

BUY (Unchanged)

Change in Numbers

TP: Bt 300.00 (From: Bt278.00)**Upside : 15.4%****17 AUGUST 2023**

Bumrungrad Hospital Pcl (BH TB)

Most profitable hospital

We reaffirm our BUY call on BH as we see it as the most profitable hospital in Thailand with a strengthening market position and what we regard as an inexpensive valuation. We raise our earnings estimates in this report by 13/13/16% in 2023-25F and lift our TP to Bt300.

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A big beat

BH reported a fifth consecutive quarter of record-high earnings at Bt1.7bn in 2Q23, up 50% y-y and 10% q-q, despite it being a lower-season quarter. This beat our expectations for both revenue and margin. Growth was seen across patient types, and Thai, expat, and fly-in international patient revenues in 2Q23 were above 2019's levels by 45%, 59%, and 35%, respectively. We believe BH gained market share among Thais and foreigners. As for international markets, there were strong flows from Qatar, the US, China, the UAE, Kuwait, and Cambodia. Management expects continued solid momentum in 3Q23.

Capacity unlocking plan

BH's bed utilization rate reached 80% in 2Q23 of its total available capacity of 471 beds. BH is increasing its available beds to 497 in 3Q23 and 506 at the end of 2023. BH targets to add 12 ICU beds in June 2024, increase OPD clinics in 2024, open 59 beds at a new building on Soi Sukhumvit 1 near its main campus in 2025, and launch a 250-bed boutique hospital and advanced diagnostics center in Phuket in 2025 (150 beds in the first phase). We estimate BH's utilization rate at 81/82% in 2023-24, before falling to 75% (not including the Phuket campus) after the new building on Soi Sukhumvit 1 is completed in 2025.

Another level of profit and profitability

BH has turned around its business toward high utilization. Together with an even higher mix of high-margin foreign patients at an estimated 68/69% of total revenue in 2023-24F (vs. 67% in 2019), rising revenue intensity, falling discounts, and cost controls, we forecast BH's EBIT margin to reach a new high of 32.1% this year vs. 2019's 23.8%. Despite some capacity increase in 2024F and more in 2025F, we still estimate high EBIT margins of 33.4/34.2%. BH has gained foreign patient market share as its revenue were ahead of 2019's by 59% for expats and 35% for fly-in patients, and this should help support its strong profitability. Other hospitals haven't seen such a degree of increase. We expect BH's ROE to be the highest in the sector at 31.4/30.1/29.3% in 2023-25F. The slight fall in our forecasts is due to a higher cash position. BH's new foreign patient markets are Saudi Arabia, Russia, Kazakhstan, etc.

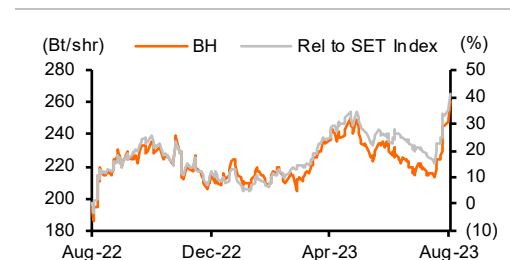
Still a decent valuation matrix; BUY

We lift our earnings by 13/13/16% in 2023-25F and DCF-based 12-month TP (2024F base year) to Bt300 from Bt278. We reaffirm our BUY call on BH for its strong operations and good earnings matrix. BH's PE of 27.5x in 2024F is far lower than its 38.9x five-year pre-COVID average. Its ROE of 30.1% in 2024F is also higher than its 24.8% pre-COVID average. EPS growth of 37/11/8% in 2023-25F is also no worse than its 8% p.a. five-year pre-COVID average.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	20,646	25,220	26,846	28,186
Net profit	4,938	6,771	7,516	8,107
Consensus NP	—	6,430	6,822	7,088
Diff frm cons (%)	—	5.3	10.2	14.4
Norm profit	4,941	6,771	7,516	8,107
Prev. Norm profit	—	5,994	6,641	7,011
Chg frm prev (%)	—	12.9	13.2	15.6
Norm EPS (Bt)	6.2	8.5	9.5	10.2
Norm EPS grw (%)	287.7	37.0	11.0	7.9
Norm PE (x)	41.8	30.5	27.5	25.5
EV/EBITDA (x)	28.9	21.1	18.9	17.4
P/BV (x)	10.5	8.8	7.8	7.2
Div yield (%)	1.3	1.6	2.5	3.1
ROE (%)	26.7	31.4	30.1	29.3
Net D/E (%)	(41.2)	(48.3)	(44.6)	(46.2)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 17-Aug-23 (Bt)	260.00
Market Cap (US\$ m)	5,829.6
Listed Shares (m shares)	794.9
Free Float (%)	65.1
Avg Daily Turnover (US\$ m)	15.3
12M Price H/L (Bt)	251.00/186.50
Sector	Health Care
Major Shareholder	Sophonpanich family ~35%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P11

