

BANGKOK DUSIT MEDICAL SERVICES

THAILAND / HEALTH CARE SERVICES

BDMS TB

BUY

UNCHANGED

TARGET PRICE	THB36.50
CLOSE	THB30.00
UP/DOWNSIDE	+21.7%
PRIOR TP	THB35.00
CHANGE IN TP	+4.3%
TP vs CONSENSUS	+4.6%

Record high profit and resilience outlook

- Expect 3Q24 core profit to grow by 9% y-y and hit a new record high of THB4.2b, driven by strong international patient volume.
- Expect limited impact from the co-pay insurance scheme; expect 2025 core profit to grow by 10% to THB17.6b.
- Maintain BUY with a DCF-based TP of TH36.5/shr.

Expect revenue and core profit to hit a record high in 3Q24

We expect 3Q24 revenue to grow by 7% y-y. International patient revenue should jump by 11-12% y-y, driven by patients from China (+20-30% y-y), the Middle East (+20-25% y-y) and Europe (+20-25% y-y). However, we expect CLMV revenue to be relatively flat y-y due to a high base and political tension in Myanmar. Meanwhile, Thai patient revenue should grow by 6-7% y-y, improving compared to 5% y-y in 2Q24 due to the rainy season. We estimate the 3Q24 EBITDA margin to be relatively flat y-y at 24.5%, leading the core profit to hit a new record high and grow by 9% y-y to THB4.2b in 3Q24.

Well-diversified portfolio to mitigate insurance co-pay scheme

Most insurance companies are likely to introduce a co-pay insurance scheme in 2025. Insurance patient revenue is a key growth driver for BDMS, as the revenue contribution has accelerated from 31% in 2019 to 37% in 6M24. We believe the impact should be minimal given that BDMS has a dedicated team to handle insurance claims directly and BDMS owns a multi-tier hospital network, allowing patients to choose based on their insurance coverage. Thus, the number of insurance customers is not expected to decrease significantly, in our view.

Growth momentum to continue in 4Q24 and 2025

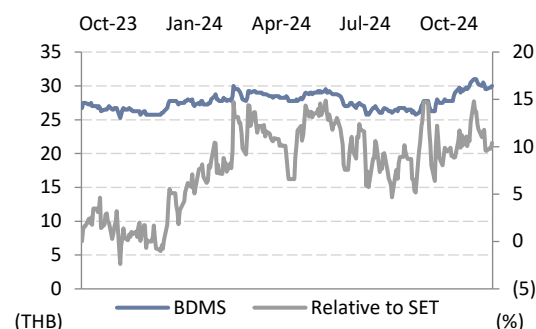
We believe the revenue growth momentum will continue in 4Q24, driven by international patients, leading 2024 revenue to nearly hit management's guidance of 10% growth. We expect revenue to grow by 8% in 2025 via a combination of 7% growth from Thai patients and 10% growth from international patients. The EBITDA margin should improve from 24.2% in 2024E to 24.6% in 2025, resulting in core profit growth of 10% to THB17.6b in 2025.

Trim core profit and roll forward DCF valuation to 2025

We trim our 2024-26E core profit by 2-3% to reflect the slightly higher-than-expected COGS. However, our 2024 EBITDA margin forecast of 24.2% is still in line with management's guidance of 24-25%. We also roll forward our DCF valuation base to 2025 and derive a new TP of THB36.5shr. BDMS is trading at an attractive valuation of 30x 2024E P/E, lower than its five-year average of 31x.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	102,110	111,730	120,675	130,342
Net profit	14,375	15,971	17,640	19,341
EPS (THB)	0.90	1.00	1.11	1.22
vs Consensus (%)	-	0.4	2.0	1.2
EBITDA	24,740	27,071	29,721	32,363
Recurring net profit	14,375	15,971	17,640	19,341
Core EPS (THB)	0.90	1.00	1.11	1.22
Chg. In EPS est. (%)	-	(2.7)	(1.6)	(1.6)
EPS growth (%)	14.0	11.1	10.4	9.6
Core P/E (x)	33.2	29.9	27.0	24.7
Dividend yield (%)	2.2	2.3	2.3	2.6
EV/EBITDA (x)	19.8	18.0	16.3	14.8
Price/book (x)	5.0	4.8	4.5	4.2
Net debt/Equity (%)	8.8	6.7	1.6	(3.3)
ROE (%)	15.5	16.4	17.1	17.6



