

2Q22 result review

Bangkok Chain Hospital (BCH) reported 2Q22 pre-ex net profit of Bt1.1bn, flat YoY and -44% QoQ. The reported result is lower than our preview and consensus estimate of Bt1.2bn. 1H22 pre-ex net profit totaled Bt3.2bn, +116% YoY, and making up 79% of our forecast and consensus estimates. While revenue should continue to remain well above the pre-COVID level, it will likely continue to decline QoQ as well as YoY from high bases starting from 2Q21 when the company benefited from a surge in COVID-19 related demand. BCH's operations should continue to normalize over the next several quarters before resuming growth again by 2024. We are slightly adjusting our forecasts to reflect the 1H22 result. Our PO remains unchanged at Bt22/share. Reiterate Neutral.

Revenue lowered QoQ as expected

2Q22 revenue increased by 28% YoY but fell 22% QoQ following the COVID-19 demand trend. Revenue from cash patients declined by 16% YoY and 7% QoQ while revenue from Social Security (SS), which included COVID-19 payments from the government, increased by 247% YoY and 74% QoQ. 1H22 revenue increased by 90% YoY. Cash patients' revenue grew by 69% YoY and SS revenue increased by 160% YoY in 1H22. Revenue from COVID-19 lowered to 45% of total revenue (or Bt3.1bn) in 2Q22, compared to 57% (or Bt4.5bn) in 1Q22 but is up from 40% (Bt12.6bn) in 2021 and 46% (Bt2.4bn) in 2Q21. This is expected to further decline in 2H22.

Cost increased by more than expected

Margins fell as the government lowered its payment rate as well as changes to COVID-19 coverage by the government. GPM decreased to 37% in 2Q22, down from 45% in 1Q22 and 46.5% in 2Q21. EBITDA margin fell to 32% in 2Q22, down from 42% in 1Q22 and 2021. Pre-ex net margin lowered to 21% in 2Q22, down from 28.5% in 1Q22 and 26.5% in 2Q21. Note that the company also booked a small FX loss of Bt90mn from its operation in Laos during 2Q22. Meanwhile, accrued income rose to Bt4.2bn in 2Q22, up from Bt2.1bn in 4Q21, mostly for COVID-19 service billed to the government.

Management expects most of the accrued amount to eventually be paid.

Estimates (Dec) (Bt)	2020A	2021A	2022E	2023E	2024E
Net Income (Adjusted - mn)	1,229	6,846	4,011	2,314	2,333
EPS	0.493	2.75	1.61	0.928	0.936
EPS Change (YoY)	8.3%	456.9%	-41.4%	-42.3%	0.8%
Dividend / Share	0.230	1.20	0.804	0.464	0.468
Free Cash Flow / Share	(0.331)	2.20	1.94	1.34	1.06
EBITDA	2,616	10,377	6,469	4,403	4,411
EBITDA Growth %	9.2%	296.7%	-37.7%	-31.9%	0.2%
Valuation (Dec)					
P/E	40.16x	7.21x	12.31x	21.34x	21.16x
Dividend Yield	1.16%	6.06%	4.06%	2.34%	2.36%
EV / EBITDA*	21.67x	5.46x	8.76x	12.88x	12.85x
Free Cash Flow Yield*	-1.67%	11.13%	9.77%	6.77%	5.36%

* For full definitions of *IQmethod*SM measures, see page 9.

19 August 2022

Equity

Key Changes

(Bt)	Previous	Current
2022E EPS	1.60	1.61
2023E EPS	0.95	0.93
2024E EPS	0.95	0.94

Charti Phrawphraikul ^{^^^}
 Research Analyst
 Kiatnakin Phatra Securities
 +66 2 305 9227
 charti.phra@kkpfg.com

Stock Data

Price	19.80 THB
Price Objective	22.00 THB
Date Established	26-Nov-2021
Investment Opinion	B-2-7
52-Week Range	17.70 THB-24.90 THB
Mkt Val / Shares Out (mn)	1,387 USD / 2,493.7
Market Value (mn)	49,376 THB
Average Daily Value (mn)	9.67 USD
Free Float	44.0%
BofA Ticker / Exchange	BKKFF / SET
Bloomberg / Reuters	BCH TB / BCH.BK
ROE (2022E)	28.7%
Net Dbt to Eqty (Dec-2021A)	12.5%

Issued by Kiatnakin Phatra Securities Public Company Limited ("KKPS") and distributed locally by Kiatnakin Phatra Securities, under a Research Co-Operation Agreement with Merrill Lynch.

