

BANGKOK CHAIN HOSPITAL

THAILAND / HEALTH CARE SERVICES

BCH TB

BUY

UNCHANGED

TARGET PRICE	THB21.00
CLOSE	THB17.20
UP/DOWNSIDE	+22.1%
PRIOR TP	THB22.00
CHANGE IN TP	-4.5%
TP vs CONSENSUS	+0.6%

Weathering the storm

- Expect 3Q24 core profit to be relatively flat y-y; strong SSO and Thai patient revenue to be offset by absence of Kuwaiti patients.
- SSO rate hike may lift 2025 upside by 4-11%; expect Radiation Oncology Center to turn profitable in 2025.
- Maintain BUY with a lower DCF-TP of THB21.0/shr.

Strong growth y-y of OPD and SSO patient revenue in 3Q24E

We expect 3Q24 revenue to grow by 3% y-y. Cash patient revenue should slightly decline by 2% y-y. OPD revenue should grow by 8-10% y-y, but will likely be offset by lower IPD revenue, pressured by a slowdown in Kuwaiti patient revenue (accounted for 6% of total revenue in 2023). SSO revenue should jump by 10-12% y-y in 3Q24, driven by a THB70-80m additional gain (actual receipt higher than accrual amount) from chronic disease treatments during 2023. Depreciation should increase by 5% y-y due to the depreciation of Kasemrad Ari Radiation Oncology (KH Ari). Overall, we expect 3Q24 core profit to grow by 1% y-y to THB443m, pressured by lower Kuwaiti patient revenue, which records a high margin.

SSO may lift reimbursement rate to THB12,000-14,000/RW

The Private Hospital Association Thailand has proposed that the SSO guarantees the reimbursement for high-cost care treatments at a rate of at least THB12,000/RW from 2024 onwards (vs average of THB10,800 in 2023). The conclusion and official rate should be announced by Dec-24. We have run a sensitivity analysis and estimate an upside of c4-11% to our 2025 core profit forecast of THB1.6b if the SSO raises the reimbursement rate to THB12,000-14,000.

Radiation Oncology Center ramped up faster than expected

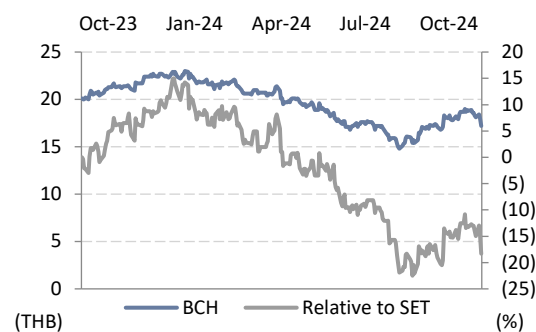
KH Ari opened in Sep-24 and has ramped up faster than expected with c35 cases/day in Oct, which is around the breakeven level. Mostly of the cases currently are SSO patients under the group. BCH plans to attract more NHSO, civil welfare and self-pay patients. This should lead the case numbers to 50 cases/day in 2025 (vs maximum capacity of 60-70 cases/day) and generate revenue of around THB100m in 2025 with an NPM of around 4-6%. In addition, it would reduce the cost of referring BCH's cancer patients to government hospitals by THB60m/year.

Cut earnings and roll forward DCF valuation

We cut 2024-26E core profit by 13-14% to reflect the weaker-than-expected EBITDA margin from the absence of Kuwaiti patients. We also roll forward our DCF valuation base to 2025 and derive a new TP of THB21.0/shr. We see the share price weakness as an opportunity to capture the strong earnings recovery expected in 2025.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	11,729	12,071	13,183	14,400
Net profit	1,406	1,397	1,621	1,865
EPS (THB)	0.56	0.56	0.65	0.75
vs Consensus (%)	-	(7.9)	(7.9)	(5.2)
EBITDA	2,802	2,813	3,151	3,514
Recurring net profit	1,406	1,397	1,621	1,865
Core EPS (THB)	0.56	0.56	0.65	0.75
Chg. In EPS est. (%)	-	(13.0)	(13.6)	(14.1)
EPS growth (%)	(53.7)	(0.7)	16.0	15.1
Core P/E (x)	30.5	30.7	26.5	23.0
Dividend yield (%)	2.9	2.0	1.8	2.1
EV/EBITDA (x)	15.5	15.2	13.2	11.6
Price/book (x)	3.4	3.3	3.1	2.9
Net debt/Equity (%)	(4.4)	(9.6)	(16.0)	(22.1)
ROE (%)	11.2	10.9	12.0	12.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.4)	0.6	(14.0)
Relative to country (%)	(4.3)	(9.1)	(17.1)
Mkt cap (USD m)	1,273		
3m avg. daily turnover (USD m)	9.5		
Free float (%)	44		
Major shareholder	Chalerm Hamphanich (33%)		
12m high/low (THB)	23.80/14.80		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

BCH is a leading service provider under the Social Security Office (SSO) scheme, with a 7% market share. In 2024, BCH received a large SSO quota of 314k. This should lead to more registered members numbering around 40-80k for BCH this year.

