

MASTER STYLE MASTER TB

THAILAND / SERVICES

BUY

UNCHANGED

TARGET PRICE	THB56.00
CLOSE	THB47.00
UP/DOWNSIDE	+19.1%
PRIOR TP	THB52.00
CHANGE IN TP	+7.7%
TP vs CONSENSUS	-5.3%

Many factors supporting growth

- Expect 3Q24 profit to grow q-q and y-y, continuing into 4Q24 due to the high season.
- Profit sharing to jump in 2025, contributing 12% to profit. If it falls short of expectations, it would be a downside to our projections.
- New 2025 TP with using P/E has been adjusted for ESG factors.

3Q24 may still grow, despite customers affected by flooding

We expect 3Q24 net profit to grow by 35% q-q and 18% y-y, despite being slightly below expectations, as customers in the northern and northeastern regions have postponed services due to flooding impacts. We anticipate 3Q24 profit sharing to gradually increase, with V Square expected to return to profitability. However, we cut our 2024E profit by 7.5% to grow by 16.7% y-y, while we increase our 2025E net profit by 1.9%, with 28% y-y growth. We expect 2025 profit sharing to accelerate by 80% to THB75m, accounting for 12% of the yearly net profit.

Many growth factors for 2025

Growth in 2025 should be driven by the recovery of Masterpiece hospital's revenues, as the flooding situation improves and customers return for services. MASTER is also focusing on international marketing, aiming to increase the proportion of foreign clients to 30% by the end of 2024, with a long-term target of 50% of revenue. Over the past two years, MASTER has invested in 15 deals and started recognizing a share of profits in 4Q23. It is expected to complete all 15 deals by 2025, after which a spin-off plan will be considered.

Several ESG factors that MASTER needs to be cautious about

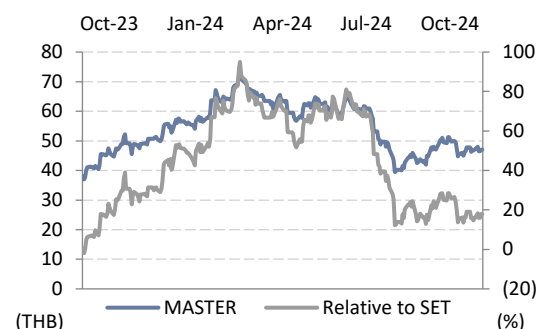
Currently, MASTER is not yet rated and has not been selected for the SET ESG Rating, while the company received a 3-star CG Score for its good governance assessment by IOD. FSSIA believes that the company operates at a good level of ESG management in line with SET and SEC criteria. However, we expect to see more ESG-related information from MASTER, including concrete ESG goals and regular annual reporting to investors, as well as transparent operations following the establishment of collaborations with associated companies to create synergy in the future. The company is also cautious in preventing conflicts of interest.

Roll forward TP to 2025, with lower target P/E

We have lowered the target P/E to 27x (from 30x) to reflect our view on ESG-related risks and potential downsides to our profit estimates if the profit sharing from associated companies is lower than expected. This target P/E is below the historical average of the hospital sector, which is deemed appropriate, as aesthetic surgery is less essential than medical treatment. We roll forward our TP to 2025 at THB56, which still offers a 19% upside.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,917	2,116	2,501	2,787
Net profit	419	492	622	714
EPS (THB)	1.59	1.63	2.06	2.37
vs Consensus (%)	-	(4.1)	1.6	4.2
EBITDA	586	632	784	881
Recurring net profit	419	492	622	714
Core EPS (THB)	1.59	1.63	2.06	2.37
Chg. In EPS est. (%)	0.7	(6.4)	1.8	1.3
EPS growth (%)	(1.4)	2.5	26.6	14.8
Core P/E (x)	29.6	28.8	22.8	19.8
Dividend yield (%)	0.6	1.0	1.8	2.0
EV/EBITDA (x)	20.6	22.2	17.9	15.5
Price/book (x)	4.1	4.2	3.8	3.4
Net debt/Equity (%)	(11.1)	(4.4)	(4.7)	(11.5)
ROE (%)	24.7	15.5	17.5	18.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.4)	(0.5)	26.0
Relative to country (%)	(5.5)	(12.2)	20.7
Mkt cap (USD m)	421		
3m avg. daily turnover (USD m)	2.8		
Free float (%)	0		
Major shareholder	Maschamadol family (68%)		
12m high/low (THB)	74.00/36.31		
Issued shares (m)	301.71		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

We expect Thailand's cosmetic surgery market to grow by 9.9% CAGR in 2024-30, close to global cosmetic surgery markets. Additionally, the medical tourism trend should support surgery hospitals in Thailand to have a higher revenue mix from international customers, which would in turn support future growth.

MASTER has several strengths. It has earned a good reputation and has become well-known over the past ten years. Given the experience of Dr. Raweewat Maschamadol and other renowned doctors, MASTER has gained customer trust, leading to referrals and positive reviews on social media. It has also expanded and invested in other businesses to further its long-term growth.

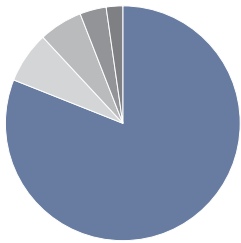
Company profile

MASTER is in the cosmetic surgery hospital business under Masterpiece Hospital. Established in 2012, it has 17 operating beds and offers one-stop cosmetic surgery services. MASTER earns revenue from four services, including surgery, skin, hair treatment, and aftercare, with surgery contributing the highest revenue of 81% of total revenue.

www.masterpiecehospital.com

Principal activities (revenue, 2023)

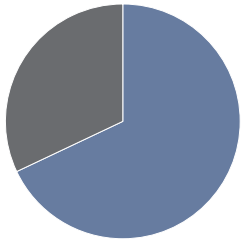
- Surgery - 81.0 %
- Skin - 7.1 %
- Hair treatment - 6.0 %
- Aftercare - 3.6 %
- Others - 2.3 %



Source: Master Style

Major shareholders

- Maschamadol family - 68.0 %
- Others - 32.0 %



Source: Master Style

Catalysts

2024-25 potential growth drivers include 1) more surgery customers; 2) a higher utilization rate for operating beds, which would drive operating leverage; and 3) the realization of profit and synergies from M&As.

Risks to our call

Downside risks to our P/E-based TP include 1) increased competition; 2) a pandemic that results in a lockdown; 3) lower-than-expected utilization rate of new operating beds; 4) higher-than-expected doctor costs and expenses; and 5) a loss contribution from the acquired units.

Event calendar

Date	Event
13 November 2024	3Q24 results announcement
13 November 2024	3Q24 analyst meeting

Key assumptions

	2024E	2025E	2026E
Total OR rooms (no.)	17	17	17
Capacity hours (hours)	74,460	74,460	74,460
Operating hours (hours)	46,538	53,239	57,334
Utilization rate (%)	62.5	71.5	77.0

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in revenue, we estimate 2025 net profit to rise by 3.9%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in SG&A, we estimate 2025 net profit to fall by 3.5%, and vice versa, all else being equal.

Source: FSSIA estimates

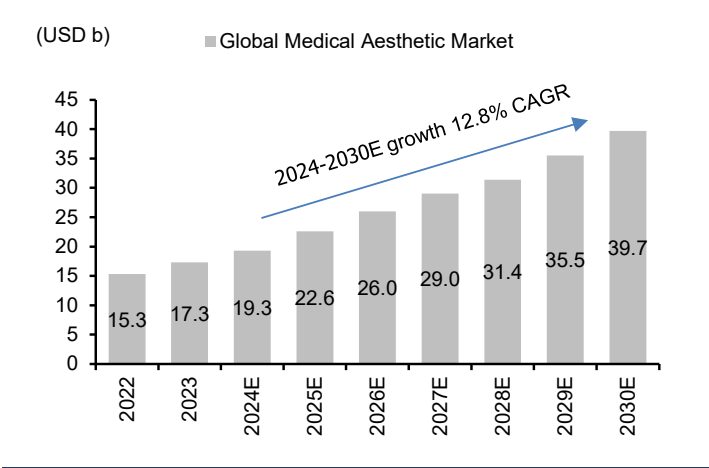
Global aesthetic surgery market projected to grow 10-12% CAGR

Various research firms forecast that the market will expand in the next six years (2024-30), with Fortune Business Insights estimating a growth rate of 13% CAGR, while Market.US anticipates a 12.8% CAGR. According to the International Society of Aesthetic Plastic Surgery (ISAPS), the largest market share is held by North America, valued at USD2.28b, representing about 53.8% of the global aesthetic surgery market in 2023. Following this, the Asia-Pacific region, led by South Korea, Thailand, China, and India, shows increasing demand, prompting industry players to invest in research and development of beauty enhancement materials and advanced technologies. In addition, Medicreations has identified that popular procedures include breast augmentation, tummy tucks, and facelift surgeries.

Europe is expected to see significant growth, particularly in the non-surgical treatment sector, which is linked to medical tourism. Latin America and the Middle East are also projected to experience substantial growth, especially in Dubai and Saudi Arabia, where demand for both surgical (notably breast augmentation and tummy tucks) and non-surgical aesthetic procedures is increasing.

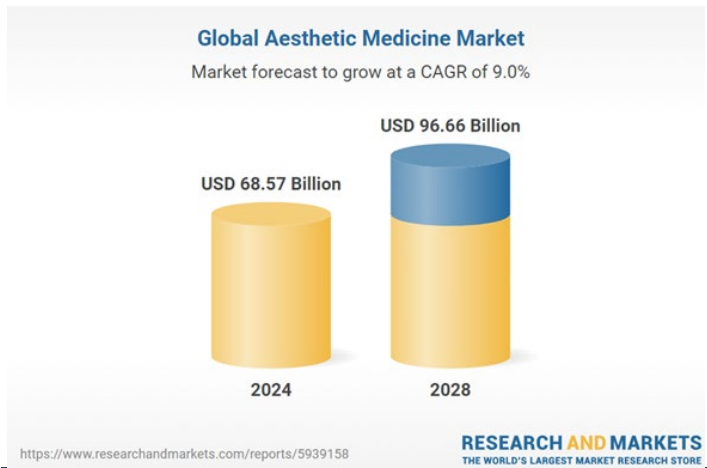
The main channels preferred by consumers are hospitals and clinics, accounting for about 45% of the market. ISAPS indicates that most aesthetic surgeries in North America are performed in hospitals, representing approximately 47.4% of the aesthetic surgery market value in 2023.

Exhibit 1: Global medical aesthetic market in 2024-30



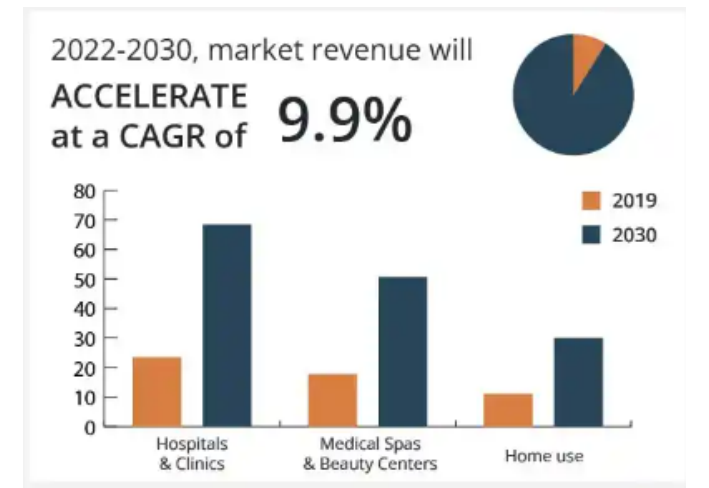
Source: Market.US website

Exhibit 2: Global aesthetic medicine market in 2024-28



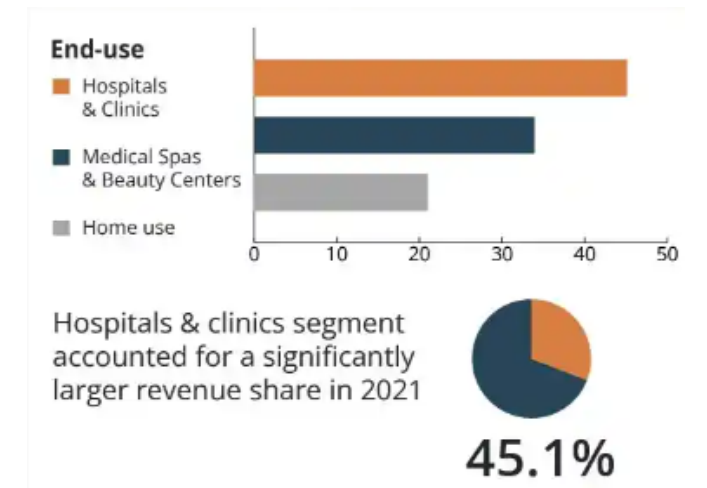
Source: Research and Markets website

Exhibit 3: Global aesthetic medicine market



Sources: Reports and data website

Exhibit 4: Global aesthetic medicine market



Sources: Reports and data website

Asia-Pacific region is projected to grow at 12-13% CAGR

Data Bridge Market Research forecasts that the market will expand by an average of 13.7% CAGR over the next six years (2024-30), while Business Market Insights estimates a growth rate of 14.2% CAGR over the next four years until 2028. Notable growth is expected in China, Japan, India, South Korea, Thailand, and Indonesia.

