

BUMRUNGRAD HOSPITAL
THAILAND / HEALTH CARE SERVICES

BH TB

HOLD

FROM BUY

โตชะลอตัวใน 3Q24

- กำไรปกติ 3Q24 โต 2% y-y เป็น 2.0 พัน ลบ. ต่ำกว่าที่เราคาด 7% จากรายได้ที่ต่ำกว่าคาด
- เป็นไตรมาสแรกนับตั้งแต่ 1Q21 ที่รายได้ลดลง y-y โดยอาจเกิดจากผู้ป่วยชาวคูเวตที่หายไปและเศรษฐกิจไทยที่ชะลอตัว
- ลดคำแนะนำเป็นถือที่ราคาเป้าหมาย 285 บาท (DCF)

TARGET PRICE	THB285.00
CLOSE	THB262.00
UP/DOWNSIDE	+8.8%
PRIOR TP	THB310.00
CHANGE IN TP	-8.1%
TP vs CONSENSUS	-3.7%

รายได้ลดลง y-y แต่ EBITDA margin ดีขึ้น y-y

BH รายงานกำไรปกติอยู่ที่ 2.0 พัน ลบ. (+2% y-y, +3% q-q) ใน 3Q24 ต่ำกว่าที่เราและตลาดคาด 7-9% จากรายได้ที่ต่ำกว่าคาด เมื่อรวมผลขาดทุนจากอัตราแลกเปลี่ยน 34 ลบ. กำไรสุทธิทรงตัว y-y อยู่ที่ 1.96 พัน ลบ. รายได้ต่ำกว่าคาดโดยลดลง 5% y-y (เทียบกับ +6% ในช่วง 1H24) รายได้จากผู้ป่วยต่างชาติลดลง 7% y-y รายได้จากผู้ป่วยชาวไทยลดลง 1% y-y ซึ่งทำให้สัดส่วนรายได้จากผู้ป่วยชาวไทยและชาวต่างประเทศอยู่ที่ 34.3% และ 65.7% (เทียบกับ 33.1% และ 66.9% ใน 3Q23) ในด้านบวก EBITDA margin ปรับตัวดีขึ้นเป็น 40.7% (เทียบกับ 38.9% ใน 3Q23) เนื่องจากต้นทุนขายลดลง 9% y-y จากการควบคุมต้นทุนที่ดีขึ้นใน ขณะที่ค่าใช้จ่ายการขายและบริหาร (SG&A) ลดลง 4% y-y จากค่าใช้จ่ายในการบริหารที่ลดลง 5% y-y

รายได้มีแนวโน้มลดลงต่อเนื่อง

3Q24 เป็นไตรมาสแรกที่รายได้ลดลงนับตั้งแต่ 1Q21 เราเชื่อว่าปัจจัยหนึ่งที่ทำให้รายได้ลดลงอยู่ที่รายได้จากผู้ป่วยชาวคูเวตซึ่งคิดเป็น 5% ในปี 2023 นอกจากนี้เราคิดว่าอาจมีตลาดอื่นอีกที่ทำให้รายได้จากผู้ป่วยชาวต่างชาติลดลง อีกปัจจัยที่ทำให้รายได้ลดลงอยู่ที่ฐานที่สูงเนื่องจากรายได้จากผู้ป่วยชาวต่างชาติสูงกว่าระดับก่อนโควิดถึง 35-40% ในช่วง 9M24 นอกจากนี้รายได้จากผู้ป่วยชาวไทยที่ลดลงในช่วง High season (ฤดูฝน) ยังส่งสัญญาณถึงเศรษฐกิจชะลอและการใช้จ่ายใช้สอยของผู้บริโภคที่ลดลง เราน่าจะได้ข้อมูลเพิ่มเติมจากการประชุมนักวิเคราะห์ในวันที่ 11 พ.ย. (จากการนำเสนอข้อมูลที่บันทึกไว้ล่วงหน้า) และ 13 พ.ย. (จากช่วงถามตอบ)

ปรับลดประมาณการกำไร

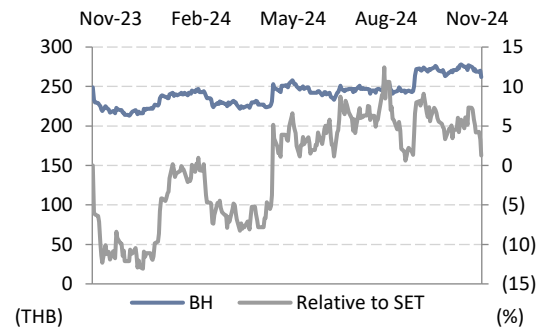
เราปรับลดประมาณการกำไรปกติปี 2024-26 ลง 2-4% เพื่อสะท้อนรายได้ที่อ่อนแอใน 3Q24 และปรับ Valuation เป็นปี 2025 ซึ่งทำให้ได้ราคาเป้าหมายใหม่ที่ 285 บาท (DCF) เราคาดว่ากำไรปกติจะโต 11% ในปี 2024 และเพิ่มต่อเนื่องอีก 4% ในปี 2025

