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FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - COMPANY REPORT

CHULARAT HOSPITAL   CHG TB
THAILAND / HEALTH CARE SERVICES

BUY
UNCHANGED

TARGET PRICE	**THB3.40**
CLOSE	**THB2.22**
UP/DOWNSIDE	**+53.2%**
PRIOR TP	**THB3.80**
CHANGE IN TP	**-10.5%**
TP vs CONSENSUS	**+5.6%**

กำไรที่ดีโดนบดบังโดยรายการพิเศษ

- คาดว่ากำไร 4Q24 จะลดลง 43% y-y มาอยู่ที่ 156 ลบ. จากรายการพิเศษของสำนักงานประกันสังคม (SSO) แต่กำไรปกติน่าจะโต 20% y-y
- คาดว่ากำไรปี 2025 จะกระโดดเพิ่ม 23% y-y จากการกลับรายการรายได้จาก SSO ที่หายไปและผลขาดทุนที่ลดลงของ CHG Mae Sot
- คงคำแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 3.4 บาท (DCF)

4Q24 น่าจะได้รับผลกระทบจากรายการพิเศษของ SSO รวมไม่เกิน 90-100 ลบ.

เราคาดว่ารายได้ 4Q24 จะลดลง 7% y-y โดยมีปัจจัยถ่วงจากรายได้ SSO ที่ลดลง 24-26% y-y หลังมีการกลับรายการรายได้จำนวน 90-100 ลบ. สำหรับการรักษาโรคที่มีต้นทุนสูง (AdjRW>2) ตามการปรับลดอัตราการการจ่ายเป็น 8,000 บาท/RW จาก 12,000 บาท/RW สำหรับการรักษาในช่วงเดือน ก.ค. ถึง ธ.ค. 25 นอกจากนี้เรายังคาดด้วยว่ารายได้จากผู้ป่วยเงินสดจะโต 2-3% y-y ในไตรมาสนี้ รายได้อื่นน่าจะลดลงแรงมาอยู่ที่ 7-10 ลบ. (เทียบกับ 65 ลบ. ใน 4Q23) จากการยกเลิกสัญญาบริหารกับ Pattaya City Hospital ในภาพรวมเราคาดว่ากำไรจะลดลง 43% y-y มาอยู่ที่ 156 ลบ. ใน 4Q24

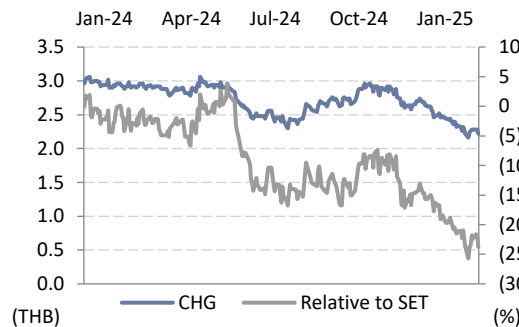### คาดกำไรปกติ 4Q24 จะโต 20% y-y เป็น 244 ลบ.

แม้เราจะคาดว่ากำไร 4Q24 จะออกมาอ่อนแอ เราแนะนำให้นักลงทุนเน้นไปที่กำไรปกติ ทั้งนี้ บริษัทฯ น่าจะมีรายการพิเศษประกอบด้วยการกลับรายการรายได้จำนวน 90-100 ลบ. เงินชดเชย 5-10 ลบ. (4Q24) ให้แก่พนักงานหลังการยกเลิกสัญญาบริหารของ Pattaya City Hospital (4Q24) และกำไรเพิ่มเติมอีก 87 ลบ. จากการรักษาโรคภาระเสี่ยงภายใต้สัญญากับ SSO (4Q23) เมื่อหักรายการพิเศษกำไรปกติ 4Q24 น่าจะโต 20% y-y เป็น 244 ลบ. เทียบกับ 204 ลบ. ใน 4Q23 เราคาดว่าผลขาดทุนใน 4Q24 จาก CHG Mae Sot จะลดลงเหลือ 11-13 ลบ. (เทียบกับ 17 บาทใน 4Q23) ในขณะที่อัตรากำไรของ CHG 304 และ CHG Cholvaej น่าจะปรับตัวขึ้นหลังควบคุมต้นทุนได้ดีขึ้น

การเติบโตน่าจะกลับมาดีในปี 2025

เราคาดว่ากำไรปี 2025 จะกระโดดเพิ่ม 23% y-y มาอยู่ที่ 1.3 พันล้านบาท หลังจากไม่มีการบันทึกการกลับรายได้ของ SSO รวมประมาณ 150 ลบ. (53 ลบ. ใน 2Q24 และ 90-100 ลบ. ใน 4Q24) เนื่องจาก SSO เปลี่ยนแผนการชำระเงินเป็นอัตราคงที่ที่ 12,000 บาท/RW เริ่มตั้งแต่เดือน ม.ค. 25 นอกนี้ปัจจัยหนุนยังน่าจะประกอบด้วยผลขาดทุนที่ลดลงของ CHG Mae Sot จาก 70-75 ลบ. ใน 2024E เป็น 30-40 ลบ. ใน 2025 รวมถึงการเติบโตภายในที่ดีจากรายได้ที่น่าจะโต 6-8%