The drivers of growth in this region include: 1) technological advancements; 2) the rise of medical tourism; and 3) an increasingly aging population and higher obesity rates.

In Indonesia, which holds about 4.1% of the Asia-Pacific market share, the market is relatively small but shows strong growth potential, with an average market growth forecast of 11.6% CAGR over the next four years. The highest growth is anticipated among individuals aged 35-40, who make up 43% of the medical aesthetic market value in Indonesia. Popular services include body contouring (44.8%) and facial aesthetics (20.5%), with up to 58.3% of consumers preferring to seek services in hospitals and cosmetic clinics due to trust in medical expertise and advanced technology. This presents a significant opportunity aligned with MASTER's strategy of expanding its foreign customer base, with Indonesian clients currently making up the largest segment.

Exhibit 5: Asia-Pacific medical aesthetic market

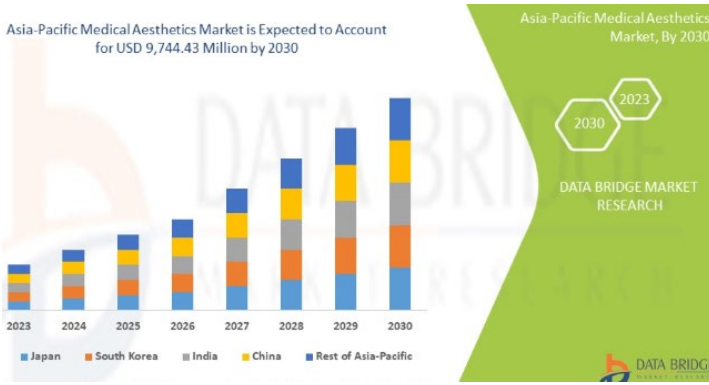


Exhibit 6: Medical aesthetic market share by region in 2023

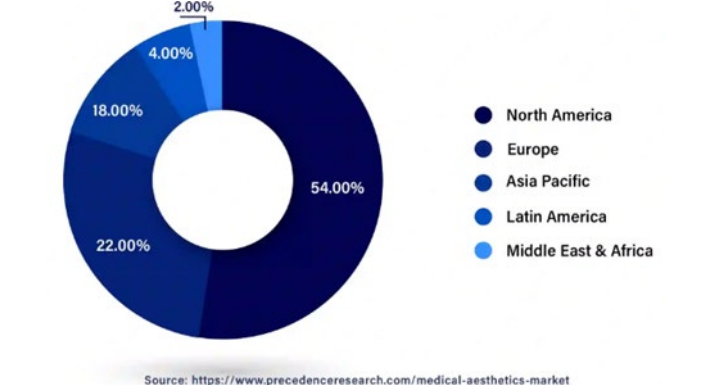


Exhibit 7: Indonesian medical aesthetic market in 2023-29

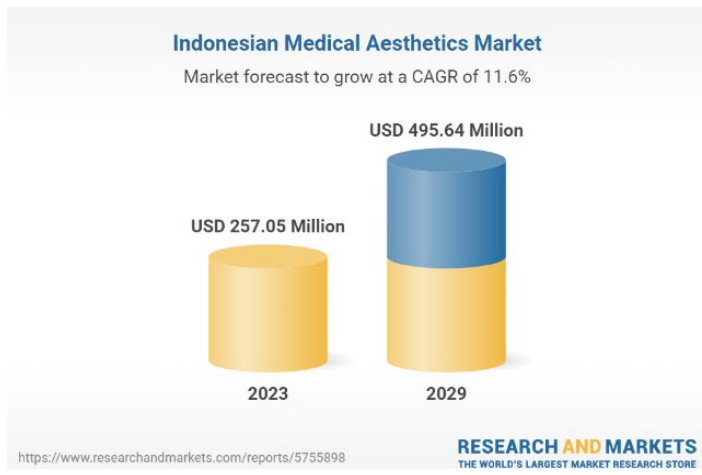
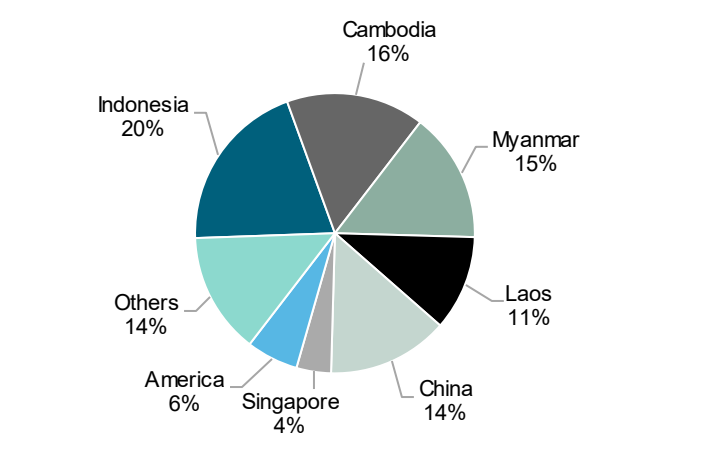


Exhibit 8: MASTER's foreign clients revenue breakdown by country in 1H24



Thailand aesthetic surgery market to grow 9.9% CAGR in 2024-30

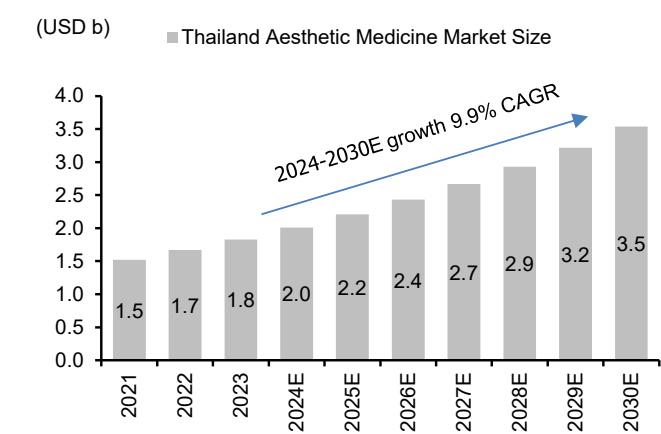
According to Grand View Research, Thailand's aesthetic surgery market value is expected to grow at 16.6% CAGR from 2020 to 2027. Vision Research Reports forecasts an average growth rate of 9.9% CAGR over the next six years (2024-30).

The market share is largely driven by invasive procedures, which account for about 74% of the total aesthetic market value in Thailand, while non-invasive procedures (such as oral medications, injectables, massages, acupressure, and acupuncture) make up the remaining 26%. Factors contributing to this growth include a rising consumer focus on appearance and beauty, increased acceptance of surgical procedures, and the growing popularity of medical tourism.

Thailand continues to stand out in health tourism, not only for general medical treatments but also for aesthetic procedures, due to lower medical costs compared to other countries, alongside high-quality services and skilled medical professionals. Thailand ranks fourth in Asia for revenue from medical aesthetic tourism, following South Korea, Japan, and China. Popular foreign clientele for aesthetic services in Thailand includes individuals from Cambodia, Laos, Myanmar, Vietnam, Indonesia, and Australia.

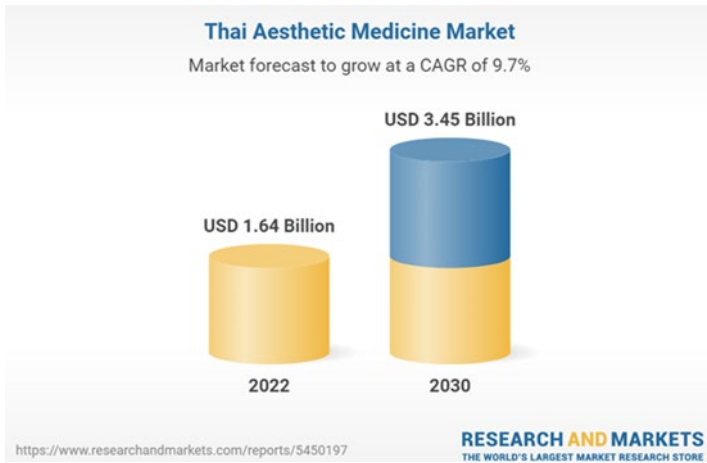
ISAPS has noted that Thailand is among the top ten countries in Asia for the highest number of both surgical and non-surgical aesthetic procedures. Bangkok and Phuket are key centers for aesthetic surgery in the country, with the most popular procedures being eye surgery, rhinoplasty, and breast augmentation. In addition, tummy tucks have been gaining popularity recently.

Exhibit 9: Thai aesthetic medicine market size



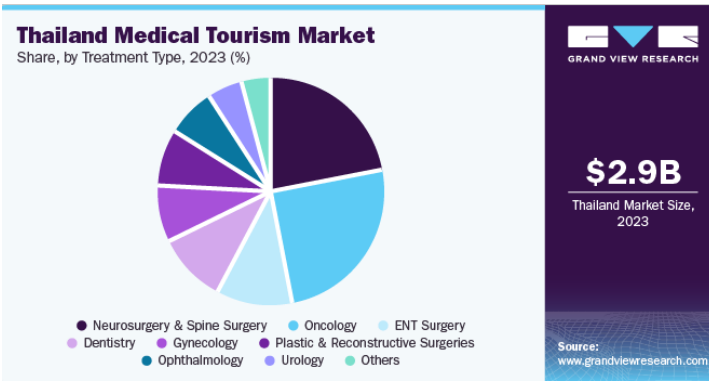
Sources: Vision Research, FSSIA's compilation

Exhibit 10: Thai aesthetic medicine market in 2022-30



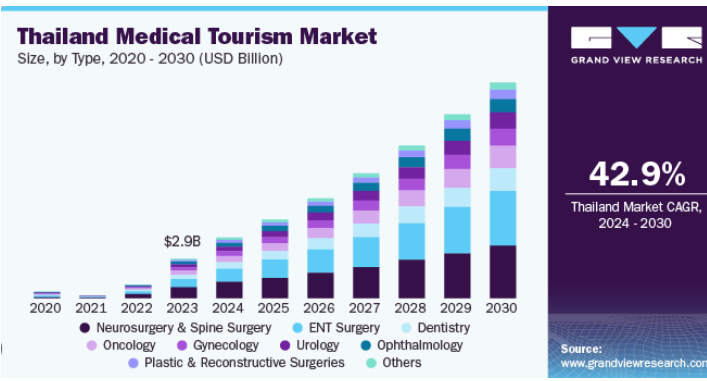
Source: Research and Markets website

Exhibit 11: Thailand medical tourism market in 2023



Source: Grand View Research

Exhibit 12: Thailand medical tourism market in 2024-30



Source: Grand View Research

Increasing competition in Thailand

The ongoing growth trend in Thailand's aesthetic surgery market has led to a surge in investors opening beauty clinics, resulting in heightened competition in the aesthetic surgery business. According to the International Trade Administration (ITA), as of 2023, Thailand has approximately 7,000 aesthetic surgery hospitals and clinics, with about 2,000 located in Bangkok and the remaining distributed across various provinces. These can be categorized into two groups:

1. **Hospital Group:** This group provides medical, nursing, pharmaceutical, and technical services, and may offer specialized surgical services. Most private hospitals have surgery departments, including aesthetic plastic surgery, and some may have laser centers or dermatology departments to cater specifically to clients. Examples include Masterpiece Hospital, Asoke Skin Hospital, Kamol Hospital, and SLC Hospital. These hospitals often have fewer branches but offer comprehensive aesthetic services.
2. **Aesthetic Medicine Clinics:** This segment is considered to have higher competition than the surgical hospitals due to the numerous operators. Most of these clinics are located in shopping centers and major department stores. Their service offerings are quite similar, with comparable objectives, leading to competition based on price and promotions to attract customers. This group primarily focuses on skincare, although a few operators are beginning to expand into surgical services. The clinics include single and multiple branches, with a preference for locations in shopping malls, such as APEX, The Klinique, Romrawin, Pongsak, V-Square, Pornkasem, Tanaporn, Nitipon, KKC, Rajdhevee, iSky Center, SLC, and Meko.

In addition, the ITA notes that many beauty clinics and hospitals are expanding into comprehensive aesthetic surgery hospitals, with several forming partnerships with companies in South Korea. This presents competition for MASTER, which is currently established as a comprehensive aesthetic surgery hospital.

