

BUY (Unchanged)
Change in Numbers

TP: Bt 23.70
Upside : 22.2%

(From: Bt 20.50)
8 SEPTEMBER 2023

Small Cap Research

Bangkok Chain Hospital (BCH TB)

Time to revisit

We believe BCH's earnings reached bottom in 1Q23 and that the turnaround trend in 2Q23 will likely continue. Key drivers are falling losses from new hospitals, rising foreign patient numbers, and growing existing operations. We expect its 2H23F turnaround to start unlocking its share price. **BUY.**



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Time to BUY

We reaffirm our BUY call on BCH seeing an earnings turnaround trend of 47% h-h and 3% y-y in 2H23F as the catalyst. BCH's earnings reached bottom in 1Q23 and started to turn around in 2Q23 with 12% q-q growth. We expect q-q growth to continue into 3Q23F before both q-q and y-y growth in 4Q23F due to no more high COVID income base in 4Q22. Drivers are from core operations, including growth at existing hospitals, rising foreign patients, and falling losses from its three new hospitals. With our estimates of 25/15% EPS growth in 2024-25F, we see its 29.2x 2024F PE as inexpensive (vs. its five-year pre-COVID average of 38x). Although we cut our earnings by 8/4/3% in 2023-25F to reflect higher-than-expected losses of new hospitals and above-expectation costs at existing hospitals, we remain bullish on BCH with a rolled-over 2024F DCF-based TP of Bt23.7 (from Bt20.50).

Strong existing hospitals

Leaving aside the base adjustment from disappearing COVID income and losses from its three new hospitals, BCH's normal operations are strong. Revenues from cash patients and social security services (SSS) in 2Q23 were above 2Q19's levels by 34% and 14%. Cash patient revenue is driven by all key factors of volume, revenue intensity, and pricing, which are supported by rising high-margin international patients and high-intensity care services (heart, diabetes, etc.). SSS revenue is driven by rising SSS-registered persons and a rising reimbursement rate. We estimate its revenue growth for cash and SSS patients at its existing hospitals of 12/6/6% and 11/4/1% in 2023-25F.

International patient recovery

BCH's international patient flows have been recovering along with the country reopening and the reopening of the Thai-Myanmar border at Mae Sai in Chiang Rai. International patients made up 17% of total revenues in 1H23 vs. 10% in 1H19. Revenue is up by 124% from 1H19's level. The increase has been from the Middle East, CLMV markets, and China (cross border) to use its heart, orthopedic, and diabetic wound care centers.

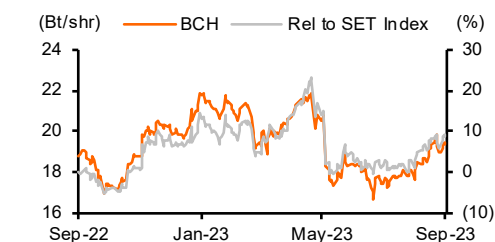
Falling losses from new hospitals

BCH opened three new hospitals during 2020-21, i.e., the 51-bed Kasemrad International Hospital (KIH) Aranyaprathet, the 115-bed Kasemrad Hospital Prachinburi, and the 110-bed KIH Vientiane, Laos. These hospitals turned to losses after COVID-19 subsided. However, their operations started to improve in 2Q23. With more medical centers, an expanding patient network via a referral system, and marketing events, we estimate their losses to fall from Bt372m in 2023F to Bt212/125/34m in 2024-26F.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	18,827	11,794	12,640	13,337
Net profit	3,039	1,328	1,658	1,900
Consensus NP	—	1,476	1,728	1,949
Diff frm cons (%)	—	(10.0)	(4.0)	(2.5)
Norm profit	3,941	1,328	1,658	1,900
Prev. Norm profit	—	1,446	1,727	1,959
Chg frm prev (%)	—	(8.1)	(4.0)	(3.0)
Norm EPS (Bt)	1.6	0.5	0.7	0.8
Norm EPS grw (%)	(42.4)	(66.3)	24.8	14.6
Norm PE (x)	12.3	36.4	29.2	25.5
EV/EBITDA (x)	7.9	17.9	15.4	13.8
P/BV (x)	3.9	3.9	3.7	3.5
Div yield (%)	4.1	1.6	2.1	2.4
ROE (%)	31.0	10.7	13.0	14.0
Net D/E (%)	9.1	(0.8)	(1.9)	(8.9)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 8-Sep-23 (Bt)	19.40
Market Cap (US\$ m)	1,361.5
Listed Shares (m shares)	2,493.7
Free Float (%)	50.0
Avg Daily Turnover (US\$ m)	6.2
12M Price H/L (Bt)	21.90/16.70
Sector	Health Care
Major Shareholder	Harnphanich Family 50%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P8

Time to BUY

Reaffirm BUY ...

