

Healthcare Sector – Overweight

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Sector Update

SSO gives more SSS quota to private hospitals

- SSO gives more SSS quota to private hospitals this year.
 - BCH's, BDMS's and CHG's SSS quota rise by 20/22/11%.
 - The additional quota provides positive impact to hospitals.
 - BCH, BDMS and CHG are beneficiaries.
- Social Security Office (SSO) gives more Social Security Scheme (SSS) quota to private hospitals who participate under SSS this year.
 - BCH, BDMS and CHG are beneficiaries from SSS quota increase. BCH's and CHG's revenue contribution from SSS in 9M23 were 33% and 32%, respectively. Meanwhile, BDMS's revenue contribution from SSS in 9M23 was only 2%.
 - BCH's SSS quota increases from 1,524K in 2023 to 1,856K in 2024 (or up 20%), mainly in Kasemrad Hospital (KH) Prachachuen, Kasemrad Hospital (KH) Bangkai, Kasemrad Hospital Ramkhamhaeng and Kasemrad Hospital Sriburi. Note that KH Prachachuen's SSS quota was fully registered last year and KH Bangkai's SSS quota was almost fully registered last year. So, the increase in SSS quota this year thus will allow KH Prachachuen and KH Bangkai to receive more SSS-registered persons.
 - Meanwhile, CHG's SSS quota increases from 565K in 2023 to 625K in 2024 (or up 11%), mainly in Chularat 304 International Hospital from 60K in 2023 to 120K in 2024. However, the number of SSS quota in the hospital did not yet fully registered last year.
 - For BDMS, it had an SSS quota of c. 900K vs. its SSS-registered persons of c. 790K people last year. Bangkok Pluak Daeng will participate in SSS this year and BDMS expects it will earn SSS quota of 100K (or up 11%) and gain c. 35K-40K SSS-registered persons this year.
 - We expect BCH will be the most beneficiary from SSS quota increase. BDMS and BCH are still our top two picks in the healthcare sector.

Ex 1: Healthcare Sector Valuations

	Rating	Current price (Bt)	Target price (Bt)	Upside/ (Downside) (%)	Market cap (Bt m)	Norm EPS growth		Norm PE		Yield	
						2023F	2024F	2023F	2024F	2023F	2024F
						(%)	(%)	(x)	(x)	(%)	(%)
BCH	BUY	22.40	24.80	10.7	55,860	(63.6)	21.7	39.0	32.0	1.7	2.0
BDMS	BUY	27.50	37.00	34.5	437,030	6.2	12.0	32.6	29.1	2.3	2.6
BH	BUY	222.00	300.00	35.1	176,465	41.6	8.5	25.2	23.3	2.2	2.6
CHG	BUY	3.18	3.70	16.4	34,980	(60.3)	16.0	31.7	27.3	2.5	3.1
PR9	BUY	15.90	19.50	22.6	12,502	(9.1)	15.6	24.2	21.0	1.9	2.4
THG	SELL	55.00	56.00	1.8	46,611	(38.2)	25.1	50.4	40.3	1.2	1.5

Sources: Bloomberg; Thanachart estimates

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