FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - COMPANY REPORT

RAMKHAMHAENG HOSPITAL   RAM TB

THAILAND / HEALTH CARE SERVICES

BUY
UNCHANGED

TARGET PRICE	THB44.00
CLOSE	THB30.25
UP/DOWNSIDE	+45.5%
PRIOR TP	THB46.00
CHANGE IN TP	-4.3%
TP vs CONSENSUS	+15.8%

Riding the Vibharam wave

- Strong 1Q24 results, driven by the significantly improved EBITDA margin of Vibharam; the momentum should continue in 2024.
- RAM 2 recorded positive EBITDA for two consecutive quarters; Expect RAM's core profit to grow 20% to THB1.7b in 2024.
- Maintain BUY with a new DCF-based TP of THB44/shr.

1Q24 core profit jumped by 28% y-y

RAM reported a strong 1Q24 core profit of THB343m (+28% y-y, +5% q-q), driven by the improved performance of Vibharam, whose EBITDA jumped by 148% y-y to THB236m, accounting for 49% of RAM's total EBITDA in 1Q24. On a negative note, the share of income fell by 11% y-y due mainly to the weak performance of THG following the business model restructuring of Thonburi Bamrungmuang (see more detail on our THG report, dated 11 June 2024).

Vibharam's EBITDA margin hit its eight-quarter high

We attended the analyst meeting on 12 June and had positive feedback, especially on the turnaround of Vibharam. It reported peak performance with an EBITDA margin of 37% in 2021, led by Covid-related revenue before declining to 9% in 2023 post the Covid pandemic. However, a positive sign emerged as Vibharam recorded an EBITDA margin of 23% in 1Q24, its eight-quarter high. According to management, Vibharam started to tighten costs. It also focused more on self-pay customers, which offered a higher EBITDA margin (c30%) than SSO customers. Management expects the EBITDA margin of Vibhram to improve to 20-25% in 2024, while we conservatively assume it at 20%, implying an upside if Vibharam could sustain a high margin.

Expect revenue to grow by 11% in 2024

RAM 2, which opened in 3Q23, continued to ramp up revenue to THB73m in 1Q24 (vs THB68m in 4Q23), with a positive EBITDA for two consecutive quarters. Overall, we expect revenue to grow by 11% y-y, driven mainly by RAM 2, and EBITDA margin to improve to 20% in 2024 (vs 17% in 2023). As a result, core profit should grow by 20% to THB1.7b.

Trim core profit mainly from the share of income of THG

We cut 2024-25E core profit by 1-5% to reflect a lower share of income from THG and derive a new 2024 DCF-TP of THB44/shr. RAM is trading at a cheap valuation of only 22x 2024E P/E (vs peers' average of 27x and its 5-yr average of 29x). The share price catalyst, in our view, is the strong improvement trend of RAM 2's performance and the strong growth of Vibharam.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	9,634	10,714	11,693	12,494
Net profit	1,551	1,674	1,973	2,268
EPS (THB)	1.29	1.40	1.64	1.89
vs Consensus (%)	-	8.1	11.6	(1.0)
EBITDA	1,650	2,155	2,585	2,887
Recurring net profit	1,394	1,674	1,973	2,268
Core EPS (THB)	1.16	1.40	1.64	1.89
Chg. In EPS est. (%)	-	(4.6)	(2.3)	(0.9)
EPS growth (%)	(33.2)	20.1	17.8	15.0
Core P/E (x)	26.0	21.7	18.4	16.0
Dividend yield (%)	3.0	2.3	2.7	3.1
EV/EBITDA (x)	33.1	25.6	20.4	17.7
Price/book (x)	2.0	1.9	1.8	1.7
Net debt/Equity (%)	35.5	36.7	27.1	20.5
ROE (%)	7.4	8.9	10.0	10.8
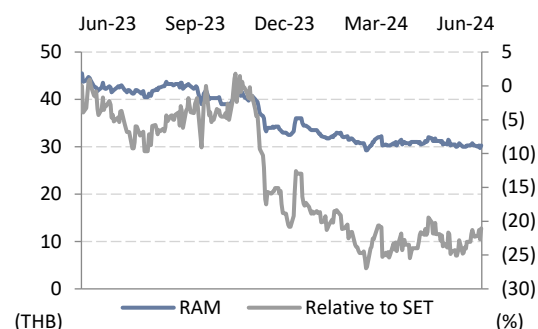
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	(5.5)	(34.6)
Relative to country (%)	3.8	(0.2)	(22.1)
Mkt cap (USD m)			990
3m avg. daily turnover (USD m)			0.1
Free float (%)			28
Major shareholder			F&S 79 (24%)
12m high/low (THB)			46.50/29.25
Issued shares (m)			1,200.00

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. It has several hospital brands to capture patients from middle-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