Kiatnakin Phatra Securities does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Analyst Certification on page 6. Price Objective Basis/Risk on page 6.

12454060

Unauthorized redistribution of this report is prohibited. This report is intended for charti.phra@kkpfg.com
 Timestamp: 19 August 2022 07:25AM EST

iQprofileSM Bangkok Chain Hospital

Key Income Statement Data (Dec) 2020A 2021A 2022E 2023E 2024E

(Bt Millions)

	2020A	2021A	2022E	2023E	2024E
Sales	9,021	21,533	18,170	14,128	14,972
Gross Profit	3,829	11,846	8,105	5,815	6,058
Sell General & Admin Expense	(1,213)	(1,469)	(1,635)	(1,413)	(1,647)
Operating Profit	1,834	9,503	5,533	3,386	3,319
Net Interest & Other Income	(132)	(151)	(156)	(134)	(111)
Associates	3	2	0	0	0
Pretax Income	1,705	9,354	5,377	3,252	3,208
Tax (expense) / Benefit	(313)	(1,846)	(968)	(650)	(641)
Net Income (Adjusted)	1,229	6,846	4,011	2,314	2,333
Average Fully Diluted Shares Outstanding	2,494	2,494	2,494	2,494	2,494

Key Cash Flow Statement Data

	2020A	2021A	2022E	2023E	2024E
Net Income	1,229	6,846	4,012	2,316	2,336
Depreciation & Amortization	782	874	937	1,017	1,091
Change in Working Capital	(498)	(3,519)	577	579	(104)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	350	2,056	396	284	228
Cash Flow from Operations	1,863	6,256	5,922	4,195	3,552
Capital Expenditure	(2,689)	(759)	(1,095)	(853)	(903)
(Acquisition) / Disposal of Investments	60	(639)	(500)	(500)	(500)
Other Cash Inflow / (Outflow)	32	(98)	0	0	0
Cash Flow from Investing	(2,597)	(1,495)	(1,595)	(1,353)	(1,403)
Shares Issue / (Repurchase)	0	190	0	0	0
Cost of Dividends Paid	(719)	(984)	(2,006)	(1,157)	(1,167)
Cash Flow from Financing	886	(1,185)	(2,574)	(2,157)	(2,015)
Free Cash Flow	(826)	5,497	4,826	3,343	2,648
Net Debt	6,369	1,785	(536)	(2,222)	(3,203)
Change in Net Debt	1,634	(3,783)	(2,321)	(1,686)	(982)

Key Balance Sheet Data

	2020A	2021A	2022E	2023E	2024E
Property, Plant & Equipment	11,438	11,790	12,467	12,821	13,153
Other Non-Current Assets	1,551	1,053	1,034	1,016	996
Trade Receivables	1,487	3,547	2,993	2,327	2,466
Cash & Equivalents	946	5,256	7,009	7,695	7,828
Other Current Assets	1,106	4,738	4,757	4,688	4,715
Total Assets	16,527	26,384	28,259	28,546	29,159
Long-Term Debt	2,946	3,979	2,946	1,946	1,098
Other Non-Current Liabilities	207	170	170	170	170
Short-Term Debt	4,289	2,980	3,445	3,445	3,445
Other Current Liabilities	1,379	4,867	4,908	4,752	4,815
Total Liabilities	8,901	12,078	11,551	10,395	9,610
Total Equity	7,626	14,306	16,708	18,151	19,548
Total Equity & Liabilities	16,527	26,384	28,259	28,546	29,159

