

RAMKHAMHAENG HOSPITAL
THAILAND / HEALTH CARE SERVICES

RAM TB

BUY

UNCHANGED

กำลังฟื้นตัว

- RAM 2 รายงาน EBITDA พลิกเป็นบวกใน 4Q23 คาดรายได้จะกระโดดเพิ่ม 3.5x และคิดเป็นเป็น 4% ของรายได้รวมในปี 2024
- คาดการณ์กำไรสุทธิจะโต 26% ในปี 2024 โดยได้รับปัจจัยหนุนจากผลประกอบการที่ดีขึ้นของ Vibharam และผลขาดทุนที่ลดลงจาก RAM 2
- ลงคำแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 46 บาท (DCF)

ทวนรายงานผลประกอบการ 4Q23

RAM รายงานกำไรสุทธิโต 20% y-y เป็น 328 ลบ. ใน 4Q23 จากฐานที่ต่ำใน 4Q22 รายได้ลดลง 1% y-y โดยได้รับผลกระทบจากการกลับรายได้และค่าใช้จ่ายสำรองอันเนื่องมาจากการรักษาโควิดและการรักษาที่มีต้นทุนสูง (RW>2) ภายใต้แผนของสำนักงานประกันสังคม (SSO) รวม 196 ลบ. เมื่อหักรายการดังกล่าว รายได้จะโต 7% y-y ในไตรมาสนี้ นอกจากนี้กำไรสุทธิยังลดลง 31% q-q จากการยกการพิเศษช่วงต้นดังกล่าวและส่วนแบ่งกำไรที่ลดลงเหลือ 121 ลบ. ใน 4Q23 (เทียบกับ 275 ลบ. ใน 3Q23) เนื่องจาก THG บันทึกผลขาดทุนจากค่าใช้จ่ายสำรองอันเนื่องมาจากการรักษาโควิด

คาด RAM 2 จะพลิกเป็นกำไรในปี 2025

RAM 2 ซึ่งเปิดให้บริการเมื่อไม่นานมานี้รายงานรายได้ปรับขึ้นเป็นเฉลี่ยต่อเดือนอยู่ที่ 23 ลบ. ใน 4Q23 (เทียบกับ 20 ลบ. ในเดือน ก.ย. 23) และ EBITDA พลิกเป็นบวกที่ 5 ลบ. ใน 4Q23 ผู้บริหารตั้งเป้าเพิ่มอัตราการใช้เตียงผู้ป่วยในจากค่าเฉลี่ยที่ 20 เตียง/วันใน 4Q23 เป็น 40-50 เตียงภายในช่วง 1H24 และคาดว่าจะเพิ่มจำนวนเตียงผู้ป่วยในจาก 75 เป็น 120 เตียงภายในสิ้นปี 2024 เราคาดว่า RAM 2 จะรายงาน EBITDA รายปีพลิกเป็นบวกที่ 70 ลบ. ในปี 2024 อย่างไรก็ตามโรงพยาบาลน่าจะยังขาดทุน 40-50 ลบ. ในปี 2024 (เทียบกับที่เคยขาดทุน 75 ลบ. ในปี 2023)

คาดรายได้จะโต 11% ในปี 2024

เราคาดว่ารายได้จะโต 11% ในปี 2024 ก่อนข้างใกล้เคียงกับเป้าประมาณการของบริษัท นอกจากการเติบโตของรายได้ที่ดีของ RAM 2 แล้ว เราคาดว่ารายได้ของ RAM 1 จะโต 6% โดยได้รับปัจจัยหนุนจากผลิตภัณฑ์ทางการแพทย์ใหม่ ๆ และคาดว่ารายได้ของ Vibharam จะโต 10% จากผู้ป่วย SSO ลงทะเบียนที่เพิ่มขึ้น นอกจากนี้เรายังคาดว่าจะมีส่วนแบ่งกำไรจะเพิ่ม 20% เป็น 853 ลบ. จากฐานที่ต่ำในปี 2023 (จากผลประกอบการที่อ่อนแอของ THG ใน 4Q23) ในภาพรวมเราคาดว่ากำไรสุทธิปี 2024 จะโต 26% เป็น 1.8 พัน ลบ.

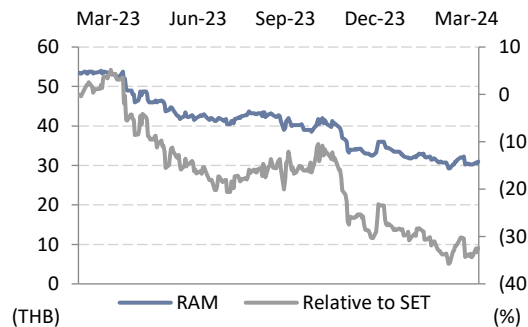
ปรับลดประมาณการกำไรสุทธิ หันมีการซื้อขายโดยมีระดับการประเมินมูลค่าที่ต่ำ

เราปรับลดประมาณการกำไรสุทธิปี 2024-25 ของเราลง 11-12% เพื่อสะท้อนรายได้และ EBITDA margin ที่ต่ำกว่าคาดของ Vibharam ในช่วง 2H23 และได้ราคาเป้าหมายใหม่ปี 2024 ที่ 46 บาท (DCF) RAM มีการซื้อขายโดยมีระดับการประเมินมูลค่าที่ต่ำเพียง 21x ของค่า 2024E P/E (เทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 24x และค่าเฉลี่ย 5 ปีย้อนหลังของบริษัทฯ ที่ 29x) เราเห็นว่าปัจจัยบวกสำคัญต่อราคาหุ้นอยู่ที่แนวโน้มที่ดีขึ้นมากของผลประกอบการของ RAM 2

| | |
|-----------------|----------|
| TARGET PRICE | THB46.00 |
| CLOSE | THB31.00 |
| UP/DOWNSIDE | +48.4% |
| PRIOR TP | THB50.00 |
| CHANGE IN TP | -8.0% |
| TP vs CONSENSUS | +53.3% |

