

# RAMKHAMHAENG HOSPITAL

## THAILAND / HEALTH CARE SERVICES

# RAM TB

# BUY

UNCHANGED

## On the road to recovery

- RAM 2's EBITDA turned positive in 4Q23; expect revenue to jump by 3.5x and contribute 4% of total revenue in 2024.
- Expect core profit to grow by 26% in 2024, driven by the improving performance of Vibharam and a smaller loss from RAM 2.
- Maintain BUY with a new DCF-based TP of THB46/shr.

TARGET PRICE	THB46.00
CLOSE	THB31.00
UP/DOWNSIDE	+48.4%
PRIOR TP	THB50.00
CHANGE IN TP	-8.0%
TP vs CONSENSUS	+53.3%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	9,634	10,736	11,716	12,518
Net profit	1,551	1,755	2,018	2,288
EPS (THB)	1.29	1.46	1.68	1.91
vs Consensus (%)	-	9.8	11.3	34.5
EBITDA	1,650	2,152	2,584	2,888
Recurring net profit	1,394	1,755	2,018	2,288
Core EPS (THB)	1.16	1.46	1.68	1.91
Chg. In EPS est. (%)	nm	(4.5)	(4.4)	nm
EPS growth (%)	(33.2)	25.8	15.0	13.3
Core P/E (x)	26.7	21.2	18.4	16.3
Dividend yield (%)	2.9	2.4	2.7	3.1
EV/EBITDA (x)	33.7	26.0	20.7	18.0
Price/book (x)	2.0	1.9	1.8	1.7
Net debt/Equity (%)	35.5	36.3	26.7	20.1
ROE (%)	7.4	9.3	10.2	10.9

## Recap: 4Q23 results review

RAM's core profit grew by 20% y-y to THB328m in 4Q23 due to the low base in 4Q22. Revenue fell by 1% y-y, hit by a revenue reversal and provision expenses related to Covid treatments and the high cost of care treatments (RW>2) under the SSO scheme, totaling a combined THB196m. Excluding this item, revenue grew by 7% y-y in the quarter. Core profit also dropped by 31% q-q due to the one-off item mentioned above and lower share income at THB121m in 4Q23 (vs THB275m in 3Q23), as THG booked a loss following provision expenses related to Covid treatments.

## RAM 2 to turn profitable in 2025

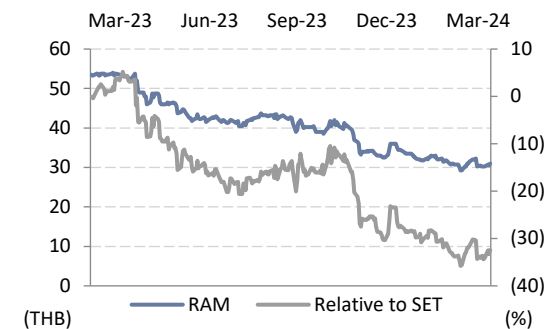
RAM 2, which recently opened, has ramped up revenue to an average of THB23m/month in 4Q23 (vs THB20m in Sep-23), and EBITDA turned positive at THB5m in 4Q23. Management targets an improved IPD utilization rate from an average of 20 beds/day in 4Q23 to 40-50 beds by 1H24, and expects to increase IPD bed capacity from 75 beds to 120 beds by the end of 2024. We expect RAM 2's EBITDA to turn positive on a yearly basis at THB70m in 2024. However, it should still book an earnings loss of THB40m-50m in 2024 (vs THB75m loss in 2023).

## Expect revenue to grow by 11% in 2024

We expect revenue to grow by 11% in 2024, relatively in line with management's guidance. Aside from RAM 2's strong revenue growth, we expect RAM Flagship's revenue to grow by 6%, driven by its new medical products, and Vibharam's revenue to grow by 10% from more SSO registered members. We also expect share income to increase by 20% to THB853m from the low base in 2023 (weak performance of THG in 4Q23). Overall, we forecast 2024 core profit to grow by 26% to THB1.8b.