การกลับมาของผู้ป่วยชาวคูเวตอาจช่วยให้แนวโน้มรายได้ดีขึ้น

แม้ว่า BH จะมีการซื้อขายในระดับที่น่าสนใจที่ 26x 2025E P/E (เทียบกับค่าเฉลี่ย 5 ปีย้อนหลังที่ 29x) เราปรับลดคำแนะนำ BH เป็นถือจากซื้อจากความกังวลเกี่ยวกับการเติบโตของรายได้ที่ชะลอตัวจาก 55-60% CAGR ในช่วงปี 2020-24E เป็น 6% CAGR ในช่วงปี 2024-27E หุ่นอาจได้ปัจจัยบวกจากการกลับมาของผู้ป่วยชาวคูเวตโดยจะขึ้นอยู่กับรายชื่อโรงพยาบาลที่ได้รับการรับรองซึ่งรัฐบาลคูเวตน่าจะประกาศได้ในช่วงปลายปี 2024 หรือต้นปีหน้า

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	25,376	25,629	26,659	28,277
Net profit	7,006	7,667	7,946	8,210
EPS (THB)	8.80	9.63	9.99	10.32
vs Consensus (%)	-	(0.2)	(2.4)	(3.3)
EBITDA	9,509	10,398	10,815	11,327
Recurring net profit	6,918	7,667	7,946	8,210
Core EPS (THB)	8.69	9.63	9.99	10.32
Chg. In EPS est. (%)	-	(1.7)	(3.9)	(4.3)
EPS growth (%)	40.0	10.8	3.6	3.3
Core P/E (x)	30.1	27.2	26.2	25.4
Dividend yield (%)	1.4	1.7	2.2	2.3
EV/EBITDA (x)	20.8	18.7	17.7	16.6
Price/book (x)	8.8	7.5	6.7	6.0
Net debt/Equity (%)	(44.2)	(50.8)	(55.3)	(60.1)
ROE (%)	31.8	29.7	26.9	24.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	6.9	5.6
Relative to country (%)	(2.3)	(7.2)	2.0
Mkt cap (USD m)	6,093		
3m avg. daily turnover (USD m)	25.7		
Free float (%)	65		
Major shareholder	Thai NVDR (13%)		
12m high/low (THB)	284.00/212.00		
Issued shares (m)	922.70		

Sources: Bloomberg consensus; FSSIA estimates



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<div><h3>Investment thesis</h3><p>We think BH’s operations are on an upward trend. International patient revenue should continue to improve on the back of normalized strong demand for medical tourism.</p><p>BH’s EBITDA margin should be on an upward trend since its hospitals have started to reduce their medical discount rate. Plus, international patients, which usually command a higher EBITDA margin than Thai patients, are beginning to recover in terms of volume.</p><p>However, the absence of Kuwaiti patients from the government cutting the guarantee of payment (GOP) for its citizens to seek treatments overseas has pressured revenue growth in 2024. BH is likely to be one of the approved hospitals selected by the Kuwaiti government, in our view. This should be finalized by 2025.</p></div> <div><h3>Company profile</h3><p>BH is a leading private hospital (580 licensed beds) in the premium segment.</p><p>www.bumrungrad.com</p></div>	<div><h3>Principal activities (revenue, 2023)</h3><div><div><div>■ Thai patient revenue - 32.9 %</div><div>■ International patient revenue - 66.8 %</div><div>■ Other revenue - 0.3 %</div></div></div><div><p>Source: Bumrungrad Hospital</p></div><div><h3>Major shareholders</h3><div><div><div>■ Thai NVDR - 12.9 %</div><div>■ Bangkok Insurance - 11.2 %</div><div>■ UOB Kay Hian (Hong Kong) - 9.1 %</div><div>■ Bangkok Bank - 6.7 %</div><div>■ Others - 60.0 %</div></div></div><div><p>Source: Bumrungrad Hospital</p></div></div></div>
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Catalysts

Key growth drivers include 1) a new market including patients from Saudi Arabia and China; 2) the new hospital in Phuket, which will unlock growth from the standalone model; and 3) the vital life business (Wellness), which has a high margin compared to traditional healthcare.

Risks to our call

Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin. Upside risks include the return of Kuwaiti patients with the potential to gain more market share if only three hospitals are in the approved list (from 17-20 hospitals previously).

