



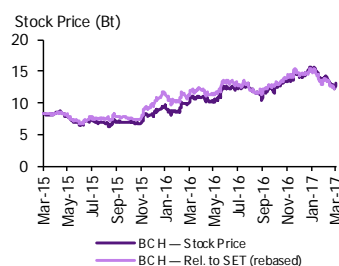
BUY

Stock Data

Last close (Mar 17) (Bt)	13.10
12-m target price (Bt)	17.00
Upside (Downside) to TP (%)	29.77
Mkt cap (Btbn)	32.67
Mkt cap (US\$mn)	936

Bloomberg code	BCH TB
Reuters code	BCH.BK
Risk rating	L
Mkt cap (%) SET	0.21
Sector % SET	4.48
Shares issued (mn)	2,494
Par value (Bt)	1.00
12-m high / low (Bt)	16.1 / 10
Avg. daily 6m (US\$mn)	4.65
Foreign limit / actual (%)	49 / 14
Free float (%)	42.4
Dividend policy (%)	≤ 40

Price Performance



Source: SET, SCBS Investment Research

Share performance

	1M	3M	12M
Absolute	(7.7)	(7.7)	21.3
Relative to SET	(6.8)	(10.0)	7.5

Source: SET, SCBS Investment Research

Earnings on the highway to growth

2016 was BCH's year of recovery and earnings are now firmly on the highway to growth with 20% CAGR for the next two years driven by growing healthcare demand from cash and SC services together with lower losses from World Medical Hospital. Share price has dropped by 11% YTD and it is trading at 1.7x PE-to-earnings growth, a discount to regional peer average of 2.1x and against healthy earnings growth. We maintain BUY on BCH with TP at Bt17/share.

Upgrading facilities for cash service. BCH is upgrading Kasemrad Rattanaithibeth Hospital, its largest hospital in terms of beds, and will re-brand it as "Kasemrad International Hospital"; the upgrade is expected to be completed in July 2017. BCH sees the hospital as having good growth potential since it is located in Nonthaburi, an area that is in a rapid stage of growth, both in terms of its economy and growing urbanization. Kasemrad International Hospital will target cash service patients and its SC services will be shifted to Karunvej Rattanaithibeth Hospital in 2018.

World Medical Hospital continues to improve. BCH has renamed its high-end hospital to World Medical Hospital (from World Medical Center) for better patient perception. In 2016, this hospital reported revenue of Bt430mn (+34% YoY), with losses down to Bt131mn (down from Bt234mn in 2015). International patient service is key at 60% of revenue. The hospital is developing further services aimed at international patients by adding more specialty clinics such as a diabetic foot center and men's health clinic, promoting its plastic surgery center and opening a representative office in Cambodia for patient referrals. For the Thai market, BCH is using social marketing to build brand awareness and promote medical packages, especially in areas near the hospital such as the housing estate, Nichada Thani Village. We maintain our projection that World Medical Hospital will cut its losses to Bt70mn in 2017 with profit in 2018.

Investment update. BCH is developing five greenfield hospitals including: 1) Kasemrad Ramkamhang Hospital (139 beds), expected to open in 2Q18, 2) a 30-bed hospital in Chiang Rai, expected to open in mid-2018, 3) Kasemrad Aranyaprathet Hospital (116 beds), expected to open in 4Q18, 4) Kasemrad Prachinburi Hospital (115 beds), expected to open in 4Q19 and 5) a hospital in Vientiane, Lao PDR (76% owned by BCH) with 250 beds, expected to open in 4Q19.

Upside from SC service. Since January 1, 2017, SC insured persons have been given an additional benefit, an annual health checkup (including basic checkup and special services depending on age). The allowance covers Bt200-800/person and the hospital will get direct reimbursement from the Social Security Office. In 2016, BCH had average SC insured persons of 765K. Assuming 30% of these get an annual checkup and average health checkup spending of Bt500/person, we see 2017 earnings upside at 6% for BCH; this is not factored into our earnings growth projection.