Exhibit 13: Peer comparisons

Name of hospital / clinic	Established year	No. of branches (no.)	----- Revenue -----		----- Net profit -----		GPM 2023 (%)	SG&A to sales 2023 (%)	NM 2023 (%)
			2022 (THB m)	2023 (THB m)	2022 (THB m)	2023 (THB m)			
APEX	1995	54	1,586	1,693	473	399	48.1	18.6	23.6
Siam Laser (SLC)	2005	26	828	2,029	(57)	435	45.2	19.2	21.4
MASTER	2013	1	1,483	1,919	301	416	59.1	33.1	21.7
TRP	2016	1	854	708	270	193	54.9	20.9	27.2
Yanhee	1994	1	2,047	2,012	257	203	29.0	21.6	10.1
The Klinique	2009	55	1,639	2,285	205	289	54.0	39.5	12.6
Meko	1982	4	466	381	54	5	38.0	37.9	1.3
W Plastic Surgery	2018	1	148	230	2	16	66.3	51.9	7.1
Kamol Cosmetic	2009	1	143	154	2	3	36.6	37.0	1.9
Lelux	2006	1	180	180	1	(2)	59.3	56.3	(1.0)
Asia Cosmetic	2014	1	145	130	(8)	11	53.0	50.0	8.2
Wansiri	2012	1	191	230	(41)	(34)	39.6	48.7	(14.8)

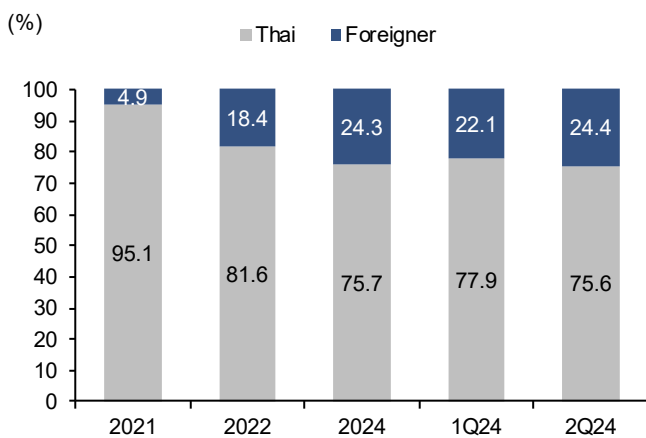
Sources: MASTER, Datawarehouse, company websites, FSSIA's compilation

MASTER aims to increase the foreign client contribution

MASTER aims to increase the proportion of revenue from foreign clients in line with the growth trends in Thailand's aesthetic surgery market. The company has set a short-term goal to raise the share of revenue from foreign clients to 30% of total revenue by the end of 2024, up from 25% in 1H24. Indonesia is the primary source of foreign clients, accounting for 38%, followed by Myanmar (12%), China (11%), Cambodia (11%), Laos (10%), the USA (4%), Singapore (3%), and others (11%).

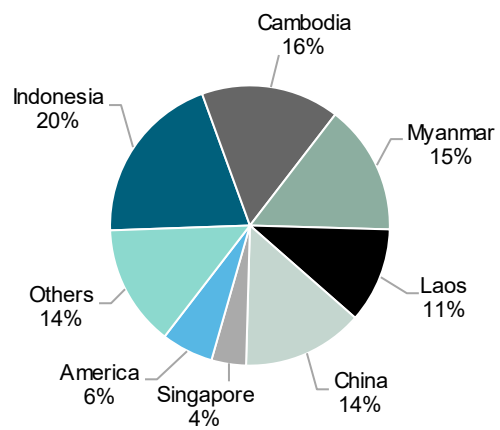
The company has seen considerable success using marketing strategies involving influencers and focusing on providing high-quality surgical services that meet international standards. In the medium to long term, the goal is to increase the proportion of revenue from foreign clients to 50% of total revenue. This is beneficial not only because foreign clients generally have a higher average bill than Thai clients, which supports continuous revenue growth, but also because the gross margin from foreign clients is higher than the current average of 58-60%. This will further enhance the gross profit margin.

Exhibit 14: Revenue breakdown by customer



Sources: MASTER, FSSIA's compilation

Exhibit 15: Foreign customer revenue breakdown by country



Sources: MASTER, FSSIA's compilation

Exhibit 16: International event



Source: MASTER's presentation

Gradual recognition of profit sharing from 15 investments in 2025

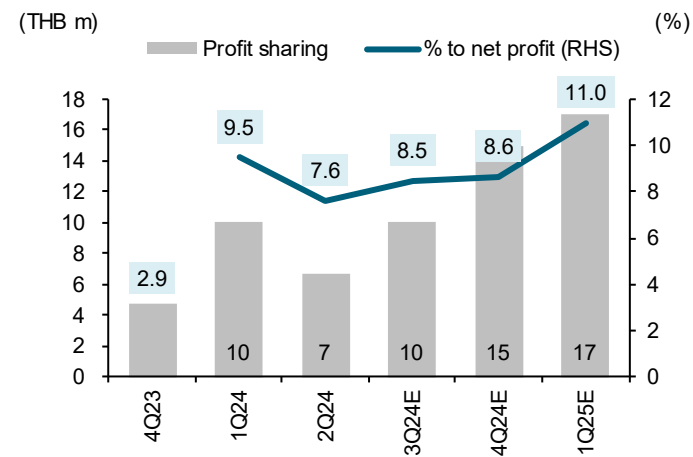
MASTER raised THB2.29b from its IPO in January 2023. From January 2023 to June 2024, it has already spent THB383m on the construction and renovation of buildings and operating rooms, as well as purchasing medical equipment for Masterpiece Hospital. An additional THB1.46b has been invested in joint ventures, with 15 deals in progress, totaling an investment value of THB2-2.3b. Payments are being made gradually, as the acquisitions are not yet complete and the company is also increasing its stake in some deals, with a maximum holding of 40% in each deal.

As of the end of 2Q24, the company started to recognize profit and loss sharing from seven joint ventures and expects to recognize more in 2H24, anticipating the completion of all 15 deals by 2025. Moreover, MASTER plans to spin off the joint ventures in the future once the growth targets are achieved.

In 1H24, MASTER recognized THB16.7m in profit sharing from joint ventures, and we expect an additional THB25m in 2H24, bringing the total profit share for 2024 to THB42m. We anticipate an 80% increase to THB75m in 2025, which would account for 12% of net profit, up from 8.6% in 2024.

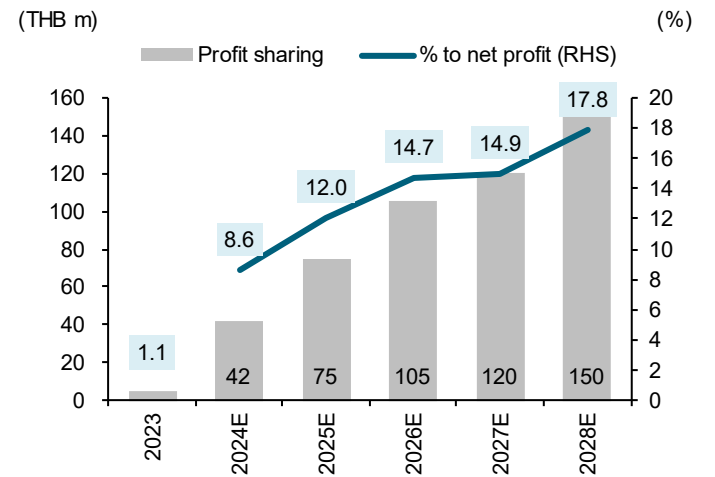
However, forecasting profit sharing from 15 joint ventures is challenging due to the number of companies involved, the diverse businesses, and limited data. Many companies are in the process of constructing surgical hospitals and will need to recognize depreciation once they begin operating. Therefore, there is a risk of recognizing losses longer than anticipated, which may lead to a lower overall profit share for MASTER than we forecast. This represents a downside risk to our estimates.

Exhibit 17: Projected quarterly profit sharing



Sources: MASTER, FSSIA estimates

Exhibit 18: Projected yearly profit sharing



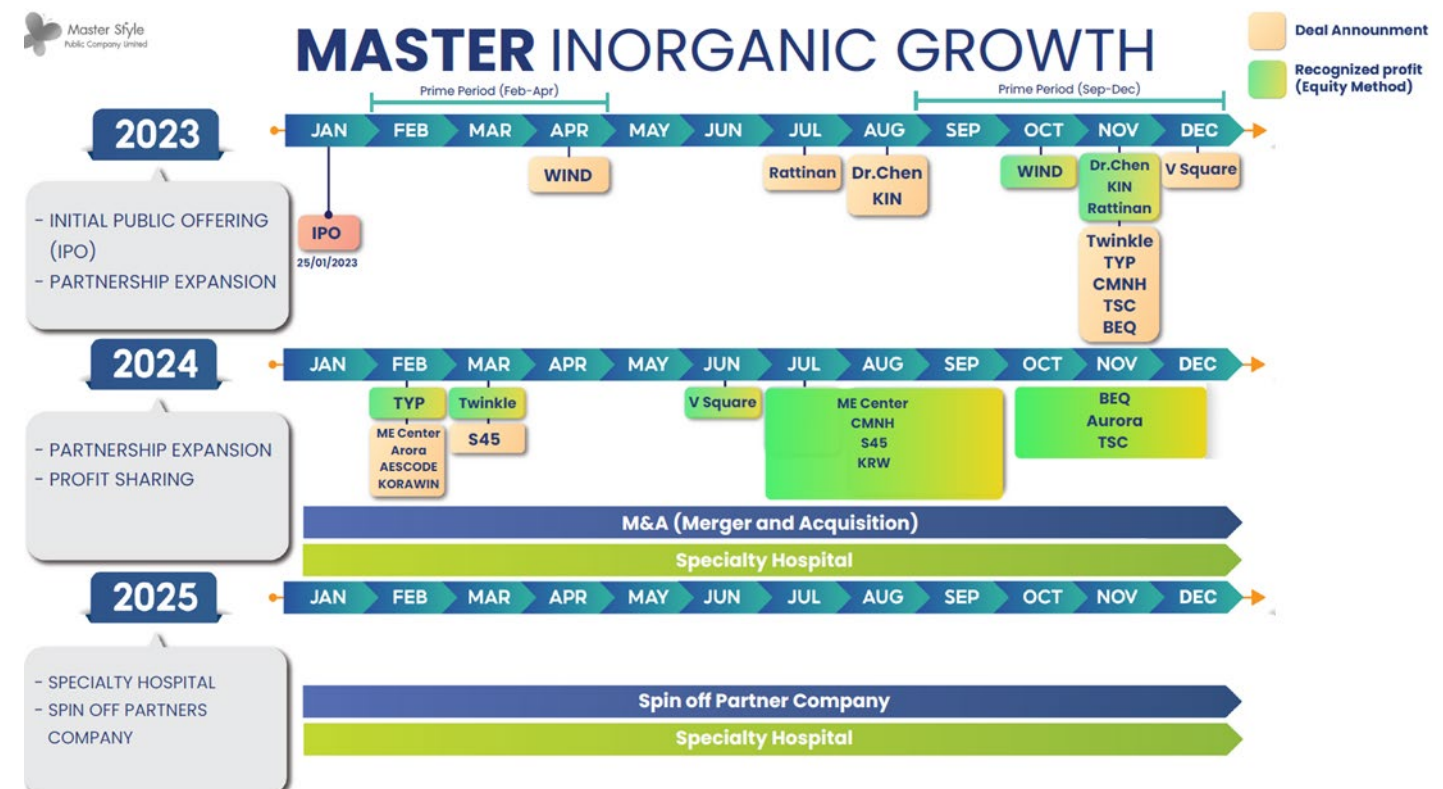
Sources: MASTER, FSSIA estimates

Exhibit 19: Details of all 15 investment deals

No	Company	Stake (%)	Value (THB m)	Detail of business	Recognized quarter	1H24 profit sharing (THB m)
1	Me Plan Dee	40	64.00	Operates two Wind Clinics in BKK and Ubon Ratchathani.	4Q23	(3.41)
2	Rattinan	20	38.85	Operates cosmetic clinics in Silom, BKK. MASTER acquired a 20% stake of its ordinary shares for THB38.85m and provided a THB31.15m loan, with an option to convert into equity. Assuming 100% conversion, MASTER will have a 36% interest.	4Q23	2.37
3	De.Chen	40	94.00	Operates a Dr. Chen Clinic in Chiang Mai. Plans to use the proceeds from MASTER's purchase to build a surgery hospital in Soi Ramkhamhaeng.	4Q23	0.12
4	Kin Corporation	40	160.00	Founded in 2018, Kin Corporation is in the media PR, billboards, and marketing promotion businesses.	4Q23	14.30
5	Twinkle Star	40	64.90	Buys, sells, and produces media for advertising and public relations. Currently manages advertising slots for three TV programs.	1Q24	7.70
6	TYP Medical	40	73.70	Established in 2023. Currently transferring a TYP Clinic in Hat Yai, Songkhla, to MASTER.	1Q24	1.43
7	CMNH	40	50.00	Operates Chiang Mai Nursing Home Care (109 beds, 92% OCC rate) in Chiang Mai. Currently constructing its second home.	3Q24E	-
8	Doctor Top Hair	40	96.00	Established in 2023. Currently transferring seven The Skin Clinic in BKK, specializing in hair transplants, to MASTER.	4Q24E	-
9	BEQ	35	183.70	Operates one BEQ clinic at CP Tower on Silom Road, specializing in skin and body treatments and hair transplants.	2025E	-
10	V Square Clinic	40	720.00	Operates 25 V Square clinic in BKK, specializing in filler treatments.	2Q24	(0.40)
11	Aesthelis Code	20	0.20	Established in 2023. The company produces silicone for medical purposes.	2025E	-
12	Me Center Clinic	35	55.00	Operates a mental health clinic under the name Me Center Clinic. Currently there is one clinic in BKK.	3Q24E	-
13	Aurora Clinic	40	18.60	Operates two beauty clinics in Koh Samui and Surat Thani under the name Aurora Clinic.	4Q24E	-
14	Korawin Holding	15	77.80	Korawin is a newly established company for holding shares in 1) 100% stake in K Medical, operates 33 branches Korawin Clinic; 2) 100% stake in Ronnapree Group, operates 13 branches Ronnapree Clinic; and 3) KOM Corp operates a newly established plastic surgery hospital business. Note that the stake is being increased to 40% in 4Q24.	3Q24E	-
15	S45	40	285-565	Operates a beauty clinic with a team of experienced doctors, especially Dr.Kittisak Wongtanchai, founder. S45 provides nose surgery services.	3Q24E	-
Total			1,982 - 2,261			16.70

