Praram 9 Hospital (PR9 TB) - BUY, Price Bt12.90, TP Bt14.50

Results Comment

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Stronger beat 1Q22 results

- PR9 reported Bt157m profit in 1Q22, up 307% y-y and 36% q-q. This was above our earnings forecast due to its higher-than-expected revenue and margin. But it was in line with the Street's earnings forecast.
- PR9's 1Q22 earnings turnaround resulted from the company focusing more in providing COVID-19 services, rising non-COVID Thai and international patients and expanding margin.
- The company's top line grew by 45% y-y and 4% q-q to B970m in 1Q22 due to rising Thai and foreign patient revenue. Thai patient revenue grew by 42% y-y and 1% q-q to Bt870m in 1Q22. International patient revenue grew by 77% y-y and 32% q-q to Bt100m in 1Q22. Note that international patient revenue accounted for 95% of 1Q19 level.
- Its operating margin also expanded to 19% in 1Q22 from 5.1% in 1Q21 and 13.9% in 4Q21 due to strong revenue growth, operating leverage benefits and cost control.
- 3M22 earnings accounted for 47% of our full-year earnings forecast. We expect its strong y-y earnings growth to continue in 2Q22F due to rising income from Moderna vaccine sales, remaining high Covid-19 cases and rising non-COVID Thai and international patients.
- With an earnings upside, together with its valuation is not fully valued, we maintain BUY on PR9.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	669	632	751	935	970
Gross profit	**166**	**132**	**225**	**291**	**343**
SG&A	132	130	134	161	159
Operating profit	34	2	91	130	184
EBITDA	**106**	**74**	**164**	**207**	**258**
Other income	11	11	10	12	10
Other expense	0	0	0	0	0
Interest expense	0	0	0	0	0
Profit before tax	**45**	**13**	**101**	**142**	**194**
Income tax	6	1	18	26	37
Equity & invest. income	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Net profit	**39**	**12**	**83**	**116**	**157**
Normalized profit	**39**	**12**	**83**	**116**	**157**
EPS (Bt)	0.05	0.01	0.11	0.15	0.20
Normalized EPS (Bt)	0.05	0.01	0.11	0.15	0.20

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	4	45	31	3,136	3,378
Gross profit	**18**	**106**	**37**	**932**	**1,051**
SG&A	(2)	20	28	569	614
Operating profit	41	436	51	362	436
EBITDA	**25**	**144**	**39**	**664**	**738**
Other income	(14)	(7)	21	47	49
Other expense			na	0	0
Interest expense	(37)	(28)	13	1	1
Profit before tax	**37**	**332**	**48**	**408**	**485**
Income tax	43	477	52	71	87
Equity & invest. income			na	0	0
Minority interests			na	0	0
Extraordinary items			na	0	0
Net profit	**36**	**307**	**47**	**337**	**397**
Normalized profit	**36**	**307**	**47**	**337**	**397**
EPS (Bt)	36	307	47	0.43	0.51
Normalized EPS (Bt)	36	307	47	0.43	0.51

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	1,082	1,015	1,145	1,244	1,435
A/C receivable	129	132	197	212	240
Inventory	47	50	54	56	63
Other current assets	6	8	91	90	42
Investment	0	0	0	0	0
Fixed assets	3,390	3,355	3,355	3,369	3,321
Other assets	167	166	164	166	167
Total assets	**4,821**	**4,726**	**5,005**	**5,137**	**5,267**
S-T debt	0	0	0	0	0
A/C payable	433	430	611	597	541
Other current liabilities	48	26	38	70	92
L-T debt	0	0	0	0	0
Other liabilities	186	190	194	192	199
Minority interest	0	0	0	0	0
Shareholders' equity	**4,154**	**4,079**	**4,162**	**4,278**	**4,435**
Working capital	(257)	(248)	(360)	(329)	(238)
Total debt	0	0	0	0	0
Net debt	**(1,082)**	**(1,015)**	**(1,145)**	**(1,244)**	**(1,435)**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	1.5	22.6	8.4	27.3	45.1
Operating profit growth	3.2	5.6	21.6	56.3	435.8
EBITDA growth	37.6	60.5	21.9	39.5	144.3
Norm profit growth	3.2	3.7	14.9	42.8	307.5
Norm EPS growth	3.2	3.7	14.9	42.8	307.5
Gross margin	24.9	20.9	29.9	31.2	35.3
Operating margin	5.1	0.3	12.1	13.9	19.0
EBITDA margin	15.8	11.8	21.9	22.1	26.6
Norm net margin	5.8	1.9	11.1	12.4	16.2
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)
Interest coverage (x)	845.3	658.0	1,674.4	1,444.3	2,867.9
Interest rate	na	na	na	na	na
Effective tax rate	14.3	9.8	17.5	18.2	19.1
ROA	3.2	1.0	6.8	9.1	12.1
ROE	3.7	1.1	8.1	11.0	14.4

Sources: Company data, Thanachart estimates

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