

PRARAM 9 HOSPITAL
THAILAND / HEALTH CARE SERVICES

PR9 TB

BUY

UNCHANGED

กำไร 1Q23 น่าจะลดลงเล็กน้อย

- เราคาดว่ากำไรปกติ 1Q23 จะลดลง y-y จากรายได้ที่เกี่ยวข้องกับโควิดที่หายไปและลดลง q-q จากปัจจัยด้านฤดูกาล
- ราคาหุ้นที่อ่อนตัวลงเป็นโอกาสในการสะสมหุ้นเพื่อจับการเติบโตที่ดีในช่วง 2H23 โดยจะได้ปัจจัยผลักดันจากผู้ป่วยชาวต่างชาติ
- คงแนะนำซื้อที่ราคาเป้าหมาย 22 บาท (DCF)

| | |
|-----------------|-----------|
| TARGET PRICE | THB22.00 |
| CLOSE | THB18.40 |
| UP/DOWNSIDE | +19.6% |
| PRIOR TP | THB22.00 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | -2.2% |

KEY STOCK DATA

| YE Dec (THB m) | 2022 | 2023E | 2024E | 2025E |
|----------------------|--------|--------|--------|--------|
| Revenue | 4,107 | 4,422 | 4,645 | 4,928 |
| Net profit | 568 | 582 | 632 | 694 |
| EPS (THB) | 0.72 | 0.74 | 0.80 | 0.88 |
| vs Consensus (%) | - | (4.1) | (7.0) | (7.4) |
| EBITDA | 991 | 1,023 | 1,098 | 1,193 |
| Core net profit | 568 | 582 | 632 | 694 |
| Core EPS (THB) | 0.72 | 0.74 | 0.80 | 0.88 |
| Chg. In EPS est. (%) | nm | 0.0 | 0.0 | nm |
| EPS growth (%) | 127.8 | 2.6 | 8.5 | 9.8 |
| Core P/E (x) | 25.5 | 24.8 | 22.9 | 20.8 |
| Dividend yield (%) | 1.6 | 2.0 | 2.2 | 2.4 |
| EV/EBITDA (x) | 12.9 | 12.2 | 11.0 | 9.8 |
| Price/book (x) | 3.1 | 2.8 | 2.7 | 2.5 |
| Net debt/Equity (%) | (36.1) | (40.1) | (44.2) | (48.3) |
| ROE (%) | 12.6 | 11.9 | 12.0 | 12.3 |

คาดการณ์กำไรปกติที่ 113 ลบ. ใน 1Q23 (-18% q-q, -28% y-y)

เราคาดว่ารายได้จะลดลง 1% y-y มาอยู่ที่ 960 ลบ. จากรายได้ที่เกี่ยวข้องกับโควิดที่ลดลงโดยรายได้ดังกล่าวคิดเป็น 24% ของรายได้รวมใน 1Q22 รายได้จากผู้ป่วยชาวไทยที่ไม่ได้เกี่ยวข้องกับโควิดน่าจะโต 32% y-y ในขณะที่รายได้จากผู้ป่วยชาวต่างชาติน่าจะโต 20% y-y ซึ่งเรามองว่าเป็นการเติบโตที่อยู่ในเกณฑ์ดี อย่างไรก็ตามรายได้ที่คาดว่าจะลดลง 13% q-q ส่วนมากจากปัจจัยด้านฤดูกาล EBITDA margin น่าจะค่อนข้างทรงตัว q-q ที่ 22% ลดลงจาก 27% ใน 1Q22 ในภาพรวมเราคาดว่ากำไรปกติจะลดลงมาอยู่ที่ 113 ลบ. ใน 1Q23 (เทียบกับ 139 ลบ. ใน 4Q22 และ 157 ลบ. ใน 1Q22) แต่น่าจะยังสูงกว่าระดับก่อนโควิดอยู่ 31%

คาดตัวเลขผู้ป่วยชาวเงินจะฟื้นตัวใน 2Q23

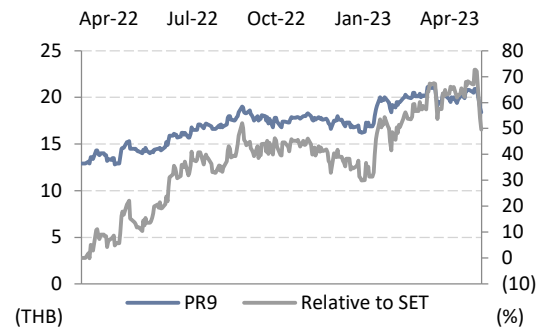
ราคาหุ้นปรับตัวลดลง 12% ในช่วง 2 วันที่ผ่านมาจากความกังวลของตลาดเกี่ยวกับแนวโน้มของบริษัทฯ ใน 1Q23 ซึ่งเราคิดว่าไม่สมเหตุสมผลเนื่องจากเราคาดว่ากำไรน่าจะกลับมาโตในช่วง 2H23 เราเห็นว่าราคาที่ปรับตัวลดลงเป็นโอกาสในการสะสมหุ้นเนื่องจากตัวเลขผู้ป่วยชาวเงินที่เริ่มเข้ามารับการรักษาจะฟื้นตัวใน 2Q23 และเร่งตัวขึ้นในช่วง 2H23 นอกจากนี้ PR9 ยังคาดหวังว่าจะมีผู้ป่วยส่งต่อจากทีมพหุวิชาและลาวผ่านการเป็นพันธมิตรในด้านการศึกษาทางการแพทย์กับโรงพยาบาลในประเทศดังกล่าวเพิ่มขึ้น