Opened in 1988, RAM is a private hospital. It currently 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.
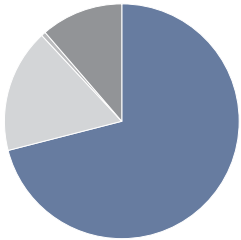
www.ram-hosp.co.th

Principal activities (revenue, 2023)

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

Source: Ramkhamhaeng Hospital
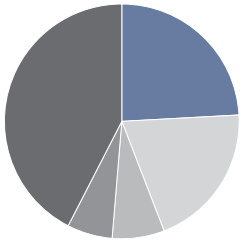
Major shareholders

- F&S 79 - 24.1 %
- Cypress Consolidated Healthcare - 20.0 %
- Chiangmai Ram Hospital - 7.2 %
- Vibhavadi Hospital PCL - 6.2 %
- Others - 42.4 %

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 subsidiaries; 2) more Social Security Office (SSO) registered members via the VBR group; and 3) benefits from 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
Aug 2024	2Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Ramkhamhaeng revenue growth (y-y %)	6	5	4
Ramkhamhaeng EBITDA margin (%)	29	30	30
Subsidiary revenue growth (y-y %)	17	13	9
Subsidiary EBITDA margin (%)	13	17	19
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)	93	158	208

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 - 1Q24 results summary

| FY ending Dec	1Q23	2Q23	3Q23	4Q23	1Q24	------ Change -----		2023	2024E	Chg.
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	2,270	2,472	2,505	2,387	2,395	0	6	9,634	10,736	11
COGS (incl depreciation)	(1,728)	(1,825)	(1,824)	(2,083)	(1,824)	(12)	6	(7,461)	(8,050)	8
Gross Profit	**542**	**646**	**681**	**304**	**572**	**88**	**5**	**2,174**	**2,686**	**24**
SG&A	(476)	(444)	(446)	(193)	(352)	82	(26)	(1,559)	(1,628)	4
Operating Profit	**66**	**202**	**235**	**111**	**220**	**99**	**231**	**614**	**1,057**	**72**
Dividend income	57	126	98	10	40	281	(30)	292	301	3
Net other income	32	25	25	16	67	323	112	98	101	3
Interest expenses	(72)	(80)	(86)	(94)	(103)	10	42	(332)	(357)	7
Pretax profit	**83**	**273**	**272**	**43**	**224**	**417**	**169**	**672**	**1,102**	**64**
Income Tax	(27)	(125)	(67)	(52)	(53)	2	94	(271)	(220)	(19)
Associates	201	111	275	121	179	48	(11)	708	853	21
Minority interest	10	62	(2)	216	(7)			285	20	(93)
Core profit	**267**	**320**	**478**	**328**	**343**	**5**	**28**	**1,394**	**1,755**	**26**
Extraordinaries, GW & FX	0	156	0	1	0					
Reported net profit	**267**	**476**	**478**	**329**	**343**	**4**	**28**	**1,394**	**1,755**	**26**
Outstanding shares (m)	1,200	1,200	1,200	1,200	1,200	0	0	1,201	1,202	0
Pre-ex EPS (THB)	**0.22**	**0.27**	**0.40**	**0.27**	**0.29**	**5**	**28**	**1.16**	**1.46**	**26**
EPS (THB)	**0.22**	**0.40**	**0.40**	**0.27**	**0.29**	**4**	**28**	**1.16**	**1.46**	**26**
COGS excl. depreciation	(1,419)	(1,574)	(1,572)	(1,859)	(1,559)	(16)	10	(6,424)	(6,956)	8
Depreciation	(309)	(251)	(252)	(224)	(265)	18	(14)	(1,036)	(1,095)	6
EBITDA	375	453	487	335	484	45	29	1,650	2,152	30
Key ratios	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**	**(%)**	**(%)**	**(ppt)**
Gross margin	24	26	27	13	24	11	(0)	23	25	2
SG&A/Revenue	21	18	18	8	15	7	(6)	16	15	(1)
EBITDA margin	16	18	19	14	20	6	3	17	20	3
Net profit margin	12	19	19	14	14	1	3	14	16	2
Operating stats										
Ramkhamhaeng hospital revenue growth (y-y %)	(4)	1	(5)	(1)	2					
Ramkhamhaeng EBITDA margin (%)	33	30	29	25	28					
Subsidiary hospital revenue growth (y-y %)	(35)	(12)	(10)	(3)	9					
Subsidiary EBITDA margin (%)	0	7	9	7	14					
Share income - Synphaet (THB m)	44	22	91	71	48					
Share income - THG (THB m)	46	28	67	(72)	1					
Share income - Sukhumvit (THB m)	15	21	14	12	9					
Share income - Chiangmai Ram (THB m)	50	13	41	49	42					
Share income - VIBHA (THB m)	13	19	31	28	30					
Share income - RJH (THB m)	0	0	0	0	0					