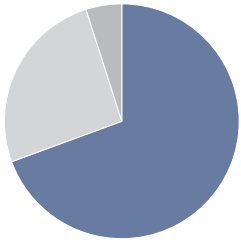
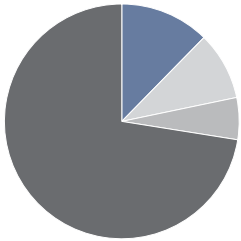
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.7	14.3	12.1
Relative to country (%)	(0.1)	3.5	10.2
Mkt cap (USD m)	14,264		
3m avg. daily turnover (USD m)	44.8		
Free float (%)	70		
Major shareholder	Thai NVDR (12%)		
12m high/low (THB)	31.25/25.00		
Issued shares (m)	15,892.00		

Sources: Bloomberg consensus; FSSIA estimates



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<div><h3>Investment thesis</h3><p>BDMS has aggressively expanded its hospital network from 10 in 2004 to 59 currently. The company had a high capex level, averaging 17% of revenue over 2013-19. It is now at the tail end of its capex cycle as it has already achieved its target of 50 hospitals.</p><p>BDMS plans to focus on organic growth. We expect the EBITDA margin to be maintained at a high level of 24-25% over 2023-25 (vs 22% in 2019), led by a higher utilization rate, its Centre of Excellence (CoE) project, and the turnaround of loss-making hospitals.</p><p>BDMS has a healthy balance sheet with 2023 net D/E at only 0.1x. FCFE should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.</p></div> <div><h3>Company profile</h3><p>BDMS is the largest healthcare provider in terms of market capital in Thailand. It operates 59 hospitals under six brands.</p><p>www.bangkokhospital.com</p></div>	<div><h3>Principal activities (revenue, 2023)</h3><div><div><div>■ Thai patient revenue - 69.4 %</div><div>■ International patient revenue - 25.7 %</div><div>■ Other revenue - 4.9 %</div></div></div><div><p>Source: Bangkok Dusit Medical Services</p></div><div><h3>Major shareholders</h3><div><div><div>■ Thai NVDR - 12.3 %</div><div>■ Prasert Prasarttong-Osoth - 9.4 %</div><div>■ Poramaporn Prasarttong-Osoth - 5.8 %</div><div>■ Others - 72.5 %</div></div></div><div><p>Source: Bangkok Dusit Medical Services</p></div></div></div>
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Catalysts

Key potential growth drivers include 1) higher insurance patient revenue; 2) higher demand from medical tourists; and 3) a higher EBITDA margin led by CoE hospitals.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.

Event calendar

Date	Event
Nov 2024	3Q24 results announcement

Key assumptions

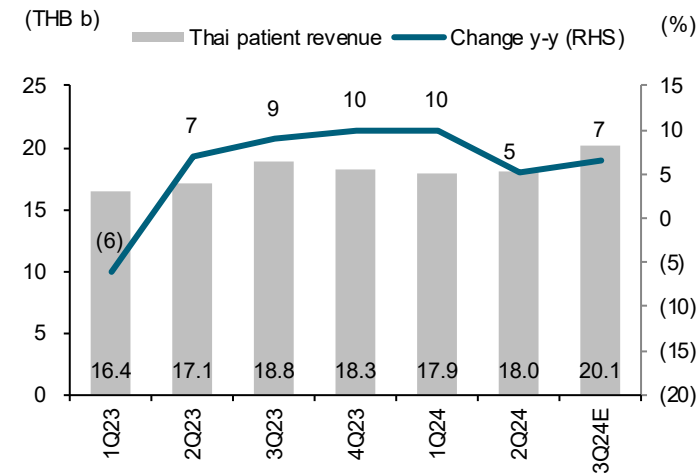
	2024E	2025E	2026E
	(%)	(%)	(%)
No. of hospitals (no.)	61	63	66
OPD volume growth	8	4	4
OPD revenue / patient growth	2	4	4
IPD volume growth	8	4	4
IPD revenue / patient growth	2	4	4

Source: FSSIA estimates

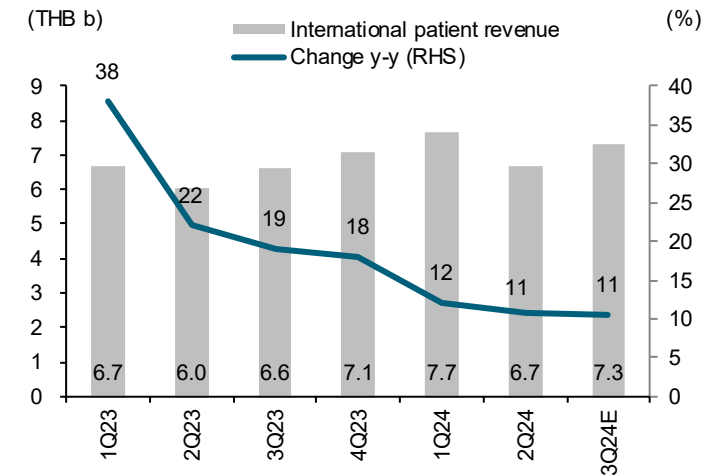
Earnings sensitivity

- For every 1% increase in patient volume, we project 2024 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2024 earnings to rise by 6%, and vice versa, all else being equal.