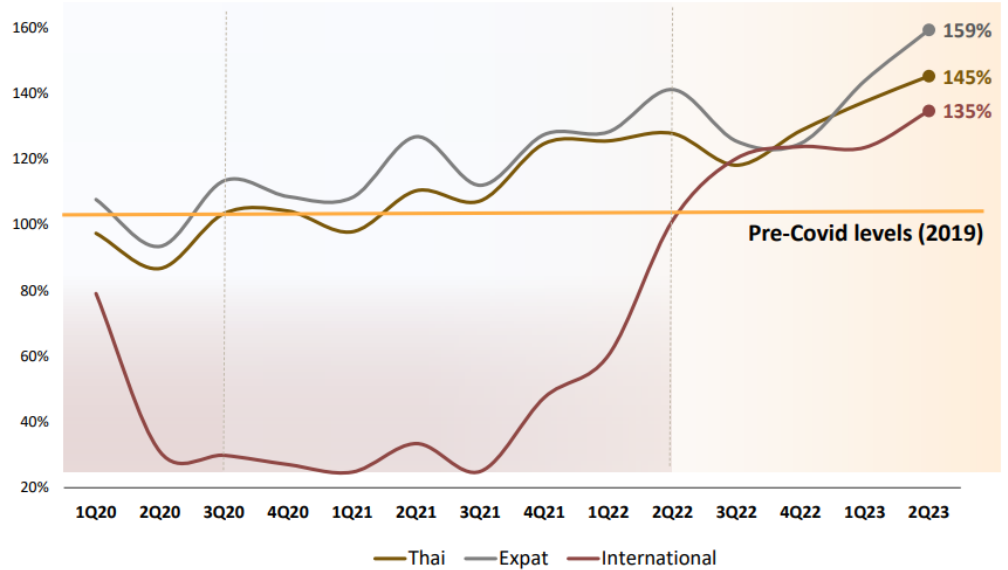


A big beat

2Q23 results beat our expectations for both revenue and margin

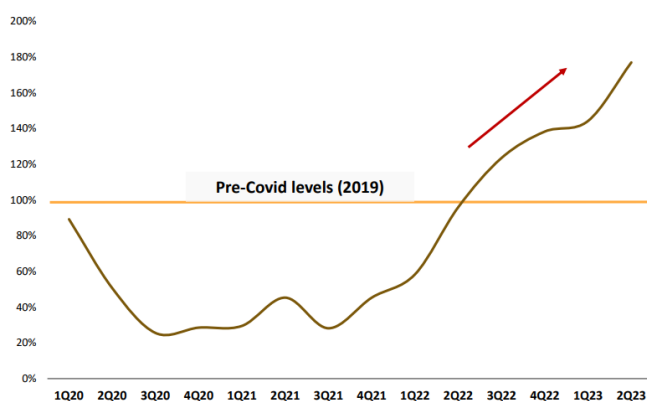
Bumrungrad Hospital Pcl (BH) reported its fifth consecutive quarter of record-high earnings of Bt1.7bn in 2Q23, up 50% y-y and 10% q-q, despite it being a lower-season quarter. This beat our expectations for both revenue and margin. Growth was seen across patient types with Thai, expat, and fly-in international patient revenue in 2Q23 above its 2019 levels by 45%, 59%, and 35%, respectively. Revenue from Thai and expat patients has exceeded pre-COVID levels since 3Q20 and continues to grow due to sales promotions, online marketing, etc. Meanwhile, revenue from international patients has exceeded the pre-COVID level since 2Q22 due to the easing of travel restrictions in several countries. Revenue from the Middle East and China markets also grew beyond the 2019 level. Qatar, Kuwait, and the UAE remained the top international revenue contributors.

Ex 1: Revenue From Hospital Operations



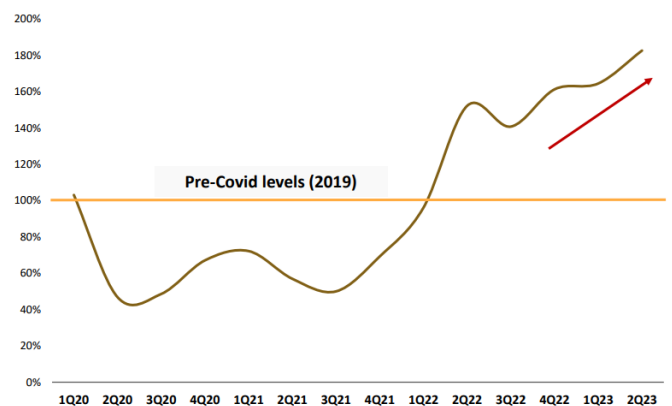
Source: Company data

Ex 2: Trend Of Revenue From The Middle East



Source: Company data

Ex 3: Trend Of Revenue From China



Source: Company data

International revenue
breakdown by top 10
nationalities

There were strong flows from international markets such as Qatar, the US (expats), China (fly-in and expat patients), the UAE, Kuwait, and Cambodia. The details of BH's top 10 international revenue breakdown by nationality are shown in Exhibit 4.

Ex 4: International Revenue By Top 10 Nationalities

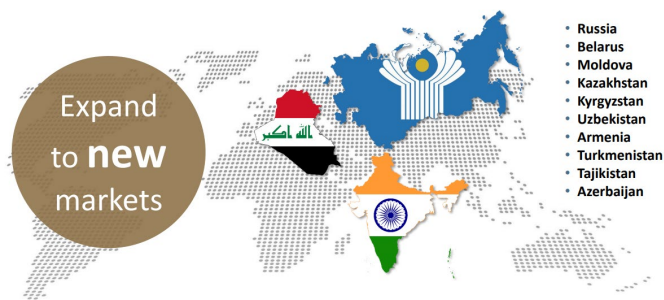
Nationality	% change in net patient revenues	
	2Q23 vs. 2Q22	1H23 vs. 1H22
1. Qatar	179.9	228.8
2. Myanmar	(10.7)	15.1
3. Kuwait	58.8	62.8
4. Cambodia	6.7	42.1
5. UAE	28.4	65.1
6. Bangladesh	(13.4)	(3.8)
7. US	56.3	114.9
8. Mongolia	(13.9)	(6.1)
9. China	37.4	83.7
10. Oman	18.2	23.0
Total International	32.9	61.8