In 2020-21, BCH opened three new hospitals, which continue to share a loss. However, their operations are improving, and all should turn profitable by 2025-26, leading to better EBITDA and an improved NPM.

Revenue from international patients has already exceeded the pre-Covid level, driven by Middle Eastern and CLMV patients. BCH targets a higher revenue contribution from international patients, expecting it to rise from 17% in 2023 to 20% in 2024. This should improve the overall margin due to a higher billing size when compared to Thai patients.

Company profile

The company operates its business as a group, providing healthcare services for both cash patients and patients under the social security scheme.

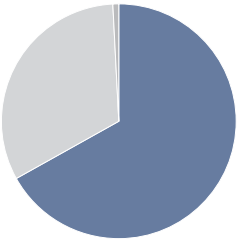
www.bangkokchainhospital.com

Principal activities (revenue, 2023)

Cash patient revenue - 68.0 %

SSO patient revenue - 32.8 %

NHSO patient revenue - (0.8) %



Source: Bangkok Chain Hospital

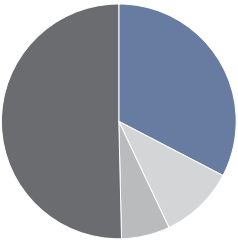
Major shareholders

Chalerm Harnphanich - 32.6 %

Thai NVDR - 10.3 %

Somporn Harnphanich - 6.7 %

Others - 50.4 %



Source: Bangkok Chain Hospital

Catalysts

Key potential growth drivers include 1) more SSO-registered members; 2) increased demand from medical tourists; and 3) an improved EBITDA margin led by new hospitals.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.

Event calendar

Date	Event
Nov 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
	(%)	(%)	(%)
SSO volume growth	2	8	8
SSO revenue / patient growth	0	3	3
OPD volume growth	6	6	6
OPD revenue / patient growth	4	3	3
IPD volume growth	2	2	2
IPD revenue / patient growth	(8)	5	5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2025 earnings would rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2025 earnings would rise by 5%, and vice versa, all else being equal.

Source: FSSIA estimates

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FINANSIA

31 OCTOBER 2024

Exhibit 1: BCH – 3Q24 results preview

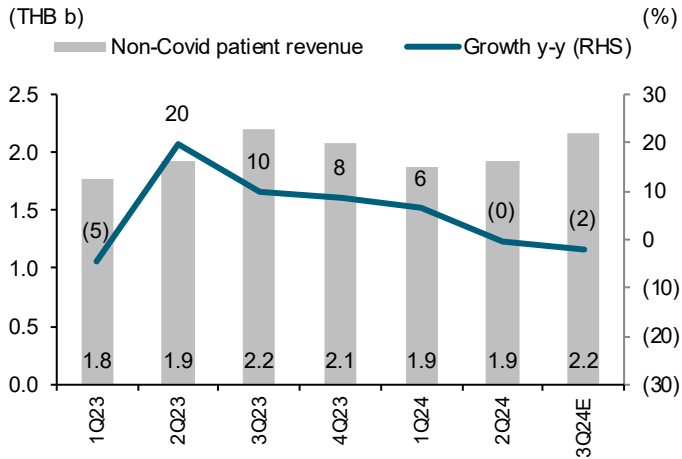
	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		2023	2024E	Chg.
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	3,175	3,032	2,844	2,857	3,259	14	3	11,729	12,071	3
COGS (incl. depreciation)	(2,098)	(2,094)	(2,044)	(2,112)	(2,239)	6	7	(8,116)	(8,610)	6
Gross profit	1,077	938	801	744	1,020	37	(5)	3,613	3,461	(4)
SG&A	(470)	(392)	(376)	(388)	(437)	13	(7)	(1,755)	(1,630)	(7)
Operating profit	607	547	425	356	584	64	(4)	1,859	1,831	(1)
Net other income	26	40	23	28	27	(4)	5	119	120	1
Interest expense	(30)	(13)	(11)	(13)	(13)	0	(58)	(95)	(53)	(45)
Pretax profit	602	574	437	372	598	61	(1)	1,882	1,899	1
Income Tax	(135)	(114)	(87)	(70)	(120)	72	(11)	(405)	(380)	(6)
Associates	0	(0)	0	(0)	0			1	1	n/a
Minority interest	(27)	(32)	(31)	(25)	(35)	41	29	(73)	(123)	70
Core profit	441	427	319	277	443	60	1	1,406	1,397	(1)
Extraordinaries, GW & FX	0	0	0	0	0					
Reported net profit	441	427	319	277	443	60	1	1,406	1,397	(1)
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494	2,494	0
Core EPS (THB)	0.18	0.17	0.13	0.11	0.18	60	1	0.56	0.56	(1)
EPS (THB)	0.18	0.17	0.13	0.11	0.18	60	1	0.56	0.56	(1)
COGS (excl. depreciation)	1,861	1,858	1,803	1,871	1,991	6	7	7,172	7,629	6
Depreciation	237	236	240	242	248	3	5	944	981	4
EBITDA	869	823	688	626	859	37	(1)	2,922	2,933	0
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	34	31	28	26	31	5	(3)	31	29	(2)
SG&A/Revenue	15	13	13	14	13	(0)	(1)	15	14	(1)
EBITDA margin	27	27	24	22	26	4	(1)	24	23	(1)
Net profit margin	14	14	11	10	14	4	(0)	12	12	(0)
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)						
Cash-OPD revenue growth	(22)	8	14	9						
Cash-OPD volume growth	(23)	10	10	(8)						
Cash-OPD revenue per head growth	1	0	3	18						
Cash-IPD revenue growth	4	9	(1)	(13)						
Cash-IPD volume growth	51	23	5	(1)						
Cash-IPD revenue per head growth	(10)	(5)	(6)	(12)						
SSO revenue growth	15	12	9	0						
SSO registered member ('000)	1,011	1,014	1,015	1,017						
SSO registered member growth	2	0	0	0						
SSO revenue per head growth	(19)	7	8	(0)						

