จากผู้ป่วยชาวพม่าและคูเวตชะลอตัวใน 4Q23

BH รายงานกำไร 4Q23 อยู่ในเกณฑ์ดีโดยเพิ่มขึ้น 9% y-y เป็น 1.7 พัน ลบ. อย่างไรก็ตามกำไรดังกล่าวลดลง 13% q-q ส่วนมากจากค่าใช้จ่ายโบนัสแก่พนักงาน 250 ลบ. และรายได้จากพม่าที่ชะลอตัวหลังเกิดความตึงเครียดทางการเมือง นอกจากนี้รายได้จากผู้ป่วยชาวคูเวตยังลดลงเนื่องจากรัฐบาลคูเวตปรับและลดการรับประกันการจ่ายเงินให้กับประชาชนชาวคูเวตที่ได้รับการรักษาในต่างประเทศ ปัจจุบันการรักษาในประเทศไทยไม่อยู่ในบัญชีที่รัฐบาลคูเวตรับประกันการรักษาให้แก่ชาวคูเวต อย่างไรก็ตามผู้บริหารคาดว่าประเทศไทยจะกลับไปอยู่ในบัญชีดังกล่าวหลังเทศกาลรอมฎอน

ผลกระทบจากเทศกาลรอมฎอนเพิ่มขึ้นใน 1Q24 เมื่อเทียบกับใน 1Q23

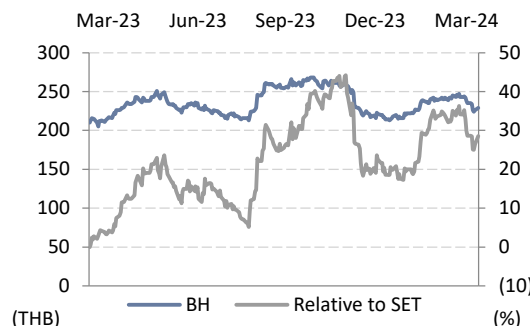
BH ตั้งเป้าให้รายได้โต y-y ในอัตรา 1 หลักใน 1Q24 โดยจะได้รับแรงกดดันจากผลกระทบของเทศกาลรอมฎอนที่จำนวนวันมากขึ้นเมื่อเทียบกับใน 1Q23 (เทศกาลรอมฎอนเริ่มตั้งแต่วันที่ 10 มี.ค. ถึง 9 เม.ย. 2024 เทียบกับ 22 มี.ค. ถึง 21 เม.ย. ใน 2023) อย่างไรก็ตามเราคาดว่ารายได้จะโตดี y-y ใน 2Q24 จากผลกระทบของเทศกาลรอมฎอนที่ลดลง ในขณะที่สถานการณ์กับรัฐบาลคูเวตน่าจะดีขึ้น

คาดการณ์รายได้จากผู้ป่วยต่างชาติจะโตดีในปี 2024

เราคาดว่ารายได้ในปี 2024 จะโต 7% y-y (4% สำหรับรายได้จากผู้ป่วยชาวไทยและ 9% สำหรับรายได้จากผู้ป่วยชาวต่างชาติ) โดยมีปัจจัยหนุนการเติบโตสำคัญประกอบด้วย 1) จำนวนเตียงเฉลี่ยที่เพิ่มขึ้นจาก 472 ในปี 2023 เป็น 519 เตียงในปี 2024; 2) Referral offices ที่เพิ่มขึ้นจาก 83 ในปี 2023 เป็น 125 ในปี 2024 ส่วนมากเน้นไปที่จีน เอธิโอเปีย ออสเตรเลีย และซาอุดีอาระเบียและ 3) การปรับราคา 4% ในเดือน ม.ค. 24 และ 2% ในเดือน ก.ค. 24 ซึ่งทำให้ราคาเพิ่ม 6% ในปี 2024 เราคาดว่า EBITDA margin จะเพิ่มจาก 37.5% ในปี 2023 เป็น 38.0% ในปี 2024 โดยมีสมมติฐานจาก Revenue intensity ที่สูงขึ้นซึ่งจะทำให้กำไรปกติโต 7% y-y เป็น 7.4 พัน ลบ.