Source: Company data

New international markets
targeted in 2024-25

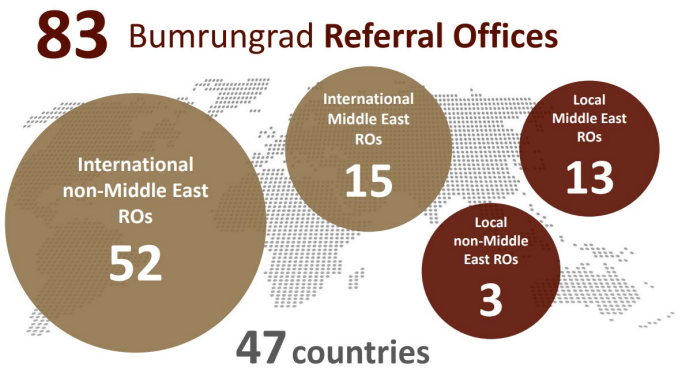
BH's management expects strong flows of Thai and international patients to continue in 3Q23. We believe BH has been gaining market share among both Thais and foreigners. For international patient markets, BH plans to expand them to include Russia, Belarus, Kazakhstan, etc., in 2024-25. BH now has 83 Bumrungrad Referral Offices in 47 countries. Details are shown in Exhibits 5 and 6. Most of BH's new potential targeted markets abroad have a higher percentage of healthcare expenditure to GDP than Thailand. Patients also often travel for quality medical care to overseas markets.

Ex 5: International Market Strategy



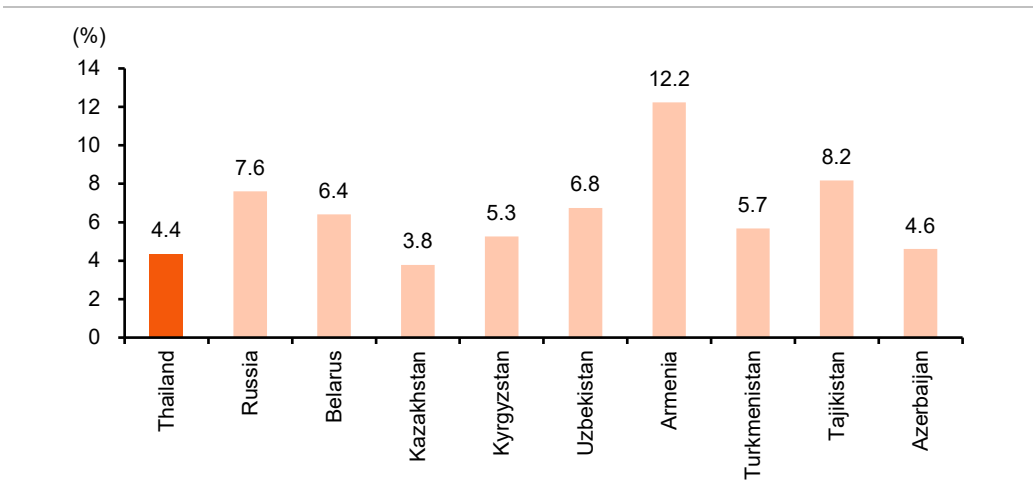
Source: Company data

Ex 6: 83 Bumrungrad Referral Offices



Source: Company data

Ex 7: % Healthcare Expenditure To GDP In 2020



Source: WHO
Note: No data for Moldova

Capacity unlocking plan

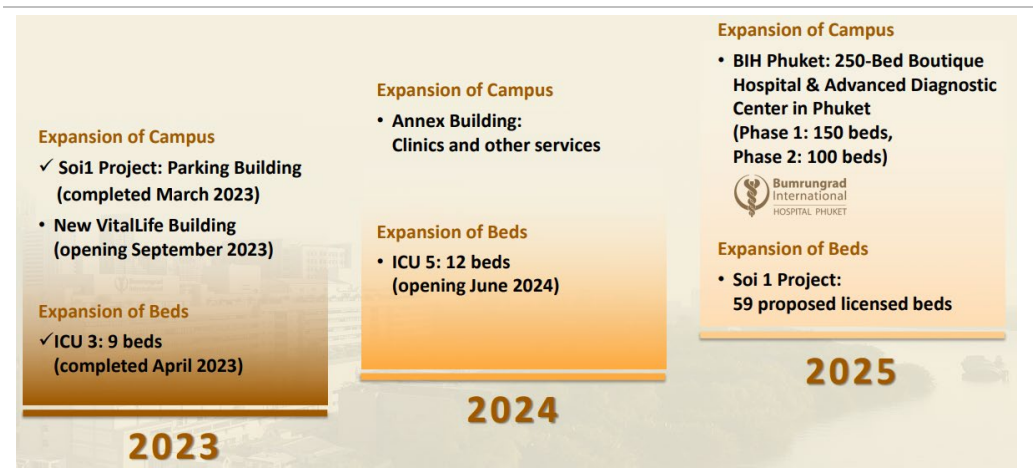
Adding more beds and OPD clinics

With strong flows of Thai and international IPD patients, BH's bed utilization rate reached 80% in 2Q23 of its total available bed capacity of 471 beds. BH has increased its available beds to 497 beds in 3Q23 and plans 506 beds at the end of 2023.

BH targets to add more IPD beds and OPD clinics in 2023-25. Nine ICU beds had already been added in April this year. BH intends to add 12 ICU beds at its existing campus in June 2024, increase the number of its OPD clinics, such as its Women and Children's Center in its annex building on Soi Sukhumvit 1/1 in 2024, and open 59 IPD beds at a new building on Soi Sukhumvit 1 near its main campus in 2025.

Besides capacity expansion at its main campus and in surrounding areas, BH also targets to open a 250-bed boutique hospital and advanced diagnostics center in Phuket in 2025 (150 beds in the first phase). The new hospital is undergoing the environmental impact assessment (EIA) process, and the company expects to obtain EIA approval over the next 10 months and then commence construction.

