

BUY (Unchanged)

TP: Bt 27.00

(From: Bt 24.50)

Change in Numbers

Upside : 18.9%

23 OCTOBER 2024

# Praram 9 Hospital Pcl. (PR9 TB)

## Middle East is in

Most of PR9's drivers are working well, and the hospital already has new foreign patient flows from the Middle East. We reaffirm our BUY call on PR9 with a higher TP of Bt27.0.



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### Raising our earnings; BUY

We reaffirm our BUY call on PR9 as most of its key business drivers are working well. **First**, patient flows are growing healthily, and the hospital has successfully added a new source of foreign patients from the Middle East. **Second**, rising foreign flows, more excellence centers in service, and a higher utilization rate are pushing up margins. **Third**, PR9 looks inexpensive to us, trading on a 23.1x 2025F PE multiple vs. 22/13/10% EPS growth in 2024-26F. In this report, we lift our earnings estimates by 2/5/8% in 2024-26F to reflect stronger patient flows and their effects on margin and the bottom line. Accordingly, we raise our DCF-based 12-month TP (2025F base year) to Bt27.0/share from Bt24.50.

### New flows from the Middle East

PR9 has successfully increased its foreign patient base from the Middle East since mid-year. This is the third key source of patients after China and Myanmar. We estimate its foreign patient revenue mix to rise from 13.7% in 2023 to 17.6% in 2027F, and that is despite Thai patient revenue also growing. Revenue grew 10% y-y in 1H24 and we estimate 15% y-y growth in 3Q24F and 14% y-y in 2H24F. We expect Thai patient revenue to grow at a low-teen percentage rate y-y in 3Q24F vs. percentage growth in the mid-twenties for foreign patient revenue. Overall, we estimate revenue growth of 12/11/9% in 2024-26F.

### Positive margin factors

We project PR9's gross margin to rise from 32.9% in 2023 to 34.6% in 2026F and EBIT margin from 14.5% in 2023 to 16.7% in 2026F. Key drivers are rising patient flows, a higher foreign patient mix, a higher intensity level, more excellence centers, and rising utilization. See Exhibit 8 for its new excellence centers compared to the past few years. Strong patient flows are helping to push up PR9's IPD bed utilization. PR9 lifted bed capacity by 23% to 204 beds in 2021 via its new Building B. Overall bed utilization was 60% in 2023 and 57% in 1H24. We estimate the rate to go up to 63% on average this year and 71% in 2026F. PR9 expects to spend only around Bt300m p.a. in capex on a nurse dormitory, its IT system, and medical equipment.

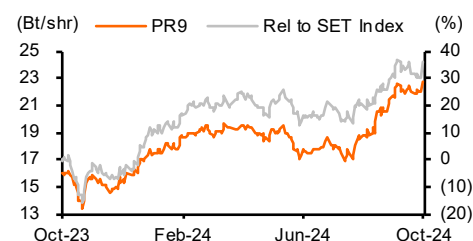
### Likely strong 3Q24F earnings

We estimate PR9's 3Q24F earnings at Bt170m, up 21% y-y and 22% q-q. The likely strong earnings will be driven by robust patient flows, particularly foreign ones. New Middle East flows in 3Q24 have included patients from Qatar, the UAE, Oman, and Kuwait (self-pay). We estimate PR9's revenue at Bt1.2bn in 3Q24F, up 15% y-y and 13% q-q. With the operating leverage effect, we estimate its gross margin to widen to 34.0% in 3Q24F from 33.0% in 3Q23 and 32.3% in 2Q24.

### COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	4,202	4,704	5,227	5,710
Net profit	558	682	773	853
Consensus NP	—	646	726	na
Diff frm cons (%)	—	5.5	6.6	na
Norm profit	558	682	773	853
Prev. Norm profit	—	667	736	787
Chg frm prev (%)	—	2.2	5.1	8.4
Norm EPS (Bt)	0.7	0.9	1.0	1.1
Norm EPS grw (%)	(1.7)	22.2	13.4	10.4
Norm PE (x)	32.0	26.2	23.1	20.9
EV/EBITDA (x)	17.6	14.6	12.8	11.4
P/BV (x)	3.5	3.2	3.0	2.8
Div yield (%)	1.3	1.9	2.4	2.9
ROE (%)	11.4	12.9	13.5	13.8
Net D/E (%)	(37.4)	(44.3)	(49.3)	(53.6)

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 22-Oct-24 (Bt)	22.70
Market Cap (US\$ m)	532.8
Listed Shares (m shares)	786.3
Free Float (%)	58.7
Avg Daily Turnover (US\$ m)	1.5
12M Price H/L (Bt)	22.60/13.40
Sector	Health Care
Major Shareholder	Damapong family 37.14%

Sources: Bloomberg, Company data, Thanachart estimates

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## Raising our earnings; BUY

### Maintaining BUY

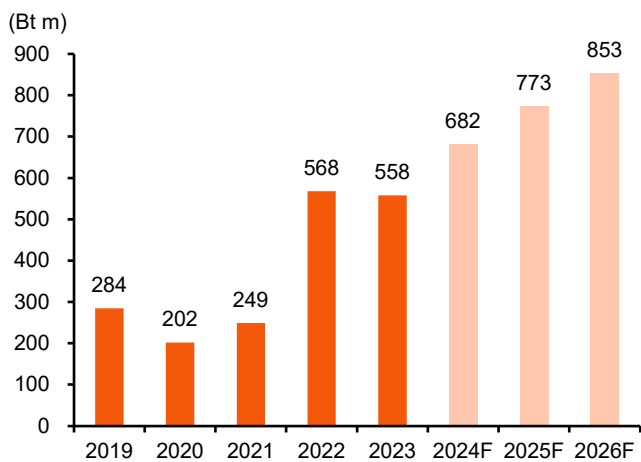
We reaffirm our BUY rating on shares of Praram 9 Hospital Pcl (PR9) as we believe all of its key business drivers are working well.

**First**, patient flows are growing healthily, and the hospital has successfully added a new source of foreign patients from the Middle East.

**Second**, rising foreign flows, more excellence centers in service, and a higher utilization rate are pushing up margins.

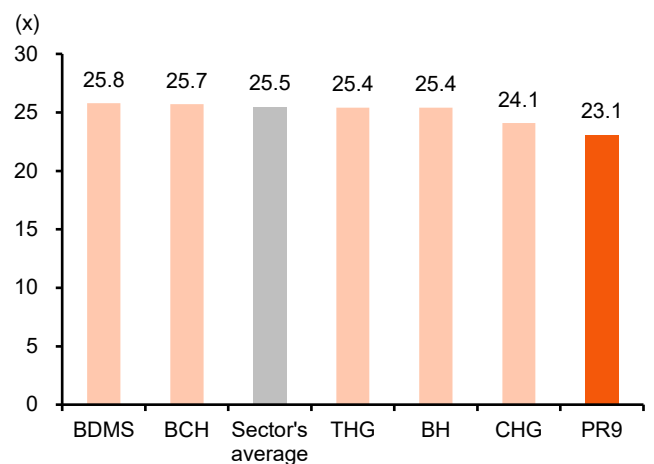
**Third**, PR9 looks inexpensive to us, trading on a 23.1x 2025F PE multiple vs. 22/13/10% EPS growth in 2024-26F.

Ex 1: PR9's Rising Earnings Momentum



Sources: Company data, Thanachart estimates

Ex 2: 2025F PE Comparison



Sources: Company data, Thanachart estimates

### We lift our earnings by 2-8% in 2024-26F

In this report, we raise our earnings estimates by 2/5/8% in 2024-26F to reflect our key assumption changes as follows. Accordingly, we raise our DCF-based 12-month TP (2025F base year) to Bt27.0/share from Bt24.50.

- We have boosted our assumptions for the number of OPD and IPD patients in 2024-26F to reflect stronger-than-expected patient flows, mainly foreign patients.
- We have raised our gross margin assumptions by 0.3-0.4 pts in 2024-26F due to a rising portion of higher-margin foreign patients and improved economies of scale.