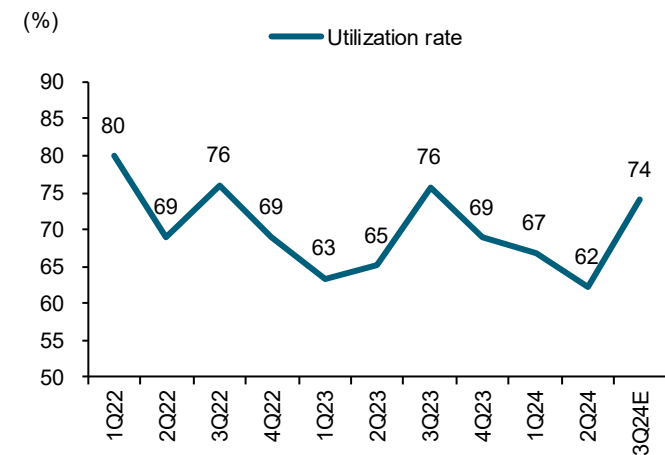
Source: FSSIA estimates

Exhibit 1: Thai patient revenue, quarterly

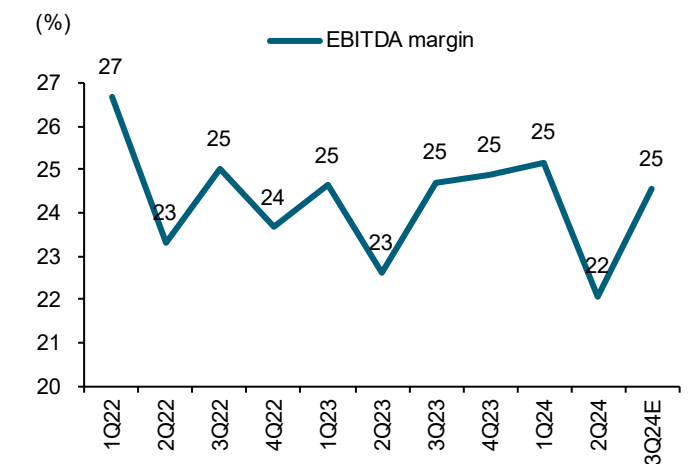
Sources: BDMS; FSSIA estimates

Exhibit 2: International patient revenue, quarterly

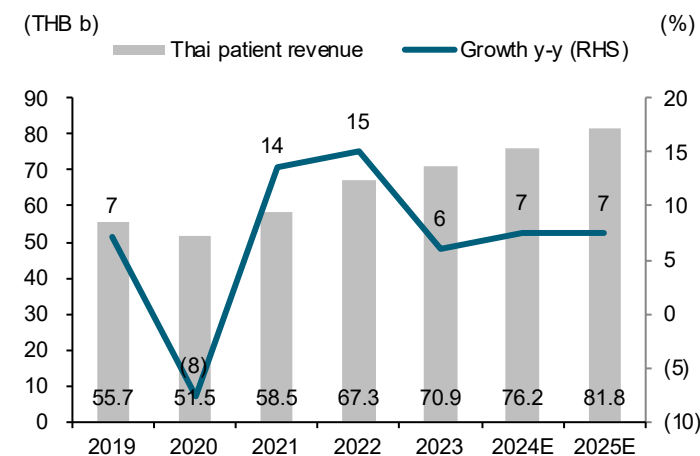
Sources: BDMS; FSSIA estimates

Exhibit 3: Utilization rate

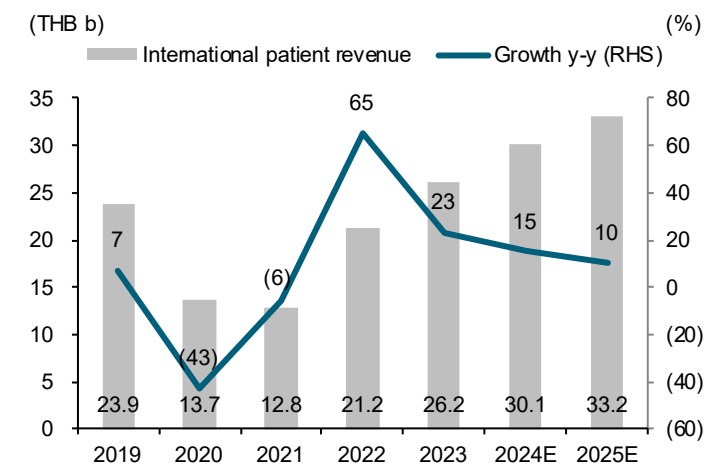
Source: BDMS; FSSIA estimates

Exhibit 4: EBITDA margin trend, quarterly

Sources: BDMS; FSSIA estimates

Exhibit 5: Thai patient revenue forecast

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

Exhibit 6: International patient revenue forecast

Sources: BDMS; FSSIA estimates

Exhibit 7: BDMS – 3Q24 results preview

	3Q23	4Q23	1Q24	2Q24	3Q24E	Change		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	26,699	26,726	26,930	26,058	28,700	10	7	102,110	111,730	9
- Hospital revenue	25,473	25,379	25,526	24,694	27,412	11	8	97,077	106,294	9
- Other revenue	1,227	1,346	1,404	1,364	1,288	(6)	5	5,034	5,436	8
COGS (incl depreciation)	(16,469)	(16,389)	(16,736)	(16,664)	(17,794)	7	8	(63,412)	(69,248)	9
Gross profit	10,230	10,337	10,194	9,394	10,906	16	7	38,698	42,482	10
SG&A	(5,106)	(5,191)	(4,893)	(5,146)	(5,412)	5	6	(19,806)	(21,560)	9
Operating profit¹⁾	5,124	5,146	5,301	4,248	5,494	29	7	18,892	20,922	11
Net other income	7	19	9	23	9	(63)	30	43	48	10
Interest income	48	52	48	47	47	0	(1)	173	110	(37)
Interest expense	(122)	(126)	(113)	(111)	(111)	0	(10)	(547)	(501)	(8)