Ex 8: Expansion Projects In The Pipeline In 2023-25



Source: Company data

We estimate BH's utilization rate to stand at 81/82% in 2023-24 before falling to 75% (not including the Phuket campus) after the new 59-bed building on Soi Sukhumvit 1 is completed in 2025.

Another level of profit and profitability

We estimate BH's EBIT margin to reach new highs in 2023-25F

We estimate BH's EBIT margin to reach a new high of 32.1% this year vs. its 2019 level of 23.8%. Despite some capacity increase in 2024F and more in 2025F, we still project high EBIT margins of 33.4/34.2% in those years. We expect key drivers to be as follows:

First, BH has turned around its business to gear itself toward high utilization. The hospital, therefore, enjoys operating leverage benefits.

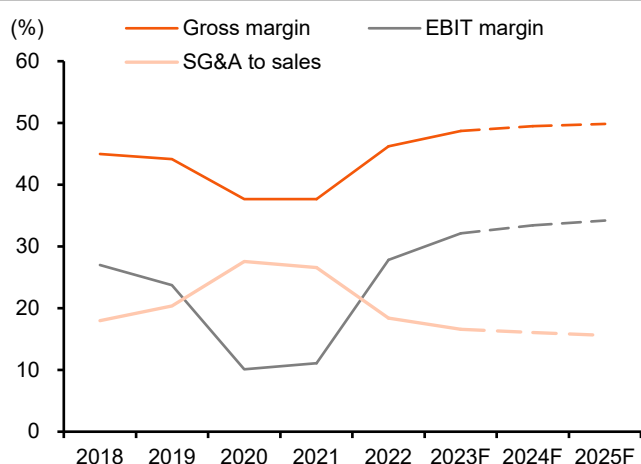
Second, there looks set to be a higher mix of high-margin foreign patients at an estimated 68/69% of total revenue in 2023-24F vs. 67% in 2019.

Third, BH is also gearing itself toward high revenue-intensity services. BH has tried to promote its services in excellence centers among Thai and international patients, i.e., with a fertilization center/IVF clinic, genomic medicine institute, and eye excellence center, etc.

Fourth, price discounts have been on a downward trend. Note that the slight increase in price discounts from 11.1% in 1Q23 to 11.4% in 2Q23 resulted from an annual health fair event designed to reduce the impact of the low season in 2Q. BH still expects its discount rate to continue to decline.

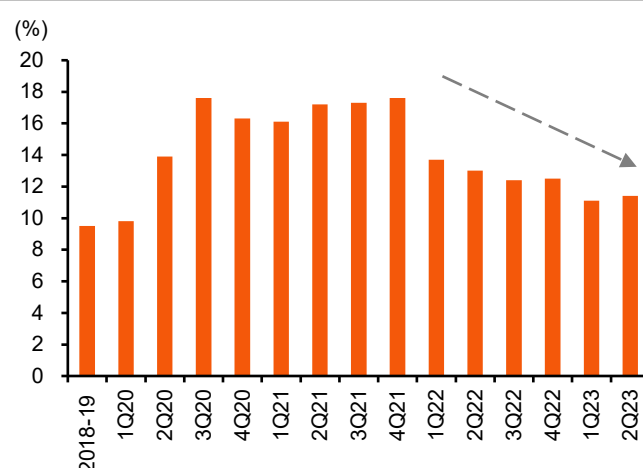
Lastly, BH has tried to control its operating costs. Its SG&A expenses to sales have continued to trend downward. BH saved Bt151m in costs in 1H23 by managing its workforce, using contract management, and leaning its workplace processes.

Ex 9: Margin Expansion And Falling Costs



Sources: Company data, Thanachart estimates

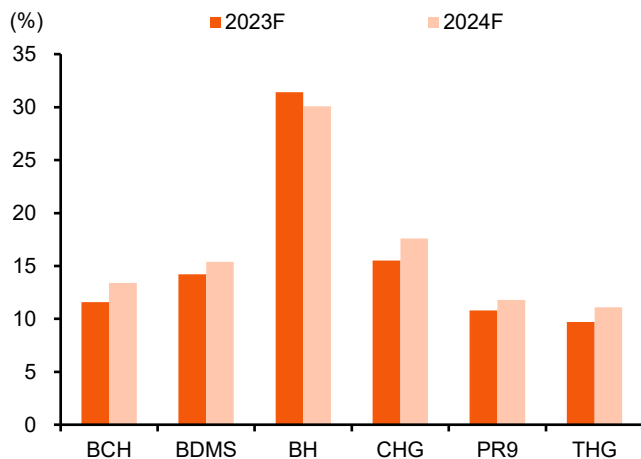
Ex 10: Falling Price Discounts



Source: Company data

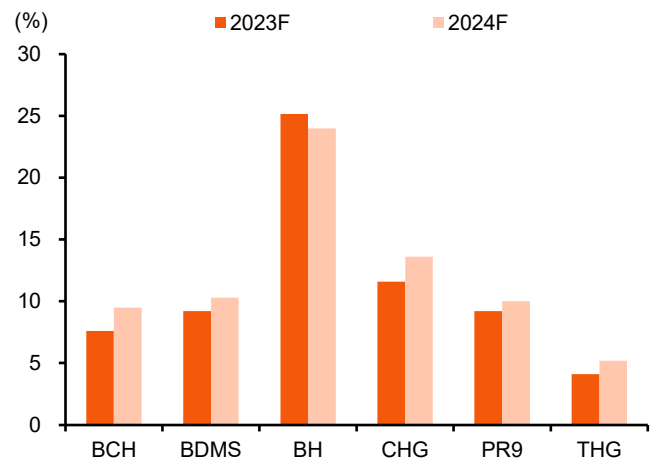
Thanks to BH's rising top line and expanding EBIT margin, BH's profitability has grown strongly. Other hospitals haven't seen such a degree of increase. We estimate ROE and ROA to be the highest in the sector at 31.4/30.1/29.3% and 25.2/24.0/23.6% in 2023-25F. The slight decline in our forecasts is due to its higher cash position.

