

BANGKOK CHAIN HOSPITAL

THAILAND / HEALTH CARE SERVICES

BCH TB

BUY

UNCHANGED

TARGET PRICE	THB20.00
CLOSE	THB14.30
UP/DOWNSIDE	+39.9%
PRIOR TP	THB21.00
CHANGE IN TP	-4.8%
TP vs CONSENSUS	-0.6%

Kuwaiti patient risk priced in

- Expect 4Q24 profit to drop by 58% y-y to THB182m due to one-off items related to SSO.
- Middle East patient revenue has declined and reached a new base, suggesting limited downside if Kuwaiti patients do not return.
- Maintain BUY with a new DCF-TP of THB20/shr.

4Q24 to be hit by one-off items from SSO of up to THB160m

We expect revenue to decline by 6% y-y, dragged by 16-18% y-y lower SSO revenue following cTHB160m revenue reversal of high-cost care treatments (AdjRW>2) after a payment cut to THB8,000/RW from THB12,000/RW for treatments during July to Dec-24. We also expect cash patient revenue to decline by 2% y-y this quarter, pressured by a slowdown in Kuwaiti patient revenue (accounting for 6% of total revenue in 2023). Thus, we estimate profit to fall 58% y-y to THB182m in 4Q24.

International patient revenue should resume upward trend in 2025

Middle East (ME) patient revenue sharply declined from THB200-300m/quarter (9% revenue contribution) in 2023 to cTHB100m in 2Q-3Q24 (3% revenue contribution). Hence, we believe there is unlikely any further downside from the decline in Kuwaiti patient revenue. It should represent the baseline in 2025. Therefore, we expect ME patient revenue of cTHB420m (-11% y-y) in 2025. Meanwhile, non-ME patient revenue is on an upward trend, growing from THB1.0b in 2023 to THB1.2b in 2024E, and we expect it to increase further by 10% to THB1.3b in 2025. Thus, international patient revenue should grow by 3-5% to THB1.8b.

Healthy growth to resume in 2025

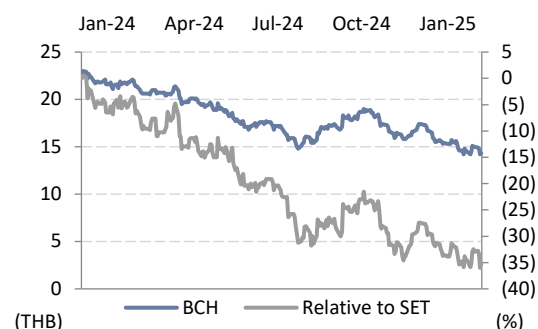
We expect 2025 profit to jump 29% y-y to THB1.6b in the absence of the SSO revenue reversal totaling cTHB241m (THB81m in 2Q24 and cTHB160m in 4Q24) since the SSO changed its payment scheme to be fixed at THB12,000/RW effective Jan-25. Additional drivers would be a smaller loss from three new hospitals (from cTHB200m in 2024E to cTHB80-120m 2025E) and strong self-pay patients with 6-8% revenue growth.

Share prices reflect a low chance of Kuwaiti patients returning

We decreased our 2024-26E core profit by 4-12% to reflect the cut in the SSO's payment for high-cost care in 2024 and a slowdown in Thai self-pay patients following an anticipated economic downturn in 2025-26. We derive a new 2025 DCF-based TP of THB20/shr. BCH traded at an attractive 22x 2025E P/E (vs 5-year average of 26x). Moreover, the market has already factored in a low probability of Kuwaiti patients returning, suggesting limited downside risk. Thus, any news of the Kuwaiti government resuming patient referrals to Thailand would serve as a positive surprise for the stock.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	11,729	11,815	12,773	13,723
Net profit	1,406	1,231	1,587	1,784
EPS (THB)	0.56	0.49	0.64	0.72
vs Consensus (%)	-	(15.1)	(5.3)	(4.8)
EBITDA	2,802	2,611	3,117	3,417
Recurring net profit	1,406	1,231	1,587	1,784
Core EPS (THB)	0.56	0.49	0.64	0.72
Chg. In EPS est. (%)	-	(11.8)	(2.0)	(4.4)
EPS growth (%)	(53.7)	(12.4)	28.9	12.4
Core P/E (x)	25.4	29.0	22.5	20.0
Dividend yield (%)	3.5	2.4	1.9	2.4
EV/EBITDA (x)	12.9	13.6	11.1	9.8
Price/book (x)	2.8	2.8	2.6	2.4
Net debt/Equity (%)	(4.4)	(8.7)	(15.5)	(21.6)
ROE (%)	11.2	9.6	11.8	12.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.5)	(16.9)	(36.2)
Relative to country (%)	(2.0)	(9.9)	(34.4)
Mkt cap (USD m)	1,058		
3m avg. daily turnover (USD m)	3.8		
Free float (%)	44		
Major shareholder	Chalerm Hamphanich (33%)		
12m high/low (THB)	23.80/14.10		
Issued shares (m)	2,493.75		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