**Ex 3: Changes In Our Key Assumptions And Earnings Revisions**

	2022	2023	2024F	2025F	2026F
<b># OPD patients (people)</b>					
- New	519,000	547,000	574,350	603,068	627,190
- Old			574,350	597,324	615,244
- Change (%)			-	1.0	1.9
<b># IPD patients (Beds/year)</b>					
- New	36,865	44,530	47,202	50,034	52,536
- Old			46,757	48,627	50,086
- Change (%)			1.0	2.9	4.9
<b>Revenue from cash patients (Bt m)</b>					
- New	3,597	4,202	4,704	5,227	5,710
- Old			4,677	5,058	5,367
- Change (%)			0.6	3.3	6.4
<b>Gross margin (%)</b>					
- New	33.7	32.9	34.1	34.4	34.6
- Old			33.8	34.1	34.2
- Change (ppt.)			0.3	0.3	0.4
<b>Normalized profit (Bt m)</b>					
- New	568	558	682	773	853
- Old			667	736	787
- Change (%)			2.2	5.1	8.4

Sources: Company data, Thanachart estimates

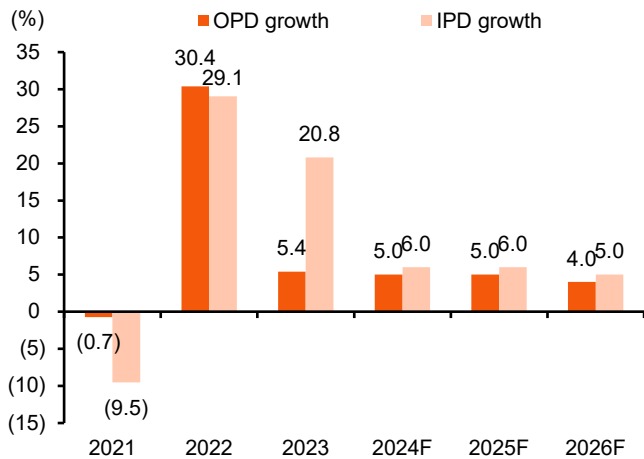
**New flows from the Middle East**

*More patient flows from the Middle East starting from the middle of this year*

PR9 has successfully added the Middle East to its foreign patient base after a new agent team joined the hospital in the middle of this year. This is the third major source of patients for PR9 after strong Chinese and Myanmar patients. We estimate its foreign patient revenue mix to rise from 13.7% in 2023 to 17.6% in 2027F, and that is despite Thai patient revenue also growing. The key driver of the rising foreign patient numbers is an increasing revenue mix of Middle Eastern patients.

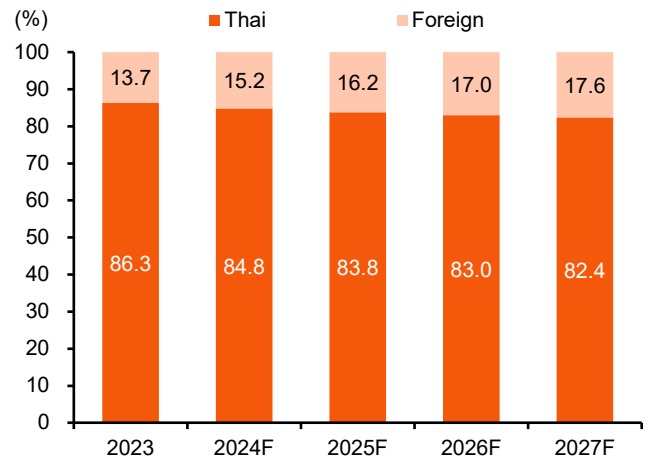
PR9 had planned to launch an International center in 3Q24, but this has been delayed slightly to open late this year or early next year because the renovation of the surrounding area on the first floor of building A is not yet finished. We expect the center to help PR9 boost efficiency and quality in providing services to foreign patients.