## Trimmed core profit; trading at a cheap valuation

We cut 2024-25E core profit by 11-12% to reflect the weaker-than-expected revenue and EBITDA margin of Vibharam in 2H23, and derive a new 2024 DCF-TP of THB46/shr. RAM is trading at a cheap valuation of only 21x 2024E P/E (vs peers' avg of 24x and its 5-yr avg of 29x). The share price catalyst, in our view, is the strong improvement trend of RAM 2's performance.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.8	(13.9)	(42.1)
Relative to country (%)	1.8	(12.0)	(33.1)
Mkt cap (USD m)	1,022		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	25		
Major shareholder	F&S 79 (24%)		
12m high/low (THB)	54.00/29.25		
Issued shares (m)	1,200.00		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

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

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

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

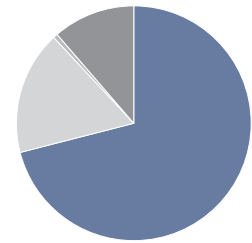
### Company profile

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

[www.ram-hosp.co.th](http://www.ram-hosp.co.th)

### Principal activities (revenue, 2023)

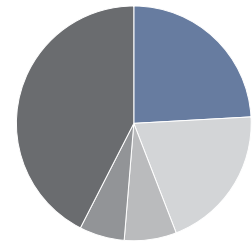
- Cash patient - 71.0 %
- SSO - 17.1 %
- NHSO - 0.6 %
- Sales of medical equipment - 11.3 %



Source: Ramkhamhaeng Hospital

### Major shareholders

- F&S 79 - 24.1 %
- Cypress Consolidated Healthcare - 20.0 %
- Chiangmai Ram Hospital - 7.2 %
- Vibhavadi Hospital PCL - 6.2 %
- Others - 42.5 %



Source: Ramkhamhaeng Hospital

### Catalysts

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

### Risks to our call

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

### Event calendar

Date	Event
May 2024	1Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
Ramkhamhaeng revenue growth (y-y %)	6	5	4
Ramkhamhaeng EBITDA margin (%)	30	30	31
Subsidiary revenue growth (y-y %)	17	13	9
Subsidiary EBITDA margin (%)	12	16	18
Share income - Synphaet (THB m)	242	264	274
Share income - Sukhumvit (THB m)	65	68	72
Share income - Chiangmai Ram (THB m)	157	162	167
Share income - VIBHA (THB m)	100	110	122
Share income - THG (THB m)	176	204	226

