

PRARAM 9 HOSPITAL
THAILAND / HEALTH CARE SERVICES

PR9 TB

BUY

UNCHANGED

กลับสู่การเติบโตอย่างมีคุณภาพ

- คาดกำไรปกติจะทำสถิติสูงสุดใหม่ที่ 170 ลบ. (+23% y-y, +22% q-q) ใน 4Q23 โดยได้ปัจจัยหนุนจากรายได้จากผู้ป่วยชาวไทยที่อยู่ในเกณฑ์ดี
- EBITDA margin กลับสู่แนวโน้มขาขึ้นจาก Operating leverage คาดกำไรปกติจะโต 12% y-y ในปี 2024 พร้อม Upside อีกบางส่วน
- คงคำแนะนำซื้อที่ราคาเป้าหมาย 22.0 บาท (DCF).

TARGET PRICE	THB22.00
CLOSE	THB17.00
UP/DOWNSIDE	+29.4%
PRIOR TP	THB22.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+17.3%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,107	4,206	4,549	4,826
Net profit	568	540	603	656
EPS (THB)	0.72	0.69	0.77	0.83
vs Consensus (%)	-	5.0	5.5	4.8
EBITDA	991	957	1,060	1,141
Recurring net profit	568	540	603	656
Core EPS (THB)	0.72	0.69	0.77	0.83
Chg. In EPS est. (%)	-	6.8	0.0	0.0
EPS growth (%)	127.8	(4.9)	11.7	8.7
Core P/E (x)	23.5	24.8	22.2	20.4
Dividend yield (%)	1.7	2.0	2.3	2.5
EV/EBITDA (x)	11.8	11.9	10.4	9.3
Price/book (x)	2.8	2.6	2.5	2.3
Net debt/Equity (%)	(36.1)	(39.2)	(43.8)	(48.0)
ROE (%)	12.6	11.0	11.6	11.8

คาดการณ์รายได้ 4Q23 จะโต 7% y-y ทำสถิติสูงสุดใหม่

เราคาดว่ารายได้ 4Q23 จะโต 7% y-y ทำสถิติสูงสุดใหม่ที่ 1.2 พัน ลบ. โดยได้ปัจจัยหนุนจากรายได้จากผู้ป่วยชาวไทยที่อยู่ในเกณฑ์ดี (+6% y-y) หลังการระบาดของโควิดและไข้หวัดใหญ่ นอกจากนี้รายได้จากผู้ป่วยต่างประเทศยังน่าจะโต 9% y-y โดยได้ปัจจัยผลักดันจากผู้ป่วยต่างชาติในประเทศไทย เราคาดว่าปริมาณผู้ป่วยในเฉลี่ยจะกระโดดเพิ่มเป็น 140 เตียง/วัน (เทียบกับ 123 เตียง ใน 4Q22) พร้อมกับการเติบโตของรายได้ที่อยู่ในเกณฑ์ดี เราคาดว่า PR9 จะได้ประโยชน์จาก Operating leverage ที่อยู่ในระดับสูงซึ่งจะทำให้ EBITDA margin ปรับตัวดีขึ้นเป็น 24% (เทียบกับ 22% ใน 4Q22) ด้วยเหตุดังกล่าวเราจึงคาดว่ากำไรปกติ 4Q23 จะทำสถิติสูงสุดใหม่ที่ 170 ลบ. (เทียบกับระดับสูงสุดในปัจจุบันที่ 157 ลบ. ใน 1Q22)

คาดการณ์กำไร 1Q24 จะโตดี y-y พร้อม Upside จากผู้ป่วยชาวตะวันออกกลาง

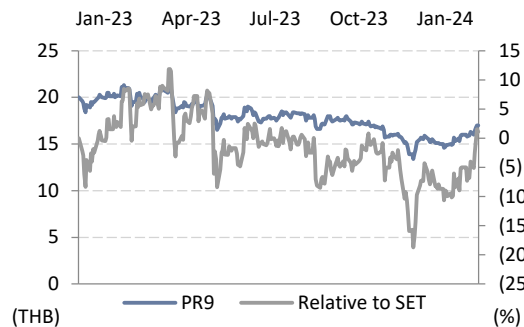
เราคาดว่า Momentum การเติบโตจะต่อเนื่องใน 1Q24 หลังปริมาณผู้ป่วยในยังอยู่ในเกณฑ์ดีที่ประมาณ 140 เตียง/วันในช่วงแรกของเดือน ม.ค. 24 (เทียบกับ 106 เตียงใน 1Q23) นอกจากนี้ PR9 ยังเริ่มให้บริการผู้ป่วยชาวตะวันออกกลางมาตั้งแต่ 4Q23 ส่วนมากเป็นบริการผู้ป่วยนอก ในขั้นต้น PR9 ตั้งเป้าผู้ป่วยในชาวตะวันออกกลางในปี 2024 ไว้ที่ 5-10 เตียง/วัน และวางแผนจัดสรรหอผู้ป่วยขนาด 20 เตียงให้แก่ผู้ป่วยชาวตะวันออกกลาง ด้วยเหตุดังกล่าวเราจึงคาดว่ากำไรจะโตดี y-y ใน 1Q24