**Ex 4: Rising OPD And IPD Patients**



Sources: Company data, Thanachart estimates

**Ex 5: Revenue Breakdown By Nationality**

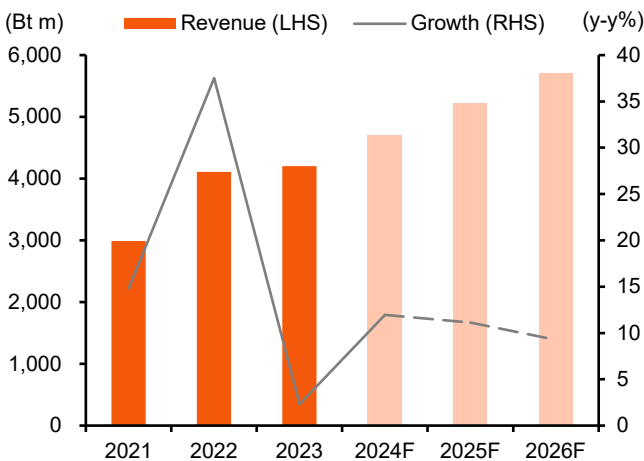


Sources: Company data, Thanachart estimates

For Thai patients, PR9 plans to focus more on insurance-pay patients, and it has also cooperated with other hospitals upcountry to have kidney patients referred to it. The company targets the revenue mix from insurance-pay patients to increase from 26% in 2Q24 to 30% over the next two to three years.

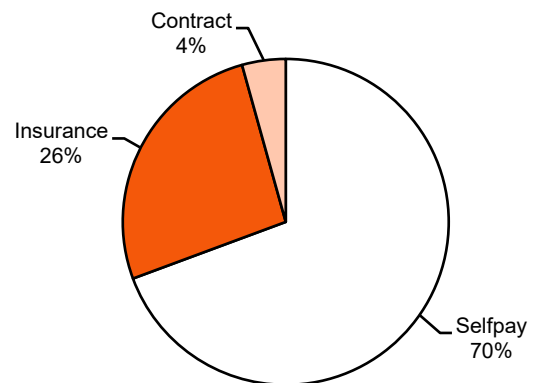
PR9's revenue grew by 10% y-y in 1H24, and we estimate 15% y-y growth in 3Q24F and 14% y-y in 2H24F. We expect Thai patient revenue to grow at a low-teens percentage rate y-y in 3Q24F vs. percentage growth in the mid-twenties for foreign patient revenue. Overall, we estimate PR9's revenue to grow by 12/11/9% in 2024-26F.

**Ex 6: Revenue Growth**



Sources: Company data, Thanachart estimates

**Ex 7: Revenue Breakdown By Type Of Payors In 2Q24**



Source: Company data

## Positive margin factors

*We expect gross margin to rise from 32.9% in 2023 to 34.6% in 2026F*

We estimate PR9's gross margin to widen from 32.9% in 2023 to 34.1/34.4/34.6% in 2024-26F and EBIT margin from 14.5% in 2023 to 15.9/16.4/16.7% in 2024-26F. Key margin drivers are rising Thai and foreign patient flows, an increasing foreign patient mix, higher revenue intensity, more excellence centers, and improving utilization.

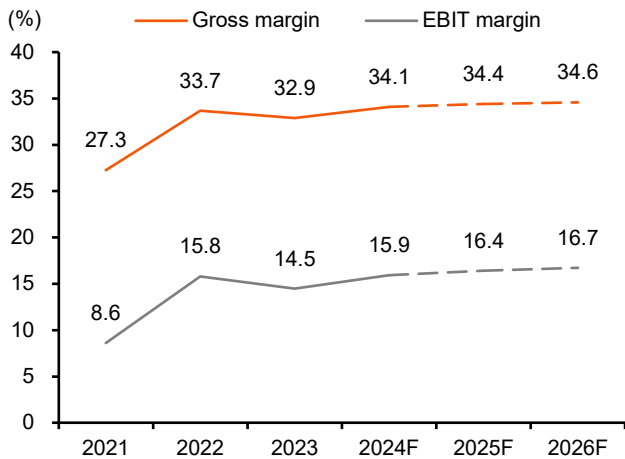
Thanks to the rising OPD room and IPD bed capacity from its new building B, which opened in 2021, PR9 has kept opening new excellence centers and expanding the service space of existing excellence centers such as its Kidney Disease and Transplant Institute, Check-up Center, Gastrointestinal and Liver Disease Center, etc. Exhibit 8 shows PR9's new excellence centers compared to the past few years. PR9 has opened two new excellence centers this year: a Traditional Chinese Medicine Center and an Erectile Dysfunction Therapy Center.