โอกาสซื้อ เนื่องจากกำไรปกติยังเติบโตได้ดี

เราปรับลดประมาณการกำไรปกติปี 2024-26 ของเราลง 8-15% เพื่อสะท้อนการลดอัตราการจ่ายสำหรับการรักษาโรคที่มีต้นทุนสูงของ SSO ในปี 2024 และรายได้ที่ช้ากว่าคาดจากผู้ป่วยที่ชำระค่ารักษาพยาบาลด้วยตนเองหลังเศรษฐกิจชะลอตัวซึ่งทำให้ได้ราคาเป้าหมายปี 2025 ที่ 3.4 บาท (DCF) CHG มีการซื้อขายในระดับที่น่าสนใจที่ 19x 2025E P/E (เทียบกับค่าเฉลี่ย 5 ปีที่ 23x) ราคาหุ้นที่อ่อนตัวจากความกังวลเกี่ยวกับผลประกอบการ 4Q24 ที่น่าจะอ่อนแอเป็นโอกาสในการซื้อหลังกำไรปกติที่ดียังไม่อยู่ในสายตาของตลาด

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	7,730	8,305	8,914	9,538
Net profit	1,046	1,029	1,262	1,406
EPS (THB)	0.10	0.09	0.11	0.13
vs Consensus (%)	-	(10.9)	(3.5)	5.7
EBITDA	1,822	1,871	2,167	2,372
Recurring net profit	1,046	1,029	1,262	1,406
Core EPS (THB)	0.10	0.09	0.11	0.13
Chg. In EPS est. (%)	-	(14.5)	(9.1)	(7.9)
EPS growth (%)	(62.4)	(1.7)	22.7	11.4
Core P/E (x)	23.3	23.7	19.4	17.4
Dividend yield (%)	3.2	2.5	3.1	3.5
EV/EBITDA (x)	13.3	12.8	10.8	9.6
Price/book (x)	3.2	3.1	2.9	2.7
Net debt/Equity (%)	(8.2)	(9.7)	(15.6)	(20.8)
ROE (%)	13.9	13.4	15.6	16.1

Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.5)	(20.7)	(30.2)
Relative to country (%)	(6.6)	(14.3)	(28.5)

Mkt cap (USD m)	723
3m avg. daily turnover (USD m)	1.8
Free float (%)	43
Major shareholder	Kannikar Plussind (18%)
12m high/low (THB)	3.20/2.12
Issued shares (m)	11,000.00

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 30 มกราคม 2025

Investment thesis

CHG should report strong profit growth in 2025, driven by the absence of a Social Security Office (SSO) revenue reversal, a smaller loss from CHG Mae Sot and strong organic growth.

CHG's revenue contributions from cash patients have gradually increased. This is another key factor for its EBITDA margin to expand, in our view, as cash patients have a higher margin than SSO patients.

CHG opened two new hospitals (CHG Mae Sot and CHG Medical Center) recently. We expect both to turn profitable by 2025 and become new growth drivers along with RPC and CHG 304 Inter, which opened in 2018.
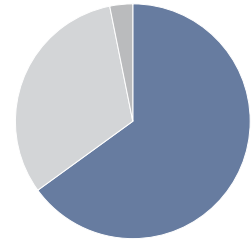
Company profile

CHG operates a healthcare business covering the eastern part of Bangkok and its nearby provinces. The Group owns nine hospitals and four clinics.

www.chularat.com

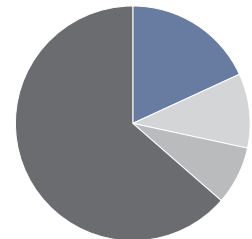## Principal activities (revenue, 2023)

- Cash patient revenue - 65.0 %
- SSO patient revenue - 31.8 %
- NHSO patient revenue - 3.2 %

Source: Chularat Hospital

Major shareholders

- Kannikar Plussind - 18.1 %
- Apirum Panyapol - 10.3 %
- Kobkul Panyapol - 8.0 %
- Others - 63.6 %

Source: Chularat Hospital

Catalysts

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

Risks to our call

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.