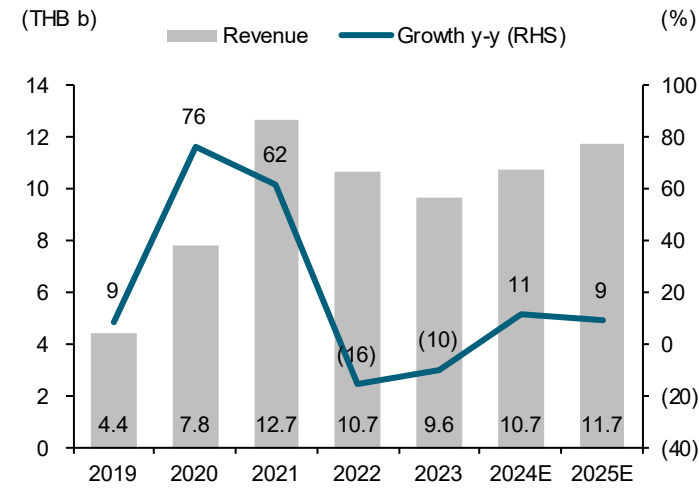
Source: FSSIA estimates

### Earnings sensitivity

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

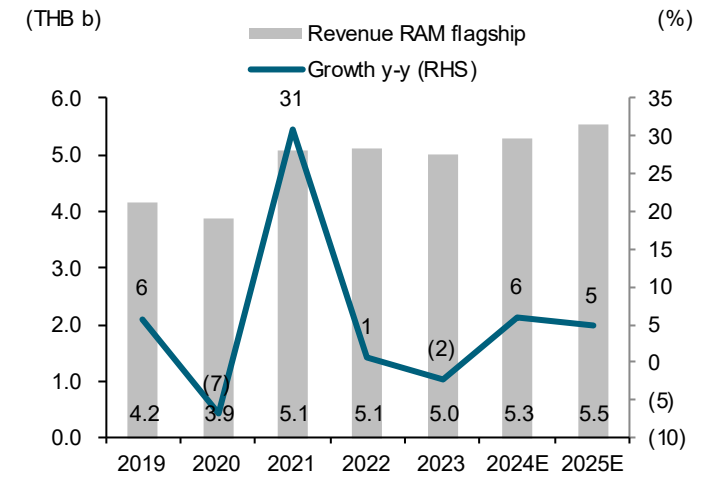
Source: FSSIA estimates

**Exhibit 1: RAM's total revenue**



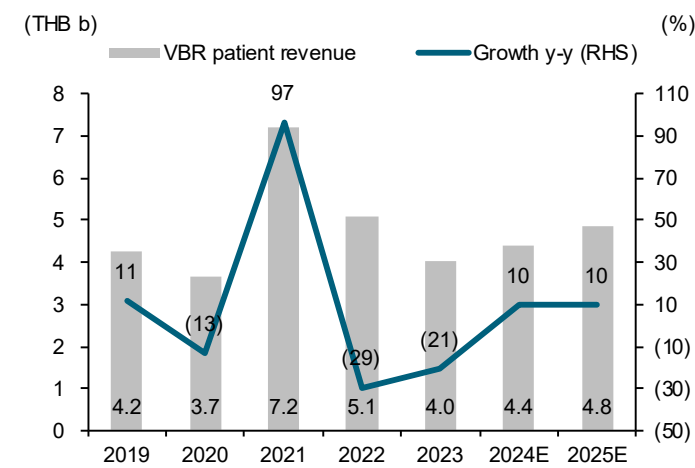
Sources: RAM; FSSIA estimates

**Exhibit 2: RAM flagship's medical treatment revenue**



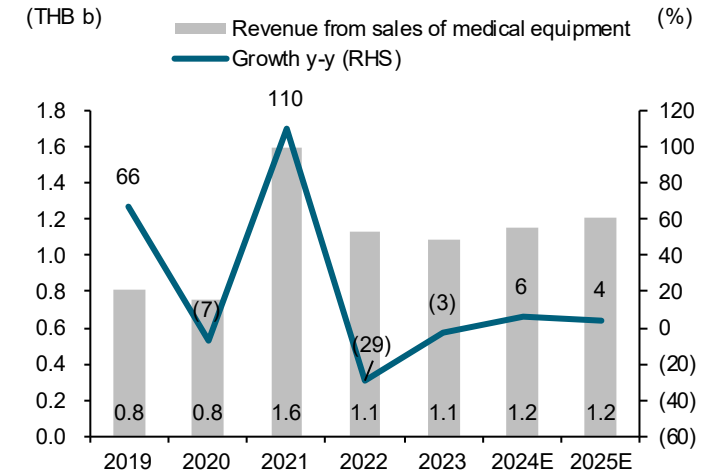
Sources: RAM; FSSIA estimates

**Exhibit 3: Vibharam's medical treatment revenue**



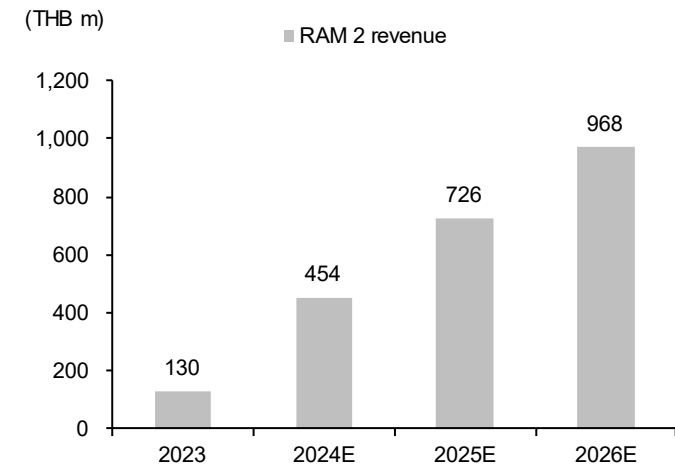
Sources: RAM; FSSIA estimates

**Exhibit 4: Revenue from sales of medical equipment**



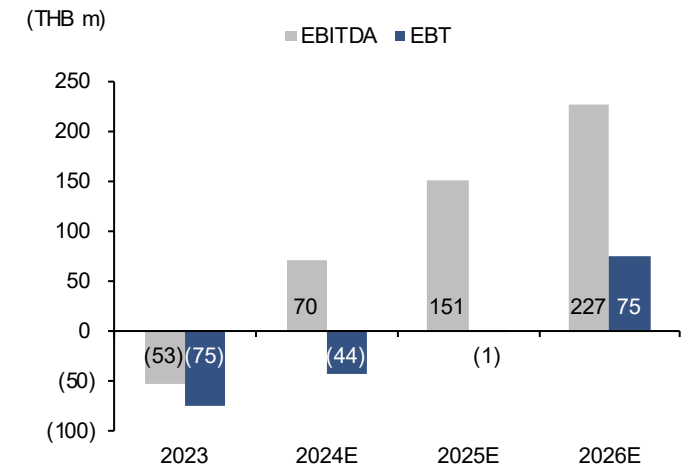
Sources: RAM; FSSIA estimates

**Exhibit 5: RAM 2's revenue**



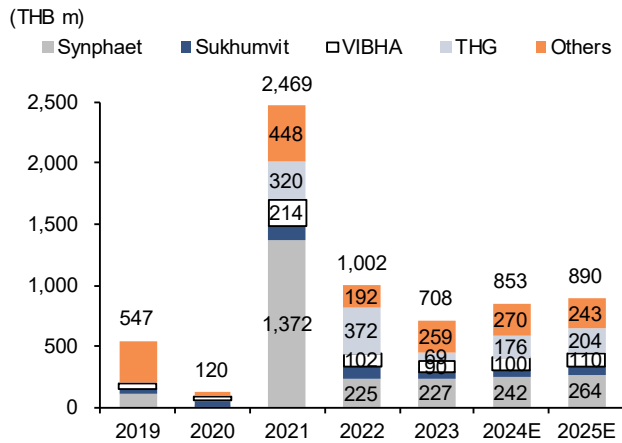
Sources: RAM; FSSIA estimates

**Exhibit 6: RAM 2's EBITDA and EBT**



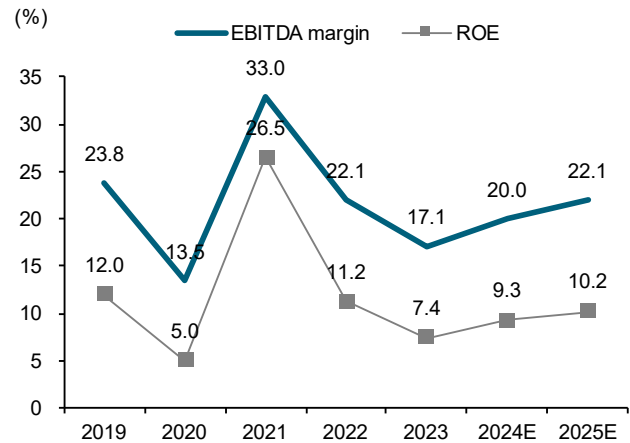
Sources: RAM; FSSIA estimates

Exhibit 7: RAM's share income



Sources: RAM; FSSIA estimates

Exhibit 8: EBITDA margin and ROE



Sources: RAM; FSSIA estimates

Exhibit 9: 4Q23 results review

FY ending Dec	4Q22	1Q23	2Q23	3Q23	4Q23	Change		2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	2,413	2,270	2,472	2,505	2,387	(5)	(1)	9,634	(10)
COGS (incl depreciation)	(1,906)	(1,728)	(1,825)	(1,824)	(2,083)	14	9	(7,461)	(5)
<b>Gross profit</b>	<b>507</b>	<b>542</b>	<b>646</b>	<b>681</b>	<b>304</b>	<b>(55)</b>	<b>(40)</b>	<b>2,174</b>	<b>(24)</b>
SG&A	(364)	(476)	(444)	(446)	(193)	(57)	(47)	(1,559)	3
<b>Operating profit</b>	<b>142</b>	<b>66</b>	<b>202</b>	<b>235</b>	<b>111</b>	<b>(53)</b>	<b>(22)</b>	<b>614</b>	<b>(55)</b>
