

BUY (Unchanged)**TP: Bt33.00** (From: Bt 29.00)**1 JULY 2022**

Change in Numbers

Upside : 32.0%

Bangkok Dusit Medical (BDMS TB)

Strong foreign patient return

We lift our earnings estimates for BDMS by 4-15% in 2022-24F to reflect a strong return of foreign patients and continued robust momentum of Thai patient flows. We reaffirm our BUY rating on BDMS with a higher TP of Bt33.0.

**SIRIPORN ARUNOTHAI**

662 – 779 9113

siriporn.aru@thanachartsec.co.th

Boosting our earnings

We lift our earnings estimates for BDMS by 15/8/4% in 2022-24F to reflect a faster-than-expected recovery of foreign patients and continued strength in non-COVID Thai patient flows. The rise in foreign patients also helps to improve revenue intensity and margin. We raise our DCF-based TP to Bt33.0 (from Bt29.0) as we roll over to a 2023F base year. We reaffirm BUY on BDMS for its strong earnings growth outlook despite the high 2021 base from COVID profit. With COVID profit, which we expect to show a falling trend, we project BDMS's earnings growth at 33/8/17% in 2022-24F. Excluding COVID profit, we estimate BDMS's earnings growth at 72/28/18%. BDMS's valuation also looks attractive to us trading near the average STD of its five-year PE band.

Strong non-COVID patient recovery

BDMS's non-COVID cash patient revenue grew by 22% y-y in 1Q22, driven by an 11% y-y increase in Thai patient revenue and a 68% y-y rise in foreign patient revenue from the low base of 22% of total revenue in 1Q22 vs. 30% in 2019. BDMS is seeing strong levels of fly-in patients from the Middle East, Myanmar and Cambodia. We expect much stronger flows in 2H22F after the full country reopening policy from this month. We expect foreign patient revenue growth at 35/18/14% in 2022-24F. In April-May 2022, BDMS's total revenue grew by c.20% y-y with the trend continuing into June. We estimate BDMS's non-COVID patient revenue to grow by 20/14/9% in 2022-24F.

Margin on the rise

We expect BDMS's operating margin to rise from 9.9% in 2021 to 13.0/13.0/14.1% in 2022-24F. This is despite our assumption of falling COVID revenue. Key margin drivers are rising asset utilization from a return of non-COVID cash patients, increasing revenue intensity due to a higher mix of foreign patients, and continued cost controls. We estimate overall utilization rates (excluding COVID) at 47/54/58% in 2022-24F.

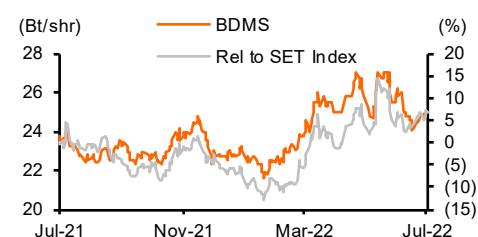
BDMS Silver Wellness & Residence

BDMS plans to develop BDMS Silver Wellness & Residence with a total investment of Bt23.5bn. It consists of wellness, hotel and residences located on leased land (30+30 years) of 13.6 rai on Sarasin and Lang Suan roads in Bangkok. Construction of the project is due to start in 2024 with operations commencing in 2029. We expect the project to be funded by cash on hand (Bt11bn as of 1Q22) and cash flow from operations (EBITDA of Bt23bn p.a. in 2022-28F). With low debt financing and the lengthy period of construction, we do not expect the project to hurt BDMS's earnings over the next three to five years. With our assumption of an 11-12% IRR, we value the project at Bt2.0 per share, which is factored into our TP.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	71,541	80,860	85,693	93,008
Net profit	7,936	10,580	11,473	13,404
Consensus NP	—	9,961	11,166	12,742
Diff frm cons (%)	—	6.2	2.7	5.2
Norm profit	7,936	10,580	11,473	13,404
Prev. Norm profit	—	9,204	10,610	12,905
Chg frm prev (%)	—	14.9	8.1	3.9
Norm EPS (Bt)	0.5	0.7	0.7	0.8
Norm EPS grw (%)	31.3	33.3	8.4	16.8
Norm PE (x)	50.1	37.6	34.6	29.6
EV/EBITDA (x)	28.9	22.7	21.0	18.4
P/BV (x)	4.7	4.5	4.3	4.0
Div yield (%)	1.8	1.5	1.6	2.0
ROE (%)	9.2	12.3	12.7	13.9
Net D/E (%)	3.5	(0.4)	(8.8)	(14.5)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 1-Jul-22 (Bt)	25.00
Market Cap (US\$ m)	11,147.3
Listed Shares (m shares)	15,892.0
Free Float (%)	68.3
Avg Daily Turnover (US\$ m)	37.1
12M Price H/L (Bt)	27.00/21.60
Sector	Health Care
Major Shareholder	Prasarthongosot Family 17.9%