ค่ารักษาพยาบาลที่อาจปรับขึ้นเป็น Upside ในปี 2023

เราคาดว่ารายได้จะโต 8% ในปี 2023 ซึ่งต่ำกว่าเป้าหมายการของผู้บริหารที่ 10-13% รายได้จากผู้ป่วยชาวไทยน่าจะโต 6% ในขณะที่รายได้จากผู้ป่วยชาวต่างชาติน่าจะโต 18-20% PR9 ระบุว่าบริษัทฯ อาจปรับค่ารักษาพยาบาลขึ้น 5% โดยเฉลี่ยในช่วง 3Q23 โดยจะขึ้นอยู่กับสภาพเศรษฐกิจ การปรับดังกล่าวอาจให้ Upside แก่ประมาณการของเราเนื่องจากค่ารักษาพยาบาลที่ปรับขึ้นจะไหลตรงเข้าสู่กำไร

PR9 ยังอยู่ในช่วงการเติบโต

ในภาพรวมเราคงประมาณการและราคาเป้าหมายของเราที่ 22 บาท (DCF) PR9 มีการซื้อขายที่ 25x ของค่า 2023E P/E (เทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 32x) แม้ว่ากำไรเติบโตของกำไรอาจชะลอตัวในปี 2023 จากฐานที่สูง เราเชื่อว่า PR9 ยังอยู่ในช่วงการเติบโตโดยมีสมมติฐานจากศักยภาพในการเพิ่มความสามารถในการรับผู้ป่วยในเป็นไม่เกิน 300 เตียง (จาก 204 ในปัจจุบัน) และเพิ่มความสามารถในการรับผู้ป่วยนอกเป็น 3,000-4,000 รายต่อวัน (จาก 1,500-2,000) ปัจจัยดังกล่าวจะทำให้อัตรากำไรสุทธิเพิ่มเป็น 13-15% (เทียบกับ 10% ในปี 2019 และ 14% ในปี 2022)



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|----------------------------------|---------|----------|
| Absolute (%) | (8.5) | (7.1) | 47.2 |
| Relative to country (%) | (8.3) | (1.9) | 54.7 |
| Mkt cap (USD m) | | | 422 |
| 3m avg. daily turnover (USD m) | | | 1.3 |
| Free float (%) | | | 59 |
| Major shareholder | Khunying Potjaman Damapong (37%) | | |
| 12m high/low (THB) | 21.30/12.10 | | |
| Issued shares (m) | 786.30 | | |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 11 เมษายน 2023

Investment thesis

PR9 is a standalone hospital that is known as a “value-for-money” hospital. It recently upgraded its services to include tertiary care with new specialist centres. One of the top contributors is the Kidney Transplant Institute, which is the only facility to be accredited by Joint Commission International (JCI) outside the US.

The hospital is in a growth phase, with a new building opened in July 2020. The new building enables PR9 to capture new customer groups from its new specialist centres and gives it a higher IPD capacity.

The improving EBITDA margin and ROE should lead to a stock valuation re-rating, in our view.

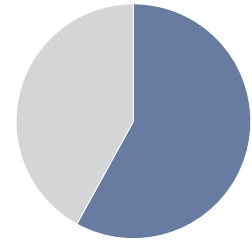
Company profile

PR9 has been operating a private hospital since 1992.

www.praram9.com

Principal activities (revenue, 2022)

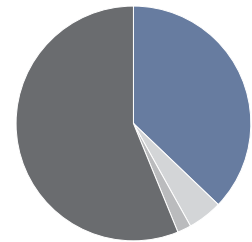
- OPD patient revenue - 58.0 %
- IPD patient revenue - 42.0 %



Source: Praram 9 Hospital

Major shareholders

- Khunying Potjaman Damapong - 37.1 %
- Thai NVDR - 4.8 %
- Krungsri Asset Management - 1.9 %
- Others - 56.2 %



Source: Praram 9 Hospital

Catalysts

Key potential growth drivers include 1) higher Thai patient volume from new specialist centres; and 2) rising demand from medical tourists, especially patients from Cambodia, Laos, Myanmar and Vietnam (CLMV), as well as China.

Risks to our call

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.

Event calendar

| Date | Event |
|----------|---------------------------|
| May 2023 | 1Q23 results announcement |

Key assumptions

| | 2023E | 2024E | 2025E |
|------------------------------|-------|-------|-------|
| | (%) | (%) | (%) |
| No. of beds (no.) | 249 | 270 | 312 |
| OPD volume growth | 3 | 3 | 3 |
| OPD revenue / patient growth | 3 | 2 | 3 |
| IPD volume growth | 7 | 3 | 3 |
| IPD revenue / patient growth | 3 | 2 | 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.

