

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% |

คาดการณ์จะทำสถิติสูงสุดใหม่พร้อมแนวโน้มที่อยู่ในเกณฑ์ดี

- คาดกำไรปกติ 3Q24 จะโต 9% y-y และทำสถิติสูงสุดใหม่ที่ 4.2 พัน ลบ. โดยมีปัจจัยหนุนจากปริมาณผู้ป่วยจากต่างประเทศที่อยู่ในเกณฑ์ดี
- คาดผลกระทบจำกัดจากแผนประกันสุขภาพแบบร่วมจ่าย คาดกำไรปกติปี 2025 จะโต 10% เป็น 17.6 พัน ลบ.
- คงคำแนะนำซื้อที่ราคาเป้าหมาย 36.5 บาท (DCF)

คาดการณ์รายได้และกำไรปกติจะทำสถิติสูงสุดใหม่ใน 3Q24

เราคาดว่ารายได้ 3Q24 จะโต 7% y-y ทั้งนี้รายได้จากผู้ป่วยจากต่างประเทศน่าจะกระโดดเพิ่ม 11-12% y-y โดยมีปัจจัยหนุนจากผู้ป่วยจากจีน (+20-30% y-y) ตะวันออกกลาง (+20-25% y-y) และยุโรป (+20-25% y-y) อย่างไรก็ตามเราคาดว่ารายได้จากผู้ป่วยในกลุ่ม CLMV จะค่อนข้างทรงตัว y-y จากฐานที่สูงและความตึงเครียดทางการเมืองในพม่า ในขณะที่รายได้จากผู้ป่วยชาวไทยน่าจะโต 6-7% y-y ดีขึ้นเมื่อเทียบกับ 5% y-y ใน 2Q24 เนื่องจากเป็นฤดูฝน เราคาดว่า EBITDA margin จะค่อนข้างทรงตัว y-y ที่ 24.5% ซึ่งจะช่วยให้กำไรปกติทำสถิติสูงสุดใหม่โดยจะโต 9% y-y เป็น 4.2 พัน ลบ. ใน 3Q24

พอร์ตที่มีการกระจายความเสี่ยงจะช่วยลดผลกระทบจากแผนประกันสุขภาพแบบร่วมจ่าย

บริษัทประกันภัยส่วนมากมีแนวโน้มที่จะออกแผนประกันสุขภาพแบบร่วมจ่ายในปี 2025 รายได้จากผู้ป่วยที่มีประกันจะเป็นปัจจัยหนุนการเติบโตสำคัญสำหรับ BDMS เนื่องจากสัดส่วนรายได้จากผู้ป่วยประเภทดังกล่าวเพิ่มขึ้นจาก 31% ในปี 2019 เป็น 37% ในช่วง 6M24 เราเชื่อว่าผลกระทบจะมีเพียงเล็กน้อยเนื่องจาก BDMS มีแผนที่ดีเรื่องสินไหมโดยเฉพาะและ BDMS เป็นเจ้าของเครือข่ายโรงพยาบาลในหลายระดับซึ่งทำให้ผู้ป่วยสามารถเลือกโรงพยาบาลได้ตามความคุ้มครองในสัญญาประกันสุขภาพ ดังนั้นเราจึงคาดว่าตัวเลขลูกค้าที่ชำระเงินโดยใช้กรมธรรม์ประกันสุขภาพจะไม่ลดลงอย่างมีนัยสำคัญ

