

BANGKOK DUSIT MEDICAL SERVICES
THAILAND / HEALTH CARE SERVICES

BDMS TB

BUY

UNCHANGED

กำไร 3Q23 อาจทำสถิติสูงสุดใหม่

- คาดกำไรปกติ 3Q23 จะทำสถิติสูงสุดใหม่ที่ 3.6 พัน ลบ. (+7% y-y and +18% q-q) โดยได้ปัจจัยหนุนจากผู้ป่วยชาวไทยและต่างประเทศ
- การเติบโตของรายได้ในปี 2023 อาจสูงกว่าเป้าที่ 6-8% โมเมนตัมนักท่องเที่ยวชาวตะวันออกกลางยังดีในเดือน ก.ค. และ ส.ค.
- คงแนะนำซื้อที่ราคาเป้าหมาย 34.5 บาท (DCF)

TARGET PRICE	THB34.50
CLOSE	THB27.00
UP/DOWNSIDE	+27.8%
PRIOR TP	THB34.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	92,968	100,315	108,779	116,421
Net profit	12,606	13,469	15,295	16,843
EPS (THB)	0.79	0.85	0.96	1.06
vs Consensus (%)	-	(0.2)	4.9	7.2
EBITDA	22,933	24,415	26,856	29,091
Recurring net profit	12,606	13,469	15,295	16,843
Core EPS (THB)	0.79	0.85	0.96	1.06
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	63.0	6.8	13.6	10.1
Core P/E (x)	34.0	31.9	28.1	25.5
Dividend yield (%)	1.9	1.9	1.9	2.1
EV/EBITDA (x)	19.3	17.8	15.9	14.4
Price/book (x)	4.8	4.5	4.2	3.9
Net debt/Equity (%)	9.2	1.3	(7.0)	(14.4)
ROE (%)	14.5	14.5	15.4	15.8

คาดการณ์กำไรปกติ 3Q23 จะสูงกว่าระดับก่อนโควิด 26%

เรคาดกำไรปกติ 3Q23 จะโต 9% y-y รายได้จากผู้ป่วยชาวไทยน่าจะโต 7% y-y และสูงกว่าระดับก่อนโควิด 24% จากการระบาดของโรค RSV ไข้หวัดใหญ่และไข้เลือดออก รายได้จากผู้ป่วยชาวต่างประเทศน่าจะโต 17% y-y และสูงกว่าระดับก่อนโควิด 10% โดยได้ปัจจัยหนุนจากตัวเลขผู้ป่วยที่โตดีจากสหรัฐอาหรับเอมิเรตส์ (UAE) กาตาร์และจีน เรคาดว่า EBITDA margin ใน 3Q23 จะปรับตัวดีขึ้นเป็น 24.4% จาก 22.6% ใน 2Q23 แต่ต่ำกว่าตัวเลข 25.0% ใน 3Q22 จากอัตราการใช้เตียงผู้ป่วยที่ลดลงหลังตัวเลขผู้ป่วยโควิดน้อยลง ด้วยเหตุดังกล่าว เรคาดว่ากำไรปกติจะทำสถิติสูงสุดใหม่ที่ 3.6 พัน ลบ. ใน 3Q23 (เทียบกับสถิติสูงสุดในปัจจุบันที่ 3.5 พัน ลบ. ใน 1Q23)

ตัวเลขนักท่องเที่ยวเข้าจากตะวันออกกลางใน 3Q23 อยู่ในเกณฑ์ดีซึ่งหมายถึงการท่องเที่ยวเชิงการแพทย์ที่ดีด้วย

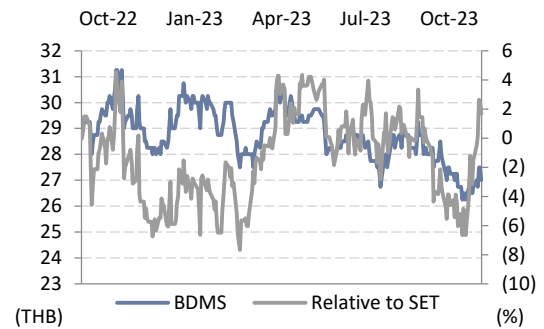
จากข้อมูลของกระทรวงการท่องเที่ยวและกีฬา (MOTS) ตัวเลขนักท่องเที่ยวเข้าจากตะวันออกกลางในช่วงเดือน ก.ค. - ส.ค. 2023 ยังคงดีโดยเพิ่มขึ้น 54% y-y และสูงกว่าระดับก่อนโควิดอยู่ 31% ชาวคูเวตและซาอุดีอาระเบียเป็นกลุ่มที่ใหญ่ที่สุดโดยคิดเป็น 28% ของตัวเลขนักท่องเที่ยวเข้าจากตะวันออกกลางรวมในช่วง 2023YTD ซึ่งอาจหมายถึง Upside สำหรับ BDMS ในการจับตลาดดังกล่าวเนื่องจากบริษัท มีสัดส่วนรายได้จากผู้ป่วยชาวซาอุดีอาระเบียค่อนข้างน้อย (โดยคิดเป็นจำนวนน้อยกว่า 0.5% ในช่วง 1H23) เมื่อเทียบกับ UAE ซึ่งเป็นกลุ่มที่ใหญ่ที่สุดในแง่ของตัวเลขผู้ป่วยจากตะวันออกกลางพร้อมสัดส่วนรายได้ที่ 2.4% ในปี 2019