We reaffirm our BUY rating on shares of Bangkok Chain Hospital (BCH) on the back of the following reasons:

1) Earnings have already passed the bottom

First, we see BCH's earnings turnaround trend of 47% h-h and 3% y-y in 2H23F acting as a share price catalyst. We believe BCH's earnings reached the bottom in 1Q23 and started to turn around in 2Q23 with 12% q-q growth. We expect the q-q growth to continue into 3Q23F before both q-q and y-y growth are seen in 4Q23F given no more high-COVID-income base in 4Q22. Divers are from core operations, including growth existing hospitals, rising foreign patient numbers, and falling losses from its three new hospitals.

2) Inexpensive PE in our view with 25% EPS growth next year

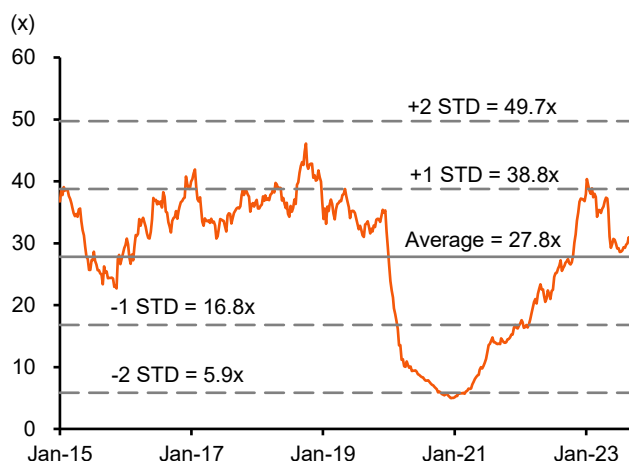
Second, with our estimates of 25/15% EPS growth in 2024-25F, we see BCH's 29.2x 2024F PE as inexpensive vs. its five-year pre-COVID average of 38x. Although we cut our earnings projections by 8/4/3% in 2023-25F to reflect higher-than-expected losses from new hospitals and above-expectation costs at its existing hospitals, with the rollover of our base year to 2024F, our DCF-based 12-month TP is revised up to Bt23.7 from Bt20.50.

Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2019	2020	2021	2022	2023F	2024F	2025F
Loss from new hospitals (Bt m)							
- New	—	—	—	—	(372)	(212)	(125)
- Old					(295)	(206)	(121)
- Change (%)					n.a.	n.a.	n.a.
SG&A to sales (%)							
- New	13.9	13.6	6.9	10.3	15.7	14.9	14.7
- Old					13.6	13.1	13.0
- Change (ppt)					2.1	1.7	1.7
Normalized profit (Bt m)							
- New	1,135	1,229	6,846	3,941	1,328	1,658	1,900
- Old					1,446	1,727	1,959
- Change (%)					(8.1)	(4.0)	(3.0)

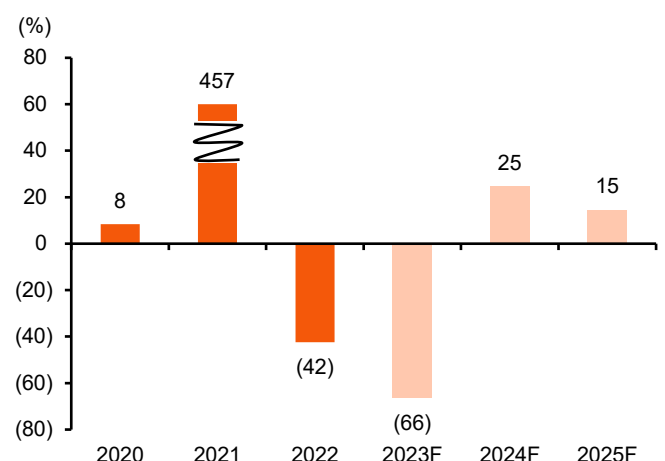
Sources: Company data, Thanachart estimates

Ex 2: Inexpensive Valuation



Sources: Bloomberg, Thanachart estimates

Ex 3: Earnings Return To Growth Next Year



Sources: Company data, Thanachart estimates

Ex 4: 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	3,115	3,412	3,655	3,878	4,169	4,453	4,755	5,064	5,387	5,724	6,128	—
Free cash flow	1,634	1,901	2,082	2,709	2,964	3,192	3,439	3,683	3,933	4,195	4,465	84,377
PV of free cash flow	1,634	1,663	1,704	2,074	2,122	2,138	2,154	2,080	2,068	2,054	2,036	38,468
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	0.6											
WACC (%)	6.4											
Terminal growth (%)	2.0											
Enterprise value	60,194											
Net debt (end-2023F)	(104)											
Minority interest	1,135											
Equity value	59,164											
# of shares (m)	2,494											
Equity value/share (Bt)	23.7											

Sources: Company data, Thanachart estimates

Strong existing hospitals

BCH's normal operations are strong

Leaving aside the base adjustment from disappearing COVID income and losses from its three new hospitals, BCH's normal operations are strong. BCH has 12 existing hospitals and one clinic in seven provinces in Thailand, i.e., Bangkok, Nonthaburi, Pathum Thani, Ayutthaya, Saraburi, Chachoengsao, and Chiang Rai.

