



# Chularat Hospital

Chularat Hospital  
Public Company Limited

# CHG

Bloomberg CHG TB  
Reuters CHG.BK

## Negatives priced in

**We cut CHG's core earnings forecast by 6% in 2018, 16% in 2019 and 10% in 2020 to factor in lower SC revenue and rising cost. CHG's earnings growth will be slow at 5% in 2019 due to the opening of new hospitals with the inherent initial losses, with earnings moving back up in 2020 with 24% growth. We believe the negatives are priced in, with price down 12% after the 3Q18 earnings disappointment and valuation (excluding losses from new hospitals) is at 30x 2019PE, a 5% discount to regional average. We maintain BUY on CHG on an attractive risk/reward at 37% ETR to our new end-2019 TP at Bt2.9/share (down from Bt3.2/share).**

**Rising costs at existing hospitals.** At the analyst meeting, CHG's management gave more details about the weak 3Q18. Not only did the hospital have to reverse revenue from the social security scheme (SC) and shoulder losses from *Chularat 304 Inter Hospital* after it opened for IPD service in July, but operating costs at existing hospitals, especially physician fees, rose at a faster pace than revenue. We believe the rise in this cost arises out of signing on more physicians, particularly specialists, to support the hospital's work to enlarge its cash patients.

**Earnings revision.** We cut CHG's core earnings forecast by 6% in 2018, 16% in 2019 and 10% in 2020 to factor in: 1) lower SC revenue after the reversal of revenue for 26 chronic disease treatments in 3Q18 and 2) a lower EBITDA margin of 25.9% in 2018 and 24.2% in 2019 (from 26.5% in 2018 and 26.3% in 2019 previously) to factor in rising operating cost at existing hospitals and losses at *Chularat 304 Inter Hospital* and *Ruampat Chachoengsao Hospital*, scheduled to open in late November. At the same time, we raise EBITDA margin to 25.9% in 2020 (from 25.1% previously) to accommodate improved operations at two newly-opened hospitals.

**Slow growth in 2019 but stronger in 2020.** We expect slow earnings growth of just 5% in 2019 as it shoulders the usual losses at newly-opened hospitals, with earnings getting back to growth in 2020 at 24% based on its efforts to grow cash patient service and ramp up operations at newly-opened hospitals.

**Over-punished share price offers attractive risk/reward.** CHG's share price has been overly punished with a 12% drop after the 3Q18 earnings disappointment and it is now trading at 30x 2019PE (excluding losses from newly-opened hospitals), a 5% discount to regional average. We believe the slow earnings outlook in 2019 has already been priced in, shoring up share price against downside for long-term investment. We maintain BUY on CHG on an attractive risk/reward of 37% ETR to our new end-2019 TP at Bt2.9/share (down from mid-2019 TP Bt3.2/share).

## Forecasts and valuation

| Year to 31 Dec    | Unit   | 2016  | 2017  | 2018F | 2019F | 2020F |
|-------------------|--------|-------|-------|-------|-------|-------|
| Revenue           | (Btmn) | 3,637 | 3,876 | 4,345 | 4,903 | 5,469 |
| EBITDA            | (Btmn) | 909   | 968   | 1,131 | 1,192 | 1,423 |
| Core profit       | (Btmn) | 564   | 592   | 675   | 709   | 877   |
| Reported profit   | (Btmn) | 564   | 565   | 675   | 709   | 877   |
| Core EPS          | (Bt)   | 0.051 | 0.054 | 0.061 | 0.064 | 0.080 |
| DPS               | (Bt)   | 0.036 | 0.036 | 0.037 | 0.039 | 0.048 |
| P/E, core         | (x)    | 41.7  | 39.7  | 34.9  | 33.2  | 26.8  |
| EPS growth, core  | (%)    | 4.8   | 5.0   | 14.0  | 5.0   | 23.7  |
| P/BV, core        | (x)    | 7.5   | 7.1   | 6.6   | 6.1   | 5.5   |
| ROE               | (%)    | 18.2  | 17.7  | 18.7  | 18.2  | 20.5  |
| Dividend yield    | (%)    | 1.7   | 1.7   | 1.7   | 1.8   | 2.2   |
| FCF yield         | (%)    | (1.4) | 1.4   | 1.8   | 1.9   | 3.4   |
| EV/EBIT           | (x)    | 34.3  | 33.6  | 28.5  | 27.9  | 21.6  |
| EBIT growth, core | (%)    | 3.7   | 2.4   | 17.8  | 2.2   | 27.0  |
| EV/CE             | (x)    | 6.6   | 6.0   | 5.7   | 5.3   | 5.1   |
| ROCE              | (%)    | 15.5  | 14.2  | 15.5  | 14.7  | 18.4  |
| EV/EBITDA         | (x)    | 26.3  | 24.7  | 21.2  | 20.1  | 16.6  |
| EBITDA growth     | (%)    | 8.8   | 6.5   | 16.9  | 5.4   | 19.4  |

