Praram 9 Hospital (PR9 TB) - BUY, Price Bt16.60, TP Bt17.60

Results Comment

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Strong 2Q22 earnings

- PR9 reported Bt125m profit in 2Q22, up 959% y-y but down 21% q-q. The strong turnaround of PR9's earnings in 2Q22 resulted from the company focusing more in providing COVID-19 services and rising non-COVID cash patients. The q-q earnings drop resulted from falling revenue from COVID-19 services and margin contraction.
- The company's top line grew by 53% y-y and flat q-q to Bt970m in 2Q22. Its operating margin also expanded to 14.7% in 2Q22 from 0.3% in 2Q21 but fell from 19.0% in 1Q22.
- Thai patient grew 47% y-y but declined 4% q-q to Bt839m. International patient grew 114% y-y and 30% q-q to Bt131m. PR9's revenue from Thai and international patients in 2Q22 already surpassed its pre-COVID level in 2Q19.
- 6M22 earnings accounted for 70% of our full-year earnings forecast. Though we expect revenue from COVID-19 services declines, revenue growth from non-COVID cash patients will help to support its earnings growth in 2H22.
- We see an upside to our numbers. However, with a sharp rise in share price so far this year, we recommend BUY on weakness.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Revenue	632	751	935	970	970
Gross profit	**132**	**225**	**291**	**343**	**306**
SG&A	130	134	161	159	164
Operating profit	2	91	130	184	142
EBITDA	**74**	**164**	**207**	**258**	**218**
Other income	11	10	12	10	12
Other expense	0	0	0	0	0
Interest expense	0	0	0	0	0
Profit before tax	**13**	**101**	**142**	**194**	**154**
Income tax	1	18	26	37	29
Equity & invest. income	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Net profit	**12**	**83**	**116**	**157**	**125**
Normalized profit	**12**	**83**	**116**	**157**	**125**
EPS (Bt)	0.01	0.11	0.15	0.20	0.16
Normalized EPS (Bt)	0.01	0.11	0.15	0.20	0.16

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	(0)	53	58	3,328	3,493
Gross profit	**(11)**	**132**	61	**1,059**	**1,166**
SG&A	3	26	53	607	653
Operating profit	(23)	6,999	72	452	513
EBITDA	**(16)**	**193**	63	**755**	**819**
Other income	15	3	49	44	52
Other expense				0	0
Interest expense	61	28	30	1	1
Profit before tax	**(21)**	**1,076**	70	**495**	**564**
Income tax	(22)	2,152	69	95	109
Equity & invest. income				0	0
Minority interests				0	0
Extraordinary items				0	0
Net profit	**(21)**	**959**	70	**400**	**455**
Normalized profit	**(21)**	**959**	70	**400**	**455**
EPS (Bt)	(21)	959	70	0.51	0.58
Normalized EPS (Bt)	(21)	959	70	0.51	0.58

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Cash & ST investment	1,015	1,145	1,244	1,435	1,542
A/C receivable	132	197	212	240	209
Inventory	50	54	56	63	56
Other current assets	8	91	90	42	31
Investment	0	0	0	0	0
Fixed assets	3,355	3,355	3,369	3,321	3,276
Other assets	166	164	166	167	163
Total assets	**4,726**	**5,005**	**5,137**	**5,267**	**5,277**
S-T debt	0	0	0	0	0
A/C payable	430	611	597	541	542
Other current liabilities	26	38	70	92	82
L-T debt	0	0	0	0	0
Other liabilities	190	194	192	199	203
Minority interest	0	0	0	0	0
Shareholders' equity	**4,079**	**4,162**	**4,278**	**4,435**	**4,450**
Working capital	(248)	(360)	(329)	(238)	(278)
Total debt	0	0	0	0	0
Net debt	**(1,015)**	**(1,145)**	**(1,244)**	**(1,435)**	**(1,542)**

Financial Ratios					
(%)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Sales growth	22.6	8.4	27.3	45.1	53.4
Operating profit growth	5.6	21.6	56.3	435.8	6,998.6
EBITDA growth	60.5	21.9	39.5	144.3	192.6
Norm profit growth	3.7	14.9	42.8	307.5	959.0
Norm EPS growth	3.7	14.9	42.8	307.5	959.0
Gross margin	20.9	29.9	31.2	35.3	31.6
Operating margin	0.3	12.1	13.9	19.0	14.7
EBITDA margin	11.8	21.9	22.1	26.6	22.4
Norm net margin	1.9	11.1	12.4	16.2	12.9
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)
Interest coverage (x)	658.0	1,674.4	1,444.3	2,867.9	1,500.3
Interest rate	na	na	na	na	na
Effective tax rate	9.8	17.5	18.2	19.1	18.8
ROA	1.0	6.8	9.1	12.1	9.5
ROE	1.1	8.1	11.0	14.4	11.2

Sources: Company data, Thanachart estimates

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