iQmethodSM - Bus Performance*

	2020A	2021A	2022E	2023E	2024E
Return On Capital Employed	10.8%	41.6%	20.2%	11.5%	11.0%
Return On Equity	18.7%	68.9%	28.7%	14.9%	13.9%
Operating Margin	20.5%	44.4%	30.7%	24.2%	22.4%
EBITDA Margin	29.0%	48.2%	35.6%	31.2%	29.5%

iQmethodSM - Quality of Earnings*

	2020A	2021A	2022E	2023E	2024E
Cash Realization Ratio	1.5x	0.9x	1.5x	1.8x	1.5x
Asset Replacement Ratio	3.4x	0.9x	1.2x	0.8x	0.8x
Tax Rate (Reported)	18.3%	19.7%	18.0%	20.0%	20.0%
Net Debt-to-Equity Ratio	83.5%	12.5%	-3.2%	-12.2%	-16.4%
Interest Cover	13.9x	NM	35.2x	25.0x	29.0x

Key Metrics

* For full definitions of iQmethodSM measures, see page 9.

iQprofile is a proprietary set of measures definitions of Merrill Lynch, which Phatra is permitted to use in this report pursuant to a Research Co-Operation Agreement with Merrill Lynch.

Company Sector

Hospital Management

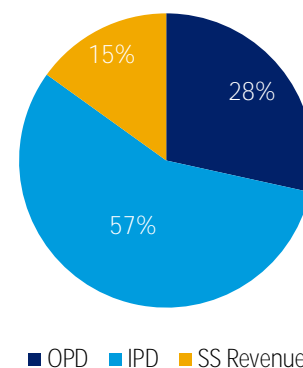
Company Description

Bangkok Chain Hospital (BCH) is the largest private participant in Thailand's managed care system under the Social Security program. The company currently owns and operates thirteen hospitals (six in Bangkok and seven upcountry). As of 2020 before COVID-19 windfall, approximately 36% of its revenue comes from managed care, while the remaining 64% comes from cash-paying and private insurance patients.

Investment Rationale

BCH's operation is expected to post very strong growth in 2021 due to tailwind from COVID-19 related revenue. However, due to high base, earnings will decline in 2022E-24E. Meanwhile, the opening of its new overseas hospital, could result in margin pressure in 2022-2023. Nevertheless, earnings growth should normalize and turn positive again after 2024 onward.

Exhibit 1: BCH's revenue breakdown - 2021
IPD revenue includes COVID-19 treatment



Source: BCH

BofA GLOBAL RESEARCH

Stock Data

Price to Book Value

3.3x

Exhibit 2: Forecast adjustments – Aug 2022
Adjusting forecasts

	2020	2021	2022E	2023E	2024E
Revenue (Bt mn)					
Previous	9,021	21,462	17,149	13,995	14,834
Revised	9,021	21,533	18,170	14,128	14,972
% revision	0%	0%	6%	1%	1%
<i>Revenue growth (%)</i>					
Previous	0%	138%	-20%	-18%	6%
Revised	0%	139%	-16%	-22%	6%
EBITDA (Bt mn)					
Previous	2,616	10,377	6,441	4,429	4,447
Revised	2,616	10,377	6,469	4,403	4,411
% revision	0%	0%	0%	-1%	-1%
<i>EBITDA growth (%)</i>					
Previous	9%	297%	-38%	-31%	0%
Revised	9%	297%	-38%	-32%	0%
EBIT (Bt mn)					
Previous	1,834	9,503	5,506	3,416	3,360
Revised	1,834	9,503	5,533	3,386	3,319
% revision	0%	0%	0%	-1%	-1%
<i>EBIT growth (%)</i>					
Previous	6%	418%	-42%	-38%	-2%
Revised	6%	418%	-42%	-39%	-2%
Net profit (Bt mn)					
Previous	1,229	6,846	3,992	2,362	2,363
Revised	1,229	6,846	4,011	2,314	2,333
% revision	0%	0%	0%	-2%	-1%
<i>Net profit growth (%)</i>					
Previous	7%	457%	-42%	-41%	0%
Revised	7%	457%	-41%	-42%	1%
EBITDA margin (%)					
Previous	29.0%	48.2%	37.6%	31.6%	30.0%
Revised	29.0%	48.2%	35.6%	31.2%	29.5%
EBIT margin (%)					
Previous	20.3%	44.1%	32.1%	24.4%	22.7%
Revised	20.3%	44.1%	30.4%	24.0%	22.2%
Net margin (%)					
Previous	13.6%	31.8%	23.3%	16.9%	15.9%
Revised	13.6%	31.8%	22.1%	16.4%	15.6%