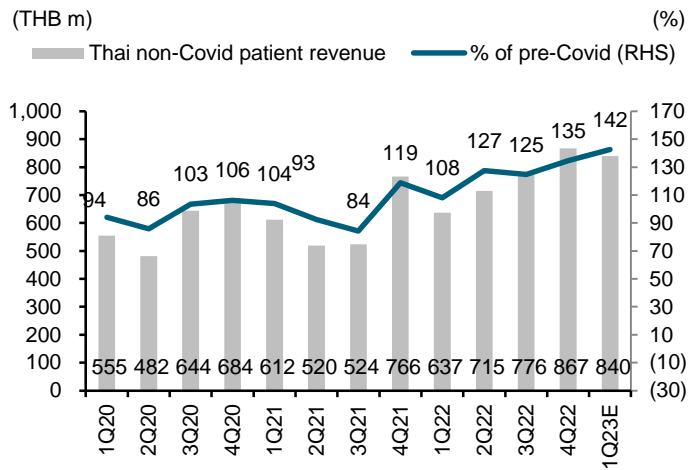
Source: FSSIA estimates

Exhibit 1: 1Q23 results preview

| FY ending Dec | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23E | ----- Change ----- | | 2022 | 2023E | Change |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|--------------------|--------------|--------------|--------------|--------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) |
| Sales | 970 | 970 | 1,064 | 1,103 | 960 | (13) | (1) | 4,107 | 4,422 | 8 |
| COGS (incl depreciation) | (627) | (664) | (702) | (730) | (636) | (13) | 1 | (2,724) | (2,947) | 8 |
| Gross profit | 343 | 306 | 362 | 373 | 324 | (13) | (5) | 1,384 | 1,475 | 7 |
| SG&A | (159) | (164) | (195) | (218) | (200) | (8) | 26 | (735) | (805) | 9 |
| Operating profit | 184 | 142 | 167 | 155 | 125 | (20) | (32) | 649 | 670 | 3 |
| Net other income | 10 | 12 | 13 | 17 | 17 | 0 | 69 | 52 | 58 | 12 |
| Interest expenses | (0) | (0) | (0) | (0) | 0 | (100) | (100) | (0) | (1) | n/a |
| Pretax profit | 194 | 154 | 181 | 172 | 141 | (18) | (27) | 700 | 728 | 4 |
| Income Tax | (37) | (29) | (33) | (33) | (28) | (15) | (24) | (132) | (146) | 10 |
| Core profit | 157 | 125 | 147 | 139 | 113 | (18) | (28) | 568 | 582 | 3 |
| Extraordinaries, GW & FX | | | | | | | | | | |
| Reported net profit | 157 | 125 | 147 | 139 | 113 | (18) | (28) | 568 | 582 | 3 |
| Outstanding shares (m) | 786 | 786 | 786 | 786 | 786 | 0 | 0 | 786 | 786 | 0 |
| Pre-ex EPS (THB) | 0.20 | 0.16 | 0.19 | 0.18 | 0.14 | (18) | (28) | 0.72 | 0.74 | 3 |
| EPS (THB) | 0.20 | 0.16 | 0.19 | 0.18 | 0.14 | (18) | (28) | 0.72 | 0.74 | 3 |
| COGS excl. depreciation | (553) | (588) | (626) | (656) | (561) | (15) | 1 | (2,424) | (2,640) | 9 |
| Depreciation | (74) | (75) | (76) | (74) | (75) | 1 | 1 | (299) | (306) | 2 |
| EBITDA | 268 | 229 | 257 | 246 | 216 | (12) | (19) | 1,000 | 1,034 | 3 |
| Key ratios | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) | (%) | (%) | (ppt) |
| Gross margin | 35 | 32 | 34 | 34 | 34 | (0) | (2) | 34 | 33 | (0) |
| SG&A/Revenue | 16 | 17 | 18 | 20 | 21 | 1 | 4 | 18 | 18 | 0 |
| EBITDA margin | 27 | 23 | 24 | 22 | 22 | 0 | (5) | 24 | 23 | (1) |
| Net profit margin | 16 | 13 | 14 | 13 | 12 | (1) | (4) | 14 | 13 | (1) |
| Operating stats | (%) | (%) | (%) | (%) | | | | | | |
| OPD revenue growth y-y | 50 | 61 | 75 | 20 | | | | | | |
| OPD volume growth y-y | 26 | 43 | 48 | 13 | | | | | | |
| OPD revenue per head growth y-y | 19 | 13 | 18 | 6 | | | | | | |
| IPD revenue growth y-y | 40 | 44 | 13 | 15 | | | | | | |
| IPD volume growth y-y | 82 | 39 | (11) | 5 | | | | | | |
| IPD revenue per head growth y-y | (23) | 4 | 28 | 10 | | | | | | |
| Thai patient revenue growth y-y | 42 | 47 | 30 | 11 | | | | | | |
| Inter patient revenue growth y-y | 77 | 114 | 196 | 96 | | | | | | |