ปรับเพิ่มประมาณการกำไรปกติ ราคาหุ้นที่ลดลงเป็นโอกาสในการซื้อ

เราปรับเพิ่มประมาณการกำไรปกติปี 2024-25 ขึ้น 4-5% เพื่อสะท้อนผลประกอบการปี 2023 ที่อยู่ในเกณฑ์ดีซึ่งทำให้ได้ราคาเป้าหมายปี 2024 ใหม่ที่ 305 บาท (DCF) BH มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 24x ของค่า 2024E P/E (เทียบกับค่าเฉลี่ย 5 ปีย้อนหลังที่ 30x) ราคาหุ้นปรับตัวลดลง 6% ในช่วงเดือนที่ผ่านมาซึ่งเรามองว่าเป็นโอกาสในการซื้อ เราเห็นว่ากำไรปกติที่โตขึ้น 4Q23 เป็นไปตามฤดูกาล ในขณะที่ผลกระทบของเทศกาลรอมฎอนเป็นเรื่องชั่วคราว เราคาดว่าผลประกอบการจะกลับมาโตดีหลังเทศกาลดังกล่าว



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.4)	4.1	9.0
Relative to country (%)	(3.9)	5.7	28.6
Mkt cap (USD m)	5,081		
3m avg. daily turnover (USD m)	15.8		
Free float (%)	65		
Major shareholder	Thai NVDR (16%)		
12m high/low (THB)	272.00/204.00		
Issued shares (m)	922.70		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 5 มีนาคม 2024

Investment thesis

We think BH’s operations are in an upward trend. International patient revenue should continue to improve on the back of normalized strong demand for medical tourism.

We expect to see an improvement in Bumrungrad Health Network (BHN), which is the new business model that BHN and its partner hospitals have set up to jointly operate Centers of Excellence (CoE) in partnered hospitals. We believe there will be more CoE openings in partnered hospitals.

BH’s EBITDA margin should be in an upward trend as the hospital has started to reduce its medical discount rate. Plus, international patients, which normally command a higher EBITDA margin than Thai patients, are beginning to recover in terms of volume.

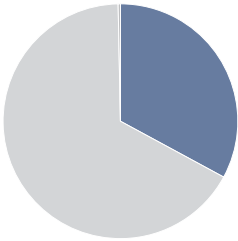
Company profile

BH is a leading private hospital (580 licensed beds) in the premium segment.

www.bumrungrad.com

Principal activities (revenue, 2023)

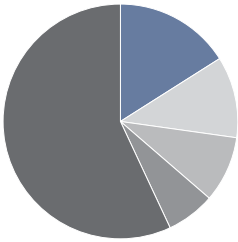
- Thai patient revenue - 32.9 %
- International patient revenue - 66.8 %
- Other revenue - 0.3 %



Source: Bumrungrad Hospital

Major shareholders

- Thai NVDR - 16.0 %
- Bangkok Insurance - 11.2 %
- UOB Kay Hian (Hong Kong) - 9.1 %
- Bangkok Bank - 6.7 %
- Others - 57.0 %



Source: Bumrungrad Hospital

Catalysts

Key growth drivers include 1) the recovery of international patient numbers; 2) its new business model, “Bumrungrad Health Network”, which should enable BH to capture the middle-class patient segment; and 3) its vital life business (Wellness) which has a high margin compared to traditional healthcare.

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 medical fee discount promotions, leading to a weaker EBITDA margin.

Event calendar

Date	Event
May 2024	1Q24 results announcement

Key assumptions

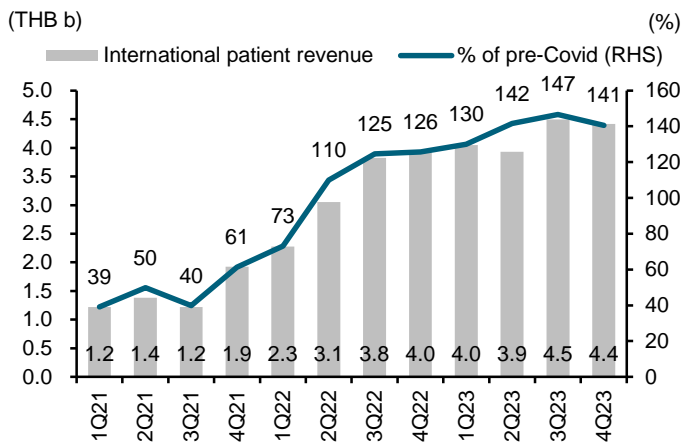
	2024E	2025E	2026E
	(%)	(%)	(%)
OPD volume growth	2	2	2
OPD revenue / patient growth	5	3	3
IPD volume growth	2	2	2
IPD revenue / patient growth	5	3	3