Event calendar

Date	Event
Feb 2025	4Q24 results announcement

Key assumptions

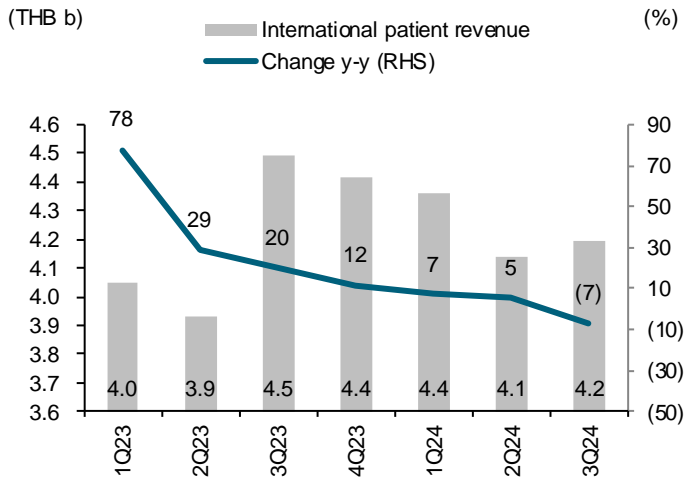
	2024E	2025E	2026E
	(%)	(%)	(%)
OPD volume growth	0	1	3
OPD revenue / patient growth	1	3	3
IPD volume growth	1	1	3
IPD revenue / patient growth	0	3	3

Source: FSSIA estimates

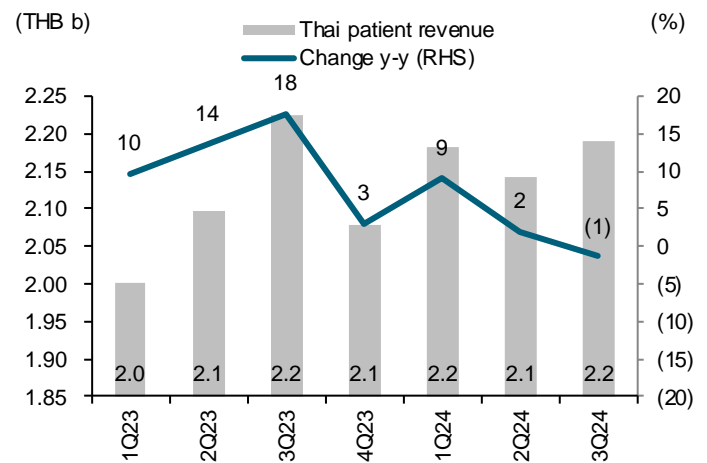
Earnings sensitivity

- For every 1% increase in patient volume, we project 2025 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2025 earnings to rise by 4%, and vice versa, all else being equal.