Sources: RAM; FSSIA estimates

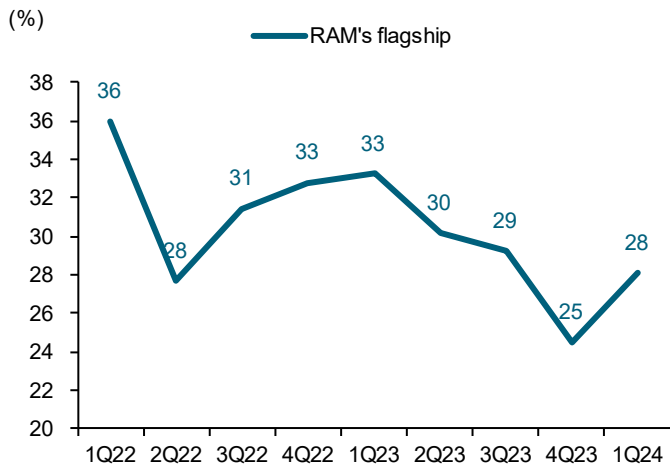**Exhibit 2: RAM's flagship revenue, quarterly**
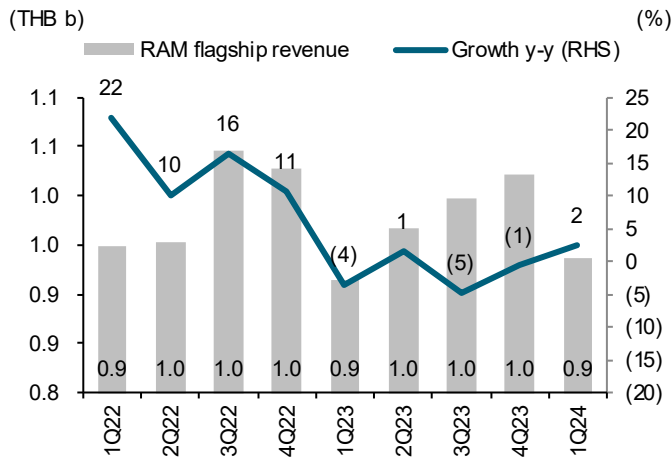
Sources: RAM

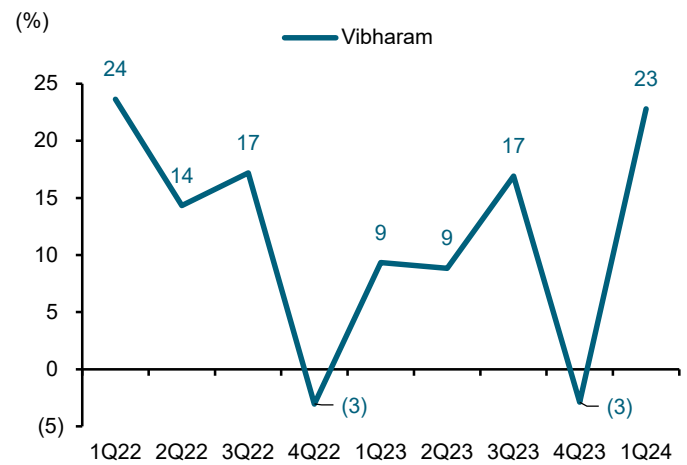**Exhibit 3: Vibharam revenue, quarterly**
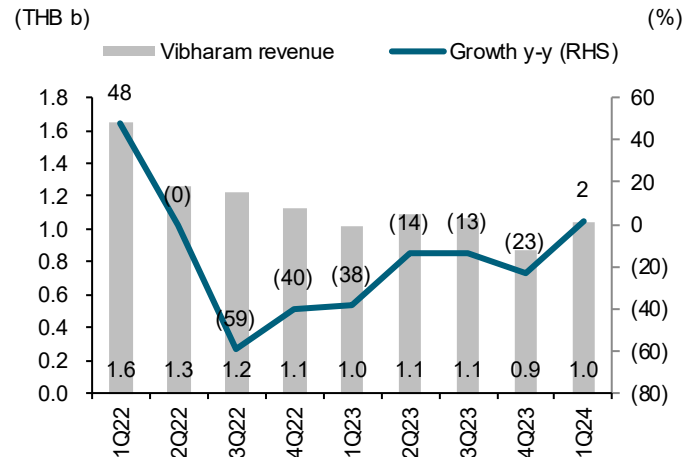
Sources: RAM

Exhibit 4: RAM's flagship EBITDA margin, quarterly

Sources: RAM

**Exhibit 5: Vibharam EBITDA margin, quarterly**

Note: Negative EBITDA margin in 4Q23 due to cTHB200m one-off provision expenses.
Excluding this item, EBITDA margin would be 16%
Sources: RAM