Pretax profit	5,057	5,091	5,246	4,208	5,440	29	8	18,563	20,579	11
Income Tax	(1,025)	(1,038)	(1,042)	(756)	(1,034)	37	1	(3,755)	(4,116)	10
Associates	21	22	13	14	15	7	(28)	89	98	10
Minority interest	(163)	(123)	(143)	(131)	(195)	49	20	(522)	(590)	13
Core profit	3,890	3,952	4,074	3,335	4,226	27	9	14,375	15,971	11
Extraordinaries, GW & FX								0	0	
Reported net profit	3,890	3,952	4,074	3,335	4,226	27	9	14,375	15,971	11
Outstanding shares (m)	15,892	15,892	15,892	15,892	15,892	0	0	15,892	15,892	0
Core EPS (THB)	0.24	0.25	0.26	0.21	0.27	27	9	0.90	1.00	11
EPS (THB)	0.24	0.25	0.26	0.21	0.27	27	9	0.90	1.00	11
COGS (excl depreciation)	14,999	14,886	15,259	15,161	16,246	7	8	57,564	63,099	10
Depreciation	1,470	1,503	1,477	1,503	1,548	3	5	5,848	6,149	5
EBITDA ²⁾	6,594	6,649	6,778	5,751	7,042	22	7	24,740	27,071	9
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	38	39	37.9	36.1	38.0	2	(0)	38	38	0
SG&A/Revenue	19	19	18.2	19.7	18.9	(1)	(0)	19	19	(0)
EBITDA margin	25	25	25	22	25	2	(0)	24	24	-
Net profit margin	15	15	15	13	15	2	0	14	14	0
Operating stats	(%)	(%)	(%)	(%)	(%)					
OPD revenue growth y-y	14	10	13	12	12					
OPD volume growth y-y	0	5	12	7	-					
OPD revenue per head growth y-y	14	5	1	2	-					
IPD revenue growth y-y	9	15	8	5	9					
IPD volume growth y-y	20	17	17	(2)	-					
IPD revenue per head growth y-y	(9)	(2)	(7)	6	-					
Thai revenue growth y-y	9	10	10	5	7					
International revenue growth y-y	19	18	12	11	11					