Fundamental Investment Analyst on Securities; License no. 080523
teerapol.udo@fssia.com, +66 2646 9969

Investment thesis

BCH is a leading service provider under the Social Security Office (SSO) scheme. BCH received a large SSO quota of 314k in 2024. This should lead to more registered members numbering around 100k for BCH over 2024-26.

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 slowed down in 2024 due to a decline in Kuwaiti patient revenue. We expect revenue growth to resume in 2025, driven by CLMV patients, with the scope of an upside if the Kuwaiti government resumes patient referrals to Thailand.

Company profile

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

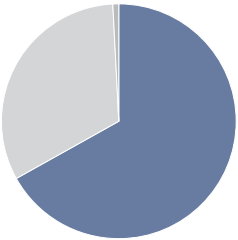
www.bangkokchainhospital.com

Principal activities (revenue, 2023)

Cash patient revenue - 68.0 %

SSO patient revenue - 32.8 %

NHSO patient revenue - (0.8) %



Source: Bangkok Chain Hospital

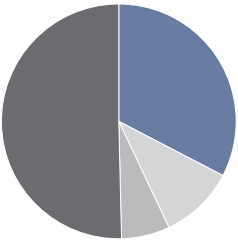
Major shareholders

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
Feb 2025	4Q24 results announcement

Key assumptions

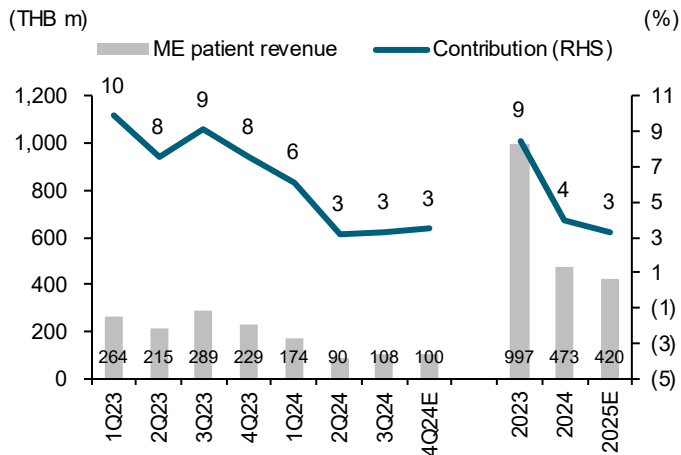
	2024E	2025E	2026E
	(%)	(%)	(%)
SSO volume growth	1	6	5
SSO revenue / patient growth	(1)	5	4
OPD volume growth	0	4	4
OPD revenue / patient growth	9	2	2
IPD volume growth	(1)	3	3
IPD revenue / patient growth	(9)	4	4

Source: FSSIA estimates

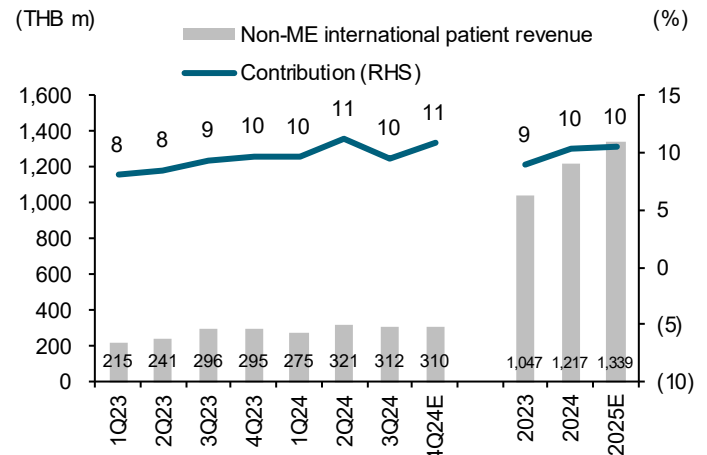
Earnings sensitivity

- 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.