Sources: BCH; FSSIA estimates

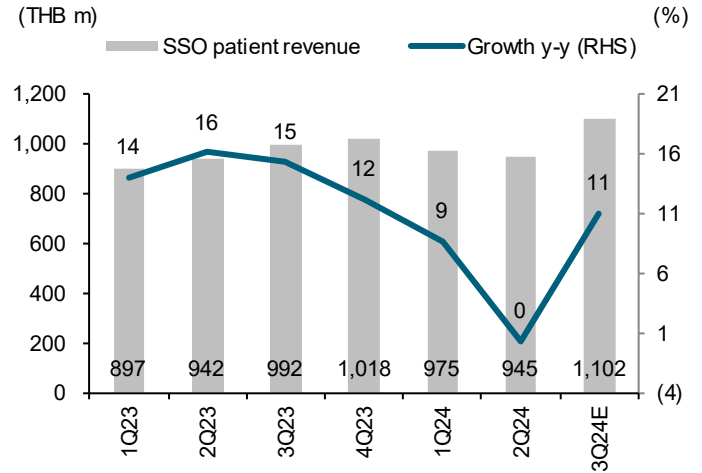
Exhibit 2: Sensitivity on reimbursement rate of SSO's high-cost care in 2025

BCH	Reimbursement rate	2025E core profit	Upside
	(THB/RW)	(THB m)	(%)
Base case	10,800	1,621	-
Case 1	12,000	1,686	4.0
Case 2	13,000	1,740	7.3
Case 3	14,000	1,794	10.7

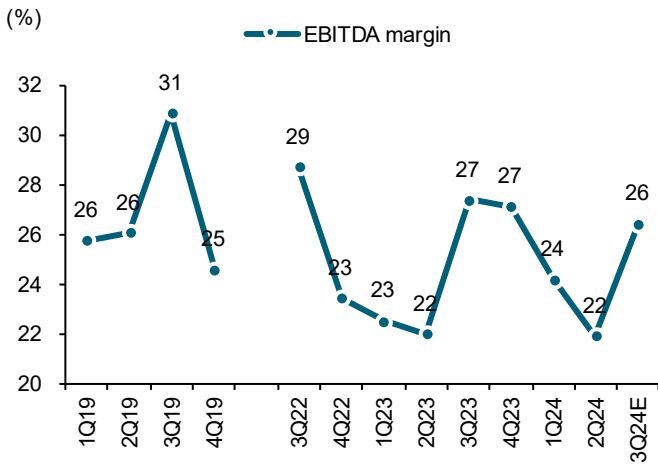
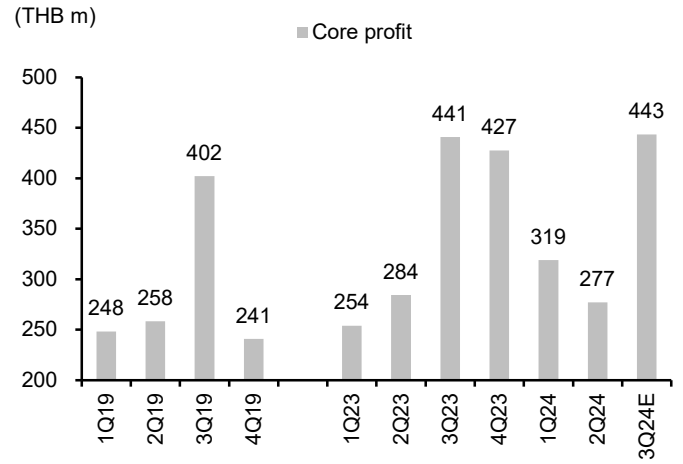
Source: FSSIA estimates