Source: Company, KKPS estimates

BofA GLOBAL RESEARCH

Exhibit 3: BCH's 2022 results
Operation normalizing

	2022	1Q22	2Q21	%YoY	%QoQ	1H22	1H21	%YoY
(Bt mn)								
Revenue from hospital operations	5,523	7,087	4,313	28%	-22%	12,610	6,630	90%
Other income	21	32	18	13%	-35%	52	86	-39%
Total revenue	5,544	7,119	4,331	28%	-22%	12,663	6,716	89%
Cost of hospital operations ex. depreciation	(3,251)	(3,656)	(2,113)	54%	-11%	(6,907)	(3,516)	96%
Depreciation/ amortization	(236)	(234)	(205)	15%	1%	(469)	(422)	11%
Total cost of operations	(3,487)	(3,890)	(2,318)	50%	-10%	(7,376)	(3,937)	87%
Gross profit	2,057	3,229	2,013	2%	-36%	5,286	2,778	90%
SG&A	(524)	(491)	(401)	31%	7%	(1,015)	(691)	47%
EBIT	1,533	2,738	1,613	-5%	-44%	4,271	2,087	105%
EBITDA	1,769	2,972	1,817	-3%	-40%	4,741	2,508	89%
Equity income	0.40	0.66	0.66	-40%	-39%	1.06	1.37	-23%
Interest expense	(38.67)	(48.02)	(35.17)	10%	-19%	(86.69)	(62.75)	38%
EBT	1,495	2,690	1,578	-5%	-44%	4,186	2,026	107%
Tax expenses	(319)	(542)	(312)	2%	-41%	(861)	(395)	118%
Earnings after tax	1,176	2,148	1,267	-7%	-45%	3,324	1,630	104%
Minority Interest	(32)	(120)	(121)	-73%	-73%	(152)	(161)	-5%
Pre-ex profit	1,144	2,028	1,146	0%	-44%	3,172	1,469	116%
Total extraordinary items	-	-	-	na	na	1	-	na
Net income	1,144	2,028	1,146	0%	-44%	3,173	1,469	116%
Margins (%)								
Gross margin	37.1%	45.4%	46.5%	-9.4%	-8.3%	41.7%	41.4%	0.4%
Operating margin	27.7%	38.5%	37.2%	-9.6%	-10.8%	33.7%	31.1%	2.7%
EBITDA margin	31.9%	41.7%	42.0%	-10.1%	-9.8%	37.4%	37.4%	0.1%
Pre-ex net margin	20.6%	28.5%	26.5%	-5.8%	-7.9%	25.1%	21.9%	3.2%
Net margin	20.6%	28.5%	26.5%	-5.8%	-7.9%	25.1%	21.9%	3.2%
Revenue Breakdown (Bt mn)								
OPD	1,256	2,072	1,842	-31.8%	-39.4%	3,328	2,778	19.8%
IPD	1,749	3,568	1,747	0.1%	-51.0%	5,317	2,328	128.4%
Cash patients	3,006	5,639	3,589	-16.2%	-46.7%	8,645	5,106	69.3%
Social Security	2,518	1,448	725	247.1%	73.9%	3,965	1,525	160.1%
Volume (visits)								
OPD	652,146	1,044,006	795,801	-18.1%	-37.5%	1,696,152	1,120,009	51.4%
IPD	89,652	158,514	31,992	180.2%	-43.4%	248,166	39,040	535.7%
Social Security	704,202	619,480	505,207	39.4%	13.7%	1,323,682	1,054,951	25.5%
Total	1,446,000	1,822,000	1,333,000	8.5%	-20.6%	3,268,000	2,214,000	47.6%
Revenue per patient (Bt)								
OPD	1,927	1,984	2,314	-16.8%	-2.9%	1,955	2,600	-24.8%
IPD	19,511	22,507	54,603	-64.3%	-13.3%	21,009	68,550	-69.4%
Social Security	3,575	2,337	1,436	149.0%	53.0%	2,956	1,445	104.6%
Costs (%)								
SG&A (% of revenue)	9.4%	6.9%	9.2%	0.2%	2.5%	8.0%	10.3%	-2.3%
Interest expense (% of revenue)	0.7%	0.7%	0.8%	-0.1%	0.0%	0.7%	0.9%	-0.2%
Tax expense (% of EBT)	21.3%	20.2%	19.7%	1.6%	1.2%	20.6%	19.5%	1.1%
Minority interest (% of earnings after tax)	2.7%	5.6%	9.5%	-6.8%	-2.9%	4.6%	9.9%	-5.3%
Gearing								
Total debt	5,508	6,437	7,066	-22.0%	-14.4%	5,508	7,066	-22.0%
Net debt	3,829	118	5,439	-29.6%	3140.4%	3,829	5,439	-29.6%
Net gearing	0.3	0.0	0.6	-57.6%	3195.3%	0.3	0.6	-57.6%
COVID-19 breakdown								
Revenue (Bt mn)								