Source: SCBS Investment Research

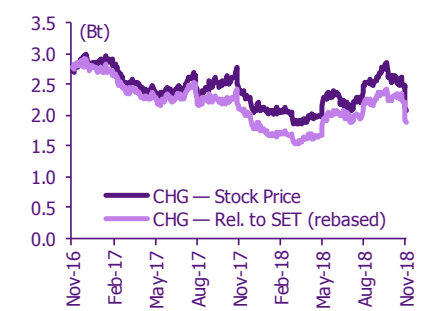
## BUY

### Stock data

|                             |       |
|-----------------------------|-------|
| Last close (Nov 16) (Bt)    | 2.14  |
| 12-m target price (Bt)      | 2.90  |
| Upside (Downside) to TP (%) | 35.51 |
| Mkt cap (Btbn)              | 23.54 |
| Mkt cap (US\$mn)            | 714   |

|                            |           |
|----------------------------|-----------|
| Risk rating                | L         |
| Mkt cap (%) SET            | 0.14      |
| Sector % SET               | 4.81      |
| Shares issued (mn)         | 11,000    |
| Par value (Bt)             | 0.10      |
| 12-m high / low (Bt)       | 2.9 / 1.8 |
| Avg. daily 6m (US\$mn)     | 3.88      |
| Foreign limit / actual (%) | 49 / 5    |
| Free float (%)             | 40.3      |
| Dividend policy (%)        | ≥ 50      |

### Price performance



Source: SET, SCBS Investment Research

### Share performance

| (%)             | 1M     | 3M     | 12M   |
|-----------------|--------|--------|-------|
| Absolute        | (18.9) | (15.1) | (8.5) |
| Relative to SET | (15.8) | (12.7) | (5.4) |

Source: SET, SCBS Investment Research

### Expected total return (ETR)

|                   |      |       |
|-------------------|------|-------|
| Target price      | (Bt) | 2.90  |
| 12-month dividend | (Bt) | 0.04  |
| Capital gain      | (%)  | 35.51 |
| Dividend yield    | (%)  | 1.72  |
| Total return      | (%)  | 37.24 |

Source: SET, SCBS Investment Research

## Analyst

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## Financial statement

### Profit and Loss Statement

| FY December 31        | Unit        | 2013        | 2014        | 2015         | 2016         | 2017         | 2018F        | 2019F        | 2020F        |
|-----------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total revenue         | Btmn        | 2,221       | 2,672       | 3,155        | 3,637        | 3,876        | 4,345        | 4,903        | 5,469        |
| Cost of goods sold    | Btmn        | 1,446       | 1,756       | 2,082        | 2,469        | 2,633        | 3,033        | 3,503        | 3,804        |
| <b>Gross profit</b>   | <b>Btmn</b> | <b>775</b>  | <b>916</b>  | <b>1,073</b> | <b>1,168</b> | <b>1,243</b> | <b>1,313</b> | <b>1,400</b> | <b>1,665</b> |
| SG&A                  | Btmn        | 287         | 359         | 426          | 494          | 551          | 501          | 574          | 610          |
| Other income          | Btmn        | 33          | 43          | 24           | 21           | 21           | 28           | 32           | 36           |
| Interest expense      | Btmn        | 2           | 1           | 1            | 10           | 16           | 19           | 18           | 18           |
| <b>Pre-tax profit</b> | <b>Btmn</b> | <b>519</b>  | <b>598</b>  | <b>670</b>   | <b>686</b>   | <b>697</b>   | <b>820</b>   | <b>841</b>   | <b>1,072</b> |
| Corporate tax         | Btmn        | 102         | 105         | 118          | 132          | 121          | 131          | 156          | 168          |
| Equity a/c profits    | Btmn        | 0           | 0           | 0            | 0            | 0            | 0            | 0            | 0            |
| Minority interests    | Btmn        | -           | (0)         | 0            | (1)          | (0)          | 11           | 36           | 19           |
| <b>Core profit</b>    | <b>Btmn</b> | <b>414</b>  | <b>481</b>  | <b>538</b>   | <b>564</b>   | <b>592</b>   | <b>675</b>   | <b>709</b>   | <b>877</b>   |
| Extra-ordinary items  | Btmn        | -           | -           | -            | -            | (27)         | -            | -            | -            |
| <b>Net Profit</b>     | <b>Btmn</b> | <b>414</b>  | <b>481</b>  | <b>538</b>   | <b>564</b>   | <b>565</b>   | <b>675</b>   | <b>709</b>   | <b>877</b>   |
| EBITDA                | Btmn        | 632         | 735         | 835          | 909          | 968          | 1,131        | 1,192        | 1,423        |
| <b>Core EPS</b>       | <b>Bt</b>   | <b>0.04</b> | <b>0.04</b> | <b>0.05</b>  | <b>0.05</b>  | <b>0.05</b>  | <b>0.06</b>  | <b>0.06</b>  | <b>0.08</b>  |
| Net EPS               | Bt          | 0.04        | 0.04        | 0.05         | 0.05         | 0.05         | 0.06         | 0.06         | 0.08         |
| DPS                   | Bt          | 0.01        | 0.03        | 0.04         | 0.04         | 0.04         | 0.04         | 0.04         | 0.05         |