Event calendar

Date	Event
Feb 2025	4Q24 results announcement

Key assumptions

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

Source: FSSIA estimates

Earnings sensitivity

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

- For every 1% increase in EBITDA margin, we project 2025 earnings to rise by 3%, and vice versa, all else being equal.
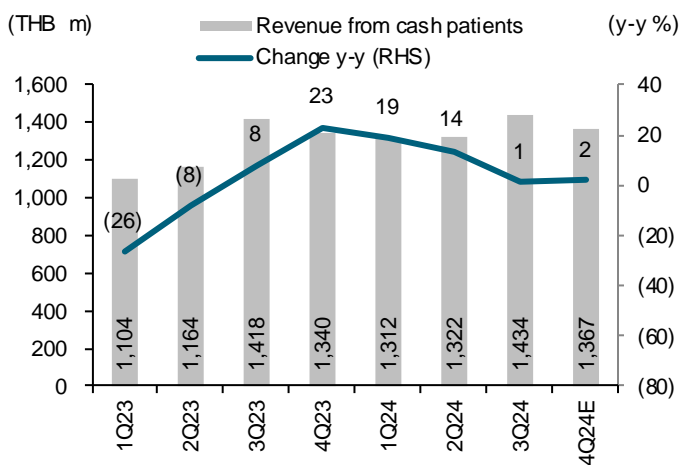
Source: FSSIA estimates

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Exhibit 1: CHG – 4Q24 results preview

	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24 (THB m)	4Q24E (THB m)	Change (q-q %)	Change (y-y %)	2023 (THB m)	2024E (THB m)	Change (y-y %)
Revenue	2,123	2,021	1,985	2,309	1,984	(14)	(7)	7,730	8,305	7
Cost of sales (Incl. depreciation)	(1,580)	(1,498)	(1,559)	(1,593)	(1,518)	(5)	(4)	(5,723)	(6,169)	8
Gross profit	543	523	427	716	466	(35)	(14)	2,008	2,136	6
SG&A	(243)	(259)	(240)	(243)	(262)	8	8	(911)	(1,005)	10
Operating profit	300	264	186	473	204	(57)	(32)	1,097	1,131	3
Other operating income	65	85	70	74	8	(90)	(88)	284	237	(17)
Interest income	4	1	5	1	1	0	(80)	9	6	(30)
Equity income	(9)	(9)	(5)	(2)	(2)	0	(72)	(19)	(18)	(7)
EBIT	361	342	257	545	210	(62)	(42)	1,370	1,356	(1)
Interest expense	(9)	(5)	(9)	(9)	(9)	0	4	(24)	(31)	30
EBT	352	337	248	536	201	(63)	(43)	1,346	1,325	(2)
Income tax	(73)	(76)	(57)	(103)	(40)	(61)	(45)	(279)	(274)	(2)
Minority interests	(5)	3	0	(16)	(5)	(69)	(3)	(21)	(22)	4
Core profit	274	264	192	417	156	(63)	(43)	1,046	1,029	(2)
Extraordinaries										
Net income	274	264	192	417	156	(63)	(43)	1,046	1,029	(2)
Core EPS (THB)	0.02	0.02	0.02	0.04	0.01	(63)	(43)	0.10	0.09	(2)
No of shares (m)	11,000	11,000	11,000	11,000	11,000	0	0	11,000	11,000	0
Cost (Excl. depreciation)	(1,459)	(1,377)	(1,434)	(1,466)	(1,389)	(5)	(5)	(5,282)	(5,666)	7
Depreciation & amortization	(121)	(121)	(124)	(127)	(129)	2	7	(441)	(502)	14
EBITDA	486	470	381	674	341	(49)	(30)	1,822	1,871	3
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	26	26	22	31	24	(8)	(2)	26	26	(0)
SG&A/Revenue	11	13	12	11	13	3	2	12	12	0
EBITDA margin	23	23	19	29	17	(12)	(6)	24	23	(1)
Net profit margin	13	13	10	18	8	(10)	(5)	14	12	(1)
Operating stats	(y-y %)	(y-y %)	(y-y %)	(y-y %)	(y-y %)					
SSO revenue	11	11	(2)	27	(25)					
SSO registered members ('000)	530	537	542	545						
SSO revenue per head	8	9	(5)	23						
Cash-OPD revenue	24	19	15	(3)						
Cash-OPD visit number	11	10	4	3						
Cash-OPD revenue per head	12	8	10	(6)						
Cash-IPD revenue	22	19	12	5						
Cash-IPD admission number	29	10	5	4						
Cash-IPD revenue per head	(6)	8	7	1						

Sources: CHG; FSSIA estimates

Exhibit 2: Revenue from general patients, quarterly

(THB m) ■ Revenue from cash patients (y-y %) — Change y-y (RHS)

Values: 1Q23: 1,104 (26); 2Q23: 1,164 (8); 3Q23: 1,418 8; 4Q23: 1,340 23; 1Q24: 1,312 19; 2Q24: 1,322 14; 3Q24: 1,434 1; 4Q24E: 1,367 2

Note: Includes National Health Security Office (NHSO) revenue mainly from Heart Center
Sources: CHG; FSSIA estimates

Exhibit 3: SSO revenue, quarterly

(THB m) ■ SSO revenue (y-y %) — Change y-y (RHS)