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

Sources: BDMS; FSSIA estimates

Exhibit 8: Forecast revisions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
OPD volume (visits per day)	35,461	36,879	38,355	34,636	36,022	37,463	2.4	2.4	2.4
OPD revenue / patient (THB)	3,947	4,105	4,270	4,064	4,226	4,395	(2.9)	(2.9)	(2.9)
IPD volume (admissions per day)	1,795	1,867	1,942	1,754	1,824	1,897	2.4	2.4	2.4
IPD revenue / patient (THB)	84,471	87,850	91,364	86,956	90,434	94,051	(2.9)	(2.9)	(2.9)
Revenue	111.7	120.7	130.3	112.3	121	131	(0.5)	(0.5)	(0.5)
EBITDA margin (%)	24.2	24.6	24.8	24.7	24.9	25.1	(0.5)	(0.3)	(0.3)
Core profit	16.0	17.6	19.3	16.4	18	20	(2.7)	(1.6)	(1.6)

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

Source: FSSIA estimates

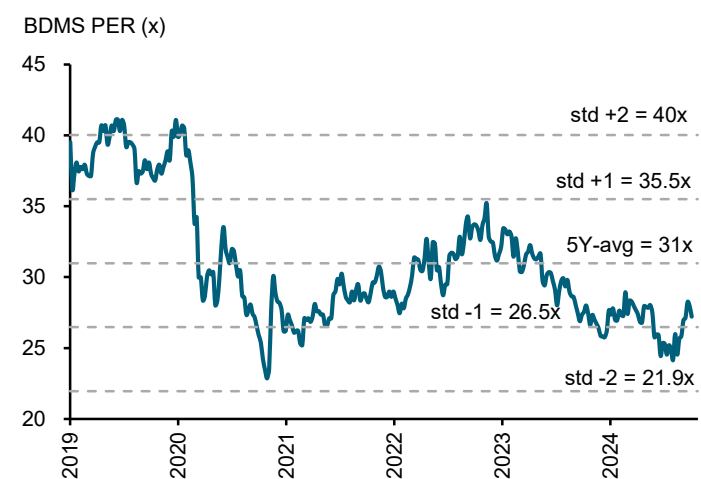
Exhibit 9: BDMS – DCF-derived TP

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

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	184.5	11.6	WACC 8.1%, Risk-free rate 3%, Risk premium 8%
Terminal value	399.3	25.1	Terminal growth 3%
Cash & liquid assets	15.4	1.0	At end-2025E
Investments	2.3	0.1	At end-2025E
Debt	(17.1)	(1.1)	At end-2025E
Minorities	(4.9)	(0.3)	At end-2025E
Residual ordinary equity	579.5	36.5	