Dividend income	5	57	126	98	10	(89)	117	292	
Net other income	33	32	25	25	16	(37)	(52)	98	(12)
Interest expenses	(66)	(72)	(80)	(86)	(94)	9	41	(332)	37
<b>Pretax profit</b>	<b>114</b>	<b>83</b>	<b>273</b>	<b>272</b>	<b>43</b>	<b>(84)</b>	<b>(62)</b>	<b>672</b>	<b>(57)</b>
Income tax	(25)	(27)	(125)	(67)	(52)	(22)	112	(271)	(1)
Associates	134	201	111	275	121	(56)	(10)	708	(29)
Minority interest	50	10	62	(2)	216			285	(234)
<b>Core profit</b>	<b>273</b>	<b>267</b>	<b>320</b>	<b>478</b>	<b>328</b>	<b>(31)</b>	<b>20</b>	<b>1,394</b>	<b>(33)</b>
Extraordinaries, GW & FX	0	0	156	0	1				
<b>Reported net profit</b>	<b>274</b>	<b>267</b>	<b>476</b>	<b>478</b>	<b>329</b>	<b>(31)</b>	<b>20</b>	<b>1,394</b>	<b>(33)</b>
Outstanding shares (m)	1,200	1,200	1,200	1,200	1,200	0	0	1,201	0
<b>Pre-ex EPS (THB)</b>	<b>0.23</b>	<b>0.22</b>	<b>0.27</b>	<b>0.40</b>	<b>0.27</b>	<b>(31)</b>	<b>20</b>	<b>1.16</b>	<b>(33)</b>
<b>EPS (THB)</b>	<b>0.23</b>	<b>0.22</b>	<b>0.40</b>	<b>0.40</b>	<b>0.27</b>	<b>(31)</b>	<b>20</b>	<b>1.16</b>	<b>(33)</b>
COGS excl. depreciation	(1,664)	(1,419)	(1,574)	(1,572)	(1,859)	18	12	(6,424)	(6)
Depreciation	(242)	(309)	(251)	(252)	(224)	(11)	(7)	(1,036)	4
EBITDA	384	375	453	487	335	(31)	(13)	1,650	(30)
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	21	24	26	27	13	(14)	(8)	23	(4)
SG&A/Revenue	15	21	18	18	8	(10)	(7)	16	2
EBITDA margin	16	16	18	19	14	(5)	(2)	17	(5)
Net profit margin	11	12	19	19	14	(5)	2	14	(5)
<b>Operating stats</b>									
Ramkhamhaeng hospital revenue growth (y-y %)	11	(4)	1	(5)	(1)				
Ramkhamhaeng EBITDA margin (%)	33	33	30	29	25				
Subsidiary hospital revenue growth (y-y %)	(45)	(35)	(12)	(10)	(3)				