Forecasts and valuation

Year to 31 Dec	Unit	2015	2016	2017F	2018F	2019F
Revenue	(Btmn)	5,766	6,511	7,160	7,801	8,426
EBITDA	(Btmn)	1,468	1,817	2,123	2,334	2,491
Core profit	(Btmn)	527	753	916	1,095	1,231
Reported profit	(Btmn)	527	753	916	1,095	1,231
Core EPS	(Bt)	0.21	0.30	0.37	0.44	0.49
DPS	(Bt)	0.07	0.17	0.13	0.15	0.17
P/E, core	(x)	61.9	43.4	35.7	29.8	26.5
EPS growth, core	(%)	1.0	42.8	21.6	19.6	12.4
P/BV, core	(x)	6.6	6.1	5.6	5.0	4.5
ROE	(%)	11.0	14.7	16.4	17.7	17.7
Dividend yield	(%)	0.5	1.3	1.0	1.2	1.3
EV/EBITDA	(x)	24.3	19.9	16.3	14.8	14.0

Source: SCBS Investment Research

Raweenuch Piyakriengkai

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Financial statement

Profit and Loss Statement (Btmn)

FY December 31	2015	2016	2017F	2018F	2019F
Total revenue	5,766	6,511	7,160	7,801	8,426
Cost of goods sold	(3,989)	(4,472)	(4,778)	(5,167)	(5,570)
Gross profit	1,777	2,039	2,381	2,634	2,856
SG&A	(855)	(835)	(867)	(927)	(1,006)
Other income	86	98	92	84	89
Interest expense	163	162	215	150	108
Pre-tax profit	844	1,140	1,392	1,641	1,832
Corporate tax	(174)	(208)	(278)	(328)	(366)
Equity a/c profits	3	1	1	1	1
Minority interests	(145)	(180)	(199)	(218)	(236)
Core profit	527	753	916	1,095	1,231
Extra-ordinary items	-	-	-	-	-
Net Profit	527	753	916	1,095	1,231
EBITDA	1,468	1,817	2,123	2,334	2,491
Core EPS (Bt)	0.21	0.30	0.37	0.44	0.49
Net EPS (Bt)	0.21	0.30	0.37	0.44	0.49
DPS (Bt)	0.07	0.17	0.13	0.15	0.17

Balance Sheet (Btmn)

FY December 31	2015	2016	2017F	2018F	2019F
Total current assets	2,137	1,937	2,599	2,867	3,234
Total fixed assets	7,859	8,039	8,054	8,037	8,012
Total assets	10,598	10,569	11,246	11,498	11,839
Total loans	3,662	4,078	2,700	2,700	3,200
Total current liabilities	3,042	2,621	4,307	4,846	4,386
Total long-term liabilities	2,510	2,498	1,002	3	4
Total liabilities	5,676	5,233	5,420	4,959	4,499
Paid-up capital	2,494	2,494	2,494	2,494	2,494
Total equity	4,922	5,337	5,826	6,539	7,340
BVPS (Bt)	1.97	2.14	2.34	2.62	2.94

Cash Flow Statement (Btmn)

FY December 31	2015	2016	2017F	2018F	2019F
Core Profit	527	753	916	1,095	1,231
Depreciation and amortization	461	514	516	543	551
Operating cash flow	879	1,305	1,004	1,504	1,652
Investing cash flow	(553)	(684)	(500)	(500)	(500)
Financing cash flow	278	(854)	(305)	(882)	(930)
Net cash flow	367	(233)	194	122	222

Key Financial Ratios

	2015	2016	2017F	2018F	2019F
Gross margin(%)	30.8	31.3	33.3	33.8	33.9
Operating margin(%)	16.0	18.5	21.2	21.9	22.0
EBITDA margin(%)	25.5	27.9	29.7	29.9	29.6
EBIT margin(%)	17.2	19.7	22.2	22.7	22.8
Net profit margin(%)	9.1	11.6	12.8	14.0	14.6
ROE (%)	11.0	14.7	16.4	17.7	17.7
ROA (%)	5.1	7.1	8.4	9.6	10.5
Net D/E (x)	0.6	0.7	0.3	0.3	0.3
Interest coverage (x)	9.0	11.2	9.9	15.5	23.0
Debt service coverage (x)	1.7	1.4	1.2	1.3	0.9
Payout Ratio (%)	33.1	56.3	35.0	35.0	35.0

Profit and Loss Statement (Btmn)