Values: 1Q23: 563 19; 2Q23: 596 23; 3Q23: 609 8; 4Q23: 692 11; 1Q24: 626 11; 2Q24: 584 (2); 3Q24: 774 27; 4Q24E: 522 (25)
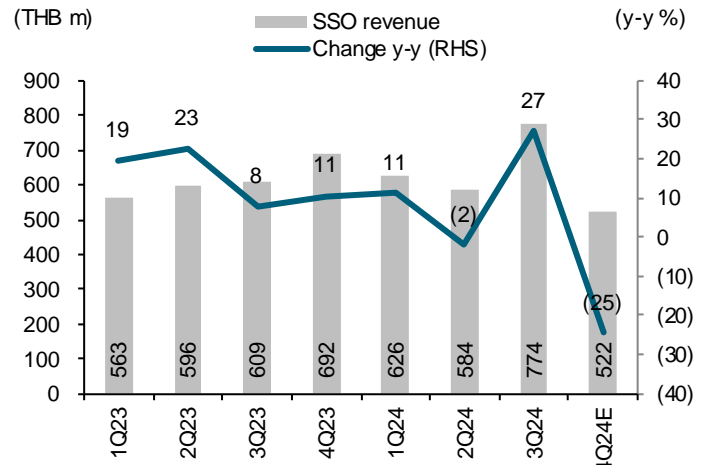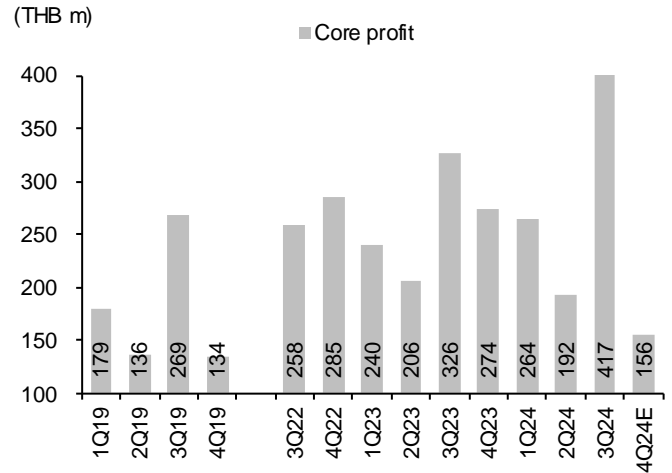
Note: Includes additional gain from chronic disease treatments of THB80m in 4Q22, THB87m in 4Q23 and THB98m in 3Q24, and revenue reversal from payment cut of THB53m in 2Q24 and THB90-100m in 4Q24
Sources: CHG; FSSIA estimates

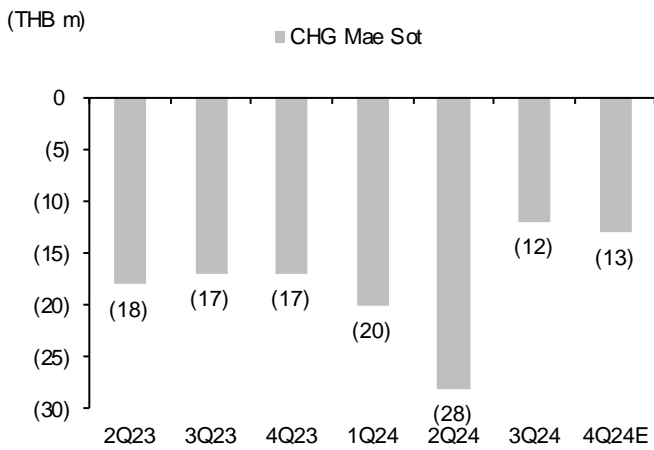**FINANSIA**

Exhibit 4: EBITDA margin
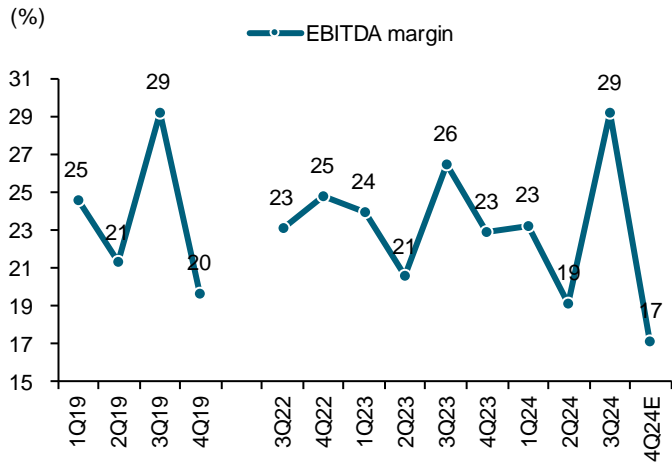
Sources: CHG; FSSIA estimates
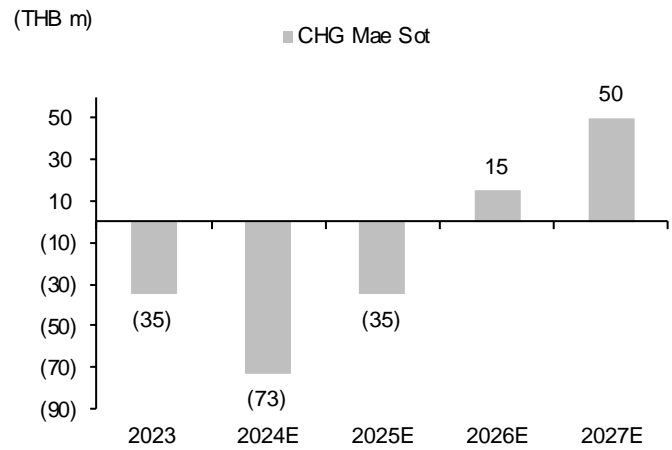
Exhibit 5: Quarterly profit