Ex 5: BCH's Existing Hospitals And Clinic

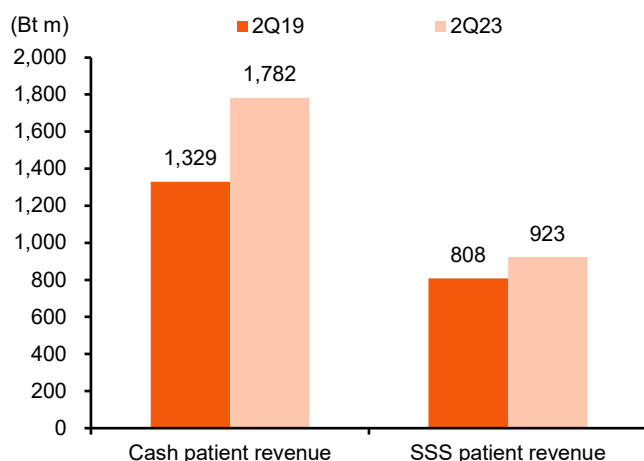
Names	Types	# Beds	Locations
World Medical Hospital	Hospital	150	Nonthaburi
Kasemrad International Hospital Rattanaibeth	Hospital	133	Nonthaburi
Kasemrad Hospital Bangkoe	Hospital	311	Bangkok
Kasemrad Hospital Sriburin	Hospital	120	Chiang Rai
Kasemrad Sriburin Chiang Saen Clinic	Clinic	—	Chiang Rai
Kasemrad Hospital Mae Sai	Hospital	30	Chiang Rai
Kasemrad Hospital Saraburi	Hospital	200	Saraburi
Kasemrad Hospital Prachachuen	Hospital	371	Bangkok
Kasemrad Hospital Rattanaibeth	Hospital	119	Nonthaburi
Kasemrad Hospital Chachoengsao	Hospital	100	Chachoengsao
Kasemrad Hospital Ramkhamhaeng	Hospital	139	Bangkok
Kasemrad Hospital Pathumthani	Hospital	200	Pathum Thani
Kasemrad Hospital Ayutthaya	Hospital	105	Ayutthaya
Total		1,978	

Source: Company data

Revenues from cash patients and social security services (SSS) in 2Q23 were above 2Q19's levels by 34% and 14%. Cash patient revenue is being driven by all the key factors of volume, revenue intensity, and pricing which are being supported by rising high-margin international patients and high-intensity care services (heart, diabetes, etc.). SSS revenue is being driven by rising numbers of SSS-registered persons and a higher reimbursement rate. Details are shown in Exhibits 5-8. We estimate BCH's revenue growth for cash and SSS patients at its existing hospitals of 12/6/6% and 11/4/1% in 2023-25F.

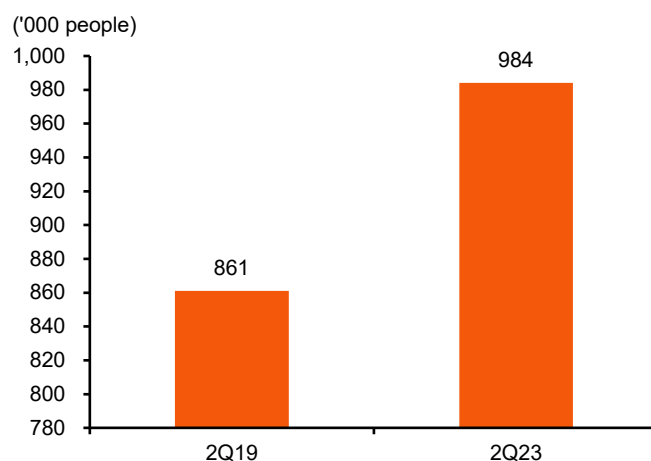
Note that for SSS, besides the basic capitation rate increasing by 10% from early May this year, BCH's nine hospitals also renewed their contracts with the Social Security Office to extend their specialized medical treatment program from the end of June 2023 to the end of December 2023. The five diseases under this program are stroke, cardiovascular, breast cancer, kidney and gall bladder stone, and myomectomy treatments. Under the program, when BCH's nine hospitals provide medical treatment to registered persons, BCH receives Bt15,000/Diagnosis-related group (DRG) (up from Bt12,000/DRG). BCH's nine hospitals are the World Medical Center Hospital, Kasemrad Hospital Bangkai, Kasemrad Hospital Prachachuen, Kasemrad Hospital Chachoengsao, Kasemrad Hospital Ramkhamhaeng, Kasemrad Hospital Sriburin, Kasemrad Hospital Saraburi, Kasemrad Hospital Rattanaibeth, and Karunvej Hospital Pathumthani.