Subsidiary EBITDA margin (%)	1	0	7	9	7				
Share income - Synphaet (THB m)	50	44	22	91	71				
Share income - THG (THB m)	64	46	28	67	(72)				
Share income - Sukhumvit (THB m)	20	15	21	14	12				
Share income - Chiangmai Ram (THB m)	21	50	13	41	49				
Share income - VIBHA (THB m)	(19)	13	19	31	28				
Share income - RJH (THB m)	0	0	0	0	0				

Source: RAM

**Exhibit 10: RAM – forecast revisions**

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Revenue	10,736	11,716	12,518	10,907	11,613	12,451	(2)	1	1
EBITDA margin (%)	20.0	22.1	23.1	21.7	23.0	23.6	(2)	(1)	(1)
Core profit	1,755	2,018	2,288	1,965	2,289	2,531	(11)	(12)	(10)
<b>Key assumptions</b>									
RAM's flagship hospital revenue	4,134	4,341	4,514	4,192	4,402	4,622	(1)	(1)	(2)
Revenue from sales of medical equipment	1,157	1,204	1,252	1,171	1,229	1,278	(1)	(2)	(2)
Subsidiary hospital revenue	5,445	6,172	6,752	5,544	5,982	6,550	(2)	3	3
Share income	853	890	973	871	1,012	1,085	(2)	(12)	(10)

Note: Change of items in percentage terms are represented in ppt change  
Sources: RAM; FSSIA estimates

**Exhibit 11: DCF-derived TP**

Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	1.0		
Cost of equity, Ke	10.7	Net cost of debt, Kd	2.8
Weight applied	70.0	Weight applied	30.0
WACC	8.3		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	26.7	22.3	WACC 8.3%, Risk-free rate 3%, Risk premium 8%
Terminal value	47.3	39.4	Terminal growth 3%
Cash & liquid assets	0.5	0.4	At end-2024E
Investments	0.0	0.0	At end-2024E
Debt	(10.7)	(8.9)	At end-2024E
Minorities	(8.7)	(7.2)	At end-2024E
<b>Residual ordinary equity</b>	<b>55.2</b>	<b>46.0</b>	