Sources: MASTER, FSSIA's compilation

Exhibit 20: MASTER's M&A timeline



Source: MASTER's presentation

Exhibit 22: Growth strategy of V Square Clinic



Source: MASTER

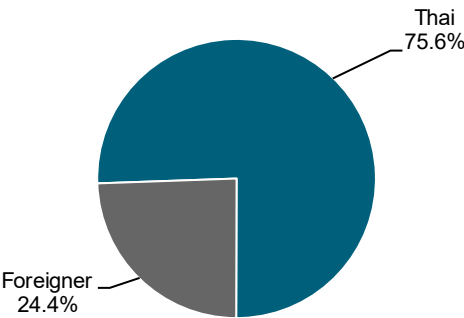
2024 revenue from surgery may fall short of targets

MASTER has increased its number of surgical beds from 10 to 17 since 2023 and aims for revenue growth of no less than 20% y-y in 2024. However, we anticipate that total revenue in 9M24 may grow by only about 8.7% y-y, suggesting that full-year revenue for 2024 may fall short of targets. This is due to the impact of flooding in the northern and northeastern regions during 3Q24, as 75.6% of the company’s clients are Thai, with 50% of Thai revenue coming from the Bangkok metropolitan area, followed by 15% from the northern region, 15% from the northeastern region, and 20% from other areas. Some clients affected by the floods have postponed their appointments, with over half already having paid deposits. Therefore, we expect the company to recognize some of this revenue in 4Q24, or at the latest by 1Q25.

We estimate 2024 total revenue to grow by 10.4% y-y, reaching a new high of THB2.1b, based on an assumption of 62.5% operating room utilization across 17 beds for 12 hours per day. We expect revenue in 2025 to grow further by 18.2% y-y due to 1) a slight revenue dip in 2024; 2) improved economic conditions in Thailand and a better consumer spending environment; and 3) a continued recovery in the tourism sector, particularly in medical tourism and aesthetic surgery, which are becoming increasingly popular in Thailand.

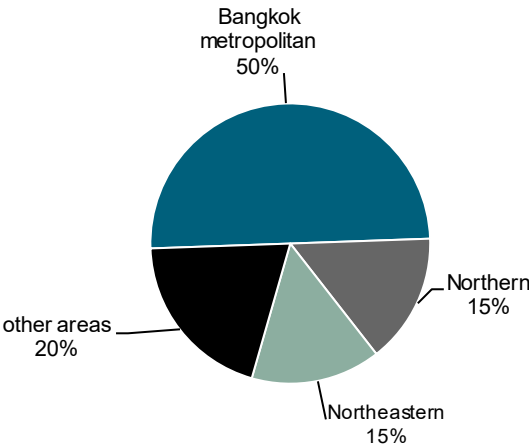
As of the end of 1H24, surgery still accounted for the largest portion of revenue at around 81% of total revenue, followed by skin treatments (8.3%), hair treatments (6.5%), aftercare (5.2%), and others (2%).

Exhibit 23: Revenue breakdown by client type in 1H24



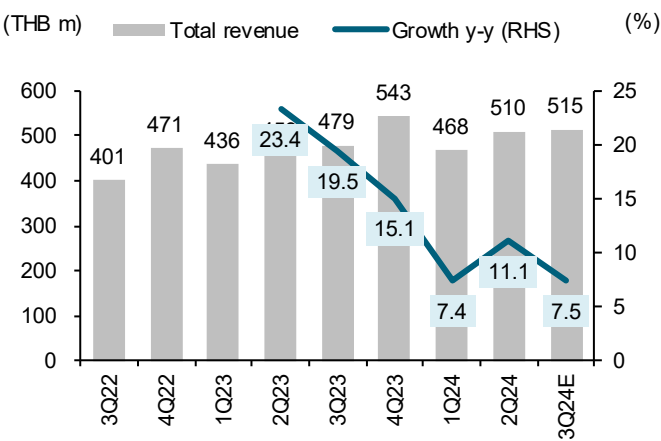
Sources: MASTER, FSSIA's compilation

Exhibit 24: Thai clients breakdown by region in 1H24



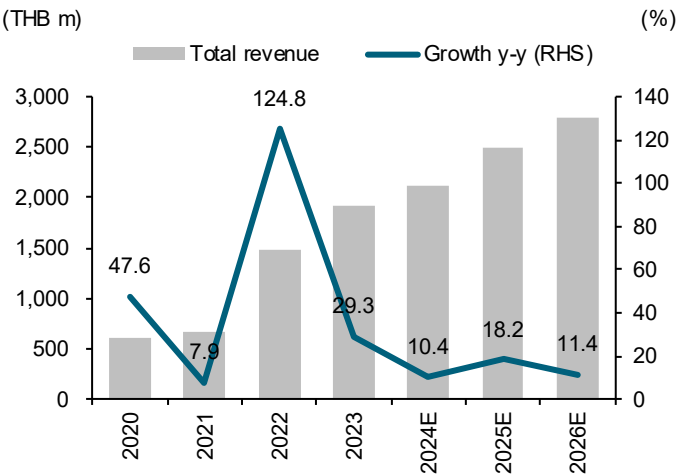
Sources: MASTER, FSSIA's compilation

Exhibit 25: Quarterly total revenue and growth



Sources: MASTER, FSSIA estimates

Exhibit 26: Yearly total revenue and growth



Sources: FSSIA estimates

Expect a recovery in 3Q24 net profit, accelerating in 4Q24

Due to clients in the northern and northeastern regions being affected by flooding and postponing their appointments, we expect revenue in 3Q24 to remain flat q-q but grow by 7.5% y-y to THB515m. We anticipate the operating room utilization rate to remain stable q-q at 60.8%. We also expect a slight increase in the 3Q24 gross margin to 57.5% vs 57% in 2Q24, but still below 58.2% in 3Q23. In addition, we project a decrease in expenses from 2Q24, particularly due to reduced acquisition consulting fees, while profit sharing from joint ventures should rise to THB10m from THB7m in 2Q24. We anticipate that V Square will turn profitable at THB2m in the quarter, turning from a loss of THB0.4m in 2Q24, and MASTER started recognizing profits from S45 in August.

Therefore, we expect a 3Q24 net profit of THB118m (+35% q-q, +18.4% y-y), which might be slightly below our previous expectation. Assuming in-line results, MASTER's 9M24 net profit would equal THB312m (+23% y-y), which is 59% of our previous profit estimate (THB525m).

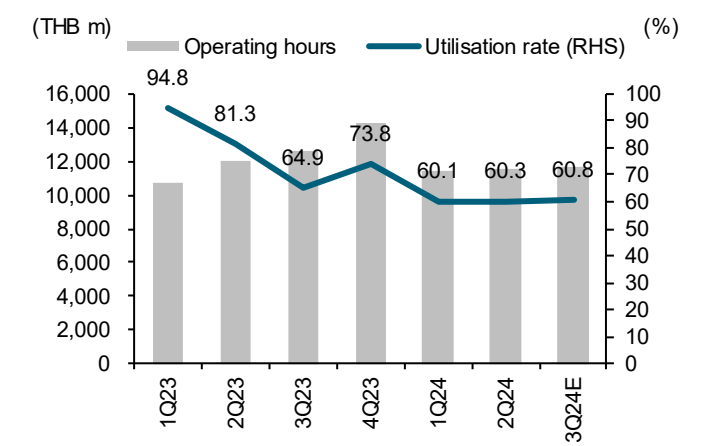
We anticipate that the profit trend in 4Q24 will accelerate, reaching the peak for the year due to 1) it being the high season for the business, particularly in October and November; 2) the ability to recognize some revenue that was postponed from 3Q24; and 3) the expectation of a continuous increase in profit sharing from joint ventures.

Exhibit 27: MASTER – 3Q24 earnings preview

	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		9M24E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)
Sales	479	543	468	510	515	0.9	7.5	1,493	8.7
Cost of sales	200	198	194	220	219	(0.3)	9.2	633	7.7
Gross profit	279	345	274	291	296	1.9	6.2	861	9.4
SG&A	160	154	160	188	170	(9.6)	6.0	518	8.0
Operating profit	128	197	122	108	132	22.0	2.9	363	10.7
Profit sharing	0	5	10	7	10	50.8	nm	27	nm
Interest expense	4	3	3	3	4	3.5	(0.3)	10	(2.2)
Tax expense	25	40	23	18	23	26.1	(10.4)	64	(1.1)
Reported net profit	100	164	106	88	118	34.9	18.4	312	23.4
Core profit	100	164	106	97	118	22.4	18.4	321	26.9
Key Ratios (%)						(ppt)	(ppt)		
Gross margin	58.2	63.6	58.5	57.0	57.5	0.5	(0.7)	57.6	0.4
SG&A to sales	33.5	28.3	34.3	36.9	33.0	(3.9)	(0.5)	34.7	(0.2)
Operating margin	26.8	36.3	26.2	21.2	25.7	4.4	(1.1)	24.3	0.4
Net margin	20.8	30.1	22.7	17.2	22.9	5.8	2.1	20.9	2.5
Core margin	20.8	30.1	22.7	18.9	22.9	4.0	2.1	21.5	3.1
Operating Statistics									
Total OR rooms (no.)	17	17	17	17	17				
Operating hours (hours)	12,587	14,316	11,386	11,564	11,679				
Utilization rate (%)	64.9	73.8	60.1	60.3	60.8				

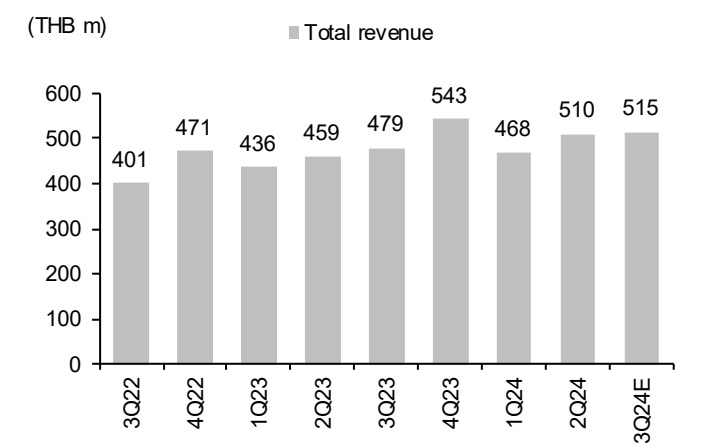
Sources: MASTER, FSSIA estimates

Exhibit 28: Operating hours and utilization rate



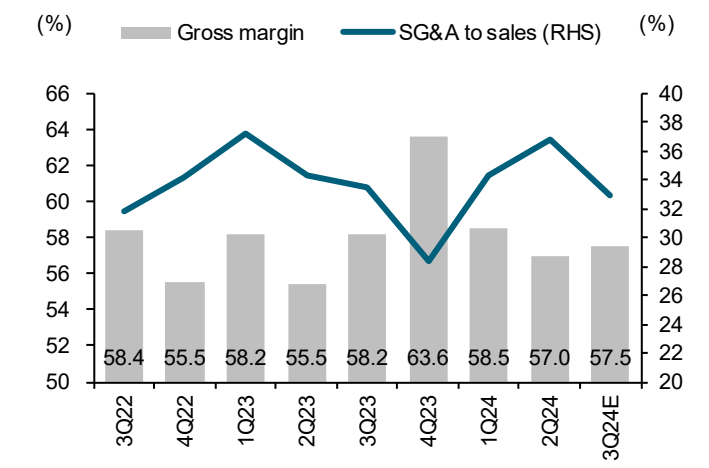
Sources: MASTER, FSSIA estimates

Exhibit 29: Quarterly total revenue



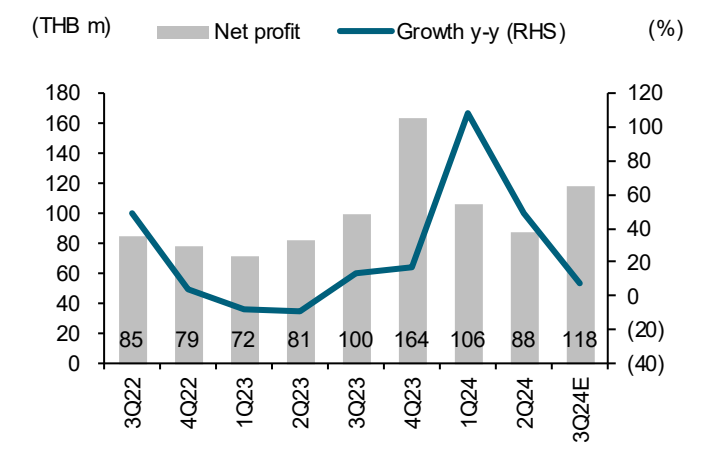
Sources: MASTER, FSSIA estimates

Exhibit 30: Quarterly gross margin and SG&A to sales



Sources: MASTER, FSSIA estimates

Exhibit 31: Quarterly net profit and growth



Sources: MASTER, FSSIA estimates

Revising down 2024E profit

We revise our net profit estimate for 2024 downward by 7.5% to THB486m, reflecting growth of 16.7% y-y (previously expected growth of 26% y-y). However, we increase our 2025E net profit by 1.9% to THB623m (+28% y-y). This growth is anticipated from both Thai clients, who are expected to grow in line with the overall aesthetics market, and foreign clients, particularly those with higher bill amounts and gross profit margins compared to Thai clients.