FY December 31	4Q15	1Q16	2Q16	3Q16	4Q16
Total revenue	1,606	1,541	1,531	1,747	1,693
Cost of goods sold	(1,053)	(1,062)	(1,082)	(1,163)	(1,166)
Gross profit	553	480	449	583	527
SG&A	(257)	(205)	(189)	(219)	(222)
Other income	26	20	29	23	26
Interest expense	41	46	48	28	39
Pre-tax profit	281	248	241	358	292
Corporate tax	(52)	(50)	(44)	(65)	(49)
Equity a/c profits	0	0	0	0	0
Minority interests	(38)	(43)	(41)	(50)	(45)
Core profit	191	156	156	243	198
Extra-ordinary items	-	-	-	-	-
Net Profit	191	156	156	243	198
EBITDA	447	418	415	520	463
Core EPS (Bt)	0.08	0.06	0.06	0.10	0.08
Net EPS (Bt)	0.08	0.06	0.06	0.10	0.08

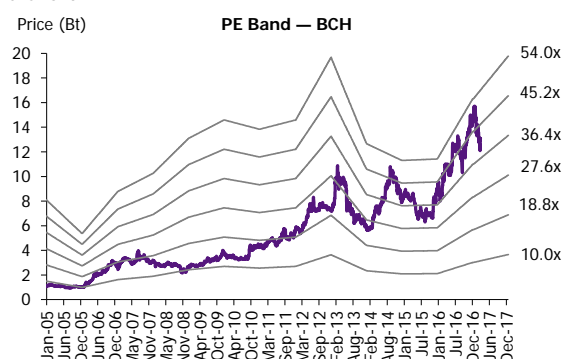
Balance Sheet (Btmn)

FY December 31	4Q15	1Q16	2Q16	3Q16	4Q16
Total current assets	2,137	2,499	2,033	1,983	1,937
Total fixed assets	7,859	7,866	7,999	7,978	8,039
Total assets	10,598	10,975	10,617	10,520	10,569
Total loans	4,452	4,690	4,431	4,285	4,078
Total current liabilities	3,042	3,239	2,947	2,816	2,621
Total long-term liabilities	2,500	2,498	2,498	2,498	2,498
Total liabilities	5,676	5,853	5,558	5,426	5,233
Paid-up capital	2,494	2,494	2,494	2,494	2,494
Total equity	4,922	5,122	5,059	5,094	5,337
BVPS (Bt)	1.97	2.05	2.03	2.04	2.14

Main Assumptions

	2015	2016	2017F	2018F	2019F
Revenue breakdown (%)					
Cash service	63	63	61	62	63
Social securities (SC)	36	36	38	37	36
Universal coverage project (UC)	1	1	1	1	1

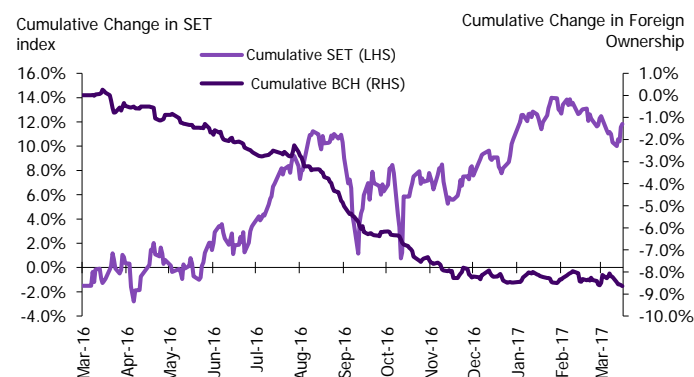
PE Band Chart



12-Month Cumulative directors trade

NA

12 Month cumulative chg in foreign ownership versus cumulative chg in SET index



Source: SET, SCBS Investment Research

Figure 1: Valuation summary (Closing price as of Mar 17, 2017)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					16A	17F	18F	16A	17F	18F	16A	17F	18F	16A	17F	18F	16A	17F	18F	16A	17F	18F
BDMS	Buy	20.40	27.5	36.3	38.6	34.5	30.6	5	12	13	5.4	5.4	4.9	14	16	17	1.4	1.4	1.6	23.2	21.3	18.8
BCH	Buy	13.10	17.0	30.8	43.4	35.7	29.8	43	22	20	6.1	5.7	5.0	15	16	18	1.3	1.0	1.2	19.9	16.3	14.8
BH	Sell	180.50	190.0	6.8	36.5	33.1	29.0	6	10	14	8.9	8.0	7.1	26	25	26	1.4	1.5	1.7	28.2	20.5	17.8
CHG	Buy	2.46	3.5	44.1	48.0	40.1	32.1	5	20	25	8.4	7.7	7.0	18	20	23	1.5	1.8	2.2	30.2	24.2	19.8
Average					41.6	35.8	30.4	15	16	18	7.2	6.7	6.0	18	19	21	1.4	1.4	1.7	25.4	20.6	17.8