Exhibit 3: General patient revenue

Sources: BCH; FSSIA estimates

Exhibit 4: SSO revenue, quarterly

Sources: BCH; FSSIA estimates

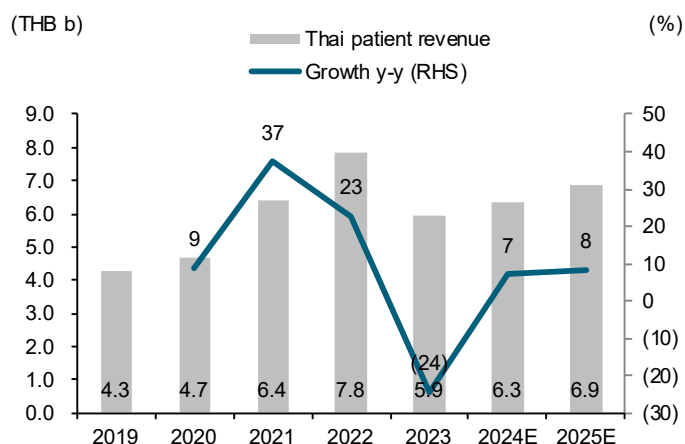
Exhibit 5: EBITDA marginNote: 3Q22 excludes Moderna write-off
Sources: BCH; FSSIA estimates**Exhibit 6: Core profit**

Sources: BCH; FSSIA estimates

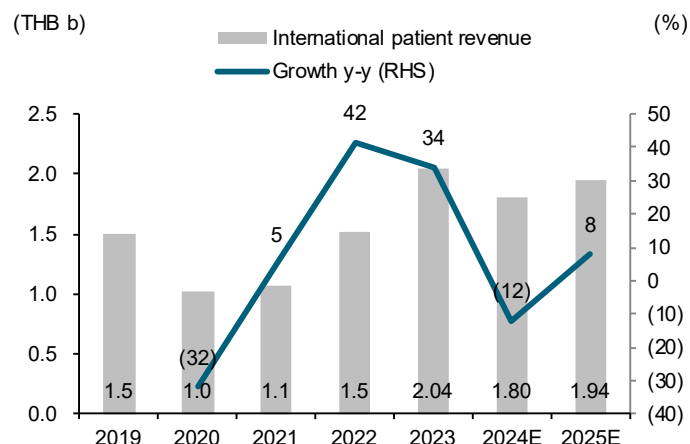
Exhibit 7: Forecast revisions

	Current			Previous			% Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
SSO registered members ('000)	1,033	1,115	1,204	1,033	1,115	1,204	0.0	0.0	0.0
SSO revenue per head (THB)	3,802	3,916	4,034	3,802	3,916	4,034	0.0	0.0	0.0
Cash-OPD visits per day (no.)	3,193	3,385	3,588	3,223	3,449	3,691	(0.9)	(1.9)	(2.8)
Cash-OPD revenue per head (THB)	3,809	3,923	4,041	3,845	3,961	4,080	(1.0)	(1.0)	(1.0)
Cash-IPD admissions per day (no.)	134	136	139	136	142	147	(1.9)	(3.8)	(5.7)
Cash-IPD revenue per head (THB)	75,991	79,791	83,780	79,295	83,260	87,423	(4.2)	(4.2)	(4.2)
Revenue (THB m)	12,071	13,183	14,400	12,393	13,659	15,055	(2.6)	(3.5)	(4.3)
EBITDA margin (%)	23.3	23.9	24.4	24.8	25.4	25.9	(1.5)	(1.5)	(1.5)
Core profit (THB m)	1,397	1,621	1,865	1,605	1,875	2,171	(13.0)	(13.6)	(14.1)

Note: Change of items in percentage terms are represented in ppt change
Source: FSSIA estimates