In addition, we expect the operating room utilization rate to rise to 71-72%, which will enhance operating leverage. As a result, we project the 2025 gross margin to increase to 59.4%, up from 58.3% in 2024E, bringing it back in line with the level seen in 2023. We also continue to forecast that profit sharing from joint ventures will increase to THB75m in 2025, up from THB41.7m in 2024, which would represent 12% of net profit, compared to 8.6% in 2024.

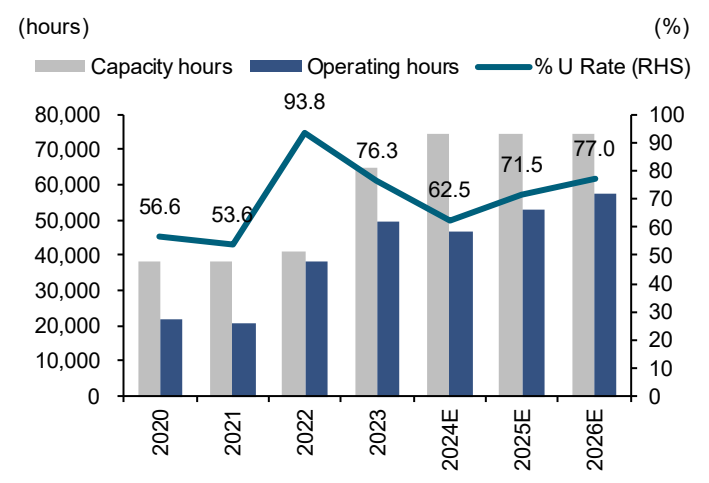
However, this profit sharing could also represent a downside risk to our profit estimates if the joint ventures grow less than we anticipate.

Exhibit 32: Changes in key assumptions for MASTER

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	2,116	2,501	2,787	2,249	2,472	2,766	(5.9)	1.2	0.7
Costs	882	1,015	1,129	922	1,004	1,120	(4.3)	1.2	0.7
Gross profit	1,233	1,486	1,658	1,327	1,468	1,646	(7.0)	1.2	0.7
SG&A expense	705	825	920	753	816	913	(6.5)	1.2	0.7
Interest expense	14	14	14	15	15	15	(5.0)	(5.0)	(5.0)
Profit sharing	42	75	105	45	70	100	(7.4)	7.1	5.0
Reported net profit	486	623	714	525	611	705	(7.5)	1.9	1.3
Core profit	495	623	714	525	611	705	(5.8)	1.9	1.3
Key ratios (%)									
Total revenue growth	10.4	18.2	11.4	17.3	9.9	11.9			
Net profit growth	16.7	28.2	14.7	26.2	16.4	15.3			
Core profit growth	18.8	25.8	14.7	26.2	16.4	15.3			
Gross margin	58.3	59.4	59.5	59.0	59.4	59.5	(0.7)	0.0	0.0
SG&A to sales	33.3	33.0	33.0	33.5	33.0	33.0	(0.2)	0.0	0.0
Net margin	23.0	24.9	25.6	23.4	24.7	25.5	(0.4)	0.2	0.1
Core margin	23.4	24.9	25.6	23.4	24.7	25.5	0.0	0.2	0.1
Profit sharing to net profit	8.6	12.0	14.7	8.6	11.5	14.2	0.0	0.6	0.5
Operating statistics									
Total OR room (no.)	17	17	17	17	17	17	0.0	0.0	0.0
Capacity hours (hours)	74,460	74,460	74,460	77,563	77,563	77,563	(4.0)	(4.0)	(4.0)
Operating hours (hours)	46,538	53,239	57,334	55,845	58,172	62,050	(16.7)	(8.5)	(7.6)
Utilization rate (%)	62.5	71.5	77.0	72.0	75.0	80.0	(13.2)	(4.7)	(3.8)
Revenue breakdown (THB m)									
Surgery	1,725	2,032	2,254	1,835	2,007	2,247	(6.0)	1.3	0.3
Skin	100	118	136	161	185	210	(37.5)	(36.3)	(35.2)
Hair treatment	148	191	221	133	150	170	11.6	27.2	29.9
Aftercare	100	115	128	75	82	88	32.1	40.4	45.4
Other	43	45	47	46	48	50	(6.2)	(6.2)	(6.2)

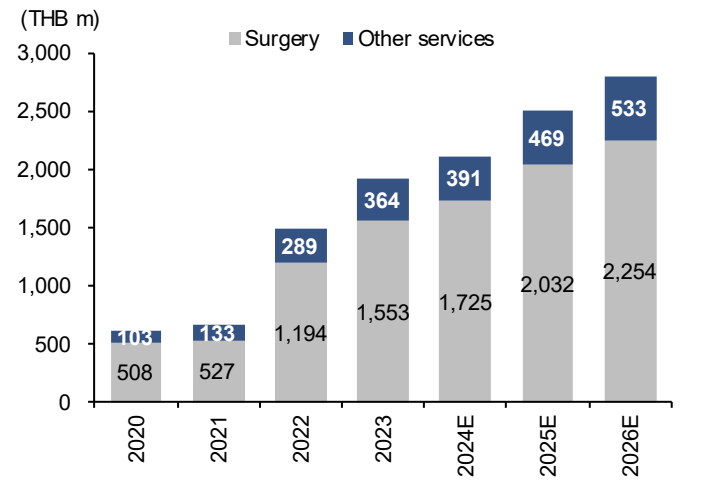
Source: FSSIA estimates

Exhibit 33: Yearly operating hours and utilization rate



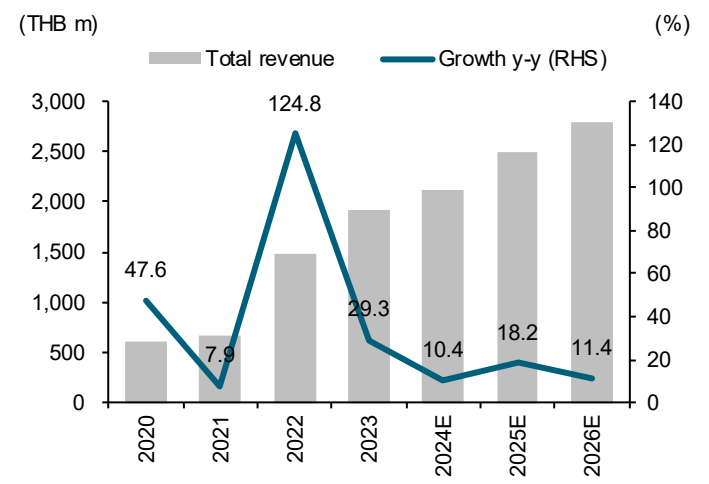
Sources: MASTER; FSSIA estimates

Exhibit 34: Revenue breakdown by type of service



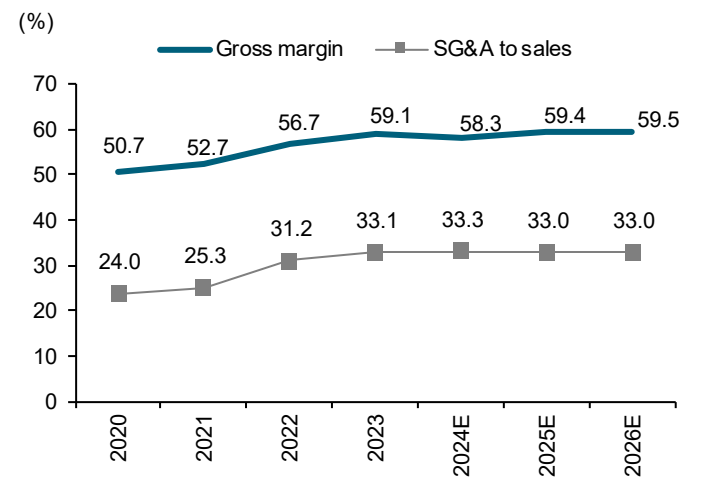
Sources: MASTER; FSSIA estimates

Exhibit 35: Total revenue and growth



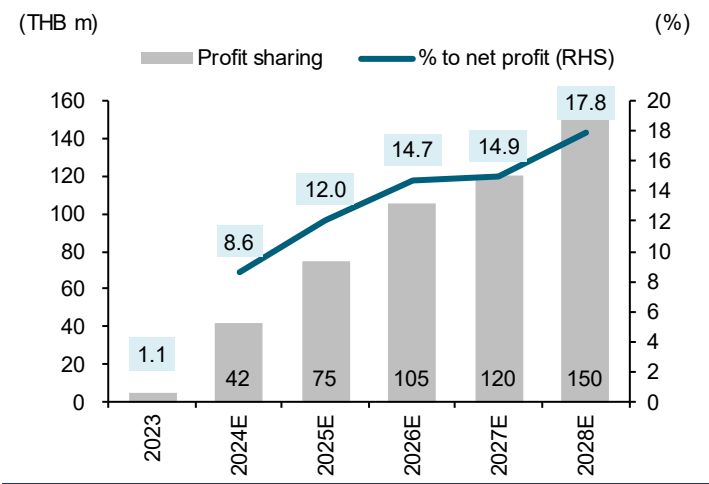
Sources: MASTER; FSSIA estimates

Exhibit 36: Gross margin and SG&A



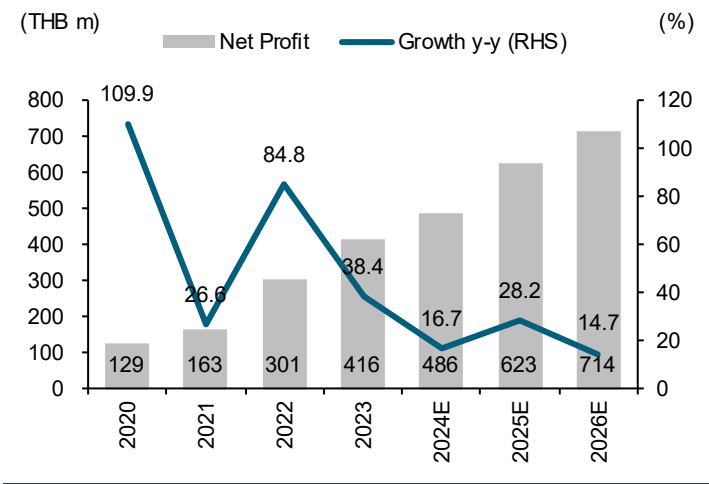
Sources: MASTER; FSSIA estimates

Exhibit 37: Profit sharing and % to net profit



Sources: MASTER; FSSIA estimates

Exhibit 38: Net profit and growth



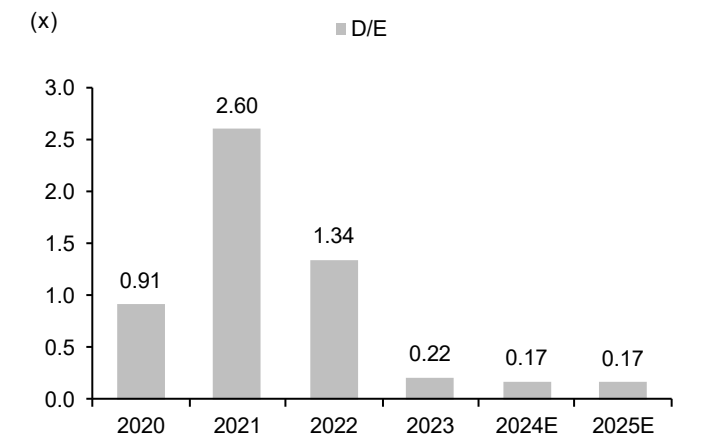
Sources: MASTER; FSSIA estimates

Financial position

The cosmetic surgery hospital business is primarily cash-based, requiring partial deposits before services are rendered, while also benefiting from credit terms for purchasing medical supplies. As a result, the cash cycle for 2023 has increased to a negative 20 days, up from 6 days in 2022. This situation has provided MASTER with relatively high liquidity, with a current ratio of 2.96x as of 1H24, and a low debt-to-equity (D/E) ratio of only 0.17x. Currently, the company has no interest-bearing loans, with most liabilities stemming from lease obligations (long-term land and building leases expiring in 2047 and 2052), which account for 54% of total liabilities.