Source: SCBS Investment Research

CG Rating 2016 Companies with CG Rating

★★★★★

AMATA, AOT, BAFS, BAY, BCP, BIGC, BTS, BWG, CK, CPF, CPN, CSL, DELTA, DEMCO, DRT, DTAC, DTC, EASTW, EGCO, GFPT, GPSC, GRAMMY, HANA, HMPRO, INTUCH, IRPC, IVL, KBANK, KCE, KKP, KTB, KTC, LHBANK, LPN, MBK, MCOT, MINT, MONO, NKI, NYT, OTO, PHOL, PPS, PS, PSL, PTT, PTTEP, PTTGC, QH, QTC, RATCH, SAMART, SAMTEL, SAT, SC, SCB, SCC, SCCC, SE-ED, SIM, SITHAI, SNC, SPALI, SSSC, STEC, SVI, TCAP, THCOM, TISCO, TKT, TMB, TNDT, TOP, TSC, TTCL, TU, UV, VGI, WACOAL, WAVE

★★★★

2S, AAV, ACAP, ADVANC, AGE, AH, AHC, AKP, ALUCON, AMANAH, ANAN, AP, APCO, APCS, ARIP, ASIA, ASIMAR, ASK, ASP, AUCT, AYUD, BANPU, BBL, BDMS, BEM, BFIT, BLA, BOL, BROOK, CEN, CENTEL, CFRESH, CGH, CHG, CHO, CHOW, CI, CIMBT, CKP, CM, CNS, CNT, COL, CPI, DCC, EA, ECF, EE, ERW, FORTH, FPI, GBX, GC, GCAP, GL, GLOBAL, GLOW, GUNKUL, HOTPOT, HYDRO, ICC, ICHI, IFEC, INET, IRC, JSP, K, KSL, KTIS, L&E, LANNA, LH, LHK, LIT, LOXLEY, LRH, LST, M, MACO, MALEE, MBKET, MC, MEGA, MFC, MOONG, MSC, MTI, MTL, NCH, NOBLE, NSI, NTV, OCC, OGC, OISHI, ORI, PACE, PAP, PB, PCSGH, PDI, PE, PG, PJW, PLANB, PM, PPP, PR, PRANDA, PREB, PRG, PRINC, PT, PTG, PYLON, Q-CON, RICHY, ROBINS, RS, RWI, S, S & J, SABINA, SALEE, SAMCO, SCG, SEAFECO, SFP, SIAM, SINGER, SIS, SMK, SMPC, SMT, SNP, SPI, SPPT, SPRC, SR, SSF, SST, STA, SUSCO, SUTHA, SWC, SYMC, SYNEX, SYNTec, TAE, TAKUNI, TASCO, TBSP, TCC, TF, TFI, TGC1, THAI, THANA, THANI, THIP, THRE, THREL, TICON, TIPCO, TK, TKS, TMC, TMI, TMILL, TMT, TNITY, TNL, TOG, TPC, TPCORP, TRC, TRU, TRUE, TSE, TSR, TSTE, TSTH, TTA, TTW, TVD, TVO, TWPC, UAC, UP, UPF, VIH, VNT, WINNER, YUASA, ZMICO