### Ex 8: PR9's Excellence Centers

2019	Present
Kidney Disease & Transplant Institute	Kidney Disease & Transplant Institute
Cardiovascular Institute	Cardiovascular Institute
Diabetes & Metabolic Center	Diabetes & Metabolic Center
Breast Clinic	Breast Clinic
Mind Center	Mind Center
Obstetric Gynecology Center	Obstetric Gynecology Center
Orthopedic Center	Orthopedic Center
Eye Center	Eye Center
Surgery Center	Surgery Center
Pediatrics Center	Pediatrics Center
Medicine Center	Medicine Center
Dental Center	Dental Center
Check-up Center	Check-up Center
Ear Nose and Throat Center	Ear Nose and Throat Center
Physical Therapy & Rehabilitation Center	Physical Therapy & Rehabilitation Center
Imaging Center	Imaging Center
Skin and Cosmetic Laser Surgery Center	Skin and Cosmetic Laser Surgery Center
Gastrointestinal and Liver Disease Center	Gastrointestinal and Liver Disease Center
Neurology Center	Neurology Center
Emergency Center	Emergency Center
Thyroid Center	Thyroid and Thyroid Surgery Center
W9 Wellness Center	W9 Wellness Center
Hair Center	—
Joint Care Center	—
	Advanced Spine Center
	IVF Center
	Oncocare Center
	Chest and Respiratory Center
	Advanced Pain Management & Wellness Institute
	Sleep Center
	LASIK Center
	Vaccination and Travel Medicine Clinic
	Virtual Hospital Center
	Traditional Chinese Medicine Center
	Erectile Dysfunction Therapy Center

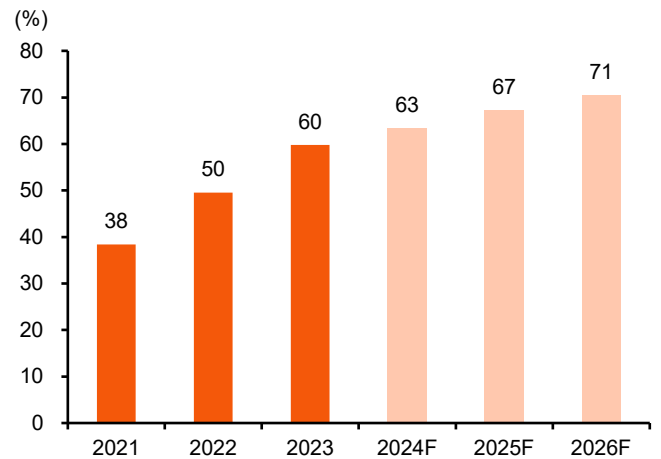
Source: Company data

**Ex 9: Expanding Margin**



Sources: Company data, Thanachart estimates

**Ex 10: Rising Utilization Rate**

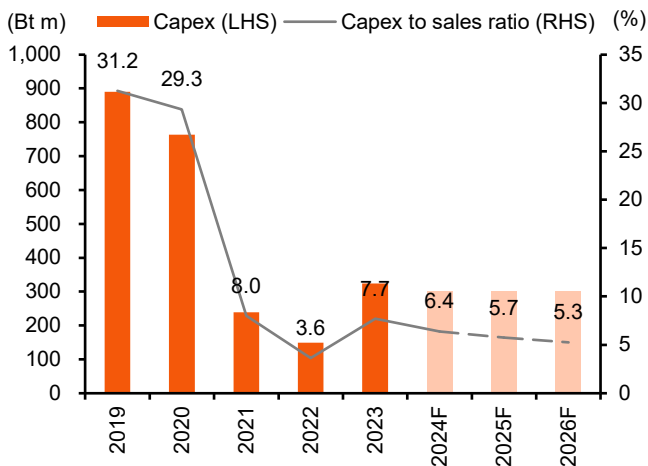


Sources: Company data, Thanachart estimates

Strong Thai and foreign patient flows are also helping to push up PR9’s IPD bed utilization. PR9 boosted bed capacity by 23% to 204 beds in 2021 via its new Building B. Overall bed utilization was 60% in 2023 and 57% in 1H24. We estimate the rate to go up to 63% on average this year and 71% in 2026F. PR9’s two existing buildings (A and B) should be able to serve the rising patient numbers over the next five years without the need for significant new investments. PR9 also expects to spend only around Bt300m p.a. in capex for a nurse dormitory, IT system, and medical equipment.