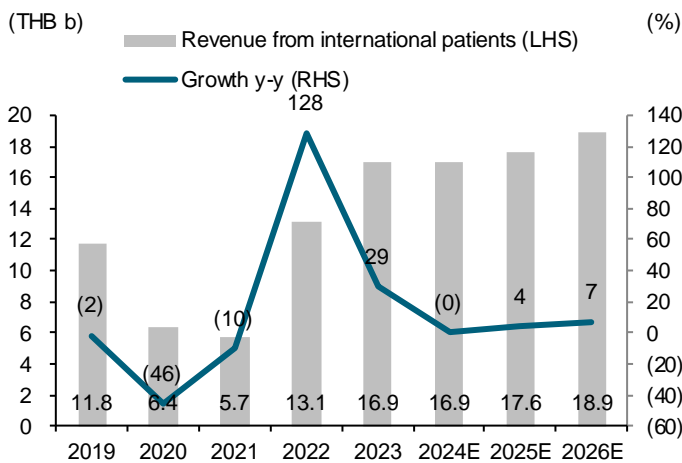
Source: FSSIA estimates

Exhibit 1: International patient revenue, quarterly

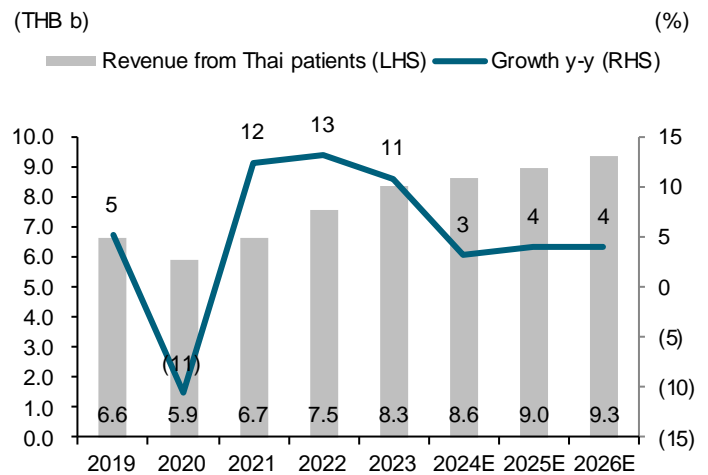
Sources: BH; FSSIA estimates

Exhibit 2: Thai patient revenue, quarterly

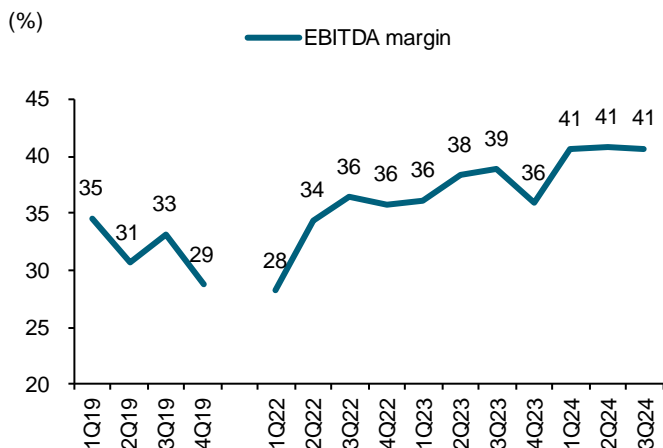
Sources: BH; FSSIA estimates

Exhibit 3: International patient revenue, yearly

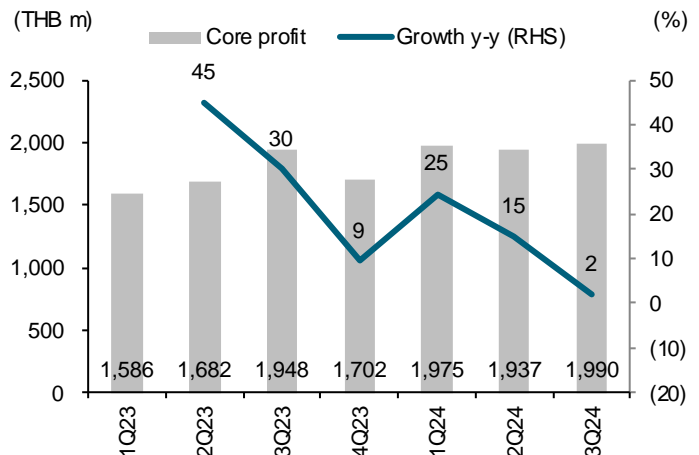
Sources: BH; FSSIA estimates

Exhibit 4: Thai patient revenue, yearly

Sources: BH; FSSIA estimates

Exhibit 5: EBITDA margin, quarterly

Source: BH

Exhibit 6: Core profit, quarterly

Source: BH

Exhibit 7: BH – 3Q24 results review

	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	6,741	6,516	6,537	6,303	6,405	2	(5)	25,629	1
COGS (incl. depreciation)	(3,371)	(3,332)	(3,146)	(3,008)	(3,089)	3	(8)	(12,362)	(4)
Gross profit	3,370	3,184	3,391	3,294	3,316	1	(2)	13,267	6
SG&A	(1,040)	(1,140)	(1,020)	(1,007)	(1,003)	(0)	(4)	(4,068)	(3)
Operating profit	2,330	2,044	2,371	2,288	2,313	1	(1)	9,199	11
Net other income	28	29	29	28	41	48	48	114	3
Interest income	38	49	61	79	74	(7)	94	161	14
Interest expense	(0)	(1)	(2)	(2)	(2)			(3)	14
Pretax profit	2,395	2,121	2,459	2,393	2,426	1	1	9,472	11
Income Tax	(438)	(408)	(469)	(432)	(424)	(2)	(3)	(1,752)	11
Share gain/loss from JV		(0)	(0)	(0)	(0)				
Share gain/loss from associates	(0)	(0)	(0)	(0)	(0)			(1)	5
Minority interest	(9)	(11)	(15)	(24)	(12)			(52)	6
Core profit	1,948	1,702	1,975	1,937	1,990	3	2	7,667	11
Extraordinaries, GW & FX	6	19	10	(5)	(34)			0	
Reported net profit	1,954	1,721	1,985	1,932	1,955	1	0	7,667	9
Outstanding shares (m)	796	796	796	796	796	0	0	796	0
Core EPS (THB)	2.45	2.14	2.48	2.43	2.50	3	2	9.63	11
EPS (THB)	2.46	2.16	2.49	2.43	2.46	1	0	9.63	9
COGS (excl. depreciation)	3,099	3,058	2,879	2,742	2,820	3	(9)	11,277	(4)
Depreciation	272	274	267	267	269	1	(1)	1,085	(1)
EBITDA	2,630	2,348	2,667	2,582	2,623	2	(0)	10,398	9
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	50	49	52	52	52	(1)	2	52	3
SG&A/Revenue	15	17	16	16	16	(0)	0	16	(1)
EBITDA margin	38.9	36	41	41	41	(0)	2	41	3
Net profit margin	29	26	30	31	31	(0)	2	30	2
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)				
Hospital revenue growth	18	9	8	4	(5)				
OPD revenue growth	12	2	8	9	0				
IPD revenue growth	26	16	8	0	0				
International patient revenue growth	20	12	7	5	(7)				
Thai patient revenue growth	18	3	9	2	(1)				