Ex 6: BCH's Revenue In 2Q23 Was Above 2Q19's Level



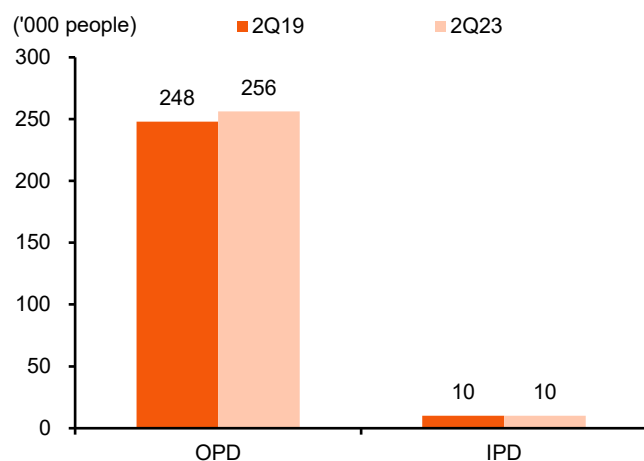
Source: Company data

Ex 7: SSS-Registered Persons



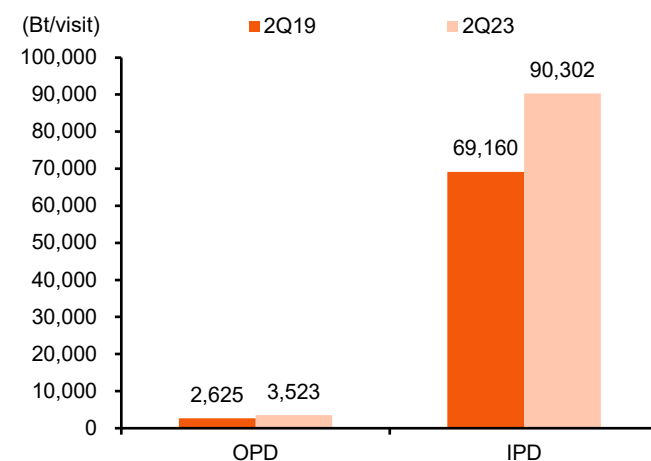
Source: Company data

Ex 8: OPD And IPD Visits



Source: Company data

Ex 9: OPD And IPD Billing



Source: Company data

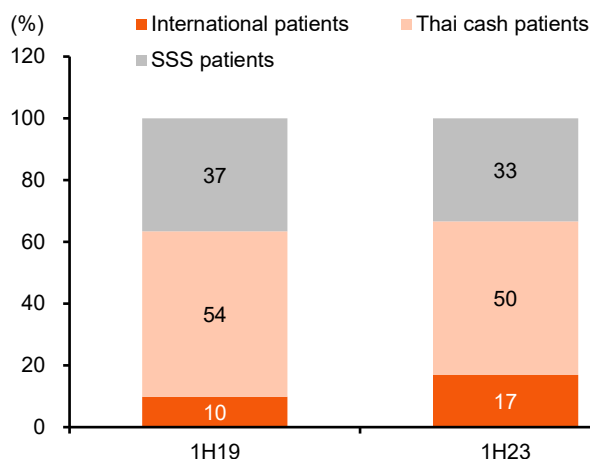
International patient recovery

BCH's international patient flows have been recovering

BCH's seven main hospitals that provide services to international patients are the World Medical Center, Kasemrad International Vientiane, Kasemrad Hospital Sriburin, Kasemrad Hospital Mae Sai, Kasemrad Hospital Ramkhamhaeng, Kasemrad International Hospital Rattanaibeth, and Kasemrad International Hospital Aranyaprathet. BCH's international patient flows have been recovering along with the country reopening and the reopening of the Thai-Myanmar border at Mae Sai in Chiang Rai province.

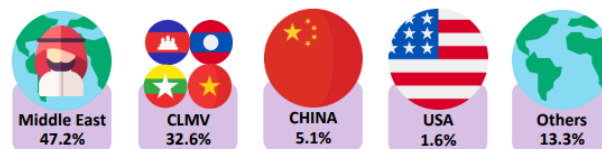
Revenue from international patients accounted for 17% of total revenues in 1H23 vs. 10% in 1H19. In absolute figures, revenue stood at Bt935m in 1H23, a rise of 124% from the 1H19 level. The increase was from the Middle East (mainly from Kuwait, Qatar, and Saudi Arabia), CLMV markets (mainly Myanmar, Cambodia, and Laos), and China (cross-border between Chiang Rai, Myanmar, and South China) to use heart, orthopedic and diabetic wound care centers. Management expects to see increased flows of international patients, particularly from Myanmar, the Middle East, and China.