4Q23 น่าจะเพิ่มความมั่นใจของตลาดในด้านความสามารถในการทำกำไร

ในช่วงปีที่ผ่านมาตลาดมีความกังวลเกี่ยวกับความสามารถในการทำกำไรของ PR9 เนื่องจาก EBITDA margin ตกจาก 24% ในปี 2022 เป็น 22% ในช่วง 1H23 หลังจบการระบาดของโควิด อย่างไรก็ตามที่ผลประกอบการ 4Q23 น่าจะช่วยเพิ่มความมั่นใจของตลาดในปี 2024 ผู้บริหารตั้งเป้าให้รายได้ในไตรมาสสองหลักโดยมีปัจจัยหนุนประกอบด้วย 1) ความสามารถในการรองรับผู้ป่วยในที่เพิ่มขึ้นจาก 180 เตียงในปี 2023 เป็น 204 เตียงในปี 2024; 2) ความสามารถในการรองรับผู้ป่วยนอกที่สูงขึ้นซึ่งรวมถึงศูนย์ฟอกเลือดล้างไตและศูนย์ตรวจสุขภาพ; และ 3) การปรับอัตราค่าห้องพักผู้ป่วยหลังการปรับปรุงหอผู้ป่วยและค่าธรรมเนียมบริการทางการแพทย์สำหรับผู้ป่วยนอก เราคาดว่ารายได้จะโต 8% ในปี 2024 ส่งผลให้ EBITDA margin จะปรับตัวดีขึ้นเป็น 23.4% ในปี 2024 (เทียบกับ 22.8% ใน 2023E) ซึ่งจะทำให้กำไรปกติโต 12% เป็น 603 ลบ. ในปี 2024

ปรับเพิ่มประมาณการกำไรปกติปี 2023

เราปรับเพิ่มประมาณการกำไรปกติปี 2023 ขึ้น 7% เพื่อสะท้อนคาดการณ์กำไร 4Q23 ที่อยู่ในเกณฑ์ดี เราคงประมาณการปี 2024-25 และราคาเป้าหมายที่ 22 บาท/หุ้น (DCF) PR9 มีการซื้อขายโดยมีการเกินมูลค่าในระดับต่ำที่ 22x 2024E P/E (เทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 26x) PR9 เป็นหนึ่งในหุ้นเด่นของเราในกลุ่มหุ้นขนาดกลางถึงเล็กจาก outlook ที่อยู่ในเกณฑ์ดี



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	16.4	1.2	(13.7)
Relative to country (%)	13.2	3.9	3.0
Mkt cap (USD m)	381		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	59		
Major shareholder	Khunying Potjaman Damapong (37%)		
12m high/low (THB)	21.30/13.10		
Issued shares (m)	786.30		

Sources: Bloomberg consensus; FSSIA estimates



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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 centers. 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 centers and gives it a higher IPD capacity. PR9 has the potential to increase its IPD capacity to up to 300 beds (from 204 currently).

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

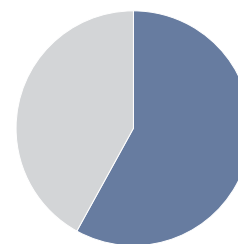
Company profile

PR9 has been operating a private hospital since 1992.

www.praram9.com

Principal activities (revenue, 2022)

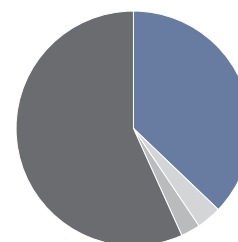
- OPD patient revenue - 58.0 %
- IPD patient revenue - 42.0 %



Source: Praram 9 Hospital

Major shareholders

- Khunying Potjaman Damapong - 37.1 %
- Thai NVDR - 3.4 %
- Krungsri Asset Management - 2.7 %
- Others - 56.8 %



Source: Praram 9 Hospital

Catalysts

Key potential growth drivers include 1) higher Thai patient volume from new specialist centers; 2) rising demand from medical tourists, especially patients from Cambodia, Laos, Myanmar and Vietnam (CLMV), as well as China; and 3) the new strategy to capture Middle East patients.

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
Feb 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
No. of beds (no.)	204	224	249
OPD volume growth	2	4	3
OPD revenue / patient growth	0	4	3
IPD volume growth	1	4	3
IPD revenue / patient growth	2	4	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.