### Balance Sheet

| FY December 31              | Unit        | 2013         | 2014         | 2015         | 2016         | 2017         | 2018F        | 2019F        | 2020F        |
|-----------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total current assets        | Btmn        | 1,767        | 1,522        | 1,353        | 1,335        | 1,332        | 1,222        | 1,291        | 1,732        |
| Total fixed assets          | Btmn        | 1,082        | 1,557        | 1,987        | 2,936        | 3,385        | 3,694        | 3,960        | 4,026        |
| <b>Total assets</b>         | <b>Btmn</b> | <b>2,994</b> | <b>3,266</b> | <b>3,560</b> | <b>4,518</b> | <b>4,951</b> | <b>5,154</b> | <b>5,498</b> | <b>6,012</b> |
| Total loans                 | Btmn        | 0            | 30           | 78           | 794          | 783          | 694          | 694          | 694          |
| Total current liabilities   | Btmn        | 341          | 434          | 540          | 1,096        | 1,024        | 1,308        | 1,342        | 1,399        |
| Total long-term liabilities | Btmn        | 0            | 0            | 26           | 157          | 403          | 57           | 57           | 57           |
| <b>Total liabilities</b>    | <b>Btmn</b> | <b>356</b>   | <b>461</b>   | <b>591</b>   | <b>1,294</b> | <b>1,478</b> | <b>1,416</b> | <b>1,451</b> | <b>1,507</b> |
| Paid-up capital             | Btmn        | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        |
| <b>Total equity</b>         | <b>Btmn</b> | <b>2,639</b> | <b>2,804</b> | <b>2,969</b> | <b>3,224</b> | <b>3,473</b> | <b>3,738</b> | <b>4,047</b> | <b>4,505</b> |
| <b>BVPS</b>                 | <b>Bt</b>   | <b>0.26</b>  | <b>0.25</b>  | <b>0.27</b>  | <b>0.28</b>  | <b>0.30</b>  | <b>0.32</b>  | <b>0.35</b>  | <b>0.39</b>  |

### Cash Flow Statement

| FY December 31                | Unit        | 2013       | 2014       | 2015         | 2016     | 2017        | 2018F        | 2019F      | 2020F      |
|-------------------------------|-------------|------------|------------|--------------|----------|-------------|--------------|------------|------------|
| Core Profit                   | Btmn        | 414        | 481        | 538          | 564      | 592         | 675          | 709        | 877        |
| Depreciation and amortization | Btmn        | 111        | 136        | 164          | 213      | 255         | 291          | 334        | 334        |
| Operating cash flow           | Btmn        | 309        | 447        | 698          | 705      | 916         | 1,015        | 1,049      | 1,180      |
| Investing cash flow           | Btmn        | (1,041)    | 26         | (608)        | (1,028)  | (594)       | (600)        | (600)      | (383)      |
| Financing cash flow           | Btmn        | 994        | (290)      | (328)        | 324      | (349)       | (518)        | (450)      | (420)      |
| <b>Net cash flow</b>          | <b>Btmn</b> | <b>262</b> | <b>183</b> | <b>(239)</b> | <b>2</b> | <b>(27)</b> | <b>(104)</b> | <b>(1)</b> | <b>377</b> |

### Key Financial Ratios

| FY December 31        | Unit | 2013     | 2014     | 2015     | 2016 | 2017 | 2018F | 2019F | 2020F |
|-----------------------|------|----------|----------|----------|------|------|-------|-------|-------|
| Gross margin          | %    | 34.9     | 34.3     | 34.0     | 32.1 | 32.1 | 30.2  | 28.6  | 30.4  |
| Operating margin      | %    | 22.0     | 20.8     | 20.5     | 18.5 | 17.9 | 18.7  | 16.9  | 19.3  |
| EBITDA margin         | %    | 28.0     | 27.1     | 26.3     | 24.8 | 24.8 | 25.9  | 24.2  | 25.9  |
| EBIT margin           | %    | 23.5     | 22.4     | 21.3     | 19.1 | 18.4 | 19.3  | 17.5  | 19.9  |
| Net profit margin     | %    | 18.7     | 18.0     | 17.1     | 15.5 | 14.6 | 15.5  | 14.5  | 16.0  |
| ROE                   | %    | 22.0     | 17.7     | 18.7     | 18.2 | 17.7 | 18.7  | 18.2  | 20.5  |
| ROA                   | %    | 18.2     | 15.4     | 15.8     | 14.0 | 12.5 | 13.4  | 13.3  | 15.2  |
| Net D/E               | x    | Net cash | Net cash | Net cash | 0.1  | 0.1  | 0.1   | 0.1   | 0.0   |
| Interest coverage     | x    | 332.2    | 628.6    | 1,031.2  | 95.4 | 61.0 | 59.2  | 67.6  | 80.8  |
| Debt service coverage | x    | 332.2    | 23.6     | 15.8     | 1.4  | 2.4  | 1.7   | 1.8   | 2.2   |
| Payout Ratio          | %    | n.a.     | 68.7     | 73.6     | 70.2 | 70.0 | 60.0  | 60.0  | 60.0  |