Source: FSSIA estimates

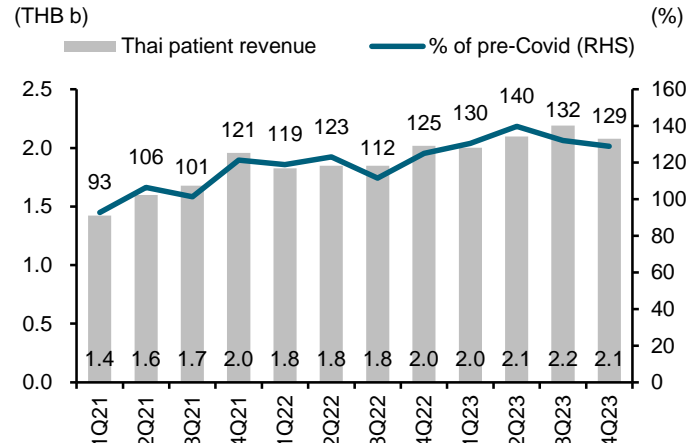
Earnings sensitivity

- 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 4%, and vice versa, all else being equal.

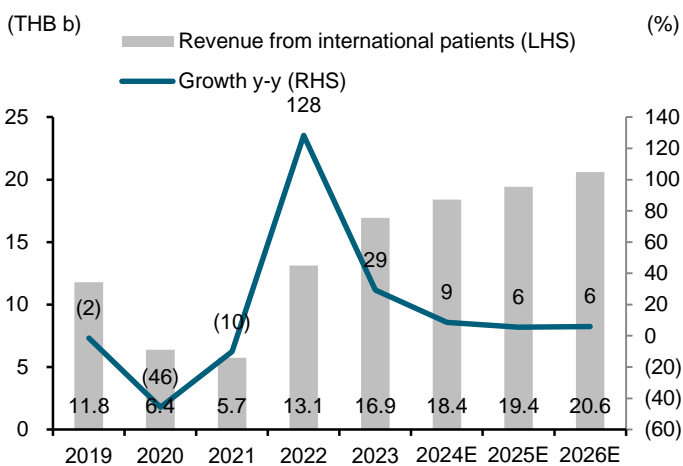
Source: FSSIA estimates

Exhibit 1: International patient revenue, quarterly

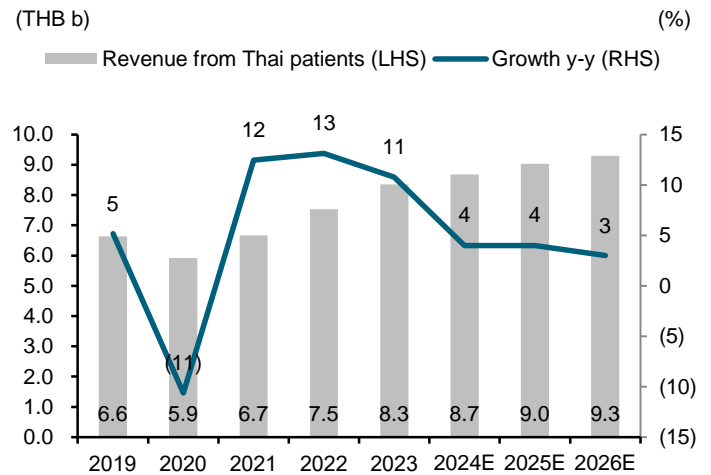
Source: BH

Exhibit 2: Thai patient revenue, quarterly

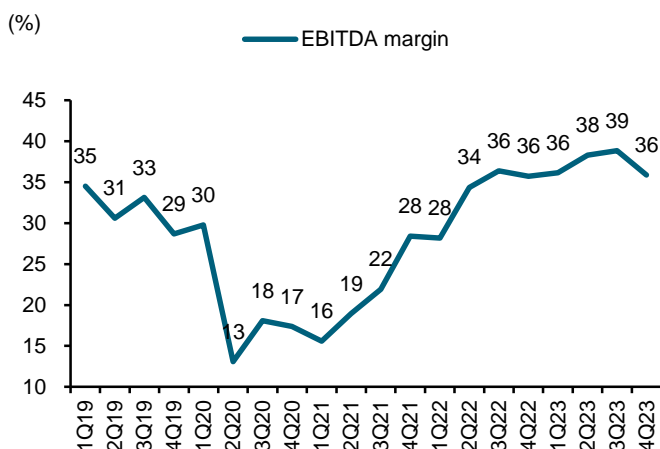
Source: BH

Exhibit 3: International patient revenue, yearly

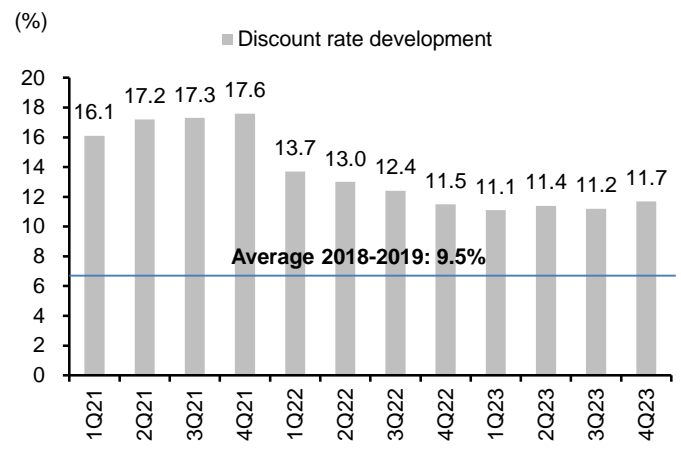
Sources: BH; FSSIA estimates

Exhibit 4: Thai patient revenue, yearly

Sources: BH; FSSIA estimates

Exhibit 5: EBITDA margin, quarterly

Source: BH

Exhibit 6: Discount rate has converted to pre-Covid level

Sources: BH; FSSIA estimates

Recap: 4Q23 results review

BH reported a strong core profit of THB1.7b (+9% y-y, -13% q-q) in 4Q23, in line with the Bloomberg consensus estimate.

Revenue grew 9% y-y in the quarter. International patient revenue grew by 12% y-y and exceeded the pre-Covid level by 41%. Thai patient revenue grew 3% y-y and exceeded the pre-Covid level by 29%.

As a result, the revenue contribution from Thai patients accounted for 32% and international patients accounted for 68% (vs 34%:66% during pre-Covid).

COGS and SG&A increased by 7% y-y and 9% y-y, respectively, mainly from personnel costs. Thus, the 4Q23 EBITDA margin slightly improved to 35.9% (vs 35.7% in 4Q22) thanks to strong revenue.