Source: FSSIA estimates

**Exhibit 12: Peer comparisons as of 27 Mar 2024**

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
<b>Thailand</b>														
Bangkok Dusit Med Service	BDMS TB	BUY	28.50	35.00	22.8	12,437	27.6	25.3	16.8	17.3	4.5	4.2	16.7	15.2
Bumrungrad Hospital	BH TB	BUY	224.00	305.00	36.2	4,890	24.1	22.7	28.8	26.8	6.5	5.7	15.9	14.8
Bangkok Chain Hospital	BCH TB	BUY	20.60	26.00	26.2	1,411	27.6	24.4	14.2	14.9	3.8	3.5	15.0	13.2
Chularat Hospital	CHG TB	BUY	2.90	3.90	34.5	876	24.5	21.4	16.7	17.7	4.0	3.6	14.3	12.6
Praram 9 Hospital	PR9 TB	BUY	19.00	22.00	15.8	410	24.8	22.8	11.5	11.7	2.7	2.6	12.0	10.8
Thonburi Healthcare Group	THG TB	HOLD	41.25	55.00	33.3	960	29.0	25.2	11.4	12.4	3.2	3.1	15.3	13.9
Ramkhamhaeng Hospital	RAM TB	BUY	31.00	46.00	48.4	1,022	21.2	18.4	9.3	10.2	1.9	1.8	26.0	20.7
Rajthanee Hospital	RJH TB	n/a	24.90	n/a	n/a	205	17.5	18.0	19.1	18.8	5.0	3.3	13.0	12.3
Ekachai Medical Care	EKH TB	n/a	7.75	n/a	n/a	151	19.3	18.6	14.6	13.4	5.7	2.6	10.5	9.7
<b>Thailand average</b>						<b>22,362</b>	<b>24.0</b>	<b>21.9</b>	<b>15.8</b>	<b>15.9</b>	<b>4.1</b>	<b>3.4</b>	<b>15.4</b>	<b>13.7</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	56.27	n/a	n/a	8,452	38.1	42.2	8.6	7.0	3.2	3.1	12.1	11.3
Ihh Healthcare Bhd	IHH SP	n/a	1.72	n/a	n/a	11,234	33.4	31.1	6.3	6.0	2.3	1.9	14.1	13.2
Ryman Healthcare	RYM NZ	n/a	4.42	n/a	n/a	1,876	9.1	11.4	7.5	7.0	1.1	0.6	11.9	13.6
Apollo Hospitals Enterprise	APHS IN	n/a	6,231	n/a	n/a	10,754	106.5	91.6	13.8	14.9	24.7	13.9	43.8	38.4
Kpj Healthcare Berhad	KPJ MK	n/a	1.90	n/a	n/a	1,752	35.8	28.4	10.2	11.6	4.2	3.5	15.2	13.7
Raffles Medical Group	RFMD SP	n/a	1.05	n/a	n/a	1,432	21.7	26.7	8.6	7.1	2.2	1.9	10.7	12.6
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,710	n/a	n/a	2,457	40.4	34.6	17.1	17.8	8.0	6.5	25.0	21.8
Aier Eye Hospital Group	300015 CH	n/a	12.81	n/a	n/a	16,638	34.1	27.0	18.3	19.6	13.8	5.9	20.2	16.2
<b>Regional average</b>						<b>54,595</b>	<b>39.9</b>	<b>36.6</b>	<b>11.3</b>	<b>11.4</b>	<b>7.4</b>	<b>4.7</b>	<b>19.1</b>	<b>17.6</b>
<b>Overall average</b>						<b>76,956</b>	<b>31.5</b>	<b>28.8</b>	<b>13.7</b>	<b>13.8</b>	<b>5.7</b>	<b>4.0</b>	<b>17.2</b>	<b>15.5</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Ramkhamhaeng Hospital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	10,687	9,634	10,736	11,716	12,518
Cost of goods sold	(7,815)	(7,461)	(8,050)	(8,686)	(9,188)
<b>Gross profit</b>	<b>2,872</b>	<b>2,174</b>	<b>2,686</b>	<b>3,030</b>	<b>3,330</b>
Other operating income	-	-	-	-	-
Operating costs	(1,513)	(1,559)	(1,628)	(1,684)	(1,743)
<b>Operating EBITDA</b>	<b>2,356</b>	<b>1,650</b>	<b>2,152</b>	<b>2,584</b>	<b>2,888</b>
Depreciation	(998)	(1,036)	(1,095)	(1,239)	(1,300)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>1,359</b>	<b>614</b>	<b>1,057</b>	<b>1,345</b>	<b>1,588</b>
Net financing costs	(234)	(328)	(352)	(345)	(328)
Associates	1,002	708	853	890	973
Recurring non-operating income	1,450	1,093	1,250	1,300	1,394
Non-recurring items	0	157	0	0	0
<b>Profit before tax</b>	<b>2,575</b>	<b>1,537</b>	<b>1,955</b>	<b>2,300</b>	<b>2,654</b>
Tax	(274)	(271)	(220)	(282)	(336)
<b>Profit after tax</b>	<b>2,301</b>	<b>1,266</b>	<b>1,735</b>	<b>2,018</b>	<b>2,318</b>
Minority interests	(212)	285	20	0	(30)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>2,088</b>	<b>1,551</b>	<b>1,755</b>	<b>2,018</b>	<b>2,288</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(157)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,088</b>	<b>1,394</b>	<b>1,755</b>	<b>2,018</b>	<b>2,288</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.74	1.16	1.46	1.68	1.91
Reported EPS	1.74	1.29	1.46	1.68	1.91
DPS	1.10	0.90	0.73	0.84	0.95
Diluted shares (used to calculate per share data)	1,200	1,200	1,200	1,200	1,200
<b>Growth</b>					
Revenue (%)	(15.6)	(9.8)	11.4	9.1	6.8
Operating EBITDA (%)	(43.6)	(30.0)	30.4	20.1	11.7
Operating EBIT (%)	(59.6)	(54.8)	72.1	27.2	18.0
Recurring EPS (%)	(48.4)	(33.2)	25.8	15.0	13.3
Reported EPS (%)	(49.9)	(25.7)	13.1	15.0	13.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	26.9	22.6	25.0	25.9	26.6
Gross margin exc. depreciation (%)	36.2	33.3	35.2	36.4	37.0
Operating EBITDA margin (%)	22.1	17.1	20.0	22.1	23.1
Operating EBIT margin (%)	12.7	6.4	9.8	11.5	12.7
Net margin (%)	19.5	14.5	16.3	17.2	18.3
Effective tax rate (%)	17.4	40.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	63.2	77.5	50.0	50.0	50.0
Interest cover (X)	12.0	5.2	6.5	7.7	9.1
Inventory days	40.8	45.3	45.0	45.2	45.5
Debtor days	77.7	64.6	41.7	31.3	27.6
Creditor days	30.4	39.0	38.1	38.3	38.5
Operating ROIC (%)	7.7	2.2	5.1	6.6	8.3
ROIC (%)	6.4	2.7	4.8	5.5	6.4
ROE (%)	11.2	7.4	9.3	10.2	10.9
ROA (%)	6.4	3.1	4.9	5.5	6.0
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cash patient	7,604	6,840	7,761	8,571	9,192
SSO	1,716	1,643	1,758	1,881	2,013
NHSO	241	59	60	60	61
Sales of medical equipment	1,126	1,092	1,157	1,204	1,252