Source: BH

Exhibit 8: Changes in key assumptions

	----- Current -----			----- Previous -----			----- Change -----		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
OPD patient revenue	12.5	13.0	13.8	13.3	13.9	14.7	(5.7)	(6.6)	(5.7)
IPD patient revenue	13.0	13.6	14.4	13.8	14.5	15.3	(5.7)	(6.6)	(5.7)
Thai patient revenue	8.6	9.0	9.3	8.8	9.2	9.5	(2.6)	(2.6)	(1.7)
International patient revenue	16.9	17.6	18.9	18.2	19.3	20.4	(7.2)	(8.5)	(7.6)
Revenue	25.6	26.7	28.3	27.2	28.5	30.0	(5.7)	(6.6)	(5.7)
EBITDA margin (%)	40.6	40.6	40.1	39.6	39.9	39.5	1.0	0.6	0.5
Core profit	7.7	7.9	8.2	7.8	8.3	8.6	(1.7)	(3.9)	(4.3)

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

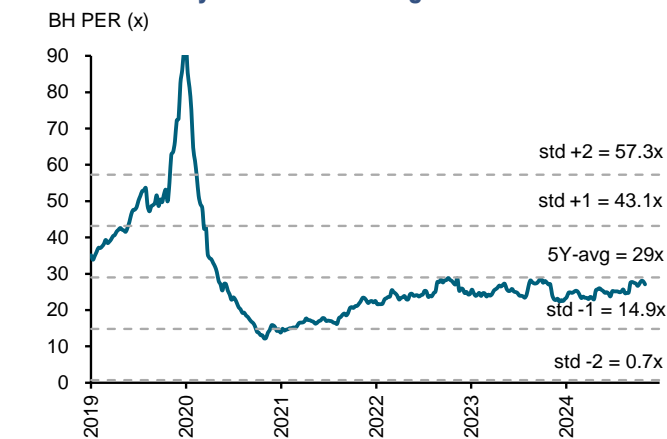
Source: FSSIA estimates

Exhibit 9: DCF valuation

Cost of equity assumptions (%)		Cost of debt assumptions (%)	
Risk-free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	0.7		
Cost of equity, Ke	8.6	Net cost of debt, Kd	2.8
Weight applied	87.0	Weight applied	13.0
WACC	7.8		
DCF valuation estimate (THB b) (THB/share)		Comments	
NPV	72.6	78.7	WACC 7.8%, Risk-free rate 3%, Risk premium 8%
Terminal value	173.3	187.8	Terminal growth 3%
Cash & liquid assets	17.6	19.1	At end-2025E
Investments	0.0	0.0	At end-2025E
Debt	(0.1)	(0.1)	At end-2025E
Minorities	(0.4)	(0.4)	At end-2025E
Residual ordinary equity	263.0	285.0	