### Main Assumptions

| FY December 31               | Unit | 2013 | 2014 | 2015 | 2016 | 2017 | 2018F | 2019F | 2020F |
|------------------------------|------|------|------|------|------|------|-------|-------|-------|
| <b>Revenue breakdown</b>     |      |      |      |      |      |      |       |       |       |
| Cash service                 | (%)  | 51.0 | 51.0 | 51.6 | 54.9 | 57.6 | 63.6  | 66.7  | 69.3  |
| Social security service (SC) | (%)  | 42.0 | 41.0 | 36.0 | 36.2 | 37.5 | 31.6  | 28.8  | 26.6  |
| Universal coverage (UC)      | (%)  | 7.0  | 8.0  | 13.0 | 9.0  | 5.0  | 4.9   | 4.4   | 4.1   |

## Financial statement

### Profit and Loss Statement

| FY December 31        | Unit        | 4Q16        | 1Q17        | 2Q17        | 3Q17        | 4Q17        | 1Q18        | 2Q18        | 3Q18        |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total revenue         | Btmn        | 912         | 937         | 890         | 1,032       | 1,016       | 1,080       | 1,039       | 1,149       |
| Cost of goods sold    | Btmn        | 624         | 625         | 624         | 699         | 686         | 712         | 715         | 826         |
| <b>Gross profit</b>   | <b>Btmn</b> | <b>288</b>  | <b>312</b>  | <b>266</b>  | <b>334</b>  | <b>330</b>  | <b>368</b>  | <b>325</b>  | <b>323</b>  |
| SG&A                  | Btmn        | 140         | 125         | 124         | 129         | 173         | 129         | 116         | 141         |
| Other income          | Btmn        | 4           | 4           | 7           | 5           | 4           | 5           | 7           | 7           |
| Interest expense      | Btmn        | 4           | 4           | 3           | 4           | 5           | 5           | 5           | 7           |
| <b>Pre-tax profit</b> | <b>Btmn</b> | <b>149</b>  | <b>187</b>  | <b>146</b>  | <b>206</b>  | <b>157</b>  | <b>238</b>  | <b>212</b>  | <b>182</b>  |
| Corporate tax         | Btmn        | 17          | 35          | 27          | 37          | 32          | 45          | 35          | 37          |
| Equity a/c profits    | Btmn        | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| Minority interests    | Btmn        | (0)         | (0)         | (0)         | (0)         | (0)         | 0           | 1           | 5           |
| <b>Core profit</b>    | <b>Btmn</b> | <b>131</b>  | <b>153</b>  | <b>119</b>  | <b>168</b>  | <b>153</b>  | <b>193</b>  | <b>151</b>  | <b>175</b>  |
| Extra-ordinary items  | Btmn        | 0           | 0           | 0           | 0           | (27)        | 0           | 27          | (24)        |
| <b>Net Profit</b>     | <b>Btmn</b> | <b>131</b>  | <b>153</b>  | <b>119</b>  | <b>168</b>  | <b>126</b>  | <b>193</b>  | <b>178</b>  | <b>151</b>  |
| EBITDA                | Btmn        | 213         | 252         | 211         | 276         | 228         | 308         | 282         | 260         |
| <b>Core EPS</b>       | <b>Bt</b>   | <b>0.01</b> | <b>0.01</b> | <b>0.01</b> | <b>0.02</b> | <b>0.01</b> | <b>0.02</b> | <b>0.01</b> | <b>0.02</b> |
| Net EPS               | Bt          | 0.01        | 0.01        | 0.01        | 0.02        | 0.01        | 0.02        | 0.02        | 0.01        |

### Balance Sheet

| FY December 31              | Unit        | 4Q16         | 1Q17         | 2Q17         | 3Q17         | 4Q17         | 1Q18         | 2Q18         | 3Q18         |
|-----------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total current assets        | Btmn        | 1,335        | 1,369        | 1,416        | 1,460        | 1,332        | 1,564        | 1,597        | 1,633        |
| Total fixed assets          | Btmn        | 114          | 3,028        | 114          | 114          | 114          | 114          | 114          | 114          |
| <b>Total assets</b>         | <b>Btmn</b> | <b>4,518</b> | <b>4,641</b> | <b>4,786</b> | <b>4,937</b> | <b>4,951</b> | <b>5,284</b> | <b>5,434</b> | <b>5,613</b> |
| Total loans                 | Btmn        | 801          | 681          | 795          | 805          | 852          | 905          | 1,021        | 1,207        |
| Total current liabilities   | Btmn        | 1,096        | 983          | 1,085        | 1,163        | 1,024        | 1,091        | 1,138        | 1,329        |
| Total long-term liabilities | Btmn        | 157          | 214          | 239          | 245          | 403          | 444          | 502          | 561          |
| <b>Total liabilities</b>    | <b>Btmn</b> | <b>1,294</b> | <b>1,239</b> | <b>1,370</b> | <b>1,458</b> | <b>1,478</b> | <b>1,592</b> | <b>1,697</b> | <b>1,951</b> |
| Paid-up capital             | Btmn        | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        |
| <b>Total equity</b>         | <b>Btmn</b> | <b>3,224</b> | <b>3,403</b> | <b>3,416</b> | <b>3,479</b> | <b>3,473</b> | <b>3,692</b> | <b>3,737</b> | <b>3,662</b> |
| <b>BVPS</b>                 | <b>Bt</b>   | <b>0.28</b>  | <b>0.30</b>  | <b>0.30</b>  | <b>0.30</b>  | <b>0.30</b>  | <b>0.32</b>  | <b>0.32</b>  | <b>0.32</b>  |