Source: CHG; FSSIA estimates

Exhibit 6: CHG Mae Sot quarterly core profit

Sources: CHG; FSSIA estimates

Exhibit 7: CHG Mae Sot yearly core profit

Sources: CHG; FSSIA estimates

Exhibit 8: Forecast revisions

|	------------------ Current ------------------			----------------- Previous -----------------			--------------- Change ---------------		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
SSO registered members ('000)	543	554	565	549	555	560	(1.2)	(0.2)	0.8
SSO revenue per head (THB)	4,614	4,891	5,037	4,660	4,800	4,944	(1.0)	1.9	1.9
Cash-OPD visits per day (no.)	3,301	3,433	3,570	3,270	3,433	3,571	1.0	(0.0)	(0.0)
Cash-OPD revenue per head (THB)	2,109	2,173	2,260	2,224	2,335	2,428	(5.1)	(6.9)	(6.9)
Cash-IPD admissions per day (no.)	261	271	282	263	276	287	(1.0)	(1.9)	(1.9)
Cash-IPD revenue per head (THB)	30,574	31,491	32,751	31,156	32,714	34,023	(1.9)	(3.7)	(3.7)
Revenue	8,305	8,914	9,538	8,462	9,156	9,780	(1.9)	(2.7)	(2.5)
EBITDA margin (%)	22.5	24.3	24.9	24.4	25.3	25.7	(1.9)	(1.0)	(0.9)
Core profit	1,029	1,262	1,406	1,203	1,388	1,527	(14.5)	(9.1)	(7.9)

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

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Exhibit 9: DCF-derived TP

Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	0.9		
Cost of equity, Ke	10.0	Net cost of debt, Kd	2.8
Weight applied	75.0	Weight applied	40.0
WACC	8.2		

| DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	13.5	1.2	WACC 8.2%, risk-free rate 3%, risk premium 8%
Terminal value	23.4	2.1	Terminal growth 3%
Cash & liquid assets	1.9	0.2	At end-2025E
Investments	0.1	0.0	At end-2025E
Debt	(0.5)	(0.0)	At end-2025E
Minorities	(0.4)	(0.0)	At end-2025E
Residual ordinary equity	**37.9**	**3.4**	

Source: FSSIA estimates

Exhibit 10: Historical P/E band
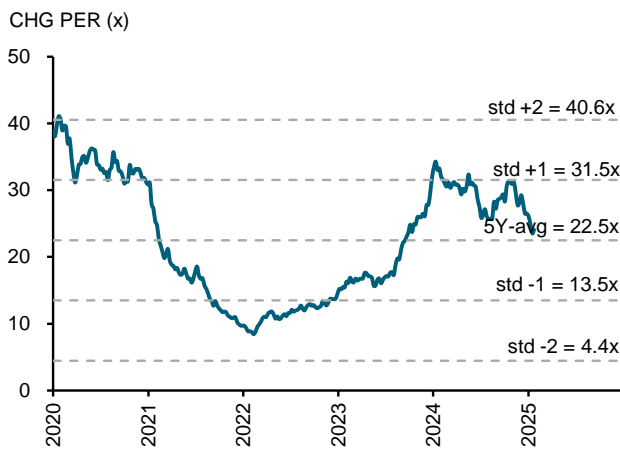
Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/BV band
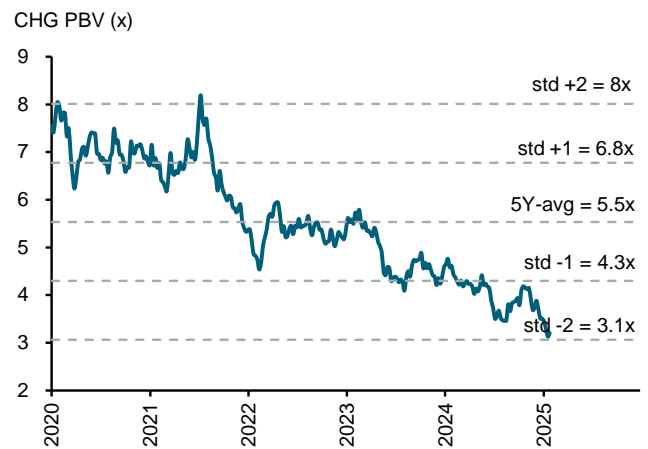
Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 29 Jan 2025

