

**BUY** (Unchanged)

TP: Bt 35.00 (From: Bt 34.00)

9 JANUARY 2023

Change in Numbers

Upside : 15.7%

# Bangkok Dusit Medical (BDMS TB)

## In all the right places

We reaffirm our BUY call on BDMS as a high-quality healthcare stock. It has capacity available for long-term growth, substantial medical tourism exposure, experience in COVID treatment, and a higher base of profitability. We also lift our earnings estimates in this report.



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### A high-quality stock in the right places

We reaffirm BUY on BDMS with a new DCF-based 12-month TP (2023F base year) of Bt35 (from Bt34). *First*, BDMS is the biggest company with a very strong market position in most segments of the growing healthcare sector, which we believe has a very bright long-term outlook. *Second*, it is also the largest hospital chain for medical tourism with 47 hospitals in Bangkok and tourist provinces. *Third*, with China's reopening possibly causing a new COVID wave in Thailand, BDMS is well-equipped with capacity to secure extra revenue. *Fourth*, BDMS is no longer in a heavy capex cycle and its growth is to bring the leverage impact along toward a new high ROE. *Lastly*, with stronger-than-expected business momentum, we raise our earnings estimates by 10/7/6% in 2022-24F.

### New high profitability

BDMS was in a heavy capex cycle in 2011-17 with an average 22% capex-to-sales ratio. Given 56 hospitals with 6,305 beds (vs. 2,308 beds in 2010) and current utilization of 76% with room to debottleneck, BDMS's heavy capex cycle has come to an end. BDMS plans only a 2% p.a. capacity increase and we estimate Bt7.3bn p.a. of capex in 2023-27 (or a 7% capex-to-sales ratio). We expect a weaker capex cycle, higher utilization, rising intensity from more specialized treatments, and an increasing foreign patient mix, operating leverage effect, and efficiency improvements to bring about a higher EBIT margin, ROA and ROE, despite being a net-cash company. We expect its EBIT margin, ROA and ROE to increase from 9.9/7.1/12.2% in 2019 to 13.8/9.4/14.3% in 2023F and 15.2/11.0/16.4% in 2025F.

### Medical tourism is back

BDMS is a key beneficiary of Thailand's medical tourism via its high exposure to both foreign patients with serious diseases and foreign tourists who need medical care. BDMS's nine hospitals in Bangkok and six hospitals in tourist provinces accept foreign patients with serious diseases and it has 12 other hospitals in Bangkok and 20 in tourist provinces for general medical tourism. We estimate its foreign patient revenue in 2022F at Bt20.9bn (24% of total revenue), making up 87% of 2019's foreign patient revenue of Bt24.1bn (30% of revenue) in 2019. We project revenue to grow to Bt26.6bn in 2024F, or 110% of pre-COVID level.

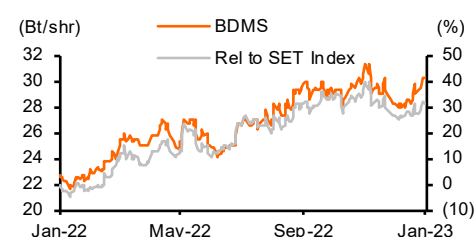
### Lower PE unjustified, in our view

BDMS is trading at 37.5x 2023F PE vs. its five-year pre-COVID average of 40.3x. We believe this is unjustified and perhaps a result of market concerns about falling extra profits from COVID services. We assume no extra COVID income in 2023F and, with a higher ROE of 14.3% vs. 12.2% in 2019, we see room for BDMS to re-rate back upward. Our year-end 2023F Bt35.0/share TP implies a 38.0x forward PE in 2024F.

### COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	71,541	88,551	92,904	100,603
Net profit	7,936	12,449	12,833	14,626
Consensus NP	—	11,783	12,650	13,821
Diff frm cons (%)	—	5.7	1.4	5.8
Norm profit	7,936	12,449	12,833	14,626
Prev. Norm profit	—	11,349	12,000	13,822
Chg frm prev (%)	—	9.7	6.9	5.8
Norm EPS (Bt)	0.5	0.8	0.8	0.9
Norm EPS grw (%)	31.3	56.9	3.1	14.0
Norm PE (x)	60.6	38.6	37.5	32.9
EV/EBITDA (x)	34.9	25.0	24.2	21.6
P/BV (x)	5.7	5.5	5.3	5.0
Div yield (%)	1.5	1.9	2.0	2.3
ROE (%)	9.2	14.5	14.3	15.6
Net D/E (%)	3.5	5.2	(1.7)	(6.6)

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 9-Jan-23 (Bt)	30.25
Market Cap (US\$ m)	14,335.3
Listed Shares (m shares)	15,892.0
Free Float (%)	68.3
Avg Daily Turnover (US\$ m)	38.9
12M Price H/L (Bt)	31.25/21.60
Sector	Health Care
Major Shareholder	Prasarthongosot Family 17.9%

Sources: Bloomberg, Company data, Thanachart estimates

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## Lifting our earnings and TP

**We raise our TP to  
Bt35.0/share**

Bangkok Dusit Medical Services Pcl (BDMS) reported strong quarterly results in 3Q22, beating ours and the Street's earnings estimates by around 20%. We foresee its strong business momentum continuing into 4Q22F and 2023-24F. Robust Thai and international patient flows look set to continue. We therefore revise up our earnings estimates by 10/7/6% in 2022-24F and our DCF-based 12-month TP (2023F base year) to 35.0 from Bt34.0. Details of our new assumptions and earnings revisions are shown in Exhibit 1.

### Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2019	2020	2021	2022F	2023F	2024F
<b>Thai patients - OPD (people/year)</b>						
- New	9,519,200	8,545,380	6,833,895	10,114,165	10,923,298	11,469,463
- Old				8,200,674	8,938,735	9,475,059
- Change (%)				23.3	22.2	21.0
<b>Thai patients - IPD (people/year)</b>						
- New	473,438	341,153	216,607	418,051	459,856	482,849
- Old	341,152	341,153	216,607	314,080	376,896	414,585
- Change (%)				33.1	22.0	16.5
<b>Foreign patients - OPD (people/year)</b>						
- New	1,488,470	932,575	987,325	1,461,241	1,548,915	1,595,383
- Old				1,431,621	1,546,151	1,592,535
- Change (%)				2.1	0.2	0.2
<b>Foreign patients - IPD (people/year)</b>						
- New	63,922	35,877	38,548	57,821	66,495	70,484
- Old				56,665	62,331	66,071
- Change (%)				2.0	6.7	6.7
<b>Gross margin (%)</b>						
- New	31.8	28.8	30.9	33.8	34.0	34.5
- Old				33.0	33.7	34.5
- Change (pp)				0.7	0.3	-
<b>Normalized profit (Bt m)</b>						
- New	9,422	6,045	7,936	12,449	12,833	14,626
- Old				11,349	12,000	13,822
- Change (%)				9.7	6.9	5.8

Sources: Company data, Thanachart estimates

### Reaffirming our BUY call

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

**First**, BDMS is the biggest company in the growing healthcare sector, which has a very bright long-term outlook. It has a very strong market position covering all the market segments in the mid- to high-end cash patient scheme and Social Security Scheme (SSS).

**Second**, BDMS is also the largest hospital chain for medical tourism, with 47 hospitals in Bangkok and the main tourist provinces.

**Third**, given China's reopening, we see a possibility of this causing a new COVID wave in Thailand. Thanks to BDMS's solid experience in providing COVID-19 services and well-equipped capacity, we expect it to enjoy extra revenue from COVID-19 services.

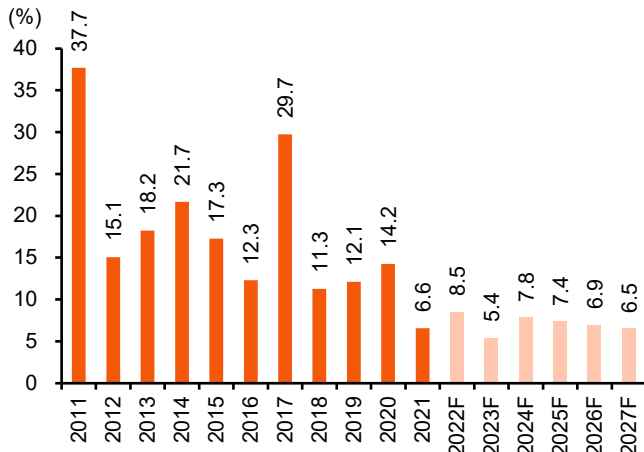
**Fourth**, BDMS is no longer in a heavy capex cycle, and its growth is to bring the leverage impact along toward a new high ROE.

## New high profitability

**BDMS's heavy capex cycle has come to an end**

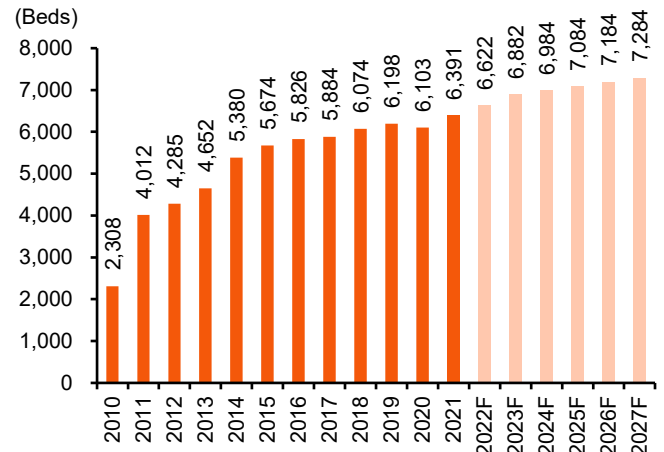
BDMS was in a heavy capex cycle in 2011-2017 with an average 22% capex-to-sales ratio. It invested in many new greenfield projects and acquired numerous brownfield hospitals. After its heavy investment, the number of BDMS's available beds increased from 18 hospitals with 2,308 beds in 2010 to 56 hospitals with 6,305 beds in 3Q22. Its bed utilization rate was 76% in 3Q22. It still has room to debottleneck its capacity. BDMS's heavy capex cycle has come to an end with its plan to increase capacity by around 2% p.a. in 2023-27F. We estimate BDMS's capex at Bt7.3bn p.a. in 2023-27, or a 7% capex-to-sales ratio.