Ex 10: Revenue Contribution From International Patients



Source: Company data

Ex 11: Revenue Portion By Nationality In 2Q23



Source: Company data

Falling losses from new hospitals

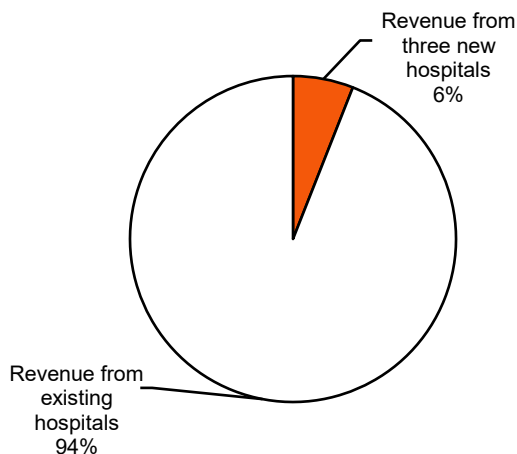
We estimate losses to fall from Bt372m in 2023F to Bt212/125/34m in 2024-26F

BCH opened its 51-bed Kasemrad International Hospital Aranyaprathet on 11 May 2020, the 115-bed Kasemrad Hospital Prachinburi on 1 January 2021, and the 110-bed KIH Vientiane, Laos on 19 August 2021. Their operations turned to profits rapidly after they opened due to the COVID-19 pandemic. However, they turned loss-making after the COVID-19 crisis subsided. Their operations have started to improve in 2Q23.

With more general and specialized medical centers, an expanding patient network through a referral system to create a local and international patient referral network with insurance companies and clinics located nearby the hospitals, and online marketing and organizing events to encourage medical knowledge, we estimate their losses to fall from Bt372m in 2023F to Bt212/125/34m in 2024-26F.

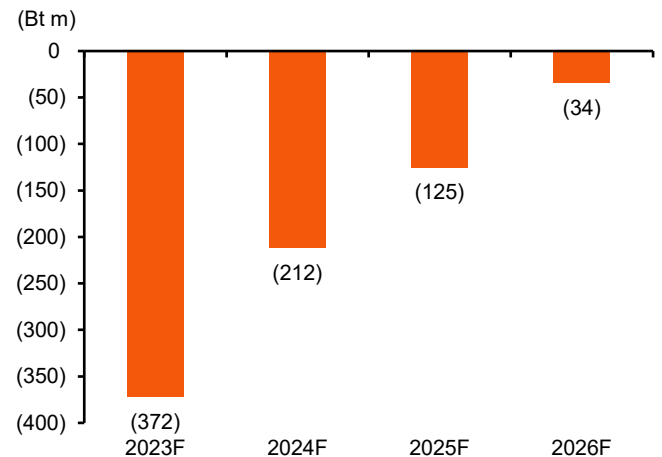
Note that the customer target groups for Kasemrad International Hospital Aranyaprathet are local and international patients near the Thai-Cambodian border, for Kasemrad Hospital Prachinburi they comprise general and SSS patients near the industrial park, and for Kasemrad International Hospital Vientiane they are local and international patients in Vientiane.

Ex 12: Revenue From Three New Hospitals In 2Q23



Source: Company data

Ex 13: Losses From The Three New Hospitals



Source: Thanachart estimates

Valuation Comparison

Ex 14: 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	18.5	(2.9)	33.2	34.2	2.7	2.6	11.5	10.6	2.0	1.9
Guangzhou Pharmaceutical	874 HK	Hong Kong	8.5	4.2	8.1	7.7	1.0	0.9	8.2	8.1	3.7	3.8
Lijun Int'l Pharmaceutical	2005 HK	Hong Kong	22.3	30.4	9.2	7.1	1.8	1.5	7.9	6.6	3.4	4.1
Apollo Hospitals Enterprise	APHS IN	India	2.7	25.3	85.2	68.0	11.1	10.0	35.3	30.1	0.2	0.3
Fortis Healthcare India	FORH IN	India	(8.5)	20.3	47.5	39.5	3.8	3.2	23.8	20.9	0.0	0.2
KPJ Healthcare	KPJ MK	Malaysia	30.2	10.0	23.4	21.3	2.2	2.0	11.1	10.5	2.2	2.5
IHH Healthcare Bhd	IHH MK	Malaysia	5.3	14.0	33.0	28.9	1.9	1.8	14.2	13.2	2.1	1.3
Ryman	RYM NZ	New Zealand	0.6	(5.6)	12.9	13.6	0.9	0.9	14.9	18.8	1.3	1.9
Raffles Medical Group	RFMD SP	Singapore	(17.2)	0.0	19.4	19.4	2.2	2.1	11.0	10.8	2.9	2.8
Bangkok Chain Hospital *	BCH TB	Thailand	(66.3)	24.8	36.4	29.2	3.9	3.7	17.9	15.4	1.6	2.1
Bangkok Dusit Medical *	BDMS TB	Thailand	3.4	12.6	33.2	29.5	4.6	4.4	21.9	19.7	2.3	2.5
Bumrungrad Hospital *	BH TB	Thailand	37.0	11.0	29.9	27.0	8.7	7.6	20.6	18.6	1.7	2.6
Chularat Hospital *	CHG TB	Thailand	(63.6)	16.4	35.3	30.3	4.9	4.7	23.9	20.4	2.3	2.8
Praram 9 Hospital *	PR9 TB	Thailand	(7.0)	16.6	26.1	22.4	2.7	2.6	12.9	11.1	1.7	2.2
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			(4.5)	13.1	32.6	28.4	3.9	3.5	17.5	15.9	1.9	2.2