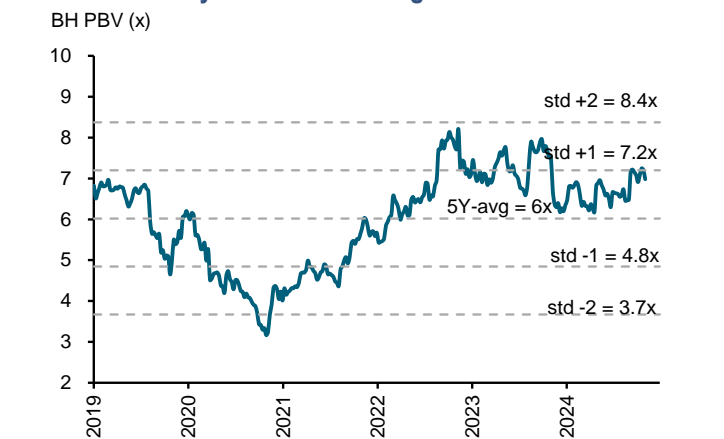
Source: FSSIA estimates

Exhibit 10: One-year forward rolling P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: One-year forward rolling P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 6 Nov 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	27.25	36.50	33.9	12,669	27.1	24.6	16.4	17.1	4.3	4.1	16.4	14.8
Bumrungrad Hospital	BH TB	HOLD	262.00	285.00	8.8	6,093	27.2	26.2	29.7	26.9	7.5	6.7	18.7	17.7
Bangkok Chain Hospital	BCH TB	BUY	17.10	21.00	22.8	1,248	30.5	26.3	10.9	12.0	3.3	3.1	15.1	13.2
Chularat Hospital	CHG TB	BUY	2.92	3.80	30.1	940	26.7	23.1	15.5	16.7	4.0	3.7	15.3	13.4
Patransit Healthcare Group	PHG TB	BUY	16.30	21.00	28.8	143	16.9	14.9	14.3	15.1	2.3	2.2	8.1	7.4
Praram 9 Hospital	PR9 TB	BUY	23.90	27.00	13.0	550	28.0	24.8	12.7	13.2	3.4	3.2	14.8	12.8
Thonburi Healthcare Group	THG TB	HOLD	18.70	40.00	113.9	464	31.7	19.8	4.9	7.6	1.5	1.5	12.7	10.5
Ramkhamhaeng Hospital	RAM TB	BUY	23.50	44.00	87.2	825	16.8	14.3	8.9	10.0	1.5	1.4	21.8	17.3
Srivichai Vejvivat	VIH TB	BUY	10.40	15.00	44.2	188	19.2	16.8	10.3	10.5	1.8	1.7	8.4	9.6
Rajthanee Hospital	RJH TB	n/a	23.10	n/a	n/a	202	14.7	15.9	21.4	19.6	3.2	3.1	10.7	10.8
Ekachai Medical Care	EKH TB	n/a	6.60	n/a	n/a	151	16.8	17.1	14.1	13.1	2.2	2.1	8.6	8.2
Thailand average						23,472	23.2	20.3	14.5	14.7	3.2	3.0	13.7	12.3
Regional														
Ramsay Health Care	RHC AU	n/a	38.40	n/a	n/a	5,854	30.9	29.0	6.5	6.4	1.8	1.7	9.3	8.9
Ihh Healthcare Bhd	IHH SP	n/a	2.22	n/a	n/a	14,655	34.1	31.7	6.6	6.6	2.1	2.0	14.6	13.6
Ryman Healthcare	RYM NZ	n/a	4.92	n/a	n/a	2,026	12.3	14.1	7.0	6.8	0.7	0.7	16.7	19.7
Apollo Hospitals Enterprise	APHS IN	n/a	6,968	n/a	n/a	12,702	115.6	74.1	14.1	18.8	15.3	13.1	46.7	36.3
Kpj Healthcare Berhad	KPJ MK	n/a	2.10	n/a	n/a	2,128	33.1	29.1	11.7	12.3	3.7	3.5	15.0	13.9
Raffles Medical Group	RFMD SP	n/a	0.90	n/a	n/a	1,238	23.9	22.7	6.6	6.9	1.6	1.5	11.5	10.8
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,730	n/a	n/a	2,372	32.5	28.8	19.2	19.3	5.7	5.1	19.9	17.6
Aier Eye Hospital Group	300015 CH	n/a	15.15	n/a	n/a	20,983	38.6	35.9	18.4	18.7	6.9	6.0	23.4	20.7
Regional average						61,959	40.1	33.2	11.3	12.0	4.7	4.2	19.6	17.7
Overall average						85,431	30.3	25.7	13.1	13.6	3.8	3.5	16.2	14.6

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bumrungrad Hospital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	20,721	25,376	25,629	26,659	28,277
Cost of goods sold	(11,099)	(12,895)	(12,362)	(12,941)	(13,842)
Gross profit	9,621	12,481	13,267	13,718	14,435
Other operating income	187	111	114	118	121
Operating costs	(3,798)	(4,180)	(4,068)	(4,231)	(4,545)
Operating EBITDA	7,127	9,509	10,398	10,815	11,327
Depreciation	(1,117)	(1,097)	(1,085)	(1,211)	(1,316)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	6,010	8,412	9,313	9,604	10,011
Net financing costs	42	139	158	214	261
Associates	(1)	(1)	(1)	(1)	(1)
Recurring non-operating income	(1)	(1)	(1)	(1)	(1)
Non-recurring items	(3)	88	0	0	0
Profit before tax	6,049	8,638	9,471	9,817	10,271
Tax	(1,072)	(1,583)	(1,752)	(1,816)	(2,003)
Profit after tax	4,977	7,055	7,718	8,001	8,268
Minority interests	(39)	(49)	(52)	(55)	(58)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,938	7,006	7,667	7,946	8,210
Non-recurring items & goodwill (net)	3	(88)	0	0	0
Recurring net profit	4,941	6,918	7,667	7,946	8,210
Per share (THB)					
Recurring EPS *	6.21	8.69	9.63	9.99	10.32
Reported EPS	6.21	8.80	9.63	9.99	10.32
DPS	3.20	3.69	4.50	5.78	5.99
Diluted shares (used to calculate per share data)	796	796	796	796	796
Growth					
Revenue (%)	66.3	22.5	1.0	4.0	6.1
Operating EBITDA (%)	158.5	33.4	9.4	4.0	4.7
Operating EBIT (%)	281.0	40.0	10.7	3.1	4.2
Recurring EPS (%)	287.9	40.0	10.8	3.6	3.3
Reported EPS (%)	306.2	41.9	9.4	3.6	3.3
Operating performance					
Gross margin inc. depreciation (%)	46.4	49.2	51.8	51.5	51.0
Gross margin exc. depreciation (%)	51.8	53.5	56.0	56.0	55.7
Operating EBITDA margin (%)	34.4	37.5	40.6	40.6	40.1
Operating EBIT margin (%)	29.0	33.1	36.3	36.0	35.4
Net margin (%)	23.8	27.3	29.9	29.8	29.0
Effective tax rate (%)	17.7	18.5	18.5	18.5	19.5
Dividend payout on recurring profit (%)	51.5	42.5	46.7	57.9	58.1
Interest cover (X)	(141.7)	(60.7)	(58.8)	(44.9)	(38.3)
Inventory days	11.9	10.6	11.5	11.0	10.9
Debtor days	36.3	50.8	62.8	60.4	56.9
Creditor days	34.6	33.5	34.1	32.7	32.3
Operating ROIC (%)	40.6	52.9	54.3	54.6	56.0
ROIC (%)	39.1	51.0	52.2	52.6	54.0
ROE (%)	26.7	31.8	29.7	26.9	24.9
ROA (%)	21.9	25.6	24.3	22.3	20.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thai patient revenue	7,536	8,348	8,615	8,959	9,318
International patient revenue	13,110	16,948	16,934	17,619	18,879
Other revenue	75	80	80	80	80