**Ex 2: Cost-To-Sales Ratio And Capex**



Sources: Company data, Thanachart estimates

**Ex 3: Bed Capacity**

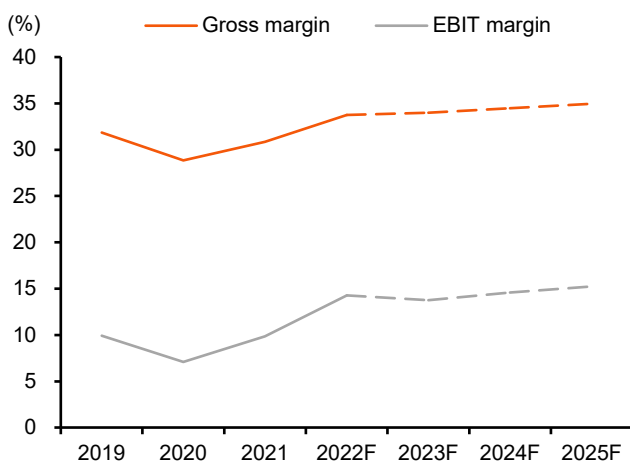


Sources: Company data, Thanachart estimates

**We forecast its EBIT margin, ROA and ROE to increase from 2019**

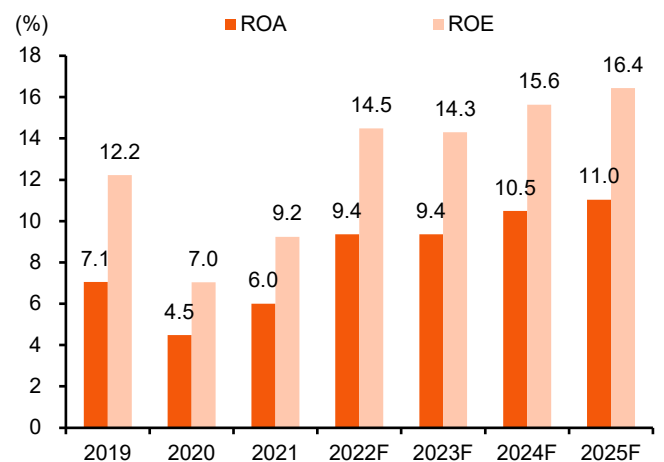
We expect a weaker capex cycle, a higher utilization rate, rising intensity from more specialized treatments and a rising foreign patient mix, a stronger operating leverage effect, and efficiency improvements to bring about a higher EBIT margin, ROA and ROE, despite BDMS being a net cash company. We estimate EBIT margin, ROA and ROE to increase from 9.9/7.1/12.2% in 2019 to 13.8/9.4/14.3% in 2023F and 15.2/11.0/16.4% in 2025F.

**Ex 4: Gross Margin And EBIT Margin**



Sources: Company data, Thanachart estimates

**Ex 5: ROA And ROE**



Sources: Company data, Thanachart estimates

**Ex 6: Capacity Expansions**

New hospitals	Bed capacity	Opening year
Bangkok Udon	142	2022
Paolo Chokchai 4 – Premium	59	2022
Paolo Chokchai 4 – Social Security	30	2022
Bangkok Rayong Cancer	-	2023
Phyathai Sriracha – Social Security	100	2023
Phyathai 1	160	2023
Samitivej International Children	102	2024
Bangkok Rayong – Pluakdaeng	200	2025-26
Expansion of existing hospitals	n.a.	2025-26

Source: Company data

**Medical tourism is back**

*BDMS has 56 hospitals in its portfolio*

At the end of 3Q22, BDMS had 56 hospitals in its portfolio. Twenty-one hospitals are located in Bangkok, 26 are in the main tourist provinces, seven are in secondary cities and two other hospitals are located in Cambodia.