การเติบโต y-y น่าจะดีต่อเนื่องใน 4Q23

เรคาดว่ากระแสการเติบโตของรายได้จะดีต่อเนื่องใน 4Q23 ในขณะที่โรคทางเดินหายใจแบบเฉียบพลันระบาดต่อเนื่องในเดือน ต.ค. ซึ่งจะทำให้รายได้จากผู้ป่วยชาวไทยอยู่ในเกณฑ์ดี นอกจากนี้รายได้จากผู้ป่วยชาวต่างประเทศใน 4Q ยังน่าจะสูงกว่าใน 3Q ด้วยเหตุดังกล่าวเรคาดว่ารายได้จะโต 8-9% y-y ซึ่งจะทำให้ BDMS บรรลุเป้าหมายการเติบโตของรายได้ที่ 6-8% ได้พร้อม Upside อีกบางส่วน

ราคาหุ้นที่ปรับตัวลดลงเป็นโอกาสในการซื้อ

BDMS มีการซื้อขายที่ 28x ของค่า 2024E P/E ซึ่งต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 34x ราคาหุ้นมีการเคลื่อนไหวออกข้างลดลงในช่วง 6 เดือนที่ผ่านมาโดยได้ปัจจัยกดดันจากการขายหุ้นของ ดร. ปราเสริฐ ปราสาททองโอสถซึ่งเป็นผู้ก่อตั้ง BDMS รวม 50 ล้านหุ้นและ Bangkok Airways (BA TB, BUY, TP THB22) รวม 252 ล้านหุ้น เราเห็นว่าการขายหุ้นดังกล่าวไม่เกี่ยวกับปัจจัยพื้นฐานของ BDMS ด้วยเหตุดังกล่าวเราจึงมองว่าเป็นโอกาสในการซื้อหุ้นเพื่อรอกำไรที่โตดีในช่วง 2H23 และปี 2024



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.8)	(0.9)	(7.7)
Relative to country (%)	5.6	2.7	1.4
Mkt cap (USD m)			11,595
3m avg. daily turnover (USD m)			38.0
Free float (%)			70
Major shareholder			Thai NVDR (14%)
12m high/low (THB)			32.00/25.75
Issued shares (m)			15,892.00

Sources: Bloomberg consensus; FSSIA estimates



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The Chairman of The Audit Committee and Independent Director of Finansia Syrus Securities PCL is also BA's Director.

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

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 9 ตุลาคม 2023

Investment thesis

BDMS has aggressively expanded its hospital network from 10 in 2004 to 57 currently. The company had a high capex level averaging 17% of revenue over 2013-19. It is now at the tail end of its capex cycle, as it has already achieved its target of 50 hospitals.

BDMS plans to focus on organic growth. We expect its EBITDA margin to be maintained at a high level of 24-25% over 2023-25 (vs 22% in 2019), led by a higher utilisation rate, its Centre of Excellence (CoE) project, and the turnaround of loss-making hospitals.

BDMS has a healthy balance sheet with 2022 net D/E at only 0.1x. FCFE should accelerate, based on our estimates, and this would provide an upside to its dividend payouts.