Exhibit 6: RAM – forecast revisions

|	------------------ Current ------------------			---------------- Previous ------------------			------------------ Change ----------------		
	2024E	**2025E**	**2026E**	**2024E**	**2025E**	**2026E**	*2024E*	*2025E*	*2026E*
	(THB m)	**(THB m)**	**(THB m)**	**(THB m)**	**(THB m)**	**(THB m)**	*(%)*	*(%)*	*(%)*
Revenue	10,714	11,693	12,494	10,736	11,716	12,518	*(0)*	*(0)*	*(0)*
EBITDA margin (%)	20.1	22.1	23.1	20.0	22.1	23.1	*0*	*0*	*0*
Core profit	1,674	1,973	2,268	1,755	2,018	2,288	*(5)*	*(2)*	*(1)*
Key assumptions									
RAM's flagship hospital revenue	4,134	4,341	4,514	4,134	4,341	4,514	*0*	*0*	*0*
Revenue from sales of medical equipment	1,135	1,181	1,228	1,157	1,204	1,252	*(2)*	*(2)*	*(2)*
Subsidiary hospital revenue	5,445	6,172	6,752	5,445	6,172	6,752	*0*	*0*	*0*
Share income	770	844	954	853	890	973	*(10)*	*(5)*	*(2)*

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

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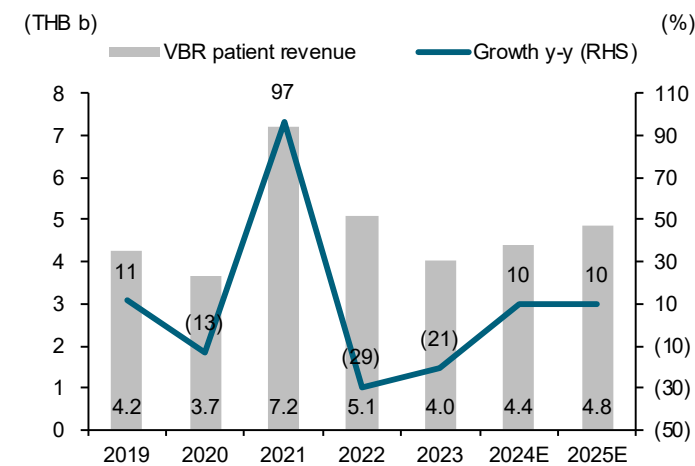**Exhibit 7:   RAM's total revenue**
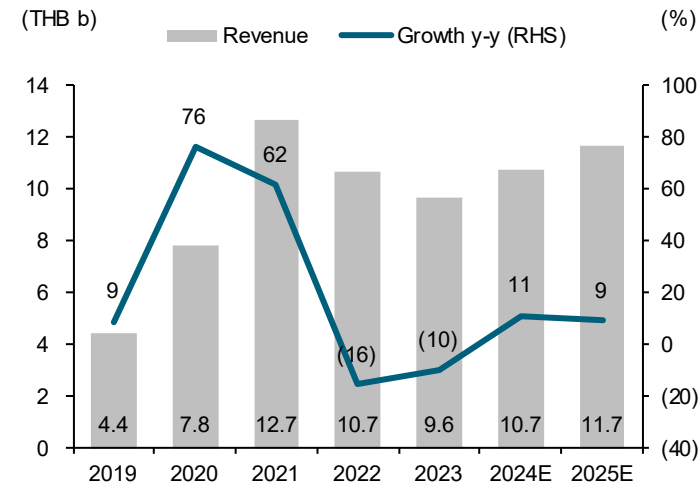
Sources: RAM; FSSIA estimates

