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EQUITY RESEARCH – RESULTS FLASH

SRIVICHAIVEJVIVAT
THAILAND / HEALTH CARE SERVICES

VIH TB

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

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3Q24 results at first glance

Core profit grew by 8% y-y to THB93m in 3Q24

Highlights

- VIH reported a core profit of THB93m in 3Q24 (+8% y-y, +20% q-q).
- In this quarter, VIH booked a SSO revenue reversal of THB14.5m following the insufficient budget for high-cost care (RW>=2), which was revised down to THB7,200/RW from THB12,000/RW for the treatments during Oct to Dec-23. Excluding this item, VIH's core profit would be THB104m (+20% y-y).
- Hospital revenue was flat y-y in 3Q24. Revenue from self-pay patients grew by 1% y-y. Revenue from SSO patients grew by 1% y-y thanks to a higher number of registered insurers. Excluding the SSO revenue reversal, total revenue and SSO revenue would grow by 3% y-y and 10% y-y, respectively.
- COGS increased by only 1% y-y due to efficient cost management. SG&A decreased by 3% y-y. As a result, the 3Q24 EBITDA margin improved to 22.2% (vs 21.2% in 3Q23). Excluding the SSO revenue reversal, the EBITDA margin would improve to 23.7%.
- 9M24 core profit grew by 29% y-y to THB242m and accounted for 71% of our 2024 core profit forecast of THB340m.

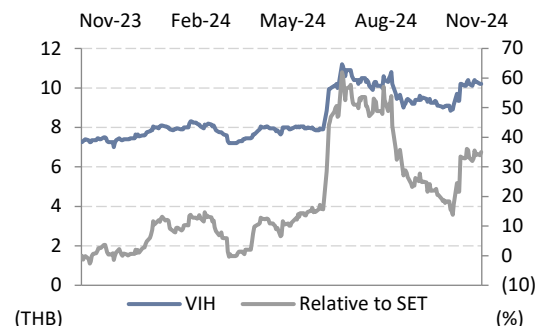
Outlook

- We expect the strong earnings growth momentum to continue in 4Q24, driven by medical fee adjustments by 3-7%, effective in October.
- VIH trades at a cheap valuation of only 16x 2025E P/E (vs peers' average of 24x).

TARGET PRICE THB15.00
CLOSE THB10.20
UP/DOWNSIDE +47.1%
TP vs CONSENSUS +0.0%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	2,734	2,969	3,168	3,435
Net profit	284	340	388	361
EPS (THB)	0.50	0.56	0.64	0.59
vs Consensus (%)	-	3.7	3.2	1.7
EBITDA	539	605	666	697
Recurring net profit	284	340	388	361
Core EPS (THB)	0.50	0.54	0.62	0.58
EPS growth (%)	(59.2)	8.8	14.3	(7.0)
Core P/E (x)	20.5	18.9	16.5	17.7
Dividend yield (%)	2.0	2.2	2.5	2.3
EV/EBITDA (x)	9.5	8.2	9.5	9.7
Price/book (x)	1.9	1.7	1.6	1.5
Net debt/Equity (%)	(22.9)	(35.2)	2.2	8.4
ROE (%)	9.4	10.3	10.5	9.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.1	1.0	36.0
Relative to country (%)	14.0	(9.4)	30.8
Mkt cap (USD m)	181		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	33		
Major shareholder	BBTV Equity (19%)		
12m high/low (THB)	11.90/7.00		
Issued shares (m)	627.73		