Sources: Bloomberg, Company data, Thanachart estimates

Boosting our earnings

We raise our earnings by 15/8/4% in 2022-24F

We raise our earnings estimates for Bangkok Dusit Medical Services (BDMS) by 15/8/4% in 2022-24F to reflect changes in our assumptions as follows:

First, BDMS has experienced a faster-than-expected recovery of foreign patients and continued strong non-COVID Thai patient flows. We therefore raise our volume assumptions for Thai and foreign patients.

Second, the increase in foreign patients is also helping to improve revenue intensity and margin. We therefore raise our gross margin assumptions to 32.2/32.7/33.5% in 2022-24F.

Third, given stronger-than-expected revenue from COVID-19 services, we upgrade our revenue assumption from COVID-19 services this year by 13.7% but maintain our estimates for 2023-24F.

Lastly, we factor BDMS's recently announced new "BDMS Silver Wellness & Residence" project into our model.

Details of our earnings revisions are shown in Exhibit 1. Given our earnings hikes and the roll-over of our valuation base year to 2023F, we lift our DCF-based 12-month TP to Bt33.0/share from Bt29.0.

Ex 1: Change In Our Key Assumptions And Earnings Revisions

	2020	2021	2022F	2023F	2024F
Thai patients - OPD (people/year)					
- New	8,545,380	6,833,895	7,858,979	8,566,287	9,080,265
- Old			7,858,979	8,566,287	9,080,265
- Change (%)			—	—	—
Thai patients - IPD (people/year)					
- New	341,153	216,607	303,250	363,899	400,289
- Old	341,153	216,607	281,589	337,907	371,697
- Change (%)			7.7	7.7	7.7
Foreign patients - OPD (people/year)					
- New	932,575	987,325	1,135,424	1,288,706	1,443,351
- Old			1,046,565	1,203,549	1,384,082
- Change (%)			8.5	7.1	4.3
Foreign patients - IPD (people/year)					
- New	35,877	38,548	53,967	60,443	64,069
- Old			50,112	57,629	63,391
- Change (%)			7.7	4.9	1.1
Revenue from COVID-19 services (Bt m)					
- New	0	10,184	6,917	1,304	730
- Old			6,086	1,304	730
- Change (%)			13.7	—	—
Gross margin (%)					
- New	28.8	30.9	32.2	32.7	33.5
- Old			31.1	32.0	32.8
- Change (pp)			1.2	0.6	0.7
Normalized profit (Bt m)					
- New	6,045	7,936	10,580	11,473	13,404
- Old			9,204	10,610	12,905
- Change (%)			14.9	8.1	3.9

Sources: Company data, Thanachart estimates

Ex 2: 12-month DCF-based TP Calculation Using A Base Year Of 2023F

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA excl. depre from right of use	17,873	20,121	22,491	24,199	25,900	27,733	29,598	31,350	33,212	35,191	37,294	—
Free cash flow	14,770	13,904	15,742	17,508	19,120	14,349	28,351	30,125	32,005	34,000	36,118	754,917
PV of free cash flow	14,729	12,393	13,069	13,660	14,021	9,888	18,361	18,336	17,582	17,472	17,366	362,978
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	0.6											
WACC (%)	5.9											
Terminal growth (%)	2.0											
Enterprise value - add investments	529,855											
Net debt (end-2022F)	(349)											
Minority interest	4,584											
Equity value	525,621											
# of shares (m)	15,892											
Equity value/share (Bt)	33.00											

Sources: Company data, Thanachart estimates

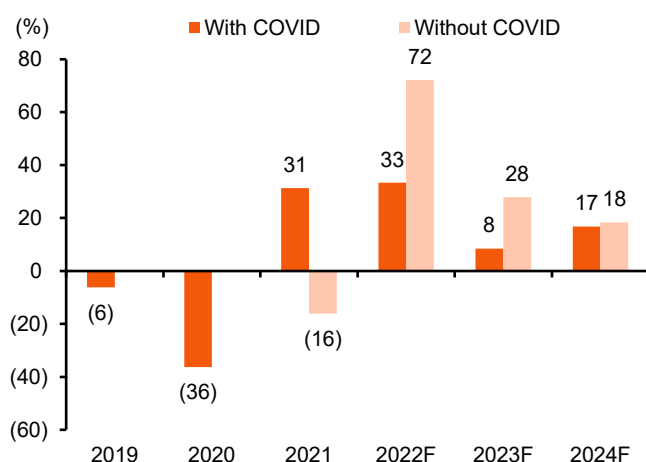
We reaffirm our BUY call

We reaffirm our BUY rating on shares of BDMS for the following reasons:

First, we believe BDMS still has strong earnings growth prospects despite the high 2021 base from COVID profit. Including COVID profit for which we expect a falling trend, we estimate BDMS's earnings growth at 33/8/17% in 2022-24F. Without COVID profit, we project BDMS's earnings to grow by 72/28/18% in those years.