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS

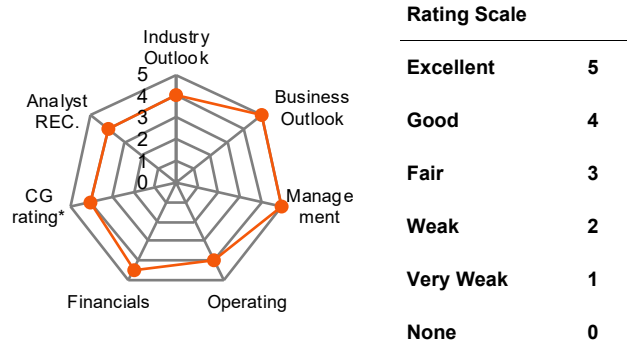
Based on 8 Aug 2023 closing prices

COMPANY DESCRIPTION

Bangkok Chain Hospital (BCH) runs 15 hospitals, located in Bangkok and upcountry, with a total number of licensed beds of 2,254 at end 4Q22. Its patient portfolio is divided into 1) cash or self-pay (including Civil Servants); and 2) patients under the Social Security Scheme. The company held an IPO and was listed on the Stock Exchange of Thailand (SET) at the beginning of 2004.

Source: Thanachart

COMPANY RATING



Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Management has substantial experience in the hospital business, particularly in the mid-tier and managed-care markets.
- Revenue is diversified.

O — Opportunity

- Limited public healthcare supply in Thailand.
- Capacity expansion to support rising healthcare demand in the future.
- Ageing society mega-trend.
- Rising patient flows from neighbouring countries.
- COVID-19 pandemic.

W — Weakness

- BCH has long been recognized as the largest managed-care private hospital, which could be a barrier to expanding into new client segments.

T — Threat

- Growing importance of franchise names and big players such as BDMS, which have entered the mid-market segment.
- Slow economy.
- Regulatory risk.
- Covid-19 pandemic.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	20.71	23.70	14%
Net profit 23F (Bt m)	1,476	1,328	-10%
Net profit 24F (Bt m)	1,728	1,658	-4%
Consensus REC	BUY: 13	HOLD: 5	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023-24F earnings are below the Bloomberg consensus forecasts, which we attribute to us having a more conservative view on its three new hospitals' operations.
- However, our DCF-based TP is above the Street's, likely due to the rollover of our base year to 2024F.

Sources: Bloomberg consensus, Thanachart estimates

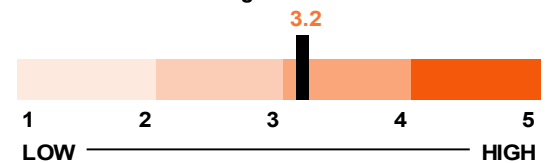
RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would be if BCH's strategy of boosting revenue from the cash-patient business were to turn out worse than our current expectation.
- A secondary downside risk would be if BCH's registered patients under the SSS were to come in lower than our current assumptions.
- If BCH's new hospitals turn around slower than our current expectation, this would present another downside risk to our call.

Source: Thanachart

BCH is one of the five biggest hospital chains in Thailand. The company's business nature doesn't produce much greenhouse gas. We see BCH's plans and targets for ESG aspects as clearer this year. Our ESG score for BCH is, thus, lifted to 3.2 (from 2.5), 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)
BCH	-	-	-	-	-	27.07	18.00	-	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

- BCH is one of the five biggest hospital chains in Thailand with 15 hospitals in its portfolio. The nature of its business doesn't generate much greenhouse gas (GHG).
- BCH targets to reduce electricity usage by 0.3% in 2024 (baseline 2022), reduce water usage by 0.3%, and cut waste by 5%.
- BCH continues to implement energy conservation measures every year. It has installed solar cells on the roofs of hospital and car park buildings at its four hospitals in Aranyaprathet, Prachinburi, Saraburi, and Chiang Rai provinces.
- BCH has continued its policy to reduce plastic bag use by campaigning for patients to use cloth bags instead to lower the amount of carbon dioxide released into the atmosphere.

