

# SRIVICHAIVEJVIVAT

THAILAND / HEALTH CARE SERVICES

## VIH TB

# BUY

## New era for a hidden healthcare gem

- Dual growth engines: 1) existing hospitals with decent profit growth of 20% in 2024 and 14% in 2025; and 2) a new tertiary hospital which has a high potential for success due to its strategic location, lack of competition, and management's connections.
- Initiate coverage with BUY and a 2025 DCF-TP of THB15/shr.

**TARGET PRICE** THB15.00  
**CLOSE** THB9.35  
**UP/DOWNSIDE** +60.4%  
**TP vs CONSENSUS** -

### One of the cheapest hospitals in Thailand with only 15x 2025E P/E

VIH is an overlooked Thai healthcare stock, in our view. It is currently trading at an unjustified valuation of just 15x 2025E P/E (vs peers' average of 24x), with THB10m EV/bed (vs peers' average of THB31m and average capex of THB8-12m for greenfield hospital projects in Bangkok and the provinces). We believe VIH has two major growth phases ahead: the growth of its existing four hospitals (with a total of 483 beds) and the new hospital project (200 beds), scheduled to open in late 2026.

### Existing hospitals are in the growth cycle

We expect existing hospitals to deliver decent earnings growth of 20% to THB340m in 2024, driven by the strong growth of self-pay patient revenue and a better margin profile for Vichaivej International Samutsakhon, which has reached the breakeven point. Note, we conservatively forecast VIH to book an SSO revenue reversal of high-cost care treatments of THB27m in 2024 (THB15m in 3Q24 and THB12m in 4Q24) for the insufficient budget. If the SSO raises the budget in 2025, it would lead to an upside to our 2025E core profit, for which we currently forecast 14% growth.

### Success of the new hospital would lift VIH's profit by at least 40%

The market is likely concerned about the new hospital due to its huge capex of THB2.7b. We see it differently and believe that the project has a high probability of success. This is supported by its location in a high-income customer area, the absence of tertiary care competitors, and its proximity to the Golden Jubilee Medical Center and Mahidol University. This position could potentially mirror the success of SiPH and Thonburi Hospital, which are located near Siriraj Hospital. Additionally, management's connections with Siriraj medical professionals are a hidden asset for VIH, in our view. If the new hospital is successful, it could increase VIH's revenue and net profit profile by at least 40% by 2030.

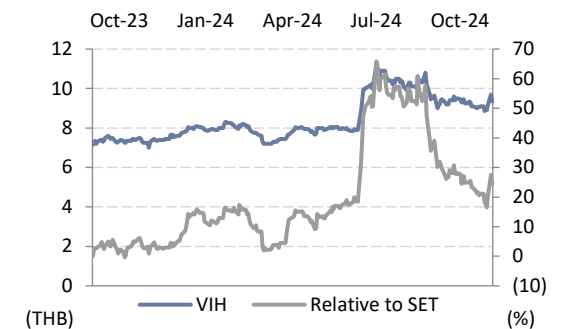
### Promising outlook with ample margin of safety in valuation

We value VIH using a 2025 DCF-TP of THB15/shr, consisting of THB12.5/shr for existing hospitals and THB2.5/shr for the new hospital with a 40% discount factor for uncertainty regarding the success of the project. We believe this is a good entry point for the stock with a promising growth story and an ample margin of safety in terms of valuation.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	2,734	2,969	3,168	3,435
Net profit	284	340	388	361
EPS (THB)	0.50	0.56	0.64	0.59
vs Consensus (%)	-	-	-	-
EBITDA	539	605	666	697
Recurring net profit	284	340	388	361
Core EPS (THB)	0.50	0.54	0.62	0.58
EPS growth (%)	(59.2)	8.8	14.3	(7.0)

Core P/E (x)	18.8	17.3	15.1	16.3
Dividend yield (%)	2.1	2.4	2.7	2.5
EV/EBITDA (x)	8.6	7.4	8.7	8.9
Price/book (x)	1.8	1.6	1.5	1.4
Net debt/Equity (%)	(22.9)	(35.2)	2.2	8.4
ROE (%)	9.4	10.3	10.5	9.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.6)	(10.1)	30.8
Relative to country (%)	(2.8)	(19.5)	24.5
Mkt cap (USD m)	171		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	33		
Major shareholder	BBTV Equity (19%)		
12m high/low (THB)	11.90/7.00		
Issued shares (m)	627.73		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

VIH is in the growth phase. The four existing hospitals (483 beds) are ramping up, driven mainly by self-pay patients. The company plans to launch more complex medical products, which should improve revenue and margin profiles. We expect the EBITDA margin of existing hospitals to improve from 20% in 2023 to 22% in 2027.

VIH plans to open a new tertiary hospital (200 beds) in late 2026. The project has a strong potential for success due to its strategic location, lack of competition at the tertiary care level, and management's connections. It could significantly boost VIH's revenue and profits.

VIH has a healthy balance sheet with a net cash position. We estimate its IBD/E at only 0.3-0.4x during the new capex cycle from the new hospital.

### Company profile

VIH operates four private hospitals that provide specialty healthcare services in Thailand

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

### Principal activities (revenue, 2023)

Activity	Percentage
Self pay patient revenue	77.8 %
SSO patient revenue	22.2 %

Source: Srivichaivejvivat

### Major shareholders

Shareholder	Percentage
BBTV Equity	18.8 %
Bavornrat Vanadurongwan	15.8 %
Pat Rojmahamongkol	13.8 %
Others	51.7 %

Source: Srivichaivejvivat

### Catalysts

Key potential growth drivers include 1) an improving EBITDA margin led by more complex treatments; 2) more Social Security Office (SSO) registered insurers; and 3) new hospitals focused on tertiary care.

### Risks to our call

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.

### Event calendar

Date	Event
Nov 2024	3Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
	(%)	(%)	(%)
SSO volume growth	1	1	1
SSO revenue / patient growth	1	2	2
Self-pay - OPD volume growth	1	3	3
Self-pay - OPD revenue / patient growth	10	5	3
Self-pay - IPD volume growth	6	3	3
Self-pay - IPD revenue / patient growth	5	5	3

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in patient volume, we project 2025 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2025 earnings to rise by 7%, and vice versa, all else being equal.

Source: FSSIA estimates

Background

VIH was established in 1993 by Associate Professor Vichai Vanadurongwan, M.D., Ph.D., FIMS and Associate Professor Saisunee Vanadurongwan, M.D. It was listed on the SET in 2012. VIH currently runs four general hospitals with a total of 483 registered beds. The details are as follows:

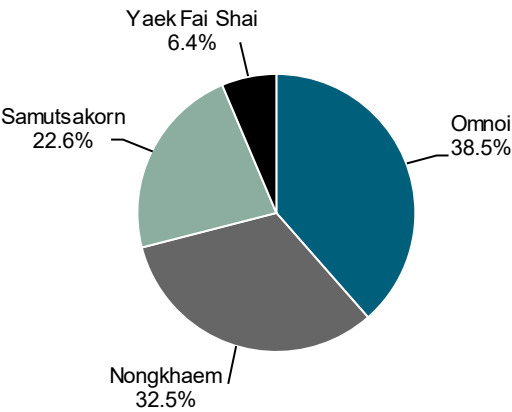
Exhibit 1: VIH's hospital summary

Hospital	----- IPD <sup>1)</sup> -----		Opened	Highlight
	Registered bed	Available beds		
Vichaivej International Omnoi	196	188	1993	-Orthopedics Surgery -Invasive Surgery -Advanced Radiology Center -Artery Surgery
Vichaivej International Nongkhaem	118	89	1987	-Cardiac Center -iSKY (Skin & Laser Surgery Center)
Vichaivej International Samutsakhon	120	103	1994	-Mobile Check-up
Vichaivej Yaek Fai Shai	49	49	2016 <sup>2)</sup>	-Orthopedics -Akarabut Fertility Center -iSKY (Skin & Laser Surgery Center)
Total	483	429		

Note: 1) data as of Dec 2023; 2) VIH signed a share purchase agreement from the ex-shareholder  
Source: VIH

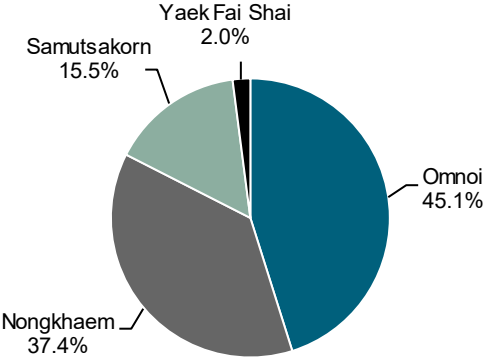
Omnoi and Nongkhaem are the main earnings contributors with around 70-80% of total 2023 net profit. In terms of revenue mix, there is a 76% revenue contribution from general patients (self-pay and insurance) and 24% from the Social Security Office (SSO) scheme. Note that only Omnoi and Samutsakhon joined the SSO scheme with registered insurers of 211k and a total quota of 267k as of 2Q24.

Exhibit 2: Revenue breakdown by hospital as of 2023



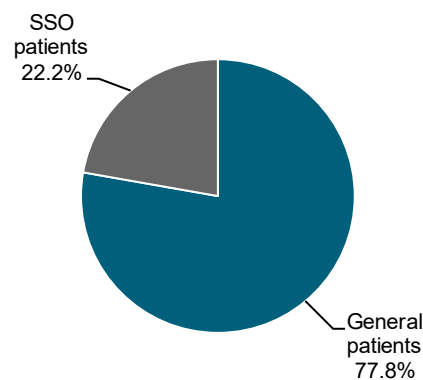
Source: VIH

Exhibit 3: Net profit breakdown by hospital as of 2023



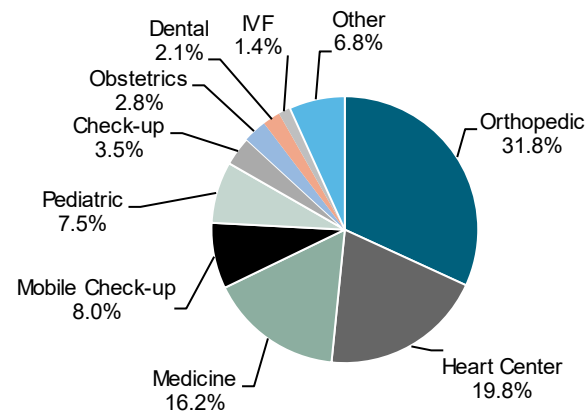
Source: VIH

Exhibit 4: Revenue breakdown by patient type as of 2023



Source: VIH

Exhibit 5: Revenue breakdown by medical centers as of 1H24



Source: VIH

VIH recently raised capital by issuing a rights offering (RO) of 38.0m new shares at a price of THB8.0/shr, resulting in a paid up share of 608.7m shares (from 570.7m previously). VIH received net capital of THB303m, which will be used for the new hospital project. Note that there are 19.0m shares of VIH-W1 outstanding with exercise prices at THB8.0/shr and a maturity date in June 2026. In this report, we assume all shares will be exercised in 2026.