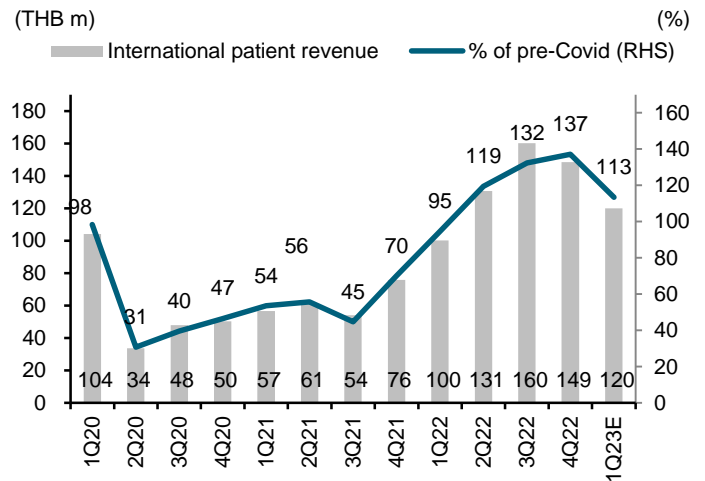
Sources: PR9; FSSIA estimates

Exhibit 2: Non-Covid Thai patient revenue



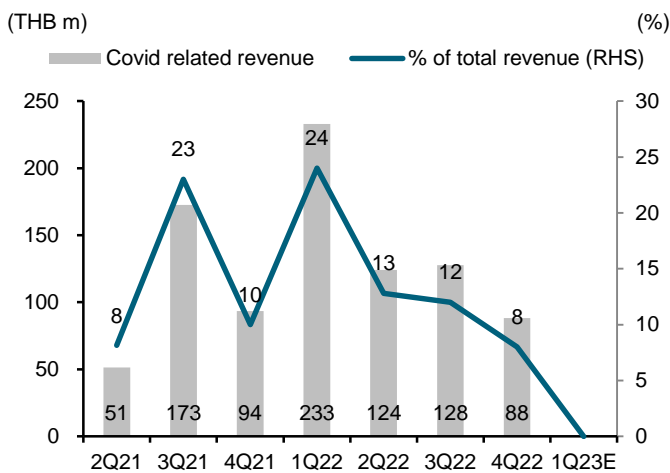
Sources: PR9; FSSIA estimates

Exhibit 3: International patient revenue



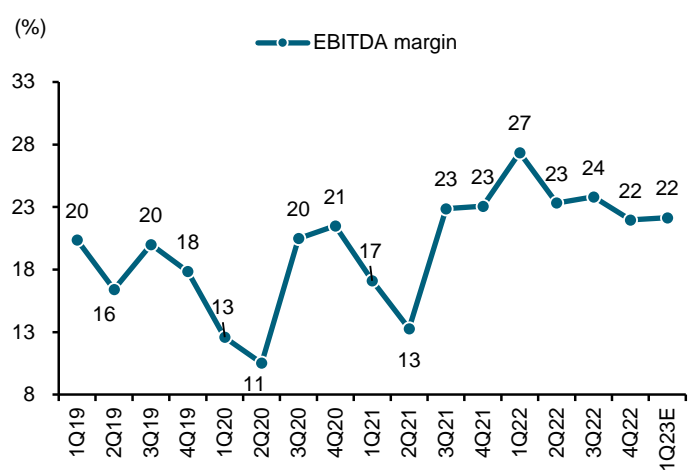
Sources: PR9; FSSIA estimates

Exhibit 4: Covid-related revenue



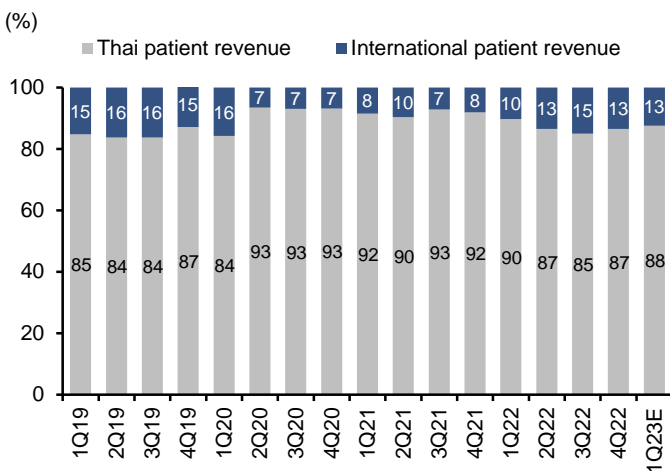
Sources: PR9; FSSIA estimates

Exhibit 5: EBITDA margin



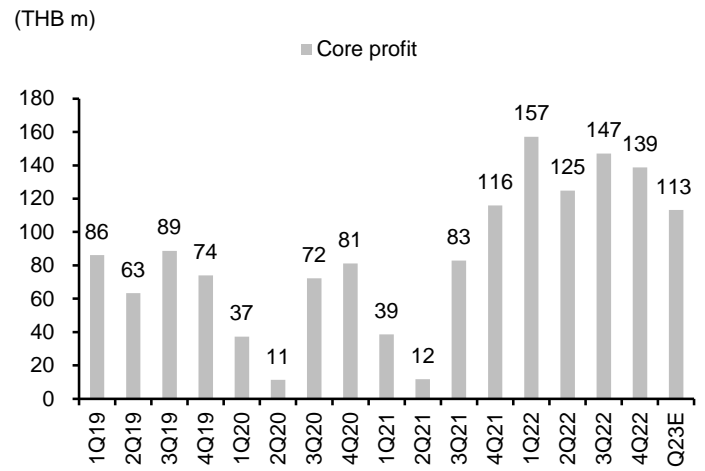
Sources: PR9; FSSIA estimates

Exhibit 6: Thai and international patient revenue contributions



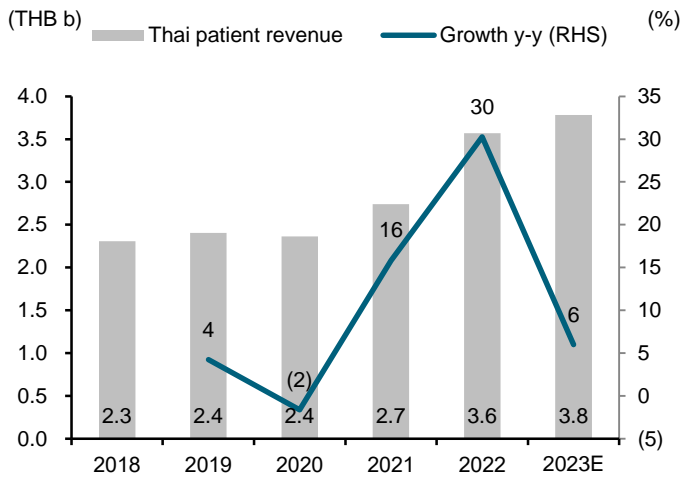
Sources: PR9; FSSIA estimates

Exhibit 7: Core profit



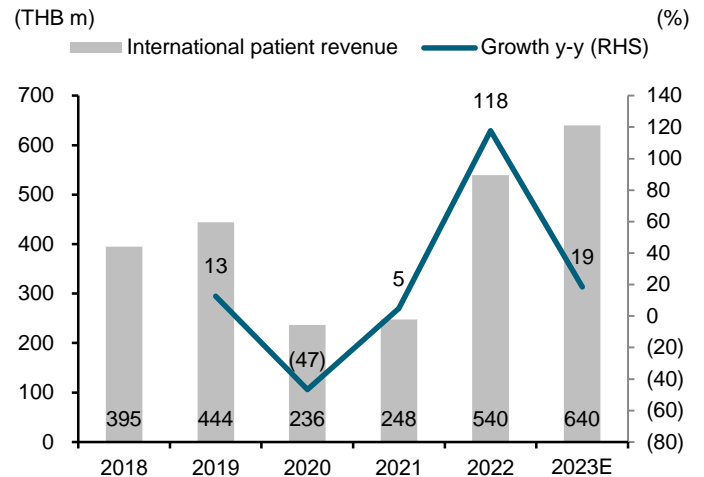
Sources: PR9; FSSIA estimates

Exhibit 8: Thai patient revenue



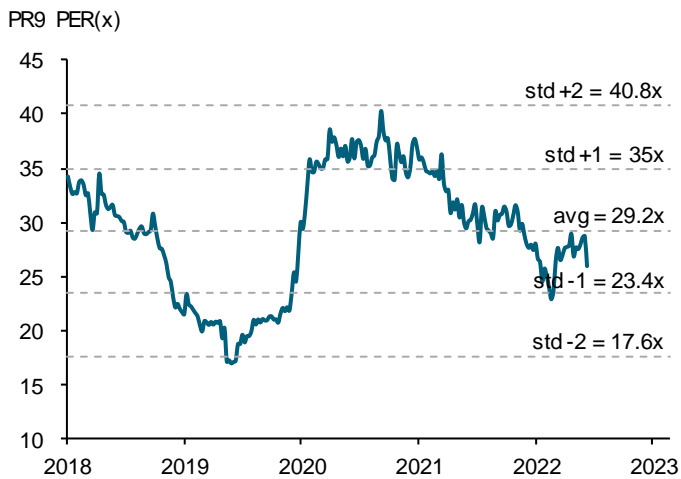
Sources: PR9; FSSIA estimates

Exhibit 9: International patient revenue



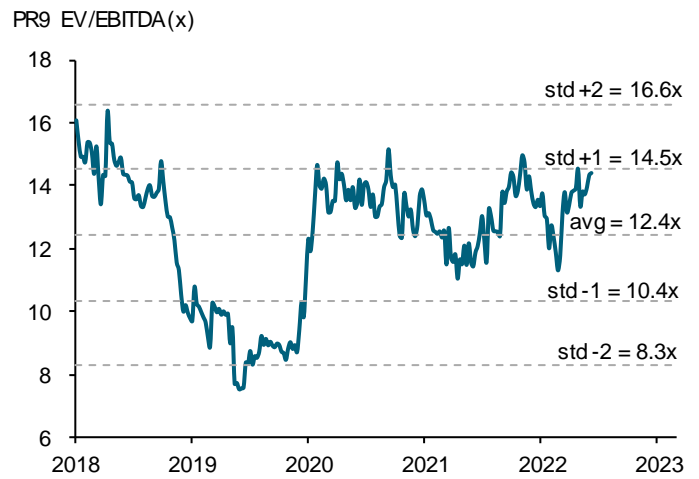
Sources: PR9; FSSIA estimates

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 11 April 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 | 30.50 | 34.50 | 13.1 | 14,153 | 36.0 | 31.7 | 14.5 | 15.4 | 5.1 | 4.7 | 20.1 | 18.0 |
| Bumrungrad Hospital | BH TB | BUY | 235.00 | 260.00 | 10.6 | 5,454 | 34.8 | 32.0 | 25.6 | 24.8 | 8.4 | 7.5 | 22.5 | 20.5 |