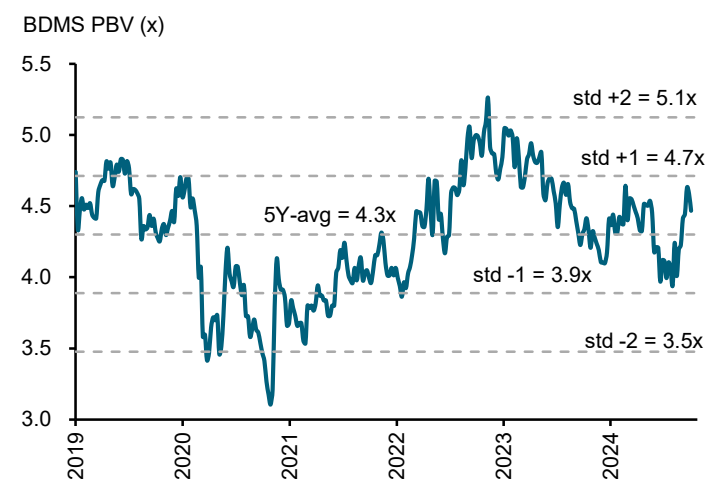
Source: FSSIA estimates

Exhibit 10: One-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 9 Oct 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)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	30.00	36.50	21.7	14,264	29.9	27.0	16.4	17.1	4.8	4.5	18.0	16.3
Bumrungrad Hospital	BH TB	BUY	270.00	310.00	14.8	6,422	27.5	26.0	30.1	27.7	7.7	6.8	18.7	17.3
Bangkok Chain Hospital	BCH TB	BUY	17.90	22.00	22.9	1,335	27.8	23.8	12.4	13.6	3.3	3.1	14.4	12.4
Chularat Hospital	CHG TB	BUY	2.78	3.60	29.5	915	25.4	22.0	15.5	16.7	3.8	3.5	14.5	12.7
Patransit Healthcare Group	PHG TB	BUY	16.00	21.00	31.3	144	16.6	14.7	14.3	15.1	2.3	2.1	7.9	7.2
Praram 9 Hospital	PR9 TB	BUY	22.50	27.00	20.0	529	26.4	23.3	12.7	13.2	3.2	3.0	13.9	12.0
Thonburi Healthcare Group	THG TB	HOLD	20.70	40.00	93.2	525	35.0	21.9	4.9	7.6	1.7	1.6	13.6	11.2
Ramkhamhaeng Hospital	RAM TB	BUY	23.00	44.00	91.3	826	16.5	14.0	8.9	10.0	1.4	1.4	21.6	17.1
Rajthanee Hospital	RJH TB	n/a	23.20	n/a	n/a	208	15.3	16.5	20.2	18.9	3.2	3.1	11.0	11.0
Ekachai Medical Care	EKH TB	n/a	6.70	n/a	n/a	156	16.9	17.2	14.1	13.1	2.2	2.1	8.6	8.2
Thailand average						21,391	24.2	20.6	15.1	15.5	3.7	3.1	14.2	12.5
Regional														
Ramsay Health Care	RHC AU	n/a	42.65	n/a	n/a	6,613	34.3	32.3	6.5	6.4	2.0	1.9	9.7	9.4
Ihh Healthcare Bhd	IHH SP	n/a	2.19	n/a	n/a	14,792	33.9	31.5	6.5	6.5	2.0	2.0	14.7	13.7
Ryman Healthcare	RYM NZ	n/a	4.85	n/a	n/a	2,027	12.1	13.9	7.0	6.8	0.7	0.7	16.5	19.6
Apollo Hospitals Enterprise	APHS IN	n/a	6,924	n/a	n/a	12,004	108.7	68.8	14.1	18.9	14.4	12.3	43.7	33.9
Kpj Healthcare Berhad	KPJ MK	n/a	2.09	n/a	n/a	2,131	32.2	28.6	11.7	12.3	3.6	3.4	14.7	13.6
Raffles Medical Group	RFMD SP	n/a	0.90	n/a	n/a	1,281	24.3	23.1	6.6	6.9	1.6	1.6	11.7	11.0
Mitra Keluarga Karyasehat	MIKA IJ	n/a	3,090	n/a	n/a	2,818	36.9	32.3	19.3	19.5	6.5	5.9	23.2	20.2
Aier Eye Hospital Group	300015 CH	n/a	15.63	n/a	n/a	20,628	36.5	33.3	18.6	19.0	6.6	5.7	22.0	19.3
Regional average						62,293	39.9	33.0	11.3	12.0	4.7	4.2	19.5	17.6
Overall average						83,683	30.9	26.1	13.3	13.9	4.0	3.6	16.6	14.8

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	92,968	102,110	111,730	120,675	130,342
Cost of goods sold	(58,329)	(63,412)	(69,248)	(74,571)	(80,375)
Gross profit	34,638	38,698	42,482	46,104	49,967
Other operating income	-	-	-	-	-
Operating costs	(17,655)	(19,806)	(21,560)	(23,045)	(24,761)
Operating EBITDA	22,933	24,740	27,071	29,721	32,363
Depreciation	(5,950)	(5,848)	(6,149)	(6,662)	(7,157)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	16,984	18,892	20,922	23,059	25,206
Net financing costs	(552)	(373)	(391)	(364)	(294)
Associates	42	89	98	108	119
Recurring non-operating income	50	133	146	161	177
Non-recurring items	0	0	0	0	0
Profit before tax	16,481	18,652	20,677	22,856	25,088
Tax	(3,227)	(3,755)	(4,116)	(4,550)	(4,994)
Profit after tax	13,254	14,897	16,561	18,307	20,094
Minority interests	(648)	(522)	(590)	(667)	(753)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	12,606	14,375	15,971	17,640	19,341
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	12,606	14,375	15,971	17,640	19,341
Per share (THB)					
Recurring EPS *	0.79	0.90	1.00	1.11	1.22
Reported EPS	0.79	0.90	1.00	1.11	1.22
DPS	0.50	0.65	0.70	0.70	0.78
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
Growth					
Revenue (%)	23.1	9.8	9.4	8.0	8.0
Operating EBITDA (%)	32.2	7.9	9.4	9.8	8.9
Operating EBIT (%)	54.1	11.2	10.7	10.2	9.3
Recurring EPS (%)	63.0	14.0	11.1	10.4	9.6
Reported EPS (%)	58.8	14.0	11.1	10.4	9.6
Operating performance					
Gross margin inc. depreciation (%)	37.3	37.9	38.0	38.2	38.3
Gross margin exc. depreciation (%)	43.7	43.6	43.5	43.7	43.8
Operating EBITDA margin (%)	24.7	24.2	24.2	24.6	24.8
Operating EBIT margin (%)	18.3	18.5	18.7	19.1	19.3
Net margin (%)	13.6	14.1	14.3	14.6	14.8
Effective tax rate (%)	19.6	20.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	63.0	71.9	69.7	63.4	63.8
Interest cover (X)	30.8	51.0	53.9	63.8	86.2
Inventory days	14.7	14.7	14.7	14.8	14.8
Debtor days	38.5	39.4	37.8	35.0	32.4
Creditor days	39.1	41.5	41.8	42.2	42.2
Operating ROIC (%)	15.8	16.1	17.1	18.3	19.6
ROIC (%)	12.7	13.1	14.0	15.1	16.2
ROE (%)	14.5	15.5	16.4	17.1	17.6
ROA (%)	10.1	10.7	11.5	12.1	12.5

