

# BUMRUNGRAD HOSPITAL

# BH TB

THAILAND / HEALTH CARE SERVICES

## BUY

UNCHANGED

TARGET PRICE	THB310.00
CLOSE	THB243.00
UP/DOWNSIDE	+27.6%
PRIOR TP	THB305.00
CHANGE IN TP	+1.6%
TP vs CONSENSUS	+9.3%

## Improving margin trend likely to continue

- Despite the impact of a slowdown in Myanmar and Kuwait patients, the 1Q24 EBITDA margin was healthy, driven by price adjustment.
- Expect BH hospitals to enter the approved hospital list for Kuwaiti and Saudi Arabian citizens seeking treatment overseas.
- Maintain BUY with a higher DCF-based TP of THB310/shr.

### Positive feedback from analyst meeting on 2 May

Management provided more breakdowns for 1Q24. Overall revenue grew by 8% y-y, driven by revenue from Thai (+9% y-y) and expat patients (+11% y-y). International patient revenue grew at a slower pace of 6% y-y, dragged by a 1% y-y decrease in Indochina. Middle East patients posted extended growth of 5% y-y despite a sharp drop in Kuwaiti patient revenue (-58% y-y). Patient volume grew by 2%, and prices increased by 6%. However, revenue intensity was relatively flat y-y, given that the high intensity of ME patients (+18% y-y) helped offset a slowdown in Thai (-5% y-y) and Indochina patients (-3% y-y). Thus, we conclude that the solid EBITDA margin of 41% in 1Q24, driven by price increases coupled with a lower discount rate (10.7% in 1Q24 vs an average of 11.4% in 2023), and the margin improvement trend should continue.

### Kuwait to cut approved hospital list for Thailand

Kuwait recently formed a new Cabinet, including its Minister of Health. They are finalizing Thailand's approved hospital list for their citizens to get the guarantee of payment (GOP) for medical treatments. BH mentioned they could cut the number of hospitals on the list to 2-3 (from 17 previously) and finalize it by 3Q24. We believe BH should be on the list and benefit from lower competitors. In addition, the Thai government also discussed with Saudi Arabia to make Thailand one of their approved destinations for citizens seeking treatment overseas.

### Expect 2024 core profit to grow by 13%

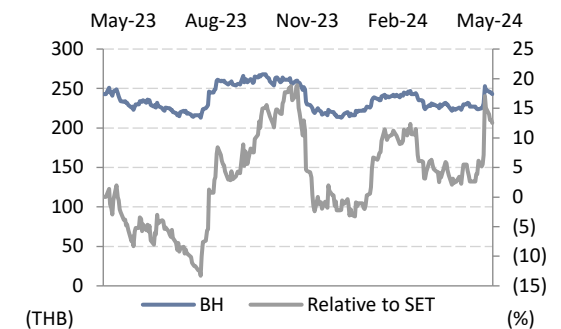
BH targeted single-digit revenue growth y-y in 2Q24. Thus, we expect the core profit to grow y-y. However, it may be flat or slightly decline q-q due to a low season. For 2024, we forecast revenue growth of 7% (6% for Thai and 8% for international patients) and EBITDA margin to improve to 39.6% (from 37.5% in 2023). This should lead 2024 core profit to grow by 13% to THB7.8b.

### Raise core profit estimate

We have increased our 2024-26E core profit by 3-6% to reflect the strong 1Q24 results and derive a new 2024 DCF-TP of THB310/shr. BH trades at an attractive valuation of 25x 2024E P/E (vs 5-yr avg of 29x). Also, it has share price catalysts from an improving EBITDA margin trend and the prospect that BH hospitals will enter the approved hospital list of Kuwait and Saudi Arabia.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	25,376	27,172	28,543	29,983
Net profit	7,006	7,802	8,265	8,576
EPS (THB)	8.80	9.81	10.39	10.78
vs Consensus (%)	-	6.0	5.4	3.5
EBITDA	9,509	10,748	11,402	11,855
Recurring net profit	6,918	7,802	8,265	8,576
Core EPS (THB)	8.69	9.81	10.39	10.78
Chg. In EPS est. (%)	-	5.5	5.3	2.7
EPS growth (%)	40.0	12.8	5.9	3.8
Core P/E (x)	28.0	24.8	23.4	22.5
Dividend yield (%)	1.5	1.9	2.4	2.6
EV/EBITDA (x)	19.2	16.7	15.4	14.5
Price/book (x)	8.1	6.9	6.1	5.5
Net debt/Equity (%)	(44.2)	(51.5)	(56.1)	(60.7)
ROE (%)	31.8	30.1	27.7	25.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.0	0.4	1.7
Relative to country (%)	9.3	0.8	14.0
Mkt cap (USD m)	5,225		
3m avg. daily turnover (USD m)	17.7		
Free float (%)	65		
Major shareholder	Thai NVDR (13%)		
12m high/low (THB)	272.00/210.00		
Issued shares (m)	922.70		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