Sources: Bumrungrad Hospital; FSSIA estimates

Financial Statements

Bumrungrad Hospital

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	4,941	6,918	7,667	7,946	8,210
Depreciation	1,117	1,097	1,085	1,211	1,316
Associates & minorities	-	-	-	-	-
Other non-cash items	26	(16)	52	55	58
Change in working capital	131	(1,021)	(3)	146	235
Cash flow from operations	6,216	6,978	8,801	9,357	9,818
Capex - maintenance	(1,170)	(1,617)	(1,538)	(1,600)	(1,414)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	(12)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,170)	(1,629)	(1,538)	(1,600)	(1,414)
Dividends paid	(2,543)	(2,938)	(3,581)	(4,600)	(4,768)
Equity finance	0	0	0	0	0
Debt finance	(8)	28	0	0	0
Other financing cash flows	(155)	31	0	0	0
Cash flow from financing	(2,705)	(2,880)	(3,581)	(4,600)	(4,768)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	2,341	2,469	3,682	3,158	3,637
Free cash flow to firm (FCFF)	5,049.59	5,351.60	7,266.10	7,760.57	8,407.11
Free cash flow to equity (FCFE)	4,882.92	5,407.78	7,263.37	7,757.83	8,404.37
Per share (THB)					
FCFF per share	5.47	5.80	7.87	8.41	9.11
FCFE per share	5.29	5.86	7.87	8.41	9.11
Recurring cash flow per share	7.65	10.05	11.06	11.58	12.04
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	26,652	27,899	29,437	31,037	32,451
Less: Accumulated depreciation	(14,236)	(14,921)	(16,006)	(17,217)	(18,533)
Tangible fixed assets (net)	12,416	12,978	13,431	13,820	13,918
Intangible fixed assets (net)	61	61	61	61	61
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1	13	13	13	13
Cash & equivalents	8,276	10,745	14,428	17,586	21,222
A/C receivable	2,658	4,408	4,408	4,408	4,408
Inventories	326	362	346	360	385
Other current assets	159	169	170	177	188
Current assets	11,419	15,685	19,353	22,532	26,204
Other assets	362	475	475	475	475
Total assets	24,259	29,212	33,333	36,900	40,670
Common equity	19,705	23,801	27,887	31,233	34,675
Minorities etc.	300	297	348	403	461
Total shareholders' equity	20,005	24,098	28,235	31,636	35,136
Long term debt	63	91	91	91	91
Other long-term liabilities	799	856	856	856	856
Long-term liabilities	862	947	947	947	947
A/C payable	1,085	1,078	1,031	1,072	1,145
Short term debt	0	0	0	0	0
Other current liabilities	2,306	3,089	3,120	3,245	3,442
Current liabilities	3,391	4,167	4,151	4,317	4,587
Total liabilities and shareholders' equity	24,259	29,212	33,333	36,900	40,670
Net working capital	(249)	772	775	629	394
Invested capital	12,591	14,299	14,754	14,997	14,861
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	24.76	29.91	35.04	39.25	43.57
Tangible book value per share	24.69	29.83	34.97	39.17	43.50
Financial strength					
Net debt/equity (%)	(41.1)	(44.2)	(50.8)	(55.3)	(60.1)
Net debt/total assets (%)	(33.9)	(36.5)	(43.0)	(47.4)	(52.0)
Current ratio (x)	3.4	3.8	4.7	5.2	5.7
CF interest cover (x)	(114.1)	(38.0)	(44.8)	(35.3)	(31.2)
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	42.2	30.1	27.2	26.2	25.4
Recurring P/E @ target price (x) *	45.9	32.8	29.6	28.5	27.6
Reported P/E (x)	42.2	29.8	27.2	26.2	25.4
Dividend yield (%)	1.2	1.4	1.7	2.2	2.3
Price/book (x)	10.6	8.8	7.5	6.7	6.0
Price/tangible book (x)	10.6	8.8	7.5	6.7	6.0
EV/EBITDA (x) **	28.1	20.8	18.7	17.7	16.6
EV/EBITDA @ target price (x) **	30.7	22.8	20.5	19.4	18.2
EV/invested capital (x)	15.9	13.9	13.2	12.8	12.6
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Bumrungrad Hospital; FSSIA estimates