Growth driver #1: New tertiary hospital

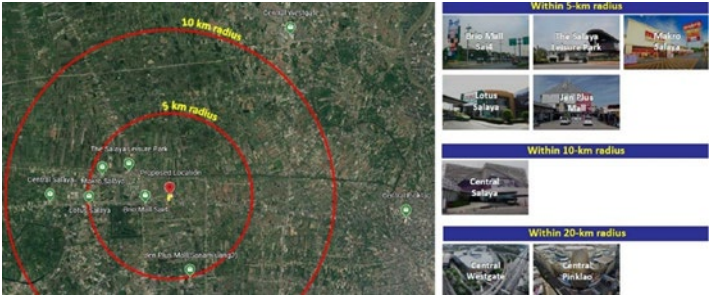
VIH plans to build a new tertiary hospital with around 200 IPD beds located on Borommaratchachonnani Road. The total capex for the project is THB2.7b, which is considerably large compared to the existing asset value of THB2.2b as of 2Q24. The new hospital, which has not yet been officially named, is scheduled to open in 4Q26.

Located in a middle to high-income customer area

The project is established in the vicinity of Phutthamonthon Sai 4 Road with a total area equal to 19-0-21 rai or 7,621.00 square wah, covering 16 districts in Bangkok, Nonthaburi and Nakhon Pathom, accommodating a population of up to 1.73 million people.

Within a 5 km radius of the project, there are housing projects priced above THB15m, such as Supalai Alegance Borommaratchachonnani 121 (0.37 km), Sathitsiri Thawi Watthana Housing Project (1.37 km), The Grand Phin Klao Housing Project (1.51 m), Nanthawan Housing Project (1.82 km), The Palace Phin Klao-Sathorn Housing Project (4.47 km), The Nimman Borommaratchachonnani Housing Project (4.52 km), The City Phin Klao-Route 2 Housing Project (4.55 km), and Supalai Premia Villa Phutthamonthon Sai 2 (5.00 km).

Exhibit 6: New hospital location



Source: VIH

Exhibit 7: New hospital location



Source: VIH

Exhibit 8: Capex

Capex	Amount (THB m)
Land value	0.3
Construction	2.4
Total	2.7

Source: VIH

Exhibit 9: Source of funds

Source of funds	Amount (THB m)
Rights offering proceeds	0.3
Internal cash flow	0.6
Debt	1.5
Total	2.4

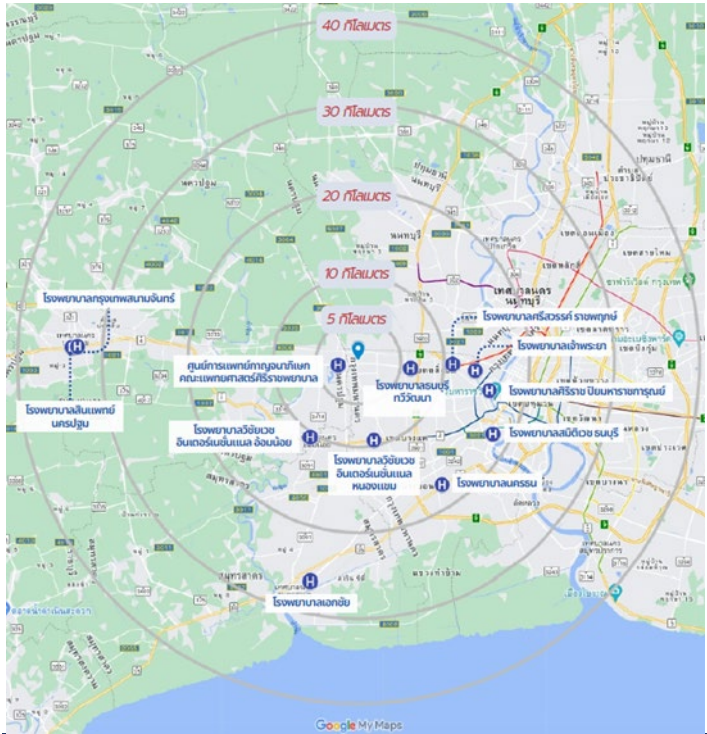
Source: VIH

Although there are 18 private hospitals in the project area, the new hospital will offer tertiary care services in particular medical areas including orthopedics, cardiology, and mother and child health. The new hospital will target high-income customers, which is a different customer segment compared to other private hospitals in the same area, which mostly target middle-income customers.

In addition, the new project is located within 20 km from VIH's other hospitals. This should improve its hospital network, synergies and the economy of scale.



Exhibit 10: Hospitals within new hospital area



Source: VIH

Exhibit 11: Private hospital list within new hospital area

Private Hospitals	Distance from the Project (km.)
Thonburi Hospital 2	6.2
Mahachai Hospital 2	10.3
Kasemrad Bangkae Hospital	10.7
Kasemrad International Hospital Rattanaibeth	12.4
Mitrpracha Hospital	12.9
Chaophya Hospital	13.8
Phyathai 3 Hospital	15.1
Thonburi Hospital	15.4
Bangpakok 8 Hospital	15.7
Siriraj Piyamaharajkarun Hospital	15.8
Krunthai Western Hospital	16.7
Nakornthon Hospital	17.4
PMG Hospital	17.6
Samitivej Thonburi Hospital	17.9
Yanhee Hospital	18.2
Bangpakok 9 International Hospital	18.6
Ekachai Hospital	26.2
Bangkok Hospital Sanamchan	33.0

Source: VIH

Partnering with Golden Jubilee Medical Center

The new hospital will be located 3-4 km from Golden Jubilee Medical Center (GJ), the public hospital under the Faculty of Medicine Siriraj Hospital, Mahidol University. The new hospital will offer an opportunity for a group of doctors from GJ to work part-time there. This model will be similar to Siriraj Piyamaharajkarun Hospital (SiPH) and Thonburi Hospital, which are located near Siriraj Hospital and have a group of doctors from Siriraj working part-time.

Exhibit 12: New hospitals located near Golden Jubilee Medical Center and Mahidol University



Source: VIH

Exhibit 13: Example of new hospital concept



Source: VIH

## Strategy to operate tertiary hospitals

The market may be skeptical about VIH's capability to manage a tertiary care hospital, considering the company's past focus on secondary care. We believe Assistant Professor Bavornrat Vanadurongwan, who is the son of the founder, the second major shareholder and VIH's director, will be the key person on this project.

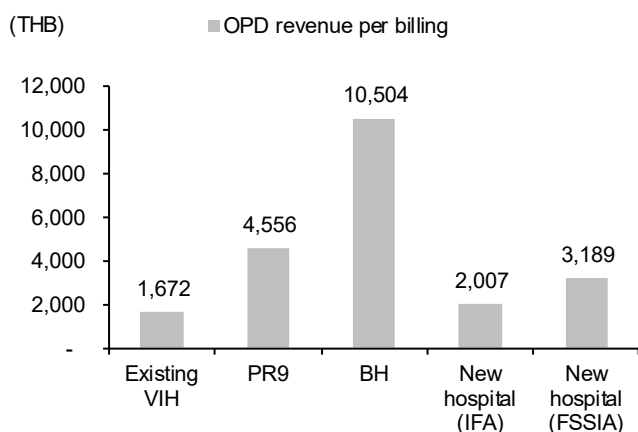
Currently, he is the Assistant Dean at the Faculty of Medicine Siriraj Hospital, Mahidol University. In addition, VIH's other management members are former medical professors at Siriraj Hospital and have previously held senior management positions in government hospitals. Thus, we believe VIH will recruit doctors through existing relationships and its extensive network.

## Pricing strategy

Management expects to set the overall medical treatment fees for the new hospital at around 90% of SiPH, while SiPH currently sets the medical treatment fees at around 80-90% of premium hospitals in Bangkok. Therefore, we expect the new hospital to offer high quality service at the same level as premium hospitals in Bangkok, with the pricing discount at 20-30%. This strategy is likely to attract high-income customers who prefer not to travel to hospitals in the city.

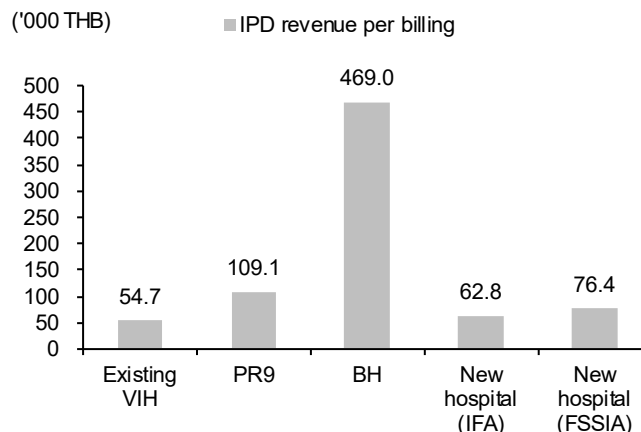
We assume the new hospital's revenue per bill to start at around 70% of PR9 in 2027. This is a conservative assumption, in our view, given that PR9's number was in 2023 and PR9's pricing is also at a discount to BH's by around 15-20%.

**Exhibit 14: OPD revenue per billing comparison**



Sources: IFA, VIH, FSSIA's compilation and estimates

**Exhibit 15: IPD revenue per billing comparison**



Sources: IFA, VIH, FSSIA's compilation and estimates

## New hospital to significantly boost group profit

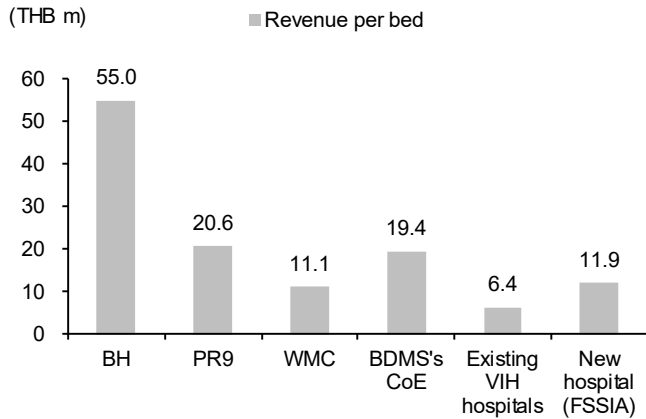
If the new hospital is successful, we believe it will significantly improve the fundamentals and financial profile as follows:

We expect the new hospital to significantly lift VIH's financial profile as follows:

- 1) It would potentially lift the revenue base by 40-45% by 2030;
- 2) It would improve the EBITDA margin profile of VIH, as we assume the new hospital's EBITDA margin would be 23% by 2030 vs 20-22% for existing hospitals;
- 3) It would lift the net profit base by 43% in 2030.