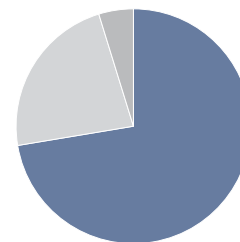
Company profile

BDMS is the largest healthcare provider in terms of market capital in Thailand. It operates 57 hospitals under six brands.

www.bangkokhospital.com

Principal activities (revenue, 2022)

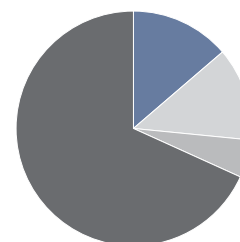
- Thai patient revenue - 72.4 %
- International patient revenue - 22.9 %
- Other revenue - 4.8 %



Source: Bangkok Dusit Medical Services

Major shareholders

- Thai NVDR - 13.7 %
- Prasert Prasarttong-Osoth - 12.9 %
- Bangkok Airways - 5.2 %
- Others - 68.2 %



Source: Bangkok Dusit Medical Services

Catalysts

Key potential growth drivers include 1) higher insurance patient revenue; 2) rising demand from medical tourists; and 3) an improving EBITDA margin led by CoE 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) higher-than-expected capex and opex for CoE projects.

Event calendar

Date	Event
Nov 2023	3Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
No. of hospitals (no.)	60	61	62
OPD volume growth	4	4	4
OPD revenue / patient growth	4	4	3
IPD volume growth	27	9	4
IPD revenue / patient growth	(15)	0	3

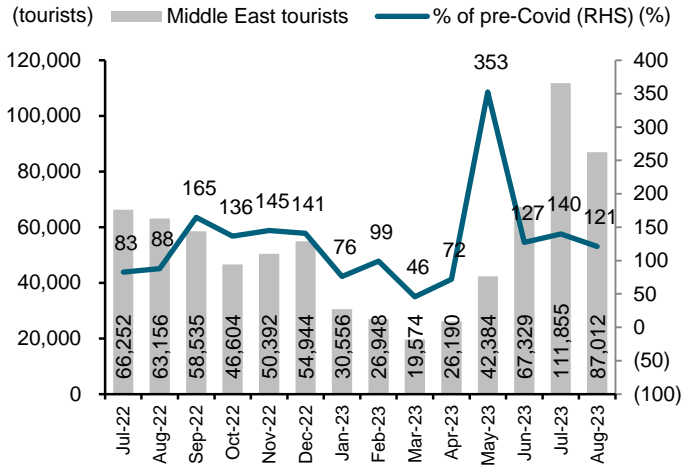
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2023 earnings to rise by 2%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2023 earnings to rise by 6%, and vice versa, all else being equal.

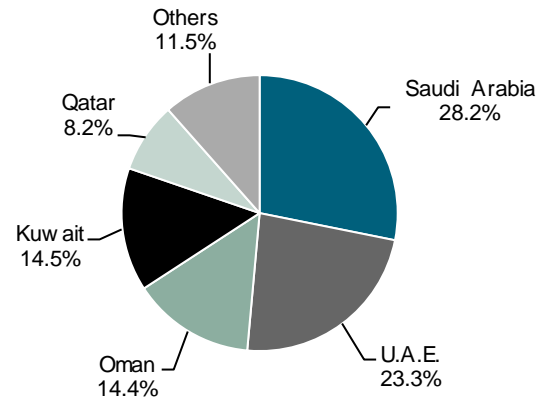
Source: FSSIA estimates

Exhibit 1: Middle East tourist arrivals



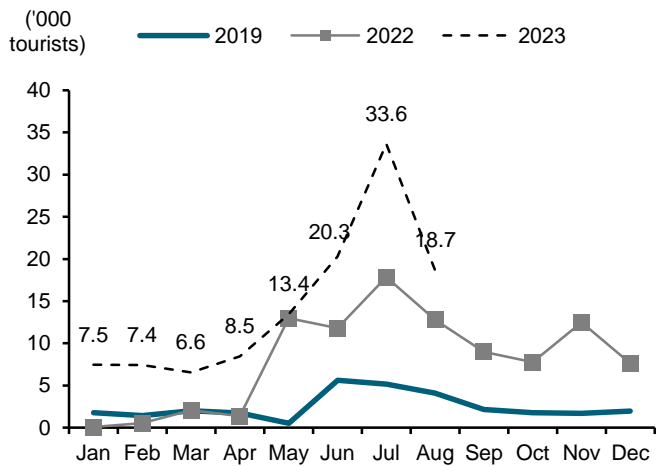
Source: Ministry of Tourism & Sports (MOTS)