Exhibit 8: Thai general patient revenue

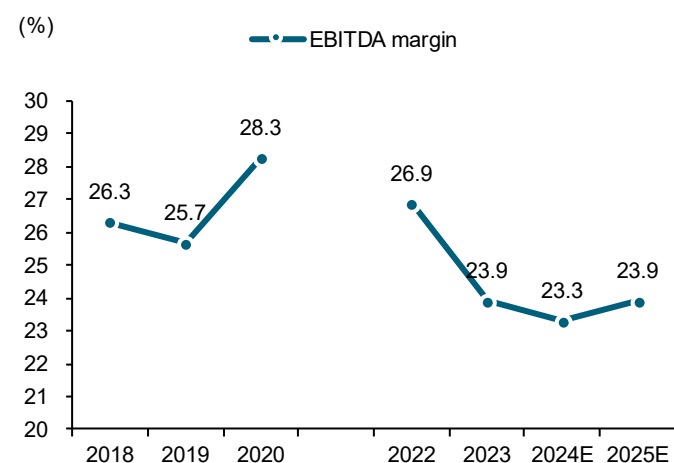
Sources: BCH; FSSIA estimates

Exhibit 9: International patient revenue

Sources: BCH; FSSIA estimates

Exhibit 10: SSO revenue, yearly

Sources: BCH; FSSIA estimates

Exhibit 11: EBITDA margin

Sources: BCH; FSSIA estimates

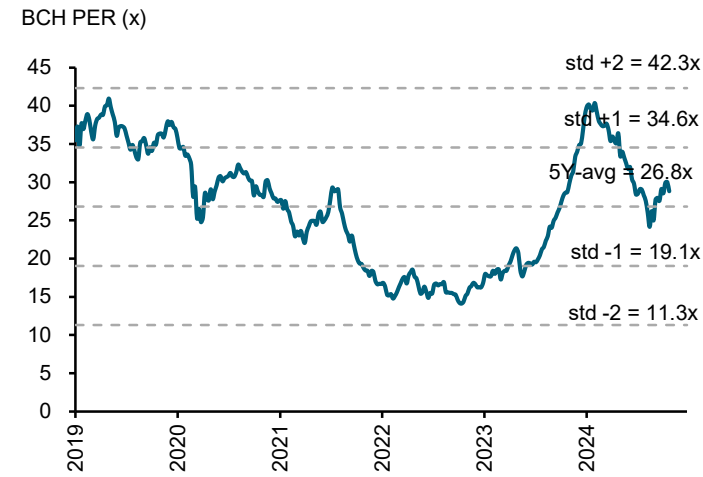
Exhibit 12: DCF-derived TP

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		4.0
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.0			
Cost of equity, Ke		10.6	Net cost of debt, Kd		3.2
Weight applied		70.0	Weight applied		30.0
WACC		8.4			

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	19.5	7.8	WACC 8.4%, Risk-free rate 3%, Risk premium 8%
Terminal value	31.6	12.7	Terminal growth 3%
Cash & liquid assets	3.8	1.5	At end-2025E
Investments	0.0	0.0	At end-2025E
Debt	(1.4)	(0.6)	At end-2025E
Minorities	(1.2)	(0.5)	At end-2025E
Residual ordinary equity	52.3	21.0	