SOCIAL

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

- BCH is acutely aware of the importance of human resources, and it has established guidelines for the recruitment and selection of personnel according to laws and ethics. All personnel are respected and treated equally with social protection, fair working conditions, reasonable remuneration, and without discrimination, according to BCH.
- BCH has surveyed occupational safety practices. It also continuously reviews the statistics of serious injuries or illnesses occurring within the company, including communicating to prevent and reduce accidents. It targets zero work-related injuries.
- BCH is committed to having good-quality service and safety standards. It has also received accreditation from the Institute for Hospital Quality Improvement and the Joint Commission International (JCI). It targets to have a customer satisfaction rate of no less than 80%.
- BCH has contributed to social support activities (at least 100 times), such as by providing scholarships and financial support to purchase medical equipment for various hospitals, and providing free health check-ups for people living in the vicinity.

GOVERNANCE & SUSTAINABILITY

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

- Presently, BCH has 11 directors (three female directors representing 27% and four independent directors representing 36% of all directors).
- BCH prohibits bribery of any kind in all activities related to its business operations. If the company needs to make a charitable donation, give business gifts, or provide financial support for any activities, it is done transparently and with no intention of getting government/private officials to take improper action.
- Its risk policies are established to identify and analyze the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.
- BCH has continuously improved its service efficiency to achieve excellence in medical services with highly skilled and experienced medical personnel, modern medical equipment, and specialized centers to provide integrated medical services.

Sources: Thanachart, Company data

INCOME STATEMENT

Cash and SSS patients drive 2024-25F revenue growth

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	21,405	18,827	11,794	12,640	13,337
Cost of sales	10,561	11,535	8,190	8,607	8,925
Gross profit	10,844	7,292	3,605	4,033	4,412
% gross margin	50.7%	38.7%	30.6%	31.9%	33.1%
Selling & administration expenses	1,469	1,946	1,852	1,878	1,959
Operating profit	9,374	5,346	1,753	2,155	2,453
% operating margin	43.8%	28.4%	14.9%	17.1%	18.4%
Depreciation & amortization	874	950	946	960	958
EBITDA	10,248	6,296	2,699	3,115	3,412
% EBITDA margin	47.9%	33.4%	22.9%	24.6%	25.6%
Non-operating income	129	92	108	116	128
Non-operating expenses	0	0	0	0	0
Interest expense	(151)	(156)	(96)	(75)	(60)
Pre-tax profit	9,352	5,282	1,764	2,197	2,520
Income tax	1,846	1,135	362	428	491
After-tax profit	7,505	4,147	1,402	1,769	2,029
% net margin	35.1%	22.0%	11.9%	14.0%	15.2%
Shares in affiliates' Earnings	2	0	(4)	0	2
Minority interests	(661)	(206)	(70)	(110)	(131)
Extraordinary items	0	(902)	0	0	0
NET PROFIT	6,846	3,039	1,328	1,658	1,900
Normalized profit	6,846	3,941	1,328	1,658	1,900
EPS (Bt)	2.7	1.2	0.5	0.7	0.8
Normalized EPS (Bt)	2.7	1.6	0.5	0.7	0.8

BALANCE SHEET

Plans to add a new cancer center to its portfolio in early 2024

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	13,541	6,835	4,909	5,245	5,546
Cash & cash equivalent	5,256	2,640	2,242	2,392	2,542
Account receivables	5,669	3,754	2,327	2,493	2,631
Inventories	437	362	292	307	318
Others	2,179	79	49	53	56
Investments & loans	33	31	31	31	31
Net fixed assets	11,790	11,829	12,383	12,423	12,464
Other assets	1,020	1,102	1,082	1,160	1,224
Total assets	26,384	19,796	18,405	18,858	19,265
LIABILITIES:					
Current liabilities:	7,848	3,510	3,854	3,429	3,266
Account payables	893	797	583	613	636
Bank overdraft & ST loans	250	0	641	638	351
Current LT debt	2,728	1,271	598	595	328
Others current liabilities	3,976	1,443	2,031	1,583	1,951
Total LT debt	3,979	2,599	898	893	492
Others LT liabilities	252	177	141	151	160
Total liabilities	12,078	6,287	4,893	4,473	3,917
Minority interest	1,326	1,065	1,135	1,245	1,376
Preferreds shares	0	0	0	0	0
Paid-up capital	2,494	2,494	2,494	2,494	2,494
Share premium	645	645	645	645	645
Warrants	0	0	0	0	0
Surplus	(104)	(187)	(187)	(187)	(187)
Retained earnings	9,946	9,493	9,426	10,188	11,020
Shareholders' equity	12,980	12,445	12,377	13,140	13,972
Liabilities & equity	26,384	19,796	18,405	18,858	19,265