We think BH’s operations are on 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), a 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 on an upward trend since its hospitals have started to reduce their medical discount rate. Plus, international patients, which usually command a higher EBITDA margin than Thai patients, are beginning to recover in terms of volume.

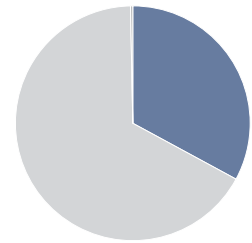
### Company profile

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

[www.bumrungrad.com](http://www.bumrungrad.com)

### Principal activities (revenue, 2023)

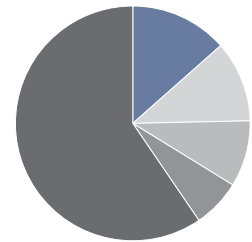
- Thai patient revenue - 32.9 %
- International patient revenue - 66.8 %
- Other revenue - 0.3 %



Source: Bumrungrad Hospital

### Major shareholders

- Thai NVDR - 13.5 %
- Bangkok Insurance - 11.2 %
- UOB Kay Hian (Hong Kong) - 9.1 %
- Bangkok Bank - 6.7 %
- Others - 59.5 %



Source: Bumrungrad Hospital

### Catalysts

Key growth drivers include 1) a recovery in international patient numbers; 2) the new business model, “Bumrungrad Health Network”, which should enable BH to capture the middle-class patient segment; and 3) the 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 price and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.