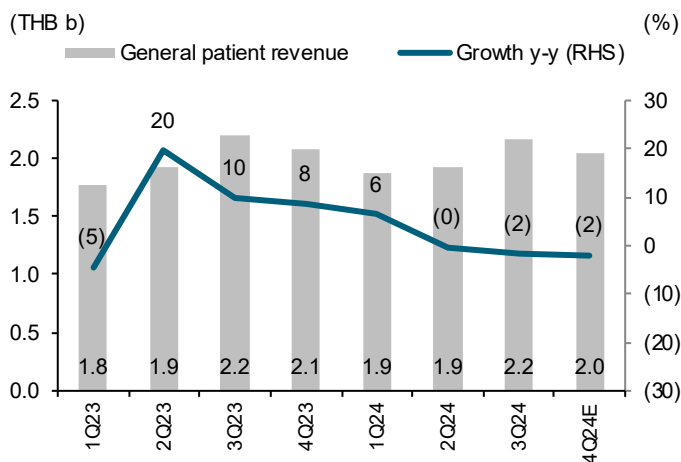
Source: FSSIA estimates

Exhibit 1: Middle East (ME) patient revenue

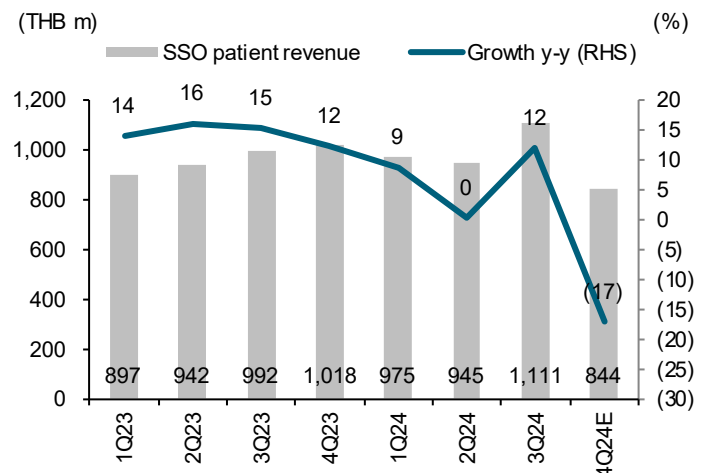
Sources: BCH; FSSIA estimates

Exhibit 2: Non-ME international patient revenue

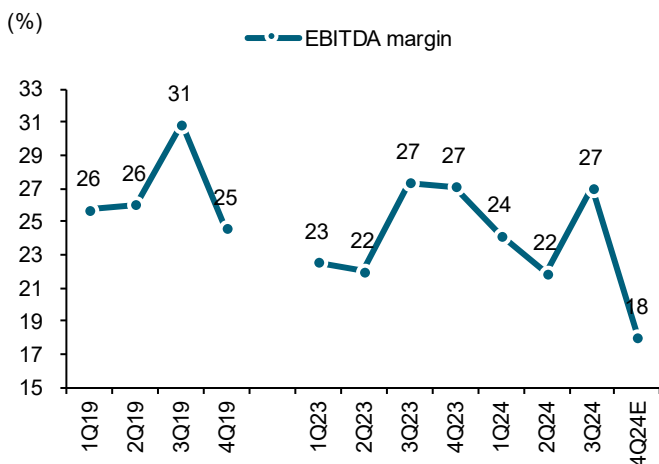
Sources: BCH; FSSIA estimates

Exhibit 3: General patient revenue

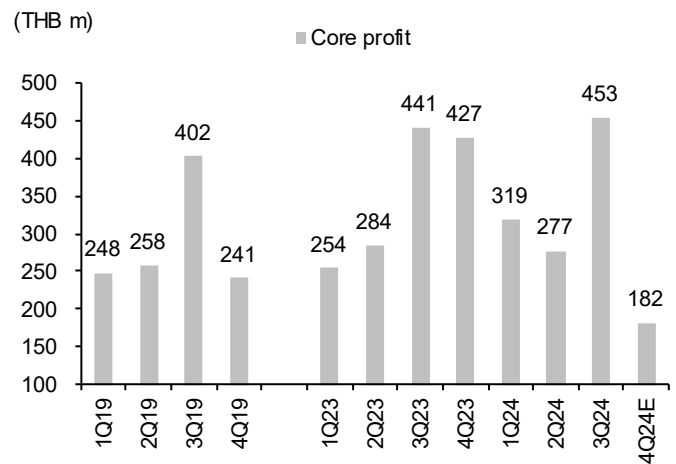
Sources: BCH; FSSIA estimates

Exhibit 4: SSO revenue, quarterly

Sources: BCH; FSSIA estimates

Exhibit 5: EBITDA margin

Sources: BCH; FSSIA estimates

Exhibit 6: Core profit

Sources: BCH; FSSIA estimates

Exhibit 7: BCH – 4Q24 results preview

	4Q23	1Q24	2Q24	3Q24	4Q24E	----- 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	3,032	2,844	2,857	3,261	2,857	(12)	(6)	11,729	11,815	1
COGS (incl. depreciation)	(2,094)	(2,044)	(2,112)	(2,238)	(2,200)	(2)	5	(8,116)	(8,590)	6
Gross profit	938	801	744	1,023	657	(36)	(30)	3,613	3,226	(11)
SG&A	(392)	(376)	(388)	(417)	(423)	1	8	(1,755)	(1,595)	(9)
Operating profit	547	425	356	607	234	(61)	(57)	1,859	1,630	(12)
Net other income	40	23	28	24	28	16	(31)	119	106	(11)
Interest expense	(13)	(11)	(13)	(15)	(15)	0	18	(95)	(53)	(45)
Pretax profit	574	437	372	615	247	(60)	(57)	1,882	1,684	(11)
Income Tax	(114)	(87)	(70)	(122)	(49)	(59)	(57)	(405)	(337)	(17)
Associates	(0)	0	(0)	(0)	0	(100)	(100)	1	1	n/a