Ex 11: BH Has The Highest ROE In The Sector



Sources: Company data, Thanachart estimates

Ex 12: ... And ROA



Sources: Company data, Thanachart estimates

Still a good valuation matrix; BUY

We raise our earnings estimates by 13/13/16% in 2023-25F

We boost our earnings estimates by 13/13/16% in 2023-25F and lift our DCF-based TP 12-month TP (2024F base year) to Bt300/share from Bt278, mainly on the back of stronger-than-expected revenue intensity and pricing and higher-than-expected margin. Details of our earnings revisions are shown in Exhibit 13.

Ex 13: Changes In Our Key Assumptions And Earnings Revisions

	2019	2020	2021	2022	2023F	2024F	2025F
Foreign patient growth - OPD (%)							
- New	0.3	(35.0)	10.0	64.8	5.0	4.0	2.5
- Old					5.0	4.0	2.5
- Change (ppt)					—	—	—
Foreign patient growth - IPD (%)							
- New	6.4	(55.0)	10.0	81.8	22.0	5.0	2.0
- Old					22.0	5.0	2.0
- Change (ppt)					—	—	—
Thai patient growth - OPD (%)							
- New	(3.5)	(17.0)	5.0	7.0	3.5	1.0	—
- Old					2.0	1.0	—
- Change (ppt)					1.5	—	—
Thai patient growth - IPD (%)							
- New	(1.4)	(5.0)	-	7.0	2.0	1.0	—
- Old					2.0	1.0	—
- Change (ppt)					—	—	—

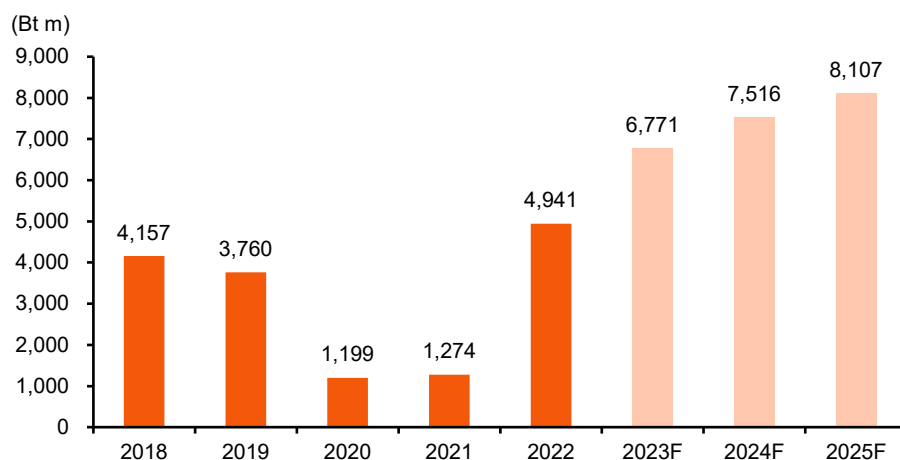
*Sources: Company data, Thanachart estimates

Ex 13: Changes In Our Key Assumptions And Earnings Revisions (Con't)

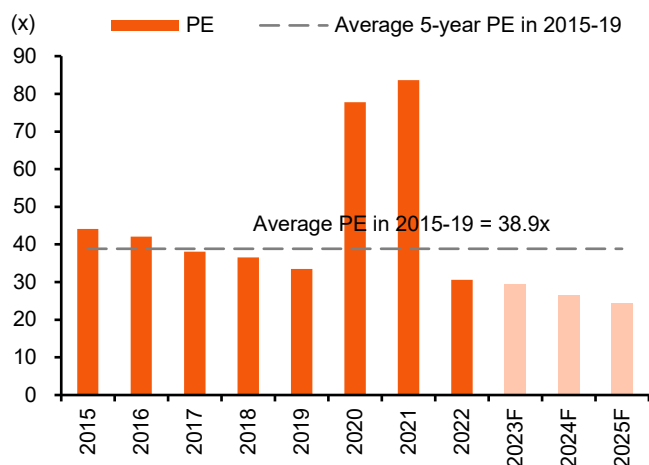
	2019	2020	2021	2022	2023F	2024F	2025F
Thai patient revenue (Bt m) - excl COVID services							
- New	6,038	5,924	5,900	6,873	8,142	8,470	8,748
- Old					7,571	7,877	8,215
- Change (%)					7.5	7.5	6.5
International patient revenue (Bt m)							
- New	12,371	6,392	5,743	13,100	17,078	18,376	19,439
- Old					15,593	17,104	18,367
- Change (%)					9.5	7.4	5.8
Average gross margin (%)							
- New	44.1	37.7	37.7	46.2	48.7	49.5	49.8
- Old					47.5	48.0	47.4
- Change (ppt)					1.2	1.5	2.4
SG&A to sales (%)							
- New	20.4	27.6	26.6	18.4	16.6	16.1	15.6
- Old					17.2	16.7	16.3
- Change (ppt)					(0.6)	(0.6)	(0.7)
Normalized profit (Bt m)							
- New	3,760	1,199	1,274	4,941	6,771	7,516	8,107
- Old					5,994	6,641	7,011
- Change (%)					12.9	13.2	15.6