Exhibit 2: Middle East tourist arrivals breakdown as of Jan-Aug 2023



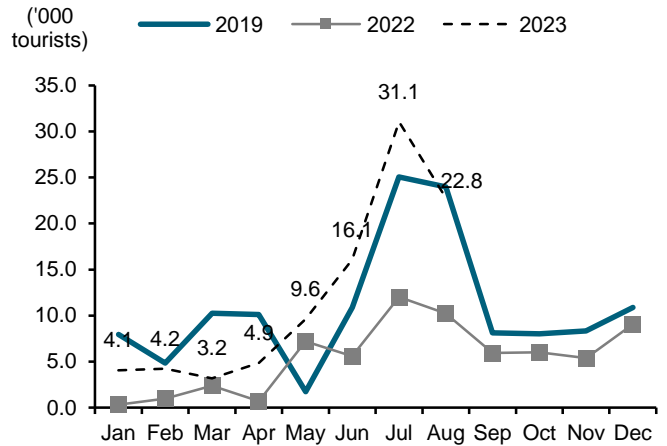
Source: MOTS

Exhibit 3: Saudi Arabia tourist arrivals



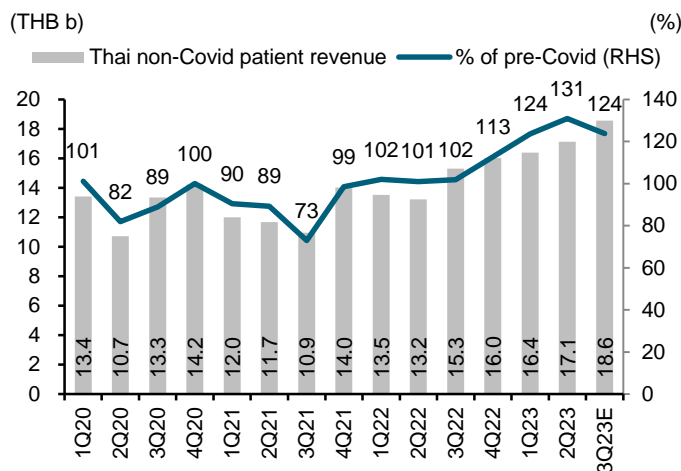
Source: MOTS

Exhibit 4: UAE tourist arrivals



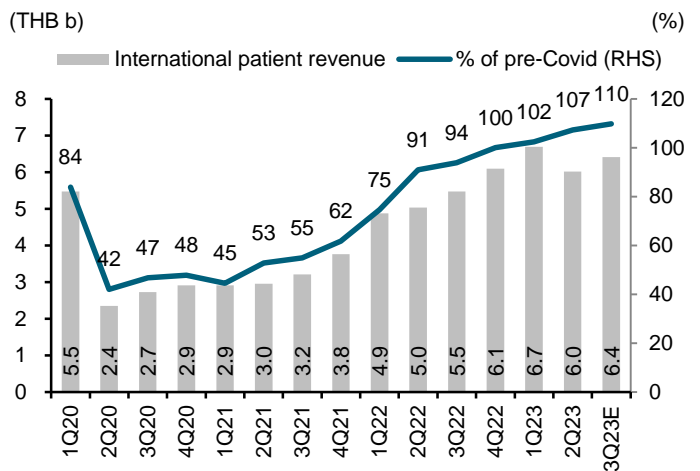
Source: MOTS

Exhibit 5: Non-Covid Thai patient revenue, quarterly



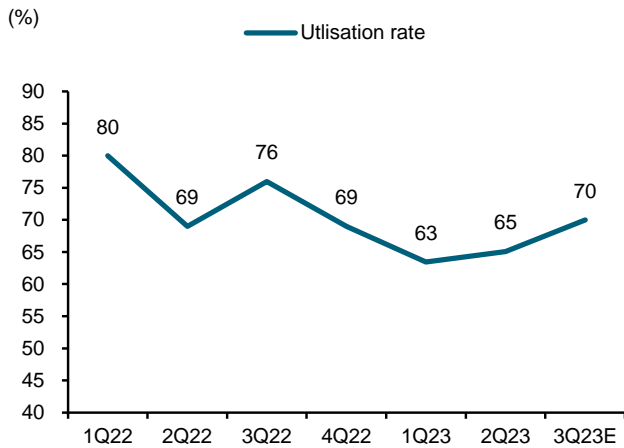
Sources: BDMS; FSSIA estimates

Exhibit 6: International patient revenue, quarterly



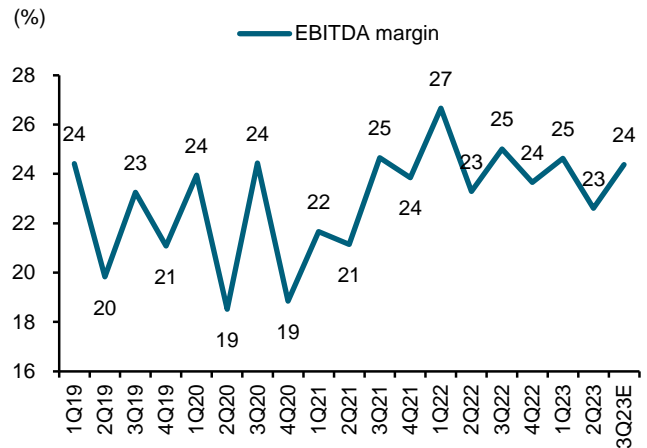
Sources: BDMS; FSSIA estimates

Exhibit 7: Utilisation rate



Source: BDMS; FSSIA estimates

Exhibit 8: EBITDA margin trend, quarterly



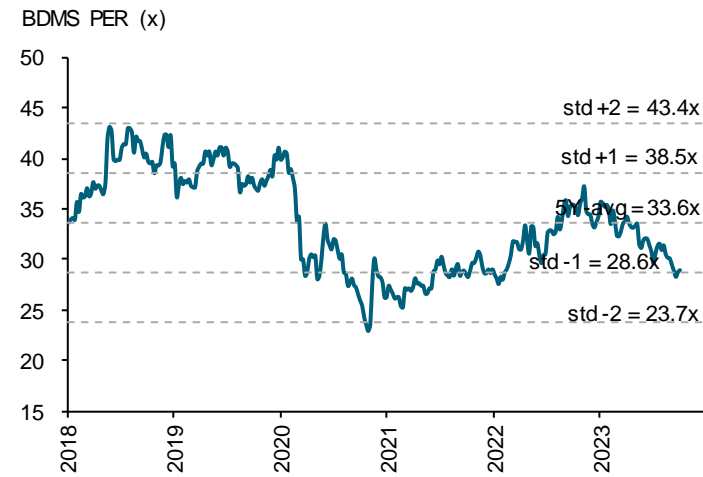
Sources: BDMS; FSSIA estimates

Exhibit 9: 3Q23 results preview

	3Q22	4Q22	1Q23	2Q23	3Q23E	Change		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	23,985	23,842	24,313	24,372	26,235	8	9	100,315	8
- Hospital revenue	22,825	22,568	23,084	23,141	24,971	8	9	95,661	8
- Other revenue	1,160	1,274	1,229	1,232	1,264	3	9	4,655	5
COGS (incl depreciation)	(14,979)	(14,752)	(15,122)	(15,432)	(16,266)	5	9	(62,761)	8
Gross profit	9,006	9,090	9,191	8,940	9,969	12	11	37,555	8
SG&A	(4,496)	(4,933)	(4,633)	(4,876)	(5,126)	5	14	(19,351)	10
Operating profit¹⁾	4,510	4,157	4,558	4,064	4,844	19	7	18,204	7
Net other income	0	(0)	12	5	0	(100)	(100)	9	10
Interest income	19	32	26	48	48	0	151	142	78
