

Praram 9 Hospital (PR9 TB) - BUY, Price Bt17.80, TP Bt20.50**Results Comment**

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Rebounding 2Q23 as expected

- PR9 reported net profit of Bt121m in 2Q23, down 3% y-y but up 11% q-q. This was in-line with ours and the market's expectation.
- The y-y earnings drop mainly resulted from rising SG&A to sales. The q-q earnings growth resulted from rising revenue and improving operating margin.
- Top line grew by 4% y-y and 5% q-q to Bt1bn in 2Q23. Its operating margin was at 13.1% in 2Q23, falling from 14.7% in 2Q22 but up from 12.3% in 1Q23 due to operating leverage benefit.
- Revenue from Thai patients grew by 4.0% y-y and 5.5% q-q to Bt873m in 2Q23. Revenue from international patients grew by 1.1% y-y and 1.9% q-q to Bt132m in 2Q23.
- Given the in-line results, we maintain our earnings and TP. Looking forwards to 2H23, we expect PR9's earnings to grow both y-y and h-h due to expanding non-COVID cash patients. We maintain BUY.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	970	1,064	1,103	957	1,005	Revenue	5	4	47	4,186	4,676
Gross profit	306	362	373	300	316	Gross profit	5	3	45	1,365	1,548
SG&A	164	195	218	182	185	SG&A	1	13	47	779	860
Operating profit	142	167	155	118	132	Operating profit	12	(7)	43	586	687
EBITDA	218	243	229	191	206	EBITDA	8	(5)	45	882	988
Other income	12	13	17	16	17	Other income	8	51	52	65	77
Other expense	0	0	0	0	0	Other expense				0	0
Interest expense	0	0	0	0	0	Interest expense	(8)	(1)	98	0	0
Profit before tax	154	181	172	134	149	Profit before tax	11	(3)	43	651	764
Income tax	29	33	33	25	28	Income tax	12	(3)	43	123	149
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	125	147	139	109	121	Net profit	11	(3)	44	528	615
Normalized profit	125	147	139	109	121	Normalized profit	11	(3)	44	528	615
EPS (Bt)	0.16	0.19	0.18	0.14	0.15	EPS (Bt)	11	(3)	44	0.67	0.78
Normalized EPS (Bt)	0.16	0.19	0.18	0.14	0.15	Normalized EPS (Bt)	11	(3)	44	0.67	0.78

Balance Sheet						Financial Ratios					
(consolidated)						2022					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	1,542	1,561	1,717	1,757	1,597	Sales grow th	53.4	41.7	17.9	(1.4)	3.6
A/C receivable	209	217	243	208	203	Operating profit grow th	6,998.6	84.4	19.1	(36.0)	(7.4)
Inventory	56	52	51	45	46	EBITDA grow th	192.6	48.2	10.8	(26.1)	(5.1)
Other current assets	31	11	12	15	13	Norm profit grow th	959.0	77.3	19.7	(30.7)	(3.1)
Investment	0	0	0	0	0	Norm EPS grow th	959.0	77.3	19.7	(30.7)	(3.1)
Fixed assets	3,276	3,242	3,218	3,164	3,250	Gross margin	31.6	34.0	33.8	31.4	31.5
Other assets	163	310	316	431	413	Operating margin	14.7	15.7	14.1	12.3	13.1
Total assets	5,277	5,393	5,558	5,620	5,523	EBITDA margin	22.4	22.9	20.8	20.0	20.5
S-T debt	0	0	0	0	0	Norm net margin	12.9	13.8	12.6	11.4	12.0
A/C payable	542	534	499	440	487	D/E (x)	-	-	-	-	-
Other current liabilities	82	55	110	117	77	Net D/E (x)	(0.3)	(0.3)	(0.4)	(0.4)	(0.3)
L-T debt	0	0	0	0	0	Interest coverage (x)	1,500.3	1,885.6	1,978.6	1,223.5	1,433.9
Other liabilities	203	208	213	219	222	Interest rate	na	na	na	na	na
Minority interest	0	0	0	0	0	Effective tax rate	18.8	18.5	19.3	18.6	18.8
Shareholders' equity	4,450	4,597	4,735	4,844	4,737	ROA	9.5	11.0	10.1	7.8	8.7
Working capital	(278)	(265)	(205)	(186)	(237)	ROE	11.2	13.0	11.9	9.1	10.1
Total debt	0	0	0	0	0						
Net debt	(1,542)	(1,561)	(1,717)	(1,757)	(1,597)						

Sources: Company data, Thanachart estimates

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