

Praram 9 Hospital (PR9 TB) - BUY, Price Bt17.60, TP Bt20.00**Results Comment**

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Strong 3Q22, above expectation

- PR9 reported Bt147m profit in 3Q22, up 77% y-y and 18% q-q. This was slightly higher than ours and the Street's earnings forecast due to its stronger-than-expected gross margin.
- The y-y and q-q earnings growth resulted from rising revenue from non-COVID cash patients and expanding operating margin.
- The company's top line grew by 42% y-y and 10% q-q to Bt1.1bn in 3Q22. Its operating margin also expanded to 15.7% in 3Q22 from 12.1% in 3Q21 and 14.7% in 2Q22.
- Revenue from Thai patients grew by 30% y-y and 8% q-q to Bt904m in 3Q22. Revenue from international patient grew by 196% y-y and 22% q-q to Bt160m in 3Q22.
- 9M22 earnings accounted for 85% of our full-year earnings forecast. We still see the company's strong business momentum to continue in 4Q22.
- Though we see an upside to our numbers, with a sharp rise in share price so far this year, we recommend BUY on weakness.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	751	935	970	970	1,064	Revenue	10	42	78	3,842	3,862
Gross profit	225	291	343	306	362	Gross profit	18	61	82	1,234	1,291
SG&A	134	161	159	164	195	SG&A	19	45	79	651	699
Operating profit	91	130	184	142	167	Operating profit	18	84	85	583	592
EBITDA	164	207	258	218	243	EBITDA	12	48	81	887	898
Other income	10	12	10	12	13	Other income	16	35	86	41	47
Other expense	0	0	0	0	0	Other expense				0	0
Interest expense	0	0	0	0	0	Interest expense	(11)	32	54	1	1
Profit before tax	101	142	194	154	181	Profit before tax	18	80	85	623	638
Income tax	18	26	37	29	33	Income tax	16	91	82	121	125
Equity & invest. income	0	0	0	0	0	Equity & invest. income				0	0
Minority interests	0	0	0	0	0	Minority interests				0	0
Extraordinary items	0	0	0	0	0	Extraordinary items				0	0
Net profit	83	116	157	125	147	Net profit	18	77	85	502	513
Normalized profit	83	116	157	125	147	Normalized profit	18	77	85	502	513
EPS (Bt)	0.11	0.15	0.20	0.16	0.19	EPS (Bt)	18	77	85	0.64	0.65
Normalized EPS (Bt)	0.11	0.15	0.20	0.16	0.19	Normalized EPS (Bt)	18	77	85	0.64	0.65
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	1,145	1,244	1,435	1,542	1,561	Sales growth	8.4	27.3	45.1	53.4	41.7
A/C receivable	197	212	240	209	217	Operating profit growth	21.6	56.3	435.8	6,998.6	84.4
Inventory	54	56	63	56	52	EBITDA growth	21.9	39.5	144.3	192.6	48.2
Other current assets	91	90	42	31	11	Norm profit growth	14.9	42.8	307.5	959.0	77.3
Investment	0	0	0	0	0	Norm EPS growth	14.9	42.8	307.5	959.0	77.3
Fixed assets	3,355	3,369	3,321	3,276	3,242	Gross margin	29.9	31.2	35.3	31.6	34.0
Other assets	164	166	167	163	310	Operating margin	12.1	13.9	19.0	14.7	15.7
Total assets	5,005	5,137	5,267	5,277	5,393	EBITDA margin	21.9	22.1	26.6	22.4	22.9
S-T debt	0	0	0	0	0	Norm net margin	11.1	12.4	16.2	12.9	13.8
A/C payable	611	597	541	542	534	D/E (x)	-	-	-	-	-
Other current liabilities	38	70	92	82	55	Net D/E (x)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
L-T debt	0	0	0	0	0	Interest coverage (x)	1,674.4	1,444.3	2,867.9	1,500.3	1,885.6
Other liabilities	194	192	199	203	208	Interest rate	na	na	na	na	na
Minority interest	0	0	0	0	0	Effective tax rate	17.5	18.2	19.1	18.8	18.5
Shareholders' equity	4,162	4,278	4,435	4,450	4,597	ROA	6.8	9.1	12.1	9.5	11.0
Working capital	(360)	(329)	(238)	(278)	(265)	ROE	8.1	11.0	14.4	11.2	13.0
Total debt	0	0	0	0	0						
Net debt	(1,145)	(1,244)	(1,435)	(1,542)	(1,561)						

Sources: Company data, Thanachart estimates

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