**Ex 7: BDMS's Portfolio Locations**

Provinces	# of hospitals	Provinces	# of hospitals
<b>Thailand</b>			<b>54</b>
<b>Main cities</b>	<b>47</b>	<b>Secondary cities</b>	<b>7</b>
Bangkok	21	Chanthaburi	1
Prachuap Khiri Khan	1	Phitsanulok	1
Petchaburi	1	Chiang Rai	1
Chonburi	6	Udonthani	1
Rayong	2	Ratchaburi	1
Chiang Mai	1	Trat	2
Nakhon Ratchasima	2		
Khon Kaen	1		
Phuket	3		
Pathum Thani	1		
Samutprakarn	2		
Songkhla	1		
Surat Thani	3		
Nakornpathom	2		
<b>Cambodia</b>			<b>2</b>
<b>Total</b>			<b>56</b>

Source: Company data

After Thailand gradually reopened early last year, BDMS's international patients increased quarter by quarter, and its revenue from international patients reached 94% of 2019's level in 3Q22.

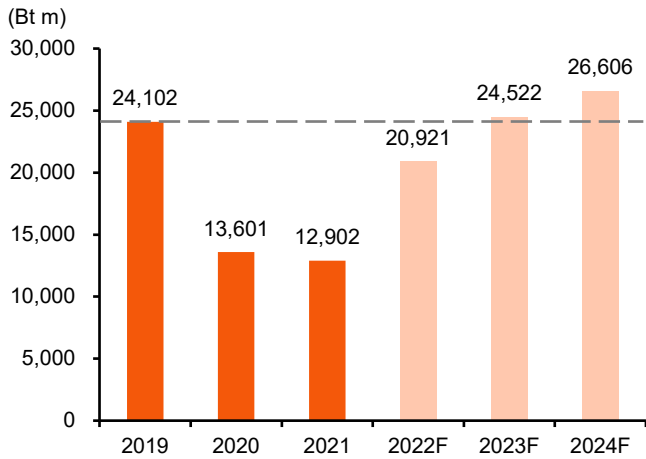
*BDMS is a key beneficiary of Thailand's medical tourism*

BDMS has substantial exposure to both foreign patients with serious diseases and foreign tourists who need medical care. Given our expectation of a strong turnaround in international tourist arrivals this year, mainly due to China's reopening and BDMS's prime locations, we see BDMS as a key beneficiary. BDMS's nine hospitals in Bangkok and six hospitals in tourist provinces accept foreign patients with serious diseases, while it has 12 other hospitals in Bangkok and 20 in tourist provinces for general medical tourism. BDMS's management expects foreign patients to return to use plastic surgery, dental treatment, aging care and undergo health check-ups in Thailand this year.

**We expect foreign patient revenue to surpass its pre-COVID level in 2023F**

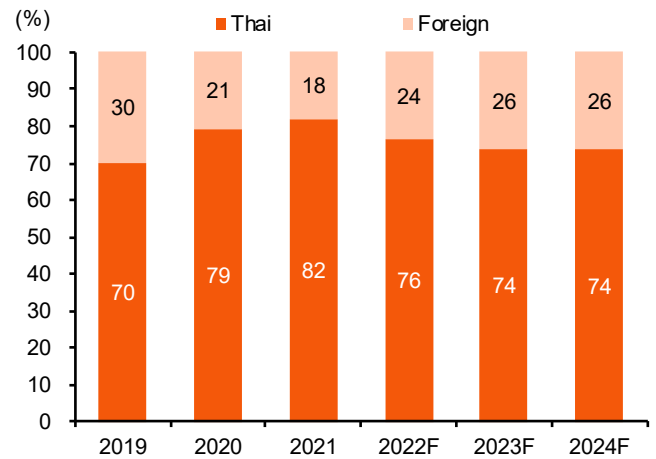
We estimate BDMS's foreign patient revenue in 2022F at Bt20.9bn (24% of total revenue), accounting for 87% of 2019's foreign patient revenue of Bt24.1bn (30% of total revenue). We expect BDMS's foreign patient revenue to surpass its pre-COVID level in 2023F at Bt24.5bn (102% of pre-COVID level) and then grow to Bt26.6bn in 2024F, or to 110% of pre-COVID level.