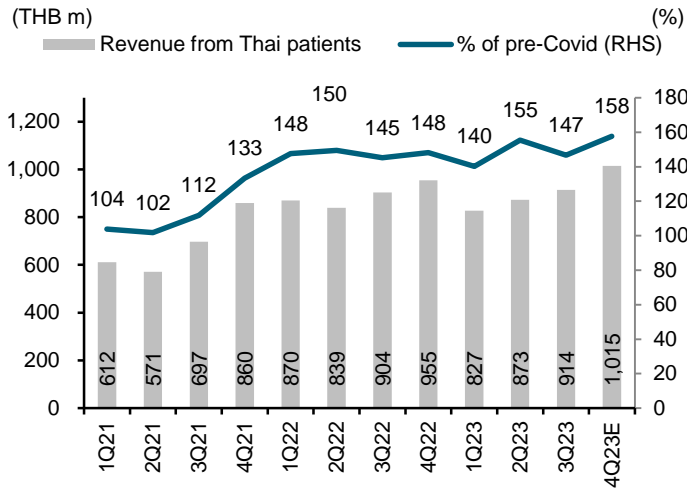
Source: FSSIA estimates

Exhibit 1: 4Q23 results preview

FY ending Dec	4Q22	1Q23	2Q23	3Q23E	4Q23E	Change		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	1,103	957	1,005	1,066	1,177	10	7	4,206	2
COGS (incl depreciation)	(730)	(657)	(688)	(714)	(763)	7	4	(2,816)	3
Gross profit	373	300	316	351	414	18	11	1,390	0
SG&A	(218)	(182)	(185)	(198)	(222)	12	2	(786)	7
Operating profit	155	118	132	154	192	25	24	604	(7)
Net other income	17	16	17	19	21	8	24	72	39
Interest expenses	(0)	(0)	(0)	(0)	0			(1)	n/a
Pretax profit	172	134	149	173	213	23	24	675	(4)
Income Tax	(33)	(25)	(28)	(33)	(43)	29	29	(135)	2
Core profit	139	109	121	140	170	22	23	540	(5)
Extraordinaries, GW & FX									
Reported net profit	139	109	121	140	170	22	23	540	(5)
Outstanding shares (m)	786	786	786	786	786	0	0	786	0
Pre-ex EPS (THB)	0.18	0.14	0.15	0.18	0.22	22	23	0.69	(5)
EPS (THB)	0.18	0.14	0.15	0.18	0.22	22	23	0.69	(5)
COGS excl. depreciation	(656)	(584)	(614)	(638)	(686)	7	5	(2,515)	4
Depreciation	(74)	(73)	(75)	(76)	(77)	1	3	(301)	0
EBITDA	246	207	224	249	290	16	18	976	(2)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	34	31	31	33	35	2	1	33	(1)
SG&A/Revenue	20	19	18	19	19	0	(1)	19	1
EBITDA margin	22	21	22	23	24	1	2	23	(1)
Net profit margin	13	11	12	13	14	1	2	13	(1)
Operating stats	(%)	(%)	(%)	(%)					
OPD revenue growth y-y	20	6	5	4					
OPD volume growth y-y	13	8	4	5					
OPD revenue per head growth y-y	6	(2)	1	(0)					
IPD revenue growth y-y	15	(11)	1	(5)					
IPD volume growth y-y	5	(35)	(10)	(11)					
IPD revenue per head growth y-y	10	38	13	6					
Thai patient revenue growth y-y	11	(5)	4	1					
Inter patient revenue growth y-y	96	29	1	(5)					