KEY STOCK DATA

| YE Dec (THB m) | 2023 | 2024E | 2025E | 2026E |
|----------------------|--------|--------|--------|--------|
| Revenue | 9,634 | 10,736 | 11,716 | 12,518 |
| Net profit | 1,551 | 1,755 | 2,018 | 2,288 |
| EPS (THB) | 1.29 | 1.46 | 1.68 | 1.91 |
| vs Consensus (%) | - | 9.8 | 11.3 | 34.5 |
| EBITDA | 1,650 | 2,152 | 2,584 | 2,888 |
| Recurring net profit | 1,394 | 1,755 | 2,018 | 2,288 |
| Core EPS (THB) | 1.16 | 1.46 | 1.68 | 1.91 |
| Chg. In EPS est. (%) | nm | (4.5) | (4.4) | nm |
| EPS growth (%) | (33.2) | 25.8 | 15.0 | 13.3 |
| Core P/E (x) | 26.7 | 21.2 | 18.4 | 16.3 |
| Dividend yield (%) | 2.9 | 2.4 | 2.7 | 3.1 |
| EV/EBITDA (x) | 33.7 | 26.0 | 20.7 | 18.0 |
| Price/book (x) | 2.0 | 1.9 | 1.8 | 1.7 |
| Net debt/Equity (%) | 35.5 | 36.3 | 26.7 | 20.1 |
| ROE (%) | 7.4 | 9.3 | 10.2 | 10.9 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|--------------|---------|----------|
| Absolute (%) | 0.8 | (13.9) | (42.1) |
| Relative to country (%) | 1.8 | (12.0) | (33.1) |
| Mkt cap (USD m) | 1,022 | | |
| 3m avg. daily turnover (USD m) | 0.2 | | |
| Free float (%) | 25 | | |
| Major shareholder | F&S 79 (24%) | | |
| 12m high/low (THB) | 54.00/29.25 | | |
| Issued shares (m) | 1,200.00 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

RAM currently operates 19 hospitals with a capacity of almost 3,000 beds. We think the stock is undervalued due to its complicated structure and lack of trading liquidity.

RAM has diversified its portfolio both geographically and through its revenue mix. RAM has several hospital brands to capture patients from the middle-income to high-income segments.

RAM is in an expansion mode. Its organic growth should be driven by VBR, which is in a harvesting period after investing in greenfield hospitals. RAM also has several projects in the pipeline which should lift its capacity by 25% (based on equity beds) by 2028.

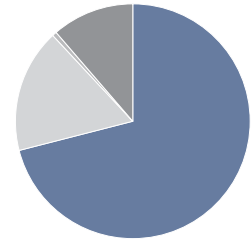
Company profile

RAM is a private hospital which opened in 1988. Currently, RAM operates 19 hospitals with a capacity of almost 3,000 beds. It is the second largest private hospital operator in Thailand in terms of registered beds.

www.ram-hosp.co.th

Principal activities (revenue, 2023)

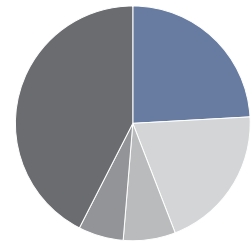
- Cash patient - 71.0 %
- SSO - 17.1 %
- NHSO - 0.6 %
- Sales of medical equipment - 11.3 %



Source: Ramkhamhaeng Hospital

Major shareholders

- F&S 79 - 24.1 %
- Cypress Consolidated Healthcare - 20.0 %
- Chiangmai Ram Hospital - 7.2 %
- Vibhavadi Hospital PCL - 6.2 %
- Others - 42.5 %



Source: Ramkhamhaeng Hospital

Catalysts

Key potential growth drivers include 1) an improving EBITDA margin led by new hospitals and a larger share of profits and dividend income from its subsidiaries; 2) more Social Security Office (SSO) registered members via VBR group; and 3) benefitting from the economies of scale due to its large network.

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) losses from its subsidiary companies.

Event calendar

| Date | Event |
|----------|---------------------------|
| May 2024 | 1Q24 results announcement |

Key assumptions

| | 2024E | 2025E | 2026E |
|--------------------------------------|-------|-------|-------|
| Ramkhamhaeng revenue growth (y-y %) | 6 | 5 | 4 |
| Ramkhamhaeng EBITDA margin (%) | 30 | 30 | 31 |
| Subsidiary revenue growth (y-y %) | 17 | 13 | 9 |
| Subsidiary EBITDA margin (%) | 12 | 16 | 18 |
| Share income - Synphaet (THB m) | 242 | 264 | 274 |
| Share income - Sukhumvit (THB m) | 65 | 68 | 72 |
| Share income - Chiangmai Ram (THB m) | 157 | 162 | 167 |
| Share income - VIBHA (THB m) | 100 | 110 | 122 |
| Share income - THG (THB m) | 176 | 204 | 226 |