| Bangkok Chain Hospital | BCH TB | BUY | 21.20 | 25.50 | 20.3 | 1,544 | 29.5 | 24.3 | 14.1 | 16.0 | 4.1 | 3.7 | 15.2 | 12.8 |
| Chularat Hospital | CHG TB | BUY | 3.68 | 4.40 | 19.6 | 1,182 | 30.7 | 26.4 | 16.5 | 18.8 | 5.2 | 4.7 | 18.0 | 15.4 |
| Praram 9 Hospital | PR9 TB | BUY | 18.40 | 22.00 | 19.6 | 422 | 24.8 | 22.9 | 11.9 | 12.0 | 2.8 | 2.7 | 12.2 | 11.0 |
| Thonburi Healthcare Group | THG TB | REDUCE | 69.25 | 55.00 | (20.6) | 1,714 | 49.5 | 43.6 | 11.4 | 12.4 | 5.6 | 5.3 | 27.0 | 24.1 |
| Vibhavadi Medical Center | VIBHA TB | BUY | 2.68 | 3.20 | 19.4 | 1,062 | 33.6 | 30.0 | 7.3 | 7.9 | 2.4 | 2.3 | 27.9 | 25.1 |
| Ramkhamhaeng Hospital | RAM TB | BUY | 53.25 | 60.00 | 12.7 | 1,866 | 32.5 | 27.9 | 10.0 | 11.2 | 3.2 | 3.0 | 34.9 | 30.5 |
| Rajthanee Hospital | RJH TB | n/a | 29.00 | n/a | n/a | 253 | 21.8 | 22.1 | 18.4 | 17.6 | 5.8 | 3.9 | 13.9 | 13.7 |
| Ekachai Medical Care | EKH TB | n/a | 7.95 | n/a | n/a | 157 | 23.6 | 22.4 | 12.3 | 12.0 | 5.7 | 2.7 | 12.0 | 11.0 |
| Thailand average | | | | | | 27,807 | 31.7 | 28.3 | 14.2 | 14.8 | 4.8 | 4.1 | 20.4 | 18.2 |
| Regional | | | | | | | | | | | | | | |
| Ramsay Health Care | RHC AU | n/a | 69.11 | n/a | n/a | 10,539 | 38.8 | 28.5 | 10.1 | 12.3 | 3.9 | 3.7 | 13.1 | 11.8 |