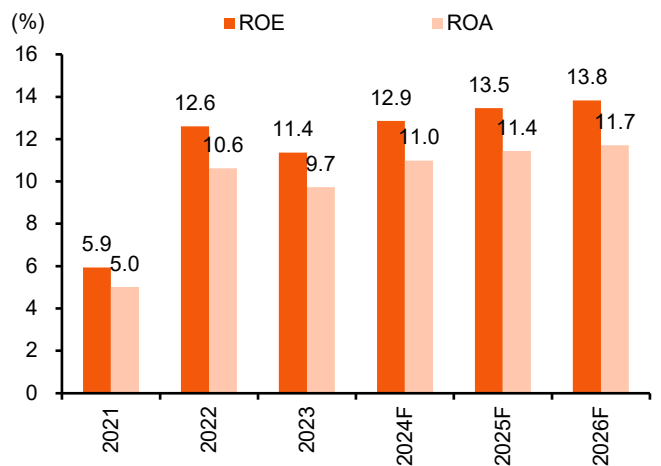
With rising margins and yield on assets, we see PR9’s profitability improving significantly. We expect ROE to increase from 5.9% in 2021 to 12.9/13.5/13.8% in 2024-26F. ROA will also likely increase from 5.0% in 2021 to 11.0/11.4/11.7% in those years.

**Ex 11: No Significant Capex Investments**



Sources: Company data, Thanachart estimates

**Ex 12: Rising Profitability**



Sources: Company data, Thanachart estimates

## Likely strong 3Q24F earnings

**We estimate PR9's 3Q24F earnings growth at 21% y-y and 22% q-q**

We estimate PR9 to report strong earnings of Bt170m in 3Q24F, up 21% y-y and 22% q-q. Strong cash patients should drive robust earnings growth flows, particularly for international cash patients. New patient flows from Middle Eastern countries such as Qatar, the UAE, Oman, and Kuwait (self-pay patients), starting in early 3Q24, have caused PR9's revenue to grow strongly in the quarter. We estimate PR9's revenue to increase by 15% y-y and 13% q-q to Bt1.2bn in 3Q24F. With operating leverage benefits, we also estimate its gross margin to widen to 34.0% in 3Q24F from 33.0% in 3Q23 and 32.3% in 2Q24.

### Ex 13: Likely Strong 3Q24F results

Income Statement Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24F	(Consolidated)	
						q-q%	y-y%
Revenue	1,066	1,175	1,071	1,084	1,226	13	15
<b>Gross profit</b>	<b>351</b>	<b>414</b>	<b>356</b>	<b>350</b>	<b>417</b>	<b>19</b>	<b>19</b>
SG&A	198	209	182	204	228	12	15
Operating profit	154	205	175	146	189	29	23
<b>EBITDA</b>	<b>230</b>	<b>280</b>	<b>249</b>	<b>222</b>	<b>264</b>	<b>19</b>	<b>15</b>
Other income	19	28	22	26	22	(16)	13
Other expense	0	0	0	0	0	—	—
Interest expense	0	0	0	0	0	—	—
<b>Profit before tax</b>	<b>173</b>	<b>233</b>	<b>197</b>	<b>173</b>	<b>211</b>	<b>22</b>	<b>22</b>
Income tax	33	45	38	34	41	22	25
Equity & invest. income	0	0	0	0	0	—	—
Minority interests	0	0	0	0	0	—	—
Extraordinary items	0	0	0	0	0	—	—
<b>Net profit</b>	<b>140</b>	<b>188</b>	<b>159</b>	<b>139</b>	<b>170</b>	<b>22</b>	<b>21</b>
<b>Normalized profit</b>	<b>140</b>	<b>188</b>	<b>159</b>	<b>139</b>	<b>170</b>	<b>22</b>	<b>21</b>
EPS (Bt)	0.18	0.24	0.20	0.18	0.22	22	21
Normalized EPS (Bt)	0.18	0.24	0.20	0.18	0.22	22	21