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Thai patient revenue	67,286	70,866	76,151	81,810	87,876
International patient revenue	21,248	26,211	30,142	33,157	36,472
Other revenue	4,433	5,034	5,436	5,708	5,993

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	12,606	14,375	15,971	17,640	19,341
Depreciation	5,950	5,848	6,149	6,662	7,157
Associates & minorities	-	-	-	-	-
Other non-cash items	1,275	1,203	590	667	753
Change in working capital	720	161	1,242	1,129	1,229
Cash flow from operations	20,551	21,588	23,953	26,098	28,480
Capex - maintenance	(14,953)	(11,612)	(11,173)	(9,654)	(10,427)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(386)	(290)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(15,340)	(11,902)	(11,173)	(9,654)	(10,427)
Dividends paid	(7,943)	(10,343)	(11,124)	(11,180)	(12,348)
Equity finance	0	0	0	0	0
Debt finance	4,764	(5,460)	(500)	(500)	(500)
Other financing cash flows	299	612	0	0	0
Cash flow from financing	(2,880)	(15,190)	(11,624)	(11,680)	(12,848)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	2,330	(5,505)	1,155	4,764	5,205
Free cash flow to firm (FCFF)	5,842.84	10,232.29	13,280.45	16,930.40	18,525.27
Free cash flow to equity (FCFE)	10,273.66	4,838.23	12,279.70	15,943.65	17,552.52
Per share (THB)					
FCFF per share	0.37	0.64	0.84	1.07	1.17
FCFE per share	0.65	0.30	0.77	1.00	1.10
Recurring cash flow per share	1.25	1.35	1.43	1.57	1.71
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	155,412	165,315	176,488	186,142	196,569
Less: Accumulated depreciation	(63,503)	(67,642)	(73,791)	(80,453)	(87,609)
Tangible fixed assets (net)	91,909	97,673	102,697	105,689	108,960
Intangible fixed assets (net)	19,160	19,376	19,376	19,376	19,376
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,986	2,276	2,276	2,276	2,276
Cash & equivalents	14,972	9,467	10,622	15,386	20,591
A/C receivable	10,484	11,558	11,558	11,558	11,558
Inventories	2,211	2,420	2,652	2,855	3,078
Other current assets	132	101	110	119	129
Current assets	27,799	23,545	24,943	29,918	35,355
Other assets	689	726	726	726	726
Total assets	141,543	143,596	150,017	157,984	166,693
Common equity	89,879	95,242	100,089	106,549	113,542
Minorities etc.	3,834	3,630	4,220	4,887	5,641
Total shareholders' equity	93,713	98,872	104,309	111,436	119,183
Long term debt	23,062	18,134	17,634	17,134	16,634
Other long-term liabilities	10,032	10,973	10,973	10,973	10,973
Long-term liabilities	33,094	29,107	28,607	28,107	27,607
A/C payable	6,176	6,901	7,565	8,141	8,778
Short term debt	532	0	0	0	0
Other current liabilities	8,028	8,715	9,536	10,300	11,125
Current liabilities	14,736	15,616	17,101	18,441	19,903
Total liabilities and shareholders' equity	141,543	143,596	150,017	157,984	166,693
Net working capital	(1,377)	(1,538)	(2,780)	(3,909)	(5,138)
Invested capital	112,367	118,513	122,294	124,157	126,199
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	5.66	5.99	6.30	6.70	7.14
Tangible book value per share	4.45	4.77	5.08	5.49	5.93
Financial strength					
Net debt/equity (%)	9.2	8.8	6.7	1.6	(3.3)
Net debt/total assets (%)	6.1	6.0	4.7	1.1	(2.4)
Current ratio (x)	1.9	1.5	1.5	1.6	1.8
CF interest cover (x)	19.6	14.0	32.4	44.8	60.6
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	37.8	33.2	29.9	27.0	24.7
Recurring P/E @ target price (x) *	46.0	40.4	36.3	32.9	30.0
Reported P/E (x)	37.8	33.2	29.9	27.0	24.7
Dividend yield (%)	1.7	2.2	2.3	2.3	2.6
Price/book (x)	5.3	5.0	4.8	4.5	4.2
Price/tangible book (x)	6.7	6.3	5.9	5.5	5.1
EV/EBITDA (x) **	21.3	19.8	18.0	16.3	14.8
EV/EBITDA @ target price (x) **	25.8	23.9	21.8	19.7	18.0
EV/invested capital (x)	4.4	4.1	4.0	3.9	3.8
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Bangkok Dusit Medical Serv (BDMS TB)