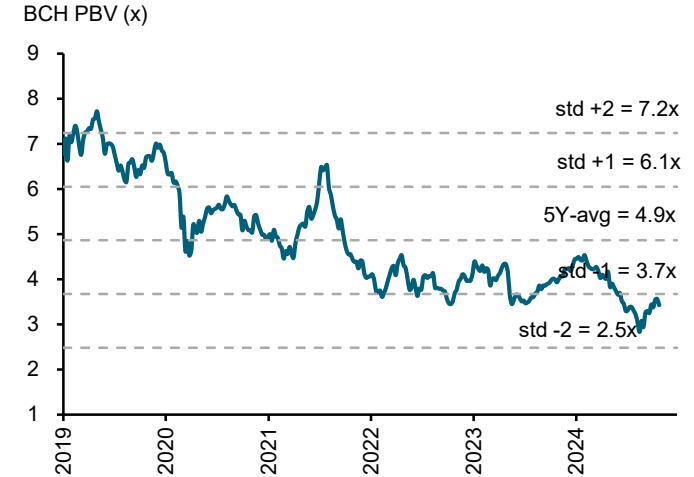
Source: FSSIA estimates

Exhibit 13: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Peer comparisons as of 30 Oct 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	27.75	36.50	31.5	13,091	27.6	25.0	16.4	17.1	4.4	4.1	16.7	15.1
Bumrungrad Hospital	BH TB	BUY	270.00	310.00	14.8	6,372	27.5	26.0	30.1	27.7	7.7	6.8	18.7	17.3
Bangkok Chain Hospital	BCH TB	BUY	17.20	21.00	22.1	1,273	30.7	26.5	10.9	12.0	3.3	3.1	15.2	13.2
Chularat Hospital	CHG TB	BUY	2.78	3.80	36.7	908	25.4	22.0	15.5	16.7	3.8	3.5	14.5	12.7
Patrangsit Healthcare Group	PHG TB	BUY	15.90	21.00	32.1	142	16.4	14.6	14.3	15.1	2.3	2.1	7.8	7.2
Praram 9 Hospital	PR9 TB	BUY	24.70	27.00	9.3	577	29.0	25.6	12.7	13.2	3.5	3.3	15.4	13.3
Thonburi Healthcare Group	THG TB	HOLD	19.50	40.00	105.1	491	33.0	20.6	4.9	7.6	1.6	1.5	13.1	10.8
Ramkhamhaeng Hospital	RAM TB	BUY	23.60	44.00	86.4	841	16.9	14.4	8.9	10.0	1.5	1.4	21.9	17.3
Srivichai Vejvivat	VIH TB	BUY	10.30	15.00	45.6	189	19.0	16.7	10.3	10.5	1.8	1.6	8.3	9.5
Rajthanee Hospital	RJH TB	n/a	23.30	n/a	n/a	206	14.7	15.9	21.4	19.6	3.2	3.1	10.8	10.8
Ekachai Medical Care	EKH TB	n/a	6.65	n/a	n/a	153	16.8	17.1	14.1	13.1	2.2	2.1	8.6	8.2
Thailand average						24,241	23.4	20.4	14.5	14.8	3.2	3.0	13.7	12.3
Regional														
Ramsay Health Care	RHC AU	n/a	40.78	n/a	n/a	6,169	32.8	30.8	6.5	6.4	1.9	1.8	9.5	9.2
Ihh Healthcare Bhd	IHH SP	n/a	2.20	n/a	n/a	14,634	33.8	31.5	6.6	6.6	2.1	2.0	14.5	13.5
Ryman Healthcare	RYM NZ	n/a	5.00	n/a	n/a	2,054	12.5	14.3	7.0	6.8	0.7	0.7	16.8	19.9
Apollo Hospitals Enterprise	APHS IN	n/a	6,983	n/a	n/a	11,940	108.3	69.1	14.1	18.9	14.4	12.2	43.5	33.9
Kpj Healthcare Berhad	KPJ MK	n/a	2.09	n/a	n/a	2,083	32.2	28.2	11.7	12.3	3.6	3.4	14.7	13.6
Raffles Medical Group	RFMD SP	n/a	0.88	n/a	n/a	1,233	23.8	22.6	6.6	6.9	1.5	1.5	11.4	10.7
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,850	n/a	n/a	2,527	34.1	29.8	19.2	19.5	6.0	5.4	20.9	18.2
Aier Eye Hospital Group	300015 CH	n/a	14.34	n/a	n/a	18,770	33.6	30.8	18.6	19.1	6.1	5.3	20.1	17.7
Regional average						59,409	38.9	32.1	11.3	12.1	4.5	4.1	18.9	17.1
Overall average						83,650	29.9	25.3	13.1	13.6	3.8	3.4	15.9	14.3

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	18,827	11,729	12,071	13,183	14,400
Cost of goods sold	(12,772)	(8,116)	(8,610)	(9,309)	(10,084)
Gross profit	6,055	3,613	3,461	3,874	4,317
Other operating income	-	-	-	-	-
Operating costs	(1,946)	(1,755)	(1,630)	(1,753)	(1,886)
Operating EBITDA	5,059	2,802	2,813	3,151	3,514
Depreciation	(950)	(944)	(981)	(1,030)	(1,084)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	4,109	1,859	1,831	2,121	2,430
Net financing costs	(148)	(77)	(37)	(36)	(29)
Associates	0	1	1	1	1
Recurring non-operating income	84	102	106	111	117
Non-recurring items	0	0	0	0	0
Profit before tax	4,046	1,883	1,900	2,196	2,518
Tax	(888)	(405)	(380)	(439)	(503)
Profit after tax	3,157	1,479	1,520	1,757	2,015
Minority interests	(118)	(73)	(123)	(136)	(150)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,039	1,406	1,397	1,621	1,865
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	3,039	1,406	1,397	1,621	1,865
Per share (THB)					
Recurring EPS *	1.22	0.56	0.56	0.65	0.75
Reported EPS	1.22	0.56	0.56	0.65	0.75
DPS	1.40	0.50	0.35	0.31	0.36
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
Growth					
Revenue (%)	(12.0)	(37.7)	2.9	9.2	9.2
Operating EBITDA (%)	(50.6)	(44.6)	0.4	12.0	11.5
Operating EBIT (%)	(56.2)	(54.8)	(1.5)	15.8	14.6
Recurring EPS (%)	(55.6)	(53.7)	(0.7)	16.0	15.1
Reported EPS (%)	(55.6)	(53.7)	(0.7)	16.0	15.1
Operating performance					
Gross margin inc. depreciation (%)	32.2	30.8	28.7	29.4	30.0
Gross margin exc. depreciation (%)	37.2	38.9	36.8	37.2	37.5
Operating EBITDA margin (%)	26.9	23.9	23.3	23.9	24.4
Operating EBIT margin (%)	21.8	15.8	15.2	16.1	16.9
Net margin (%)	16.1	12.0	11.6	12.3	12.9
Effective tax rate (%)	22.0	21.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	114.9	88.7	62.5	47.4	47.8
Interest cover (X)	28.4	25.4	51.7	61.8	88.4
Inventory days	12.3	17.0	15.1	14.9	14.9
Debtor days	49.3	37.0	25.4	23.2	21.3
Creditor days	41.0	67.9	67.5	66.9	66.8
Operating ROIC (%)	21.4	10.9	11.7	13.7	15.9
ROIC (%)	21.0	10.9	11.7	13.7	15.8
ROE (%)	23.9	11.2	10.9	12.0	12.9
ROA (%)	14.2	8.2	8.6	9.5	10.2