### Event calendar

Date	Event
Aug 2024	2Q24 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

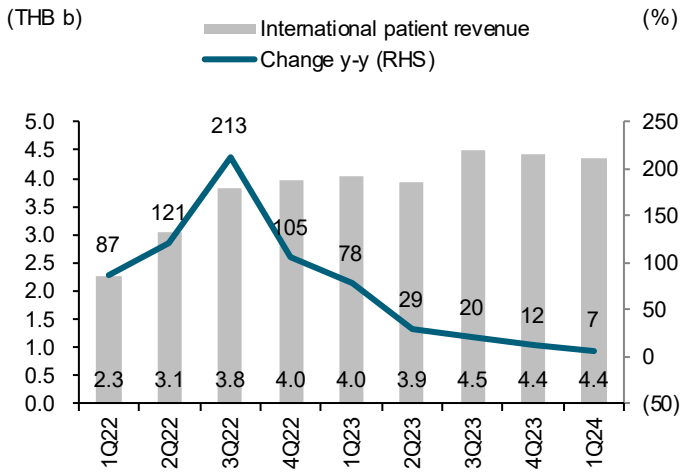
Source: FSSIA estimates

### 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.

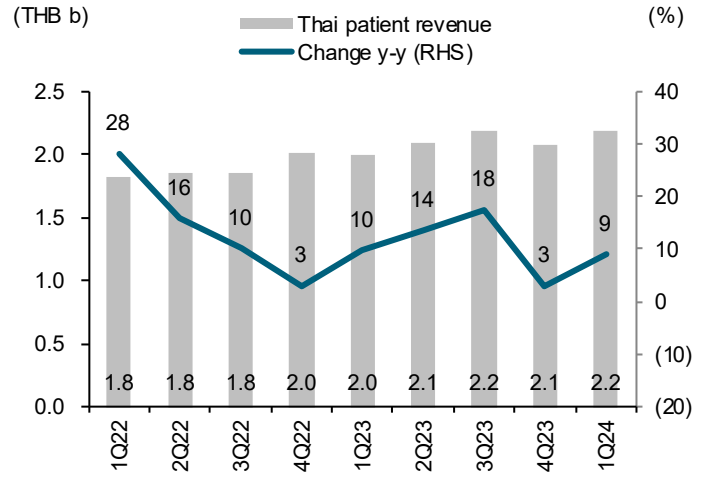
Source: FSSIA estimates

**Exhibit 1: International patient revenue, quarterly**



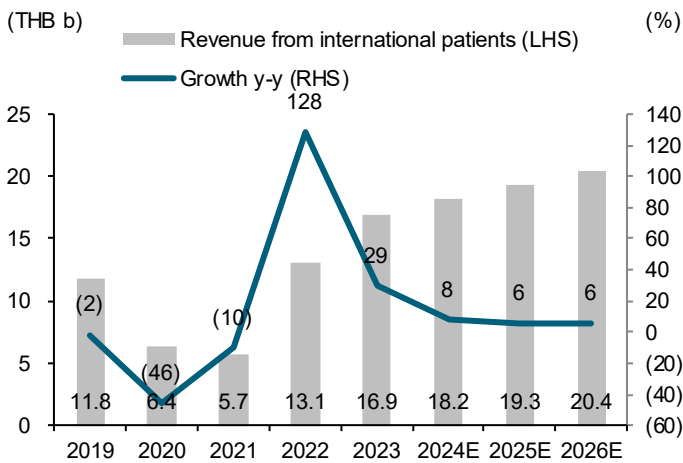
Source: BH

**Exhibit 2: Thai patient revenue, quarterly**



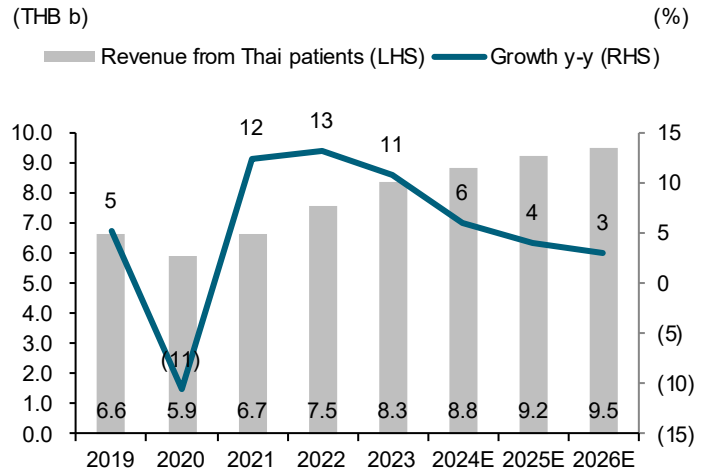
Source: BH

**Exhibit 3: International patient revenue, yearly**



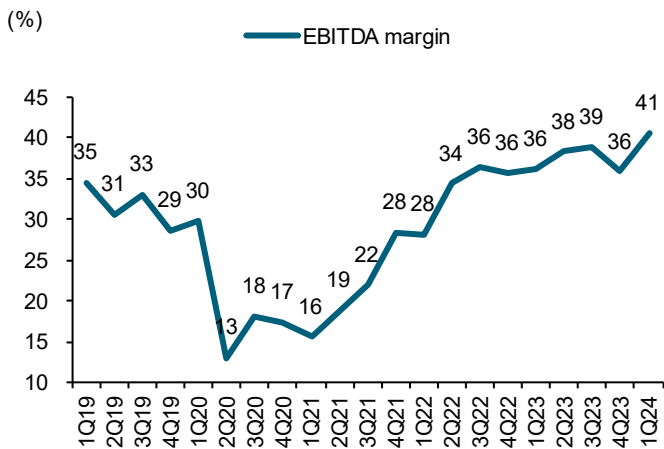
Sources: BH; FSSIA estimates

**Exhibit 4: Thai patient revenue, yearly**



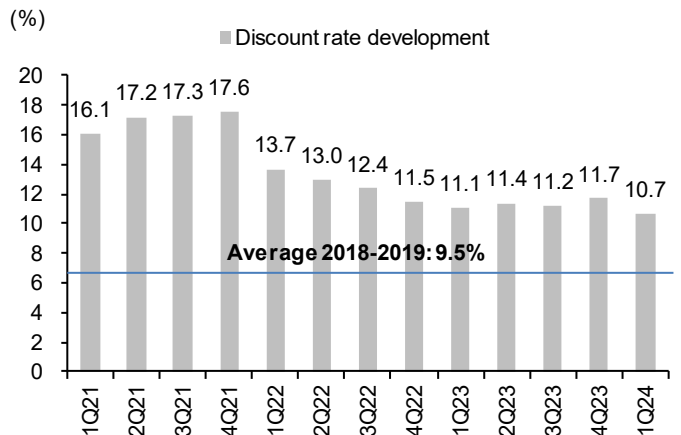
Sources: BH; FSSIA estimates

**Exhibit 5: EBITDA margin, quarterly**



Source: BH

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



Sources: BH; FSSIA estimates

## Exhibit 7: BH – 1Q24 results review

	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		2024	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
<b>Sales</b>	<b>6,069</b>	<b>6,049</b>	<b>6,741</b>	<b>6,516</b>	<b>6,537</b>	<b>0</b>	<b>8</b>	<b>27,172</b>	<b>7</b>
COGS (incl. depreciation)	(3,150)	(3,041)	(3,371)	(3,332)	(3,146)	(6)	(0)	(13,684)	6
<b>Gross profit</b>	<b>2,920</b>	<b>3,008</b>	<b>3,370</b>	<b>3,184</b>	<b>3,391</b>	<b>6</b>	<b>16</b>	<b>13,489</b>	<b>8</b>
SG&A	(1,013)	(986)	(1,040)	(1,140)	(1,020)	(11)	1	(4,449)	6
<b>Operating profit</b>	<b>1,906</b>	<b>2,021</b>	<b>2,330</b>	<b>2,044</b>	<b>2,371</b>	<b>16</b>	<b>24</b>	<b>9,040</b>	<b>9</b>
Net other income	21	32	28	29	29	0	37	114	3
Interest income	25	30	38	49	61	26	148	161	14