Exhibit 7: BH – 4Q23 results review

	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	5,988	6,069	6,049	6,741	6,516	(3)	9	20,721	25,376	22
COGS (incl. depreciation)	(3,136)	(3,150)	(3,041)	(3,371)	(3,332)	(1)	6	(11,099)	(12,895)	16
Gross profit	2,851	2,920	3,008	3,370	3,184	(6)	12	9,621	12,481	30
SG&A	(1,046)	(1,013)	(986)	(1,040)	(1,140)	10	9	(3,798)	(4,180)	10
Operating profit	1,805	1,906	2,021	2,330	2,044	(12)	13	5,823	8,301	43
Net other income	80	21	32	28	29	5	(63)	187	111	(41)
Interest income	15	25	30	38	49	29	220	46	141	207
Interest expense	(1)	(0)	(0)	(0)	(1)	242	95	(4)	(2)	(33)
Pretax profit	1,900	1,952	2,083	2,395	2,121	(11)	12	6,053	8,550	41
Income Tax	(335)	(355)	(382)	(438)	(408)	(7)	22	(1,072)	(1,583)	48
Share gain/loss from JV					(0)					
Share gain/loss from associates	(0)	(0)	(1)	(0)	(0)	(83)	(81)	(1)	(1)	n/a
Minority interest	(8)	(10)	(18)	(9)	(11)	18	32	(39)	(49)	n/a
Core profit	1,556	1,586	1,682	1,948	1,702	(13)	9	4,941	6,918	40
Extraordinaries, GW & FX	(10)	(3)	66	6	19			(3)	88	n/a
Reported net profit	1,546	1,583	1,748	1,954	1,721	(12)	11	4,938	7,006	42
Outstanding shares (m)	795	795	795	795	795	0	0	795	795	0
Core EPS (THB)	1.96	2.00	2.12	2.45	2.14	(13)	9	6.22	8.71	40
EPS (THB)	1.94	1.99	2.20	2.46	2.16	(12)	11	6.21	8.82	42
COGS (excl. depreciation)	2,853	2,875	2,766	3,099	3,058	(1)	7	9,982	11,798	18
Depreciation	283	275	275	272	274	1	(3)	1,117	1,097	(2)
EBITDA	2,168	2,202	2,329	2,630	2,348	(11)	8	7,127	9,509	33
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	48	48	50	50	49	(1)	1	46	49	3
SG&A/Revenue	17	17	16	15	17	2	0	18	16	(2)
EBITDA margin	35.7	36.2	38.3	38.9	35.9	(3)	0	34	37	3
Net profit margin	26	26	29	29	26	(3)	1	24	28	4
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)					
Hospital revenue growth	54	47	23	18	9					
OPD revenue growth	48	42	n/a	n/a	n/a					
IPD revenue growth	60	54	n/a	n/a	n/a					
International patient revenue growth	105	78	29	20	12					
Thai patient revenue growth	3	10	14	18	3					

Source: BH

Exhibit 8: Changes in key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
OPD patient revenue	13.3	13.9	14.7	13.8	14.7	n/a	(4.0)	(4.9)	n/a
IPD patient revenue	13.8	14.5	15.3	12.8	13.5	n/a	8.3	7.2	n/a
Thai patient revenue	8.7	9.0	9.3	8.8	9.3	n/a	(1.9)	(2.8)	n/a
International patient revenue	18.4	19.4	20.6	17.7	18.9	n/a	3.8	2.8	n/a
Revenue	27.2	28.5	30.0	26.7	28.3	n/a	1.9	0.9	n/a
EBITDA margin (%)	38.0	38.2	38.6	37.2	37.3	n/a	0.8	0.9	n/a
Core profit	7.4	7.9	8.4	7.1	7.6	n/a	4.7	3.9	n/a

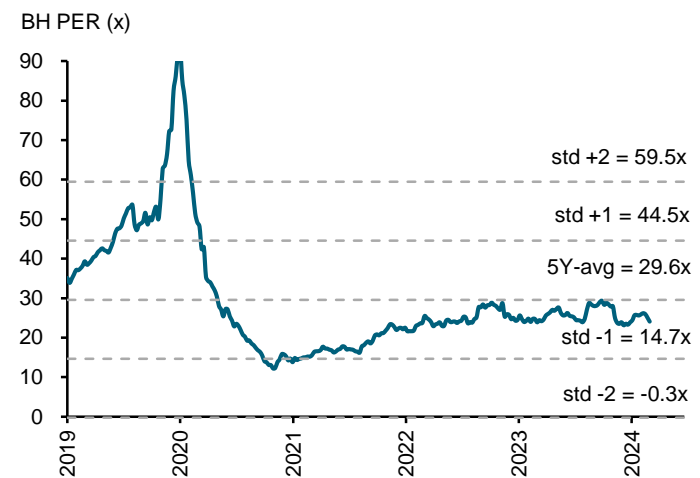
Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