### Cash Flow Statement

| FY December 31                | Unit      | 4Q16      | 1Q17        | 2Q17      | 3Q17      | 4Q17        | 1Q18      | 2Q18       | 3Q18      |
|-------------------------------|-----------|-----------|-------------|-----------|-----------|-------------|-----------|------------|-----------|
| Core Profit                   | Btmn      | 131       | 153         | 119       | 168       | 153         | 193       | 151        | 175       |
| Depreciation and amortization | Btmn      | 60        | 61          | 62        | 66        | 66          | 65        | 65         | 71        |
| Operating cash flow           | Btmn      | 201       | 152         | 168       | 333       | 264         | 166       | 191        | 242       |
| Investing cash flow           | Btmn      | (156)     | (102)       | (126)     | (176)     | (190)       | (128)     | (176)      | (171)     |
| Financing cash flow           | Btmn      | 8         | (121)       | (20)      | (123)     | (85)        | 50        | (17)       | (31)      |
| <b>Net cash flow</b>          | <b>Bt</b> | <b>53</b> | <b>(72)</b> | <b>22</b> | <b>33</b> | <b>(11)</b> | <b>88</b> | <b>(2)</b> | <b>40</b> |

### Key Financial Ratios

| FY December 31        | Unit | 4Q16 | 1Q17 | 2Q17 | 3Q17 | 4Q17 | 1Q18 | 2Q18 | 3Q18 |
|-----------------------|------|------|------|------|------|------|------|------|------|
| Gross margin          | %    | 31.6 | 33.3 | 29.9 | 32.3 | 32.5 | 34.1 | 31.2 | 27.4 |
| Operating margin      | %    | 16.3 | 20.0 | 16.0 | 19.8 | 15.5 | 22.1 | 20.1 | 15.4 |
| EBITDA margin         | %    | 23.2 | 26.8 | 23.5 | 26.6 | 25.0 | 28.4 | 24.3 | 21.9 |
| EBIT margin           | %    | 16.8 | 20.4 | 16.8 | 20.3 | 15.9 | 22.5 | 20.8 | 16.5 |
| Net profit margin     | %    | 14.4 | 16.3 | 13.3 | 16.3 | 12.4 | 17.9 | 17.1 | 13.1 |
| ROE                   | %    | 18.2 | 18.6 | 16.6 | 17.5 | 17.7 | 21.8 | 19.2 | 19.4 |
| ROA                   | %    | 14.0 | 14.4 | 12.2 | 12.5 | 12.5 | 15.6 | 13.5 | 13.1 |
| Net D/E               | x    | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.5  |
| Interest coverage     | x    | 53.0 | 70.7 | 64.6 | 62.1 | 49.7 | 66.7 | 61.3 | 38.3 |
| Debt service coverage | x    | 1.3  | 2.1  | 1.5  | 1.9  | 1.9  | 2.6  | 2.1  | 1.5  |

### Key statistics

| FY December 31               | Unit | 4Q16 | 1Q17 | 2Q17 | 3Q17 | 4Q17 | 1Q18 | 2Q18 | 3Q18 |
|------------------------------|------|------|------|------|------|------|------|------|------|
| <b>Revenue breakdown</b>     |      |      |      |      |      |      |      |      |      |
| Cash service                 | (%)  | 57.2 | 53.3 | 56.1 | 61.2 | 59.2 | 60.6 | 62.9 | 65.4 |
| Social security service (SC) | (%)  | 37.0 | 40.9 | 38.8 | 34.1 | 36.6 | 33.7 | 31.5 | 29.8 |
| Universal coverage (UC)      | (%)  | 5.8  | 5.9  | 5.2  | 4.7  | 4.2  | 5.7  | 5.6  | 4.9  |