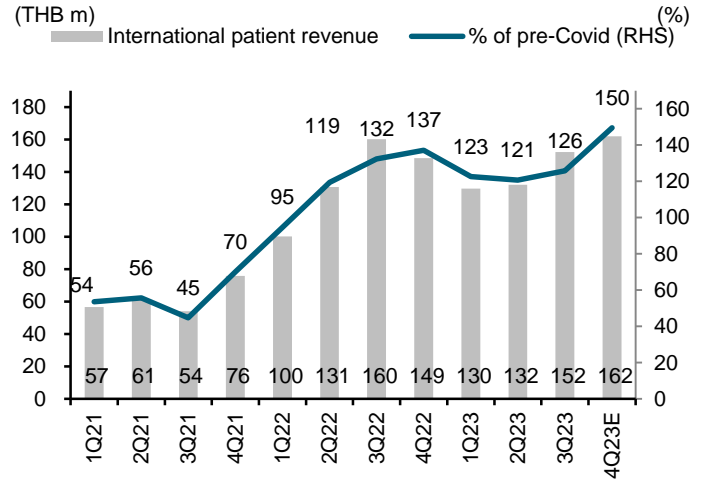
Sources: PR9; FSSIA estimates

Exhibit 2: Thai patient revenue



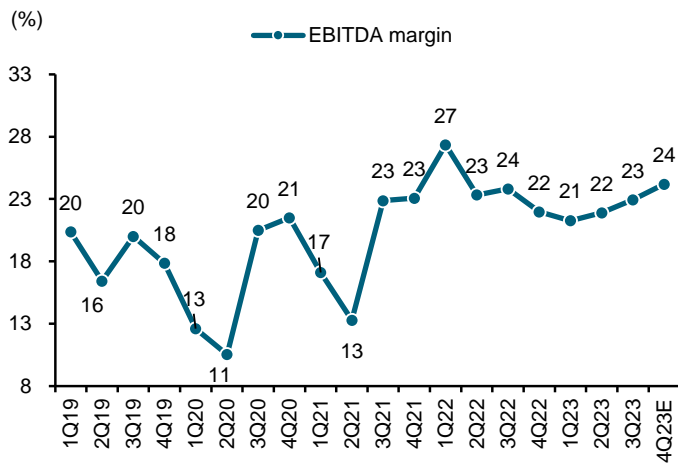
Sources: PR9; FSSIA estimates

Exhibit 3: International patient revenue



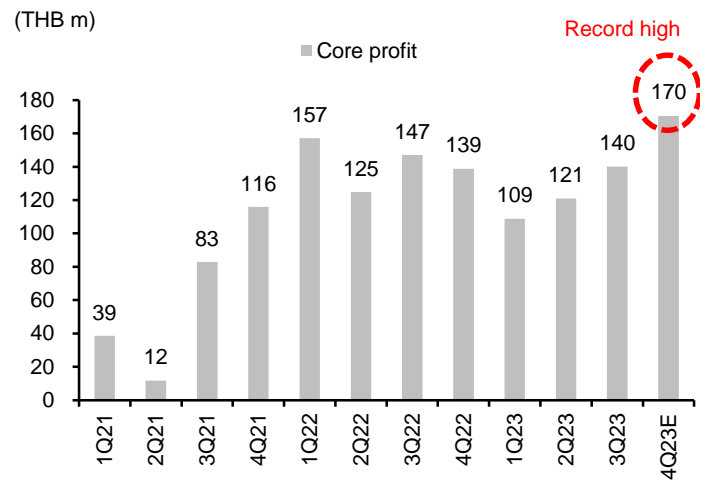
Sources: PR9; FSSIA estimates

Exhibit 4: EBITDA margin



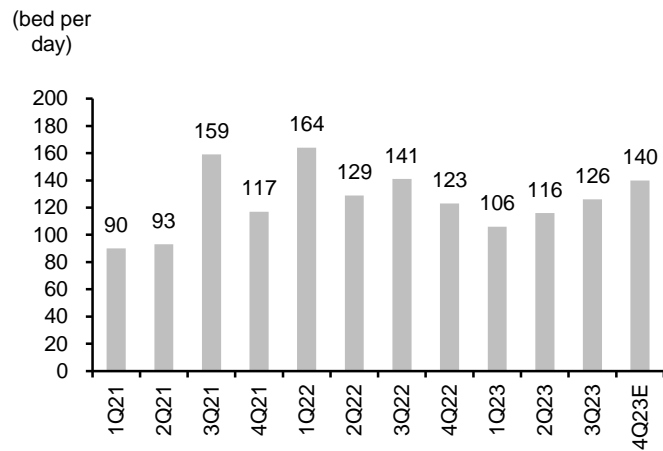
Sources: PR9; FSSIA estimates

Exhibit 5: Core profit



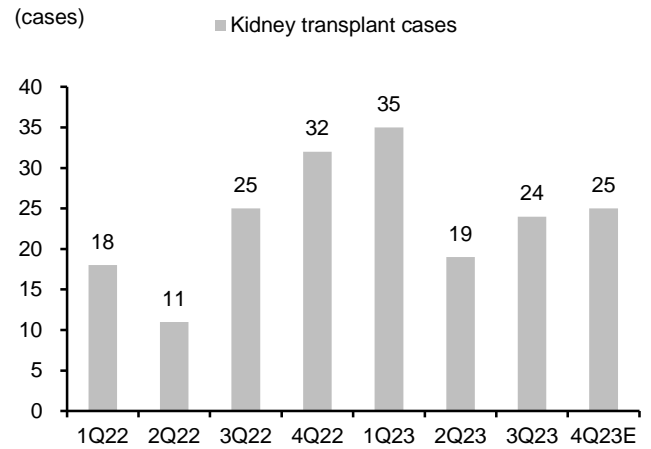
Sources: PR9; FSSIA estimates

Exhibit 6: IPD average daily census (ADC)