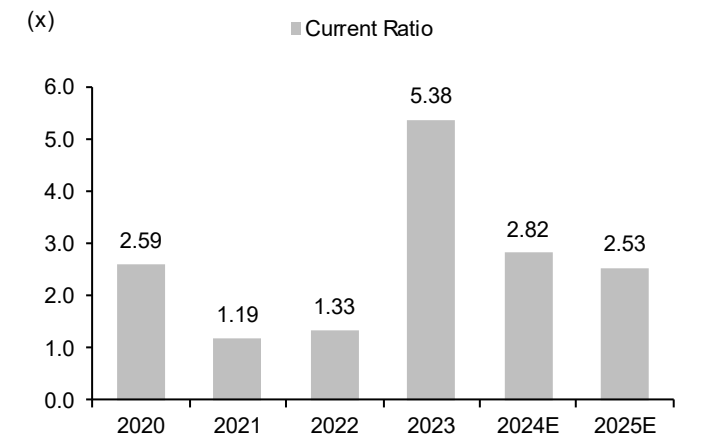
We expect the current ratio and D/E ratio at the end of 2024 to be 2.82x and 0.17x, respectively. If MASTER plans to invest in additional businesses in the future, it may consider taking out bank loans or issuing bonds. We also anticipate a favorable return on equity (ROE) at 14.7% by the end of 2024.

Exhibit 39: D/E ratio



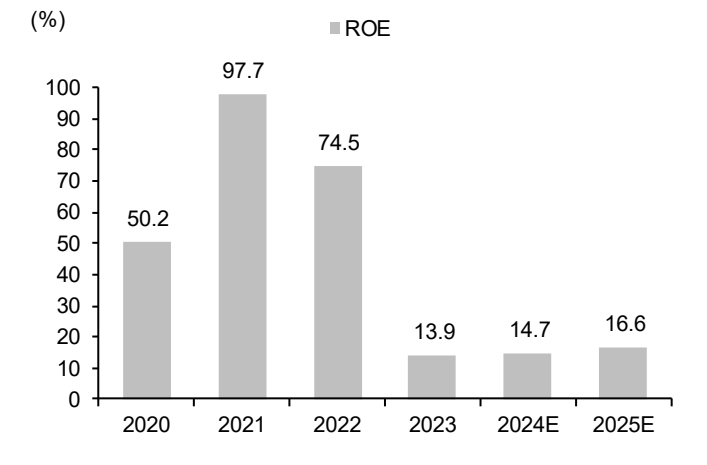
Sources: MASTER; FSSIA estimates

Exhibit 40: Current ratio



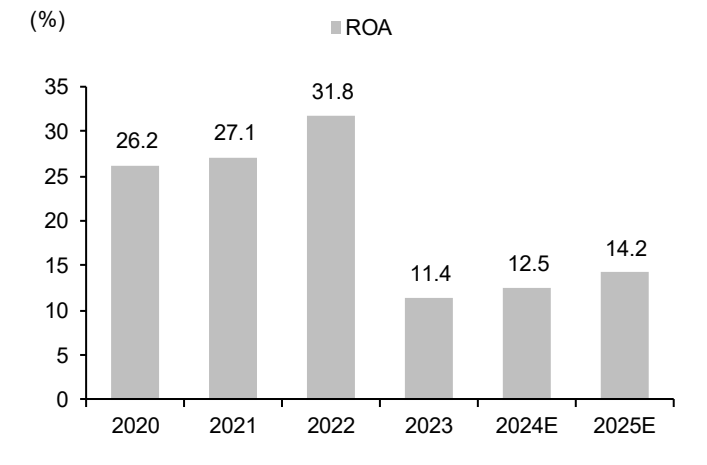
Sources: MASTER; FSSIA estimates

Exhibit 41: Return on equity



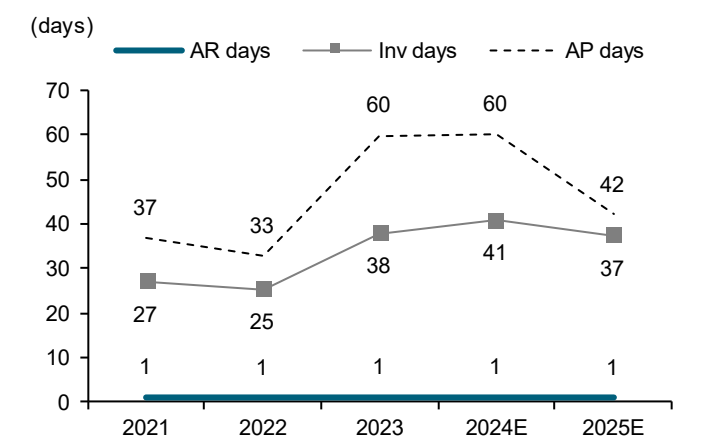
Sources: MASTER; FSSIA estimates

Exhibit 42: Return on assets



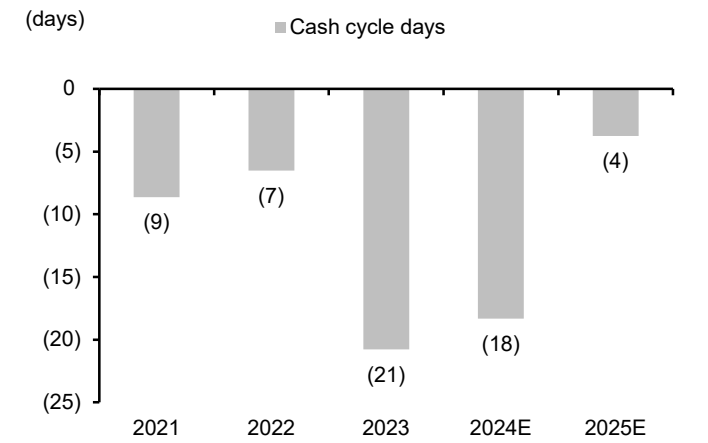
Sources: MASTER; FSSIA estimates

Exhibit 43: Receivable and payable days



Sources: MASTER; FSSIA estimates

Exhibit 44: Cash cycle days



Sources: MASTER; FSSIA estimates

Shareholding structure

MASTER has paid dividends in the form of shares twice in the past two years, increasing the total number of shares from the IPO by 26%, resulting in 301.71 million shares. This increase aims to comply with the stock exchange's criteria for moving from the MAI to the SET. As of 20 March 2024, Dr. Raweewat Maschamadol (and family), who serves as the company's CEO, holds a significant share of 67.97%.

In June 2024, Dr. Raweewat and group sold 19.7 million shares, representing 6.5% of the total shares, in a big lot transaction to Dr. Puttapong Luangrat, CEO and founder of V Square Clinic, at an average price of THB59.25/shr, totaling THB1.16b. As part of the agreement, Dr. Puttapong and group have agreed to a silent period, holding these shares for no less than five years. Following this transaction, Dr. Raweewat and his family remain the major shareholders of MASTER, holding 59.37%.

Note: MASTER announced an investment in V Square Clinic at a 40% stake for THB720m in December 2023, and the transaction has been completed, with profit-sharing recognized starting from 2Q24.

Exhibit 45: MASTER's shareholders

Shareholders		As of 20 March 2024	
		Number of shares (Shares)	Holding (%)
1	Dr. Raweewat Maschamadol	129,937,368	49.22
2	IN GLORY Investments Limited	44,000,000	16.67
3	Mr. Pongsak Thmmathataree	6,609,870	2.50
4	Thai NVDR Company Limited	5,577,171	2.11
5	Ms. Pasita Leesakul	5,500,132	2.08
Other shareholders			27.42
Total shares			100.00

Note: Shareholders number 1, 2, and 5 are Dr.Raweewat Maschamadol and group
Sources: SET; FSSIA's compilation

ESG analysis

Environmental analysis – Although MASTER operates in the cosmetic surgery hospital sector, it emphasizes sustainable environmental management, focusing on four main areas: 1) Energy Management – prioritizing energy conservation; 2) Water Management – including wastewater treatment; 3) Waste Management – systematic management of medical waste and expired pharmaceuticals; and 4) Greenhouse Gas Reduction – efforts to minimize greenhouse gas emissions.

The company collected data and prepared a greenhouse gas emissions report in 2023 and engaged an auditor to measure its emissions. However, there is currently insufficient information to evaluate the environmental dimension fully. Additionally, the company has not disclosed its overall carbon footprint and has yet to set goals for achieving carbon neutrality or net zero.

Social analysis - In the growing and competitive cosmetic surgery industry, having strong business ethics is crucial for sustainable growth. We analyze this aspect in two dimensions:

1. **Customers** – In addition to providing high-quality services at reasonable prices, the company must maintain client confidentiality and not exploit internal or personal information for profit unless the client consents to share reviews.
2. **Employees** – MASTER has a policy of entering long-term contracts with doctors, ranging from 3 to 10 years, depending on mutual agreement. This is intended to mitigate the risk of losing trained medical staff to competitors or situations where doctors start competing businesses. However, managing doctors and employees is sensitive, and the terms of contracts must be fair to all parties to avoid potential lawsuits. According to MASTER's 2023 One Report, it faces two significant lawsuits totaling THB77.8m:
 - **Dispute Case 1** – In July 2021, a former medical staff member of MASTER sued three directors – Dr. Raweewat Maschamadol, Ms. Lapasrada Lertpanurot, and Mr. Pisut Numsa – along with the MASTER hospital's Facebook page, claiming they conspired to defame him through social media advertising, with damages amounting to THB15m. In April 2022, the same doctor sued the company and the three directors for breach of contract and unfair contract terms, totaling THB9.5m, bringing the total to THB24.5m. MASTER counter-sued the doctor for breach of contract, seeking THB112.88m in damages for terminating the contract prematurely.

Current status (end of 2Q24) – The case is under consideration by the first-instance court, and the company believes it will not suffer significant damages, thus no provision has been made in the financial statements.

- **Dispute Case 2** – In March 2021, a second doctor sued the company and Dr. Raweewat Maschamadol, claiming unfair termination of a hospital usage contract, with damages sought of THB53.3m. The first-instance court dismissed the case.

Current status (end of 2Q24) – This case is pending in the appeals court, and the company believes it will not incur significant damages, so no provision has been made in the financial statements. In August 2024, the company counter-sued the second doctor for breach of contract, alleging involvement in nurse fraud, and is seeking THB17.01m in damages.

Governance analysis – Regarding corporate governance, we view MASTER as performing well. It complies with SET and SEC regulations and regularly discloses performance updates to investors, participating in Opportunity Day events every quarter.

MASTER emphasizes the prevention of insider trading by requiring directors, executives, and employees with access to insider information to refrain from trading the company's securities during the 30 days prior to the release of financial statements or public information. They must also report any transactions within 24 hours after the information is disclosed. In addition, the company prioritizes conflict of interest prevention, focusing on conducting business for the maximum benefit of the company and its shareholders. Stakeholders, including directors, executives, and employees, must avoid situations that may create conflicts of interest, such as engaging in similar businesses that compete with the company, whether directly or indirectly, and must refrain from holding shares in competing firms.

While achieving a 100% prevention rate against certain fraudulent actions may be challenging, MASTER has established a committee to ensure ethical business practices that are socially and environmentally responsible, respecting stakeholders' rights, and setting guidelines for compensation and remediation of potential rights violations.

Furthermore, we are monitoring transactions involving the 15 joint ventures the company is gradually investing in, which may carry risks related to conflicts of interest. Therefore, MASTER must emphasize transparency in these transactions and adhere to the regulations set forth by the SET and SEC.

Currently, MASTER has not yet been rated or selected for the SET ESG Rating (only 16 companies in MAI have been selected as of October 2024) and has received a CG score of 3 stars from the IOD's assessment of good governance. Overall, we view the company's ESG management as being at a good level, but there is still room for development, particularly in establishing clear and concrete ESG goals, as well as regularly monitoring progress and reporting results to investors annually.

Conclusion: We have not established ESG Scores for MASTER to mitigate the risk of inaccurate assessments due to insufficient data and are in the process of gathering more information for the next year. However, the social risks stemming from lawsuits by clients or doctors, or the company suing clients or doctors, are potential risks in the medical service business. In addition, our future profit estimates carry downside risks if profit sharing from the 15 joint ventures falls below expectations. Thus, to adopt a more conservative approach, we have adjusted the target P/E multiple from 30x to 27x, which is below the 5-year historical average for the hospital sector.