**Figure 1: Valuation summary** (price as of Nov 16, 2018)

|                | Rating  | Price<br>(Bt/Sh) | Target<br>(Bt/Sh) | ETR<br>(%) | P/E (x)     |             |             | EPS growth (%) |             |             | P/BV (x)   |            |            | ROE (%)   |           |           | Div. Yield (%) |            |            | EV/EBITDA (x) |             |             |
|----------------|---------|------------------|-------------------|------------|-------------|-------------|-------------|----------------|-------------|-------------|------------|------------|------------|-----------|-----------|-----------|----------------|------------|------------|---------------|-------------|-------------|
|                |         |                  |                   |            | 17A         | 18F         | 19F         | 17A            | 18F         | 19F         | 17A        | 18F        | 19F        | 17A       | 18F       | 19F       | 17A            | 18F        | 19F        | 17A           | 18F         | 19F         |
| BCH            | Buy     | 18.60            | 23.0              | 24.8       | 50.6        | 41.9        | 35.2        | 21.8           | 20.6        | 19.2        | 8.9        | 8.1        | 7.2        | 16        | 18        | 19        | 1.1            | 1.2        | 1.4        | 24.9          | 21.9        | 18.7        |
| BDMS           | Buy     | 25.00            | 30.0              | 21.4       | 48.3        | 39.6        | 34.3        | (1.9)          | 21.8        | 15.7        | 6.1        | 5.7        | 5.3        | 13        | 14        | 15        | 1.4            | 1.4        | 1.6        | 27.1          | 23.9        | 20.9        |
| BH             | Neutral | 187.50           | 185.0             | 0.2        | 34.7        | 33.0        | 30.9        | 9.4            | 5.1         | 6.7         | 8.3        | 7.5        | 6.7        | 25        | 24        | 23        | 1.4            | 1.5        | 1.6        | 22.6          | 20.6        | 19.1        |
| CHG            | Buy     | 2.14             | 2.9               | 37.2       | 39.7        | 34.9        | 33.2        | 5.0            | 14.0        | 5.0         | 7.1        | 6.6        | 6.1        | 18        | 19        | 18        | 1.7            | 1.7        | 1.8        | 24.7          | 21.2        | 20.1        |
| <b>Average</b> |         |                  |                   |            | <b>43.3</b> | <b>37.4</b> | <b>33.4</b> | <b>8.6</b>     | <b>15.4</b> | <b>11.6</b> | <b>7.6</b> | <b>7.0</b> | <b>6.3</b> | <b>18</b> | <b>19</b> | <b>19</b> | <b>1.4</b>     | <b>1.5</b> | <b>1.6</b> | <b>24.8</b>   | <b>21.9</b> | <b>19.7</b> |

Source: SCBS Investment Research

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### CG Rating 2018 Companies with CG Rating

★★★★★

ADVANC, AKP, AMATA, AMATAV, ANAN, AOT, AP, BAFS, BANPU, BAY, BCP, BCPG, BRR, BTS, BWG, CFRESH, CHO, CK, CKP, CM, CNT, COL, CPF, CPI, CPN, CSL, CSS, DELTA, DEMCO, DRT, DTAC, DTC, EA, EASTW, EGCO, GC, GEL, GFPT, GGC\*, GOLD, GPSC, GRAMMY, GUNKUL, HANA, HMPRO, ICC, ICHI, INTUCH, IRPC, IVL, JSP, KBANK, KCE, KKP, KSL, KTB, KTC, LHFG, LIT, LPN, MAKRO, MBK, MCOT, MINT, MONO, MTC, NCL, NKI, NVD, NYT, OISHI, OTO, PCSGH, PDJ, PG, PHOL, PLANB, PLANET, PPS, PRG, PSH, PSL, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QTC, RATCH, ROBINS, S & J, SABINA, SAMART, SAMTEL, SAT, SC, SCB, SCC, SCCC, SDC, SE-ED, SIS, SITHAI, SNC, SPALI, SPRC, SSSC, STEC, SVI, SYNTEC, TASC, TCAP, THAI, THANA, THANI, THCOM, THIP, THREL, TIP, TISCO, TKT, TMB, TNDT, TOP, TRC, TRU, TRUE, TSC, TSTH, TTCL, TU, TVD, UAC, UV, VGI, VIH, WACOAL, WAVE, WHA, WINNER

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2S, AAV, ACAP, AGE, AH, AHC, AIRA, AIT, AKR, ALLA, ALT, AMA, AMANAH, APCO, AQUA, ARIP, ARROW, ASIA, ASIMAR, ASK, ASN, ASP, ATP30, AU, AUCT, AYUD, BA, BBL, BDMS, BEC, BEM, BFIT, BGRIM, BIZ, BJC, BJCHI, BLA, BOL, BPP, BROOK, BTW, CBG, CEN, CENTEL, CGH, CHEWA, CHG, CHOW, CI, CIMBT, CNS, COM7, COMAN, CPALL, CSC, CSP, DCC, DCORP, DDD, EASON, ECF, ECL, EE, EPG, ERW, ETE, FN, FNS, FORTH, FPI, FSMART, FVC, GBX, GCAP, GLOBAL, GLOW, GULF, HARN, HPT, HTC, HYDRO, ICN, ILINK, INET, IRC, ITD\*, JAS, JCKH, JKN, JWD, K, KBS, KCAR, KGI, KKC, KOOL, KTIS, L&E, LANNA, LDC, LH, LHK, LOXLEY, LRH, LST, M, MACO, MAJOR, MALEE, MBKET, MC, MEGA, METCO, MFC, MFEC, MK, MOONG, MSC, MTI, NCH, NEP, NINE, NOBLE, NOK, NSI, NTV, NWR, OCC, OGC, ORI, PAP, PATO, PB, PDI, PJW, PLAT, PM, PORT, PPP, PREB, PRECHA, PRINC, PRM, PT, QLT, RICHY, RML, RS, RWI, S, S11, SALEE, SANKO, SAWAD, SCG, SCI, SCN, SE, SEAFCO, SEAOLIL, SELIC, SENA, SFP, SIAM, SINGER, SIRI, SKE, SMK, SMPC, SMT, SNP, SORKON, SPC, SPI, SPPT, SPVI, SR, SSF, SST, STA, SUC, SUSCO, SUTHA, SWC, SYMC, SYNEX, TACC, TAE, TAKUNI, TBSP, TCC, TEAM, TFG, TFMAMA, THRE, TICON, TIPCO, TK, TKN, TKS, TM, TMC, TMI, TMILL, TMT, TNITY, TNL, TNP, TNR, TOA, TOG, TPA, TPAC, TPBI, TPCORP, TRITN, TRT, TSE, TSR, TSTE, TTA, TTW, TVI, TVO, TWP, TWPC, U, UMI, UOBKH, UP, UPF, UPOIC, UT, UWC, VNT, WHAUP, WICE, WIIK, XO, YUASA, ZMICO