Interest expense	(0)	(0)	(0)	(1)	(2)	90	334	(3)	14
<b>Pretax profit</b>	<b>1,952</b>	<b>2,083</b>	<b>2,395</b>	<b>2,121</b>	<b>2,459</b>	<b>16</b>	<b>26</b>	<b>9,312</b>	<b>9</b>
Income Tax	(355)	(382)	(438)	(408)	(469)	15	32	(1,862)	18
Share gain/loss from JV				(0)	(0)				
Share gain/loss from associates	(0)	(1)	(0)	(0)	(0)	(93)	(77)	(1)	5
Minority interest	(10)	(18)	(9)	(11)	(15)	32	43	(52)	6
<b>Core profit</b>	<b>1,586</b>	<b>1,682</b>	<b>1,948</b>	<b>1,702</b>	<b>1,975</b>	<b>16</b>	<b>25</b>	<b>7,397</b>	<b>7</b>
Extraordinaries, GW & FX	(3)	66	6	19	10			0	
<b>Reported net profit</b>	<b>1,583</b>	<b>1,748</b>	<b>1,954</b>	<b>1,721</b>	<b>1,985</b>	<b>15</b>	<b>25</b>	<b>7,397</b>	<b>6</b>
Outstanding shares (m)	795	795	795	795	795	0	0	795	0
<b>Core EPS (THB)</b>	<b>2.00</b>	<b>2.12</b>	<b>2.45</b>	<b>2.14</b>	<b>2.48</b>	<b>16</b>	<b>25</b>	<b>9.31</b>	<b>7</b>
<b>EPS (THB)</b>	<b>1.99</b>	<b>2.20</b>	<b>2.46</b>	<b>2.16</b>	<b>2.50</b>	<b>15</b>	<b>25</b>	<b>9.31</b>	<b>6</b>
COGS (excl. depreciation)	2,875	2,766	3,099	3,058	2,879	(6)	0	12,524	6
Depreciation	275	275	272	274	267	(3)	(3)	1,159	6
EBITDA	2,202	2,329	2,630	2,348	2,667	14	21	10,313	8
<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	48	50	50	49	52	3	4	50	0
SG&A/Revenue	17	16	15	17	16	(2)	(1)	16	(0)
EBITDA margin	36	38	39	36	41	5	4	38	0
Net profit margin	26	29	29	26	30	4	4	27	(0)
<b>Operating stats</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>	<b>(y-y %)</b>				
Hospital revenue growth	47	23	18	9	8				
OPD revenue growth	42	n/a	n/a	n/a	n/a				
IPD revenue growth	54	n/a	n/a	n/a	n/a				
International patient revenue growth	78	29	20	12	7				
Thai patient revenue growth	10	14	18	3	9				