Sources: Company data, Thanachart estimates

### Ex 14: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal value
EBITDA excl. depre from right of use	1,164	1,264	1,351	1,429	1,503	1,578	1,654	1,733	1,817	1,909	2,007	—
Free cash flow	781	862	934	997	1,059	1,118	1,178	1,245	1,314	1,391	1,373	24,768
PV of free cash flow	779	751	759	756	749	739	703	690	676	665	610	11,001
Risk-free rate (%)	3.0											
Market risk premium (%)	8.0											
Beta	0.6											
WACC (%)	7.2											
Terminal growth (%)	2.0											
Enterprise value - add investments	18,877											
Net debt (end 2024F)	(2,448)											
Minority interest	0											
Equity value	21,325											
# of shares (m)	786											
<b>Equity value / share (Bt)</b>	<b>27.0</b>											

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 15: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield —	
			24F (%)	25F (%)	24F (x)	25F (x)	24F (x)	25F (x)	24F (x)	25F (x)	24F (%)	25F (%)
Ramsay Healthcare	RHC AU	Australia	na	6.1	33.5	31.6	2.0	1.9	9.6	9.3	2.0	2.1
Guangzhou Pharmaceutical	874 HK	Hong Kong	(5.5)	0.9	8.2	8.1	0.8	0.8	8.8	8.4	3.7	3.9
Lijun Int'l Pharmaceutical	2005 HK	Hong Kong	3.6	15.2	8.3	7.2	1.5	1.3	8.0	7.0	4.7	5.2
Apollo Hospitals Enterprise	APHS IN	India	3.2	58.0	106.7	67.5	14.2	12.0	42.9	33.3	0.2	0.2
Fortis Healthcare India	FORH IN	India	(1.2)	33.5	75.6	56.6	5.6	5.3	37.2	29.9	0.1	0.2
KPJ Healthcare	KPJ MK	Malaysia	7.6	13.8	32.9	28.9	3.7	3.5	14.9	13.9	1.6	1.8
IHH Healthcare Bhd	IHH MK	Malaysia	(35.9)	7.4	33.6	31.3	2.1	2.0	14.4	13.4	1.2	1.2
Ryman	RYM NZ	New Zealand	na	(12.5)	12.1	13.8	0.7	0.7	16.5	19.5	na	0.0
Raffles Medical Group	RFMD SP	Singapore	(23.7)	5.4	24.1	22.8	1.6	1.5	11.6	10.8	2.6	2.7
Bangkok Chain Hospital *	BCH TB	Thailand	11.6	15.1	29.5	25.7	3.5	3.3	15.0	13.3	2.2	2.5
Bangkok Dusit Medical *	BDMS TB	Thailand	11.1	10.9	28.6	25.8	4.6	4.4	21.7	19.7	2.8	3.1
Bumrungrad Hospital *	BH TB	Thailand	15.5	6.9	27.1	25.4	7.9	7.0	19.3	17.8	2.2	2.6
Chularat Hospital *	CHG TB	Thailand	10.8	15.1	27.7	24.1	4.0	3.7	17.9	15.5	1.8	2.1
Praram 9 Hospital *	PR9 TB	Thailand	22.2	13.4	26.2	23.1	3.2	3.0	14.6	12.8	1.9	2.4
Thonburi Healthcare Group*	THG TB	Thailand	(20.4)	29.4	32.9	25.4	1.7	1.7	12.8	11.7	1.5	2.2
<b>Average</b>			<b>(0.1)</b>	<b>14.6</b>	<b>33.8</b>	<b>27.8</b>	<b>3.8</b>	<b>3.5</b>	<b>17.7</b>	<b>15.8</b>	<b>2.0</b>	<b>2.1</b>