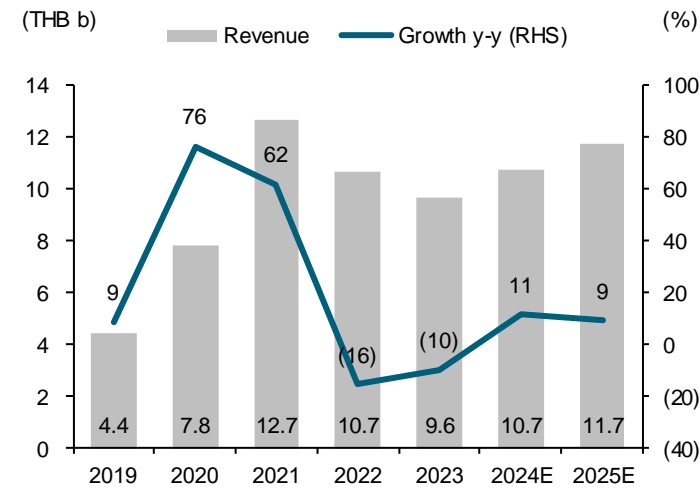
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in patient volume, we project 2024 earnings to rise by 3%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project 2024 earnings to rise by 5%, and vice versa, all else being equal.

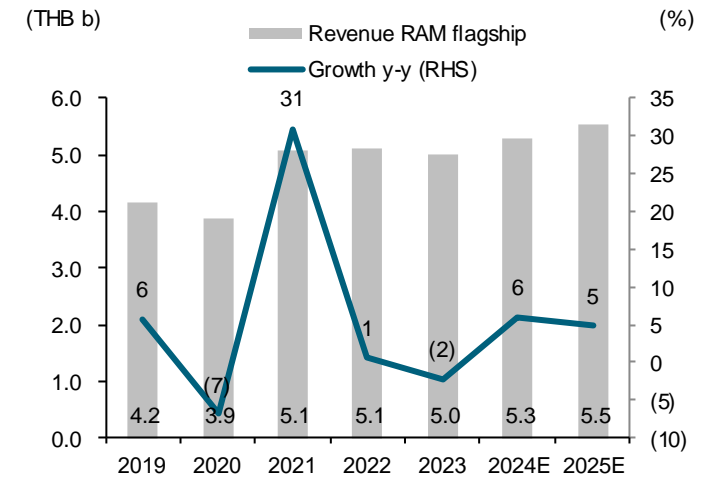
Source: FSSIA estimates

Exhibit 1: RAM's total revenue



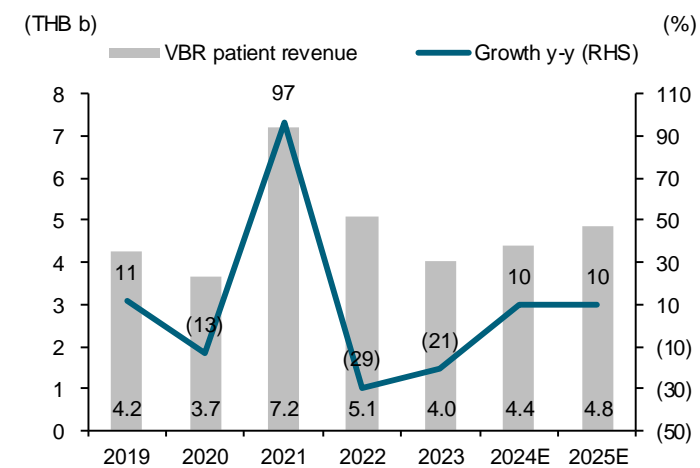
Sources: RAM; FSSIA estimates

Exhibit 2: RAM flagship's medical treatment revenue



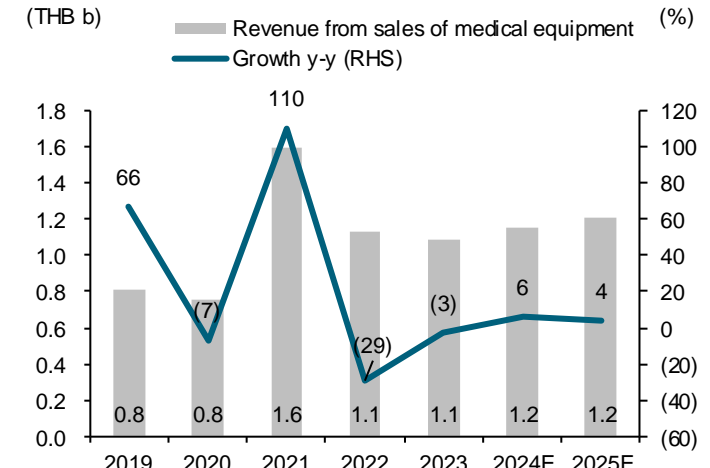
Sources: RAM; FSSIA estimates

Exhibit 3: Vibharam's medical treatment revenue



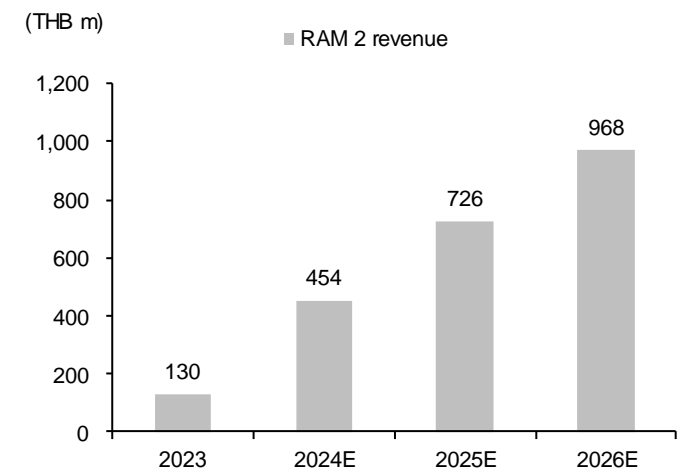
Sources: RAM; FSSIA estimates

Exhibit 4: Revenue from sales of medical equipment



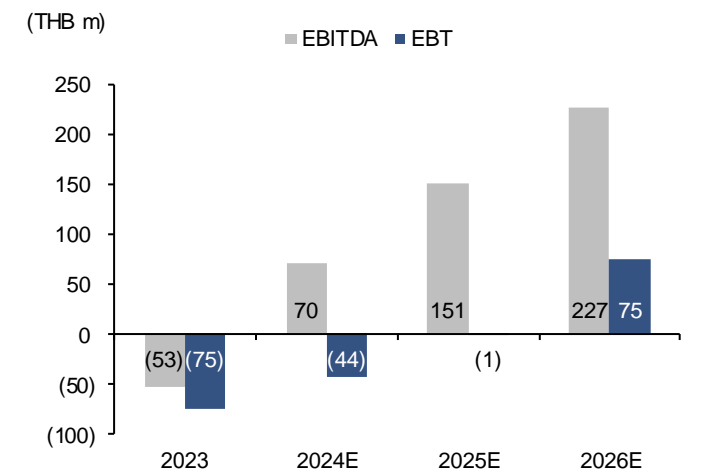
Sources: RAM; FSSIA estimates

Exhibit 5: RAM 2's revenue



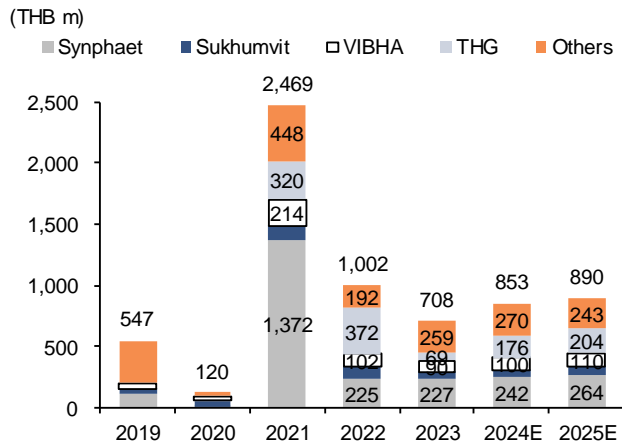
Sources: RAM; FSSIA estimates

Exhibit 6: RAM 2's EBITDA and EBT



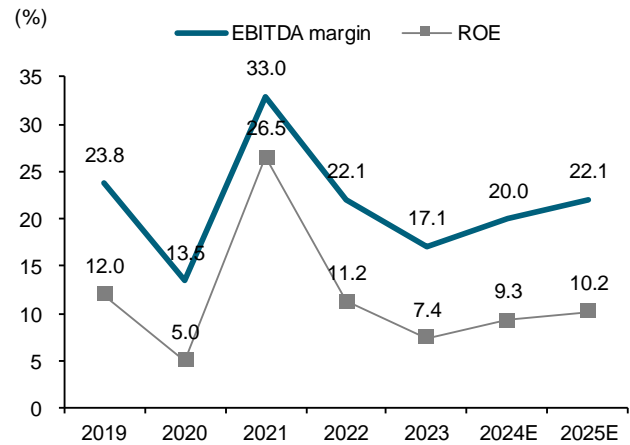
Sources: RAM; FSSIA estimates

Exhibit 7: RAM's share income



Sources: RAM; FSSIA estimates

Exhibit 8: EBITDA margin and ROE



Sources: RAM; FSSIA estimates

Exhibit 9: 4Q23 results review

| FY ending Dec | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | Change | | 2023 | Change |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (y-y %) |
| Sales | 2,413 | 2,270 | 2,472 | 2,505 | 2,387 | (5) | (1) | 9,634 | (10) |
| COGS (incl depreciation) | (1,906) | (1,728) | (1,825) | (1,824) | (2,083) | 14 | 9 | (7,461) | (5) |
| Gross profit | 507 | 542 | 646 | 681 | 304 | (55) | (40) | 2,174 | (24) |
| SG&A | (364) | (476) | (444) | (446) | (193) | (57) | (47) | (1,559) | 3 |
| Operating profit | 142 | 66 | 202 | 235 | 111 | (53) | (22) | 614 | (55) |
| Dividend income | 5 | 57 | 126 | 98 | 10 | (89) | 117 | 292 | |
| Net other income | 33 | 32 | 25 | 25 | 16 | (37) | (52) | 98 | (12) |
| Interest expenses | (66) | (72) | (80) | (86) | (94) | 9 | 41 | (332) | 37 |