*Sources: Company data, Thanachart estimates

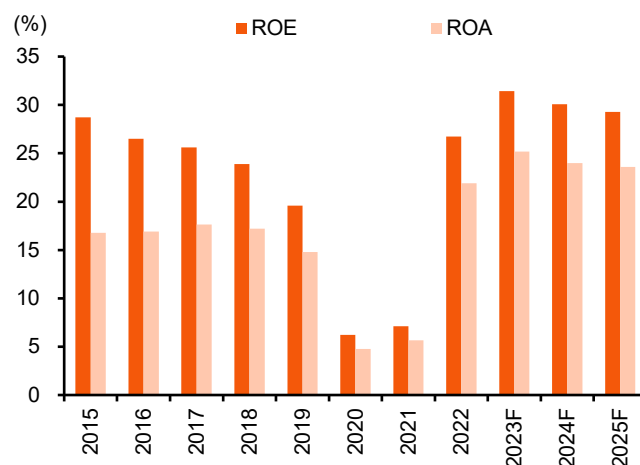
We reaffirm our BUY call on shares of BH for its strong operations and what we regard as its decent earnings matrix. BH's PE of 27.5x in 2024F is far lower than its 38.9x five-year pre-COVID average. Its ROE of 30.1% in 2024F is also higher than its 24.8% pre-COVID average. Meanwhile, EPS growth of 37/11/8% in 2023-25F is no worse than its 8% p.a. five-year pre-COVID average.

Ex 14: We Expect BH's Earnings To Shift Up To A New Base

Sources: Company data, Thanachart estimates

Ex 15: Inexpensive Valuation, In Our View

Sources: Company data, Thanachart estimates

Ex 16: Strong ROE And ROA Support High PE Multiples

Sources: Company data, Thanachart estimates

Ex 17: 12-month DCF-based TP Calculation, Using A Base Year Of 2024F

(Bt m)	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	Terminal Value
EBITDA excl. depre from right of use	10,254	11,070	11,535	12,250	13,010	13,770	14,601	15,377	16,205	17,048	17,898	—
Free cash flow	4,481	7,077	9,399	9,264	10,446	11,073	11,763	12,409	13,084	13,773	14,468	308,378
PV of free cash flow	4,481	6,262	7,823	7,253	7,692	7,669	7,664	7,338	7,244	7,141	7,025	149,722
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	0.6											
WACC (%)	5.8											
Terminal growth (%)	2.0											
Enterprise value - add investments	227,313											
Net debt (end-2023F)	(11,476)											
Minority interest	368											
Equity value	238,421											
# of shares (m)	795											
Equity value/share (Bt)	300											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 18: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield —	
			23F	24F	23F	24F	23F	24F	23F	24F	23F	24F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Ramsay Healthcare	RHC AU	Australia	27.1	40.2	37.5	26.8	3.0	2.9	12.1	10.8	1.8	2.3
Guangzhou Pharmaceutical	874 HK	Hong Kong	9.0	1.9	8.4	8.3	1.0	0.9	8.4	8.3	2.4	2.3
Lijun Int'l Pharmaceutical	2005 HK	Hong Kong	36.4	20.5	8.1	6.7	1.9	1.8	7.5	6.3	3.7	4.4
Apollo Hospitals Enterprise	APHS IN	India	2.7	25.0	83.7	66.9	10.9	9.8	34.7	29.5	0.2	0.3
Fortis Healthcare India	FORH IN	India	(8.5)	20.7	44.5	36.9	3.6	3.0	22.3	19.6	0.0	0.2
KPJ Healthcare	KPJ MK	Malaysia	30.2	12.0	23.8	21.3	2.2	2.0	11.3	10.5	2.2	2.5
IHH Healthcare Bhd	IHH MK	Malaysia	10.0	13.4	31.8	28.1	1.9	1.8	13.7	12.9	2.0	1.3
Ryman	RYM NZ	New Zealand	0.6	(5.6)	13.2	14.0	0.9	0.9	15.3	19.2	1.3	1.9
Raffles Medical Group	RFMD SP	Singapore	(14.6)	3.0	19.7	19.1	2.3	2.2	10.9	10.6	2.7	2.8
Bangkok Chain Hospital *	BCH TB	Thailand	(63.3)	19.5	32.3	27.0	3.7	3.5	16.1	14.4	1.9	2.2
Bangkok Dusit Medical *	BDMS TB	Thailand	3.4	12.6	34.5	30.6	4.8	4.6	22.7	20.5	2.2	2.5
Bumrungrad Hospital *	BH TB	Thailand	37.0	11.0	30.5	27.5	8.8	7.8	21.1	18.9	1.6	2.5
Chularat Hospital *	CHG TB	Thailand	(58.6)	14.6	29.3	25.6	4.6	4.4	19.6	17.0	2.7	3.3
Praram 9 Hospital *	PR9 TB	Thailand	(7.0)	16.6	25.2	21.6	2.6	2.5	12.4	10.7	1.8	2.3
Thonburi Healthcare Group*	THG TB	Thailand	(33.4)	19.2	56.9	47.8	5.5	5.2	26.8	23.8	1.1	1.3
Average			(1.9)	15.0	32.0	27.2	3.9	3.6	17.0	15.5	1.8	2.1

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS

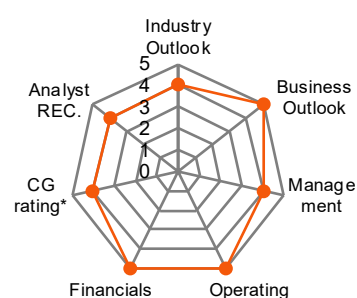
Based on 17 Aug 2023 closing prices

COMPANY DESCRIPTION

Bumrungrad Hospital Pcl (BH) operates a private hospital business in Bangkok with a current capacity of 580 beds and more than 3,000 outpatients a day. It is one of the leading healthcare providers in Thailand and Southeast Asia, offering a complete range of healthcare services. BH is expanding and upgrading its flagship Bangkok facilities to cater to increasing demand for private health care.