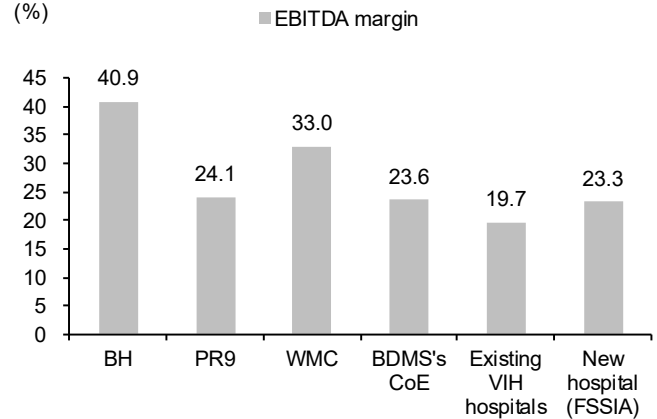
Our key assumptions for the new hospital are in Exhibit 19. We believe our assumptions are on the conservative side, as they imply revenue per bed of THB12m for the new hospital (vs tertiary care hospitals in the range of THB11-55m/bed and an average, excluding BH, of THB17m/bed) with an EBITDA margin of 23-25% for the new hospital when it reaches maturity in 2030 (vs the tertiary care hospital range of 24-41% and an average, excluding BH, of 27%).

### Exhibit 16: Revenue per bed comparison



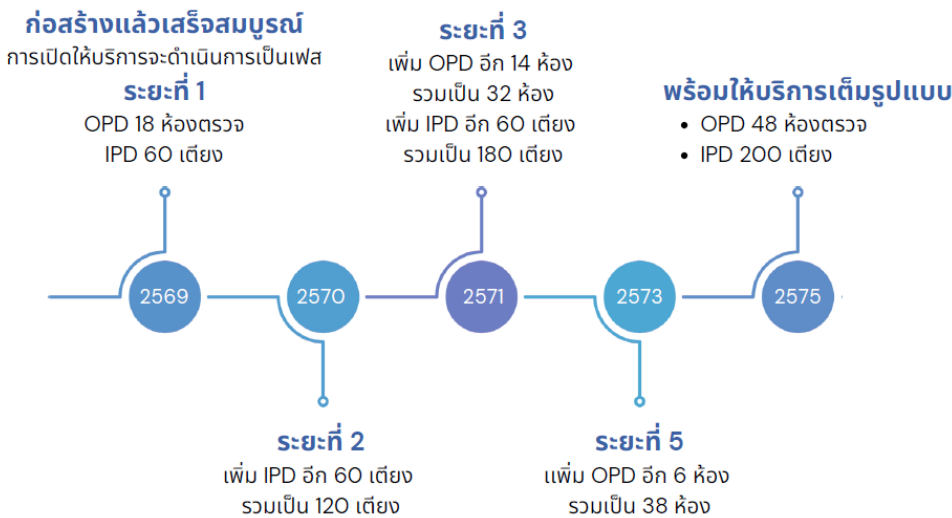
Note: New hospital number in 2030; other hospital numbers in 2023  
Sources: FSSIA estimate and compilation

### Exhibit 17: EBITDA margin comparison



Note: New hospital number in 2030; other hospital numbers in 2023  
Sources: FSSIA estimate and compilation

### Exhibit 18: Timeline of new hospital



Source: VIH

### Exhibit 19: New hospital key assumptions

Key items	FSSIA assumption
OPD volume	OPD rooms to ramp up from 18 in 2026 to 44 rooms by 2032 with utilization rate of 30-60% and capacity of 32 patient/room/day
IPD volume	IPD beds to ramp up from 60 in 2026 to 200 rooms by 2032 with utilization rate of 30-55% and length of stays of 2.5 days
OPD revenue per billing	THB3,000-3,200 in 2027, equivalent to 70% of PR9's in 2023
IPD revenue per billing	THB76,000-77,000 in 2027, equivalent to 70% of PR9's in 2023
EBITDA margin	To turn positive in EBITDA in 2027 and ramp up to 20-23% by 2029-30
Capex and depreciation	Construction capex of THB2.4b with average 30-year depreciation
Loan and interest expenses	THB1.5b with interest rate of 5.5%

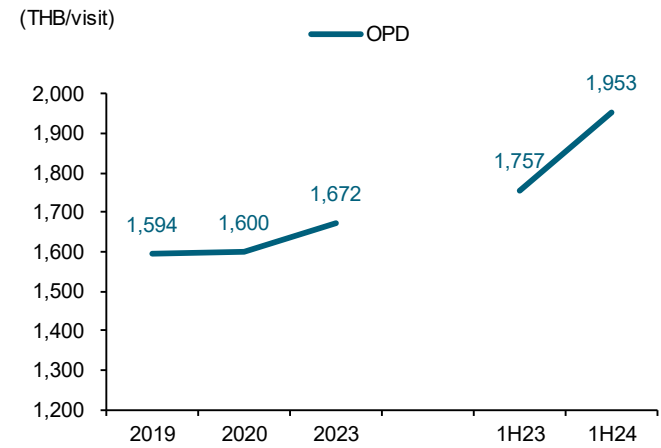
Source: FSSIA estimates



## Growth driver #2: Higher revenue per billing from more complex cases and price adjustment

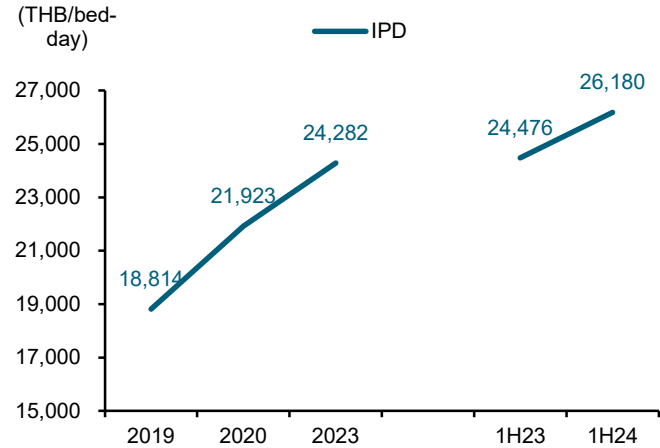
With the Covid pandemic subsiding, VIH has focused on increasing revenue intensity by launching new medical procedures and centers (i.e. Sleep Test Center, Obesity Clinic, Elite Vision). This has led to higher revenue per head for OPD and IPD general patients.

Exhibit 20: Revenue per head of self-pay OPD patients



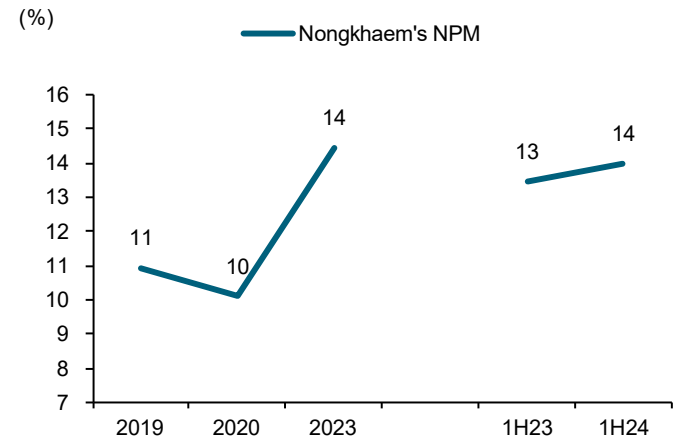
Source: VIH

Exhibit 21: Revenue per head of self-pay IPD patients



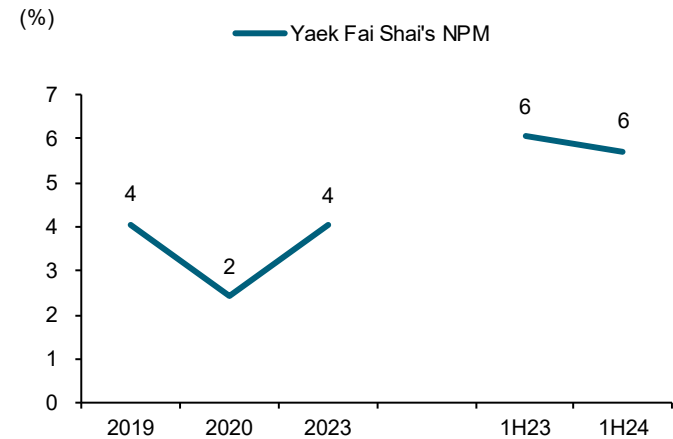
Source: VIH

Exhibit 22: NPM of Vichaivej International Nongkhaem



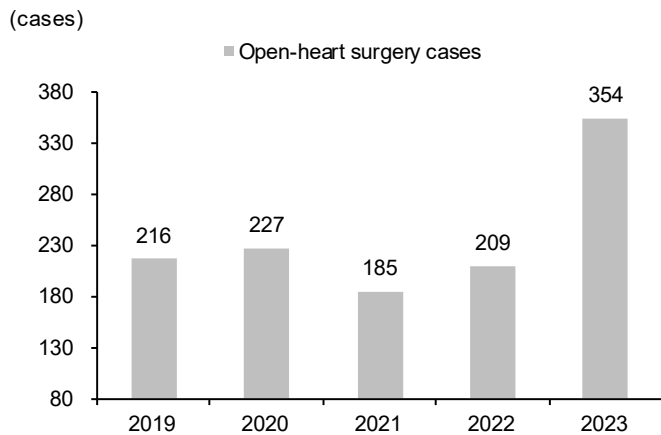
Source: VIH

Exhibit 23: NPM of Vichaivej Yaek Fai Shai

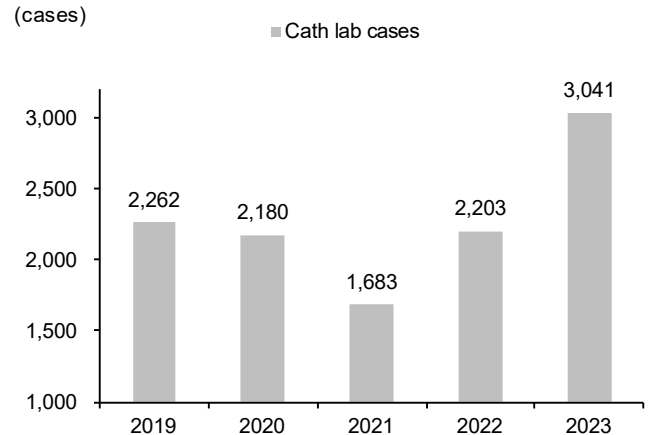


Source: VIH

Its Cardiac Center, which is one of the key growth centers and accounts for 15% of total revenue, had a record high number of cases in both cath lab cases and open-heart surgery. VIH plans to launch more medical treatment products to lift revenue intensity.