Sources: Ramkhamhaeng Hospital; FSSIA estimates

## Financial Statements

### Ramkhamhaeng Hospital

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,088	1,394	1,755	2,018	2,288
Depreciation	998	1,036	1,095	1,239	1,300
Associates & minorities	-	-	-	-	-
Other non-cash items	609	254	(20)	0	30
Change in working capital	439	1,079	(1,060)	1,195	(76)
<b>Cash flow from operations</b>	<b>4,134</b>	<b>3,763</b>	<b>1,769</b>	<b>4,452</b>	<b>3,542</b>
Capex - maintenance	(4,895)	(2,125)	(777)	(831)	(873)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,480)	812	(395)	(360)	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(6,375)</b>	<b>(1,314)</b>	<b>(1,172)</b>	<b>(1,191)</b>	<b>(873)</b>
Dividends paid	(1,362)	(1,429)	(1,080)	(877)	(1,009)
Equity finance	0	0	0	0	0
Debt finance	1,318	(410)	(300)	(300)	(300)
Other financing cash flows	2,527	(683)	10	0	(15)
<b>Cash flow from financing</b>	<b>2,483</b>	<b>(2,522)</b>	<b>(1,370)</b>	<b>(1,177)</b>	<b>(1,324)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>242</b>	<b>(73)</b>	<b>(773)</b>	<b>2,084</b>	<b>1,345</b>
Free cash flow to firm (FCFF)	(1,997.35)	2,781.59	954.02	3,608.23	3,006.01
Free cash flow to equity (FCFE)	1,604.43	1,356.69	307.38	2,961.49	2,354.17