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

- Strong brand with a good international reputation.
- High-quality and complex medical treatments with good service, in our view.
- Patient base comprises the high affordability group, which is less sensitive to prices.

O — Opportunity

- Rising incomes should boost people's affordability in paying for better-quality healthcare services.
- An ageing population will require more complex medical treatments.
- The ASEAN Economic Community's launch.

W — Weakness

- Client base not well diversified.

T — Threat

- Rising competition from regional peers such as Singapore, Malaysia and India.
- Policy and regulatory risks.
- COVID-19 outbreak risks.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	273.62	300.00	10%
Net profit 23F (Bt m)	6,430	6,771	5%
Net profit 24F (Bt m)	6,822	7,516	10%
Consensus REC	BUY: 16	HOLD: 4	SELL: 3

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts and DCF-based TP are higher than the Bloomberg consensus estimates, which we attribute to us having a more bullish view on BH's new international patient inflows and revenue intensity.

RISKS TO OUR INVESTMENT CASE

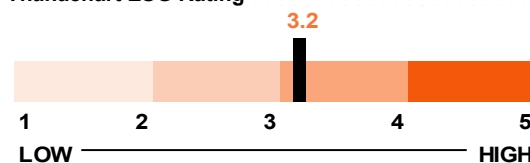
- If the number of Thai and international patients were to come in below our current expectations, this would represent the key downside risk to our call.
- If BH's billing size and margins were to be lower than our current assumptions, this would represent a secondary downside risk.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

BH is a one-campus, high-end hospital in the center of Bangkok. The company's business nature doesn't produce much greenhouse gas. In other ESG areas, BH has a decent focus on them. Our ESG score for BH is 3.2 and we expect the score to improve in the future with more medical innovations.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
BH	-	-	-	A	-	59.47	26.00	29.0	4.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- BH is a high-end, one-campus hospital in the center of Bangkok. It has the highest ratio of foreign patient income in the sector. Given its business nature, BH doesn't produce much greenhouse gas (GHG). However, we believe it has a decent focus on ESG issues.
- BH is exploring and developing the possibilities of renewable energy sources in order to further develop its short-, medium and long-term emission reduction strategies.
- BH keeps air quality in the hospital at a high standard by conducting air quality surveys, replacing air filters for all its Air Handling Units, and installing an ultraviolet germicidal irradiation system in HVAC air handling units.
- BH has done water-flow reduction assessments to come up with options ranging from changing sinks to redesigning BH's HVAC systems, in order to reduce usage.
- BH is committed to minimizing waste generation. It has guidelines and initiatives on solid waste and hazardous waste management in compliance with regulations and standards.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- BH tracks and monitors labor practices to ensure compliance with relevant local and international regulations and to pursue continuous improvements. It has a human rights policy that highlights the protection of employee rights.
- BH practices transparency and fairness in its recruitment process and offers equal opportunities to job applicants without discrimination against race, nationality, religion, gender, language, age, sexual orientation, social status, and mental or physical disabilities.
- BH has a "Quality Improvement and Patient Safety Plan Procedure", which responds to demand and ensures patient satisfaction. The procedure intends to improve services, reduce costs, and lessen conflict and inconvenience to patients and employees.
- BH ensures that it remains accredited by JCI, A-HA, and global healthcare accreditation standards as well as other related regulations.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- The board of directors has five independent directors out of a total of 11 directors. Two independent directors are female.
- BH's policy is to disclose information that is transparent, complete, reliable, and timely through various channels which are easily accessible.
- BH has the "Bumrungrad Application", a mobile application to facilitate appointment bookings, teleconsultations, payments, and access to patient health information.
- As for innovations, BH has invested in Next Generation Sequencing (NGS) technology. BH has succeeded in genetic testing for cancer risks and heart disease.
- Recently, BH has a new communication channel called "Digital Medical Interpreter", which is a channel for online interpreting services. This allows customers to access interpreters faster and with less effort than via VDO calls.

Sources: Thanachart, Company data

INCOME STATEMENT

*Strong Thai and
international patients
drive revenue growth*

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	12,404	20,646	25,220	26,846	28,186
Cost of sales	7,731	11,099	12,938	13,557	14,139
Gross profit	4,673	9,546	12,282	13,289	14,047
% gross margin	37.7%	46.2%	48.7%	49.5%	49.8%
Selling & administration expenses	3,296	3,798	4,180	4,315	4,400
Operating profit	1,377	5,748	8,102	8,973	9,647
% operating margin	11.1%	27.8%	32.1%	33.4%	34.2%
Depreciation & amortization	1,180	1,117	1,160	1,302	1,424
EBITDA	2,557	6,865	9,262	10,275	11,070
% EBITDA margin	20.6%	33.3%	36.7%	38.3%	39.3%
Non-operating income	269	308	347	396	452
Non-operating expenses	0	0	0	0	0
Interest expense	(120)	(4)	(3)	(3)	(2)
Pre-tax profit	1,527	6,053	8,445	9,366	10,097
Income tax	216	1,072	1,605	1,780	1,918
After-tax profit	1,311	4,981	6,841	7,587	8,178
% net margin	10.6%	24.1%	27.1%	28.3%	29.0%
Shares in affiliates' Earnings	(12)	(1)	(2)	2	5
Minority interests	(24)	(39)	(68)	(72)	(76)
Extraordinary items	(58)	(3)	0	0	0
NET PROFIT	1,216	4,938	6,771	7,516	8,107
Normalized profit	1,274	4,941	6,771	7,516	8,107
EPS (Bt)	1.5	6.2	8.5	9.5	10.2
Normalized EPS (Bt)	1.6	6.2	8.5	9.5	10.2