Sources: Bloomberg consensus; FSSIA estimates



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

Exhibit 1: VIH – 3Q24 results summary

	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Revenue	733	769	665	679	734	8	0	2,734	2,969	9
Cost of sales (Incl. depreciation)	(545)	(552)	(502)	(514)	(548)	6	1	(2,062)	(2,228)	8
Gross profit	188	217	163	165	186	13	(1)	671	741	10
SG&A	(82)	(100)	(80)	(79)	(80)	1	(3)	(337)	(350)	4
Operating profit	106	117	83	86	106	24	0	335	391	17
Other operating income	5	9	8	8	11			3	3	4
Dividend income	0	0	0	3	0			27	32	20
Equity income	0	0	0	0	0			-	-	
EBIT	111	126	91	97	118	22	6	364	426	17
Interest expense	(2)	(2)	(2)	(1)	(1)	7	(40)	(10)	(5)	(47)
EBT	108	124	89	95	116	22	7	354	421	19
Income tax	(22)	(24)	(17)	(18)	(23)	31	4	(69)	(80)	16
Minority interests	(0)	(0)	(0)	(0)	(0)	7	4	(1)	(1)	
Core profit	86	99	72	77	93	20	8	284	340	20
Extraordinaries										
Net income	86	99	72	77	93	20	8	284	340	20
Core EPS (THB)	0.15	0.17	0.13	0.12	0.15	20	(2)	0.50	0.54	9
No of share (m)	571	571	571	628	628	0	10	571	628	10
Cost (Excl. depreciation)	(500)	(508)	(458)	(470)	(502)	7	0	(1,887)	(2,049)	9
Depreciation & amortisation	(45)	(44)	(44)	(44)	(45)	4	2	(175)	(179)	2
EBITDA	155	170	135	140	163	16	5	539	605	12
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	26	28	25	24	25	1	(0)	25	25	0
SG&A/Revenue	11	13	12	12	11	(1)	(0)	12	12	(1)
EBITDA margin	21.2	22.1	20.3	20.7	22.2	2	1	20	20	1
Net profit margin	12	13	11	11	13	1	1	10	11	1
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)					
Self pay patient revenue growth	-	-	11	9	10					
Self pay patient OPD revenue growth	-	-	-	-	-					
Self pay patient IPD revenue growth	-	-	-	-	-					
SSO revenue growth	-	-	7	6	2					
SSO registered members ('000)	-	-	210	211	-					
SSO revenue per head	-	-	2,926	3,003	-					

Sources: VIH; FSSIA estimates

Financial Statements

Srivichaivejvivat

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

Sources: Srivichaivejvivat; FSSIA estimates

Financial Statements

Srivichaivejvivat

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

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

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

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

Per share (THB)					
Book value per share	5.26	5.31	5.84	6.26	6.64
Tangible book value per share	5.26	5.31	5.84	6.26	6.64
Financial strength					
Net debt/equity (%)	(29.1)	(22.9)	(35.2)	2.2	8.4
Net debt/total assets (%)	(23.6)	(19.3)	(30.5)	1.6	5.7
Current ratio (x)	3.6	3.5	4.5	2.8	3.6
CF interest cover (x)	15.8	2.7	56.5	(399.1)	24.4

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	8.4	20.5	18.9	16.5	17.7
Recurring P/E @ target price (x) *	12.3	30.2	27.7	24.3	26.1
Reported P/E (x)	8.4	20.5	18.3	16.0	17.2
Dividend yield (%)	4.4	2.0	2.2	2.5	2.3
Price/book (x)	1.9	1.9	1.7	1.6	1.5
Price/tangible book (x)	1.9	1.9	1.7	1.6	1.5
EV/EBITDA (x) **	4.7	9.5	8.2	9.5	9.7
EV/EBITDA @ target price (x) **	7.3	14.6	13.0	13.8	14.0
EV/invested capital (x)	2.2	2.1	2.1	1.6	1.5

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

Sources: Srivichaivejvivat; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for 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 Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & 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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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																					
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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History of change in investment rating and/or target price

Srivichaivejvivat (VIH TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
22-Oct-2024	BUY	15.00	-	-	-	-	-	-

Teerapol Udomvej, CFA started covering this stock from 22-Oct-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Srivichaivejvivat	VIH TB	THB 10.20	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 12-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.