| Ihh Healthcare Bhd | IHH SP | n/a | 1.76 | n/a | n/a | 11,639 | 30.9 | 27.5 | 6.4 | 6.8 | 2.2 | 1.9 | 13.8 | 12.9 |
| Ryman Healthcare | RYM NZ | n/a | 5.38 | n/a | n/a | 2,320 | 10.7 | 12.0 | 7.0 | 7.2 | 1.2 | 0.7 | 14.4 | 15.8 |
| Apollo Hospitals Enterprise | APHS IN | n/a | 4,237 | n/a | n/a | 7,478 | 72.9 | 50.2 | 13.8 | 17.6 | 16.9 | 9.5 | 30.2 | 23.9 |

| | | | | | | | | | | | | | | |
|---------------------------|-----------|-----|-------|-----|-----|---------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
| Kpj Healthcare Berhad | KPJ MK | n/a | 1.18 | n/a | n/a | 1,166 | 24.6 | 21.9 | 9.2 | 10.0 | 2.6 | 2.2 | 11.5 | 10.9 |
| Raffles Medical Group | RFMD SP | n/a | 1.48 | n/a | n/a | 2,067 | 22.1 | 21.8 | 12.0 | 11.7 | 3.2 | 2.6 | 12.5 | 12.3 |
| Mitra Keluarga Karyasehat | MIKA IJ | n/a | 2,850 | n/a | n/a | 2,722 | 35.5 | 30.6 | 19.4 | 20.2 | 8.4 | 6.4 | 22.4 | 19.4 |
| Aier Eye Hospital Group | 300015 CH | n/a | 31.05 | n/a | n/a | 32,368 | 59.4 | 45.9 | 22.2 | 23.7 | 25.5 | 12.3 | 34.2 | 27.2 |
| Regional average | | | | | | 70,299 | 36.9 | 29.8 | 12.5 | 13.7 | 8.0 | 4.9 | 19.0 | 16.8 |
| Overall average | | | | | | 98,106 | 34.0 | 29.0 | 13.5 | 14.3 | 6.2 | 4.5 | 19.8 | 17.6 |