Sources: PR9; FSSIA estimates

Exhibit 7: Kidney transplant cases



Sources: PR9; FSSIA estimates

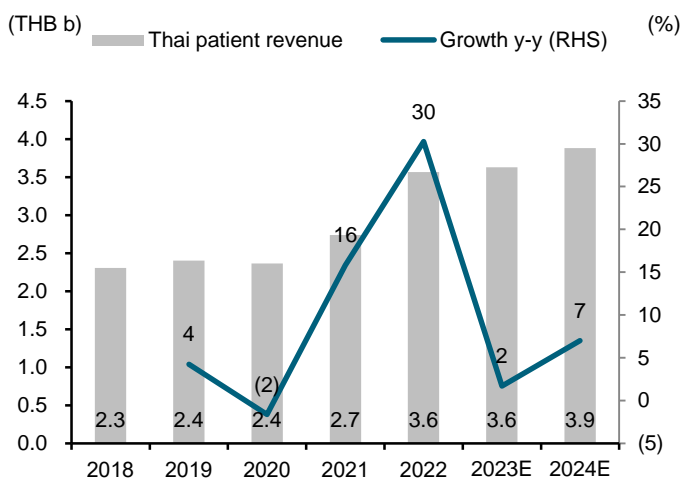
Exhibit 8: Forecast revisions

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Revenue	4,206	4,549	4,826	4,153	4,491	4,765	1.3	1.3	1.3
EBITDA margin (%)	22.8	23.3	23.6	22.3	23.6	24.0	0.5	(0.3)	(0.4)
Core profit	540	603	656	506	603	655	6.8	0.0	0.0
Key assumptions									
OPD- Visits per day (no.)	1,450	1,508	1,554	1,422	1,479	1,523	2.0	2.0	2.0
OPD - Revenue per visit (THB)	4,578	4,761	4,904	4,578	4,761	4,904	0.0	0.0	0.0
IPD - Admissions per day (no.)	40	42	43	40	41	43	1.0	1.0	1.0
IPD - Revenue per admission (THB)	121,505	126,365	130,156	122,336	127,230	131,047	(0.7)	(0.7)	(0.7)

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

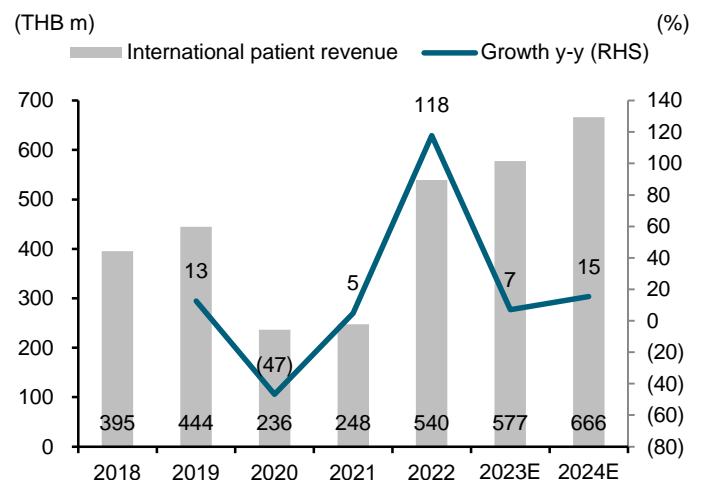
Source: FSSIA estimates

Exhibit 9: Thai patient revenue



Sources: PR9; FSSIA estimates

Exhibit 10: International patient revenue



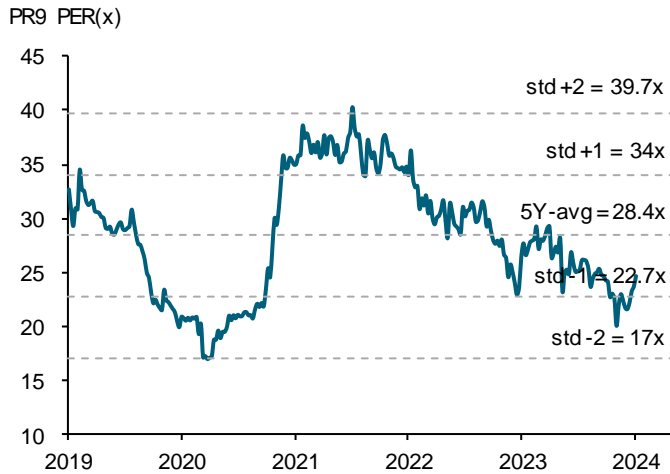
Sources: PR9; FSSIA estimates

Exhibit 11: DCF valuation

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		0.8			
Cost of equity, Ke		9.3	Net cost of debt, Kd		2.8
Weight applied		100.0	Weight applied		0.0
WACC		9.3			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		6.1	7.8	WACC 9.3%, risk-free rate 3%, risk premium 8%	
Terminal value		8.7	11.1	Terminal growth 3%	
Cash & liquid assets		2.3	3.0	At end-2024E	
Investments		0.2	0.2	At end-2024E	
Debt		(0.0)	(0.0)	At end-2024E	
Minorities		0.0	0.0	At end-2024E	
Residual ordinary equity		17.3	22.0		