แนวโน้มโตต่อเนื่องใน 4Q24 และ 2025

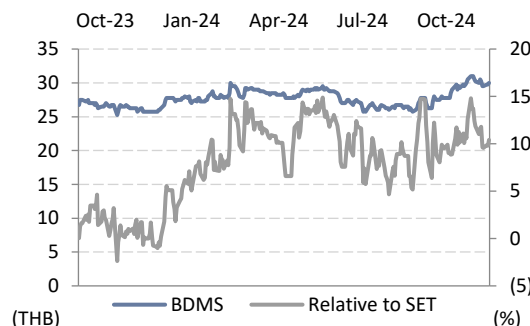
เราเชื่อว่ารายได้จะโตต่อเนื่องใน 4Q24 โดยมีปัจจัยหนุนจากผู้ป่วยจากต่างประเทศซึ่งจะทำให้รายได้ปี 2024 เกือบถึงเป้าหมายการเติบโตของผู้บริหารที่ 10% เราคาดว่ารายได้จะโตต่อเนื่องอีก 8% ในปี 2025 จากผู้ป่วยชาวไทยที่คาดว่าจะโต 7% และผู้ป่วยจากต่างประเทศที่คาดว่าจะโต 10% EBITDA margin น่าจะปรับตัวดีขึ้นจาก 24.2% ในปี 2024E เป็น 24.6% ในปี 2025 ซึ่งจะทำให้กำไรปกติโต 10% เป็น 17.6 พัน ลบ. ในปี 2025

ปรับลดประมาณการกำไรปกติและปรับราคาเป้าหมายเป็นปี 2025 (DCF)

เราปรับลดประมาณการกำไรปกติปี 2024-26 ของเราลง 2-3% เพื่อสะท้อนต้นทุนขายที่สูงกว่าคาดเล็กน้อย อย่างไรก็ตามการ EBITDA margin ในปี 2024 ของเรายัง 24.2% ยังใกล้เคียงกับเป้าของผู้บริหารที่ 24-25% นอกจากนี้เรายังปรับ Valuation ไปเป็นปี 2025 และได้ราคาเป้าหมายใหม่ที่ 36.5 บาท (DCF) BDMS มีการซื้อขายโดยมี Valuation ในระดับที่น่าสนใจที่ 30x 2024E P/E ต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 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

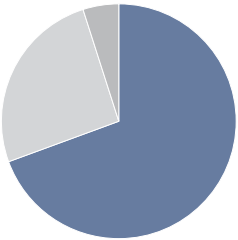
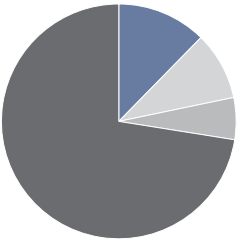


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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 10 ตุลาคม 2024

| | |
|--|---|
| <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. FCFF 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> |
|--|---|

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

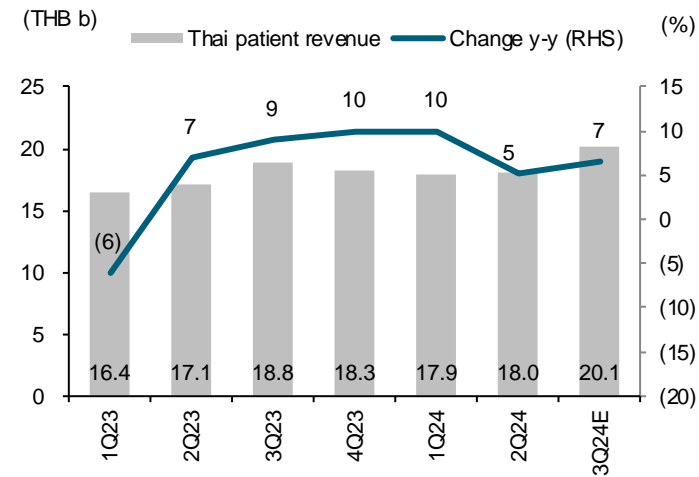
| | 2024E | 2025E | 2026E |
|------------------------------|-------|-------|-------|
| | (%) | (%) | (%) |
| No. of hospitals (no.) | 61 | 63 | 66 |
| OPD volume growth | 8 | 4 | 4 |
| OPD revenue / patient growth | 2 | 4 | 4 |
| IPD volume growth | 8 | 4 | 4 |
| IPD revenue / patient growth | 2 | 4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