Minority interest	(32)	(31)	(25)	(40)	(16)	(60)	(51)	(73)	(117)	61
Core profit	427	319	277	453	182	(60)	(58)	1,406	1,231	(12)
Extraordinaries, GW & FX	0	0	0	0	0					
Reported net profit	427	319	277	453	182	(60)	(58)	1,406	1,231	(12)
Outstanding shares (m)	2,494	2,494	2,494	2,494	2,494	0	0	2,494	2,494	0
Core EPS (THB)	0.17	0.13	0.11	0.18	0.07	(60)	(58)	0.56	0.49	(12)
EPS (THB)	0.17	0.13	0.11	0.18	0.07	(60)	(58)	0.56	0.49	(12)
COGS (excl. depreciation)	1,858	1,803	1,871	1,987	1,947	(2)	5	7,172	7,609	6
Depreciation	236	240	242	251	253	1	8	944	981	4
EBITDA	823	688	626	882	516	(42)	(37)	2,922	2,717	(7)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	31	28	26	31	23	(8)	(8)	31	27	(4)
SG&A/Revenue	13	13	14	13	15	2	2	15	14	(1)
EBITDA margin	27	24	22	27	18	(9)	(9)	24	22	(2)
Net profit margin	14	11	10	14	6	(8)	(8)	12	10	(2)
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)						
Cash-OPD revenue growth	8	14	9	11						
Cash-OPD volume growth	10	10	(8)	(3)						
Cash-OPD revenue per head growth	0	3	18	14						
Cash-IPD revenue growth	9	(1)	(13)	(14)						
Cash-IPD volume growth	23	5	(1)	(11)						
Cash-IPD revenue per head growth	(5)	(6)	(12)	(4)						
SSO revenue growth	12	9	0	12						
SSO registered member ('000)	1,014	1,015	1,017	1,021						
SSO registered member growth	0	0	0	1						
SSO revenue per head growth	7	8	(0)	11						