**Exhibit 24: Open-heart surgery cases**


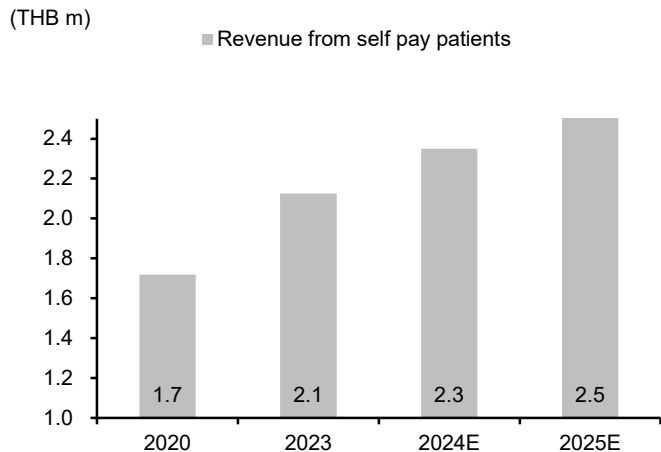
Source: VIH

**Exhibit 25: Cath lab cases**


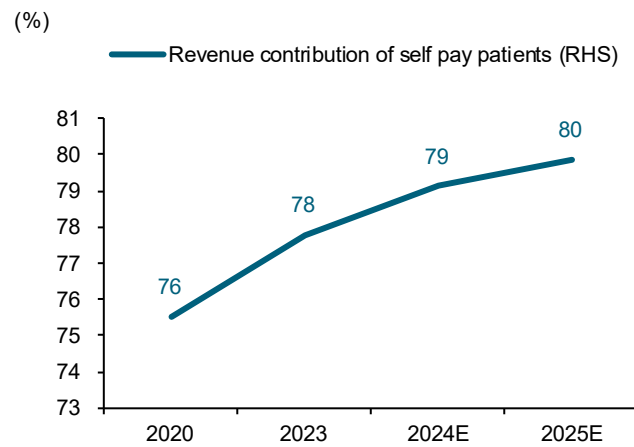
Source: VIH

In addition, VIH recently adjusted the medical service fees by an average of 3-7%, effective in October, following a 2 to 3-year period without any major adjustments. We estimate this should lift revenue by around THB60-140m/year, and most of the revenue is likely to flow to the bottom line, as the expense is unchanged. We have not fully incorporated this factor into our model yet, implying an upside to our forecast in 2025.

We also see a positive trend for VIH's revenue from self-pay patients, which increased at a 7% CAGR over 2020-23, and revenue contributions from self-pay patients gradually increased from 76% in 2020 to 78% in 2023. VIH expects the revenue contribution from self-pay patients to increase to the optimal level of 80%.

**Exhibit 26: Self-pay patient revenue has increased**


Source: VIH

**Exhibit 27: Revenue contribution from self-pay patients**


Source: VIH

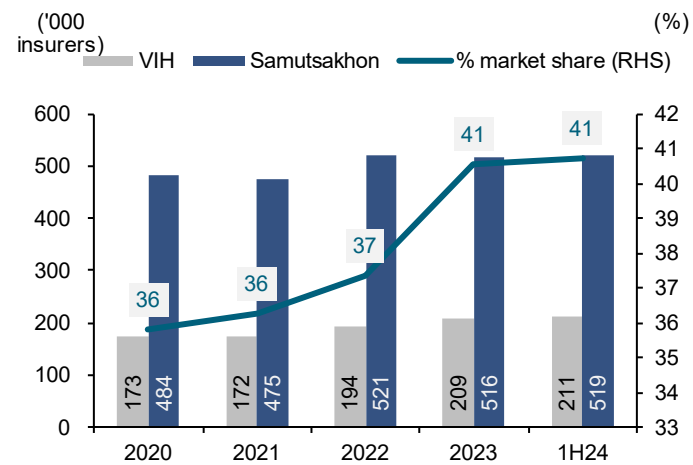
Growth driver #3: more market share from SSO in Samutsakhon

VIH has two hospitals that joined the SSO scheme, which are Omnoi and Samutsakhon. The number of SSO registered insurers has increased by 6% CAGR over 2020-1H24. In addition, VIH's market share in Samutsakhon has increased from 36% in 2020 to 41% in 1H24.

As a result, VIH benefits from the economies of scale, especially Vichaivej International Samutsakhon, whose SSO registered insurers jumped from 59k in 2020 to 92k in 1H24. This led the NPM of Vichaivej International Samutsakhon to rise from 5% in 2020 to 13% in 1H24. The hospital is at the breakeven level and the higher revenue almost flows through to its bottom line, indicated by its profit jumping to THB38m in 1H24 (vs THB9m in 1H23), with additional revenue of only THB25m between 1H24 and 1H23.

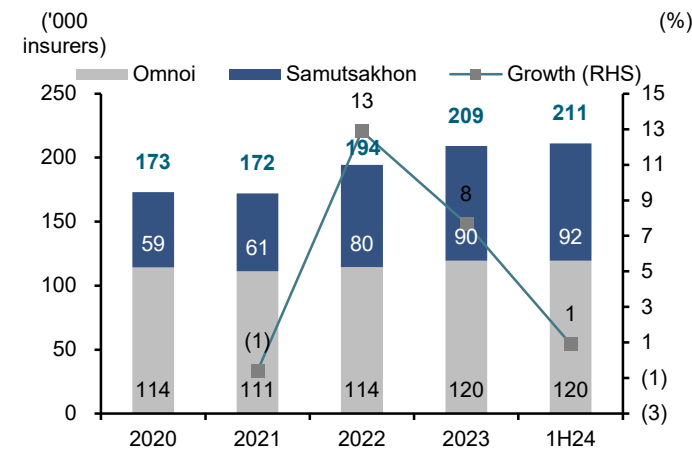
We expect the momentum to continue over the next three years, driven by more SSO registered insurers and the upgrade of its medical centers.

Exhibit 28: SSO registered insurers and market share in Samutsakhon



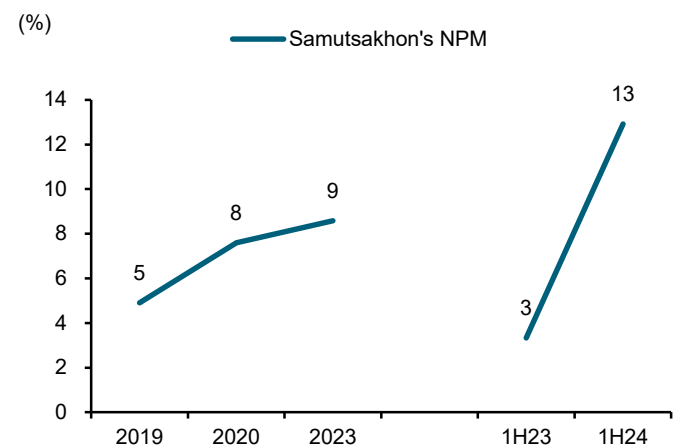
Source: VIH

Exhibit 29: SSO registered insurers by branch



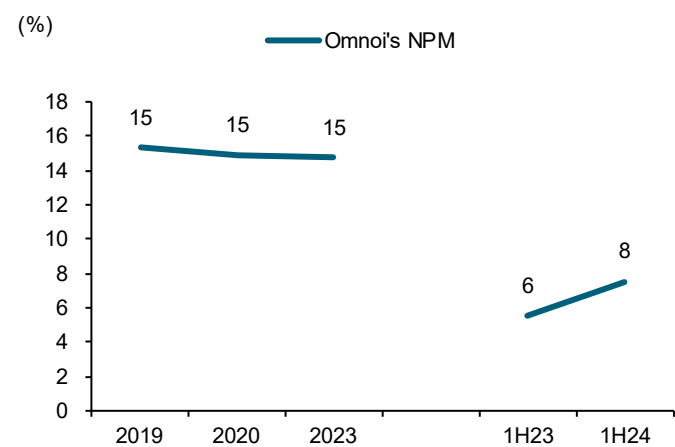
Source: VIH

Exhibit 30: NPM of Vichaivej International Samutsakhon



Source: VIH

Exhibit 31: NPM of Vichaivej International Omnoi



Source: VIH

## Financial analysis

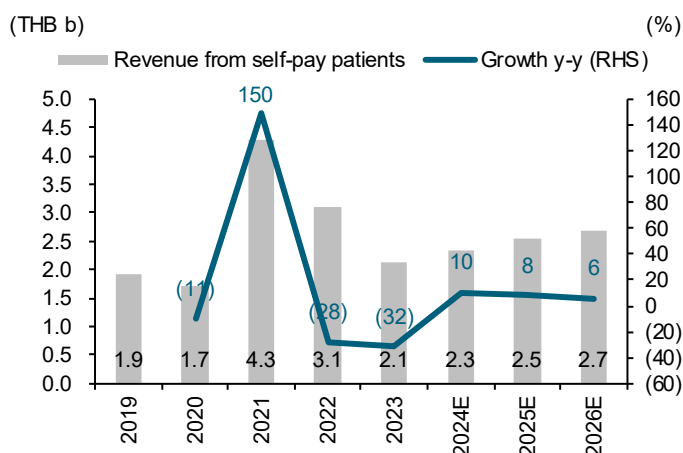
### Existing hospitals

We expect revenue to grow by 9% in 2024. Self-pay patient revenue should grow by 10% y-y, driven by both stronger patient volume and revenue intensity.