Nonetheless, we anticipate improved outcomes from the company's focus on sustainable business practices, which may reduce the likelihood of future lawsuits or litigation against the company.

Master Style PCL (MASTER TB)

FSSIA ESG rating

n/a

Exhibit 46: 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.

Source: FSSIA estimates

Exhibit 47: 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
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
MASTER	n/a	--	--	--	--	--	--	--	--	--	--	--	--	--	--
KLINIQ	n/a	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://settrade.com); FSSIA's compilation

Exhibit 48: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022	FY 2023	FY ending Dec 31	FY 2022	FY 2023
Environmental			Governance		
Climate change policy	Yes	Yes	Board size / Independent directors (ID) / Female	8 / 5 / 1	8 / 5 / 1
Climate change opportunities discussed	--	--	No. of board meetings for the year / % attendance	9 / 100%	10 / 95%
GHG scope 2 location-based policy	Yes	Yes	Company conducts board evaluations	Yes	Yes
Biodiversity policy	--	--	Number of non-executive directors on board	5	5
Energy efficiency policy	Yes	Yes	Director share ownership guidelines	No	No
Electricity used (MWh)	0.179	0.178	Board age limit	No	No
Fuel used - crude oil/diesel	62.506	36.569	Age of the youngest / oldest director	39 / 65	40 / 66
Waste reduction policy	Yes	Yes	Number of executives / female	5 / 1	5 / 1
Water policy	Yes	Yes	Executive share ownership guidelines	No	No
Water consumption	--	--	Size of audit committee / ID	4 / 4	4 / 4
Social			Audit committee meetings	6	4
Human rights policy	Yes	Yes	Audit committee meeting attendance (%)	93.75	100
Policy against child labor	--	--	Size of compensation committee	3 / 2	3 / 2
Quality assurance and recall policy	--	--	Number of compensation committee meetings	2	2
Consumer data protection policy	Yes	Yes	Compensation committee meeting attendance (%)	100	100
Equal opportunity policy	Yes	Yes	Size of nomination committee / ID	3 / 2	3 / 2
Gender pay gap breakout	--	--	Number of nomination committee meetings	2	2
Pct women in workforce	Yes	Yes	Nomination committee meeting attendance (%)	100	100
Business ethics policy	Yes	Yes	Board compensation (THB m)	1.63	1.73
Anti-bribery ethics policy	Yes	Yes	Auditor fee (THB m)	2.8	1.9
Health and safety policy	Yes	Yes	(EY OFFICE LIMITED)		
Lost time incident rate - employees	--	3			
Training policy	Yes	Yes			
Fair remuneration policy	Yes	Yes			
Number of employees - CSR	--	--			
Total hours spent by firm - employee training	--	--			
Social supply chain management	--	Yes			

Source: FSSIA's compilation

Roll forward TP to 2025 at THB56

We roll forward our TP to 2025 at THB56, lowering the target P/E to 27x from the previous 30x to reflect our view on ESG-related risks and potential downsides if profit sharing from associated companies is lower than expected. The new target P/E is below the historical average of the hospital sector at 30x (5-year average) and KLINIQ at 32x (2-year average). A lower P/E is justified for the aesthetic surgery business, as it is not as essential to life as medical treatments. We maintain a positive outlook on the growth trend of the Thai aesthetic surgery market, which we believe has the potential to grow more than many global research firms have forecast. This is due to the relatively low current market value and increasing openness among Thai consumers regarding cosmetic procedures, along with a broader age range of service users. Therefore, we expect MASTER's profit trend to continue to rise.

In comparison to aesthetic service providers like KLINIQ and TRP, we believe TRP's business is more similar to MASTER's as it is also a cosmetic surgery hospital. However, TRP has a narrower scope of services and less marketing activity compared to MASTER, resulting in lower gross margins and growth rates. Nonetheless, TRP has a better net margin than MASTER due to significantly lower marketing expenses. KLINIQ, on the other hand, derives a relatively small proportion of its revenue from cosmetic surgery, with most income coming from beauty clinics, focusing primarily on branch expansion as its growth strategy. We view this market as having stronger competition than the cosmetic surgery hospital sector, primarily competing on price. In addition, KLINIQ has lower gross and net margins than MASTER due to expansion costs and relatively high marketing expenses aimed at creating brand recognition.

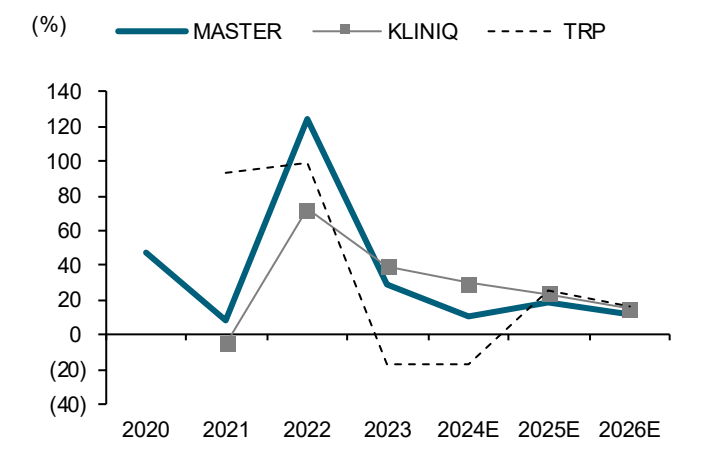
Since KLINIQ just listed on the stock market in November 2022 and TRP in October 2023, there is still limited historical average P/E data available. Currently, KLINIQ and TRP are trading at 2025E P/E ratios of 18.4x and 15.8x, respectively, lower than MASTER, which is currently trading at 22.8x. This is due to forecasts of lower profit growth trends for 2024 compared to MASTER, combined with the lack of an exciting growth story for both KLINIQ and TRP.

Exhibit 49: Peers comparison as of 24 October 2024

Company	BBG	Rec	Share price			Market Cap	PE			ROE		PBV		EV/ EBITDA	
			Current	Target	Upside		5Y-avg	24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Bangkok Dusit Med Service	BDMS TB	BUY	28.25	36.50	29.2	13,336	37.2	28.1	25.5	16.4	17.1	4.5	4.2	17.0	15.3
Bumrungrad Hospital	BH TB	BUY	271.00	310.00	14.4	6,400	51.6	27.6	26.1	30.1	27.7	7.7	6.8	18.7	17.4
Bangkok Chain Hospital	BCH TB	BUY	18.30	22.00	20.2	1,356	25.8	28.4	24.3	12.4	13.6	3.4	3.2	14.7	12.7
Chularat Hospital	CHG TB	BUY	2.84	3.60	26.8	928	25.6	26.0	22.5	15.5	16.7	3.9	3.6	14.9	13.0
Patangsit Healthcare Group	PHG TB	BUY	16.10	21.00	30.4	143	13.1	16.7	14.8	14.3	15.1	2.3	2.1	8.0	7.3
Praram 9 Hospital	PR9 TB	BUY	23.00	27.00	17.4	537	27.4	27.0	23.8	12.7	13.2	3.3	3.0	14.2	12.3
Average						22,700	30.1	25.6	22.8	16.9	17.2	4.2	3.8	14.6	13.0
Master Style	MASTER TB	BUY	47.00	56.00	19.1	421	n/a	28.8	22.8	15.5	17.5	4.2	3.8	22.2	17.9
Aesthetic Connect*	TRP TB	n/a	9.35	n/a	n/a	98	n/a	23.8	15.8	8.5	11.1	1.9	1.8	17.8	13.0
Klinique Medical Clinic*	KLINIQ TB	n/a	33.75	n/a	n/a	218	32.0	22.2	18.4	19.0	21.6	4.1	3.9	11.4	9.9
Average						738	32.0	24.9	19.1	14.3	16.7	3.4	3.2	17.1	13.6
Overall average						23,438	30.4	25.4	21.6	16.0	17.1	3.9	3.6	15.4	13.2