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

*Sustainable cash inflow
stream, in our view*

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	9,352	5,282	1,764	2,197	2,520
Tax paid	(664)	(2,395)	(41)	(585)	(382)
Depreciation & amortization	874	950	946	960	958
Chg In working capital	(3,225)	1,893	1,284	(152)	(126)
Chg In other CA & CL / minorities	(236)	359	293	(294)	257
Cash flow from operations	6,101	6,090	4,247	2,126	3,228
Capex	(1,226)	(989)	(1,500)	(1,000)	(1,000)
Right of use	0	0	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(1)	2	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	463	(1,058)	(17)	(67)	(56)
Cash flow from investments	(763)	(2,046)	(1,517)	(1,067)	(1,056)
Debt financing	(276)	(3,087)	(1,732)	(12)	(955)
Capital increase	0	0	0	0	0
Dividends paid	(821)	(3,491)	(1,396)	(896)	(1,067)
Warrants & other surplus	71	(83)	0	0	0
Cash flow from financing	(1,027)	(6,660)	(3,128)	(908)	(2,022)
Free cash flow	4,875	5,101	2,747	1,126	2,228

VALUATION

*Inexpensive valuation, in
our opinion*

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	7.1	12.3	36.4	29.2	25.5
Normalized PE - at target price (x)	8.6	15.0	44.5	35.6	31.1
PE (x)	7.1	15.9	36.4	29.2	25.5
PE - at target price (x)	8.6	19.4	44.5	35.6	31.1
EV/EBITDA (x)	4.9	7.9	17.9	15.4	13.8
EV/EBITDA - at target price (x)	5.9	9.6	21.9	18.9	16.9
P/BV (x)	3.7	3.9	3.9	3.7	3.5
P/BV - at target price (x)	4.6	4.7	4.8	4.5	4.2
P/CFO (x)	7.9	7.9	11.4	22.8	15.0
Price/sales (x)	2.3	2.6	4.1	3.8	3.6
Dividend yield (%)	6.2	4.1	1.6	2.1	2.4
FCF Yield (%)	10.1	10.5	5.7	2.3	4.6
(Bt)					
Normalized EPS	2.7	1.6	0.5	0.7	0.8
EPS	2.7	1.2	0.5	0.7	0.8
DPS	1.2	0.8	0.3	0.4	0.5
BV/share	5.2	5.0	5.0	5.3	5.6
CFO/share	2.4	2.4	1.7	0.9	1.3
FCF/share	2.0	2.0	1.1	0.5	0.9

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

*Earnings growth resumes
in 2024-25F*

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	139.8	(12.0)	(37.4)	7.2	5.5
Net profit (%)	456.9	(55.6)	(56.3)	24.8	14.6
EPS (%)	456.9	(55.6)	(56.3)	24.8	14.6
Normalized profit (%)	456.9	(42.4)	(66.3)	24.8	14.6
Normalized EPS (%)	456.9	(42.4)	(66.3)	24.8	14.6
Dividend payout ratio (%)	43.7	65.6	60.0	60.0	60.0
Operating performance					
Gross margin (%)	50.7	38.7	30.6	31.9	33.1
Operating margin (%)	43.8	28.4	14.9	17.1	18.4
EBITDA margin (%)	47.9	33.4	22.9	24.6	25.6
Net margin (%)	35.1	22.0	11.9	14.0	15.2
D/E (incl. minor) (x)	0.5	0.3	0.2	0.1	0.1
Net D/E (incl. minor) (x)	0.1	0.1	(0.0)	(0.0)	(0.1)
Interest coverage - EBIT (x)	62.0	34.3	18.2	28.9	40.8
Interest coverage - EBITDA (x)	67.7	40.4	28.0	41.8	56.7
ROA - using norm profit (%)	31.9	17.1	7.0	8.9	10.0
ROE - using norm profit (%)	68.9	31.0	10.7	13.0	14.0
DuPont					
ROE - using after tax profit (%)	75.6	32.6	11.3	13.9	15.0
- asset turnover (x)	1.0	0.8	0.6	0.7	0.7
- operating margin (%)	44.4	28.9	15.8	18.0	19.3
- leverage (x)	2.2	1.8	1.5	1.5	1.4
- interest burden (%)	98.4	97.1	94.8	96.7	97.7
- tax burden (%)	80.3	78.5	79.5	80.5	80.5
WACC (%)	6.4	6.4	6.4	6.4	6.9
ROIC (%)	57.1	28.6	10.2	14.1	15.3
NOPAT (Bt m)	7,524	4,197	1,394	1,735	1,975
invested capital (Bt m)	14,680	13,675	12,273	12,873	12,600

Sources: Company data, Thanachart estimates

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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.

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