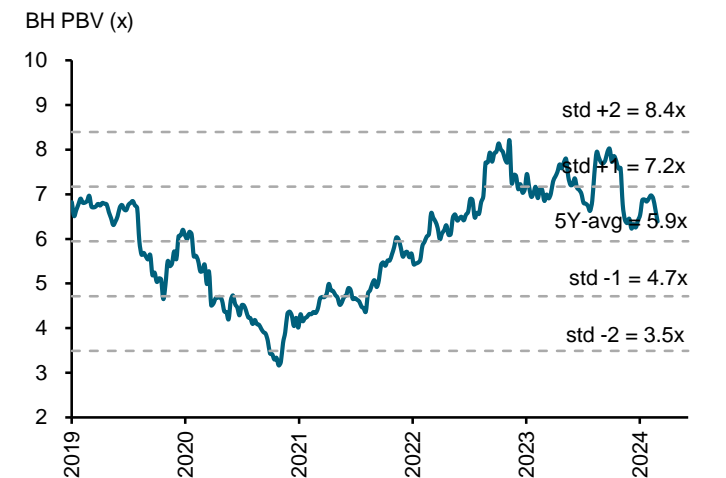
Exhibit 9: DCF valuation

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		0.7			
Cost of equity, Ke		8.6	Net cost of debt, Kd		2.8
Weight applied		87.0	Weight applied		13.0
WACC		7.8			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		78.1	84.6	WACC 7.8%, Risk-free rate 3%, Risk premium 8%	
Terminal value		189.3	205.2	Terminal growth 3%	
Cash & liquid assets		14.4	15.6	At end-2024E	
Investments		0.0	0.0	At end-2024E	
Debt		(0.1)	(0.1)	At end-2024E	
Minorities		(0.3)	(0.4)	At end-2024E	
Residual ordinary equity		281.4	305.0		

Source: FSSIA estimates

Exhibit 10: One-year forward rolling P/E band

Sources: Bloomberg; FSSIA estimates

Exhibit 11: One-year forward rolling P/BV band

Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 4 March 2024

Company	BBG	Rec	----- Share price -----			Market	----- PE -----		----- ROE -----		----- PBV -----		--- EV/ EBITDA ---	
			Current	Target	Upside	Cap	23A	24E	23A	24E	23A	24E	23A	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	27.75	35.00	26.1	12,310	31.2	28.1	15.2	15.7	4.6	4.3	18.3	16.5
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	16.2
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	28.2	24.3	14.9	15.5	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	33.3	29.7	13.2	13.6	5.8	4.1	18.2	16.3

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bumrungrad Hospital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	20,721	25,376	27,172	28,543	29,983
Cost of goods sold	(11,099)	(12,895)	(13,684)	(14,347)	(15,002)
Gross profit	9,621	12,481	13,489	14,196	14,981
Other operating income	187	111	114	118	121
Operating costs	(3,798)	(4,180)	(4,449)	(4,645)	(4,849)
Operating EBITDA	7,127	9,509	10,313	10,917	11,585
Depreciation	(1,117)	(1,097)	(1,159)	(1,247)	(1,332)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	6,010	8,412	9,154	9,669	10,253
Net financing costs	42	139	158	213	261
Associates	(1)	(1)	(1)	(1)	(1)
Recurring non-operating income	(1)	(1)	(1)	(1)	(1)
Non-recurring items	(3)	88	0	0	0
Profit before tax	6,049	8,638	9,311	9,881	10,513
Tax	(1,072)	(1,583)	(1,862)	(1,976)	(2,103)
Profit after tax	4,977	7,055	7,449	7,905	8,410
Minority interests	(39)	(49)	(52)	(55)	(58)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,938	7,006	7,397	7,850	8,352
Non-recurring items & goodwill (net)	3	(88)	0	0	0
Recurring net profit	4,941	6,918	7,397	7,850	8,352
Per share (THB)					
Recurring EPS *	6.21	8.69	9.30	9.87	10.50
Reported EPS	6.21	8.80	9.30	9.87	10.50
DPS	3.20	3.69	4.50	5.58	5.92
Diluted shares (used to calculate per share data)	796	796	796	796	796
Growth					
Revenue (%)	66.3	22.5	7.1	5.0	5.0
Operating EBITDA (%)	158.5	33.4	8.5	5.9	6.1
Operating EBIT (%)	281.0	40.0	8.8	5.6	6.0
Recurring EPS (%)	287.9	40.0	6.9	6.1	6.4
Reported EPS (%)	306.2	41.9	5.6	6.1	6.4
Operating performance					
Gross margin inc. depreciation (%)	46.4	49.2	49.6	49.7	50.0
Gross margin exc. depreciation (%)	51.8	53.5	53.9	54.1	54.4
Operating EBITDA margin (%)	34.4	37.5	38.0	38.2	38.6
Operating EBIT margin (%)	29.0	33.1	33.7	33.9	34.2
Net margin (%)	23.8	27.3	27.2	27.5	27.9
Effective tax rate (%)	17.7	18.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	51.5	42.5	48.4	56.5	56.4
Interest cover (X)	(141.7)	(60.7)	(57.8)	(45.4)	(39.3)
Inventory days	11.9	10.6	10.9	11.0	11.0
Debtor days	36.3	50.8	59.2	56.4	53.7
Creditor days	34.6	33.5	32.4	32.6	32.7
Operating ROIC (%)	40.6	52.9	52.8	54.8	57.7
ROIC (%)	39.1	51.0	50.8	52.8	55.5
ROE (%)	26.7	31.8	28.8	26.8	25.4
ROA (%)	21.9	25.6	23.4	22.0	21.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thai patient revenue	7,536	8,348	8,682	9,029	9,300
International patient revenue	13,110	16,948	18,410	19,434	20,603
Other revenue	75	80	80	80	80