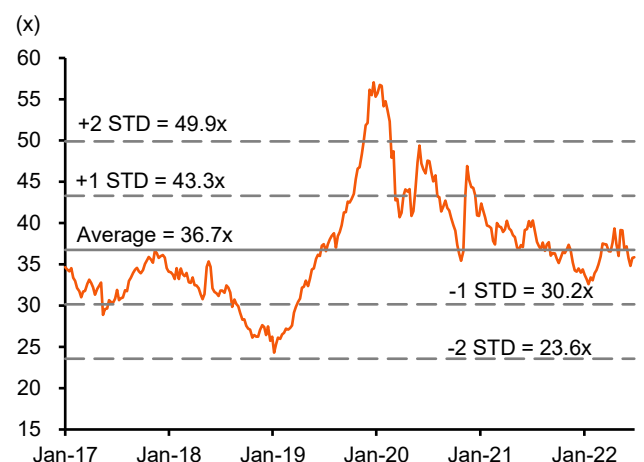
Second, BDMS's valuation also looks attractive to us, trading near the average STD of its five-year PE band.

Ex 3: Earnings Growth



Sources: Company data, Thanachart estimates

Ex 4: BDMS's PE



Sources: Bloomberg, Thanachart estimates

19% three-year EPS CAGR

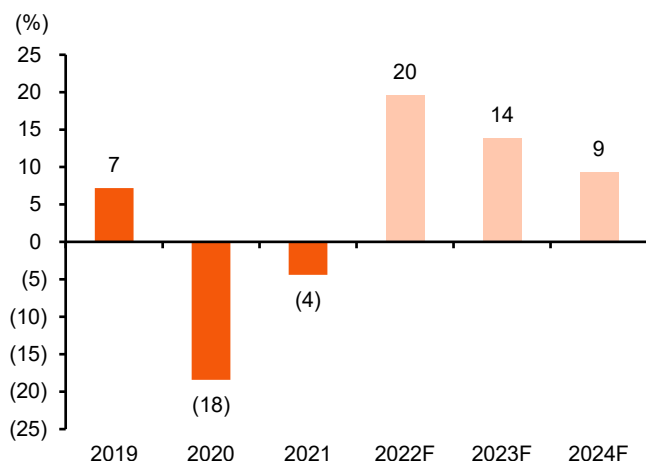
Earnings drivers are non-COVID cash patients ...

Though we expect declining earnings from COVID-19 services, we still estimate BDMS's earnings to grow by 33/8/17% in 2022-24F. Key earnings drivers are rising non-COVID Thai and foreign patients, particularly fly-in foreign patients. BDMS is seeing strong fly-in patient numbers from the Middle East, Myanmar and Cambodia. Middle East patients in May this year had returned to 70% of the 2019 level. Patients from the Cambodia, Laos, Myanmar, Vietnam (CLMV) market in May already surpassed its pre-COVID level in 2019. We expect much stronger flows in 2H22F after the full country reopening policy was implemented from the beginning of this month. We expect foreign patient revenue to grow by 35/18/14% in 2022-24F. In April-May 2022, BDMS's total revenue grew by 20% y-y with the trend continuing into June. We project BDMS's non-COVID patient revenue growth at 20/14/9% in 2022-24F.