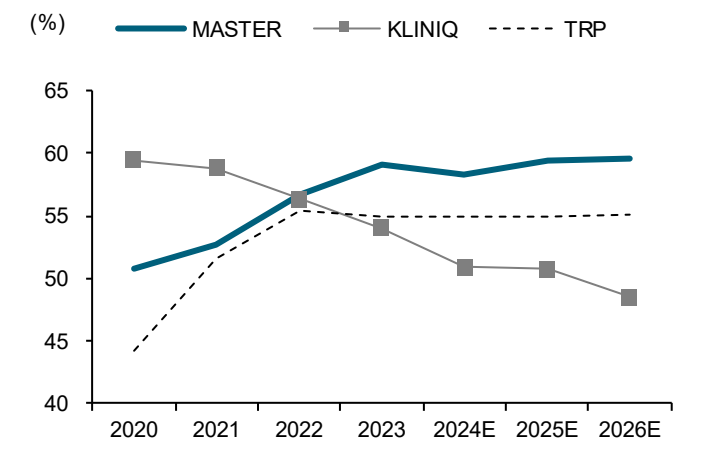
Sources: *Bloomberg, FSSIA estimates

Exhibit 50: Projected revenue growth



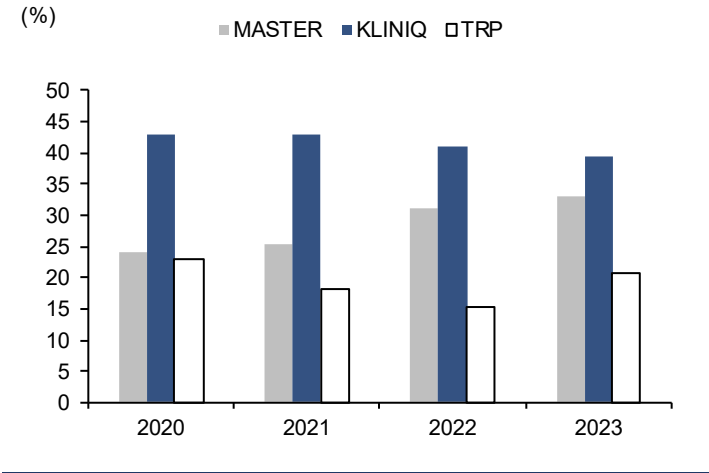
Sources: Bloomberg, FSSIA estimates

Exhibit 51: Gross margin comparison



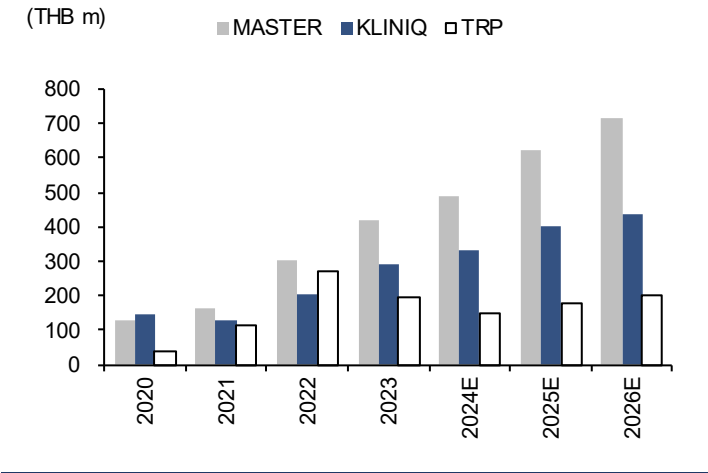
Sources: Bloomberg, FSSIA estimates

Exhibit 52: SG&A to sales comparison



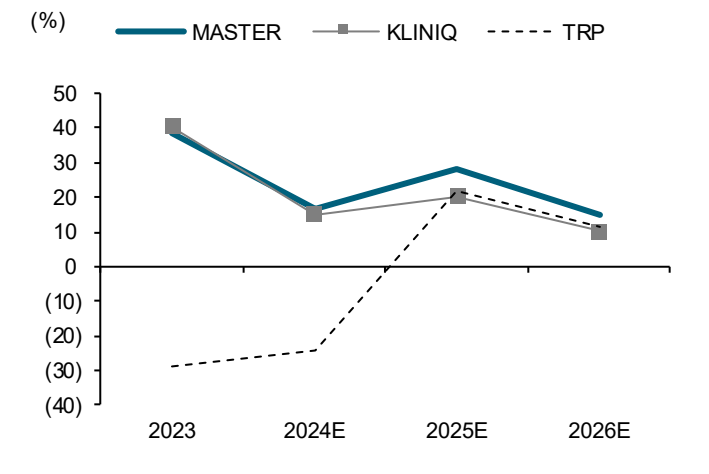
Sources: Bloomberg, FSSIA estimates

Exhibit 53: Projected net profit



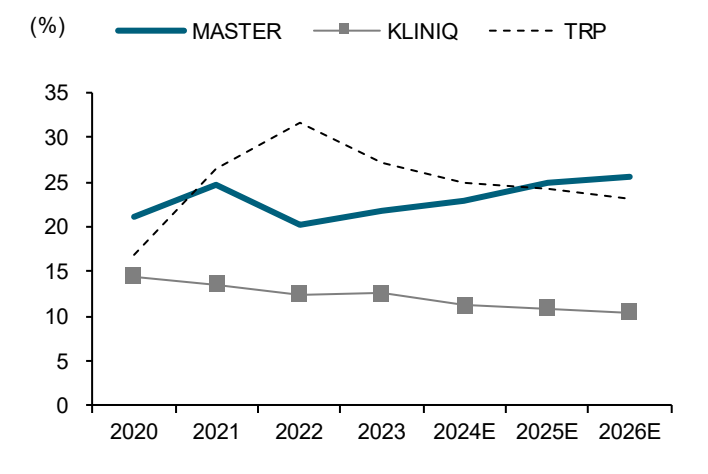
Sources: Bloomberg, FSSIA estimates

Exhibit 54: Projected net profit growth



Sources: Bloomberg, FSSIA estimates

Exhibit 55: Net margin comparison



Sources: Bloomberg, FSSIA estimates

Exhibit 56: D/E ratio comparison

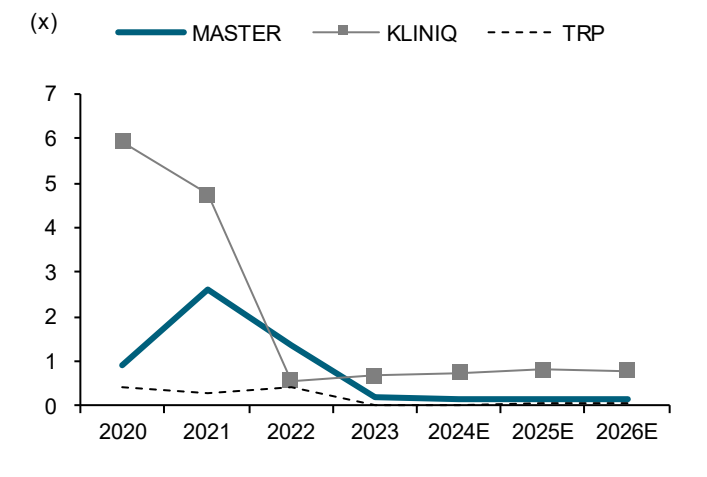
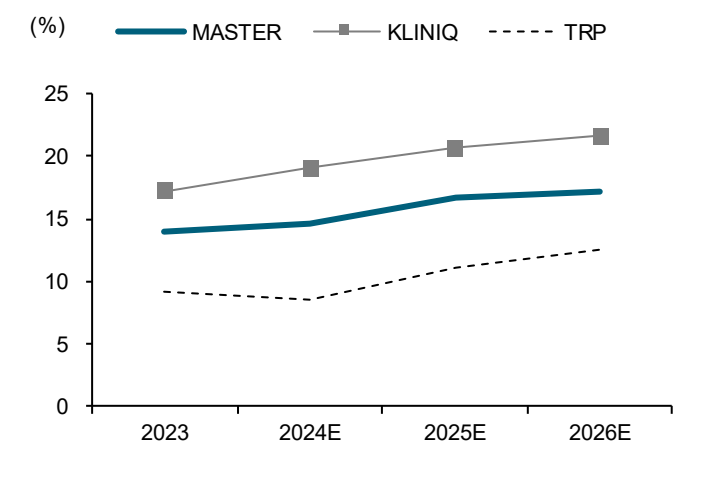


Exhibit 57: Return on equity comparison



Risk factors

Risks from intense competition in the aesthetic medical industry

The aesthetic medical business faces high competition from cosmetic surgery hospitals, beauty enhancement institutes, private hospitals, and an increasing number of new entrants into the market. As cosmetic surgery becomes more accepted in Thai society and consumer behavior places greater importance on skincare and appearance, there is a demand for rapid improvements in results. This leads to a continuous growth trend in the beauty enhancement market. With more operators in the industry, competition arises in terms of pricing, promotions, new technologies, and quality of service.

Risks from changing consumer behavior

The trends in aesthetic surgery are influenced by global trends, including preferences for the facial features and body shapes of Western and Asian celebrities. As a result, medical teams must stay updated on trends and learn additional medical techniques for cosmetic surgery, hair transplantation, and body contouring. If a company fails to keep up with these aesthetic surgery trends, it risks losing customers to competitors and may struggle to attract new clients.

Risks from lawsuits

MASTER operates in the aesthetic surgery service industry, which carries the risk of lawsuits in two forms:

1. Customers suing the company – Each customer has different physical conditions and expectations regarding results. If the outcomes of procedures do not meet expectations or fail to satisfy clients, this may lead to negative criticism on social media or legal action, which can damage the company's reputation and financial performance.
2. Lawsuits against doctors or medical personnel – MASTER currently has two ongoing lawsuits, which pose a risk if the company is unsuccessful in resolving or defending these cases, potentially resulting in damages that could impact the company's finances.

Risks from shortages of medical personnel

Aesthetic surgery services require qualified and specialized medical staff. Currently, the production of medical professionals is insufficient to meet the demands of both domestic and international clients seeking surgery in Thailand. New operators are continuously entering the market, while existing operators plan to expand, increasing the demand for medical personnel. This workforce requires time to develop their skills, and if the company cannot timely recruit qualified medical staff, it may face risks from shortages, impacting future business opportunities.

Risks from changes in regulations

MASTER operates under the supervision of the Ministry of Public Health and various related agencies, requiring licenses to operate healthcare facilities and other relevant permits. These licenses must be renewed periodically, and there may be changes in laws or regulations that affect these licenses, requiring additional compliance from the company. This poses a risk if the company fails to obtain timely renewals or cannot ensure compliance with new regulations, which could negatively affect future business performance.

Financial Statements

Master Style

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	1,483	1,917	2,116	2,501	2,787
Cost of goods sold	(641)	(785)	(882)	(1,015)	(1,129)
Gross profit	841	1,132	1,233	1,486	1,658
Other operating income	8	27	27	33	36
Operating costs	(463)	(634)	(705)	(825)	(920)
Operating EBITDA	422	586	632	784	881
Depreciation	(35)	(62)	(77)	(92)	(107)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	386	525	556	693	775
Net financing costs	(4)	(5)	(9)	(9)	(9)
Associates	0	5	42	75	105
Recurring non-operating income	0	5	42	75	105
Non-recurring items	0	0	0	0	0
Profit before tax	383	524	589	759	871
Tax	(76)	(105)	(97)	(137)	(157)
Profit after tax	306	419	492	622	714
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	306	419	492	622	714
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	306	419	492	622	714
Per share (THB)					
Recurring EPS *	1.61	1.59	1.63	2.06	2.37
Reported EPS	1.61	1.59	1.63	2.06	2.37
DPS	0.30	0.27	0.48	0.83	0.95
Diluted shares (used to calculate per share data)	190	264	302	302	302
Growth					
Revenue (%)	124.8	29.3	10.4	18.2	11.4
Operating EBITDA (%)	73.9	39.1	7.8	24.1	12.4
Operating EBIT (%)	82.7	35.9	5.9	24.7	11.8
Recurring EPS (%)	0.0	(1.4)	2.5	26.6	14.8
Reported EPS (%)	0.0	(1.4)	2.5	26.6	14.8
Operating performance					
Gross margin inc. depreciation (%)	56.7	59.1	58.3	59.4	59.5
Gross margin exc. depreciation (%)	59.1	62.3	61.9	63.1	63.3
Operating EBITDA margin (%)	28.4	30.6	29.9	31.4	31.6
Operating EBIT margin (%)	26.1	27.4	26.3	27.7	27.8
Net margin (%)	20.7	21.9	23.2	24.9	25.6
Effective tax rate (%)	19.9	20.0	16.5	18.0	18.0
Dividend payout on recurring profit (%)	18.6	16.9	29.6	40.0	40.0
Interest cover (X)	102.2	98.1	69.1	87.5	103.4
Inventory days	26.8	41.1	44.7	41.1	42.0
Debtor days	0.9	1.1	1.1	0.9	0.9
Creditor days	34.7	64.9	65.9	46.2	47.2
Operating ROIC (%)	115.1	37.7	28.7	42.2	45.7
ROIC (%)	82.1	25.8	16.2	18.1	19.4
ROE (%)	107.4	24.7	15.5	17.5	18.1
ROA (%)	40.0	18.5	13.1	15.1	15.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Surgery	1,194	1,553	1,725	2,032	2,254
Skin	106	136	100	118	136
Hair treatment	90	115	148	191	221
Aftercare	62	70	100	115	128

Sources: Master Style; FSSIA estimates

Financial Statements

Master Style

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	306	419	492	622	714
Depreciation	35	62	77	92	107
Associates & minorities	0	0	0	0	0
Other non-cash items	0	(5)	(33)	(75)	(105)
Change in working capital	(100)	74	(55)	30	8
Cash flow from operations	242	550	481	669	724
Capex - maintenance	-	-	-	-	-
Capex - new investment	(413)	(2,179)	(542)	(393)	(133)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(413)	(2,179)	(542)	(393)	(133)
Dividends paid	(263)	(99)	(146)	(249)	(286)
Equity finance	198	2,270	38	0	0
Debt finance	159	(11)	(11)	(2)	(2)
Other financing cash flows	(1)	2	0	1	1
Cash flow from financing	93	2,161	(119)	(250)	(287)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(5)	(3)	(6)	0	0
Movement in cash	(83)	529	(186)	26	305
Free cash flow to firm (FCFF)	(162.06)	(1,615.28)	(47.20)	289.37	605.14
Free cash flow to equity (FCFE)	(18.91)	(1,641.86)	(78.17)	274.76	590.41
Per share (THB)					
FCFF per share	(0.54)	(5.35)	(0.16)	0.96	2.01
FCFE per share	(0.06)	(5.44)	(0.26)	0.91	1.96
Recurring cash flow per share	1.80	1.80	1.77	2.12	2.37
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	498	1,242	1,578	1,665	1,740
Less: Accumulated depreciation	(73)	(339)	(366)	(395)	(427)
Tangible fixed assets (net)	424	903	1,211	1,270	1,313
Intangible fixed assets (net)	7	7	7	7	7
Long-term financial assets	8	15	15	15	15
Invest. in associates & subsidiaries	0	362	1,693	1,976	2,007
Cash & equivalents	98	627	441	467	771
A/C receivable	5	7	6	7	8
Inventories	63	101	97	111	124
Other current assets	166	1,136	275	275	307
Current assets	331	1,871	818	860	1,209
Other assets	177	480	212	250	279
Total assets	947	3,637	3,955	4,377	4,829
Common equity	404	2,991	3,369	3,742	4,171
Minorities etc.	0	0	0	0	0
Total shareholders' equity	404	2,991	3,369	3,742	4,171
Long term debt	291	294	292	291	289
Other long-term liabilities	3	5	4	5	6
Long-term liabilities	294	298	296	296	295
A/C payable	148	260	193	225	251
Short term debt	15	2	2	2	2
Other current liabilities	86	86	95	113	111
Current liabilities	249	348	290	339	364
Total liabilities and shareholders' equity	947	3,637	3,955	4,377	4,829
Net working capital	0	898	89	55	76
Invested capital	616	2,664	3,226	3,573	3,696
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.12	11.33	11.17	12.40	13.82
Tangible book value per share	2.09	11.30	11.14	12.38	13.80
Financial strength					
Net debt/equity (%)	51.7	(11.1)	(4.4)	(4.7)	(11.5)
Net debt/total assets (%)	22.1	(9.1)	(3.7)	(4.0)	(10.0)
Current ratio (x)	1.3	5.4	2.8	2.5	3.3
CF interest cover (x)	105.2	100.5	54.6	77.1	86.0
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	29.2	29.6	28.8	22.8	19.8
Recurring P/E @ target price (x) *	34.7	35.2	34.4	27.1	23.6
Reported P/E (x)	29.2	29.6	28.8	22.8	19.8
Dividend yield (%)	0.6	0.6	1.0	1.8	2.0
Price/book (x)	22.1	4.1	4.2	3.8	3.4
Price/tangible book (x)	22.5	4.2	4.2	3.8	3.4
EV/EBITDA (x) **	21.7	20.6	22.2	17.9	15.5
EV/EBITDA @ target price (x) **	25.7	24.6	26.5	21.3	18.6
EV/invested capital (x)	14.8	4.5	4.4	3.9	3.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Master Style; 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 THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainabilitys	The Sustainabilitys' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																			
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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

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Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Master Style	MASTER TB	THB 47.00	BUY	Downside risks to our P/E-based TP include 1) increased competition, 2) a pandemic that results in a lockdown, 3) lower-than-expected utilization rate of new operating beds, 4) higher-than-expected doctor costs and expenses, and 5) a loss contribution from the acquired units.
Bangkok Dusit Medical Services	BDMS TB	THB 28.25	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 271.00	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 18.30	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 2.84	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 16.10	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 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) higher-than-expected expenses from its new building.

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 24-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.