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7UP, ABICO, ABM, AEC, AEONTS, AF, AJ, ALUCON, AMARIN, AMC, AS, ASAP, ASEFA, ASIAN, BCH, BEAUTY, BGT, BH, BIG, BLAND, BM, BR, BROCK, BSBM, BTNC, CCYET, CCP, CGD, CHARAN, CHAYO, CITY, CMO, CMR, COLOR, CPL, CPT, CRD, CSR, CTW, CWT, D, DCON, DIGI, DIMET, EKH, EMC, EPCO, ESSO, ESTAR, FE, FOCUS, FSS, FTE, GENCO, GIFT, GJS, GLAND, GPI, GREEN, GTB, GYT, HTECH, IFS, IHL, III, INOX, INSURE, IRCP, IT, ITEL, J, JCK, JMART, JMT, JTS, JUBILE, KASET, KCM, KIAT, KWC, KWG, KYE, LALIN, LEE, LPH, MATCH, MATI, MBAX, M-CHAI, MDX, META, MILL, MJD, MM, MODERN, MPG, NC, NDR, NETBAY, NNCL, NPK, OCEAN, PAF, PDG, PF, PICO, PIMO, PK, PL, PLE, PMTA, PPPM, PRIN, PSTC, PTL, RCI, RCL, RJH, ROJNA, RPC, RPH, SAMCO, SAPPE, SCP, SF, SGF, SGP, SKN, SKR, SKY, SLP, SMIT, SOLAR, SPA, SPCG, SPG, SQ, SRICHA, SSC, SSP, STANLY, STPI, SUN, SUPER, SVOA, T, TCCC, TCMC, THE, THG, THMUI, TIC, TITLE, TIW, TMD, TOPP, TPCH, TPIPP, TPOLY, TTI, TVT, TYCN, UEC, UMS, UNIQ, VCOM, VIBHA, VPO, WIN, WORK, WP, WPH, ZIGA

### 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.

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition

(Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2017 to 19 October 2018) is publicized.

CSL was voluntarily delisted from the Stock Exchange of Thailand effectively on July 26, 2018

\* บริษัทหรือกรรมการหรือผู้บริหารของบริษัทที่มีข่าวด้านการกำกับดูแลกิจการ เช่น การกระทำผิดเกี่ยวกับหลักทรัพย์ การทุจริต คอร์รัปชัน เป็นต้น ซึ่งการใช้ข้อมูล CGR ควรตระหนักถึงข่าวดังกล่าวประกอบด้วย

### Anti-corruption Progress Indicator

#### Certified (ได้รับการรับรอง)

ADVANC, AKP, AMANAH, AP, ASK, ASP, AYUD, BAFS, BANPU, BAY, BBL, BCH, BCP, BCPG, BKI, BLA, BROOK, BRR, BTS, BWG, CENTEL, CFRESH, CIG, CIMBT, CM, CNS, CPALL, CPF, CPI, CPN, CSC, DCC, DEMCO, DIMET, DRT, DTAC, DTC, EASTW, ECL, EGCO, EPCO, FE, FNS, FSS, GBX, GC, GCAP, GEL, GFPT, GGC, GLOW, GOLD, GPSC, GUNKUL, HANA, HMPRO, HTC, ICC, IFEC, IFS, INET, INTUCH, IRPC, IVL, K, KASET, KBANK, KBS, KCE, KGI, KKP, KSL, KTB, KTC, L&E, LANNA, LHFG, LHK, LPN, M, MAKRO, MALEE, MBK, MBKET, MC, MCOT, MFC, MINT, MONO, MOONG, MSC, MTI, NBC, NINE, NKI, NMG, NSI, OCC, OCEAN, OGC, PATO, PB, PCSGH, PDG, PDI, PDJ, PE, PG, PHOL, PLANET, PLAT, PM, PPP, PPPM, PPS, PREB, PRG, PRINC, PSH, PSL, PSTC, PT, PTG, PTT, PTTEP, PTTGC, Q-CON, QH, QLT, RATCH, RML, ROBINS, S & J, SABINA, SAT, SC, SCB, SCC, SCCC, SCG, SCN, SE-ED, SENA, SGP, SINGER, SIRI, SIS, SITHAI, SMIT, SMK, SMPC, SNC, SNP, SORKON, SPACK, SPC, SPI, SPRC, SRICHA, SSF, SSI, SSSC, SUSCO, SVI, SYNTEC, TAE, TASC, TCAP, TCMC, TFG, TFI, TFMAMA, THANI, THCOM, THRE, THREL, TICON, TIP, TIPCO, TISCO, TKT, TMB, TMD, TMILL, TMT, TNITY, TNL, TOG, TOP, TPA, TPCORP, TRU, TRUE, TSC, TSTH, TTCL, TU, TVD, TVI, U, UBIS, UOBKH, VGI, VNT, WACOAL, WHA, WICE