... and expanding margin

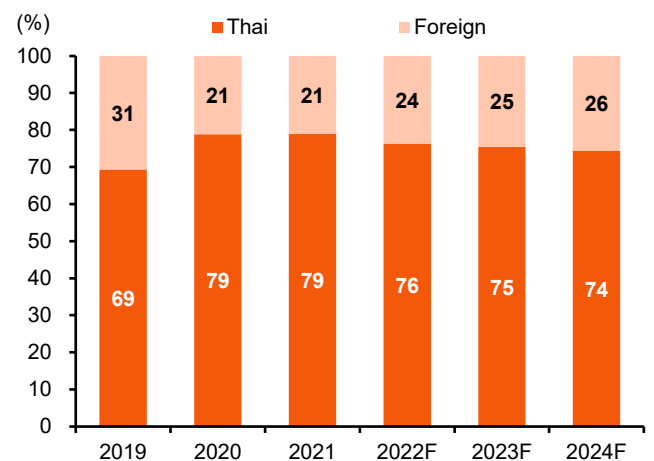
Apart from non-COVID patient revenue growth, we also expect BDMS's operating margin to widen from 9.9% in 2021 to 13.0/13.0/14.1% in 2022-24F, driven by rising asset utilization from non-COVID cash patients, increasing revenue intensity due to a higher mix of foreign patients and continued cost controls.

Ex 5: Non-COVID Patient Revenue Growth



Sources: Company data, Thanachart estimates

Ex 6: Patient Mix



Sources: Company data, Thanachart estimates

BDMS Silver Wellness & Residence

BDMS Silver Wellness & Residence adds Bt2/share

BDMS plans to develop the BDMS Silver Wellness & Residence project with a total investment of Bt23.5bn (Bt9.1bn for long-term lease expenses and Bt14.4bn for construction, medical equipment, IT system, etc.). The project leases 13.6 rai of land from the Crown Property Bureau with a lease period of 30 years, renewable for another 30 years. The location is on Sarasin and Lang Suan roads in Bangkok. Note that the payment for the lease contract is split into two. The first Bt2.5bn was paid on the agreement signing date in June this year and the remaining Bt6.6bn is scheduled to be paid at the leasehold start date (after the end of the 6.5-year construction period).

The project consists of premium residential property, a hotel and a wellness center. Construction is scheduled to start in 2024 after it receives environmental impact assessment (EIA) approval. Pre-sales of the residential project are due to commence in 2027 and all properties are targeted to start operations and recognize revenues in 2029.

We expect the project to be funded mainly by cash on hand (Bt11bn as of 1Q22) and cash flow from operations (EBITDA of Bt23bn p.a. in 2022-28F). With low debt financing and the lengthy period of construction, we do not expect the project to hurt BDMS's earnings over the next three to five years. With our assumption of an 11-12% IRR, we value the project at Bt2.0 per share, which is already factored into our TP.

Ex 7: Project Location



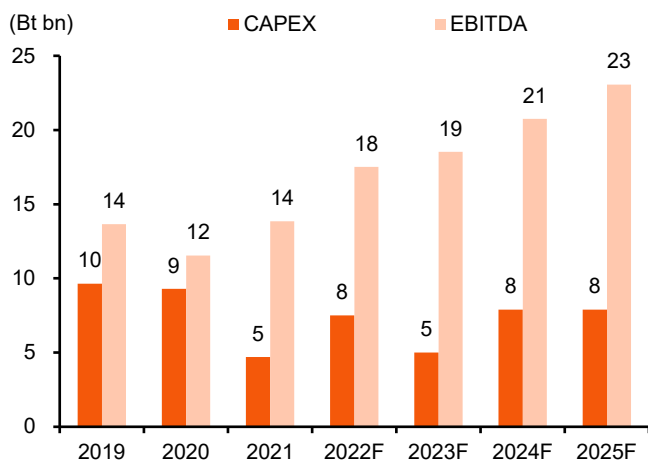
Source: Company data

Ex 8: Project Landscape



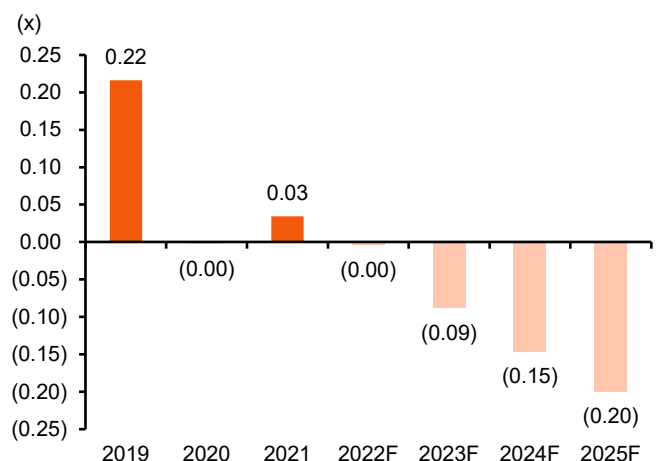
Source: Company data

Ex 9: EBITDA And CAPEX



Sources: Company data, Thanachart estimates

Ex 10: Net Debt To Equity



Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 11: Valuation Comparison With Regional Peers