| Pretax profit | 114 | 83 | 273 | 272 | 43 | (84) | (62) | 672 | (57) |
| Income tax | (25) | (27) | (125) | (67) | (52) | (22) | 112 | (271) | (1) |
| Associates | 134 | 201 | 111 | 275 | 121 | (56) | (10) | 708 | (29) |
| Minority interest | 50 | 10 | 62 | (2) | 216 | | | 285 | (234) |
| Core profit | 273 | 267 | 320 | 478 | 328 | (31) | 20 | 1,394 | (33) |
| Extraordinaries, GW & FX | 0 | 0 | 156 | 0 | 1 | | | | |
| Reported net profit | 274 | 267 | 476 | 478 | 329 | (31) | 20 | 1,394 | (33) |
| Outstanding shares (m) | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 0 | 0 | 1,201 | 0 |
| Pre-ex EPS (THB) | 0.23 | 0.22 | 0.27 | 0.40 | 0.27 | (31) | 20 | 1.16 | (33) |
| EPS (THB) | 0.23 | 0.22 | 0.40 | 0.40 | 0.27 | (31) | 20 | 1.16 | (33) |
| COGS excl. depreciation | (1,664) | (1,419) | (1,574) | (1,572) | (1,859) | 18 | 12 | (6,424) | (6) |
| Depreciation | (242) | (309) | (251) | (252) | (224) | (11) | (7) | (1,036) | 4 |
| EBITDA | 384 | 375 | 453 | 487 | 335 | (31) | (13) | 1,650 | (30) |
| Key ratios | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) | (%) | (ppt) |
| Gross margin | 21 | 24 | 26 | 27 | 13 | (14) | (8) | 23 | (4) |
| SG&A/Revenue | 15 | 21 | 18 | 18 | 8 | (10) | (7) | 16 | 2 |
| EBITDA margin | 16 | 16 | 18 | 19 | 14 | (5) | (2) | 17 | (5) |
| Net profit margin | 11 | 12 | 19 | 19 | 14 | (5) | 2 | 14 | (5) |
| Operating stats | | | | | | | | | |
| Ramkhamhaeng hospital revenue growth (y-y %) | 11 | (4) | 1 | (5) | (1) | | | | |
| Ramkhamhaeng EBITDA margin (%) | 33 | 33 | 30 | 29 | 25 | | | | |
| Subsidiary hospital revenue growth (y-y %) | (45) | (35) | (12) | (10) | (3) | | | | |
| Subsidiary EBITDA margin (%) | 1 | 0 | 7 | 9 | 7 | | | | |
| Share income - Synphaet (THB m) | 50 | 44 | 22 | 91 | 71 | | | | |
| Share income - THG (THB m) | 64 | 46 | 28 | 67 | (72) | | | | |
| Share income - Sukhumvit (THB m) | 20 | 15 | 21 | 14 | 12 | | | | |