**Ex 8: Foreign Patient Revenue**



Sources: Company data, Thanachart estimates

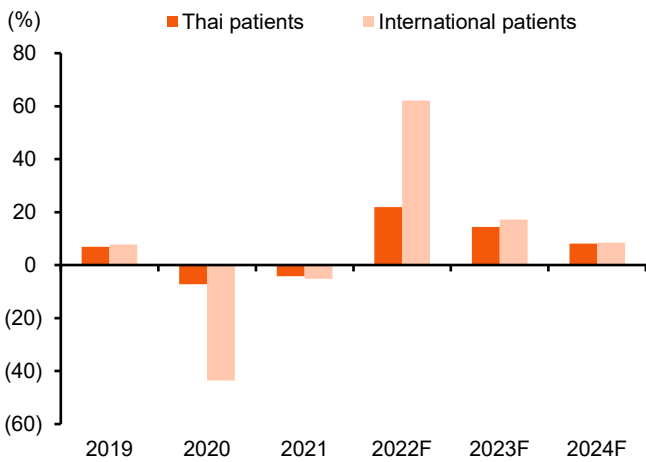
**Ex 9: Revenue Mix**



Sources: Company data, Thanachart estimates

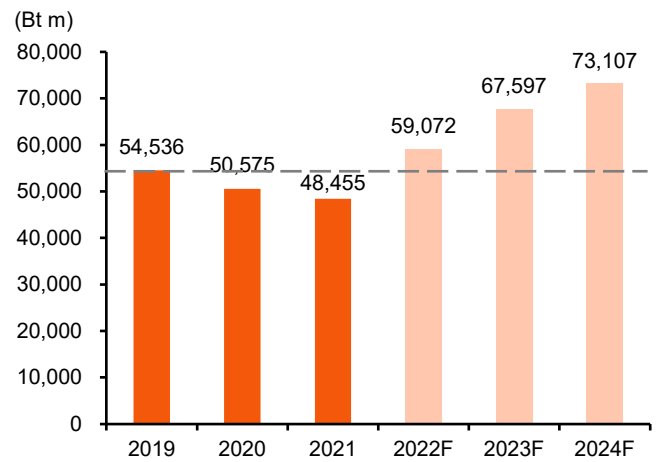
For BDMS's Thai patients, we expect non-COVID Thai patient revenue growth of 22/14/8% in 2022-24F. It already surpassed its pre-COVID level in 2022F by 8%. The key driver is BDMS's business strategy of focusing on insurance-pay patient schemes.

**Ex 10: Thai And International Patient Revenue Growth**



Sources: Company data, Thanachart estimates

**Ex 11: Thai Patient Revenue**



Sources: Company data, Thanachart estimates

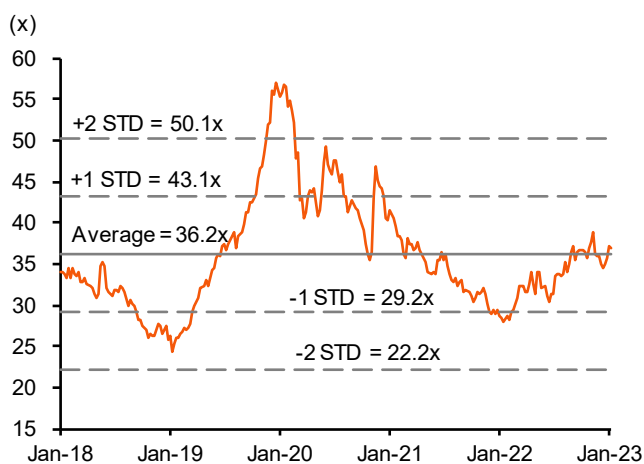
## Lower PE unjustified, in our view

*We see room for BDMS to re-rate back upward*

Unlike mid-tier hospitals, despite the falling windfall from COVID services in 2023F, we still estimate BDMS's EPS growth to reach 3/14% in 2023-24F. Without COVID profits, we project its earnings growth at 25/14% in 2023-24F.

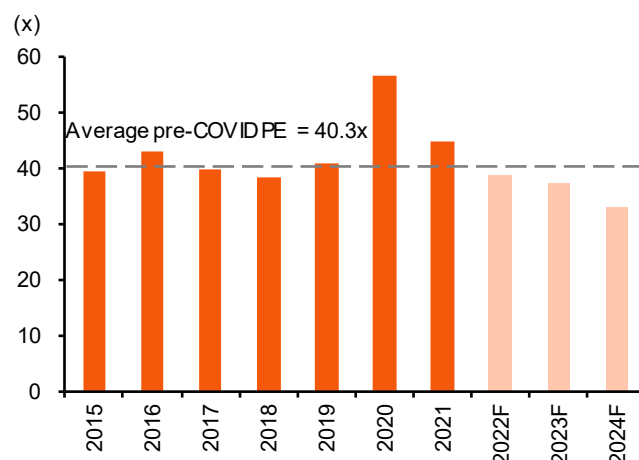
BDMS is trading at a 37.5x 2023F PE multiple vs. its five-year pre-COVID average of 40.3x. We believe this is unjustified, and perhaps a result of market concerns about falling extra profits from COVID services. We assume no extra COVID income in 2023F and with a higher ROE of 14.3% vs. 12.2% in 2019, we see room for BDMS to re-rate back upward. Our year-end 2023F TP of Bt35.0/share implies a 38.0x forward PE multiple in 2024F.