Name	BBG code	Country	Market Cap (US\$ m)	EPS growth		PE		P/BV		EV/EBITDA		Div yield	
				22F (%)	23F (%)	22F (x)	23F (x)	22F (x)	23F (x)	22F (x)	23F (x)	22F (%)	23F (%)
Ramsay Healthcare	RHC AU	Australia	11,380	(27.8)	75.8	52.4	29.8	4.1	3.9	13.2	10.8	1.5	2.1
Guangzhou Pharmaceutical	874 HK	Hong Kong	7,139	2.9	1.7	9.8	9.6	1.2	1.1	9.6	9.4	3.1	3.1
Lijun Int'l Pharmaceutical	2005 HK	Hong Kong	1,595	49.3	20.6	10.8	9.0	1.8	1.6	8.6	7.3	3.5	4.1
Apollo Hospitals Enterprise	APHS IN	India	6,796	(12.5)	20.1	58.2	48.4	9.5	8.1	24.8	22.4	0.2	0.3
Fortis Healthcare India	FORH IN	India	2,257	(33.1)	28.4	48.1	37.5	2.7	2.7	17.7	17.0	0.0	0.0
KPJ Healthcare	KPJ MK	Malaysia	808	135.3	35.7	29.3	21.6	1.6	1.5	11.9	10.8	1.7	2.2
IHH Healthcare Bhd	IHH MK	Malaysia	12,941	(7.9)	14.5	34.8	30.4	2.3	2.2	15.4	14.4	1.1	1.1
Ryman	RYM NZ	New Zealand	2,702	na	23.6	19.1	15.5	1.3	1.1	18.8	14.3	2.2	2.5
Raffles Medical Group	RFMD SP	Singapore	1,501	(15.7)	7.9	29.7	27.6	2.2	2.1	14.5	13.8	2.2	2.1
Bangkok Chain Hospital *	BCH TB	Thailand	1,315	(46.7)	(50.9)	12.8	26.1	3.3	3.2	8.3	13.6	3.9	1.9
Bangkok Dusit Medical *	BDMS TB	Thailand	11,147	33.3	8.4	37.6	34.6	4.5	4.3	22.7	21.0	1.5	1.6
Bumrungrad Hospital *	BH TB	Thailand	4,014	127.3	27.8	49.4	38.6	8.2	8.0	30.9	24.8	2.0	2.6
Chularat Hospital *	CHG TB	Thailand	1,148	(32.4)	(49.1)	14.4	28.3	5.0	5.1	10.1	18.5	5.2	3.0
Ladprao General Hospital *	LPH TB	Thailand	116	(49.9)	(17.6)	17.8	21.6	2.4	2.3	9.9	11.6	4.2	3.5
Praram 9 Hospital *	PR9 TB	Thailand	351	60.6	13.6	31.2	27.5	2.8	2.6	14.5	13.0	1.4	1.6
Rajthanee Hospital *	RJH TB	Thailand	311	(2.8)	(55.5)	11.3	25.4	5.2	5.5	8.3	16.7	7.1	3.0
Ratchaphruek Hospital *	RPH TB	Thailand	101	(26.2)	(52.4)	12.1	25.4	2.0	2.0	7.3	12.3	5.0	2.9
Thonburi Healthcare Group*	THG TB	Thailand	1,480	(31.3)	(32.0)	56.2	82.7	5.7	5.6	28.1	32.7	1.1	0.7
Average				7.2	1.1	29.7	30.0	3.6	3.5	15.3	15.8	2.6	2.1

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS

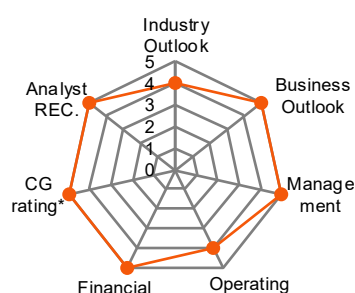
Based on 1 July 2022 closing prices

COMPANY DESCRIPTION

Bangkok Dusit Medical Services Pcl (BDMS) was founded in 1969 and opened its first private hospital known as “Bangkok Hospital” in 1972. It is now the largest private hospital operator in Thailand in terms of patient service revenue and market capitalization. Its main focus is Bangkok and various high-growth markets nationwide.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- As BDMS runs 51 hospitals nationwide (including Phyathai and Paolo groups) and two in Cambodia, revenue is diversified against any particular risk in one location.
- A strong balance sheet enhances BDMS's expansion and acquisition ability.

O — Opportunity

- Rising incomes make it more affordable for people to pay for better-quality healthcare services at private hospitals.
- More complex medical treatments due to the ageing trend.
- Thailand being a value-for-money destination for medical tourism.