| Share income - Chiangmai Ram (THB m) | 21 | 50 | 13 | 41 | 49 | | | | |
| Share income - VIBHA (THB m) | (19) | 13 | 19 | 31 | 28 | | | | |
| Share income - RJH (THB m) | 0 | 0 | 0 | 0 | 0 | | | | |

Source: RAM

Exhibit 10: RAM – forecast revisions

| | Current | | | Previous | | | Change | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|--------------|--------------|--------------|
| | 2024E (THB m) | 2025E (THB m) | 2026E (THB m) | 2024E (THB m) | 2025E (THB m) | 2026E (THB m) | 2024E (%) | 2025E (%) | 2026E (%) |
| Revenue | 10,736 | 11,716 | 12,518 | 10,907 | 11,613 | 12,451 | (2) | 1 | 1 |
| EBITDA margin (%) | 20.0 | 22.1 | 23.1 | 21.7 | 23.0 | 23.6 | (2) | (1) | (1) |
| Core profit | 1,755 | 2,018 | 2,288 | 1,965 | 2,289 | 2,531 | (11) | (12) | (10) |
| Key assumptions | | | | | | | | | |
| RAM's flagship hospital revenue | 4,134 | 4,341 | 4,514 | 4,192 | 4,402 | 4,622 | (1) | (1) | (2) |
| Revenue from sales of medical equipment | 1,157 | 1,204 | 1,252 | 1,171 | 1,229 | 1,278 | (1) | (2) | (2) |
| Subsidiary hospital revenue | 5,445 | 6,172 | 6,752 | 5,544 | 5,982 | 6,550 | (2) | 3 | 3 |
| Share income | 853 | 890 | 973 | 871 | 1,012 | 1,085 | (2) | (12) | (10) |

Note: Change of items in percentage terms are represented in ppt change
Sources: RAM; FSSIA estimates

Exhibit 11: 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 | 1.0 | | |
| Cost of equity, Ke | 10.7 | Net cost of debt, Kd | 2.8 |
| Weight applied | 70.0 | Weight applied | 30.0 |
| WACC | 8.3 | | |

| DCF valuation estimate | (THB b) | (THB/share) | Comments |
|---------------------------------|-------------|-------------|---|
| NPV | 26.7 | 22.3 | WACC 8.3%, Risk-free rate 3%, Risk premium 8% |
| Terminal value | 47.3 | 39.4 | Terminal growth 3% |
| Cash & liquid assets | 0.5 | 0.4 | At end-2024E |
| Investments | 0.0 | 0.0 | At end-2024E |
| Debt | (10.7) | (8.9) | At end-2024E |
| Minorities | (8.7) | (7.2) | At end-2024E |
| Residual ordinary equity | 55.2 | 46.0 | |