Interest expense	(154)	(169)	(164)	(134)	(133)	(1)	(14)	(700)	11
Pretax profit	4,374	4,020	4,432	3,983	4,758	19	9	17,654	7
Income Tax	(824)	(806)	(880)	(812)	(952)	17	16	(3,531)	9
Associates	16	10	34	13	13	0	(21)	26	(39)
Minority interest	(181)	(111)	(116)	(120)	(190)	58	5	(680)	5
Core profit	3,386	3,113	3,470	3,063	3,629	18	7	13,469	7
Extraordinaries, GW & FX								0	
Reported net profit	3,386	3,113	3,470	3,063	3,629	18	7	13,469	7
Outstanding shares (m)	15,892	15,892	15,892	15,892	15,892	0	0	15,892	0
Core EPS (THB)	0.21	0.20	0.22	0.19	0.23	18	7	0.85	7
EPS (THB)	0.21	0.20	0.22	0.19	0.23	18	7	0.85	7
COGS Excl depreciation	13,489	13,268	13,693	13,986	14,713	5	9	56,550	8
Depreciation	1,490	1,484	1,429	1,446	1,553	7	4	6,211	4
EBITDA ²⁾	5,999	5,641	5,987	5,510	6,397	16	7	24,415	6
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	38	38	38	39	38	(1)	0	37	0
SG&A/Revenue	19	21	19	20	20	(0)	1	19	0
EBITDA margin	25	24	25	23	24	2	(1)	24	(0)
Net profit margin	14	13	14	13	14	1	(0)	13	(0)
Operating stats	(%)	(%)	(%)	(%)					
OPD revenue growth y-y	42	15	11	10					
OPD volume growth y-y	35	13	(7)	0					
OPD revenue per head growth y-y	5	1	20	10					
IPD revenue growth y-y	7	(2)	(2)	10					
IPD volume growth y-y	90	35	33	60					
IPD revenue per head growth y-y	(44)	(27)	(26)	(31)					
Thai revenue growth y-y	10	(4)	(6)	7					
International revenue growth y-y	74	61	38	22					