W — Weakness

- Since depreciation expenses make up about 9.5% of its 2021 revenues, BDMS's earnings are sensitive to changes in revenue and economic conditions.

T — Threat

- Aggressive pricing policies of direct regional rivals such as hospitals in Singapore are being supported by their governments.
- Slowdown in economy.
- Political and regulatory risks.
- Natural disasters and disease outbreaks.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	29.35	33.00	12%
Net profit 22F (Bt m)	9,961	10,580	6%
Net profit 23F (Bt m)	11,166	11,473	3%
Consensus REC	BUY: 23	HOLD: 5	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings and TP are higher than the Bloomberg consensus numbers, which we attribute to 1) us having a more bullish view on a cash patient recovery, 2) our model factoring in BDMS Silver Wellness and Residence, and 3) the rollover of our valuation base year to 2023F.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- BDMS's new hospitals may turn profitable slower than we currently expect if there is more intense competition from existing private healthcare operators or if there were to be newcomers to the healthcare market in Thailand.
- If the number of Thai and international patient flows were to be lower than our current expectations.
- If BDMS Wellness Clinic and BDMS Silver Wellness & Residence turn profitable slower than we currently anticipate.
- If the Adjusted Relative Weight (RW) under the Social Security Scheme drops, there could be downside risk to our earnings forecasts.

Source: Thanachart

INCOME STATEMENT

*Non-COVID cash patients
rebound in 2022-24F amid
COVID services decline*

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	65,166	71,541	80,860	85,693	93,008
Cost of sales	46,371	49,462	54,795	57,705	61,807
Gross profit	18,795	22,079	26,064	27,987	31,201
% gross margin	28.8%	30.9%	32.2%	32.7%	33.5%
Selling & administration expenses	14,161	15,029	15,555	16,838	18,093
Operating profit	4,634	7,051	10,510	11,149	13,108
% operating margin	7.1%	9.9%	13.0%	13.0%	14.1%
Depreciation & amortization	6,909	6,793	6,996	7,386	7,638
EBITDA	11,543	13,844	17,506	18,535	20,746
% EBITDA margin	17.7%	19.4%	21.7%	21.6%	22.3%
Non-operating income	3,935	4,250	4,127	4,306	4,624
Non-operating expenses	0	0	0	0	0
Interest expense	(871)	(728)	(630)	(442)	(251)
Pre-tax profit	7,699	10,573	14,007	15,013	17,481
Income tax	1,491	2,103	2,787	2,988	3,479
After-tax profit	6,207	8,469	11,219	12,025	14,002
% net margin	9.5%	11.8%	13.9%	14.0%	15.1%
Shares in affiliates' Earnings	273	21	24	28	31
Minority interests	(435)	(554)	(664)	(580)	(630)
Extraordinary items	1,169	0	0	0	0
NET PROFIT	7,214	7,936	10,580	11,473	13,404
Normalized profit	6,045	7,936	10,580	11,473	13,404
EPS (Bt)	0.5	0.5	0.7	0.7	0.8
Normalized EPS (Bt)	0.4	0.5	0.7	0.7	0.8

BALANCE SHEET

*No significant new
investments in 2022-24F*

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	30,013	24,401	23,133	23,410	29,455
Cash & cash equivalent	20,939	12,641	11,708	11,708	17,208
Account receivables	7,192	9,131	8,640	8,921	9,428
Inventories	1,855	2,005	2,102	2,055	2,032
Others	27	624	684	725	787
Investments & loans	1,542	1,600	1,600	1,600	1,600
Net fixed assets	81,313	79,689	80,750	79,026	79,893
Other assets	23,182	22,763	27,601	27,914	28,284
Total assets	136,050	128,454	133,085	131,950	139,232
LIABILITIES:					
Current liabilities:	11,220	15,862	13,914	14,751	15,659
Account payables	4,450	5,035	5,577	5,874	6,291
Bank overdraft & ST loans	90	76	0	0	0
Current LT debt	107	3,100	57	15	9
Others current liabilities	6,573	7,651	8,280	8,862	9,359
Total LT debt	20,594	12,496	11,301	3,034	1,882
Others LT liabilities	12,773	12,331	15,346	15,653	16,321
Total liabilities	44,588	40,689	40,561	33,438	33,863
Minority interest	3,553	3,920	4,584	5,164	5,793
Preferreds shares	0	0	0	0	0
Paid-up capital	1,589	1,589	1,589	1,589	1,589
Share premium	30,166	30,166	30,166	30,166	30,166
Warrants	0	0	0	0	0
Surplus	8,880	9,141	9,141	9,141	9,141
Retained earnings	47,275	42,949	47,043	52,452	58,679
Shareholders' equity	87,910	83,845	87,940	93,348	99,576
Liabilities & equity	136,050	128,454	133,085	131,950	139,232