Source: FSSIA estimates

Exhibit 12: Peer comparisons as of 27 Mar 2024

| Company | BBG | Rec | Share price | | | Market Cap (USD m) | PE | | ROE | | PBV | | EV/ EBITDA | |
|-----------------------------|-----------|------|------------------|-----------------|---------------|-----------------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
| | | | Current (LCY) | Target (LCY) | Upside (%) | | 24E (x) | 25E (x) | 24E (%) | 25E (%) | 24E (x) | 25E (x) | 24E (x) | 25E (x) |
| Thailand | | | | | | | | | | | | | | |
| Bangkok Dusit Med Service | BDMS TB | BUY | 28.50 | 35.00 | 22.8 | 12,437 | 27.6 | 25.3 | 16.8 | 17.3 | 4.5 | 4.2 | 16.7 | 15.2 |
| Bumrungrad Hospital | BH TB | BUY | 224.00 | 305.00 | 36.2 | 4,890 | 24.1 | 22.7 | 28.8 | 26.8 | 6.5 | 5.7 | 15.9 | 14.8 |
| Bangkok Chain Hospital | BCH TB | BUY | 20.60 | 26.00 | 26.2 | 1,411 | 27.6 | 24.4 | 14.2 | 14.9 | 3.8 | 3.5 | 15.0 | 13.2 |
| Chularat Hospital | CHG TB | BUY | 2.90 | 3.90 | 34.5 | 876 | 24.5 | 21.4 | 16.7 | 17.7 | 4.0 | 3.6 | 14.3 | 12.6 |
| Praram 9 Hospital | PR9 TB | BUY | 19.00 | 22.00 | 15.8 | 410 | 24.8 | 22.8 | 11.5 | 11.7 | 2.7 | 2.6 | 12.0 | 10.8 |
| Thonburi Healthcare Group | THG TB | HOLD | 41.25 | 55.00 | 33.3 | 960 | 29.0 | 25.2 | 11.4 | 12.4 | 3.2 | 3.1 | 15.3 | 13.9 |
| Ramkhamhaeng Hospital | RAM TB | BUY | 31.00 | 46.00 | 48.4 | 1,022 | 21.2 | 18.4 | 9.3 | 10.2 | 1.9 | 1.8 | 26.0 | 20.7 |
| Rajthanee Hospital | RJH TB | n/a | 24.90 | n/a | n/a | 205 | 17.5 | 18.0 | 19.1 | 18.8 | 5.0 | 3.3 | 13.0 | 12.3 |
| Ekachai Medical Care | EKH TB | n/a | 7.75 | n/a | n/a | 151 | 19.3 | 18.6 | 14.6 | 13.4 | 5.7 | 2.6 | 10.5 | 9.7 |
| Thailand average | | | | | | 22,362 | 24.0 | 21.9 | 15.8 | 15.9 | 4.1 | 3.4 | 15.4 | 13.7 |
| Regional | | | | | | | | | | | | | | |
| Ramsay Health Care | RHC AU | n/a | 56.27 | n/a | n/a | 8,452 | 38.1 | 42.2 | 8.6 | 7.0 | 3.2 | 3.1 | 12.1 | 11.3 |
| Ihh Healthcare Bhd | IHH SP | n/a | 1.72 | n/a | n/a | 11,234 | 33.4 | 31.1 | 6.3 | 6.0 | 2.3 | 1.9 | 14.1 | 13.2 |
| Ryman Healthcare | RYM NZ | n/a | 4.42 | n/a | n/a | 1,876 | 9.1 | 11.4 | 7.5 | 7.0 | 1.1 | 0.6 | 11.9 | 13.6 |
| Apollo Hospitals Enterprise | APHS IN | n/a | 6,231 | n/a | n/a | 10,754 | 106.5 | 91.6 | 13.8 | 14.9 | 24.7 | 13.9 | 43.8 | 38.4 |
| Kpj Healthcare Berhad | KPJ MK | n/a | 1.90 | n/a | n/a | 1,752 | 35.8 | 28.4 | 10.2 | 11.6 | 4.2 | 3.5 | 15.2 | 13.7 |
| Raffles Medical Group | RFMD SP | n/a | 1.05 | n/a | n/a | 1,432 | 21.7 | 26.7 | 8.6 | 7.1 | 2.2 | 1.9 | 10.7 | 12.6 |
| Mitra Keluarga Karyasehat | MIKA IJ | n/a | 2,710 | n/a | n/a | 2,457 | 40.4 | 34.6 | 17.1 | 17.8 | 8.0 | 6.5 | 25.0 | 21.8 |
| Aier Eye Hospital Group | 300015 CH | n/a | 12.81 | n/a | n/a | 16,638 | 34.1 | 27.0 | 18.3 | 19.6 | 13.8 | 5.9 | 20.2 | 16.2 |
| Regional average | | | | | | 54,595 | 39.9 | 36.6 | 11.3 | 11.4 | 7.4 | 4.7 | 19.1 | 17.6 |
| Overall average | | | | | | 76,956 | 31.5 | 28.8 | 13.7 | 13.8 | 5.7 | 4.0 | 17.2 | 15.5 |