Bumrungrad Hospital PCL (BH TB)

FSSIA ESG rating


51.21 /100

Exhibit 13: FSSIA ESG score implication

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

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

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

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

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	0.85	1.30	1.60	1.49	1.73	3.35	3.58	5.08
BESG environmental pillar score	0.00	1.75	1.75	1.75	1.75	3.21	3.73	3.73
BESG social pillar score	0.18	0.18	0.38	0.38	0.85	3.19	3.25	6.43
BESG governance pillar score	3.25	3.57	4.35	3.81	3.55	3.73	4.07	3.97
ESG disclosure score	31.24	32.94	35.78	35.78	36.40	47.68	47.79	47.79
Environmental disclosure score	0.42	5.53	8.91	8.91	9.76	35.43	35.76	35.76
Social disclosure score	12.03	12.03	17.17	17.17	18.20	26.39	26.39	26.39
Governance disclosure score	81.10	81.10	81.10	81.10	81.10	81.10	81.10	81.10
Environmental								
Emissions reduction initiatives	No	No	No	No	No	Yes	Yes	Yes
Climate change policy	No	No	No	No	No	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	—	—	—	—	—	—	—	—
GHG scope 2 location-based	—	—	—	—	—	—	—	—
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	0	0	0	0	0	0	0
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 16: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	No	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	Yes	Yes	Yes
Water policy	No	No	No	No	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	No	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	—	—	—
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	No	No	No	No	No	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	—	—	3,984	3,980	4,088	3,782	3,455	4,219
Employee turnover pct	—	—	—	—	—	7	7	8
Total hours spent by firm - employee training	—	—	247,805	268,252	283,707	207,353	195,380	234,480
Social supply chain management	No	No	No	No	No	Yes	Yes	Yes
Governance								
Board size	11	11	11	11	10	10	11	11
No. of independent directors (ID)	4	4	4	4	4	4	5	5
No. of women on board	3	3	3	3	3	3	3	3
No. of non-executive directors on board	8	8	9	9	9	9	10	10
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	5	4	6	4	4	7	4	4
Board meeting attendance pct	91	93	97	87	88	87	95	98
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	42	43	49	50	51	52	27	28
Age of the oldest director	75	75	78	79	79	80	78	79
No. of executives / company managers	7	6	6	6	4	4	4	5
No. of female executives	1	2	2	3	3	3	3	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	4	4
No. of ID on audit committee	3	3	3	3	3	3	4	4
Audit committee meetings	4	4	4	5	5	4	4	4
Audit meeting attendance %	100	92	92	87	100	100	87	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	1	1	1	1	1	1	1	1
No. of compensation committee meetings	1	1	5	3	2	2	3	3
Compensation meeting attendance %	100	100	100	100	100	83	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	1	1	5	3	2	2	3	3
Nomination meeting attendance %	100	100	100	100	100	83	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

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

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bumrungrad Hospital	BH TB	THB 262.00	HOLD	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. Upside risks include the return of Kuwaiti patients with the potential to gain more market share if only three hospitals are in the approved list (from 17-20 hospitals previously).
Bangkok Dusit Medical Services	BDMS TB	THB 27.25	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.
Bangkok Chain Hospital	BCH TB	THB 17.10	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 2.92	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Patangsi Healthcare Group	PHG TB	THB 16.30	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.
Praram 9 Hospital	PR9 TB	THB 23.90	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 18.70	HOLD	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units. Downside risks include 1) regulatory risks from drug prices and medical bill controls; and 2) a slowdown in international patients due to economic concerns.
Ramkhamhaeng Hospital	RAM TB	THB 23.50	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.
Srivichaivejvivat	VIH TB	THB 10.40	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 06-Nov-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.