**Ex 12: STD PE**



Sources: Bloomberg, Thanachart estimates

**Ex 13: Forward PE**



Sources: Company data, Thanachart estimates

**Ex 14: 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	19,515	21,675	23,654	25,381	27,151	29,116	31,123	33,031	35,063	37,228	39,534	—
Free cash flow	16,693	15,599	17,653	19,080	20,151	15,479	29,596	31,497	33,517	35,665	37,952	790,665
PV of free cash flow	16,647	13,900	14,649	14,879	14,766	10,657	19,147	19,148	18,388	18,301	18,218	379,540
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	0.6											
WACC (%)	5.9											
Terminal growth (%)	2.0											
Enterprise value - add investments	558,239											
Net debt (end-2022F)	4,839											
Minority interest	4,615											
Equity value	548,786											
# of shares (m)	15,892											
<b>Equity value/share (Bt)</b>	<b>35.00</b>											

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 15: 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	10,473	19.3	29.8	47.6	36.7	3.7	3.6	13.7	12.6	1.6	1.8
Guangzhou Pharmaceutical	874 HK	Hong Kong	6,795	2.3	4.7	9.5	9.1	1.1	1.0	7.8	7.7	3.0	3.0
Lijun Int'l Pharmaceutical	2005 HK	Hong Kong	1,931	50.1	17.4	13.0	11.1	2.2	1.9	9.0	7.9	3.3	3.4
Apollo Hospitals Enterprise	APHS IN	India	7,684	(12.5)	5.8	68.5	64.8	11.2	9.8	29.0	29.0	0.2	0.2
Fortis Healthcare India	FORH IN	India	2,647	(33.1)	40.9	58.8	41.7	3.3	3.2	21.3	20.5	0.0	0.0
KPJ Healthcare	KPJ MK	Malaysia	983	168.9	21.9	30.9	25.4	2.0	1.9	12.2	11.3	1.7	2.1
IHH Healthcare Bhd	IHH MK	Malaysia	12,240	(16.8)	19.6	36.2	30.2	2.1	2.0	15.7	14.6	1.0	1.0
Ryman	RYM NZ	New Zealand	1,802	na	24.5	12.2	9.8	0.8	0.7	15.8	12.7	3.5	3.8
Raffles Medical Group	RFMD SP	Singapore	1,961	28.6	(8.6)	24.3	26.6	2.6	2.5	12.9	14.1	2.1	2.0
Bangkok Chain Hospital *	BCH TB	Thailand	1,621	(39.0)	(59.1)	13.0	31.9	3.9	3.8	8.5	16.0	3.0	1.6
Bangkok Dusit Medical *	BDMS TB	Thailand	14,335	56.9	3.1	38.6	37.5	5.5	5.3	25.0	24.2	1.9	2.0
Bumrungrad Hospital *	BH TB	Thailand	5,310	265.1	21.4	38.3	31.5	9.1	8.0	25.7	21.2	1.3	1.9
Chularat Hospital *	CHG TB	Thailand	1,253	(30.4)	(51.3)	14.4	29.5	5.1	5.3	10.5	19.9	5.6	2.9
Ladprao General Hospital *	LPH TB	Thailand	120	(27.2)	(44.1)	11.9	21.3	2.2	2.2	7.8	11.2	6.3	3.5
Praram 9 Hospital *	PR9 TB	Thailand	469	101.6	2.2	31.3	30.6	3.4	3.2	15.8	15.3	1.4	1.5
Rajthanee Hospital *	RJH TB	Thailand	273	8.1	(59.3)	8.4	20.6	4.1	4.5	6.5	14.5	9.6	3.6
Ratchaphruek Hospital *	RPH TB	Thailand	100	(26.2)	(52.4)	11.3	23.7	1.9	1.9	6.8	11.4	5.3	3.2
Thonburi Healthcare Group*	THG TB	Thailand	1,731	2.4	(44.7)	41.4	74.9	5.9	6.0	23.7	32.4	1.5	0.8
<b>Average</b>				<b>30.5</b>	<b>(7.1)</b>	<b>28.3</b>	<b>30.9</b>	<b>3.9</b>	<b>3.7</b>	<b>14.9</b>	<b>16.5</b>	<b>2.9</b>	<b>2.1</b>

Source: Bloomberg

Note: \* Thanachart estimates, using Thanachart normalized EPS

Based on 9 Jan 2023 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

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: Thanachart; \* CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- As BDMS runs 54 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
<b>Target price (Bt)</b>	33.11	35.00	6%
<b>Net profit 22F (Bt m)</b>	11,783	12,449	6%
<b>Net profit 23F (Bt m)</b>	12,650	12,833	1%
<b>Consensus REC</b>	<b>BUY: 20</b>	<b>HOLD: 6</b>	<b>SELL: 1</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings and DCF-based TP are above the Bloomberg consensus numbers, which we attribute to us having a more bullish view on BDMS's short- and long-term growth path.