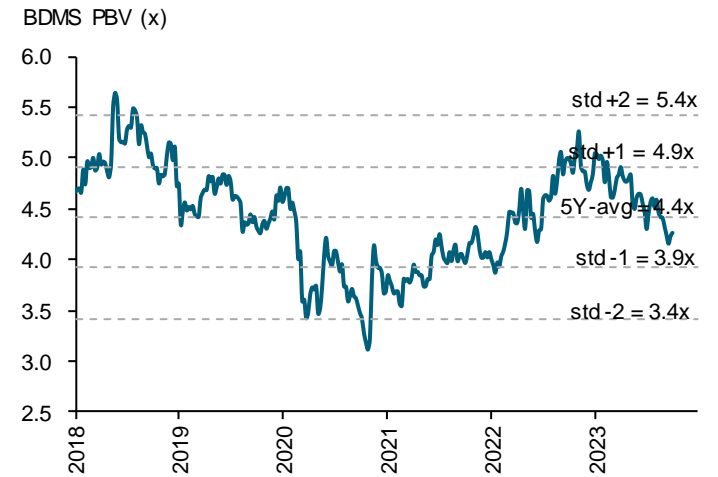
Note: 1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income – depreciation
Sources: BDMS; FSSIA estimates

Exhibit 10: One-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 6 October 2023

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	27.00	34.50	27.8	11,595	31.9	28.1	14.5	15.4	4.5	4.2	17.8	15.9
Bumrungrad Hospital	BH TB	BUY	259.00	300.00	15.8	5,563	30.5	29.2	31.1	28.0	8.7	7.7	20.3	19.2
Bangkok Chain Hospital	BCH TB	BUY	20.00	22.50	12.5	1,348	36.8	29.4	10.9	13.0	4.0	3.7	17.0	14.3
Chularat Hospital	CHG TB	BUY	3.34	3.90	16.8	993	31.0	26.8	15.7	17.4	4.9	4.5	17.9	15.6
Praram 9 Hospital	PR9 TB	BUY	16.90	22.00	30.2	359	26.3	22.0	10.4	11.6	2.7	2.5	12.2	10.3
Thonburi Healthcare Group	THG TB	REDUCE	65.50	55.00	(16.0)	1,500	46.8	41.2	11.4	12.4	5.3	5.0	25.7	23.0
Vibhavadi Medical Center	VIBHA TB	BUY	2.18	3.20	46.8	800	27.3	24.4	7.3	7.9	2.0	1.9	23.5	21.1
Ramkhamhaeng Hospital	RAM TB	BUY	42.00	60.00	42.9	1,362	25.7	22.0	10.0	11.2	2.5	2.4	29.2	25.5
Principal Capital	PRINC TB	BUY	4.92	9.00	82.9	506	28.5	21.3	6.2	7.9	1.7	1.6	14.4	12.2
Rajthanee Hospital	RJH TB	n/a	28.50	n/a	n/a	231	20.3	20.4	18.0	17.2	5.7	3.6	12.7	12.7
Ekachai Medical Care	EKH TB	n/a	7.80	n/a	n/a	148	22.1	20.6	11.1	11.6	5.7	2.5	12.6	11.5
Thailand average						24,405	29.7	25.9	13.3	14.0	4.3	3.6	18.5	16.5
Regional														
Ramsay Health Care	RHC AU	n/a	50.82	n/a	n/a	7,438	34.3	35.4	8.6	8.0	2.8	2.8	11.7	10.8
Ihh Healthcare Bhd	IHH SP	n/a	1.68	n/a	n/a	10,835	33.1	28.8	6.1	6.5	2.2	1.9	14.0	13.2
Ryman Healthcare	RYM NZ	n/a	6.04	n/a	n/a	3,155	12.0	12.7	7.5	7.2	1.4	0.8	16.1	20.3
Apollo Hospitals Enterprise	APHS IN	n/a	5,060	n/a	n/a	8,752	86.5	68.6	13.8	15.9	20.0	11.3	35.8	30.4
Kpj Healthcare Berhad	KPJ MK	n/a	1.16	n/a	n/a	1,074	23.7	21.5	9.4	9.9	2.6	2.2	11.0	10.4
Raffles Medical Group	RFMD SP	n/a	1.25	n/a	n/a	1,705	19.5	19.5	11.5	11.1	2.7	2.2	10.6	10.5
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,850	n/a	n/a	2,595	40.4	34.3	17.3	18.7	8.4	6.8	25.8	22.1
Aier Eye Hospital Group	300015 CH	n/a	17.97	n/a	n/a	22,970	48.7	37.0	18.0	19.8	19.2	8.3	28.4	22.6
Regional average						58,523	37.3	32.2	11.5	12.1	7.4	4.5	19.2	17.5
Overall average						82,928	32.9	28.6	12.6	13.2	5.6	4.0	18.8	16.9