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	13.3	13.9	14.7	0.0	0.0	0.0
IPD patient revenue	13.8	14.5	15.3	13.8	14.5	15.3	0.0	0.0	0.0
Thai patient revenue	8.8	9.2	9.5	8.7	9.0	9.3	1.9	1.9	1.9
International patient revenue	18.2	19.3	20.4	18.4	19.4	20.6	(0.9)	(0.9)	(0.9)
Revenue	27.2	28.5	30.0	27.2	28.5	30.0	-	-	-
EBITDA margin (%)	39.6	39.9	39.5	38.0	38.2	38.6	1.6	1.7	0.9
Core profit	7.8	8.3	8.6	7.4	7.9	8.4	5.5	5.3	2.7

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

Source: FSSIA estimates

**Exhibit 9: DCF valuation**

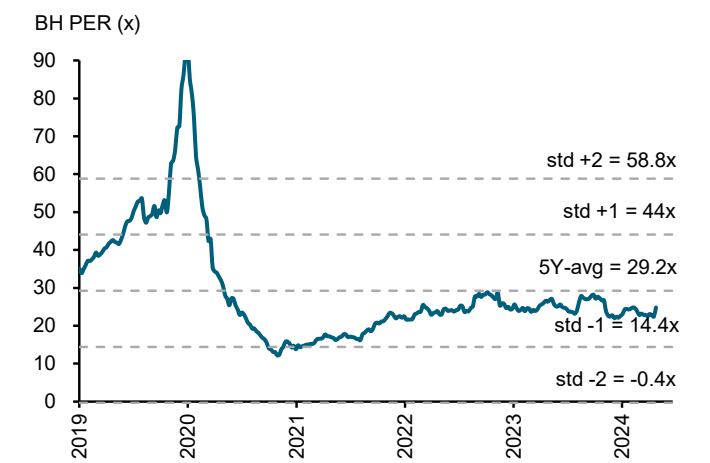
Cost of equity assumptions (%)		Cost of debt assumptions (%)	
Risk-free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	0.7		
Cost of equity, Ke	8.6	Net cost of debt, Kd	2.8
Weight applied	87.0	Weight applied	13.0
WACC	7.8		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	80.0	86.7	WACC 7.8%, Risk-free rate 3%, Risk premium 8%
Terminal value	191.7	207.8	Terminal growth 3%
Cash & liquid assets	14.7	15.9	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
<b>Residual ordinary equity</b>	<b>286.0</b>	<b>310.0</b>	