FSSIA ESG rating

★★★★

Exhibit 13: FSSIA ESG score implication

74.00 /100

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

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

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.08	1.05	2.21	2.76	3.74	3.77	3.76	3.45
BESG environmental pillar score	0.00	0.00	2.04	4.49	4.17	3.84	3.24	2.25
BESG social pillar score	0.14	0.14	1.24	1.48	3.40	3.53	3.54	3.59
BESG governance pillar score	4.56	4.40	4.37	4.19	4.03	4.13	4.51	4.12
ESG disclosure score	32.33	32.33	46.90	47.34	57.35	57.69	58.34	58.92
Environmental disclosure score	0.00	0.00	22.74	24.07	52.31	52.31	54.27	56.00
Social disclosure score	13.21	13.21	34.22	34.22	36.03	37.06	37.06	37.06
Governance disclosure score	83.59	83.59	83.59	83.59	83.59	83.59	83.59	83.59
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	No	No
Climate change policy	No	No	No	No	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	—	—	3	4	9	35	9	34
GHG scope 2 location-based	—	—	91	92	98	94	96	209
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	143	145	152	147	194	497
Renewable energy use	—	—	—	—	—	—	—	5
Electricity used	—	—	143	145	152	147	192	417
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 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	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	1	2	2	2	3	5
Total waste	—	—	6	7	7	5	9	13
Waste recycled	—	—	0	1	1	0	1	2
Waste sent to landfills	—	—	—	—	—	—	3	5
Environmental supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
Water policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	354	358	388	332	472	754
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	82	82	82	82	83	83
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0	0	0	0	0	1
Total recordable incident rate - employees	—	—	2	2	2	1	1	1
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	33,456	36,989	37,505	38,803	40,298	36,254	36,344	40,495
Employee turnover pct	—	—	18	19	19	17	16	20
Total hours spent by firm - employee training	568,960	588,890	795,330	547,592	784,625	476,816	437,209	1,417,320
Social supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
Governance								
Board size	15	14	13	14	14	16	18	17
No. of independent directors (ID)	7	6	6	6	6	7	7	7
No. of women on board	2	1	1	1	1	2	2	2
No. of non-executive directors on board	9	7	6	8	9	9	9	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	13	14	12	13	12	12	12
Board meeting attendance pct	95	94	98	97	98	98	97	100
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	45	42	43	44	45	46	47	48
Age of the oldest director	83	84	85	86	87	88	89	90
No. of executives / company managers	4	5	5	5	6	7	5	5
No. of female executives	1	1	1	2	1	2	2	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	10	9	10	7	10	6	6	6
Audit meeting attendance %	100	100	100	100	97	100	100	100
Size of compensation committee	4	4	4	4	4	3	3	3
No. of ID on compensation committee	3	3	3	2	2	2	2	2
No. of compensation committee meetings	3	1	4	4	3	4	4	3
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	4	4	4	4	4	3	3	3
No. of nomination committee meetings	3	1	4	4	3	4	4	3
Nomination meeting attendance %	100	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainabilitys	The Sustainabilitys' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																			
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CCC	0.000-1.428	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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Dusit Medical Services	BDMS TB	THB 30.00	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-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 270.00	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 17.90	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 2.78	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.
Patangsit Healthcare Group	PHG TB	THB 16.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic slowdown; 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 22.50	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 20.70	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 23.00	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.

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 09-Oct-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.