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	75,514	92,968	100,315	108,779	116,421
Cost of goods sold	(49,462)	(58,329)	(62,761)	(67,590)	(72,059)
Gross profit	26,052	34,638	37,555	41,189	44,362
Other operating income	-	-	-	-	-
Operating costs	(15,029)	(17,655)	(19,351)	(20,712)	(21,934)
Operating EBITDA	17,345	22,933	24,415	26,856	29,091
Depreciation	(6,321)	(5,950)	(6,211)	(6,378)	(6,663)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	11,023	16,984	18,204	20,478	22,428
Net financing costs	(655)	(552)	(558)	(469)	(394)
Associates	21	42	26	28	31
Recurring non-operating income	26	50	34	38	42
Non-recurring items	200	0	0	0	0
Profit before tax	10,594	16,481	17,680	20,047	22,075
Tax	(2,103)	(3,227)	(3,531)	(4,004)	(4,409)
Profit after tax	8,490	13,254	14,149	16,043	17,666
Minority interests	(554)	(648)	(680)	(748)	(823)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,936	12,606	13,469	15,295	16,843
Non-recurring items & goodwill (net)	(200)	0	0	0	0
Recurring net profit	7,736	12,606	13,469	15,295	16,843
Per share (THB)					
Recurring EPS *	0.49	0.79	0.85	0.96	1.06
Reported EPS	0.50	0.79	0.85	0.96	1.06
DPS	0.80	0.50	0.50	0.51	0.58
Diluted shares (used to calculate per share data)	15,892	15,892	15,892	15,892	15,892
Growth					
Revenue (%)	9.3	23.1	7.9	8.4	7.0
Operating EBITDA (%)	16.1	32.2	6.5	10.0	8.3
Operating EBIT (%)	29.3	54.1	7.2	12.5	9.5
Recurring EPS (%)	28.0	63.0	6.8	13.6	10.1
Reported EPS (%)	10.0	58.8	6.8	13.6	10.1
Operating performance					
Gross margin inc. depreciation (%)	34.5	37.3	37.4	37.9	38.1
Gross margin exc. depreciation (%)	42.9	43.7	43.6	43.7	43.8
Operating EBITDA margin (%)	23.0	24.7	24.3	24.7	25.0
Operating EBIT margin (%)	14.6	18.3	18.1	18.8	19.3
Net margin (%)	10.2	13.6	13.4	14.1	14.5
Effective tax rate (%)	20.3	19.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	164.7	63.0	59.0	52.8	54.5
Interest cover (X)	16.9	30.8	32.7	43.8	57.0
Inventory days	16.3	14.7	14.8	14.8	14.9
Debtor days	39.4	38.5	38.1	35.2	32.9
Creditor days	40.1	39.1	41.4	41.4	41.7
Operating ROIC (%)	10.6	15.8	16.2	18.4	20.4
ROIC (%)	8.5	12.7	13.1	14.8	16.3
ROE (%)	9.0	14.5	14.5	15.4	15.8
ROA (%)	6.7	10.1	10.1	10.9	11.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thai patient revenue	58,500	67,286	68,038	73,507	79,081
International patient revenue	12,841	21,248	27,623	30,385	32,208
Other revenue	4,173	4,433	4,655	4,887	5,132