Sources: Bumrungrad Hospital; FSSIA estimates

Financial Statements

Bumrungrad Hospital

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	4,941	6,918	7,397	7,850	8,352
Depreciation	1,117	1,097	1,159	1,247	1,332
Associates & minorities	-	-	-	-	-
Other non-cash items	26	(16)	52	55	58
Change in working capital	131	(1,021)	251	193	200
Cash flow from operations	6,216	6,978	8,859	9,345	9,943
Capex - maintenance	(1,170)	(1,617)	(1,630)	(1,713)	(1,499)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	(12)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,170)	(1,629)	(1,630)	(1,713)	(1,499)
Dividends paid	(2,543)	(2,938)	(3,581)	(4,438)	(4,710)
Equity finance	0	0	0	0	0
Debt finance	(8)	28	0	0	0
Other financing cash flows	(155)	31	0	0	0
Cash flow from financing	(2,705)	(2,880)	(3,581)	(4,438)	(4,710)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	2,341	2,469	3,648	3,194	3,733
Free cash flow to firm (FCFF)	5,049.59	5,351.60	7,231.30	7,635.17	8,446.26
Free cash flow to equity (FCFE)	4,882.92	5,407.78	7,228.57	7,632.44	8,443.53
Per share (THB)					
FCFF per share	5.47	5.80	7.84	8.27	9.15
FCFE per share	5.29	5.86	7.83	8.27	9.15
Recurring cash flow per share	7.65	10.05	10.82	11.50	12.24
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	26,652	27,899	29,530	31,242	32,741
Less: Accumulated depreciation	(14,236)	(14,921)	(16,080)	(17,328)	(18,660)
Tangible fixed assets (net)	12,416	12,978	13,449	13,915	14,082
Intangible fixed assets (net)	61	61	61	61	61
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1	13	13	13	13
Cash & equivalents	8,276	10,745	14,393	17,587	21,321
A/C receivable	2,658	4,408	4,408	4,408	4,408
Inventories	326	362	385	402	420
Other current assets	159	169	181	190	199
Current assets	11,419	15,685	19,367	22,588	26,348
Other assets	362	475	475	475	475
Total assets	24,259	29,212	33,365	37,051	40,979
Common equity	19,705	23,801	27,618	31,029	34,671
Minorities etc.	300	297	348	403	461
Total shareholders' equity	20,005	24,098	27,966	31,432	35,132
Long term debt	63	91	91	91	91
Other long-term liabilities	799	856	856	856	856
Long-term liabilities	862	947	947	947	947
A/C payable	1,085	1,078	1,145	1,197	1,250
Short term debt	0	0	0	0	0
Other current liabilities	2,306	3,089	3,308	3,474	3,650
Current liabilities	3,391	4,167	4,452	4,672	4,899
Total liabilities and shareholders' equity	24,259	29,212	33,365	37,051	40,979
Net working capital	(249)	772	521	329	128
Invested capital	12,591	14,299	14,520	14,792	14,759
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	24.76	29.91	34.71	38.99	43.57
Tangible book value per share	24.69	29.83	34.63	38.92	43.49
Financial strength					
Net debt/equity (%)	(41.1)	(44.2)	(51.1)	(55.7)	(60.4)
Net debt/total assets (%)	(33.9)	(36.5)	(42.9)	(47.2)	(51.8)
Current ratio (x)	3.4	3.8	4.3	4.8	5.4
CF interest cover (x)	(114.1)	(38.0)	(44.6)	(34.8)	(31.3)
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	36.9	26.3	24.6	23.2	21.8
Recurring P/E @ target price (x) *	49.1	35.1	32.8	30.9	29.1
Reported P/E (x)	36.9	26.0	24.6	23.2	21.8
Dividend yield (%)	1.4	1.6	2.0	2.4	2.6
Price/book (x)	9.2	7.7	6.6	5.9	5.3
Price/tangible book (x)	9.3	7.7	6.6	5.9	5.3
EV/EBITDA (x) **	24.5	18.1	16.3	15.1	13.9
EV/EBITDA @ target price (x) **	32.9	24.4	22.2	20.7	19.2
EV/invested capital (x)	13.8	12.0	11.6	11.2	10.9