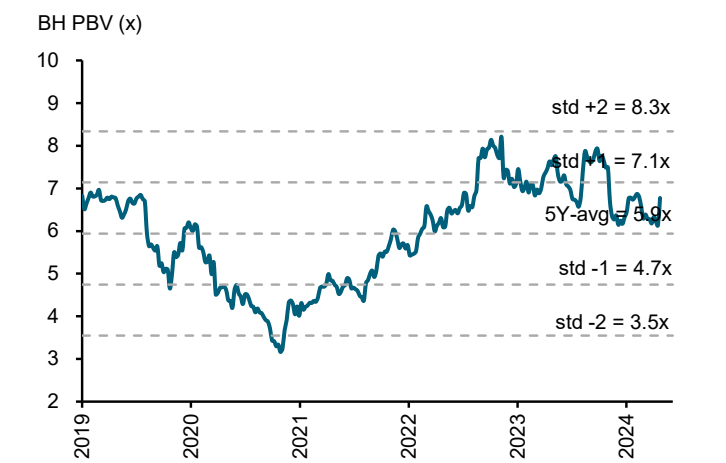
Source: FSSIA estimates

**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 2 May 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	28.75	35.00	21.7	12,359	27.8	25.5	16.8	17.3	4.5	4.3	16.9	15.3
Bumrungrad Hospital	BH TB	BUY	243.00	310.00	27.6	5,225	24.8	23.4	30.1	27.7	6.9	6.1	16.7	15.4
Bangkok Chain Hospital	BCH TB	BUY	19.50	25.00	28.2	1,315	27.7	24.0	13.5	14.5	3.6	3.3	14.8	12.8
Chularat Hospital	CHG TB	BUY	2.86	3.90	36.4	851	24.2	21.1	16.7	17.7	3.9	3.6	14.1	12.4
Praram 9 Hospital	PR9 TB	BUY	19.40	24.00	23.7	413	23.3	21.2	12.4	12.6	2.8	2.6	11.7	10.4
Thonburi Healthcare Group	THG TB	HOLD	39.25	44.00	12.1	900	40.9	34.1	7.8	9.1	3.1	3.0	17.9	16.2
Ramkhamhaeng Hospital	RAM TB	BUY	31.75	46.00	44.9	1,031	21.7	18.9	9.3	10.2	2.0	1.9	26.4	21.1
Rajthanee Hospital	RJH TB	n/a	25.25	n/a	n/a	205	17.8	18.3	19.1	18.8	5.1	3.3	13.2	12.4
Ekachai Medical Care	EKH TB	n/a	7.80	n/a	n/a	150	19.4	19.1	14.6	13.3	5.7	2.6	10.6	9.9
<b>Thailand average</b>						<b>22,447</b>	<b>25.3</b>	<b>22.8</b>	<b>15.6</b>	<b>15.7</b>	<b>4.2</b>	<b>3.4</b>	<b>15.8</b>	<b>14.0</b>
<b>Regional</b>														
Ramsay Health Care	RHC AU	n/a	50.98	n/a	n/a	7,651	34.4	38.0	8.6	7.0	2.8	2.8	11.5	10.7
Ihh Healthcare Bhd	IHH SP	n/a	1.80	n/a	n/a	11,666	34.8	32.1	6.3	5.9	2.4	2.0	14.6	13.7
Ryman Healthcare	RYM NZ	n/a	4.02	n/a	n/a	1,639	8.0	10.1	7.5	7.0	0.9	0.5	11.1	17.8
Apollo Hospitals Enterprise	APHS IN	n/a	5,959	n/a	n/a	10,263	101.9	92.1	13.8	14.1	23.6	13.3	42.0	37.2
Kpj Healthcare Berhad	KPJ MK	n/a	1.99	n/a	n/a	1,826	37.5	29.7	10.2	11.6	4.4	3.7	15.7	14.2
Raffles Medical Group	RFMD SP	n/a	1.00	n/a	n/a	1,358	20.7	25.5	8.6	7.1	2.1	1.8	10.2	12.0
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,850	n/a	n/a	2,510	42.0	36.1	17.1	18.2	8.4	6.8	25.7	22.8
Aier Eye Hospital Group	300015 CH	n/a	12.90	n/a	n/a	16,619	34.1	28.5	18.3	19.3	13.8	5.9	20.4	17.1
<b>Regional average</b>						<b>53,532</b>	<b>39.2</b>	<b>36.5</b>	<b>11.3</b>	<b>11.3</b>	<b>7.3</b>	<b>4.6</b>	<b>18.9</b>	<b>18.2</b>
<b>Overall average</b>						<b>75,979</b>	<b>31.8</b>	<b>29.3</b>	<b>13.6</b>	<b>13.6</b>	<b>5.7</b>	<b>4.0</b>	<b>17.2</b>	<b>16.0</b>