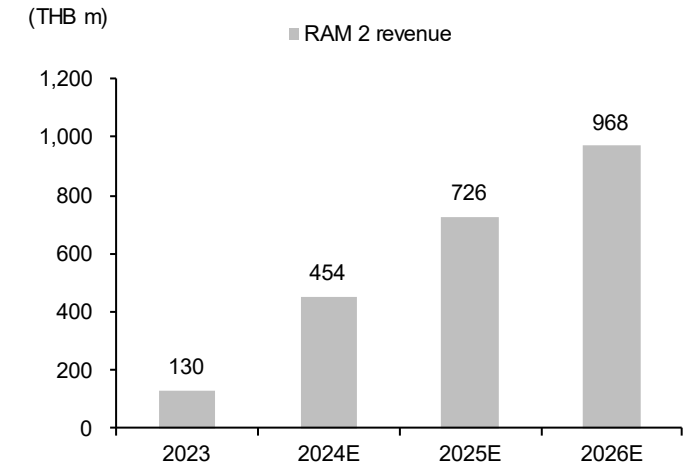**Exhibit 8:   RAM flagship's medical revenue**
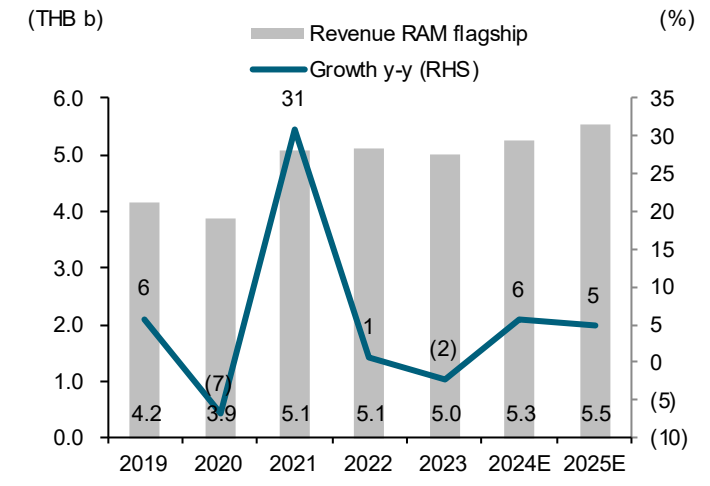
Sources: RAM; FSSIA estimates

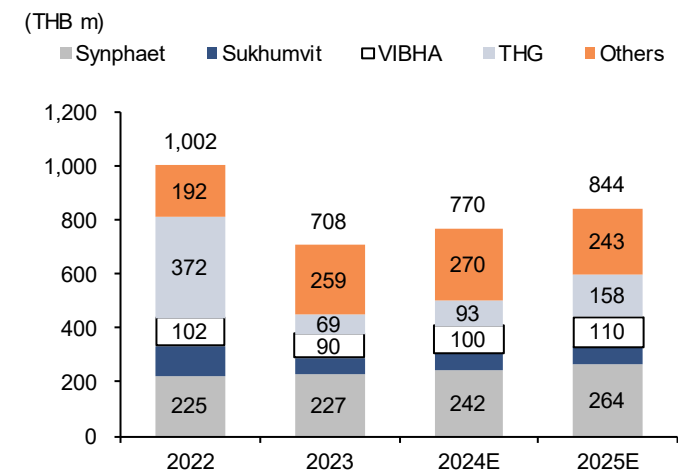**Exhibit 9: Vibharam's medical revenue**

Sources: RAM; FSSIA estimates

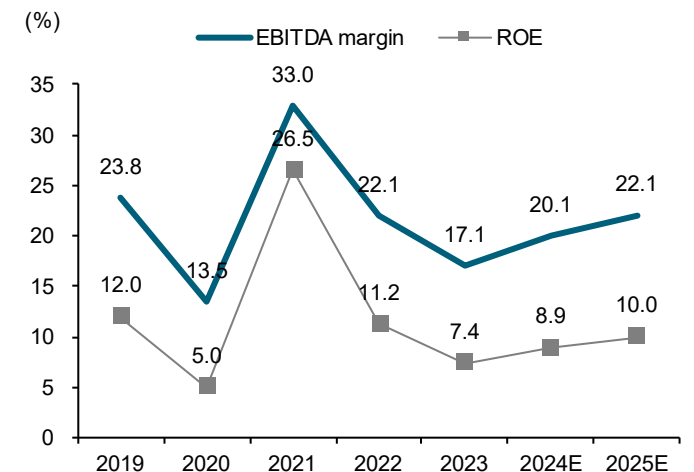**Exhibit 10:   RAM 2's revenue**

Sources: RAM; FSSIA estimates

Exhibit 11:   RAM's share income

Sources: RAM; FSSIA estimates

Exhibit 12: EBITDA margin and ROE

Sources: RAM; FSSIA estimates

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Exhibit 13: 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	26.6	22.2	WACC 8.3%, Risk-free rate 3%, Risk premium 8%
Terminal value	45.0	37.5	Terminal growth 3%
Cash & liquid assets	0.4	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
Residual ordinary equity	**52.7**	**44.0**	