Exhibit 3: BCH's 2Q22 results

Operation normalizing

	2Q22	1Q22	2Q21	%YoY	%QoQ	1H22	1H21	%YoY
COVID-19 revenue	3,104	4,408	2,428	27.8%	-29.6%	7,512	2,933	156.1%
Hospital/Hospitel/HI	2,635	3,040	1,057	149.3%	-13.4%	5,675	1,057	437.0%
Screening	155	645	1,272	-87.8%	-76.0%	800	1,592	-49.8%
Alternative vaccine	260	638	-	-	-59.3%	897	-	-
AQ/AHQ	55	78	95	-41.8%	-29.2%	133	278	-52.1%
Non-COVID	2,419	2,679	1,885	28.3%	-9.7%	5,098	3,696	37.9%
Volume (visits)								
COVID-19 revenue	651,568	1,037,265	622,244	4.7%	-37.2%	1,688,832	753,602	124.1%
Hospital/Hospitel/HI	227,745	198,962	26,127	771.7%	14.5%	426,707	26,391	1516.9%
Screening	230,926	457,322	588,653	-60.8%	-49.5%	688,248	712,610	-3.4%
Alternative vaccine	192,318	387,357	-	NA	-50.4%	579,675	-	#DIV/0!
AQ/AHQ	434	7,288	7,598	-94.3%	-94.0%	7,722	14,646	-47.3%
Non-COVID	794,432	784,735	710,756	11.8%	1.2%	1,579,168	1,460,399	8.1%
Revenue per visit (Bt)								
COVID-19 revenue	4,764	4,250	3,903	22.1%	12.1%	9,014	7,747	16.4%
Hospital/Hospitel/HI	11,568	15,281	40,447	-71.4%	-24.3%	26,849	40,447	-33.6%
Screening	670	1,410	2,162	-69.0%	-52.5%	2,080	4,740	-56.1%
Alternative vaccine	1,350	1,647	-	-	-18.0%	2,996	-	-
AQ/AHQ	127,320	10,697	12,489	919.5%	1090.2%	138,017	38,454	258.9%
Non-COVID	3,045	3,414	2,652	14.8%	-10.8%	6,459	5,068	27.4%

Source: Company, KKPS

BofA GLOBAL RESEARCH

Price objective basis & risk

Bangkok Chain Hospital (BKKFF)

Due to BCH's relatively stable earnings profile and in order to capture all of its growth potential post 2023, we believe DCF is the most suitable method to value the company. Based on our assumption of a 4% risk-free rate, 8% market risk premium, 8.6% WACC, and 3% terminal growth rate, we arrive at our price objective of Bt22/share for BCH. At our PO, the stock would be trading on a 2023E EV/EBITDA of 13x.