Sources: Bloomberg consensus, Thanachart estimates

## RISKS TO OUR INVESTMENT CASE

- BDMS's new hospitals may turn profitable more slowly 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

*Improving Thai and international patient numbers in 2022-24F*

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	65,166	71,541	88,551	92,904	100,603
Cost of sales	46,371	49,462	58,662	61,331	65,901
<b>Gross profit</b>	<b>18,795</b>	<b>22,079</b>	<b>29,889</b>	<b>31,572</b>	<b>34,702</b>
% gross margin	28.8%	30.9%	33.8%	34.0%	34.5%
Selling & administration expenses	14,161	15,029	17,240	18,782	20,040
<b>Operating profit</b>	<b>4,634</b>	<b>7,051</b>	<b>12,649</b>	<b>12,791</b>	<b>14,661</b>
% operating margin	7.1%	9.9%	14.3%	13.8%	14.6%
Depreciation & amortization	6,909	6,793	6,757	7,024	7,293
<b>EBITDA</b>	<b>11,543</b>	<b>13,844</b>	<b>19,407</b>	<b>19,815</b>	<b>21,955</b>
% EBITDA margin	17.7%	19.4%	21.9%	21.3%	21.8%
Non-operating income	3,935	4,250	4,287	4,423	4,724
Non-operating expenses	0	0	0	0	0
Interest expense	(871)	(728)	(633)	(527)	(407)
<b>Pre-tax profit</b>	<b>7,699</b>	<b>10,573</b>	<b>16,303</b>	<b>16,688</b>	<b>18,979</b>
Income tax	1,491	2,103	3,199	3,321	3,777
<b>After-tax profit</b>	<b>6,207</b>	<b>8,469</b>	<b>13,104</b>	<b>13,367</b>	<b>15,202</b>
% net margin	9.5%	11.8%	14.8%	14.4%	15.1%
Shares in affiliates' Earnings	273	21	40	46	52
Minority interests	(435)	(554)	(695)	(580)	(628)
Extraordinary items	1,169	0	0	0	0
<b>NET PROFIT</b>	<b>7,214</b>	<b>7,936</b>	<b>12,449</b>	<b>12,833</b>	<b>14,626</b>
<b>Normalized profit</b>	<b>6,045</b>	<b>7,936</b>	<b>12,449</b>	<b>12,833</b>	<b>14,626</b>
EPS (Bt)	0.5	0.5	0.8	0.8	0.9
Normalized EPS (Bt)	0.4	0.5	0.8	0.8	0.9

## BALANCE SHEET

*Low investment levels in 2022-24F*

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
<b>ASSETS:</b>					
Current assets:	30,013	24,401	25,706	25,539	29,841
Cash & cash equivalent	20,939	12,641	11,708	11,708	15,708
Account receivables	7,192	9,131	11,160	10,945	11,025
Inventories	1,855	2,005	2,089	2,100	2,257
Others	27	624	749	786	851
Investments & loans	1,542	1,600	3,633	3,633	3,633
Net fixed assets	81,313	79,689	80,750	79,026	79,893
Other assets	23,182	22,763	27,480	28,219	29,000
<b>Total assets</b>	<b>136,050</b>	<b>128,454</b>	<b>137,569</b>	<b>136,417</b>	<b>142,366</b>
<b>LIABILITIES:</b>					
Current liabilities:	11,220	15,862	14,148	14,942	15,942
Account payables	4,450	5,035	5,384	5,629	6,048
Bank overdraft & ST loans	90	76	0	0	0
Current LT debt	107	3,100	83	50	45
Others current liabilities	6,573	7,651	8,681	9,263	9,848
<b>Total LT debt</b>	<b>20,594</b>	<b>12,496</b>	<b>16,464</b>	<b>10,011</b>	<b>8,969</b>
Others LT liabilities	12,773	12,331	14,292	14,867	15,901
<b>Total liabilities</b>	<b>44,588</b>	<b>40,689</b>	<b>44,904</b>	<b>39,820</b>	<b>40,813</b>
Minority interest	3,553	3,920	4,615	5,195	5,823
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
<b>Retained earnings</b>	<b>47,275</b>	<b>42,949</b>	<b>47,154</b>	<b>50,506</b>	<b>54,835</b>
Shareholders' equity	87,910	83,845	88,050	91,402	95,731
<b>Liabilities &amp; equity</b>	<b>136,050</b>	<b>128,454</b>	<b>137,569</b>	<b>136,417</b>	<b>142,366</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT***Strong cash inflows stream, on our estimates*