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	(1.66)	2.32	0.80	3.01	2.51
FCFE per share	1.34	1.13	0.26	2.47	1.96
Recurring cash flow per share	3.08	2.24	2.36	2.71	3.01

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	24,024	25,423	26,200	27,031	27,903
Less: Accumulated depreciation	(9,062)	(9,373)	(10,467)	(11,707)	(13,007)
<b>Tangible fixed assets (net)</b>	<b>14,961</b>	<b>16,050</b>	<b>15,732</b>	<b>15,324</b>	<b>14,897</b>
<b>Intangible fixed assets (net)</b>	<b>422</b>	<b>437</b>	<b>437</b>	<b>437</b>	<b>437</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	21,496	20,684	21,079	21,439	21,439
Cash & equivalents	1,369	1,296	523	2,608	3,953
A/C receivable	2,023	1,386	1,064	947	947
Inventories	770	823	892	955	1,011
Other current assets	373	234	972	345	436
<b>Current assets</b>	<b>4,534</b>	<b>3,739</b>	<b>3,451</b>	<b>4,854</b>	<b>6,347</b>
Other assets	202	348	348	348	348
<b>Total assets</b>	<b>41,615</b>	<b>41,259</b>	<b>41,048</b>	<b>42,402</b>	<b>43,468</b>
Common equity	19,387	18,543	19,217	20,358	21,636
Minorities etc.	8,592	8,679	8,669	8,669	8,684
<b>Total shareholders' equity</b>	<b>27,980</b>	<b>27,222</b>	<b>27,886</b>	<b>29,027</b>	<b>30,321</b>
Long term debt	5,189	3,599	3,599	3,599	3,599
Other long-term liabilities	501	956	956	956	956
<b>Long-term liabilities</b>	<b>5,690</b>	<b>4,555</b>	<b>4,555</b>	<b>4,555</b>	<b>4,555</b>
A/C payable	676	697	754	808	856
Short term debt	6,178	7,358	7,058	6,758	6,458
Other current liabilities	1,092	1,427	794	1,254	1,279
<b>Current liabilities</b>	<b>7,945</b>	<b>9,482</b>	<b>8,607</b>	<b>8,820</b>	<b>8,592</b>
<b>Total liabilities and shareholders' equity</b>	<b>41,615</b>	<b>41,259</b>	<b>41,048</b>	<b>42,402</b>	<b>43,468</b>
Net working capital	1,398	319	1,380	185	260
Invested capital	38,480	37,839	38,976	37,732	37,381

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	16.16	15.45	16.01	16.96	18.03
Tangible book value per share	15.80	15.09	15.65	16.60	17.67

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	35.7	35.5	36.3	26.7	20.1
Net debt/total assets (%)	24.0	23.4	24.7	18.3	14.0
Current ratio (x)	0.6	0.4	0.4	0.6	0.7
CF interest cover (x)	7.9	5.1	1.9	9.6	8.2

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>17.8</b>	<b>26.7</b>	<b>21.2</b>	<b>18.4</b>	<b>16.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>26.4</b>	<b>39.6</b>	<b>31.5</b>	<b>27.4</b>	<b>24.1</b>
Reported P/E (x)	17.8	24.0	21.2	18.4	16.3
Dividend yield (%)	3.5	2.9	2.4	2.7	3.1
Price/book (x)	1.9	2.0	1.9	1.8	1.7
Price/tangible book (x)	2.0	2.1	2.0	1.9	1.8
EV/EBITDA (x) **	23.7	33.7	26.0	20.7	18.0
EV/EBITDA @ target price (x) **	31.3	44.6	34.4	27.7	24.2
EV/invested capital (x)	1.4	1.5	1.4	1.4	1.4

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

Sources: Ramkhamhaeng Hospital; FSSIA estimates

## 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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainalytics</b>	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 &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	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.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-top: 10px;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Ramkhamhaeng Hospital	RAM TB	THB 31.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.
Bangkok Dusit Medical Services	BDMS TB	THB 28.50	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 224.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Chain Hospital	BCH TB	THB 20.60	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 2.90	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 19.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Thonburi Healthcare Group	THG TB	THB 41.25	HOLD	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units. Downside risks include 1) regulatory risks from drug prices and medical bill controls; and 2) a slowdown in international patients due to economic concerns.

Source: FSSIA estimates

### Additional Disclosures

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

All share prices are as at market close on 27-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.