Downside risks to our PO are continued expansion into the high-end segment, fewer patients than expected, and adverse changes to the Social Security medical benefit program. Upside risks are better than expected performance at WMC, faster than expected ramp up of new hospitals, and strong growth of cash patients.

Analyst Certification

I, Charti Phrawphraikul, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Special Disclosures

Kiatnakin Phatra Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report.

Kiatnakin Phatra Securities Public Company Limited ("KKPS") under its proprietary trading desk, may, from time to time, issue derivative warrants that have underlying securities contained or mentioned in this research report. Should KKPS be the issuer of the derivative warrants, KKPS may act as the market maker for such derivative warrants. As a result, investors should be aware that KKPS may have a conflict of interest that could affect the objectivity of this research report.

APR - Healthcare Coverage Cluster

Investment rating	Company	BoFA Ticker	Bloomberg symbol	Analyst
BUY	Aier Eye Hospital	XAEOF	300015 CH	David Li
	Ain Holdings	AINPF	9627 JP	Ritsuo Watanabe
	Angelalign Technology Inc	AGLFF	6699 HK	David Li
	Ansell Limited	ANSLF	ANN AU	Lyanne Harrison
	Asahi Intecc	AHICF	7747 JP	Ritsuo Watanabe
	Aurobindo	XLZFF	ARBP IN	Neha Manpuria
	Australian Clinical Labs	XAUKF	ACL AU	Lyanne Harrison
	AVITA	AVHHL	AVH AU	Lyanne Harrison
	AVITA	RCEL	RCEL US	Lyanne Harrison
	Bangkok Dusit Medical Services	BDUFF	BDMS TB	Charti Phrawphraikul
	Biocon	XLOFF	BIOS IN	Neha Manpuria
	Burning Rock	BNR	BNR US	David Li
	Cansino Bio	CASBF	6185 HK	David Li
	Chugai Pharm.	CHGCF	4519 JP	Ritsuo Watanabe
	Chularat Hospital Group	XOCOF	CHG TB	Charti Phrawphraikul
	CSL Limited	CMXHF	CSL AU	Lyanne Harrison
	Daiichi Sankyo	DSKYF	4568 JP	Ritsuo Watanabe
	Daiichi Sankyo	DSNKY	DSNKY US	Ritsuo Watanabe
	Everest Medicine	XMLKF	1952 HK	David Li
	Fisher & Paykel Healthcare	FSPKF	FPH NZ	Lyanne Harrison
	Frontage	FGHQF	1521 HK	David Li
	Gland Pharma	XGLPF	GLAND IN	Neha Manpuria
	Glenmark Life Sciences	XWDPF	GLS IN	Neha Manpuria
	Gushengtang	XXSHF	2273 HK	David Li
	HBM Holdings	XHIHF	2142 HK	David Li
	Healius Limited	PHCRF	HLS AU	Lyanne Harrison
	Hygeia Healthcare	HYHHF	6078 HK	Ethan Cui
	IHH Healthcare Berhad	IHHHF	IHH MK	Swati Chopra
	IHH Healthcare Bhd	XFAHF	IHH SP	Swati Chopra
	I-MAB	IMAB	IMAB US	David Li
	Imeik	ZMITF	300896 CH	Ethan Cui
	Innovent	IVBXF	1801 HK	David Li
	Integral Diagnostics	ITGDF	IDX AU	Lyanne Harrison
	Jinxin Fertility	JXFGF	1951 HK	Ethan Cui
	Jinyu Bio-Tech	XMTDF	600201 CH	David Li
	Joinn Lab	XQTSF	6127 HK	David Li
	Kalbe	PTKFF	KLBF IJ	Swati Chopra
	Kangji Medical	KMHLF	9997 HK	David Li
	Kyowa Kirin	KYKOF	4151 JP	Ritsuo Watanabe
	Medipal Holdings	MEPDF	7459 JP	Ritsuo Watanabe
	Medley	XEQNF	4480 JP	Ritsuo Watanabe
	MicroPort	MCRPF	853 HK	Sandra Sun
	Mindray	XDVVF	300760 CH	Sandra Sun
	Olympus Corp.	OCPNF	7733 JP	Ritsuo Watanabe
	Olympus Corp.	OCPNY	OCPNY US	Ritsuo Watanabe
	Ovctek	XOCKF	300595 CH	David Li
	Pharmaron	PHBBF	3759 HK	David Li
	PHC Holdings	XPHCF	6523 JP	Ritsuo Watanabe
	Polynovo	CALZF	PNV AU	Lyanne Harrison
	Praram 9 Hospital	XPNHF	PR9 TB	Charti Phrawphraikul
	Shionogi	SGIOF	4507 JP	Ritsuo Watanabe
	Shionogi	SGIOY	SGIOY US	Ritsuo Watanabe
	Sino Biopharm	SBMFF	1177 HK	David Li
	SMS	SMSZF	2175 JP	Paul Dewberry
	Sonic Healthcare Limited	SKHCF	SHL AU	Lyanne Harrison
	Sun Pharma	XPUCF	SUNP IN	Neha Manpuria
	Wuxi Apptec	WUXIF	2359 HK	David Li
	Zai Lab	ZLAB	ZLAB US	David Li
	Zai Lab	XCDZF	9688 HK	David Li
	Zhifei	XCHOF	300122 CH	David Li
NEUTRAL	Astellas Pharma	ALPMF	4503 JP	Ritsuo Watanabe
	Astellas Pharma	ALPMY	ALPMY US	Ritsuo Watanabe