SSO patient revenue should grow by 2% y-y due to a higher number of registered insurers (211.3k in 2024E vs 209.3k in 2023). However, revenue per head should be relatively flat y-y due to a revenue reversal following the insufficient budget for high-cost care (RW>2). Note that we estimate VIH to book a revenue reversal of THB14-15m in 3Q24 for the revision down to THB7,200/RW from THB12,000/RW for the treatments during October to December 2023. In addition, we conservatively assume VIH to record high-cost care revenue at an average of THB7,200/RW in 4Q24 (for the treatments during October to December 2024).

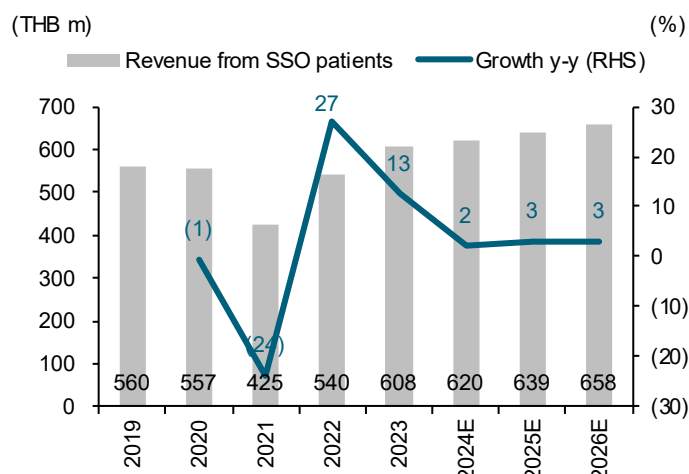
We expect the revenue of existing hospitals to grow further by 5-7% in 2025-26. With strong revenue growth, we forecast the EBITDA margin to improve from 19.7% in 2023 to 21.4% in 2026, leading to core profit growth of 20% in 2024 and 7-14% in 2025-26.

**Exhibit 32: Existing hospitals – revenue from self-pay patients**



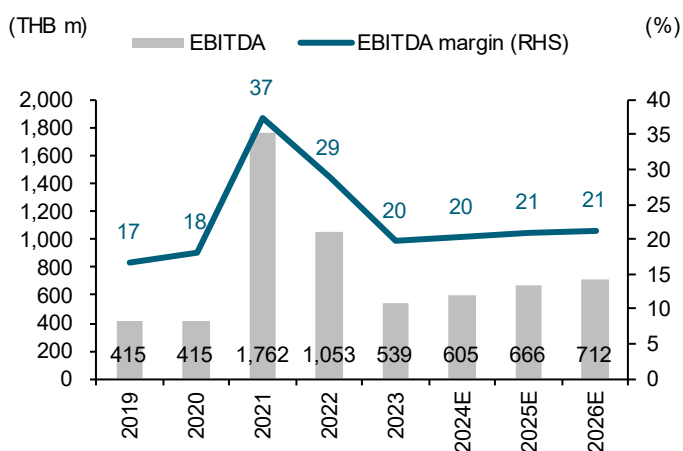
Sources: VIH; FSSIA estimates

**Exhibit 33: Existing hospitals – revenue from SSO patients**



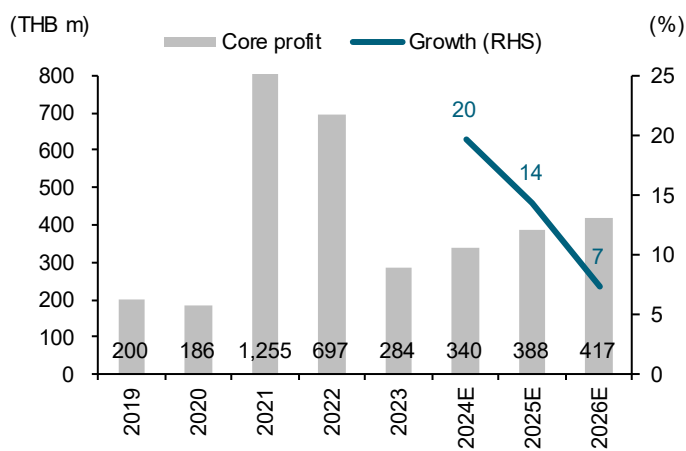
Sources: VIH; FSSIA estimates

**Exhibit 34: Existing hospitals – EBITDA and EBITDA margin**



Sources: VIH; FSSIA estimates

**Exhibit 35: Existing hospitals – core profit**



Sources: VIH; FSSIA estimates

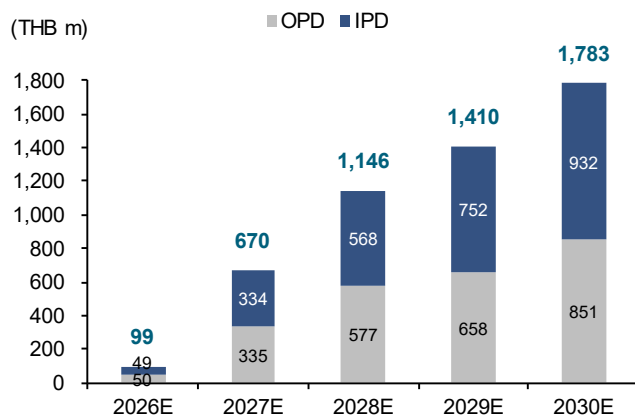
## New hospital

We expect revenue to ramp up to THB1.8b by 2030. In our view, this assumption is conservative, as it implies revenue per bed of THB12m compared to VIH's tertiary care hospital peers' (excluding BH) average of THB17m (see Exhibit 16).

We expect the new hospital to reach the EBITDA breakeven point by 2027, with the EBITDA margin ramping up to 23% in 2030. This assumption is also conservative compared to the EBITDA margin of tertiary care hospital peers' (excluding BH) average of 27% (see Exhibit 17).

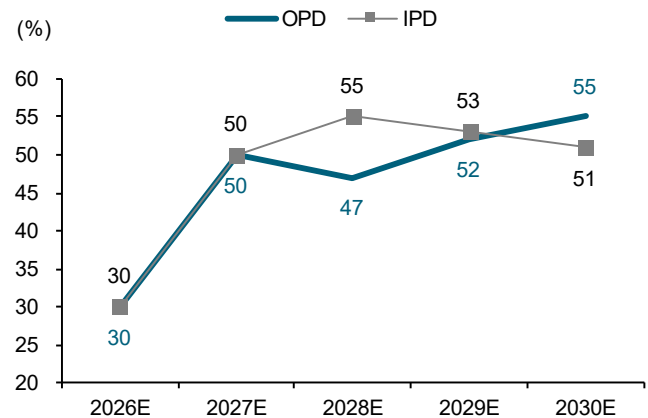
As a result, we forecast the new hospital to record losses in 2026-27 and turn profitable in 2028, with a profit profile of around THB220m in 2030 with a net profit margin of 12%.

**Exhibit 36: New hospital – revenue**



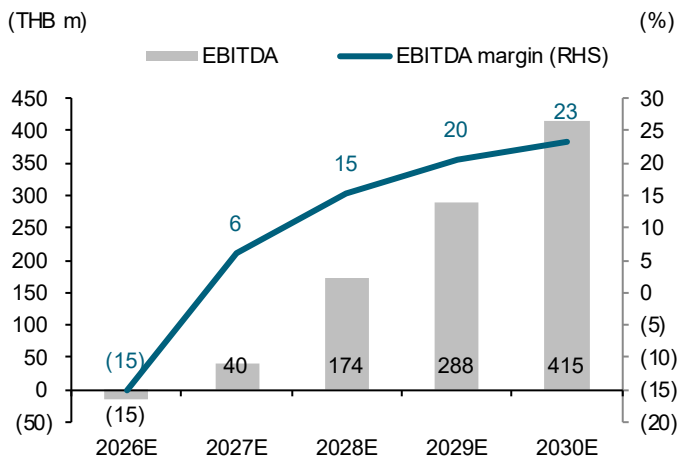
Sources: VIH; FSSIA estimates

**Exhibit 37: New hospital – utilization rate**



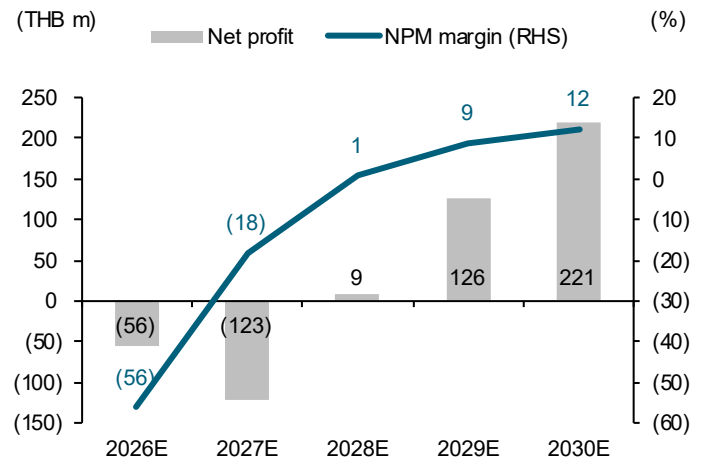
Sources: VIH; FSSIA estimates

**Exhibit 38: New hospital – EBITDA and EBITDA margin**



Sources: VIH; FSSIA estimates

**Exhibit 39: New hospital – net profit**



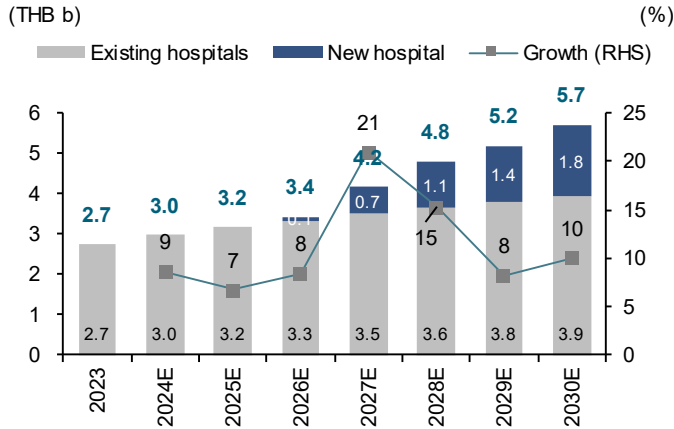
Sources: VIH; FSSIA estimates



## Combining existing hospitals and the new hospital

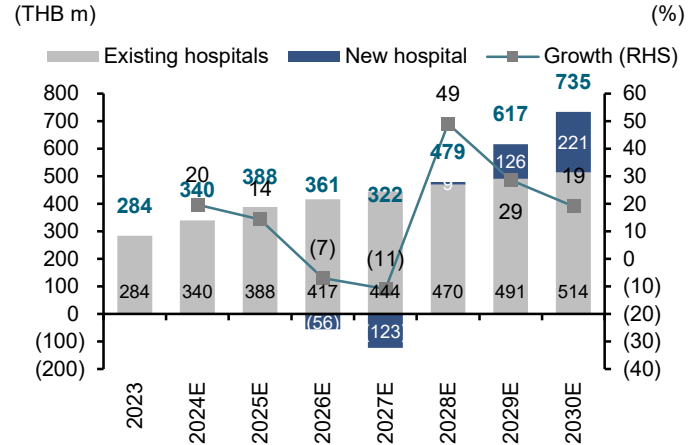
After the new hospital opens, we expect VIH's revenue base to rise by 19% in 2027. Core profit should be dragged by two full years of operation in 2027-28, and the new hospital should become profit accretive for VIH in 2029. We estimate that it would lift VIH's base core profit by 43% in 2030.