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Financial Statements

Bangkok Dusit Medical Services

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	7,736	12,606	13,469	15,295	16,843
Depreciation	6,321	5,950	6,211	6,378	6,663
Associates & minorities	-	-	-	-	-
Other non-cash items	997	1,275	680	748	823
Change in working capital	(980)	720	940	1,072	966
Cash flow from operations	14,074	20,551	21,300	23,493	25,295
Capex - maintenance	(4,235)	(14,953)	(6,019)	(6,527)	(6,985)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(58)	(386)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(4,293)	(15,340)	(6,019)	(6,527)	(6,985)
Dividends paid	(12,738)	(7,943)	(7,946)	(8,081)	(9,177)
Equity finance	0	0	0	0	0
Debt finance	(5,416)	4,764	(2,000)	(500)	(500)
Other financing cash flows	75	299	0	0	0
Cash flow from financing	(18,079)	(2,880)	(9,946)	(8,581)	(9,677)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(8,298)	2,330	5,335	8,385	8,633
Free cash flow to firm (FCFF)	10,509.69	5,842.84	15,981.37	17,627.65	18,977.14
Free cash flow to equity (FCFE)	4,439.73	10,273.66	13,280.96	16,465.99	17,810.13

Per share (THB)

FCFF per share	0.66	0.37	1.01	1.11	1.19
FCFE per share	0.28	0.65	0.84	1.04	1.12
Recurring cash flow per share	0.95	1.25	1.28	1.41	1.53

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	142,630	155,412	161,431	167,958	174,943
Less: Accumulated depreciation	(59,725)	(63,503)	(69,714)	(76,092)	(82,755)
Tangible fixed assets (net)	82,905	91,909	91,717	91,866	92,188
Intangible fixed assets (net)	18,828	19,160	19,160	19,160	19,160
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,600	1,986	1,986	1,986	1,986
Cash & equivalents	12,641	14,972	20,307	28,691	37,325
A/C receivable	9,131	10,484	10,484	10,484	10,484
Inventories	2,005	2,211	2,387	2,584	2,761
Other current assets	624	132	142	154	165
Current assets	24,401	27,799	33,320	41,914	50,735
Other assets	720	689	689	689	689
Total assets	128,454	141,543	146,872	155,615	164,758
Common equity	83,845	89,879	95,402	102,615	110,282
Minorities etc.	3,920	3,834	4,514	5,262	6,086
Total shareholders' equity	87,765	93,713	99,916	107,878	116,368
Long term debt	18,753	23,062	21,062	20,562	20,062
Other long-term liabilities	9,442	10,032	10,032	10,032	10,032
Long-term liabilities	28,196	33,094	31,094	30,594	30,094
A/C payable	5,035	6,176	6,668	7,217	7,711
Short term debt	76	532	532	532	532
Other current liabilities	7,382	8,028	8,663	9,394	10,053
Current liabilities	12,493	14,736	15,862	17,143	18,296
Total liabilities and shareholders' equity	128,454	141,543	146,872	155,615	164,758
Net working capital	(657)	(1,377)	(2,316)	(3,388)	(4,354)
Invested capital	103,396	112,367	111,235	110,313	109,669

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

Per share (THB)

Book value per share	5.28	5.66	6.00	6.46	6.94
Tangible book value per share	4.09	4.45	4.80	5.25	5.73

Financial strength

Net debt/equity (%)	7.1	9.2	1.3	(7.0)	(14.4)
Net debt/total assets (%)	4.8	6.1	0.9	(4.9)	(10.2)
Current ratio (x)	2.0	1.9	2.1	2.4	2.8
CF interest cover (x)	7.8	19.6	24.8	36.1	46.2

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	55.5	34.0	31.9	28.1	25.5
Recurring P/E @ target price (x) *	70.9	43.5	40.7	35.8	32.6
Reported P/E (x)	54.1	34.0	31.9	28.1	25.5
Dividend yield (%)	3.0	1.9	1.9	1.9	2.1
Price/book (x)	5.1	4.8	4.5	4.2	3.9
Price/tangible book (x)	6.6	6.1	5.6	5.1	4.7
EV/EBITDA (x) **	25.3	19.3	17.8	15.9	14.4
EV/EBITDA @ target price (x) **	32.2	24.5	22.7	20.3	18.5
EV/invested capital (x)	4.2	3.9	3.9	3.9	3.8

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

Sources: Bangkok Dusit Medical Services; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

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**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of 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.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > 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.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

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.

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Dusit Medical Services	BDMS TB	THB 27.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 259.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Bangkok Chain Hospital	BCH TB	THB 20.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Chularat Hospital	CHG TB	THB 3.34	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.
Praram 9 Hospital	PR9 TB	THB 16.90	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 65.50	REDUCE	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.
Vibhavadi Medical Center	VIBHA 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 prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Ramkhamhaeng Hospital	RAM TB	THB 42.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.
Principal Capital	PRINC TB	THB 4.92	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 new hospitals.

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-Oct-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.