APR - Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Bangkok Chain Hospital	BKFF	BCH TB	Charti Phrawphraikul
	Beigene	XBETF	6160 HK	David Li
	Beigene	BGNE	BGNE US	David Li
	Divis Laboratories	XXQPF	DIVI IN	Neha Manpuria
	Dr. Reddy's	DRYBF	DRRD IN	Neha Manpuria
	Dr. Reddy's	RDY	RDY US	Neha Manpuria
	JMDC	JMDCF	4483 JP	Ritsuo Watanabe
	Lupin	XEFSF	LPC IN	Neha Manpuria
	ResMed Inc	RSMDF	RMD AU	Lyanne Harrison
	ResMed Inc.	RMD	RMD US	Lyanne Harrison
	Sysmex	SSMXF	6869 JP	Ritsuo Watanabe
	Takeda Pharm.	TKPHF	4502 JP	Ritsuo Watanabe
	Takeda Pharm.	TAK	TAK US	Ritsuo Watanabe
	Terumo	TRUMF	4543 JP	Ritsuo Watanabe
	TigerMed	XZHTF	3347 HK	David Li
	WuXi Biologics	WXIBF	2269 HK	David Li
	Zyodus Lifesciences	XMQLF	ZYDUSLIF IN	Neha Manpuria

UNDERPERFORM

	Asymchem Laboratories	XALPF	002821 CH	David Li
	Bumrungrad Hospital	BUHFF	BH TB	Charti Phrawphraikul
	Cipla	XCLAF	CIPLA IN	Neha Manpuria
	Cochlear Limited	CHEOF	COH AU	Lyanne Harrison
	Eisai	ESALF	4523 JP	Ritsuo Watanabe
	Eisai	ESALY	ESALY US	Ritsuo Watanabe
	Hansoh	HNSPF	3692 HK	David Li
	Hengrui Medicine	XMOKF	600276 CH	David Li
	Joynn Lab	JOLCF	603127 CH	David Li
	M3	MTHRF	2413 JP	Ritsuo Watanabe
	Nanosonics Limited	NNCSF	NAN AU	Lyanne Harrison
	Otsuka HD	OTSKF	4578 JP	Ritsuo Watanabe
	Otsuka HD	OTSKY	OTSKY US	Ritsuo Watanabe
	Pharmaron	XLYGF	300759 CH	David Li
	Sawai Group Holdings	SWGHF	4887 JP	Ritsuo Watanabe
	Sinopharm	SHTDF	1099 HK	David Li
	TigerMed	XHTHF	300347 CH	David Li
	Wuxi Apptec	XLUHF	603259 CH	David Li