### Exhibit 40: VIH's revenue



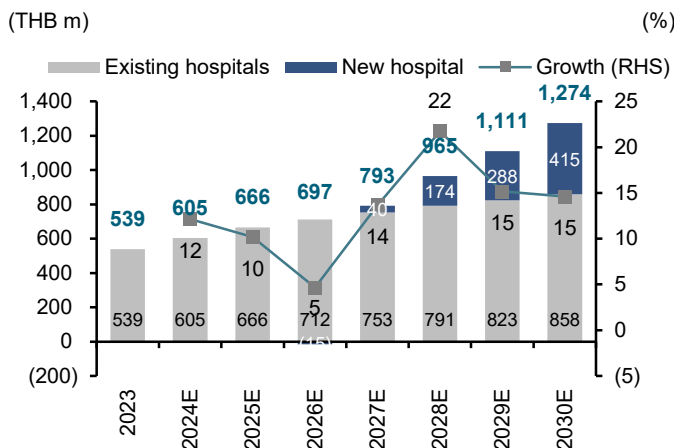
Sources: VIH; FSSIA estimates

### Exhibit 41: VIH's core profit



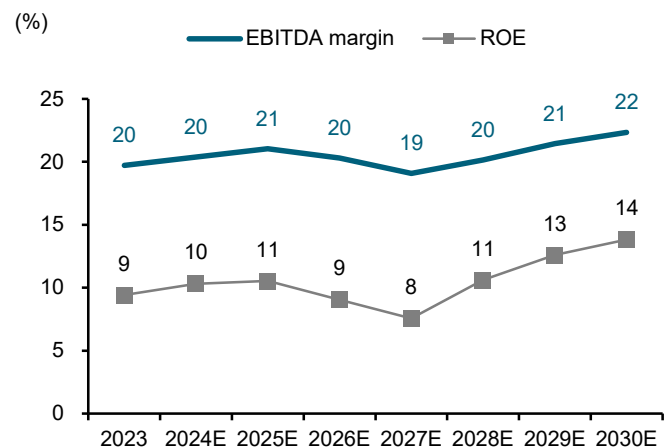
Sources: VIH; FSSIA estimates

### Exhibit 42: VIH's EBITDA



Sources: VIH; FSSIA estimates

### Exhibit 43: VIH's EBITDA margin and ROE



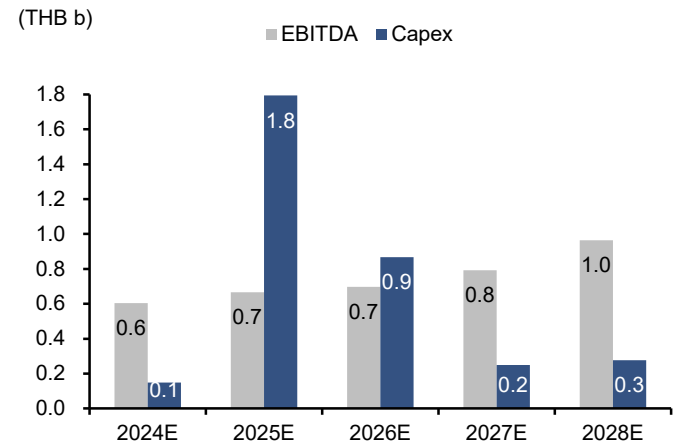
Sources: VIH; FSSIA estimates

Healthy balance sheet to support expansion and potential M&A

VIH is a net cash company with total cash and cash equivalents of THB1.2b as of 2Q24 due to its aggressive strategy to be involved in hospital operations to serve Covid patients during 2021-22, during which time EBITDA jumped to THB1.1-1.8b.

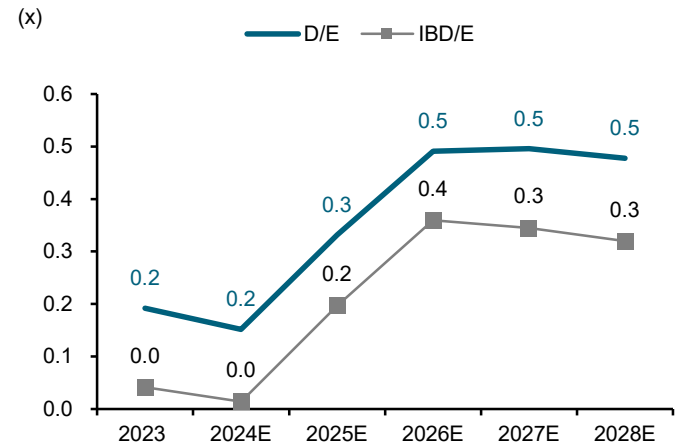
The strong balance sheet should support the new hospital project's capex of THB2.7b. We assume VIH will use a bank loan of THB1.5b to support this project. This would imply only 0.5x D/E and 0.4x IBD/E in 2026.

Exhibit 44: EBITDA and capex



Sources: VIH; FSSIA estimates

Exhibit 45: D/E and IBD/E



Sources: VIH; FSSIA estimates

## Valuation and TP

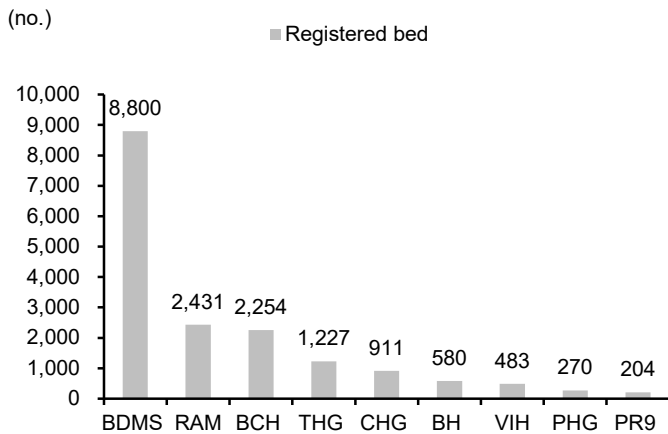
We initiate coverage on VIH with a BUY rating and a DCF valuation using 2025 as the base year. We assume a 10.00% WACC and 3% terminal growth, derived from a 3% risk-free rate, 8% market risk premium, 1.0 beta and a 15% debt/85% equity weighting.

From this, we derive a DCF valuation for the existing hospitals (including cash and debt) of THB12.5/shr and THB4.3/shr for the new hospital. On a conservative basis, we discount the new hospital's valuation by 40% to THB2.5/shr due to the uncertainty regarding the success of the project. Therefore, we derive a DCF-based TP of THB15/shr. Without discount, our DCF-based TP would be THB16.8/shr.

## Cheapest in terms of EV/bed

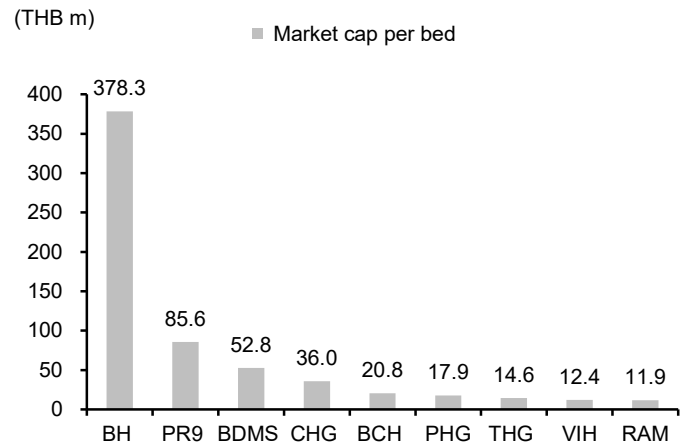
VIH's EV per bed is only THB10m, significantly lower than its peers' average of THB31m (excluding BH). In addition, compared to the average capex of THB8-12m for greenfield hospital projects in Bangkok and the provinces, we see VIH's valuation as unjustified.

**Exhibit 46: Number of registered beds**



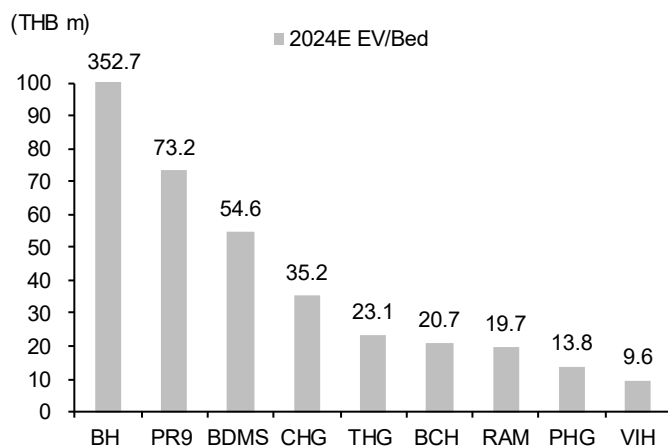
Note : RAM and THG calculated based on equity beds (% shareholder)  
Sources: FSSIA estimates

**Exhibit 47: Market cap per bed**



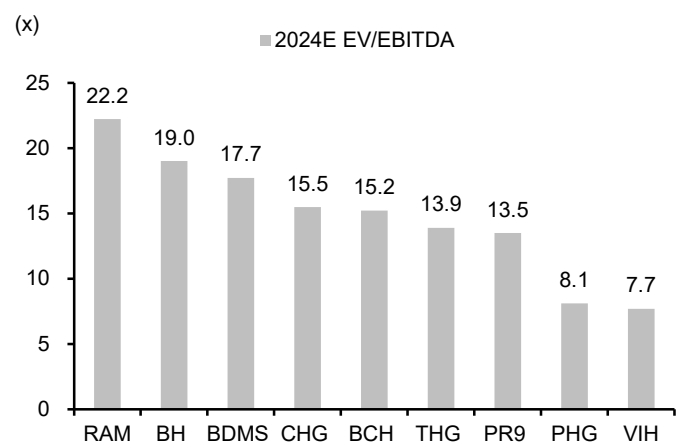
Note : RAM and THG calculated based on equity beds (% shareholder)  
Sources: FSSIA estimates