#### Declared (ประกาศเจตนารมณ์)

A, ABICO, AIE, AJ, AMATA, AMATAV, ANAN, AOT, APCO, APCS, ARROW, ASIAN, B, BGRIM, BJC, BJCHI, BLAND, BLISS, BM, BPP, BR, BSBM, BUI, CEN, CGH, CHEWA, CHG, CHO, CI, COL, COM7, CPR, DDD, EFORL, EKH, ESTAR, FLOYD, FN, FPI, FTE, GJS, GPI, GSTEL, GYT, HARN, ICHI, ILINK, ITEL, JAS, JTS, KWC, KWG, LDC, LEE, LIT, LRH, MATCH, MATI, MBAX, MFEC, MILL, MTC, NCL, NEP, NNCL, NWR, PAP, PK, PL, PLANB, POST, PRM, PRO, PYLON, QTC, ROJNA, RWI, SAPPE, SCI, SELIC, SHANG, SST, STA, STANLY, SUPER, SWC, SYMC, SYNEX, THE, THIP, TKN, TMC, TNP, TNR, TOPP, TRITN, TTI, TVO, TWPC, UEC, UKEM, UP, UWC, VIH, XO, YUASA

#### N/A

2S, 7UP, AAV, ABM, ACAP, ACC, ADAM, ADB, AEC, AEONTS, AF, AFC, AGE, AH, AHC, AI, AIRA, AIT, AJA, AKR, ALLA, ALT, ALUCON, AMA, AMARIN, AMC, APEX, APURE, AQ, AQUA, ARIP, AS, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, BA, BAT-3K, BCT, BDMS, BEAUTY, BEC, BEM, BFIT, BGC, BGT, BH, BIG, BIZ, BKD, BOL, BROCK, BSM, BTNC, BTW, CBG, CCET, CCP, CGD, CHARAN, CHAYO, CHOTI, CHOW, CHUO, CITY, CK, CKP, CMAN, CMO, CMR, CNT, COLOR, COMAN, COTTO, CPH, CPL, CPT, CRANE, CRD, CSP, CSR, CSS, CTW, CWT, D, DCON, DCORP, DELTA, DIGI, DNA, DOD, DTICI, EA, EARTH, EASON, ECF, EE, EIC, EMC, EPG, ERW, ESSO, ETE, EVER, F&D, FANCY, FC, FMT, FOCUS, FORTH, FSMART, FVC, GENCO, GIFT, GL, GLAND, GLOBAL, GRAMMY, GRAND, GREEN, GTB, GULF, HFT, HPT, HTECH, HUMAN, HYDRO, ICN, IEC, IHL, III, INGRS, INOX, INSURE, IRC, IRCP, IT, ITD, J, JCK, JCKH, JCT, JKN, JMART, JMT, JSP, JUBILE, JUTHA, JWD, KAMART, KC, KCAR, KCM, KDH, KIAT, KKC, KOOL, KTECH, KTIS, KWM, KYE, LALIN, LH, LOXLEY, LPH, LST, LTX, LVT, MACO, MAJOR, MANRIN, MAX, M-CHAI, MCS, MDX, MEGA, META, METCO, MGT, MIDA, MJD, MK, ML, MM, MODERN, MPG, MPIC, MVP, NC, NCH, NDR, NETBAY, NEW, NEWS, NFC, NOBLE, NOK, NPK, NPPG, NTV, NUSA, NVD, NYT, OHTL, OISHI, ORI, OSP, OTO, PACE, PAE, PAF, PERM, PF, PICO, PIMO, PJW, PLE, PMTA, POLAR, POMPUI, PORT, PPM, PR9, PRAKIT, PRECHA, PRIN, PTL, RAM, RCI, RCL, RICH, RICHY, RJH, ROCK, ROH, RP, RPC, RPH, RS, RSP, S, S11, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCP, SDC, SE, SEAFCO, SEAOLIL, SF, SFP, SGF, SIAM, SIMAT, SKE, SKN, SKR, SKY, SLP, SMART, SMM, SMT, SOLAR, SONIC, SPA, SPALI, SPCG, SPG, SPORT, SPPT, SPVI, SQ, SR, SSC, SSP, STAR, STEC, STHAI, STPI, SUC, SUN, SUTHA, SVH, SVOA, T, TACC, TAKUNI, TAPAC, TBSP, TC, TCC, TCCC, TCJ, TCOAT, TEAM, TEAMG, TGPRO, TH, THAI, THANA, THG, THL, THMUI, TIC, TIGER, TITLE, TIW, TK, TKS, TM, TMI, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TPP, TR, TRC, TRT, TRUBB, TSE, TSF, TSI, TSR, TSTE, TTA, TTL, TTTM, TTW, TVT, TWP, TWZ, TYCN, UAC, UMI, UMS, UNIQ, UP, UPF, UPOIC, UREKA, UT, UTP, UV, UVAN, VARO, VCOM, VI, VIBHA, VNG, VPO, WAVE, WG, WHAUP, WIIK, WIN, WINNER, WORK, WORLD, WP, WPH, WR, YCI, YNP, ZIGA, ZMICO

#### Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of May 21, 2018) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.