iQmethodSM Measures Definitions

	Numerator	Denominator
Business Performance		
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill Amortization}$
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings	Numerator	Denominator
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	$\text{Net Debt} = \text{Total Debt} - \text{Cash \& Equivalents}$	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	Numerator	Denominator
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Other LT Liabilities}$	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

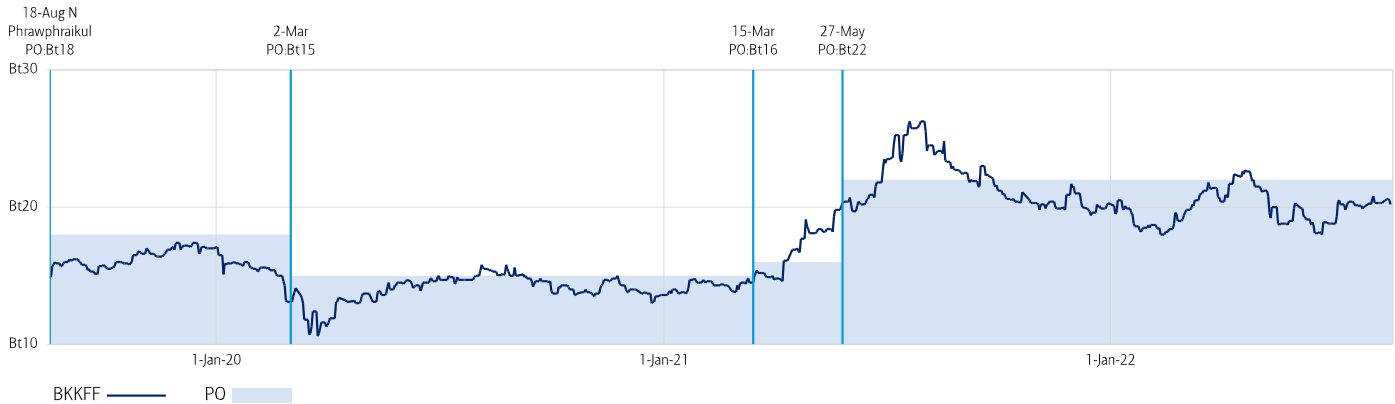
iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

iQprofileSM, iQmethodSM are service marks of Bank of America Corporation. iQdatabase[®] is a registered service mark of Bank of America Corporation.

Disclosures

Important Disclosures

Bangkok Chain Hosp (BKKFF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating
 The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Health Care Group (as of 30 Jun 2022)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	236	58.42%	Buy	120	50.85%
Hold	93	23.02%	Hold	48	51.61%
Sell	75	18.56%	Sell	31	41.33%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2022)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1838	54.69%	Buy	1121	60.99%
Hold	757	22.52%	Hold	475	62.75%
Sell	766	22.79%	Sell	369	48.17%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. *VOLATILITY RISK RATINGS*, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. *INVESTMENT RATINGS* reflect the analyst's assessment of both a stock's: absolute total return potential as well as its attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

For the report jointly responsible for covering the securities by ML analyst, ML analyst receives compensation based upon, among other factors, the overall profitability of Merrill Lynch, including profits derived from investment banking revenues.

Copyright 2022 Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S). All rights reserved. Any unauthorized use or disclosure is prohibited. This report has been prepared and issued by Kiatnakin Phatra Securities Company Limited ("KKPS") under the Research Co-Operation Agreement with Merrill Lynch. The information herein was obtained from various sources; we do not guarantee its accuracy or completeness.

Neither the information nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ("related investments"). Officers of KKPS or one of its affiliates may have a financial interest in securities of the issuer(s) or in related investments.

This research report is prepared for general circulation and is circulated for general information only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