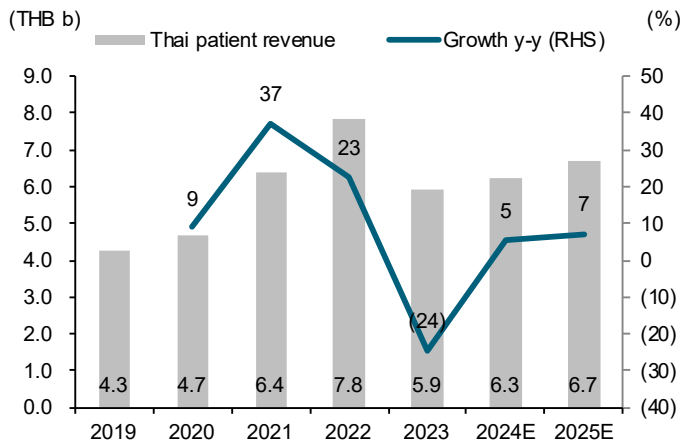
Sources: BCH; FSSIA estimates

Exhibit 8: Forecast revisions

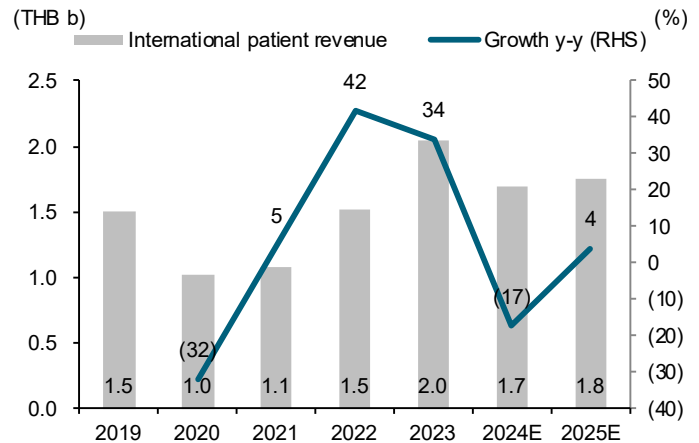
	----- Current -----			----- Previous -----			----- % Change -----		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
SSO registered members ('000)	1,023	1,084	1,138	1,033	1,115	1,204	(1.0)	(2.8)	(5.5)
SSO revenue per head (THB)	3,783	3,973	4,131	3,802	3,916	4,034	(0.5)	1.4	2.4
Cash-OPD visits per day (no.)	3,013	3,133	3,258	3,193	3,385	3,588	(5.7)	(7.4)	(9.2)
Cash-OPD revenue per head (THB)	3,992	4,072	4,153	3,809	3,923	4,041	4.8	3.8	2.8
Cash-IPD admissions per day (no.)	130	134	138	134	136	139	(2.9)	(2.0)	(1.0)
Cash-IPD revenue per head (THB)	75,165	78,172	81,299	75,991	79,791	83,780	(1.1)	(2.0)	(3.0)
Revenue (THB m)	11,815	12,773	13,723	12,071	13,183	14,400	(2.1)	(3.1)	(4.7)
EBITDA margin (%)	22.1	24.4	24.9	23.3	23.9	24.4	(1.2)	0.5	0.5
Core profit (THB m)	1,231	1,587	1,784	1,397	1,621	1,865	(11.8)	(2.0)	(4.4)