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

Sources: Bumrungrad Hospital; FSSIA estimates

Bumrungrad Hospital PCL (BH TB)

FSSIA ESG rating



51.21 /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	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET TESI	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](https://www.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	0.85	1.30	1.60	1.49	1.73	3.35	3.58	5.08
BESG environmental pillar score	0.00	1.75	1.75	1.75	1.75	3.21	3.73	3.73
BESG social pillar score	0.18	0.18	0.38	0.38	0.85	3.19	3.25	6.43
BESG governance pillar score	3.25	3.57	4.35	3.81	3.55	3.73	4.07	3.97
ESG disclosure score	31.24	32.94	35.78	35.78	36.40	47.68	47.79	47.79
Environmental disclosure score	0.42	5.53	8.91	8.91	9.76	35.43	35.76	35.76
Social disclosure score	12.03	12.03	17.17	17.17	18.20	26.39	26.39	26.39
Governance disclosure score	81.10	81.10	81.10	81.10	81.10	81.10	81.10	81.10
Environmental								
Emissions reduction initiatives	No	No	No	No	No	Yes	Yes	Yes
Climate change policy	No	No	No	No	No	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	Yes	Yes
GHG scope 1	—	—	—	—	—	—	—	—
GHG scope 2 location-based	—	—	—	—	—	—	—	—
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	0	0	0	0	0	0	0
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	—	—
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	No	No	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	Yes	Yes	Yes
Water policy	No	No	No	No	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	No	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	—	—	—	—	—	—	—	—
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	No	No	No	No	No	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	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
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	—	—	3,984	3,980	4,088	3,782	3,455	4,219
Employee turnover pct	—	—	—	—	—	7	7	8
Total hours spent by firm - employee training	—	—	247,805	268,252	283,707	207,353	195,380	234,480
Social supply chain management	No	No	No	No	No	Yes	Yes	Yes
Governance								
Board size	11	11	11	11	10	10	11	11
No. of independent directors (ID)	4	4	4	4	4	4	5	5
No. of women on board	3	3	3	3	3	3	3	3
No. of non-executive directors on board	8	8	9	9	9	9	10	10
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	5	4	6	4	4	7	4	4
Board meeting attendance pct	91	93	97	87	88	87	95	98
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	42	43	49	50	51	52	27	28
Age of the oldest director	75	75	78	79	79	80	78	79
No. of executives / company managers	7	6	6	6	4	4	4	5
No. of female executives	1	2	2	3	3	3	3	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	4	4
No. of ID on audit committee	3	3	3	3	3	3	4	4
Audit committee meetings	4	4	4	5	5	4	4	4
Audit meeting attendance %	100	92	92	87	100	100	87	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	1	1	1	1	1	1	1	1
No. of compensation committee meetings	1	1	5	3	2	2	3	3
Compensation meeting attendance %	100	100	100	100	100	83	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	1	1	5	3	2	2	3	3
Nomination meeting attendance %	100	100	100	100	100	83	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.													
	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities										
	AA	7.143-8.570												
	A	5.714-7.142	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers										
	BBB	4.286-5.713												
	BB	2.857-4.285												
	B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks										
	CCC	0.000-1.428												
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <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
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 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.
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.