Source: FSSIA estimates

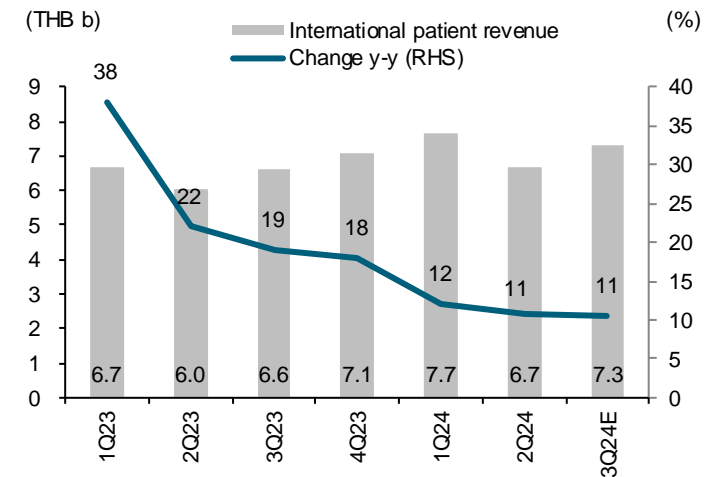
Earnings sensitivity

- 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.

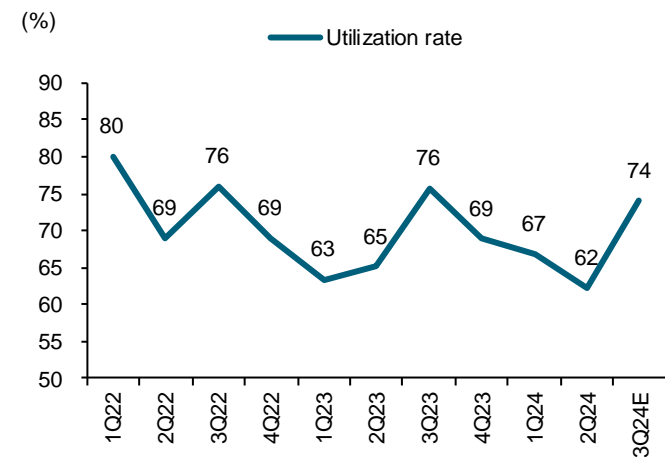
Source: FSSIA estimates

Exhibit 1: Thai patient revenue, quarterly

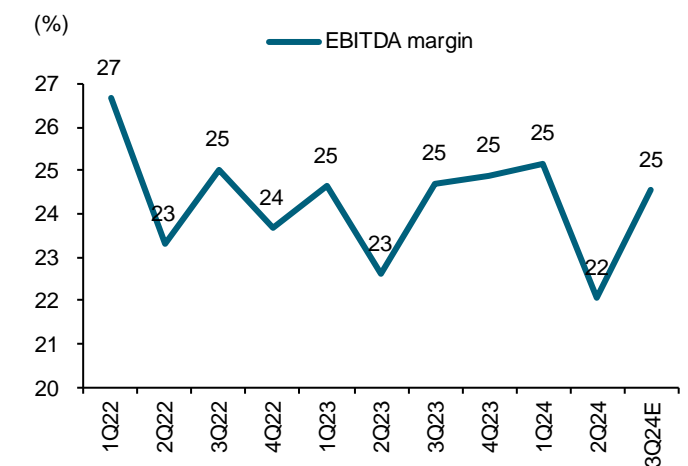
Sources: BDMS; FSSIA estimates

Exhibit 2: International patient revenue, quarterly

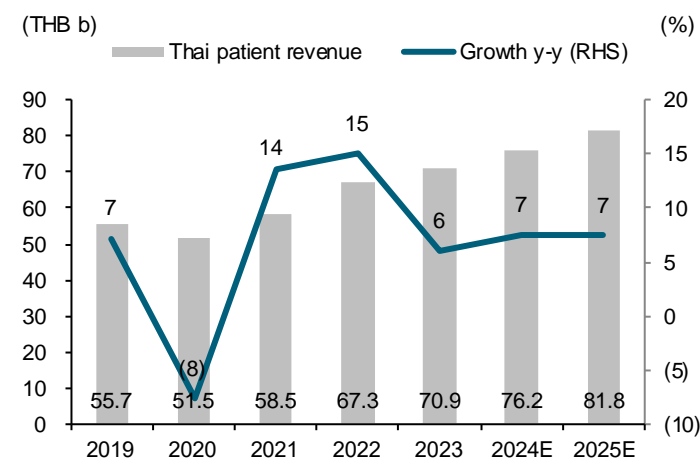
Sources: BDMS; FSSIA estimates

Exhibit 3: Utilization rate

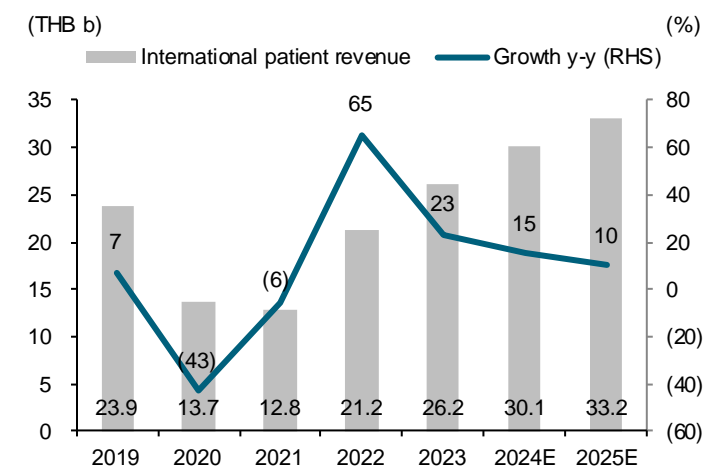
Source: BDMS; FSSIA estimates

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

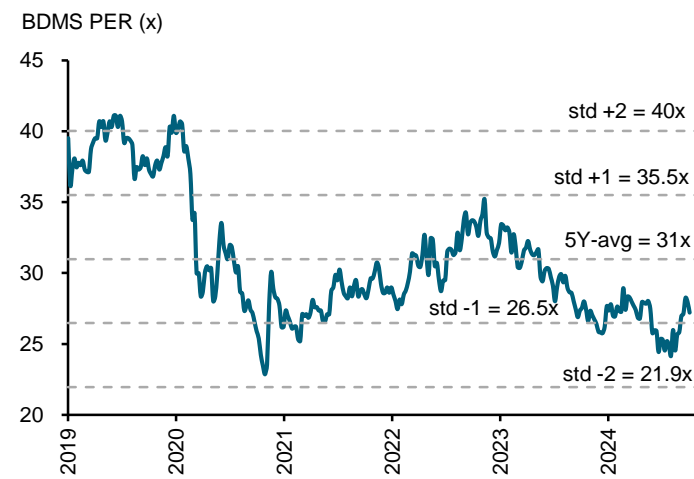
Exhibit 9: BDMS – DCF-derived TP

| 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 | |

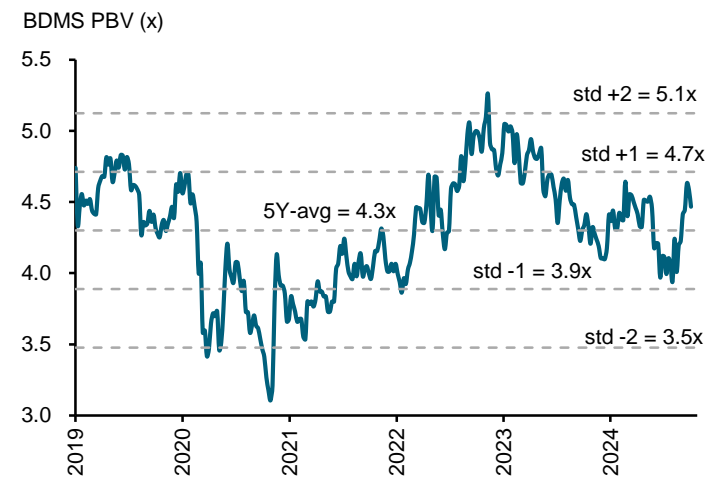
Source: FSSIA estimates

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 |
| Patangsit 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


74.00 /100

Exhibit 13: FSSIA ESG score implication

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

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

| | FSSIA 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](https://www.settrade.com); FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

| FY ending Dec 31 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| ESG financial materiality scores - ESG score | 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 | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | | |
| Moody's ESG solutions | Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term. | | | | | | | | | | | | | | | | | | | | | |
| Refinitiv ESG rating | Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i> | | | | | | | | | | | | | | | | | | | | | |
| S&P Global | The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100. | | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Score | Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best. | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Disclosure Score | Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point. | | | | | | | | | | | | | | | | | | | | |

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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.