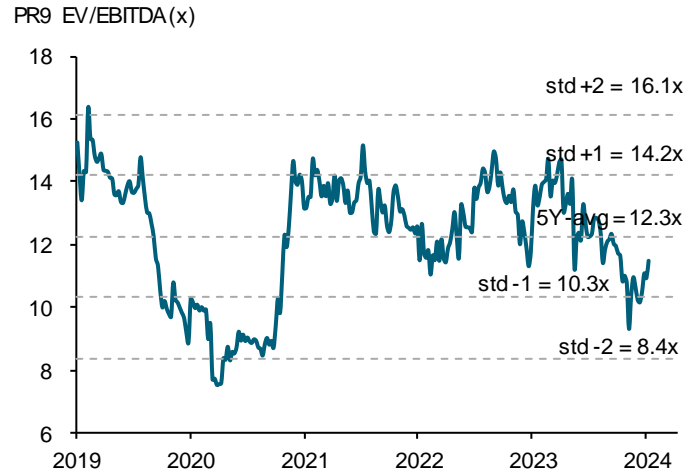
Source: FSSIA estimates

Exhibit 12: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 12 January 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Thailand														
Bangkok Dusit Med Service	BDMS TB	BUY	28.00	34.50	23.2	12,690	33.0	29.1	14.5	15.4	4.7	4.3	18.5	16.5
Bumrungrad Hospital	BH TB	BUY	239.00	300.00	25.5	5,418	28.1	26.9	31.1	28.0	8.0	7.1	18.6	17.6
Bangkok Chain Hospital	BCH TB	BUY	22.70	24.50	7.9	1,614	41.7	33.4	10.9	13.0	4.5	4.2	19.3	16.3
Chularat Hospital	CHG TB	BUY	3.26	4.00	22.7	1,023	30.2	26.2	15.7	17.4	4.7	4.4	17.5	15.2
Praram 9 Hospital	PR9 TB	BUY	17.00	22.00	29.4	381	24.8	22.2	11.0	11.6	2.6	2.5	11.9	10.4
Thonburi Healthcare Group	THG TB	HOLD	53.50	55.00	2.8	1,293	47.4	37.6	9.3	11.4	4.4	4.2	21.7	18.8
Ramkhamhaeng Hospital	RAM TB	BUY	33.50	50.00	49.3	1,146	26.3	21.9	7.8	9.2	2.0	2.0	32.2	26.7
Rajthanee Hospital	RJH TB	n/a	27.50	n/a	n/a	235	19.6	19.4	18.0	17.4	5.5	3.5	13.5	12.9
Ekachai Medical Care	EKH TB	n/a	7.65	n/a	n/a	155	20.1	20.1	12.4	11.2	5.6	2.5	11.9	11.0
Thailand average						23,954	30.2	26.3	14.5	14.9	4.7	3.8	18.3	16.2
Regional														
Ramsay Health Care	RHC AU	n/a	51.26	n/a	n/a	7,860	34.6	38.5	8.6	7.1	2.9	2.8	11.7	11.1
Ihh Healthcare Bhd	IHH SP	n/a	1.73	n/a	n/a	11,435	34.9	31.1	6.1	6.4	2.3	1.9	14.0	13.4
Ryman Healthcare	RYM NZ	n/a	5.83	n/a	n/a	2,499	11.6	13.3	7.5	7.5	1.3	0.8	13.8	13.5
Apollo Hospitals Enterprise	APHS IN	n/a	5,796	n/a	n/a	10,048	99.1	83.5	13.8	14.9	22.9	13.0	40.9	35.4
Kpj Healthcare Berhad	KPJ MK	n/a	1.51	n/a	n/a	1,418	28.5	25.2	10.0	10.6	3.4	2.8	12.7	12.0
Raffles Medical Group	RFMD SP	n/a	1.04	n/a	n/a	1,449	21.7	23.1	8.7	8.1	2.2	1.9	11.0	11.4
Mitra Keluarga Karyasehat	MIKA IJ	n/a	2,660	n/a	n/a	2,432	38.9	33.7	16.8	17.9	7.8	6.5	24.4	21.1
Aier Eye Hospital Group	300015 CH	n/a	14.70	n/a	n/a	19,130	38.9	30.7	18.2	19.8	15.7	6.7	22.9	18.4
Regional average						56,272	38.5	34.9	11.2	11.5	7.3	4.5	18.9	17.0
Overall average						80,226	34.1	30.3	13.0	13.3	5.9	4.2	18.6	16.6