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Cash patient revenue	9,372	7,976	8,145	8,816	9,542
SSO patient revenue	3,371	3,850	3,926	4,367	4,858
NHSO patient revenue	6,084	(97)	0	0	0

Sources: Bangkok Chain Hospital; FSSIA estimates

Financial Statements

Bangkok Chain Hospital

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	3,039	1,406	1,397	1,621	1,865
Depreciation	950	944	981	1,030	1,084
Associates & minorities	-	-	-	-	-
Other non-cash items	24	114	117	136	150
Change in working capital	1,459	1,563	50	38	43
Cash flow from operations	5,471	4,027	2,544	2,825	3,141
Capex - maintenance	(984)	(896)	(838)	(923)	(1,008)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	2	4	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(982)	(892)	(838)	(923)	(1,008)
Dividends paid	(3,491)	(1,247)	(873)	(768)	(891)
Equity finance	0	0	0	0	0
Debt finance	(3,153)	(2,310)	(200)	0	0
Other financing cash flows	(462)	(32)	(68)	(75)	(82)
Cash flow from financing	(7,106)	(3,590)	(1,141)	(843)	(974)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(2,616)	(455)	565	1,059	1,159
Free cash flow to firm (FCFF)	4,645.31	3,230.18	1,758.59	1,956.83	2,187.95
Free cash flow to equity (FCFE)	875.07	791.94	1,438.25	1,826.78	2,050.41
Per share (THB)					
FCFF per share	1.86	1.30	0.71	0.78	0.88
FCFE per share	0.35	0.32	0.58	0.73	0.82
Recurring cash flow per share	1.61	0.99	1.00	1.12	1.24
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	20,274	20,884	21,729	22,651	23,659
Less: Accumulated depreciation	(7,992)	(8,639)	(9,621)	(10,651)	(11,734)
Tangible fixed assets (net)	12,282	12,244	12,108	12,001	11,925
Intangible fixed assets (net)	425	440	440	440	440
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	32	28	28	28	28
Cash & equivalents	2,640	2,185	2,751	3,809	4,968
A/C receivable	1,539	839	839	839	839
Inventories	362	306	325	353	384
Other current assets	2,294	1,513	1,557	1,700	1,857
Current assets	6,835	4,843	5,472	6,701	8,048
Other assets	223	176	176	176	176
Total assets	19,796	17,731	18,223	19,346	20,617
Common equity	12,445	12,594	13,118	13,970	14,944
Minorities etc.	1,065	1,110	1,166	1,227	1,295
Total shareholders' equity	13,510	13,704	14,284	15,198	16,239
Long term debt	3,888	1,497	1,297	1,297	1,297
Other long-term liabilities	163	187	187	187	187
Long-term liabilities	4,051	1,684	1,484	1,484	1,484
A/C payable	1,300	1,368	1,455	1,579	1,716
Short term debt	0	81	81	81	81
Other current liabilities	935	894	920	1,004	1,097
Current liabilities	2,235	2,342	2,455	2,664	2,894
Total liabilities and shareholders' equity	19,796	17,731	18,223	19,346	20,617
Net working capital	1,959	396	347	309	267
Invested capital	14,921	13,284	13,098	12,953	12,835
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.99	5.05	5.26	5.60	5.99
Tangible book value per share	4.82	4.87	5.08	5.43	5.82
Financial strength					
Net debt/equity (%)	9.2	(4.4)	(9.6)	(16.0)	(22.1)
Net debt/total assets (%)	6.3	(3.4)	(7.5)	(12.6)	(17.4)
Current ratio (x)	3.1	2.1	2.2	2.5	2.8
CF interest cover (x)	6.9	11.3	39.4	51.6	72.2
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	14.1	30.5	30.7	26.5	23.0
Recurring P/E @ target price (x) *	17.2	37.2	37.5	32.3	28.1
Reported P/E (x)	14.1	30.5	30.7	26.5	23.0
Dividend yield (%)	8.1	2.9	2.0	1.8	2.1
Price/book (x)	3.4	3.4	3.3	3.1	2.9
Price/tangible book (x)	3.6	3.5	3.4	3.2	3.0
EV/EBITDA (x) **	8.9	15.5	15.2	13.2	11.6
EV/EBITDA @ target price (x) **	10.8	18.9	18.5	16.2	14.3
EV/invested capital (x)	3.0	3.3	3.3	3.2	3.2
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Bangkok Chain Hospital; FSSIA estimates