BALANCE SHEET

*New hospital scheduled
come on stream in 2025*

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	8,062	11,419	15,589	16,319	17,980
Cash & cash equivalent	5,936	8,276	11,550	12,100	13,630
Account receivables	1,461	2,658	3,455	3,604	3,707
Inventories	328	326	390	409	426
Others	338	159	194	206	217
Investments & loans	1	1	1	1	1
Net fixed assets	11,532	11,731	12,882	15,767	16,655
Other assets	1,261	1,108	1,060	1,012	985
Total assets	20,857	24,259	29,532	33,099	35,622
LIABILITIES:					
Current liabilities:	2,284	3,415	3,881	4,097	4,202
Account payables	805	1,085	1,276	1,300	1,317
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	0	0	7	5	6
Others current liabilities	1,479	2,330	2,598	2,791	2,878
Total LT debt	23	24	67	47	58
Others LT liabilities	932	814	1,823	1,930	2,027
Total liabilities	3,239	4,253	5,771	6,074	6,286
Minority interest	332	300	368	440	516
Preferreds shares	1	1	1	1	1
Paid-up capital	795	795	795	795	795
Share premium	450	450	450	450	450
Warrants	0	0	0	0	0
Surplus	94	12	12	12	12
Retained earnings	15,947	18,448	22,134	25,327	27,561
Shareholders' equity	17,286	19,705	23,392	26,585	28,819
Liabilities & equity	20,857	24,259	29,532	33,099	35,622

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

*Strong cash inflow
stream, on our estimates*

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	1,527	6,053	8,445	9,366	10,097
Tax paid	(91)	(594)	(1,704)	(1,620)	(1,951)
Depreciation & amortization	1,180	1,117	1,160	1,302	1,424
Chg In working capital	827	(915)	(670)	(144)	(103)
Chg In other CA & CL / minorities	(62)	480	330	24	114
Cash flow from operations	3,381	6,141	7,561	8,928	9,580
Capex	(948)	(1,277)	(2,290)	(4,166)	(2,312)
Right of use	(21)	(8)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	74	(0)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	270	6	1,036	134	123
Cash flow from investments	(625)	(1,279)	(1,254)	(4,032)	(2,189)
Debt financing	(2,497)	(2)	50	(22)	12
Capital increase	0	0	0	0	0
Dividends paid	(2,545)	(2,543)	(3,084)	(4,323)	(5,874)
Warrants & other surplus	84	24	0	0	0
Cash flow from financing	(4,958)	(2,521)	(3,034)	(4,345)	(5,861)
Free cash flow	2,432	4,864	5,271	4,762	7,268

VALUATION

*Inexpensive valuation, in
our view*

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	162.2	41.8	30.5	27.5	25.5
Normalized PE - at target price (x)	187.1	48.3	35.2	31.7	29.4
PE (x)	169.9	41.9	30.5	27.5	25.5
PE - at target price (x)	196.1	48.3	35.2	31.7	29.4
EV/EBITDA (x)	78.5	28.9	21.1	18.9	17.4
EV/EBITDA - at target price (x)	90.9	33.5	24.5	22.0	20.3
P/BV (x)	12.0	10.5	8.8	7.8	7.2
P/BV - at target price (x)	13.8	12.1	10.2	9.0	8.3
P/CFO (x)	61.1	33.7	27.3	23.1	21.6
Price/sales (x)	16.7	10.0	8.2	7.7	7.3
Dividend yield (%)	1.2	1.3	1.6	2.5	3.1
FCF Yield (%)	1.2	2.4	2.6	2.3	3.5
(Bt)					
Normalized EPS	1.6	6.2	8.5	9.5	10.2
EPS	1.5	6.2	8.5	9.5	10.2
DPS	3.2	3.5	4.3	6.6	8.2
BV/share	21.7	24.8	29.4	33.4	36.3
CFO/share	4.3	7.7	9.5	11.2	12.1
FCF/share	3.1	6.1	6.6	6.0	9.1

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

Margin expansion looks
set to continue in 2023-
25F

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	0.7	66.4	22.2	6.4	5.0
Net profit (%)	1.0	306.2	37.1	11.0	7.9
EPS (%)	1.0	306.1	37.1	11.0	7.9
Normalized profit (%)	6.2	287.9	37.0	11.0	7.9
Normalized EPS (%)	6.2	287.7	37.0	11.0	7.9
Dividend payout ratio (%)	209.2	56.3	50.0	70.0	80.0
Operating performance					
Gross margin (%)	37.7	46.2	48.7	49.5	49.8
Operating margin (%)	11.1	27.8	32.1	33.4	34.2
EBITDA margin (%)	20.6	33.3	36.7	38.3	39.3
Net margin (%)	10.6	24.1	27.1	28.3	29.0
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.3)	(0.4)	(0.5)	(0.4)	(0.5)
Interest coverage - EBIT (x)	11.5	na	na	na	na
Interest coverage - EBITDA (x)	21.4	na	na	na	na
ROA - using norm profit (%)	5.7	21.9	25.2	24.0	23.6
ROE - using norm profit (%)	7.1	26.7	31.4	30.1	29.3
DuPont					
ROE - using after tax profit (%)	7.3	26.9	31.7	30.4	29.5
- asset turnover (x)	0.6	0.9	0.9	0.9	0.8
- operating margin (%)	13.3	29.3	33.5	34.9	35.8
- leverage (x)	1.3	1.2	1.2	1.3	1.2
- interest burden (%)	92.7	99.9	100.0	100.0	100.0
- tax burden (%)	85.9	82.3	81.0	81.0	81.0
WACC (%)	5.8	5.8	5.8	5.8	6.3
ROIC (%)	9.2	41.6	57.3	61.0	53.8
NOPAT (Bt m)	1,183	4,730	6,563	7,268	7,814
invested capital (Bt m)	11,374	11,453	11,917	14,537	15,253

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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