Source: FSSIA estimates

Exhibit 14: Peer comparisons as of 13 June 2024

Company	BBG	Rec	Share price Current (LCY)	Target (LCY)	Upside (%)	Market Cap (USD m)	PE 24E (x)	PE 25E (x)	ROE 24E (%)	ROE 25E (%)	PBV 24E (x)	PBV 25E (x)	EV/EBITDA 24E (x)	EV/EBITDA 25E (x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	27.50	35.00	27.3	11,924	26.6	24.4	16.8	17.3	4.3	4.1	16.2	14.7
Bumrungrad Hospital	BH TB	BUY	243.00	310.00	27.6	5,271	24.8	23.4	30.1	27.7	6.9	6.1	16.7	15.4
Bangkok Chain Hospital	BCH TB	BUY	18.50	25.00	35.1	1,259	26.3	22.8	13.5	14.5	3.4	3.2	14.0	12.2
Chularat Hospital	CHG TB	BUY	2.90	3.90	34.5	870	24.5	21.4	16.7	17.7	4.0	3.6	14.3	12.6
Praram 9 Hospital	PR9 TB	BUY	18.20	24.00	31.9	390	21.8	19.9	12.4	12.6	2.6	2.4	10.8	9.6
Thonburi Healthcare Group	THG TB	HOLD	37.00	40.00	8.1	856	62.6	39.1	4.9	7.6	3.1	2.9	20.3	16.8
Ramkhamhaeng Hospital	RAM TB	BUY	30.25	44.00	45.5	990	21.7	18.4	8.9	10.0	1.9	1.8	25.6	20.4
Rajthanee Hospital	RJH TB	n/a	25.25	n/a	n/a	206	17.8	17.8	19.1	19.3	5.1	3.3	13.2	12.0
Ekachai Medical Care	EKH TB	n/a	6.85	n/a	n/a	145	17.5	17.6	14.6	13.3	5.2	2.3	10.0	9.6
Thailand average						**21,911**	**27.1**	**22.7**	**15.2**	**15.6**	**4.0**	**3.3**	**15.7**	**13.7**
Regional														
Ramsay Health Care	RHC AU	n/a	48.40	n/a	n/a	7,377	32.7	36.2	8.6	7.6	2.7	2.6	11.2	10.4
Ihh Healthcare Bhd	IHH SP	n/a	1.79	n/a	n/a	11,671	34.5	30.7	6.3	6.2	2.4	2.0	14.5	13.2
Ryman Healthcare	RYM NZ	n/a	3.74	n/a	n/a	1,593	7.5	9.4	7.5	7.0	0.9	0.5	10.9	14.4
Apollo Hospitals Enterprise	APHS IN	n/a	6,206	n/a	n/a	10,681	106.1	96.2	13.8	14.1	24.6	13.9	43.8	38.9
Kpj Healthcare Berhad	KPJ MK	n/a	1.97	n/a	n/a	1,845	37.5	29.7	10.2	11.7	4.4	3.7	15.8	14.2
Raffles Medical Group	RFMD SP	n/a	1.00	n/a	n/a	1,373	20.8	25.6	8.6	7.1	2.2	1.8	10.2	12.1
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,950	n/a	n/a	2,563	43.2	36.7	17.1	18.4	8.6	7.0	26.4	23.1
Aier Eye Hospital Group	300015 CH	n/a	11.73	n/a	n/a	14,841	30.5	26.1	18.3	18.9	12.4	5.3	18.2	15.5
Regional average						**51,945**	**39.1**	**36.3**	**11.3**	**11.4**	**7.3**	**4.6**	**18.9**	**17.7**
Overall average						**73,856**	**32.7**	**29.1**	**13.4**	**13.6**	**5.6**	**3.9**	**17.2**	**15.6**

Sources: Bloomberg; FSSIA estimates

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Exhibit 15: Capacity summary

Group	No.	Hospital	RAM's stake	No. of beds	No. of beds based on stake
			(%)	(no.)	(no.)
Ramkhamhaeng Hospital	**1**	**Ramkhamhaeng Hospital**	**100.0**	**486**	**486**
Subsidiaries	2	Chaiyaphum Ram	78.3	60	47
	3	Mueng Loei Ram	77.7	100	78
	4	Chiangrai Ram (Watcharasirivej)	40.3	50	20
	5	Ramkhamhaeng 2 (Ram Nakra)	57.5	560	322
Subsidiaries - Vibharam (VBR)	6	Pattanakarn	50.0	206	103
	7	Laemchabang	50.0	100	50
	8	Samutsakhon	50.0	100	50
	9	Nawamin	50.0	52	26
	10	Parkkred	44.2	100	44
	11	Amatanakron	37.6	100	38
	12	Samut Prakarn	49.7	100	50
	13	Phaetpanya	25.0	160	40
	14	Cancer Center Amatanakorn	18.8	10	2
		Total Ram and subsidiaries		**2,184**	**1,355**
Associates - operated directly	15	Chiang Mai Ram	42.9	200	86
	16	Phayao Ram	40.0	100	40
	17	Buriram Ram	36.1	90	32
	18	Sukhumvit	34.2	80	27
	19	Khonkaen Ram	16.4	300	49
		Total associates - operated directly		**770**	**235**
Associates - operated through Synphaet	20	Ramintra	28.4	346	98
	21	Theparak	23.0	120	28
	22	Lumlukka	28.4	100	28
	23	Srinakarin	21.3	100	21
	24	Serirak	22.5	238	53
	25	Nakhon Pathom	32.0	240	77
	26	Kanchanaburi	15.8	100	16
		Total associates - operated through Synphaet		**1,244**	**322**
Partner hospitals	27	Vibhavadi (VIBHA)	9.2	1,119	103
	28	Thonburi (THG)	24.6	1,380	339
	29	Petcharat Hospital	17.9	100	18
	30	Eak Udorn	9.3	350	33
	31	Chaophaya	6.8	200	14
		Total partner		**3,149**	**506**
		Grand total existing beds		**7,347**	**2,418**
Projects in pipeline	32	Ramkhamhaeng 3 (Narathiwat Road)	100.0	210	210
	33	Nan Ram	52.5	141	74
	34	Vientiane Ram	70.0	150	105
	35	Thonburi Rangsit	40.0	250	100
	36	Mahasaraklam RAM	59.8	120	72
	37	Synphaet Pattanakan	15.7	100	16
	38	Rajthanee Romklao	14.0	150	21
		Total project in pipeline		**1,121**	**597**