<b>FY ending Dec (Bt m)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Earnings before tax	7,699	10,573	16,303	16,688	18,979
Tax paid	(800)	(2,803)	(2,423)	(3,514)	(3,493)
Depreciation & amortization	6,909	6,793	6,757	7,024	7,293
Chg In working capital	106	(1,504)	(1,764)	449	183
Chg In other CA & CL / minorities	(2,060)	1,033	151	785	288
<b>Cash flow from operations</b>	<b>11,854</b>	<b>14,092</b>	<b>19,024</b>	<b>21,431</b>	<b>23,250</b>
Capex	(9,286)	(4,697)	(7,504)	(5,000)	(7,880)
Right of use	(3,811)	(19)	(300)	(300)	(300)
ST loans & investments	0	(19)	19	0	0
LT loans & investments	16,462	(58)	(2,033)	0	0
Adj for asset revaluation	2,705	262	0	0	0
Chg In other assets & liabilities	6,880	(477)	(2,770)	(165)	273
<b>Cash flow from investments</b>	<b>12,951</b>	<b>(5,008)</b>	<b>(12,587)</b>	<b>(5,465)</b>	<b>(7,907)</b>
Debt financing	(3,638)	(5,119)	874	(6,486)	(1,047)
Capital increase	0	0	0	0	0
Dividends paid	(4,741)	(12,738)	(8,244)	(9,481)	(10,297)
Warrants & other surplus	(1,082)	475	0	0	0
<b>Cash flow from financing</b>	<b>(9,461)</b>	<b>(17,381)</b>	<b>(7,370)</b>	<b>(15,966)</b>	<b>(11,344)</b>
<b>Free cash flow</b>	<b>2,567</b>	<b>9,394</b>	<b>11,520</b>	<b>16,431</b>	<b>15,370</b>

**VALUATION***Inexpensive valuation, in our view*

<b>FY ending Dec</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Normalized PE (x)	79.5	60.6	38.6	37.5	32.9
Normalized PE - at target price (x)	92.0	70.1	44.7	43.3	38.0
PE (x)	66.6	60.6	38.6	37.5	32.9
PE - at target price (x)	77.1	70.1	44.7	43.3	38.0
EV/EBITDA (x)	41.6	34.9	25.0	24.2	21.6
EV/EBITDA - at target price (x)	48.2	40.4	28.9	28.0	25.0
P/BV (x)	5.5	5.7	5.5	5.3	5.0
P/BV - at target price (x)	6.3	6.6	6.3	6.1	5.8
P/CFO (x)	40.6	34.1	25.3	22.4	20.7
Price/sales (x)	7.4	6.7	5.4	5.2	4.8
Dividend yield (%)	1.8	1.5	1.9	2.0	2.3
FCF Yield (%)	0.5	2.0	2.4	3.4	3.2
<b>(Bt)</b>					
Normalized EPS	0.4	0.5	0.8	0.8	0.9
EPS	0.5	0.5	0.8	0.8	0.9
DPS	0.6	0.5	0.6	0.6	0.7
BV/share	5.5	5.3	5.5	5.8	6.0
CFO/share	0.7	0.9	1.2	1.3	1.5
FCF/share	0.2	0.6	0.7	1.0	1.0

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

2022-24F earnings look  
set to turn around

FY ending Dec	2020A	2021A	2022F	2023F	2024F
<b>Growth Rate</b>					
Sales (%)	(18.2)	9.8	23.8	4.9	8.3
Net profit (%)	(53.5)	10.0	56.9	3.1	14.0
EPS (%)	(53.8)	10.0	56.9	3.1	14.0
Normalized profit (%)	(35.8)	31.3	56.9	3.1	14.0
Normalized EPS (%)	(36.3)	31.3	56.9	3.1	14.0
Dividend payout ratio (%)	121.2	90.1	75.0	75.0	75.0
<b>Operating performance</b>					
Gross margin (%)	28.8	30.9	33.8	34.0	34.5
Operating margin (%)	7.1	9.9	14.3	13.8	14.6
EBITDA margin (%)	17.7	19.4	21.9	21.3	21.8
Net margin (%)	9.5	11.8	14.8	14.4	15.1
D/E (incl. minor) (x)	0.2	0.2	0.2	0.1	0.1
Net D/E (incl. minor) (x)	(0.0)	0.0	0.1	(0.0)	(0.1)
Interest coverage - EBIT (x)	5.3	9.7	20.0	24.3	36.1
Interest coverage - EBITDA (x)	13.3	19.0	30.6	37.6	54.0
ROA - using norm profit (%)	4.5	6.0	9.4	9.4	10.5
ROE - using norm profit (%)	7.0	9.2	14.5	14.3	15.6
<b>DuPont</b>					
ROE - using after tax profit (%)	7.2	9.9	15.2	14.9	16.2
- asset turnover (x)	0.5	0.5	0.7	0.7	0.7
- operating margin (%)	13.2	15.8	19.1	18.5	19.3
- leverage (x)	1.6	1.5	1.5	1.5	1.5
- interest burden (%)	89.8	93.6	96.3	96.9	97.9
- tax burden (%)	80.6	80.1	80.4	80.1	80.1
WACC (%)	5.9	5.9	5.9	5.9	5.9
ROIC (%)	3.6	6.4	11.7	11.0	13.1
NOPAT (Bt m)	3,737	5,648	10,167	10,245	11,744
invested capital (Bt m)	87,762	86,876	92,889	89,756	89,038

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

### Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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