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

Source: FSSIA estimates

Exhibit 9: Thai general patient revenue

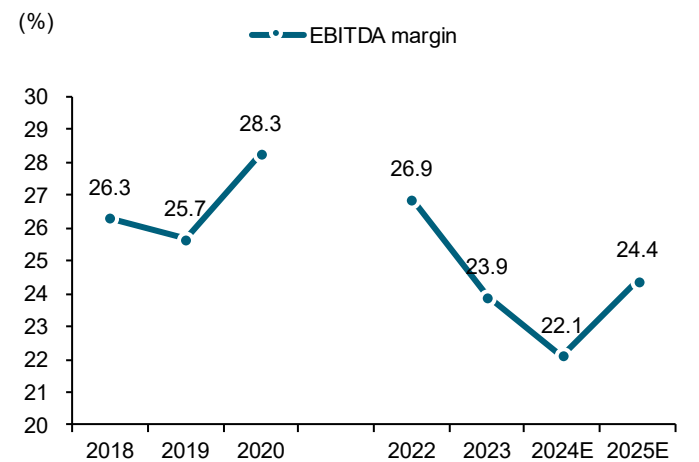
Sources: BCH; FSSIA estimates

Exhibit 10: International patient revenue

Sources: BCH; FSSIA estimates

Exhibit 11: SSO revenue, yearly

Sources: BCH; FSSIA estimates

Exhibit 12: EBITDA margin

Sources: BCH; FSSIA estimates

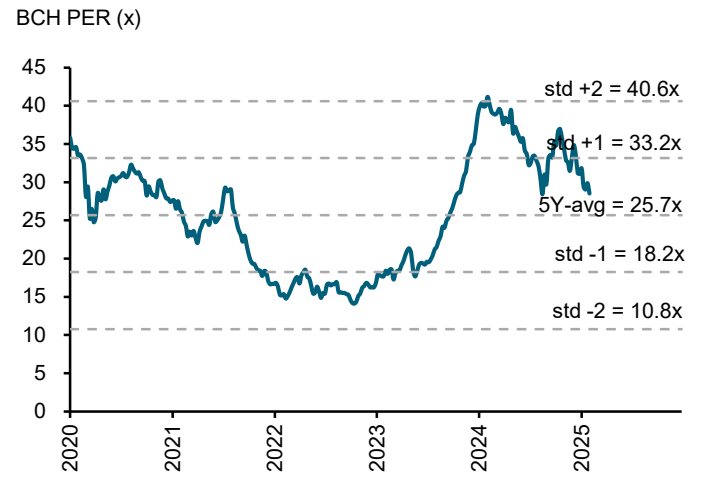
Exhibit 13: DCF-derived TP

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	18.6	7.5	WACC 8.4%, Risk-free rate 3%, Risk premium 8%
Terminal value	30.2	12.1	Terminal growth 3%
Cash & liquid assets	3.7	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	50.0	20.0	

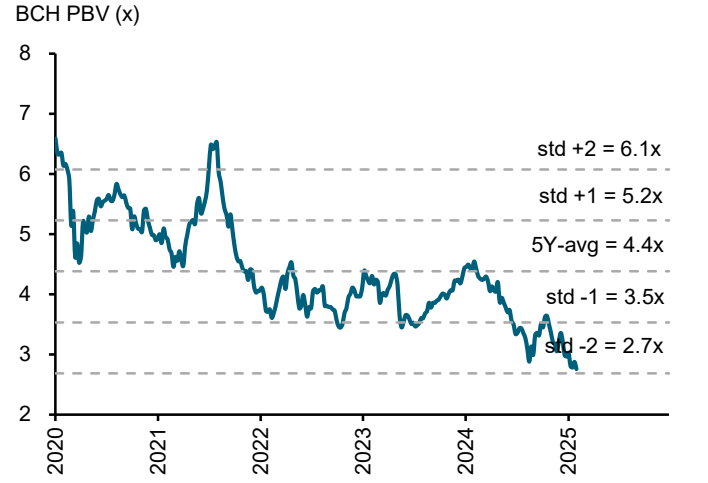
Source: FSSIA estimates

Exhibit 14: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peer comparisons as of 30 Jan 2025

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/ EBITDA	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	23.90	36.50	52.7	11,265	23.8	21.5	16.4	17.1	3.8	3.6	14.6	13.3
Bumrungrad Hospital	BH TB	HOLD	176.50	285.00	61.5	4,162	18.3	17.7	29.7	26.9	5.0	4.5	12.2	11.4
Bangkok Chain Hospital	BCH TB	BUY	14.30	20.00	39.9	1,058	29.0	22.5	9.6	11.8	2.8	2.6	13.6	11.1
Chularat Hospital	CHG TB	BUY	2.18	3.40	56.0	711	23.3	19.0	13.4	15.6	3.1	2.8	12.6	10.6
Patangsit Healthcare Group	PHG TB	BUY	15.00	21.00	40.0	133	15.5	13.7	14.3	15.1	2.1	2.0	7.3	6.6