Sources: RAM; FSSIA estimates

Financial Statements
Ramkhamhaeng Hospital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	10,687	9,634	10,714	11,693	12,494
Cost of goods sold	(7,815)	(7,461)	(8,081)	(8,721)	(9,225)
Gross profit	**2,872**	**2,174**	**2,633**	**2,972**	**3,269**
Other operating income	-	-	-	-	-
Operating costs	(1,513)	(1,559)	(1,572)	(1,626)	(1,682)
Operating EBITDA	**2,356**	**1,650**	**2,155**	**2,585**	**2,887**
Depreciation	(998)	(1,036)	(1,095)	(1,239)	(1,300)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	**1,359**	**614**	**1,061**	**1,346**	**1,587**
Net financing costs	(234)	(328)	(352)	(345)	(329)
Associates	1,002	708	770	844	954
Recurring non-operating income	1,450	1,093	1,167	1,254	1,376
Non-recurring items	0	157	0	0	0
Profit before tax	**2,575**	**1,537**	**1,876**	**2,255**	**2,634**
Tax	(274)	(271)	(221)	(282)	(336)
Profit after tax	**2,301**	**1,266**	**1,654**	**1,973**	**2,298**
Minority interests	(212)	285	20	0	(30)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**2,088**	**1,551**	**1,674**	**1,973**	**2,268**
Non-recurring items & goodwill (net)	**0**	**(157)**	**0**	**0**	**0**
Recurring net profit	**2,088**	**1,394**	**1,674**	**1,973**	**2,268**
Per share (THB)					
Recurring EPS *	1.74	1.16	1.40	1.64	1.89
Reported EPS	1.74	1.29	1.40	1.64	1.89
DPS	1.10	0.90	0.70	0.82	0.94
Diluted shares (used to calculate per share data)	1,200	1,200	1,200	1,200	1,200
Growth					
Revenue (%)	(15.6)	(9.8)	11.2	9.1	6.8
Operating EBITDA (%)	(43.6)	(30.0)	30.6	19.9	11.7
Operating EBIT (%)	(59.6)	(54.8)	72.7	26.9	17.9
Recurring EPS (%)	(48.4)	(33.2)	20.1	17.8	15.0
Reported EPS (%)	(49.9)	(25.7)	7.9	17.8	15.0
Operating performance					
Gross margin inc. depreciation (%)	26.9	22.6	24.6	25.4	26.2
Gross margin exc. depreciation (%)	36.2	33.3	34.8	36.0	36.6
Operating EBITDA margin (%)	22.1	17.1	20.1	22.1	23.1
Operating EBIT margin (%)	12.7	6.4	9.9	11.5	12.7
Net margin (%)	19.5	14.5	15.6	16.9	18.2
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	6.3	7.5	9.0
Inventory days	40.8	45.3	44.9	45.2	45.5
Debtor days	77.7	64.6	41.8	31.4	27.7
Creditor days	30.4	39.0	38.0	38.3	38.5
Operating ROIC (%)	7.7	2.2	5.1	6.6	8.3
ROIC (%)	6.4	2.7	4.6	5.4	6.3
ROE (%)	11.2	7.4	8.9	10.0	10.8
ROA (%)	6.4	3.1	4.7	5.4	6.0

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
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	1,135	1,181	1,228