Bangkok Chain Hospital PCL (BCH TB)

FSSIA ESG rating

★ ★ ★

Exhibit 16: FSSIA ESG score implication

39.71 /100

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

Sources: FSSIA estimates

Exhibit 17: ESG – peer comparison

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

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 18: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	0.56	0.71	0.75	0.72	0.80	0.85	2.36	3.52
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.38	0.38	2.96	4.63
BESG social pillar score	0.00	0.22	0.22	0.22	0.22	0.22	1.70	3.47
BESG governance pillar score	2.35	2.41	2.62	2.50	2.41	2.63	3.19	2.91
ESG disclosure score	18.06	19.81	19.81	19.81	20.08	20.08	31.27	47.60
Environmental disclosure score	0.00	0.42	0.42	0.42	1.24	1.24	20.57	46.18
Social disclosure score	3.17	10.52	10.52	10.52	10.52	10.52	18.53	41.96
Governance disclosure score	50.87	48.37	48.37	48.37	48.37	48.37	54.64	54.64
Environmental								
Emissions reduction initiatives	No	No	No	No	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	—	—	—	—	—	—	1	2
GHG scope 2 location-based	—	—	—	—	—	—	5	6
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	10	12
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	10	12
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 19: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	0
Total waste	—	—	—	—	—	—	—	0
Waste recycled	—	—	—	—	—	—	—	0
Waste sent to landfills	—	—	—	—	—	—	—	0
Environmental supply chain management	No	No	No	No	No	No	No	Yes
Water policy	No	No	No	No	No	No	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	Yes
Quality assurance and recall policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	No	No	No	No
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	—	—	76
Pct disabled in workforce	—	—	—	—	—	—	—	1
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	0	1
Training policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of employees – CSR	—	—	—	—	—	—	8,597	8,877
Employee turnover pct	—	—	—	—	—	—	—	43
Total hours spent by firm - employee training	—	—	—	—	—	—	—	54,702
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	10	10	10	12	12	12	12	11
No. of independent directors (ID)	4	4	4	4	4	4	4	4
No. of women on board	3	3	3	4	4	3	3	3
No. of non-executive directors on board	5	5	5	5	5	5	5	5
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	5	6	5	5	6	6	6
Board meeting attendance pct	93	94	90	96	100	99	94	97
Board duration (years)	—	—	—	—	—	—	—	—
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	28	29	30	29	30	31	32	33
Age of the oldest director	72	73	74	75	76	77	78	79
No. of executives / company managers	5	5	5	5	5	7	7	6
No. of female executives	1	—	—	—	—	—	—	—
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	4	4	5	5	5	5	5	5
Audit meeting attendance %	100	92	100	93	100	100	93	100
Size of compensation committee	0	0	0	0	0	0	0	0
No. of ID on compensation committee	—	—	—	—	—	—	—	—
No. of compensation committee meetings	—	—	—	—	—	—	—	—
Compensation meeting attendance %	—	—	—	—	—	—	—	—
Size of nomination committee	0	0	0	0	0	0	0	0
No. of nomination committee meetings	—	—	—	—	—	—	—	—
Nomination meeting attendance %	—	—	—	—	—	—	—	—
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <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="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
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																			
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CCC	0.000-1.428																					
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Chain Hospital	BCH TB	THB 17.20	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.
Bangkok Dusit Medical Services	BDMS TB	THB 27.75	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 270.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Chularat Hospital	CHG TB	THB 2.78	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Patangsit Healthcare Group	PHG TB	THB 15.90	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 24.70	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 19.50	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 23.60	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.
Srivichaivejvivat	VIH TB	THB 10.30	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.

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 30-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.