

Chularat Hospital Pcl (CHG TB) - BUY, Price Bt3.46, TP Bt4.40

Results Comment

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Strong beat 4Q21 earnings

- CHG reported Bt1.8bn net profit in 4Q21, up 615% y-y and 16% q-q. This was above ours and the street's earnings forecast due to its stronger-than-expected top line and lower-than-expected costs due to the reversal of employee expenses.
- Strong y-y earnings growth was driven by 1) revenue from related COVID-19 services, 2) new Moderna and Sinopharm vaccine income, 3) hospital/excellence center management income, 4) improving operation of 304 and RPC, 5) improving income from Social Security Scheme (SSS) and 6) improving operating margin.
- Q-Q earnings growth, despite falling revenue from UCEPCOVID, resulted from 1) improving non-COVID cash patients, 2) improving revenue from excellence center management, 3) new Moderna and Sinopharm vaccine income, 4) improving income from SSS, 5) improving operation of 304 and RPC and 6) improving operating margin.
- CHG's revenue grew 156% y-y but declined 12% q-q to Bt3.9bn in 4Q21. With strong top line and the reversal of employee expenses, operating margin also expanded to 57.6% in 4Q21 from 20.1% in 4Q20 and 43.1% in 3Q21.
- CHG reported net profit of Bt4.2bn in 2021, up 380% y-y, driven by revenue from related COVID-19 services and new Moderna and Sinopharm vaccine income.
- Despite we are forecasting a drop in earnings in 2022F from falling COVID income, we expect to see CHG's earnings base in 2022F to be double of 2019 level. Excluding earnings from related COVID services, we see CHG's earnings from core operation still grows in 2022-24F, driven by rising revenue from hospital/excellence center management and rising non-COVID patients. Maintain BUY.
- CHG announced dividend payment of Bt0.17/share. The XD date is 5 May 2022 and the dividend payment date is 20 May 2022.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	1,511	1,415	2,071	4,390	3,866	Revenue	(12)	156	113	11,742	8,078
Gross profit	510	420	865	2,232	2,343	Gross profit	5	359	129	5,860	2,592
SG&A	207	160	206	338	117	SG&A	(65)	(43)	81	821	863
Operating profit	303	260	659	1,893	2,226	Operating profit	18	634	142	5,038	1,730
EBITDA	407	347	745	1,981	2,337	EBITDA	18	474	138	5,409	2,115
Other income	14	57	65	67	70	Other income	3	395	100	259	288
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	7	6	5	5	5	Interest expense	2	(30)	120	21	3
Profit before tax	310	312	718	1,956	2,290	Profit before tax	17	639	139	5,276	2,015
Income tax	57	63	143	377	426	Income tax	13	645	131	1,009	403
Equity & invest. income	0	0	0	0	0	Equity & invest. income			na	0	0
Minority interests	1	2	1	(15)	(51)	Minority interests	na	na	333	(63)	(13)
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	254	252	576	1,564	1,813	Net profit	16	615	140	4,204	1,599
Normalized profit	254	252	576	1,564	1,813	Normalized profit	16	615	140	4,204	1,599
EPS (Bt)	0.02	0.02	0.05	0.14	0.16	EPS (Bt)	16	615	140	0.38	0.15
Normalized EPS (Bt)	0.02	0.02	0.05	0.14	0.16	Normalized EPS (Bt)	16	615	140	0.38	0.15

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21		4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	580	646	1,158	803	2,790	Sales grow th	13.7	7.4	80.8	200.8	155.9
A/C receivable	481	461	518	593	616	Operating profit grow th	81.9	12.2	244.8	443.1	633.9
Inventory	179	189	216	281	295	EBITDA grow th	58.0	8.6	165.6	352.7	473.7
Other current assets	523	549	984	3,748	2,196	Norm profit grow th	88.8	35.0	272.1	455.0	614.8
Investment	76	76	76	76	76	Norm EPS grow th	88.8	35.0	272.1	455.0	614.8
Fixed assets	4,091	4,077	4,123	4,204	4,286	Gross margin	33.8	29.7	41.8	50.8	60.6
Other assets	271	265	275	309	291	Operating margin	20.1	18.4	31.8	43.1	57.6
Total assets	6,201	6,263	7,350	10,014	10,550	EBITDA margin	27.0	24.5	36.0	45.1	60.5
S-T debt	706	488	852	835	131	Norm net margin	16.8	17.8	27.8	35.6	46.9
A/C payable	570	578	830	1,645	842	D/E (x)	0.3	0.2	0.3	0.2	0.1
Other current liabilities	153	200	399	1,029	1,235	Net D/E (x)	0.1	0.0	0.0	0.1	(0.3)
L-T debt	407	380	358	342	313	Interest coverage (x)	54.4	59.4	143.5	386.8	446.8
Other liabilities	171	175	183	185	187	Interest rate	2.2	2.4	2.0	1.7	2.6
Minority interest	169	166	206	221	272	Effective tax rate	18.5	20.1	19.9	19.3	18.6
Shareholders' equity	4,024	4,276	4,523	5,756	7,569	ROA	16.1	16.2	33.9	72.0	70.5
Working capital	90	72	(96)	(771)	69	ROE	26.0	24.3	52.4	121.7	108.8
Total debt	1,114	868	1,210	1,177	445						
Net debt	534	222	52	374	(2,345)						

Sources: Company data, Thanachart estimates

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