Sources: Ramkhamhaeng Hospital; FSSIA estimates

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Financial Statements

Ramkhamhaeng Hospital

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,088	1,394	1,674	1,973	2,268
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	(1,061)	1,193	(76)
Cash flow from operations	**4,134**	**3,763**	**1,688**	**4,404**	**3,522**
Capex - maintenance	(4,895)	(2,125)	(775)	(829)	(871)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,480)	812	(395)	(360)	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	**(6,375)**	**(1,314)**	**(1,170)**	**(1,189)**	**(871)**
Dividends paid	(1,362)	(1,429)	(1,080)	(837)	(986)
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)
Cash flow from financing	**2,483**	**(2,522)**	**(1,370)**	**(1,137)**	**(1,301)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**242**	**(73)**	**(852)**	**2,078**	**1,350**
Free cash flow to firm (FCFF)	(1,997.35)	2,781.59	874.62	3,561.87	2,988.09
Free cash flow to equity (FCFE)	1,604.43	1,356.69	227.98	2,915.13	**2,336.25**

Per share (THB)					
FCFF per share	(1.66)	2.32	0.73	2.97	2.49
FCFE per share	1.34	1.13	0.19	2.43	1.95
Recurring cash flow per share	3.08	2.24	2.29	2.68	3.00

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	24,024	25,423	26,198	27,027	27,898
Less: Accumulated depreciation	(9,062)	(9,373)	(10,467)	(11,706)	(13,006)
Tangible fixed assets (net)	**14,961**	**16,050**	**15,731**	**15,321**	**14,892**
Intangible fixed assets (net)	**422**	**437**	**437**	**437**	**437**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	21,496	20,684	21,079	21,439	21,439
Cash & equivalents	1,369	1,296	444	2,522	3,872
A/C receivable	2,023	1,386	1,065	948	948
Inventories	770	823	896	959	1,016
Other current assets	373	234	970	344	436
Current assets	**4,534**	**3,739**	**3,374**	**4,773**	**6,271**
Other assets	202	348	348	348	348
Total assets	**41,615**	**41,259**	**40,969**	**42,318**	**43,387**
Common equity	19,387	18,543	19,137	20,272	21,554
Minorities etc.	8,592	8,679	8,669	8,669	8,684
Total shareholders' equity	**27,980**	**27,222**	**27,806**	**28,941**	**30,238**
Long term debt	5,189	3,599	3,599	3,599	3,599
Other long-term liabilities	501	956	956	956	956
Long-term liabilities	**5,690**	**4,555**	**4,555**	**4,555**	**4,555**
A/C payable	676	697	758	812	860
Short term debt	6,178	7,358	7,058	6,758	6,458
Other current liabilities	1,092	1,427	792	1,252	1,276
Current liabilities	**7,945**	**9,482**	**8,608**	**8,822**	**8,594**
Total liabilities and shareholders' equity	**41,615**	**41,259**	**40,969**	**42,318**	**43,387**
Net working capital	1,398	319	1,380	188	264
Invested capital	38,480	37,839	38,975	37,733	37,379
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	16.16	15.45	15.95	16.89	17.96
Tangible book value per share	15.80	15.09	15.58	16.53	17.60
Financial strength					
Net debt/equity (%)	35.7	35.5	36.7	27.1	20.5
Net debt/total assets (%)	24.0	23.4	24.9	18.5	14.3
Current ratio (x)	0.6	0.4	0.4	0.5	0.7
CF interest cover (x)	7.9	5.1	1.6	9.4	8.1

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**17.4**	**26.0**	**21.7**	**18.4**	**16.0**
Recurring P/E @ target price (x) *	**25.3**	**37.9**	**31.5**	**26.8**	**23.3**
Reported P/E (x)	17.4	23.4	21.7	18.4	16.0
Dividend yield (%)	3.6	3.0	2.3	2.7	3.1
Price/book (x)	1.9	2.0	1.9	1.8	1.7
Price/tangible book (x)	1.9	2.0	1.9	1.8	1.7
EV/EBITDA (x) **	23.3	33.1	25.6	20.4	17.7
EV/EBITDA @ target price (x) **	30.3	43.1	33.3	26.8	23.4
EV/invested capital (x)	1.4	1.4	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

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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%). *(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.)*	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. *(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.)*	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. *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.*	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>
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 AA 7.143-8.570 A 5.714-7.142 BBB 4.286-5.713 BB 2.857-4.285 B 1.429-2.856 CCC 0.000-1.428 **Leader:** leading its industry in managing the most significant ESG risks and opportunities **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **Laggard:** lagging its industry based on its high exposure and failure to manage significant ESG risks	
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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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

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 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.
Bangkok Dusit Medical Services	BDMS TB	THB 27.50	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 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 Chain Hospital	BCH TB	THB 18.50	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 2.90	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 18.20	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 37.00	HOLD	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units. Downside risks include 1) regulatory risks from drug prices and medical bill controls; and 2) a slowdown in international patients due to economic concerns.

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 13-Jun-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.
HOLD (H). The upside or downside is less than 10%.
REDUCE (R). The downside is 10% or more.
Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

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

Industry Recommendations

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

Country (Strategy) Recommendations

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

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

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