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)	(13,313)	(14,004)	(14,819)
<b>Gross profit</b>	<b>9,621</b>	<b>12,481</b>	<b>13,859</b>	<b>14,539</b>	<b>15,164</b>
Other operating income	187	111	114	118	121
Operating costs	(3,798)	(4,180)	(4,313)	(4,473)	(4,759)
<b>Operating EBITDA</b>	<b>7,127</b>	<b>9,509</b>	<b>10,748</b>	<b>11,402</b>	<b>11,855</b>
Depreciation	(1,117)	(1,097)	(1,087)	(1,219)	(1,329)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>6,010</b>	<b>8,412</b>	<b>9,660</b>	<b>10,183</b>	<b>10,526</b>
Net financing costs	42	139	158	218	268
Associates	(1)	(1)	(1)	(1)	(1)
Recurring non-operating income	(1)	(1)	(1)	(1)	(1)
Non-recurring items	(3)	88	0	0	0
<b>Profit before tax</b>	<b>6,049</b>	<b>8,638</b>	<b>9,818</b>	<b>10,400</b>	<b>10,793</b>
Tax	(1,072)	(1,583)	(1,964)	(2,080)	(2,159)
<b>Profit after tax</b>	<b>4,977</b>	<b>7,055</b>	<b>7,854</b>	<b>8,320</b>	<b>8,634</b>
Minority interests	(39)	(49)	(52)	(55)	(58)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>4,938</b>	<b>7,006</b>	<b>7,802</b>	<b>8,265</b>	<b>8,576</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>3</b>	<b>(88)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>4,941</b>	<b>6,918</b>	<b>7,802</b>	<b>8,265</b>	<b>8,576</b>
<b>Per share (THB)</b>					
Recurring EPS *	6.21	8.69	9.81	10.39	10.78
Reported EPS	6.21	8.80	9.81	10.39	10.78
DPS	3.20	3.69	4.50	5.88	6.23
Diluted shares (used to calculate per share data)	796	796	796	796	796
<b>Growth</b>					
Revenue (%)	66.3	22.5	7.1	5.0	5.0
Operating EBITDA (%)	158.5	33.4	13.0	6.1	4.0
Operating EBIT (%)	281.0	40.0	14.8	5.4	3.4
Recurring EPS (%)	287.9	40.0	12.8	5.9	3.8
Reported EPS (%)	306.2	41.9	11.4	5.9	3.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	46.4	49.2	51.0	50.9	50.6
Gross margin exc. depreciation (%)	51.8	53.5	55.0	55.2	55.0
Operating EBITDA margin (%)	34.4	37.5	39.6	39.9	39.5
Operating EBIT margin (%)	29.0	33.1	35.6	35.7	35.1
Net margin (%)	23.8	27.3	28.7	29.0	28.6
Effective tax rate (%)	17.7	18.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	51.5	42.5	45.9	56.6	57.8
Interest cover (X)	(141.7)	(60.7)	(61.0)	(46.7)	(39.3)
Inventory days	11.9	10.6	11.0	11.0	10.9
Debtor days	36.3	50.8	59.2	56.4	53.7
Creditor days	34.6	33.5	32.8	32.6	32.5
Operating ROIC (%)	40.6	52.9	55.6	57.3	58.7
ROIC (%)	39.1	51.0	53.5	55.2	56.5
ROE (%)	26.7	31.8	30.1	27.7	25.7
ROA (%)	21.9	25.6	24.5	22.8	21.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Thai patient revenue	7,536	8,348	8,849	9,202	9,479
International patient revenue	13,110	16,948	18,244	19,260	20,425
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	7,802	8,265	8,576
Depreciation	1,117	1,097	1,087	1,219	1,329
Associates & minorities	-	-	-	-	-
Other non-cash items	26	(16)	52	55	58
Change in working capital	131	(1,021)	233	192	209
<b>Cash flow from operations</b>	<b>6,216</b>	<b>6,978</b>	<b>9,174</b>	<b>9,730</b>	<b>10,172</b>
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)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,170)</b>	<b>(1,629)</b>	<b>(1,630)</b>	<b>(1,713)</b>	<b>(1,499)</b>
Dividends paid	(2,543)	(2,938)	(3,581)	(4,681)	(4,959)
Equity finance	0	0	0	0	0
Debt finance	(8)	28	0	0	0
Other financing cash flows	(155)	31	0	0	0
<b>Cash flow from financing</b>	<b>(2,705)</b>	<b>(2,880)</b>	<b>(3,581)</b>	<b>(4,681)</b>	<b>(4,959)</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>2,341</b>	<b>2,469</b>	<b>3,963</b>	<b>3,336</b>	<b>3,713</b>
Free cash flow to firm (FCFF)	5,049.59	5,351.60	7,546.62	8,020.44	8,675.08
Free cash flow to equity (FCFE)	4,882.92	5,407.78	7,543.89	8,017.71	8,672.34

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	5.47	5.80	8.18	8.69	9.40
FCFE per share	5.29	5.86	8.18	8.69	9.40
Recurring cash flow per share	7.65	10.05	11.24	11.99	12.52