**Exhibit 48: EV per bed**



Note : RAM and THG calculated based on equity beds (% shareholder)  
Source: FSSIA estimates

**Exhibit 49: EV/EBITDA**



Source: FSSIA estimates

Exhibit 50: DCF-derived TP

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		5.5
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.0			
Cost of equity, Ke		11.0	Net cost of debt, Kd		4.4
Weight applied		85.0	Weight applied		15.0
WACC		10.0			

DCF valuation estimate	(THB b)	(THB/share)	Comments
Existing hospital	7.9	12.6	WACC 10.0%, Terminal growth 3%
New hospital	1.6	2.6	WACC 10.0%, Terminal growth 3%, Discount factor 40%
Cash & liquid assets	0.7	1.1	At end-2025E
Investments	0.0	0.0	At end-2025E
Debt	(0.8)	(1.2)	At end-2025E
Minorities	(0.0)	(0.0)	At end-2025E
Residual ordinary equity	9.4	15.0	

Source: FSSIA estimates

Exhibit 51: Peer comparisons as of 21 October 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	29.50	36.50	23.7	14,022	29.4	26.6	16.4	17.1	4.7	4.4	17.7	16.0
Bumrungrad Hospital	BH TB	BUY	275.00	310.00	12.7	6,539	28.0	26.5	30.1	27.7	7.8	6.9	19.0	17.7
Bangkok Chain Hospital	BCH TB	BUY	18.90	22.00	16.4	1,410	29.4	25.1	12.4	13.6	3.5	3.3	15.2	13.2
Chularat Hospital	CHG TB	BUY	2.96	3.60	21.6	974	27.1	23.5	15.5	16.7	4.1	3.8	15.5	13.6
Patangsit Healthcare Group	PHG TB	BUY	16.30	21.00	28.8	146	16.9	14.9	14.3	15.1	2.3	2.2	8.1	7.4
Praram 9 Hospital	PR9 TB	BUY	22.00	27.00	22.7	517	25.8	22.8	12.7	13.2	3.1	2.9	13.5	11.6
Thonburi Healthcare Group	THG TB	HOLD	21.50	40.00	86.0	545	36.4	22.7	4.9	7.6	1.8	1.7	13.9	11.5
Ramkhamhaeng Hospital	RAM TB	BUY	24.20	44.00	81.8	869	17.3	14.7	8.9	10.0	1.5	1.4	22.2	17.6
Srivichai Vejvivat	VIH TB	BUY	9.70	15.00	54.6	179	17.9	15.7	10.3	10.5	1.7	1.5	7.7	9.0
Rajthanee Hospital	RJH TB	n/a	24.00	n/a	n/a	214	15.1	16.3	21.4	19.6	3.3	3.1	11.0	11.0
Ekachai Medical Care	EKH TB	n/a	6.50	n/a	n/a	152	16.5	16.8	14.1	13.1	2.1	2.1	8.4	8.0
Thailand average						25,565	23.6	20.5	14.6	14.9	3.3	3.0	13.8	12.4
Regional														
Ramsay Health Care	RHC AU	n/a	42.40	n/a	n/a	6,421	33.7	31.7	6.5	6.4	2.0	1.9	9.6	9.3
Ihh Healthcare Bhd	IHH SP	n/a	2.19	n/a	n/a	14,597	33.2	30.9	6.6	6.6	2.0	1.9	14.3	13.3
Ryman Healthcare	RYM NZ	n/a	4.90	n/a	n/a	2,021	12.2	13.9	7.0	6.8	0.7	0.7	16.6	19.6
Apollo Hospitals Enterprise	APHS IN	n/a	6,986	n/a	n/a	11,954	108.3	68.6	14.1	19.0	14.4	12.2	43.6	33.8
Kpj Healthcare Berhad	KPJ MK	n/a	2.13	n/a	n/a	2,179	33.1	29.1	11.7	12.3	3.7	3.5	15.0	13.9
Raffles Medical Group	RFMD SP	n/a	0.91	n/a	n/a	1,270	24.3	23.1	6.6	6.9	1.6	1.6	11.7	11.0
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,900	n/a	n/a	2,587	34.5	30.2	19.2	19.5	6.1	5.5	21.1	18.4
Aier Eye Hospital Group	300015 CH	n/a	14.82	n/a	n/a	19,675	35.1	32.0	18.6	19.0	6.4	5.5	21.1	18.6
Regional average						60,703	39.3	32.4	11.3	12.1	4.6	4.1	19.1	17.2
Overall average						86,268	30.2	25.5	13.2	13.7	3.8	3.5	16.1	14.4

Sources: Bloomberg; FSSIA estimates

## Our take on VIH's ESG metrics

VIH believes that sustainable development is the foundation of its business operations. With a strategy encompassing the 3Ps – people, planet, and profit – the company has set a sustainability vision to align its operations with ESG principles as follows:

### **Environmental**

- The company has implemented various energy management initiatives to reduce energy consumption without compromising the quality of service. These initiatives include upgrading to energy-efficient devices and installing solar panels to generate electricity.
- Encouraging employees to follow energy management policies and achieve energy conservation targets.
- Implementing efficient water management systems, including regular maintenance and a wastewater treatment plant.
- Implementing a systematic waste management system, segregating waste into four categories: general waste, hazardous waste, medical waste, and recyclables.
- Reducing greenhouse gas emissions: Utilizing renewable energy, promoting the use of paper and cloth bags, and using electric vehicles for patient transportation.

### **Social**

- Human resource management within the organization is conducted in a fair and equitable manner.
- Building relationships between the business and service users, aiming to create a positive impression and satisfaction for service users. Since 2023, the organization has set a goal of providing excellent service in all aspects.
- Fostering a sense of relationship to VIH through community engagement activities focused on healthcare and community well-being.
- Promoting and developing personnel in academic and specialized fields to enhance treatment efficacy and operations.

### **Governance**

- Social responsibility: Promoting social responsibility in procurement, sourcing, and dealing with partners. Emphasizing honesty and transparency.
- Human rights: Adhering to human rights standards and international human rights principles across all business operations.
- Fair labor practices: Providing social protection, ensuring safe working conditions, and fair wages and compensation for employees.
- Consumer protection: Guaranteeing the basic rights of consumers, including healthcare and well-being, and setting fair prices for goods and services.
- Community development: Fostering community engagement through joint activities that improve community health and quality of life.

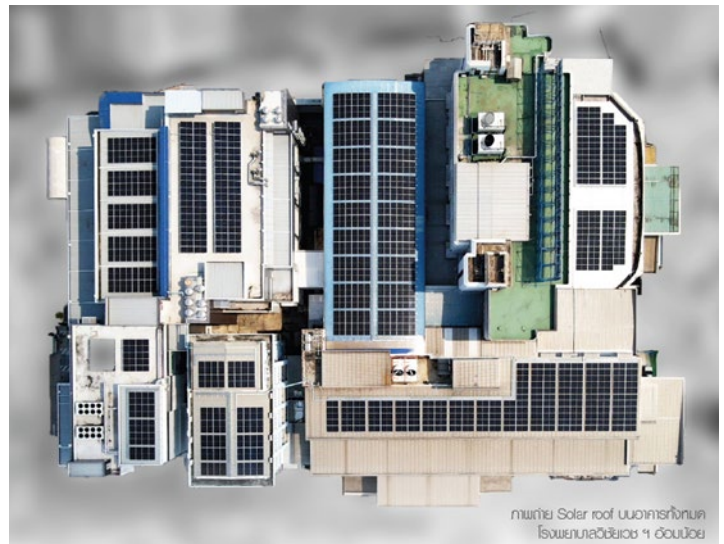


Exhibit 52: ESG Award



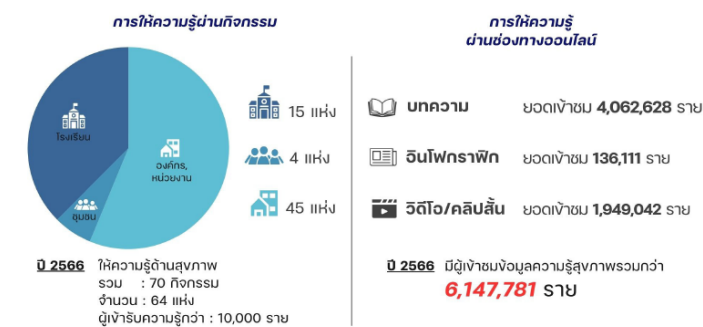
Source: VIH

Exhibit 53: Solar rooftop at Vichaivej International Omnoi



Source: VIH

Exhibit 54: Expanding access to health knowledge



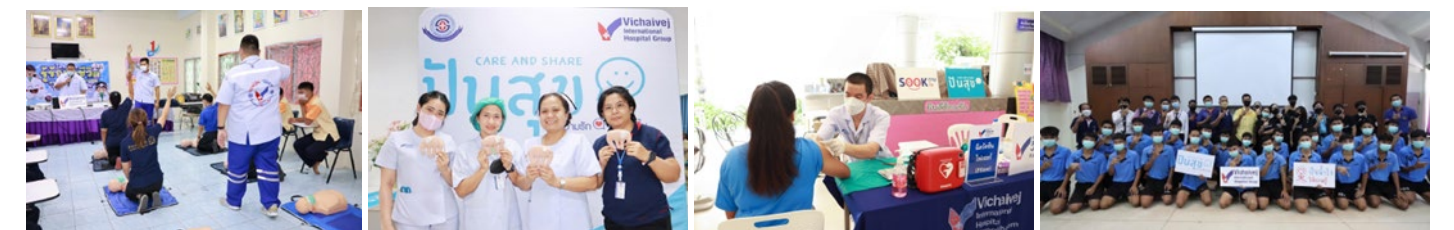
Source: VIH

Exhibit 55: Promoting environmental sustainability



Source: VIH

Exhibit 56: CSR activities



Source: VIH

# Srivichaivejvivat PCL (VIH TB)

FSSIA ESG rating

★ ★

Exhibit 57: FSSIA ESG score implication

19.10 /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.