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

Strong cash flow, on our estimates

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	7,699	10,573	14,007	15,013	17,481
Tax paid	(800)	(2,803)	(2,167)	(3,150)	(3,213)
Depreciation & amortization	6,909	6,793	6,996	7,386	7,638
Chg In working capital	106	(1,504)	937	61	(66)
Chg In other CA & CL / minorities	(2,060)	1,033	(47)	731	201
Cash flow from operations	11,854	14,092	19,727	20,041	22,041
Capex	(9,286)	(4,697)	(7,504)	(5,000)	(7,880)
Right of use	(3,811)	(19)	(2,800)	(300)	(300)
ST loans & investments	0	(19)	19	0	0
LT loans & investments	16,462	(58)	0	0	0
Adj for asset revaluation	2,705	262	0	0	0
Chg In other assets & liabilities	6,880	(477)	423	(368)	(27)
Cash flow from investments	12,951	(5,008)	(9,861)	(5,668)	(8,207)
Debt financing	(3,638)	(5,119)	(4,314)	(8,309)	(1,158)
Capital increase	0	0	0	0	0
Dividends paid	(4,741)	(12,738)	(6,485)	(6,065)	(7,176)
Warrants & other surplus	(1,082)	475	0	0	0
Cash flow from financing	(9,461)	(17,381)	(10,799)	(14,373)	(8,334)
Free cash flow	2,567	9,394	12,223	15,041	14,161

VALUATION

Inexpensive valuation, in our view

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	65.7	50.1	37.6	34.6	29.6
Normalized PE - at target price (x)	86.8	66.1	49.6	45.7	39.1
PE (x)	55.1	50.1	37.6	34.6	29.6
PE - at target price (x)	72.7	66.1	49.6	45.7	39.1
EV/EBITDA (x)	34.4	28.9	22.7	21.0	18.4
EV/EBITDA - at target price (x)	45.4	38.1	29.9	27.8	24.5
P/BV (x)	4.5	4.7	4.5	4.3	4.0
P/BV - at target price (x)	6.0	6.3	6.0	5.6	5.3
P/CFO (x)	33.5	28.2	20.1	19.8	18.0
Price/sales (x)	6.1	5.6	4.9	4.6	4.3
Dividend yield (%)	2.2	1.8	1.5	1.6	2.0
FCF Yield (%)	0.6	2.4	3.1	3.8	3.6
(Bt)					
Normalized EPS	0.4	0.5	0.7	0.7	0.8
EPS	0.5	0.5	0.7	0.7	0.8
DPS	0.6	0.5	0.4	0.4	0.5
BV/share	5.5	5.3	5.5	5.9	6.3
CFO/share	0.7	0.9	1.2	1.3	1.4
FCF/share	0.2	0.6	0.8	0.9	0.9

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

Earnings look to be on an uptrend, with or without COVID services

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(18.2)	9.8	13.0	6.0	8.5
Net profit (%)	(53.5)	10.0	33.3	8.4	16.8
EPS (%)	(53.8)	10.0	33.3	8.4	16.8
Normalized profit (%)	(35.8)	31.3	33.3	8.4	16.8
Normalized EPS (%)	(36.3)	31.3	33.3	8.4	16.8
Dividend payout ratio (%)	121.2	90.1	55.0	55.0	60.0
Operating performance					
Gross margin (%)	28.8	30.9	32.2	32.7	33.5
Operating margin (%)	7.1	9.9	13.0	13.0	14.1
EBITDA margin (%)	17.7	19.4	21.7	21.6	22.3
Net margin (%)	9.5	11.8	13.9	14.0	15.1
D/E (incl. minor) (x)	0.2	0.2	0.1	0.0	0.0
Net D/E (incl. minor) (x)	(0.0)	0.0	(0.0)	(0.1)	(0.1)
Interest coverage - EBIT (x)	5.3	9.7	16.7	25.2	52.2
Interest coverage - EBITDA (x)	13.3	19.0	27.8	41.9	82.5
ROA - using norm profit (%)	4.5	6.0	8.1	8.7	9.9
ROE - using norm profit (%)	7.0	9.2	12.3	12.7	13.9
DuPont					
ROE - using after tax profit (%)	7.2	9.9	13.1	13.3	14.5
- asset turnover (x)	0.5	0.5	0.6	0.6	0.7
- operating margin (%)	13.2	15.8	18.1	18.0	19.1
- leverage (x)	1.6	1.5	1.5	1.5	1.4
- interest burden (%)	89.8	93.6	95.7	97.1	98.6
- tax burden (%)	80.6	80.1	80.1	80.1	80.1
WACC (%)	5.9	5.9	5.9	5.9	5.9
ROIC (%)	3.6	6.4	9.7	10.2	12.4
NOPAT (Bt m)	3,737	5,648	8,418	8,930	10,499
invested capital (Bt m)	87,762	86,876	87,590	84,690	84,260