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AEC, AEONTS, AF, AIRA, AIT, AJ, AKR, AMARIN, AMATAV, AMC, APURE, AQUA, ARROW, AS, BA, BEAUTY, BEC, BH, BIG, BJC, BJCHI, BKD, BR, BROCK, BRR, BTNC, CBG, CGD, CHARAN, CITY, CMR, COLOR, COM7, CPL, CSC, CSP, CSR, CSS, CTW, DCON, DIMET, DNA, EARTH, EASON, ECL, EFORL, EPCO, EPG, ESSO, FE, FER, FOCUS, FSMART, FSS, FVC, GEL, GIFT, GLAND, GOLD, GSTEL, GYT, HPT, HTC, HTECH, IFS, IHL, ILINK, INSURE, IRCP, IT, ITD, J, JMART, JMT, JUBILE, JWD, KASET, KBS, KCAR, KGI, KKC, KOOL, KWC, KYE, LALIN, LPH, MAJOR, MAKRO, MATCH, MATI, M-CHAI, MDX, MFEC, MJD, MK, MODERN, MPG, NC, NCL, NDR, NEP, NOK, NUSA, PATO, PCA, PDG, PF, PICO, PIMO, PL, PLAT, PLE, PMTA, PPM, PRIN, PSTC, QLT, RCI, RCL, RICH, RML, RPC, SANKO, SAPPE, SAWAD, SCI, SCN, SCP, SEAOIL, SENA, SIRI, SKR, SLP, SMG, SMIT, SORKON, SPA, SPC, SPCG, SPVI, SSC, STANLY, STPI, SUC, TACC, TCCC, TCMC, TEAM, TFD, TFG, TIC, TIW, TKN, TLUXE, TMD, TNP, TOPP, TPA, TPAC, TPCH, TPIPL, TPOLY, TRITN, TRT, TTI, TVI, TWP, U, UBIS, UMI, UPOIC, UT, UWC, VIBHA, VPO, VTE, WICE, WIJK, WIN, XO

Corporate Governance Report

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. SCB Securities Company Limited does not conform nor certify the accuracy of such survey result.

SMG was voluntarily delisted from the Stock Exchange of Thailand effectively on June 2, 2016

Anti-corruption Progress Indicator**Certified (ได้รับการรับรอง)**

ADVANC, AKP, AMANAH, ASP, AYUD, BAFS, BANPU, BAY, BBL, BCP, BKI, BLA, BTS, BWG, CENTEL, CFRESH, CIMBT, CNS, CPI, CPN, CSL, DCC, DEMCO, DIMET, DRT, DTAC, DTC, EASTW, ECL, EGCO, ERW, FE, FSS, GBX, GCAP, GLOW, HANA, HTC, ICC, IFEC, INTUCH, IRPC, IVL, KBANK, KCE, KGI, KKP, KTB, KTC, LANNA, LHBANK, LHK, MBK, MBKET, MFC, MINT, MONO, MOONG, MSC, MTI, NKI, NSI, OCEAN, PB, PE, PG, PHOL, PM, PPP, PPS, PR, PSL, PT, PTG, PTT, PTTEP, PTTGC, Q-CON, QLT, RATCH, S & J, SABINA, SAT, SCB, SCC, SCG, SINGER, SIS, SMPC, SNC, SNP, SPC, SPI, SSF, SSI, SSSC, SVI, TCAP, TCMC, TF, TGC1, THANI, THCOM, THRE, THREL, TIPCO, TISCO, TMB, TMD, TNITY, TNL, TOG, TOP, TPCORP, TSC, TSTH, TTCL, TVI, WACOAL

Declared (ประกาศเจตนารมณ์)

2S, A, ABC, AEC, AF, AI, AIRA, ALUCON, AMATA, ANAN, AOT, AP, APCS, AQUA, ASIAN, ASK, BCH, BEAUTY, BFIT, BJCHI, BROCK, BRR, BSBM, BTNC, CGH, CHOTI, CHOW, CM, COL, CPALL, CPF, CSC, CSS, EE, EPCO, FE, FNS, FPI, FSMART, GEL, GFPT, GIFT, GLOBAL, GPSC, GREEN, GUNKUL, HMPRO, ICHI, IEC, IFS, ILINK, INET, IRC, J, JMART, JMT, JUBILE, JUTHA, K, KASET, KBS, KCAR, KSL, KTECH, KYE, L&E, LPN, LVT, M, MBAX, MC, MCOT, MIDA, MILL, ML, MPG, MTL, NBC, NINE, NMG, NNCL, NTV, NUSA, OCC, OGC, PACE, PAF, PCSGH, PDG, PDI, PIMO, PK, PLANB, PLAT, PRANDA, PRG, PRINC, PSTC, PYLON, QH, RML, ROBINS, ROH, SANKO, SAUCE, SC, SCCC, SCN, SEAOIL, SE-ED, SENA, SGP, SITHAI, SMIT, SMK, SORKON, SPACK, SPPT, SPRC, SR, SRICHA, STA, SUSCO, SYNTec, TAE, TAKUNI, TASCO, TBSP, TFG, TFI, TICON, TIP, TKT, TLUXE, TMILL, TMT, TPA, TPP, TRT, TRU, TRUE, TSE, TU, TVD, TVO, TVT, U, UBIS, UKEM, UOBKH, UREKA, UWC, VGI, VIBHA, VNT, WAVE, WHA, WICE, WIJK, XO