Sources: Bloomberg; FSSIA estimates

Financial Statements

Ramkhamhaeng Hospital

| Profit and Loss (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue | 10,687 | 9,634 | 10,736 | 11,716 | 12,518 |
| Cost of goods sold | (7,815) | (7,461) | (8,050) | (8,686) | (9,188) |
| Gross profit | 2,872 | 2,174 | 2,686 | 3,030 | 3,330 |
| Other operating income | - | - | - | - | - |
| Operating costs | (1,513) | (1,559) | (1,628) | (1,684) | (1,743) |
| Operating EBITDA | 2,356 | 1,650 | 2,152 | 2,584 | 2,888 |
| Depreciation | (998) | (1,036) | (1,095) | (1,239) | (1,300) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | 1,359 | 614 | 1,057 | 1,345 | 1,588 |
| Net financing costs | (234) | (328) | (352) | (345) | (328) |
| Associates | 1,002 | 708 | 853 | 890 | 973 |
| Recurring non-operating income | 1,450 | 1,093 | 1,250 | 1,300 | 1,394 |
| Non-recurring items | 0 | 157 | 0 | 0 | 0 |
| Profit before tax | 2,575 | 1,537 | 1,955 | 2,300 | 2,654 |
| Tax | (274) | (271) | (220) | (282) | (336) |
| Profit after tax | 2,301 | 1,266 | 1,735 | 2,018 | 2,318 |
| Minority interests | (212) | 285 | 20 | 0 | (30) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 2,088 | 1,551 | 1,755 | 2,018 | 2,288 |
| Non-recurring items & goodwill (net) | 0 | (157) | 0 | 0 | 0 |
| Recurring net profit | 2,088 | 1,394 | 1,755 | 2,018 | 2,288 |
| Per share (THB) | | | | | |
| Recurring EPS * | 1.74 | 1.16 | 1.46 | 1.68 | 1.91 |
| Reported EPS | 1.74 | 1.29 | 1.46 | 1.68 | 1.91 |
| DPS | 1.10 | 0.90 | 0.73 | 0.84 | 0.95 |
| Diluted shares (used to calculate per share data) | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Growth | | | | | |
| Revenue (%) | (15.6) | (9.8) | 11.4 | 9.1 | 6.8 |
| Operating EBITDA (%) | (43.6) | (30.0) | 30.4 | 20.1 | 11.7 |
| Operating EBIT (%) | (59.6) | (54.8) | 72.1 | 27.2 | 18.0 |
| Recurring EPS (%) | (48.4) | (33.2) | 25.8 | 15.0 | 13.3 |
| Reported EPS (%) | (49.9) | (25.7) | 13.1 | 15.0 | 13.3 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 26.9 | 22.6 | 25.0 | 25.9 | 26.6 |
| Gross margin exc. depreciation (%) | 36.2 | 33.3 | 35.2 | 36.4 | 37.0 |
| Operating EBITDA margin (%) | 22.1 | 17.1 | 20.0 | 22.1 | 23.1 |
| Operating EBIT margin (%) | 12.7 | 6.4 | 9.8 | 11.5 | 12.7 |
| Net margin (%) | 19.5 | 14.5 | 16.3 | 17.2 | 18.3 |
| Effective tax rate (%) | 17.4 | 40.3 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 63.2 | 77.5 | 50.0 | 50.0 | 50.0 |
| Interest cover (X) | 12.0 | 5.2 | 6.5 | 7.7 | 9.1 |
| Inventory days | 40.8 | 45.3 | 45.0 | 45.2 | 45.5 |
| Debtor days | 77.7 | 64.6 | 41.7 | 31.3 | 27.6 |
| Creditor days | 30.4 | 39.0 | 38.1 | 38.3 | 38.5 |
| Operating ROIC (%) | 7.7 | 2.2 | 5.1 | 6.6 | 8.3 |
| ROIC (%) | 6.4 | 2.7 | 4.8 | 5.5 | 6.4 |
| ROE (%) | 11.2 | 7.4 | 9.3 | 10.2 | 10.9 |
| ROA (%) | 6.4 | 3.1 | 4.9 | 5.5 | 6.0 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Cash patient | 7,604 | 6,840 | 7,761 | 8,571 | 9,192 |
| SSO | 1,716 | 1,643 | 1,758 | 1,881 | 2,013 |
| NHSO | 241 | 59 | 60 | 60 | 61 |
| Sales of medical equipment | 1,126 | 1,092 | 1,157 | 1,204 | 1,252 |