Source: FSSIA estimates

Exhibit 58: 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
PRINC	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--
RAM	11.75	--	--	--	3.00	--	--	High	--	--	--	--	--	--	--
THG	20.88	--	--	--	5.00	5.00	--	High	--	--	--	--	17.00	--	--
VIBHA	20.88	--	--	--	4.00	3.00	Declared	High	--	--	--	--	17.00	--	--
VIH	19.10	--	--	--	5.00	4.00	Certified	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 59: ESG disclosure from the company's One Report

FY ending Dec 31		FY 2023	FY ending Dec 31		FY 2023
Environmental			Governance		
Climate change policy		Yes	Board size / Independent directors (ID) / Female		12 / 4 / 3
Climate change opportunities discussed		--	No. of board meetings for the year / % attendance		14 / 96.86%
GHG scope 2 location-based policy		--	Company conducts board evaluations		Yes
Biodiversity policy		--	Number of non-executive directors on board		7
Energy efficiency policy		Yes	Director share ownership guidelines		No
Electricity used		11,961	Board age limit		No
Fuel used - crude oil/diesel		68.55	Age of the youngest / oldest director		47 / 84
Waste reduction policy		Yes	Number of executives / female		6 / 3
Water policy		Yes	Executive share ownership guidelines		No
Water consumption		138	Size of audit committee / ID		3 / 3
Social			Audit committee meetings		11
Human rights policy		Yes	Audit committee meeting attendance (%)		100
Policy against child labor		Yes	Size of compensation committee		6 / 3
Quality assurance and recall policy		--	Number of compensation committee meetings		1
Consumer data protection policy		--	Compensation committee meeting attendance (%)		100
Equal opportunity policy		Yes	Size of nomination committee / ID		6 / 3
Gender pay gap breakout		--	Number of nomination committee meetings		1
Pct women in workforce		80.21	Nomination committee meeting attendance (%)		100
Business ethics policy		Yes	Board compensation (THB m)		2.0
Anti-bribery ethics policy		Yes	Auditor fee (THB m)		1.4
Health and safety policy		Yes	(EY OFFICE LIMITED)		
Lost time incident rate - employees		--			
Training policy		Yes			
Fair remuneration policy		Yes			
Number of employees - CSR		--			
Total hours spent by firm - employee training		--			
Social supply chain management		Yes			

Source: FSSIA's compilation

## Financial Statements

Srivichaivejvivat

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	3,646	2,734	2,969	3,168	3,435
Cost of goods sold	(2,362)	(2,062)	(2,228)	(2,355)	(2,549)
<b>Gross profit</b>	<b>1,284</b>	<b>671</b>	<b>741</b>	<b>814</b>	<b>886</b>
Other operating income	16	29	35	36	37
Operating costs	(417)	(337)	(350)	(368)	(435)
<b>Operating EBITDA</b>	<b>1,053</b>	<b>539</b>	<b>605</b>	<b>666</b>	<b>697</b>
Depreciation	(170)	(175)	(179)	(184)	(210)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>883</b>	<b>364</b>	<b>426</b>	<b>482</b>	<b>487</b>
Net financing costs	(11)	(10)	(5)	(1)	(21)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>872</b>	<b>354</b>	<b>421</b>	<b>481</b>	<b>467</b>
Tax	(173)	(69)	(80)	(91)	(105)
<b>Profit after tax</b>	<b>699</b>	<b>285</b>	<b>341</b>	<b>389</b>	<b>362</b>
Minority interests	(3)	(1)	(1)	(1)	(1)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>697</b>	<b>284</b>	<b>340</b>	<b>388</b>	<b>361</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>697</b>	<b>284</b>	<b>340</b>	<b>388</b>	<b>361</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.22	0.50	0.54	0.62	0.58
Reported EPS	1.22	0.50	0.56	0.64	0.59
DPS	0.45	0.20	0.22	0.26	0.24
Diluted shares (used to calculate per share data)	571	571	628	628	628
<b>Growth</b>					
Revenue (%)	(22.7)	(25.0)	8.6	6.7	8.4
Operating EBITDA (%)	(40.3)	(48.8)	12.1	10.2	4.7
Operating EBIT (%)	(45.0)	(58.8)	17.0	13.2	1.1
Recurring EPS (%)	(44.5)	(59.2)	8.8	14.3	(7.0)
Reported EPS (%)	(44.5)	(59.2)	12.2	14.3	(7.0)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	35.2	24.6	25.0	25.7	25.8
Gross margin exc. depreciation (%)	39.9	31.0	31.0	31.5	31.9
Operating EBITDA margin (%)	28.9	19.7	20.4	21.0	20.3
Operating EBIT margin (%)	24.2	13.3	14.3	15.2	14.2
Net margin (%)	19.1	10.4	11.4	12.3	10.5
Effective tax rate (%)	19.8	19.5	19.0	19.0	22.4
Dividend payout on recurring profit (%)	36.9	40.2	41.3	41.3	41.3
Interest cover (X)	80.2	36.8	80.9	385.6	23.6
Inventory days	10.2	11.4	10.7	10.8	10.7
Debtor days	55.3	60.6	60.6	58.5	53.9
Creditor days	71.4	70.7	66.0	66.8	66.3
Operating ROIC (%)	37.0	13.2	14.9	12.6	9.0
ROIC (%)	35.4	12.7	14.4	12.3	8.8
ROE (%)	24.9	9.4	10.3	10.5	9.1
ROA (%)	19.3	8.0	8.9	8.5	6.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Self pay patient revenue	3,106	2,126	2,349	2,530	2,777
SSO patient revenue	540	608	620	639	658

Sources: Srivichaivejvivat; FSSIA estimates

## Financial Statements

Srivichaivejvivat

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	697	284	340	388	361
Depreciation	170	175	179	184	210
Associates & minorities	-	-	-	-	-
Other non-cash items	(2)	(1)	1	1	1
Change in working capital	71	(97)	(2)	21	29
<b>Cash flow from operations</b>	<b>936</b>	<b>361</b>	<b>517</b>	<b>594</b>	<b>601</b>
Capex - maintenance	(648)	(284)	(148)	(1,793)	(867)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(648)</b>	<b>(284)</b>	<b>(148)</b>	<b>(1,793)</b>	<b>(867)</b>
Dividends paid	(285)	(257)	(114)	(136)	(155)
Equity finance	0	0	303	0	152
Debt finance	(123)	(61)	(75)	700	750
Other financing cash flows	(1)	0	(1)	(1)	(1)
<b>Cash flow from financing</b>	<b>(410)</b>	<b>(318)</b>	<b>112</b>	<b>563</b>	<b>746</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(122)</b>	<b>(241)</b>	<b>481</b>	<b>(636)</b>	<b>480</b>
Free cash flow to firm (FCFF)	298.63	86.97	374.05	(1,197.73)	(245.23)
Free cash flow to equity (FCFE)	163.04	16.67	292.24	(500.16)	482.85

### Per share (THB)

FCFF per share	0.48	0.14	0.60	(1.91)	(0.39)
FCFE per share	0.26	0.03	0.47	(0.80)	0.77
Recurring cash flow per share	1.52	0.80	0.85	0.94	0.94

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,760	3,975	4,123	5,917	6,784
Less: Accumulated depreciation	(1,705)	(1,811)	(1,990)	(2,174)	(2,384)
<b>Tangible fixed assets (net)</b>	<b>2,055</b>	<b>2,164</b>	<b>2,134</b>	<b>3,743</b>	<b>4,400</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	1,063	822	1,304	667	1,147
A/C receivable	429	478	507	507	507
Inventories	61	57	62	66	71
Other current assets	11	11	12	12	14
<b>Current assets</b>	<b>1,564</b>	<b>1,368</b>	<b>1,885</b>	<b>1,253</b>	<b>1,739</b>
Other assets	88	87	87	87	87
<b>Total assets</b>	<b>3,708</b>	<b>3,619</b>	<b>4,105</b>	<b>5,083</b>	<b>6,226</b>
Common equity	3,001	3,029	3,558	3,810	4,168
Minorities etc.	7	8	8	8	8
<b>Total shareholders' equity</b>	<b>3,008</b>	<b>3,037</b>	<b>3,565</b>	<b>3,818</b>	<b>4,176</b>
Long term debt	186	125	50	750	1,500
Other long-term liabilities	74	70	70	70	70
<b>Long-term liabilities</b>	<b>260</b>	<b>195</b>	<b>120</b>	<b>820</b>	<b>1,570</b>
A/C payable	376	355	386	409	441
Short term debt	0	0	0	0	0
Other current liabilities	64	32	34	37	40
<b>Current liabilities</b>	<b>439</b>	<b>387</b>	<b>420</b>	<b>445</b>	<b>480</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,708</b>	<b>3,619</b>	<b>4,105</b>	<b>5,083</b>	<b>6,226</b>
Net working capital	62	159	161	141	112
Invested capital	2,205	2,410	2,381	3,970	4,598

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

### Per share (THB)

Book value per share	5.26	5.31	5.84	6.26	6.64
Tangible book value per share	5.26	5.31	5.84	6.26	6.64

### Financial strength

Net debt/equity (%)	(29.1)	(22.9)	(35.2)	2.2	8.4
Net debt/total assets (%)	(23.6)	(19.3)	(30.5)	1.6	5.7
Current ratio (x)	3.6	3.5	4.5	2.8	3.6
CF interest cover (x)	15.8	2.7	56.5	(399.1)	24.4

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>7.7</b>	<b>18.8</b>	<b>17.3</b>	<b>15.1</b>	<b>16.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>12.3</b>	<b>30.2</b>	<b>27.7</b>	<b>24.3</b>	<b>26.1</b>
Reported P/E (x)	7.7	18.8	16.8	14.7	15.8
Dividend yield (%)	4.8	2.1	2.4	2.7	2.5
Price/book (x)	1.8	1.8	1.6	1.5	1.4
Price/tangible book (x)	1.8	1.8	1.6	1.5	1.4
EV/EBITDA (x) **	4.2	8.6	7.4	8.7	8.9
EV/EBITDA @ target price (x) **	7.3	14.6	13.0	13.8	14.0
EV/invested capital (x)	2.0	1.9	1.9	1.5	1.4

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

Sources: Srivichaivejvivat; FSSIA estimates

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
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 Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><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="2">Average:</td><td rowspan="2">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><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Srivichaivejvivat	VIH TB	THB 9.35	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.
Bangkok Dusit Medical Services	BDMS TB	THB 28.75	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 275.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Chain Hospital	BCH TB	THB 18.60	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 2.92	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 22.70	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 20.30	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 23.70	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 22-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.