N/A

AAV, ABICO, ACAP, ACC, ADAM, AEONTS, AFC, AGE, AH, AHC, AIE, AIT, AJ, AJD, AKR, ALLA, ALT, AMA, AMARIN, AMATAV, AMC, APCO, APURE, APX, AQ, ARIP, ARROW, AS, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, BA, BAT-3K, BCPG, BDMS, BEC, BEM, BGT, BH, BIG, BIGC, BIZ, BJC, BKD, BLAND, BLISS, BM, BOL, BPP, BR, BRC, BSM, BTC, BTW, BUI, CBG, CCET, CCN, CCP, CEN, CGD, CHARAN, CHEWA, CHG, CHO, CHUO, CI, CIG, CITY, CK, CKP, CMO, CMR, CNT, COLOR, COM7, COMAN, CPH, CPL, CPR, CRANE, CSP, CSR, CTW, CWT, DAIH, DCON, DCONP, DELTA, DNA, DRACO, DSGT, DTCI, EA, EARTH, EASON, ECF, EFORL, EIC, EKH, EMC, EPG, ESSO, ESTAR, ETE, EVER, F&D, FANCY, FMT, FN, FOCUS, FORTH, FVC, GC, GENCO, GJS, GL, GLAND, GOLD, GRAMMY, GRAND, GSTEL, GTB, GYT, HARN, HFT, HOTPOT, HPT, HTECH, HYDRO, IHL, INOX, INSURE, IRCP, IT, ITD, ITEL, JAS, JCT, JSP, JTS, JWD, KAMART, KC, KCM, KDH, KIAT, KKC, KOOL, KTIS, KWC, KWG, LALIN, LDC, LEE, LH, LIT, LOXLEY, LPH, LRH, LST, LTX, MACO, MAJOR, MAKRO, MALEE, MANRIN, MATCH, MATI, MAX, M-CHAI, MCS, MDX, MEGA, METCO, MFEC, MGT, MJD, MK, MODERN, MPIC, NC, NCH, NCL, NDR, NEP, NETBAY, NEW, NEWS, NFO, NOBLE, NOK, NPK, NPP, NWR, NYT, OHTL, OISHI, ORI, OTO, PAE, PAP, PATO, PCA, PERM, PF, PICO, PJW, PL, PLE, PMTA, POLAR, POMUI, POST, PPM, PRAKIT, PREB, PRECHA, PRIN, PRO, PSH, PTL, QTC, RAM, RCI, RCL, RICH, RICHY, RIJ, ROCK, ROJNA, RP, RPC, RPH, RS, RWI, S, S11, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SAPPE, SAWAD, SAWANG, SCI, SCP, SE, SEAFECO, SELIC, SF, SFP, SGF, SHANG, SIAM, SIM, SIMAT, SIRI, SKR, SLP, SMART, SMM, SMT, SOLAR, SPA, SPALI, SPCG, SPG, SPORT, SPVI, SQ, SSC, SST, STANLY, STAR, STEC, STHAI, STPI, SUC, SUPER, SUTHA, SVH, SVOA, SWC, SYMC, SYNEX, T, TACC, TAPAC, TC, TCB, TCC, TCCC, TCJ, TCOAT, TEAM, TFD, TGPRO, TH, THAI, THANA, THE, THIP, THL, TIC, TIW, TK, TKN, TKS, TM, TMC, TMI, TMW, TNDT, TNH, TNP, TNPC, TNR, TOPP, TPAC, TPBI, TPCH, TPIPL, TPOLY, TR, TRC, TRITN, TRUBB, TSF, TSI, TSE, TTA, TTI, TTL, TTTM, TTW, TUCC, TWP, TWPC, TWZ, TYCN, UAC, UEC, UMI, UMS, UNIQ, UP, UPA, UPF, UPOIC, UT, UTP, UV, UVAN, VARO, VI, VIH, VNG, VPO, VTE, WG, WIN, WINNER, WORK, WORLD, WP, WR, YCI, YNP, YUASA, ZMICO

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of January 27, 2017) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.