Sources: Ramkhamhaeng Hospital; FSSIA estimates

Financial Statements

Ramkhamhaeng Hospital

| Cash Flow (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|--|----------------|----------------|----------------|----------------|----------------|
| Recurring net profit | 2,088 | 1,394 | 1,755 | 2,018 | 2,288 |
| Depreciation | 998 | 1,036 | 1,095 | 1,239 | 1,300 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | 609 | 254 | (20) | 0 | 30 |
| Change in working capital | 439 | 1,079 | (1,060) | 1,195 | (76) |
| Cash flow from operations | 4,134 | 3,763 | 1,769 | 4,452 | 3,542 |
| Capex - maintenance | (4,895) | (2,125) | (777) | (831) | (873) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | (1,480) | 812 | (395) | (360) | 0 |
| Other investments (net) | - | - | - | - | - |
| Cash flow from investing | (6,375) | (1,314) | (1,172) | (1,191) | (873) |
| Dividends paid | (1,362) | (1,429) | (1,080) | (877) | (1,009) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | 1,318 | (410) | (300) | (300) | (300) |
| Other financing cash flows | 2,527 | (683) | 10 | 0 | (15) |
| Cash flow from financing | 2,483 | (2,522) | (1,370) | (1,177) | (1,324) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | 242 | (73) | (773) | 2,084 | 1,345 |
| Free cash flow to firm (FCFF) | (1,997.35) | 2,781.59 | 954.02 | 3,608.23 | 3,006.01 |
| Free cash flow to equity (FCFE) | 1,604.43 | 1,356.69 | 307.38 | 2,961.49 | 2,354.17 |
| Per share (THB) | | | | | |
| FCFF per share | (1.66) | 2.32 | 0.80 | 3.01 | 2.51 |
| FCFE per share | 1.34 | 1.13 | 0.26 | 2.47 | 1.96 |
| Recurring cash flow per share | 3.08 | 2.24 | 2.36 | 2.71 | 3.01 |
| Balance Sheet (THB m) Year Ending Dec | | | | | |
| Tangible fixed assets (gross) | 24,024 | 25,423 | 26,200 | 27,031 | 27,903 |
| Less: Accumulated depreciation | (9,062) | (9,373) | (10,467) | (11,707) | (13,007) |
| Tangible fixed assets (net) | 14,961 | 16,050 | 15,732 | 15,324 | 14,897 |
| Intangible fixed assets (net) | 422 | 437 | 437 | 437 | 437 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 21,496 | 20,684 | 21,079 | 21,439 | 21,439 |
| Cash & equivalents | 1,369 | 1,296 | 523 | 2,608 | 3,953 |
| A/C receivable | 2,023 | 1,386 | 1,064 | 947 | 947 |
| Inventories | 770 | 823 | 892 | 955 | 1,011 |
| Other current assets | 373 | 234 | 972 | 345 | 436 |
| Current assets | 4,534 | 3,739 | 3,451 | 4,854 | 6,347 |
| Other assets | 202 | 348 | 348 | 348 | 348 |
| Total assets | 41,615 | 41,259 | 41,048 | 42,402 | 43,468 |
| Common equity | 19,387 | 18,543 | 19,217 | 20,358 | 21,636 |
| Minorities etc. | 8,592 | 8,679 | 8,669 | 8,669 | 8,684 |
| Total shareholders' equity | 27,980 | 27,222 | 27,886 | 29,027 | 30,321 |
| Long term debt | 5,189 | 3,599 | 3,599 | 3,599 | 3,599 |
| Other long-term liabilities | 501 | 956 | 956 | 956 | 956 |
| Long-term liabilities | 5,690 | 4,555 | 4,555 | 4,555 | 4,555 |
| A/C payable | 676 | 697 | 754 | 808 | 856 |
| Short term debt | 6,178 | 7,358 | 7,058 | 6,758 | 6,458 |
| Other current liabilities | 1,092 | 1,427 | 794 | 1,254 | 1,279 |
| Current liabilities | 7,945 | 9,482 | 8,607 | 8,820 | 8,592 |
| Total liabilities and shareholders' equity | 41,615 | 41,259 | 41,048 | 42,402 | 43,468 |
| Net working capital | 1,398 | 319 | 1,380 | 185 | 260 |
| Invested capital | 38,480 | 37,839 | 38,976 | 37,732 | 37,381 |
| * Includes convertibles and preferred stock which is being treated as debt | | | | | |
| Per share (THB) | | | | | |
| Book value per share | 16.16 | 15.45 | 16.01 | 16.96 | 18.03 |
| Tangible book value per share | 15.80 | 15.09 | 15.65 | 16.60 | 17.67 |
| Financial strength | | | | | |
| Net debt/equity (%) | 35.7 | 35.5 | 36.3 | 26.7 | 20.1 |
| Net debt/total assets (%) | 24.0 | 23.4 | 24.7 | 18.3 | 14.0 |
| Current ratio (x) | 0.6 | 0.4 | 0.4 | 0.6 | 0.7 |
| CF interest cover (x) | 7.9 | 5.1 | 1.9 | 9.6 | 8.2 |
| Valuation | | | | | |
| Recurring P/E (x) * | 17.8 | 26.7 | 21.2 | 18.4 | 16.3 |
| Recurring P/E @ target price (x) * | 26.4 | 39.6 | 31.5 | 27.4 | 24.1 |
| Reported P/E (x) | 17.8 | 24.0 | 21.2 | 18.4 | 16.3 |
| Dividend yield (%) | 3.5 | 2.9 | 2.4 | 2.7 | 3.1 |
| Price/book (x) | 1.9 | 2.0 | 1.9 | 1.8 | 1.7 |
| Price/tangible book (x) | 2.0 | 2.1 | 2.0 | 1.9 | 1.8 |
| EV/EBITDA (x) ** | 23.7 | 33.7 | 26.0 | 20.7 | 18.0 |
| EV/EBITDA @ target price (x) ** | 31.3 | 44.6 | 34.4 | 27.7 | 24.2 |
| EV/invested capital (x) | 1.4 | 1.5 | 1.4 | 1.4 | 1.4 |
| * Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income | | | | | |

Sources: Ramkhamhaeng Hospital; FSSIA estimates

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" style="margin-left: auto; margin-right: auto;"> <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" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>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> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></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 |
| AAA | 8.571-10.000 | Leader: | leading its industry in managing the most significant ESG risks and opportunities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AA | 7.143-8.570 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A | 5.714-7.142 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BBB | 4.286-5.713 | Average: | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BB | 2.857-4.285 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B | 1.429-2.856 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CCC | 0.000-1.428 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Moody's ESG solutions | Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Refinitiv ESG rating | Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| S&P Global | The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Score | Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Disclosure Score | Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point. | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

Source: FSSIA's compilation

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

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| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|---------|------------|--------|---|
| Ramkhamhaeng Hospital | RAM TB | THB 31.00 | BUY | Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies. |
| Bangkok Dusit Medical Services | BDMS TB | THB 28.50 | 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 224.00 | BUY | Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin. |
| Bangkok Chain Hospital | BCH TB | THB 20.60 | 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 2.90 | BUY | Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO. |
| Praram 9 Hospital | PR9 TB | THB 19.00 | 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. |
| Thonburi Healthcare Group | THG TB | THB 41.25 | 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 27-Mar-2024 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.