Company	BBG	Rec	Share price Current (LCY)	Share price Target (LCY)	Upside (%)	Market Cap (USD m)	PE 24E (x)	PE 25E (x)	ROE 24E (%)	ROE 25E (%)	PBV 24E (x)	PBV 25E (x)	EV/ EBITDA 24E (x)	EV/ EBITDA 25E (x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	23.90	36.50	52.7	11,250	23.8	21.5	16.4	17.1	3.8	3.6	14.6	13.3
Bumrungrad Hospital	BH TB	BUY	173.00	285.00	64.7	4,074	18.0	17.3	29.7	26.9	4.9	4.4	11.9	11.1
Bangkok Chain Hospital	BCH TB	BUY	14.20	21.00	47.9	1,049	25.4	21.9	10.9	12.0	2.7	2.5	12.5	10.9
Chularat Hospital	CHG TB	BUY	2.22	3.40	53.2	723	23.7	19.4	13.4	15.6	3.1	2.9	12.8	10.8
Patrangsit Healthcare Group	PHG TB	BUY	14.90	21.00	40.9	132	15.4	13.7	14.3	15.1	2.1	2.0	7.2	6.6
Praram 9 Hospital	PR9 TB	BUY	22.70	30.00	32.2	529	24.9	21.9	13.5	14.1	3.2	3.0	13.9	12.0
Thonburi Healthcare Group	THG TB	HOLD	14.20	40.00	181.7	356	24.0	15.0	4.9	7.6	1.2	1.1	10.9	9.0
Ramkhamhaeng Hospital	RAM TB	BUY	21.40	44.00	105.6	761	15.3	13.0	8.9	10.0	1.3	1.3	20.7	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	19.90	n/a	n/a	170	11.0	11.9	25.7	22.7	2.8	2.6	9.6	9.3
Ekachai Medical Care	EKH TB	n/a	6.50	n/a	n/a	163	16.4	16.7	12.4	12.4	2.0	2.0	10.2	9.9
Thailand average						**19,360**	**19.3**	**16.8**	**14.6**	**14.9**	**2.6**	**2.4**	**11.9**	**10.6**
Regional														
Ramsay Health Care	RHC AU	n/a	33.77	n/a	n/a	4,897	27.4	26.0	6.5	6.4	1.6	1.5	8.8	8.5
Ihh Healthcare Bhd	IHH SP	n/a	2.19	n/a	n/a	14,302	32.7	30.7	6.9	6.7	2.1	2.0	14.0	12.9
Ryman Healthcare	RYM NZ	n/a	4.36	n/a	n/a	1,703	11.0	18.9	7.0	3.8	0.6	0.7	15.8	19.4
Apollo Hospitals Enterprise	APHS IN	n/a	6,784	n/a	n/a	11,322	105.8	67.0	14.1	19.0	14.0	12.1	42.9	33.0
Kpj Healthcare Berhad	KPJ MK	n/a	2.23	n/a	n/a	2,214	32.3	27.9	12.3	13.3	3.9	3.7	14.6	13.4
Raffles Medical Group	RFMD SP	n/a	0.83	n/a	n/a	1,143	23.1	21.3	6.5	6.7	1.5	1.4	10.8	10.2
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,370	n/a	n/a	2,083	29.9	27.1	18.9	19.1	5.1	4.6	18.3	16.4
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						**53,537**	**36.6**	**30.7**	**11.3**	**11.6**	**4.3**	**3.8**	**17.9**	**16.2**
Overall average						**72,897**	**26.6**	**22.7**	**13.2**	**13.5**	**3.3**	**3.0**	**14.4**	**13.0**

Sources: Bloomberg; FSSIA estimates

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Financial Statements
Chularat Hospital