Sources: Bloomberg; FSSIA estimates

Financial Statements

Praram 9 Hospital

| Profit and Loss (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue | 2,987 | 4,107 | 4,422 | 4,645 | 4,928 |
| Cost of goods sold | (1,879) | (2,424) | (2,640) | (2,764) | (2,918) |
| Gross profit | 1,108 | 1,683 | 1,781 | 1,881 | 2,011 |
| Other operating income | 39 | 43 | 46 | 48 | 50 |
| Operating costs | (557) | (735) | (805) | (832) | (867) |
| Operating EBITDA | 590 | 991 | 1,023 | 1,098 | 1,193 |
| Depreciation | (294) | (299) | (306) | (322) | (342) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | 297 | 692 | 716 | 776 | 851 |
| Net financing costs | 4 | 8 | 12 | 14 | 16 |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Recurring non-operating income | 0 | 0 | 0 | 0 | 0 |
| Non-recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 300 | 700 | 728 | 790 | 867 |
| Tax | (51) | (132) | (146) | (158) | (173) |
| Profit after tax | 249 | 568 | 582 | 632 | 694 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 249 | 568 | 582 | 632 | 694 |
| Non-recurring items & goodwill (net) | 0 | 0 | 0 | 0 | 0 |
| Recurring net profit | 249 | 568 | 582 | 632 | 694 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.32 | 0.72 | 0.74 | 0.80 | 0.88 |
| Reported EPS | 0.32 | 0.72 | 0.74 | 0.80 | 0.88 |
| DPS | 0.14 | 0.29 | 0.37 | 0.40 | 0.44 |
| Diluted shares (used to calculate per share data) | 786 | 786 | 786 | 786 | 786 |
| Growth | | | | | |
| Revenue (%) | 14.8 | 37.5 | 7.7 | 5.1 | 6.1 |
| Operating EBITDA (%) | 33.0 | 67.9 | 3.2 | 7.4 | 8.6 |
| Operating EBIT (%) | 28.5 | 133.3 | 3.6 | 8.3 | 9.7 |
| Recurring EPS (%) | 23.3 | 127.8 | 2.6 | 8.5 | 9.8 |
| Reported EPS (%) | 23.3 | 127.8 | 2.6 | 8.5 | 9.8 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 27.3 | 33.7 | 33.4 | 33.6 | 33.9 |
| Gross margin of key business (%) | 27.3 | 33.7 | 33.4 | 33.6 | 33.9 |
| Operating EBITDA margin (%) | 19.8 | 24.1 | 23.1 | 23.6 | 24.2 |
| Operating EBIT margin (%) | 9.9 | 16.8 | 16.2 | 16.7 | 17.3 |
| Net margin (%) | 8.3 | 13.8 | 13.2 | 13.6 | 14.1 |
| Effective tax rate (%) | 17.0 | 18.9 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 44.2 | 40.2 | 50.0 | 50.0 | 50.0 |
| Interest cover (X) | (79.4) | (84.0) | (62.3) | (56.1) | (52.0) |
| Inventory days | 10.2 | 8.1 | 7.4 | 7.6 | 7.5 |
| Debtor days | 22.7 | 20.2 | 21.4 | 21.7 | 20.4 |
| Creditor days | 101.4 | 82.5 | 72.1 | 73.5 | 73.2 |
| Operating ROIC (%) | 7.7 | 18.1 | 18.9 | 20.5 | 22.7 |
| ROIC (%) | 7.5 | 17.4 | 17.7 | 19.1 | 21.1 |
| ROE (%) | 5.9 | 12.6 | 11.9 | 12.0 | 12.3 |
| ROA (%) | 5.0 | 10.5 | 9.9 | 10.1 | 10.4 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| OPD patient revenue | 1,620 | 2,383 | 2,521 | 2,648 | 2,810 |
| IPD patient revenue | 1,367 | 1,725 | 1,901 | 1,997 | 2,119 |

Sources: Praram 9 Hospital; FSSIA estimates

Financial Statements

Praram 9 Hospital

| Cash Flow (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Recurring net profit | 249 | 568 | 582 | 632 | 694 |
| Depreciation | 294 | 299 | 306 | 322 | 342 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | 3 | 10 | 0 | 0 | 0 |
| Change in working capital | 27 | (5) | 14 | 28 | 35 |
| Cash flow from operations | 574 | 871 | 903 | 982 | 1,071 |
| Capex - maintenance | (235) | (140) | (344) | (330) | (350) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | 0 | (150) | 0 | 0 | 0 |
| Other investments (net) | - | - | - | - | - |
| Cash flow from investing | (235) | (290) | (344) | (330) | (350) |
| Dividends paid | (86) | (110) | (228) | (291) | (316) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | (2) | 2 | 0 | 0 | 0 |
| Other financing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing | (88) | (108) | (228) | (291) | (316) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | 250 | 473 | 331 | 361 | 405 |
| Free cash flow to firm (FCFF) | 338.71 | 581.44 | 559.55 | 653.02 | 721.73 |
| Free cash flow to equity (FCFE) | 336.58 | 582.47 | 559.02 | 652.48 | 721.20 |