Praram 9 Hospital	PR9 TB	BUY	22.50	30.00	33.3	525	24.6	21.7	13.5	14.1	3.2	2.9	13.8	11.9
Thonburi Healthcare Group	THG TB	HOLD	14.00	40.00	185.7	352	23.7	14.8	4.9	7.6	1.2	1.1	10.8	8.9
Ramkhamhaeng Hospital	RAM TB	BUY	21.30	44.00	106.6	758	15.3	13.0	8.9	10.0	1.3	1.3	20.6	16.3
Srivichai Vejvivat	VIH TB	BUY	8.00	15.00	87.5	153	14.8	12.9	10.3	10.5	1.4	1.3	6.0	7.4
Rajthanee Hospital	RJH TB	n/a	19.40	n/a	n/a	167	10.8	11.6	25.7	22.7	2.7	2.6	9.4	9.2
Ekachai Medical Care	EKH TB	n/a	6.55	n/a	n/a	163	16.2	16.5	12.4	12.4	2.0	2.0	10.0	9.7
Thailand average						19,447	19.6	16.8	14.5	14.9	2.6	2.4	11.9	10.6
Regional														
Ramsay Health Care	RHC AU	n/a	33.74	n/a	n/a	4,840	27.1	25.7	6.5	6.4	1.6	1.5	8.8	8.4
Ihh Healthcare Bhd	IHH SP	n/a	2.19	n/a	n/a	14,244	33.0	31.0	6.9	6.7	2.1	2.0	13.9	12.8
Ryman Healthcare	RYM NZ	n/a	4.36	n/a	n/a	1,695	10.9	18.8	7.0	3.8	0.6	0.7	15.7	19.4
Apollo Hospitals Enterprise	APHS IN	n/a	6,825	n/a	n/a	11,331	105.9	67.0	14.1	19.0	14.1	12.1	42.9	33.0
Kpj Healthcare Berhad	KPJ MK	n/a	2.23	n/a	n/a	2,229	32.9	28.4	12.3	13.3	4.0	3.7	14.8	13.6
Raffles Medical Group	RFMD SP	n/a	0.83	n/a	n/a	1,145	23.2	21.4	6.5	6.7	1.5	1.4	10.8	10.2
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,480	n/a	n/a	2,122	30.7	27.7	18.9	19.0	5.2	4.8	18.7	16.8
Aier Eye Hospital Group	300015 CH	n/a	12.33	n/a	n/a	15,874	30.6	27.0	18.0	18.0	5.3	4.6	18.3	16.2
Regional average						53,478	36.8	30.9	11.3	11.6	4.3	3.9	18.0	16.3
Overall average						72,925	26.8	22.7	13.1	13.5	3.3	3.0	14.5	13.0