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	4,206	4,549	4,826
Cost of goods sold	(2,172)	(2,724)	(2,816)	(3,034)	(3,209)
Gross profit	815	1,384	1,390	1,515	1,617
Other operating income	39	43	53	54	55
Operating costs	(557)	(735)	(786)	(837)	(878)
Operating EBITDA	590	991	957	1,060	1,141
Depreciation	(294)	(299)	(301)	(327)	(347)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	297	692	657	733	794
Net financing costs	4	8	18	21	25
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	675	754	819
Tax	(51)	(132)	(135)	(151)	(164)
Profit after tax	249	568	540	603	656
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	249	568	540	603	656
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	249	568	540	603	656
Per share (THB)					
Recurring EPS *	0.32	0.72	0.69	0.77	0.83
Reported EPS	0.32	0.72	0.69	0.77	0.83
DPS	0.14	0.29	0.34	0.38	0.42
Diluted shares (used to calculate per share data)	786	786	786	786	786
Growth					
Revenue (%)	14.8	37.5	2.4	8.2	6.1
Operating EBITDA (%)	33.0	67.9	(3.4)	10.7	7.7
Operating EBIT (%)	28.5	133.3	(5.1)	11.6	8.4
Recurring EPS (%)	23.3	127.8	(4.9)	11.7	8.7
Reported EPS (%)	23.3	127.8	(4.9)	11.7	8.7
Operating performance					
Gross margin inc. depreciation (%)	27.3	33.7	33.1	33.3	33.5
Gross margin exc. depreciation (%)	37.1	41.0	40.2	40.5	40.7
Operating EBITDA margin (%)	19.8	24.1	22.8	23.3	23.6
Operating EBIT margin (%)	9.9	16.8	15.6	16.1	16.5
Net margin (%)	8.3	13.8	12.8	13.3	13.6
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)	(35.8)	(34.4)	(31.1)
Inventory days	10.2	8.1	7.6	7.5	7.5
Debtor days	22.7	20.2	22.4	22.0	20.7
Creditor days	101.4	82.5	73.8	72.5	73.1
Operating ROIC (%)	7.7	18.1	17.3	19.3	21.2
ROIC (%)	7.5	17.4	16.1	18.0	19.8
ROE (%)	5.9	12.6	11.0	11.6	11.8
ROA (%)	5.0	10.5	9.2	9.6	9.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
OPD patient revenue	1,620	2,383	2,424	2,621	2,781
IPD patient revenue	1,367	1,725	1,782	1,928	2,045

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	540	603	656
Depreciation	294	299	301	327	347
Associates & minorities	-	-	-	-	-
Other non-cash items	3	10	0	0	0
Change in working capital	27	(5)	(12)	43	35
Cash flow from operations	574	871	828	973	1,037
Capex - maintenance	(235)	(140)	(332)	(324)	(343)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	(150)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(235)	(290)	(332)	(324)	(343)
Dividends paid	(86)	(110)	(228)	(270)	(302)
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)	(270)	(302)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	250	473	269	380	392
Free cash flow to firm (FCFF)	338.71	581.44	497.20	650.27	694.45
Free cash flow to equity (FCFE)	336.58	582.47	496.67	649.73	693.91

Per share (THB)

FCFF per share	0.43	0.74	0.63	0.83	0.88
FCFE per share	0.43	0.74	0.63	0.83	0.88
Recurring cash flow per share	0.69	1.11	1.07	1.18	1.27

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	5,565	5,638	5,969	6,293	6,637
Less: Accumulated depreciation	(2,090)	(2,322)	(2,623)	(2,950)	(3,297)
Tangible fixed assets (net)	3,475	3,315	3,346	3,343	3,340
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	1,986	2,365	2,758
A/C receivable	212	243	274	274	274
Inventories	56	51	53	57	61
Other current assets	90	12	12	13	14
Current assets	1,603	2,023	2,326	2,710	3,107
Other assets	55	65	65	65	65
Total assets	5,137	5,558	5,891	6,273	6,666
Common equity	4,278	4,735	5,047	5,381	5,734
Minorities etc.	0	0	0	0	0
Total shareholders' equity	4,278	4,735	5,047	5,381	5,734
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	518	558	589
Short term debt	0	0	0	0	0
Other current liabilities	66	106	109	118	125
Current liabilities	663	606	627	675	714
Total liabilities and shareholders' equity	5,137	5,558	5,891	6,273	6,666
Net working capital	(305)	(299)	(287)	(330)	(365)
Invested capital	3,230	3,235	3,278	3,232	3,193

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

Per share (THB)

Book value per share	5.44	6.02	6.42	6.84	7.29
Tangible book value per share	5.44	6.02	6.42	6.84	7.29