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	10,103	7,730	8,305	8,914	9,538
Cost of goods sold	(5,908)	(5,723)	(6,169)	(6,313)	(6,686)
Gross profit	**4,195**	**2,008**	**2,136**	**2,600**	**2,852**
Other operating income	305	284	237	30	0
Operating costs	(935)	(911)	(1,005)	(998)	(1,049)
Operating EBITDA	**3,947**	**1,822**	**1,871**	**2,167**	**2,372**
Depreciation	(382)	(441)	(502)	(535)	(569)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	**3,565**	**1,381**	**1,368**	**1,632**	**1,803**
Net financing costs	(10)	(15)	(25)	(20)	(13)
Associates	(1)	(19)	(18)	(4)	1
Recurring non-operating income	(1)	(19)	(18)	(4)	1
Non-recurring items	0	0	0	0	0
Profit before tax	**3,554**	**1,346**	**1,325**	**1,609**	**1,790**
Tax	(703)	(279)	(274)	(322)	(358)
Profit after tax	**2,850**	**1,067**	**1,051**	**1,286**	**1,433**
Minority interests	(72)	(21)	(22)	(24)	(26)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**2,778**	**1,046**	**1,029**	**1,262**	**1,406**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**2,778**	**1,046**	**1,029**	**1,262**	**1,406**
Per share (THB)					
Recurring EPS *	0.25	0.10	0.09	0.11	0.13
Reported EPS	0.25	0.10	0.09	0.11	0.13
DPS	0.16	0.07	0.06	0.07	0.08
Diluted shares (used to calculate per share data)	11,000	11,000	11,000	11,000	11,000
Growth					
Revenue (%)	(14.0)	(23.5)	7.4	7.3	7.0
Operating EBITDA (%)	(30.1)	(53.8)	2.7	15.8	9.5
Operating EBIT (%)	(32.7)	(61.3)	(0.9)	19.3	10.5
Recurring EPS (%)	(33.9)	(62.4)	(1.7)	22.7	11.4
Reported EPS (%)	(33.9)	(62.4)	(1.7)	22.7	11.4
Operating performance					
Gross margin inc. depreciation (%)	41.5	26.0	25.7	29.2	29.9
Gross margin exc. depreciation (%)	45.3	31.7	31.8	35.2	35.9
Operating EBITDA margin (%)	39.1	23.6	22.5	24.3	24.9
Operating EBIT margin (%)	35.3	17.9	16.5	18.3	18.9
Net margin (%)	27.5	13.5	12.4	14.2	14.7
Effective tax rate (%)	19.8	20.4	20.4	20.0	20.0
Dividend payout on recurring profit (%)	63.3	73.6	60.0	60.0	60.0
Interest cover (X)	349.5	88.7	53.8	81.8	134.1
Inventory days	18.5	20.8	22.5	23.0	22.6
Debtor days	24.8	38.5	40.2	39.2	36.6
Creditor days	55.9	60.3	59.7	61.2	60.1
Operating ROIC (%)	47.1	15.9	15.0	17.7	19.4
ROIC (%)	45.1	14.9	14.2	17.0	18.7
ROE (%)	36.8	13.9	13.4	15.6	16.1
ROA (%)	27.4	10.5	10.3	12.1	12.6
* Pre-exceptional, pre-goodwill and fully diluted					

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Cash patient revenue	5,160	5,025	5,450	5,838	6,314
SSO patient revenue	2,149	2,461	2,505	2,708	2,845
NHSO patient revenue	2,794	244	350	368	379

Sources: Chularat Hospital; FSSIA estimates

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Financial Statements
Chularat Hospital

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,778	1,046	1,029	1,262	1,406
Depreciation	382	441	502	535	569
Associates & minorities	-	-	-	-	-
Other non-cash items	117	30	22	24	26
Change in working capital	(696)	435	(116)	(66)	(45)
Cash flow from operations	**2,582**	**1,951**	**1,437**	**1,754**	**1,957**
Capex - maintenance	(777)	(1,451)	(498)	(535)	(572)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(142)	19	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	**(919)**	**(1,432)**	**(498)**	**(535)**	**(572)**
Dividends paid	(2,805)	(1,045)	(770)	(617)	(757)
Equity finance	0	0	0	0	0
Debt finance	356	(120)	(105)	(120)	(80)
Other financing cash flows	(3)	44	(22)	(24)	(26)
Cash flow from financing	**(2,452)**	**(1,121)**	**(897)**	**(761)**	**(863)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(789)**	**(601)**	**41**	**458**	**522**
Free cash flow to firm (FCFF)	1,679.02	543.33	969.54	1,245.73	1,406.61
Free cash flow to equity (FCFE)	2,016.07	443.25	811.30	1,075.33	**1,278.74**

Per share (THB)					
FCFF per share	0.15	0.05	0.09	0.11	0.13
FCFE per share	0.18	0.04	0.07	0.10	0.12
Recurring cash flow per share	0.30	0.14	0.14	0.17	0.18

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	7,867	9,318	9,816	10,351	10,923
Less: Accumulated depreciation	(2,987)	(3,414)	(3,917)	(4,452)	(5,021)
Tangible fixed assets (net)	**4,880**	**5,903**	**5,899**	**5,899**	**5,902**
Intangible fixed assets (net)	**47**	**104**	**104**	**104**	**104**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	142	122	122	122	122
Cash & equivalents	2,001	1,399	1,441	1,899	2,421
A/C receivable	757	874	957	957	957
Inventories	265	336	361	368	390
Other current assets	2,036	1,436	1,543	1,656	1,772
Current assets	**5,058**	**4,046**	**4,301**	**4,880**	**5,539**
Other assets	152	88	88	88	88
Total assets	**10,280**	**10,264**	**10,516**	**11,094**	**11,756**
Common equity	7,523	7,525	7,783	8,428	9,077
Minorities etc.	341	406	406	406	406
Total shareholders' equity	**7,864**	**7,931**	**8,189**	**8,834**	**9,483**
Long term debt	470	705	600	480	400
Other long-term liabilities	233	247	247	247	247
Long-term liabilities	**704**	**953**	**847**	**727**	**647**
A/C payable	851	894	959	978	1,035
Short term debt	400	45	45	45	45
Other current liabilities	462	442	475	510	545
Current liabilities	**1,712**	**1,381**	**1,479**	**1,533**	**1,626**
Total liabilities and shareholders' equity	**10,280**	**10,264**	**10,516**	**11,094**	**11,756**
Net working capital	1,745	1,311	1,427	1,493	1,538
Invested capital	6,967	7,529	7,641	7,708	7,755