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	11,815	12,773	13,723
Cost of goods sold	(12,772)	(8,116)	(8,590)	(9,011)	(9,616)
Gross profit	6,055	3,613	3,226	3,761	4,108
Other operating income	-	-	-	-	-
Operating costs	(1,946)	(1,755)	(1,595)	(1,673)	(1,770)
Operating EBITDA	5,059	2,802	2,611	3,117	3,417
Depreciation	(950)	(944)	(981)	(1,028)	(1,080)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	4,109	1,859	1,630	2,088	2,337
Net financing costs	(148)	(77)	(37)	(37)	(29)
Associates	0	1	1	1	1
Recurring non-operating income	84	102	92	96	101
Non-recurring items	0	0	0	0	0
Profit before tax	4,046	1,883	1,685	2,148	2,409
Tax	(888)	(405)	(337)	(429)	(482)
Profit after tax	3,157	1,479	1,348	1,718	1,928
Minority interests	(118)	(73)	(117)	(131)	(144)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,039	1,406	1,231	1,587	1,784
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	3,039	1,406	1,231	1,587	1,784
Per share (THB)					
Recurring EPS *	1.22	0.56	0.49	0.64	0.72
Reported EPS	1.22	0.56	0.49	0.64	0.72
DPS	1.40	0.50	0.35	0.27	0.35
Diluted shares (used to calculate per share data)	2,494	2,494	2,494	2,494	2,494
Growth					
Revenue (%)	(12.0)	(37.7)	0.7	8.1	7.4
Operating EBITDA (%)	(50.6)	(44.6)	(6.8)	19.4	9.6
Operating EBIT (%)	(56.2)	(54.8)	(12.3)	28.1	11.9
Recurring EPS (%)	(55.6)	(53.7)	(12.4)	28.9	12.4
Reported EPS (%)	(55.6)	(53.7)	(12.4)	28.9	12.4
Operating performance					
Gross margin inc. depreciation (%)	32.2	30.8	27.3	29.4	29.9
Gross margin exc. depreciation (%)	37.2	38.9	35.6	37.5	37.8
Operating EBITDA margin (%)	26.9	23.9	22.1	24.4	24.9
Operating EBIT margin (%)	21.8	15.8	13.8	16.3	17.0
Net margin (%)	16.1	12.0	10.4	12.4	13.0
Effective tax rate (%)	22.0	21.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	114.9	88.7	70.9	42.7	48.9
Interest cover (X)	28.4	25.4	46.0	58.9	82.8
Inventory days	12.3	17.0	15.1	15.2	15.1
Debtor days	49.3	37.0	25.9	24.0	22.3
Creditor days	41.0	67.9	67.6	68.0	67.4
Operating ROIC (%)	21.4	10.9	10.4	13.5	15.3
ROIC (%)	21.0	10.9	10.5	13.4	15.2
ROE (%)	23.9	11.2	9.6	11.8	12.5
ROA (%)	14.2	8.2	7.7	9.4	9.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Cash patient revenue	9,372	7,976	7,947	8,467	9,022
SSO patient revenue	3,371	3,850	3,868	4,306	4,702
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	1,231	1,587	1,784
Depreciation	950	944	981	1,028	1,080
Associates & minorities	-	-	-	-	-
Other non-cash items	24	114	110	131	144
Change in working capital	1,459	1,563	60	5	32
Cash flow from operations	5,471	4,027	2,383	2,751	3,039
Capex - maintenance	(984)	(896)	(820)	(894)	(961)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	2	4	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(982)	(892)	(820)	(894)	(961)
Dividends paid	(3,491)	(1,247)	(873)	(677)	(873)
Equity finance	0	0	0	0	0
Debt finance	(3,153)	(2,310)	(200)	0	0
Other financing cash flows	(462)	(32)	(64)	(72)	(79)
Cash flow from financing	(7,106)	(3,590)	(1,137)	(749)	(952)
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)	425	1,108	1,126
Free cash flow to firm (FCFF)	4,645.31	3,230.18	1,614.58	1,912.48	2,133.46
Free cash flow to equity (FCFE)	875.07	791.94	1,297.83	1,785.44	1,999.22
Per share (THB)					
FCFF per share	1.86	1.30	0.65	0.77	0.86
FCFE per share	0.35	0.32	0.52	0.72	0.80
Recurring cash flow per share	1.61	0.99	0.93	1.10	1.21
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	20,274	20,884	21,711	22,605	23,565
Less: Accumulated depreciation	(7,992)	(8,639)	(9,620)	(10,648)	(11,728)
Tangible fixed assets (net)	12,282	12,244	12,091	11,956	11,837
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	2,610	3,718	4,844
A/C receivable	1,539	839	839	839	839
Inventories	362	306	324	340	364
Other current assets	2,294	1,513	1,524	1,647	1,770
Current assets	6,835	4,843	5,298	6,545	7,817
Other assets	223	176	176	176	176
Total assets	19,796	17,731	18,032	19,145	20,298
Common equity	12,445	12,594	12,953	13,863	14,773
Minorities etc.	1,065	1,110	1,163	1,222	1,287
Total shareholders' equity	13,510	13,704	14,116	15,085	16,060
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	1,451	1,522	1,628
Short term debt	0	81	81	81	81
Other current liabilities	935	894	900	973	1,046
Current liabilities	2,235	2,342	2,432	2,576	2,754
Total liabilities and shareholders' equity	19,796	17,731	18,032	19,145	20,298
Net working capital	1,959	396	336	331	300
Invested capital	14,921	13,284	13,070	12,931	12,781
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.99	5.05	5.19	5.56	5.92
Tangible book value per share	4.82	4.87	5.02	5.38	5.75
Financial strength					
Net debt/equity (%)	9.2	(4.4)	(8.7)	(15.5)	(21.6)
Net debt/total assets (%)	6.3	(3.4)	(6.8)	(12.2)	(17.1)
Current ratio (x)	3.1	2.1	2.2	2.5	2.8
CF interest cover (x)	6.9	11.3	35.7	49.1	68.9
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	11.7	25.4	29.0	22.5	20.0
Recurring P/E @ target price (x) *	16.4	35.5	40.5	31.4	28.0
Reported P/E (x)	11.7	25.4	29.0	22.5	20.0
Dividend yield (%)	9.8	3.5	2.4	1.9	2.4
Price/book (x)	2.9	2.8	2.8	2.6	2.4
Price/tangible book (x)	3.0	2.9	2.8	2.7	2.5
EV/EBITDA (x) **	7.5	12.9	13.6	11.1	9.8
EV/EBITDA @ target price (x) **	10.3	18.0	19.1	15.6	14.0
EV/invested capital (x)	2.5	2.7	2.7	2.7	2.6
* 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


39.71 /100

Exhibit 17: 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 18: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET ESG	SET ESG Rating	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 19: 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 20: 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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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="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

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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Chain Hospital	BCH TB	THB 14.30	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Bangkok Dusit Medical Services	BDMS TB	THB 23.90	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 176.50	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).
Chularat Hospital	CHG TB	THB 2.18	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 15.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 22.50	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) higher-than-expected expenses from its new building.
Thonburi Healthcare Group	THG TB	THB 14.00	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 21.30	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 8.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.

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-Jan-2025 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.