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 63 Derivative Warrants which are ADVANC16C2210A, AMAT16C2209A, AOT16C2209A, AWC16C2207A, BAM16C2207A, BANP16C2207A, BANPU16C2210A, BCH16C2207A, BEC16C2207A, BGRI16C2209A, BLA16C2208A, BLA16C2209A, CBG16C2207A, CBG16C2210A, CENTEL16C2209A, CHG16C2207A, COM716C2208A, COM716C2209A, COM716C2211A, DOHO16C2207A, EA16C2207A, EA16C2209A, ESSO16C2209A, ESSO16C2209B, GPSC16C2207A, GPSC16C2209A, GULF16C2207A, GULF16C2210A, GUNK16C2207A, GUNK16C2209A, HANA16C2207A, HANA16C2209A, IVL16C2209A, JMART16C2210A, JMT16C2207A, JMT16C2210A, KBAN16C2208A, KBAN16C2209A, KCE16C2208A, KCE16C2209A, KTC16C2209A, MEGA16C2207A, MINT16C2207A, MINT16C2211A, MTC16C2209A, PTG16C2209A, PTTE16C2209A, PTTG16C2207A, RBF16C2209A, RCL16C2208A, S5016C2209A, S5016P2209A, SAWA16C2209A, SCB16C2208A, SET5016P2209B, SPRC16C2209A, STEC16C2209A, TOP16C2211A, TTA16C2207A, TTA16C2208A, TTA16C2211A, TU16C2210A, WHA16C2209A (underlying securities are ADVANC, AMATA, AOT, AWC, BAM, BANPU, BCH, BEC, BGRIM, BLA, CBG, CENTEL, CHG, COM7, DOHOME, EA, ESSO, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MEGA, MINT, MTC, PTG, PTTEP, PTTGC, RBF, RCL, SAWAD, SCB, SET50, SPRC, STEC, TOP, TTA, TU, WHA). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: The One Enterprise Pcl. (ONEE TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

Thanachart Securities Pcl.

Research Team

19 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA

Head of Research

Tel: 662-779-9199

pimpaka.nic@thanachartsec.co.th

Pattarawan Wangmingmat

Senior Technical Analyst

Tel: 662-779-9105

pattarawan.wan@thanachartsec.co.th

Phannarai Tiyapittayarut

Property, Retail

Tel: 662-779-9109

phannarai.von@thanachartsec.co.th

Sarachada Sornsong

Bank, Finance

Tel: 662-779-9106

sarachada.sor@thanachartsec.co.th

Witchanan Tambamroong

Technical Analyst

Tel: 662-779-9123

witchanan.tam@thanachartsec.co.th

Adisak Phupiphathirungul, CFA

Retail Market Strategy

Tel: 662-779-9120

adisak.phu@thanachartsec.co.th

Nuttapop Prasitsuksant

Telecom, Utilities

Tel: 662-483-8296

nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanoom

Auto, Industrial Estate, Media, Prop. Fund

Tel: 662-483-8297

rata.lim@thanachartsec.co.th

Siriporn Arunothai

Small Cap, Healthcare, Hotel

Tel: 662-779-9113

siriporn.aru@thanachartsec.co.th

Sittichet Rungrassameephat

Analyst, Quantitative

Tel: 662-483-8303

sittichet.run@thanachartsec.co.th

Chak Reungsinpinya

Strategy, Insurance, Paper

Tel: 662-779-9104

chak.reu@thanachartsec.co.th

Pattadol Bunnak

Electronics, Food & Beverage, Shipping

Tel: 662-483-8298

pattadol.bun@thanachartsec.co.th

Saksid Phadthanarak

Construction, Transportation

Tel: 662-779-9112

saksid.pha@thanachartsec.co.th

Yupapan Polpornprasert

Energy, Petrochemical

Tel: 662-779-9110

yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan

Analyst, Retail Market

Tel: 662-483-8304

thaloengsak.kuc@thanachartsec.co.th