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

Per share (THB)					
Book value per share	0.68	0.68	0.71	0.77	0.83
Tangible book value per share	0.68	0.67	0.70	0.76	0.82
Financial strength					
Net debt/equity (%)	(14.4)	(8.2)	(9.7)	(15.6)	(20.8)
Net debt/total assets (%)	(11.0)	(6.3)	(7.6)	(12.4)	(16.8)
Current ratio (x)	3.0	2.9	2.9	3.2	3.4
CF interest cover (x)	198.7	29.9	33.3	55.0	96.1

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**8.8**	**23.3**	**23.7**	**19.4**	**17.4**
Recurring P/E @ target price (x) *	**13.5**	**35.8**	**36.4**	**29.6**	**26.6**
Reported P/E (x)	8.8	23.3	23.7	19.4	17.4
Dividend yield (%)	7.2	3.2	2.5	3.1	3.5
Price/book (x)	3.2	3.2	3.1	2.9	2.7
Price/tangible book (x)	3.3	3.3	3.2	2.9	2.7
EV/EBITDA (x) **	6.0	13.3	12.8	10.8	9.6
EV/EBITDA @ target price (x) **	9.3	20.4	19.8	16.8	15.1
EV/invested capital (x)	3.4	3.2	3.1	3.0	2.9

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

Sources: Chularat Hospital; FSSIA estimates

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Chularat Hospital PCL (CHG TB)

Exhibit 13: FSSIA ESG score implication

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

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

	FSSIA	------------------- Domestic ratings -----------------------						---------------------------------- Global ratings -------------------------						--- Bloomberg ---	
	ESG score	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; FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**—**	**—**	**2.21**	**2.34**
BESG environmental pillar score	—	—	4.04	4.18
BESG social pillar score	—	—	0.74	0.79
BESG governance pillar score	—	—	4.19	4.49
ESG disclosure score	**36.82**	**36.82**	**41.54**	**50.24**
Environmental disclosure score	16.49	16.49	17.67	32.92
Social disclosure score	12.70	12.70	19.41	30.29
Governance disclosure score	81.10	81.10	87.36	87.36
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	0	0	0	0
GHG scope 2 location-based	4	4	4	4
GHG Scope 3	1	1	1	1
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	—
Electricity used	4	4	4	7
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

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Exhibit 16: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0
Total waste	1	1	1	1
Waste recycled	0	0	0	0
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	No
Water policy	No	No	Yes	Yes
Water consumption	89	73	80	70
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	84	85
Pct disabled in workforce	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	0
Total recordable incident rate - employees	—	—	—	—
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	3,612	3,616	3,871	4,520
Employee turnover pct	—	—	20	20
Total hours spent by firm - employee training	—	—	32,904	85,880
Social supply chain management	No	No	No	No
Governance				
Board size	**12**	**12**	**12**	**12**
No. of independent directors (ID)	**4**	**4**	**4**	**4**
No. of women on board	2	2	2	2
No. of non-executive directors on board	11	11	11	10
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	7	7	6
Board meeting attendance pct	100	100	95	100
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	60	62	63	59
Age of the oldest director	77	78	79	80
No. of executives / company managers	**6**	**6**	**6**	**6**
No. of female executives	2	2	2	2
Executive share ownership guidelines	No	No	No	No
Size of audit committee	**3**	**3**	**3**	**3**
No. of ID on audit committee	3	3	3	3
Audit committee meetings	5	5	5	5
Audit meeting attendance %	100	100	100	100
Size of compensation committee	**5**	**5**	**5**	**5**
No. of ID on compensation committee	4	4	4	4
No. of compensation committee meetings	2	2	2	2
Compensation meeting attendance %	100	100	83	100
Size of nomination committee	**5**	**5**	**5**	**5**
No. of nomination committee meetings	2	2	2	2
Nomination meeting attendance %	100	100	83	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

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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%). (*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.*)	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. (*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.*)	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. | 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.	

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		

ESG score	Methodology	Rating
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. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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

Source: FSSIA's compilation

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

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Company	Ticker	Price	Rating	Valuation & Risks
Chularat Hospital	CHG TB	THB 2.22	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.
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 173.00	HOLD	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin. Upside risks include the return of Kuwaiti patients with the potential to gain more market share if only three hospitals are in the approved list (from 17-20 hospitals previously).
Bangkok Chain Hospital	BCH TB	THB 14.20	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Patrangsit Healthcare Group	PHG TB	THB 14.90	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 22.70	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Thonburi Healthcare Group	THG TB	THB 14.20	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 21.40	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 29-Jan-2025 unless otherwise stated.

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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.

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