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| FCFF per share | 0.43 | 0.74 | 0.71 | 0.83 | 0.92 |
| FCFE per share | 0.43 | 0.74 | 0.71 | 0.83 | 0.92 |
| Recurring cash flow per share | 0.69 | 1.11 | 1.13 | 1.21 | 1.32 |

| Balance Sheet (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|--------------|--------------|--------------|--------------|
| Tangible fixed assets (gross) | 5,565 | 5,638 | 5,982 | 6,311 | 6,661 |
| Less: Accumulated depreciation | (2,090) | (2,322) | (2,629) | (2,951) | (3,293) |
| Tangible fixed assets (net) | 3,475 | 3,315 | 3,353 | 3,360 | 3,368 |
| Intangible fixed assets (net) | 0 | 0 | 0 | 0 | 0 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 4 | 154 | 154 | 154 | 154 |
| Cash & equivalents | 1,244 | 1,717 | 2,048 | 2,409 | 2,815 |
| A/C receivable | 212 | 243 | 276 | 276 | 276 |
| Inventories | 56 | 51 | 56 | 59 | 62 |
| Other current assets | 90 | 12 | 13 | 14 | 14 |
| Current assets | 1,603 | 2,023 | 2,393 | 2,757 | 3,167 |
| Other assets | 55 | 65 | 65 | 65 | 65 |
| Total assets | 5,137 | 5,558 | 5,965 | 6,337 | 6,754 |
| Common equity | 4,278 | 4,735 | 5,090 | 5,430 | 5,808 |
| Minorities etc. | 0 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 4,278 | 4,735 | 5,090 | 5,430 | 5,808 |
| Long term debt | 6 | 8 | 8 | 8 | 8 |
| Other long-term liabilities | 190 | 209 | 209 | 209 | 209 |
| Long-term liabilities | 196 | 217 | 217 | 217 | 217 |
| A/C payable | 597 | 499 | 544 | 569 | 601 |
| Short term debt | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 66 | 106 | 114 | 120 | 128 |
| Current liabilities | 663 | 606 | 658 | 690 | 729 |
| Total liabilities and shareholders' equity | 5,137 | 5,558 | 5,965 | 6,337 | 6,754 |
| Net working capital | (305) | (299) | (313) | (341) | (376) |
| Invested capital | 3,230 | 3,235 | 3,258 | 3,238 | 3,210 |

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

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| Book value per share | 5.44 | 6.02 | 6.47 | 6.91 | 7.39 |
| Tangible book value per share | 5.44 | 6.02 | 6.47 | 6.91 | 7.39 |

Financial strength

| | | | | | |
|---------------------------|--------|--------|--------|--------|--------|
| Net debt/equity (%) | (28.9) | (36.1) | (40.1) | (44.2) | (48.3) |
| Net debt/total assets (%) | (24.1) | (30.8) | (34.2) | (37.9) | (41.6) |
| Current ratio (x) | 2.4 | 3.3 | 3.6 | 4.0 | 4.3 |
| CF interest cover (x) | (89.2) | (69.7) | (47.6) | (46.2) | (43.1) |

| Valuation | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|-------------|-------------|-------------|-------------|-------------|
| Recurring P/E (x) * | 58.1 | 25.5 | 24.8 | 22.9 | 20.8 |
| Recurring P/E @ target price (x) * | 69.4 | 30.5 | 29.7 | 27.4 | 24.9 |
| Reported P/E (x) | 58.1 | 25.5 | 24.8 | 22.9 | 20.8 |
| Dividend yield (%) | 0.8 | 1.6 | 2.0 | 2.2 | 2.4 |
| Price/book (x) | 3.4 | 3.1 | 2.8 | 2.7 | 2.5 |
| Price/tangible book (x) | 3.4 | 3.1 | 2.8 | 2.7 | 2.5 |
| EV/EBITDA (x) ** | 22.4 | 12.9 | 12.2 | 11.0 | 9.8 |
| EV/EBITDA @ target price (x) ** | 27.2 | 15.7 | 14.9 | 13.6 | 12.1 |
| EV/invested capital (x) | 4.1 | 3.9 | 3.8 | 3.7 | 3.6 |

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

Sources: Praram 9 Hospital; 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).

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 |
|--------------------------------|----------|------------|--------|--|
| Praram 9 Hospital | PR9 TB | THB 18.40 | 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) higher-than-expected expenses from its new building. |
| Bangkok Dusit Medical Services | BDMS TB | THB 30.50 | 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 235.00 | 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 21.20 | 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. |
| Chularat Hospital | CHG TB | THB 3.68 | 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. |
| Thonburi Healthcare Group | THG TB | THB 69.25 | 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 2.68 | 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 53.25 | 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. |

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 11-Apr-2023 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.