Financial strength

Net debt/equity (%)	(28.9)	(36.1)	(39.2)	(43.8)	(48.0)
Net debt/total assets (%)	(24.1)	(30.8)	(33.6)	(37.6)	(41.3)
Current ratio (x)	2.4	3.3	3.7	4.0	4.3
CF interest cover (x)	(89.2)	(69.7)	(26.1)	(29.5)	(26.2)

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	53.6	23.5	24.8	22.2	20.4
Recurring P/E @ target price (x) *	69.4	30.5	32.0	28.7	26.4
Reported P/E (x)	53.6	23.5	24.8	22.2	20.4
Dividend yield (%)	0.8	1.7	2.0	2.3	2.5
Price/book (x)	3.1	2.8	2.6	2.5	2.3
Price/tangible book (x)	3.1	2.8	2.6	2.5	2.3
EV/EBITDA (x) **	20.5	11.8	11.9	10.4	9.3
EV/EBITDA @ target price (x) **	27.2	15.7	16.0	14.1	12.8
EV/invested capital (x)	3.8	3.6	3.5	3.4	3.3

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

Sources: Praram 9 Hospital; FSSIA estimates

Praram 9 Hospital PCL (PR9 TB)

FSSIA ESG rating

54.08 /100
Exhibit 15: 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 16: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	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 17: ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	2.33	2.43
BESG environmental pillar score	—	2.56	2.18
BESG social pillar score	—	1.36	1.52
BESG governance pillar score	—	4.13	4.46
ESG disclosure score	—	37.90	37.90
Environmental disclosure score	—	11.78	11.78
Social disclosure score	—	20.68	20.68
Governance disclosure score	—	81.10	81.10
Environmental			
Emissions reduction initiatives	No	Yes	Yes
Climate change policy	No	Yes	Yes
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	No	No	No
GHG scope 1	—	0	0
GHG scope 2 location-based	—	4	6
GHG Scope 3	—	0	5
Carbon per unit of production	—	—	—
Biodiversity policy	No	No	No
Energy efficiency policy	No	Yes	Yes
Total energy consumption	—	7	13
Renewable energy use	—	—	—
Electricity used	—	—	—
Fuel used - natural gas	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 18: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	No	Yes	Yes
Hazardous waste	—	—	—
Total waste	—	—	—
Waste recycled	—	—	—
Waste sent to landfills	—	—	—
Environmental supply chain management	No	No	No
Water policy	No	Yes	Yes
Water consumption	—	60	151
Social			
Human rights policy	Yes	Yes	Yes
Policy against child labor	No	Yes	Yes
Quality assurance and recall policy	No	Yes	Yes
Consumer data protection policy	No	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes
Gender pay gap breakout	No	No	No
Pct women in workforce	—	—	—
Pct disabled in workforce	—	—	—
Business ethics policy	No	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes
Health and safety policy	No	Yes	Yes
Lost time incident rate - employees	—	—	—
Total recordable incident rate - employees	—	1	0
Training policy	Yes	Yes	Yes
Fair remuneration policy	No	No	No
Number of employees – CSR	2,083	1,987	2,011
Employee turnover pct	—	11	13
Total hours spent by firm - employee training	14,566	13,462	66,852
Social supply chain management	No	No	No
Governance			
Board size	10	10	9
No. of independent directors (ID)	4	7	6
No. of women on board	2	2	2
No. of non-executive directors on board	7	7	6
Company conducts board evaluations	Yes	Yes	Yes
No. of board meetings for the year	7	7	7
Board meeting attendance pct	97	100	89
Board duration (years)	3	3	3
Director share ownership guidelines	No	No	No
Age of the youngest director	56	56	57
Age of the oldest director	72	73	74
No. of executives / company managers	7	5	5
No. of female executives	2	0	0
Executive share ownership guidelines	No	No	No
Size of audit committee	3	3	3
No. of ID on audit committee	3	3	3
Audit committee meetings	4	4	4
Audit meeting attendance %	100	100	100
Size of compensation committee	3	3	3
No. of ID on compensation committee	3	2	3
No. of compensation committee meetings	2	2	2
Compensation meeting attendance %	83	100	100
Size of nomination committee	3	3	3
No. of nomination committee meetings	2	2	2
Nomination meeting attendance %	83	100	100
Sustainability governance			
Verification type	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.																				
		<table border="1"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.																					
	<table border="1"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

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ANALYST(S) CERTIFICATION

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Company	Ticker	Price	Rating	Valuation & Risks
Praram 9 Hospital	PR9 TB	THB 17.00	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) higher-than-expected expenses from its new building.
Bangkok Dusit Medical Services	BDMS TB	THB 28.00	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 239.00	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 22.70	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 3.26	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 53.50	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.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 12-Jan-2024 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.