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)	(16,009)	(17,227)	(18,556)
<b>Tangible fixed assets (net)</b>	<b>12,416</b>	<b>12,978</b>	<b>13,521</b>	<b>14,015</b>	<b>14,186</b>
<b>Intangible fixed assets (net)</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1	13	13	13	13
Cash & equivalents	8,276	10,745	14,708	18,045	21,758
A/C receivable	2,658	4,408	4,408	4,408	4,408
Inventories	326	362	375	393	414
Other current assets	159	169	181	190	199
<b>Current assets</b>	<b>11,419</b>	<b>15,685</b>	<b>19,673</b>	<b>23,035</b>	<b>26,780</b>
Other assets	362	475	475	475	475
<b>Total assets</b>	<b>24,259</b>	<b>29,212</b>	<b>33,743</b>	<b>37,600</b>	<b>41,514</b>
Common equity	19,705	23,801	28,023	31,607	35,224
Minorities etc.	300	297	348	403	461
<b>Total shareholders' equity</b>	<b>20,005</b>	<b>24,098</b>	<b>28,371</b>	<b>32,010</b>	<b>35,685</b>
Long term debt	63	91	91	91	91
Other long-term liabilities	799	856	856	856	856
<b>Long-term liabilities</b>	<b>862</b>	<b>947</b>	<b>947</b>	<b>947</b>	<b>947</b>
A/C payable	1,085	1,078	1,118	1,169	1,233
Short term debt	0	0	0	0	0
Other current liabilities	2,306	3,089	3,308	3,474	3,650
<b>Current liabilities</b>	<b>3,391</b>	<b>4,167</b>	<b>4,425</b>	<b>4,643</b>	<b>4,883</b>
<b>Total liabilities and shareholders' equity</b>	<b>24,259</b>	<b>29,212</b>	<b>33,743</b>	<b>37,600</b>	<b>41,514</b>
Net working capital	(249)	772	539	348	139
Invested capital	12,591	14,299	14,609	14,912	14,874

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	24.76	29.91	35.21	39.72	44.26
Tangible book value per share	24.69	29.83	35.14	39.64	44.19

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	(41.1)	(44.2)	(51.5)	(56.1)	(60.7)
Net debt/total assets (%)	(33.9)	(36.5)	(43.3)	(47.7)	(52.2)
Current ratio (x)	3.4	3.8	4.4	5.0	5.5
CF interest cover (x)	(114.1)	(38.0)	(46.6)	(35.8)	(31.4)

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>39.1</b>	<b>28.0</b>	<b>24.8</b>	<b>23.4</b>	<b>22.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>49.9</b>	<b>35.7</b>	<b>31.6</b>	<b>29.8</b>	<b>28.8</b>
Reported P/E (x)	39.2	27.6	24.8	23.4	22.5
Dividend yield (%)	1.3	1.5	1.9	2.4	2.6
Price/book (x)	9.8	8.1	6.9	6.1	5.5
Price/tangible book (x)	9.8	8.1	6.9	6.1	5.5
EV/EBITDA (x) **	26.0	19.2	16.7	15.4	14.5
EV/EBITDA @ target price (x) **	33.5	24.9	21.6	20.1	19.0
EV/invested capital (x)	14.7	12.8	12.3	11.8	11.6

\* 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.
★★★	<b>&gt;39-59</b>	<b>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.</b>
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 14: ESG – peer comparison

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

Sources: SETTRADE.com; FSSIA's compilation

## Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>0.85</b>	<b>1.30</b>	<b>1.60</b>	<b>1.49</b>	<b>1.73</b>	<b>3.35</b>	<b>3.58</b>	<b>5.08</b>
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
<b>ESG disclosure score</b>	<b>31.24</b>	<b>32.94</b>	<b>35.78</b>	<b>35.78</b>	<b>36.40</b>	<b>47.68</b>	<b>47.79</b>	<b>47.79</b>
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
<b>Environmental</b>								
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	—	—	—	—	—	—	—	—
<b>Social</b>								
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
<b>Governance</b>								
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
<b>Sustainability governance</b>								
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 <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-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
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-left: auto; margin-right: auto;"> <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
Bumrungrad Hospital	BH TB	THB 243.00	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 28.75	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 19.50	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) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 2.86	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 19.40	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 39.25	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.
Ramkhamhaeng Hospital	RAM TB	THB 31.75	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.

Source: FSSIA estimates

### Additional Disclosures

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

All share prices are as at market close on 02-May-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.