Source: Bloomberg

Note: \* Thanachart estimates, using Thanachart normalized EPS

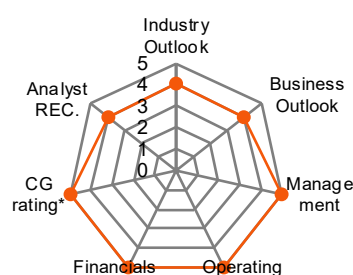
Based on 22 October 2024 closing prices

## COMPANY DESCRIPTION

Praram 9 Hospital Pcl (PR9) was established in 1992 on Rama IX Road, a new business district in Bangkok. As of the end of 2Q24, PR9 had 204 active IPD beds. The hospital provides a comprehensive range of tertiary-care services, including health promotion, preventive healthcare, diagnosis, treatment, and rehabilitation. Medical services cover both general care and complicated diseases.

Source: Thanachart

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: Thanachart; \* CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Strong "Praram 9 Hospital" brand in Bangkok.
- The hospital's executives have strong relationships with doctors and professors from top medical schools.
- PR9 is in a prime location on Rama IX Road, another key business district in Bangkok.
- PR9 is very well-known for kidney transplants and cardiovascular treatment.

### O — Opportunity

- Limited public healthcare supply in Thailand.
- New building should help to unlock its capacity constraints.
- Rising patient flows from neighboring countries.
- Ageing society megatrend.
- COVID-19 outbreaks.

### W — Weakness

- Mainly focuses on mid- to high-tier cash patients.

### T — Threat

- New rivals in the market.
- Regulatory risk.
- COVID-19 outbreaks.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	23.66	27.00	14%
<b>Net profit 24F (Bt m)</b>	646	682	6%
<b>Net profit 25F (Bt m)</b>	726	773	7%
<b>Consensus REC</b>	<b>BUY: 8</b>	<b>HOLD: 1</b>	<b>SELL: 0</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings and TP are above the Street's, which we attribute to us having a more bullish view on PR9's international patient flows and margins and the rollover of our TP base year to 2025F.

## RISKS TO OUR INVESTMENT CASE

- If patient numbers are lower than we currently anticipate, this would be the key downside risk to our earnings forecasts.
- If PR9 raises its billing sizes less than we presently expect, our gross margin and profit forecasts would be subject to downside risk.
- If PR9's ability to control costs turns out to be weaker than we currently expect, this would represent a secondary downside risk to our numbers.
- If there is more competition from existing private healthcare operators and/or newcomers to the healthcare market in Thailand, this would represent a fourth downside risk.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart



## INCOME STATEMENT

*Thai and international patients drive revenue*

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	4,107	4,202	4,704	5,227	5,710
Cost of sales	2,724	2,820	3,100	3,429	3,735
<b>Gross profit</b>	<b>1,384</b>	<b>1,382</b>	<b>1,604</b>	<b>1,798</b>	<b>1,975</b>
% gross margin	33.7%	32.9%	34.1%	34.4%	34.6%
Selling & administration expenses	735	774	854	940	1,020
<b>Operating profit</b>	<b>649</b>	<b>608</b>	<b>749</b>	<b>857</b>	<b>955</b>
% operating margin	15.8%	14.5%	15.9%	16.4%	16.7%
Depreciation & amortization	299	299	307	310	313
<b>EBITDA</b>	<b>948</b>	<b>907</b>	<b>1,056</b>	<b>1,168</b>	<b>1,268</b>
% EBITDA margin	23.1%	21.6%	22.4%	22.3%	22.2%
Non-operating income	52	81	97	106	112
Non-operating expenses	0	0	0	0	0
Interest expense	(0)	(1)	(1)	(1)	(1)
<b>Pre-tax profit</b>	<b>700</b>	<b>689</b>	<b>846</b>	<b>963</b>	<b>1,067</b>
Income tax	132	131	164	190	213
<b>After-tax profit</b>	<b>568</b>	<b>558</b>	<b>682</b>	<b>773</b>	<b>853</b>
% net margin	13.8%	13.3%	14.5%	14.8%	14.9%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
<b>NET PROFIT</b>	<b>568</b>	<b>558</b>	<b>682</b>	<b>773</b>	<b>853</b>
<b>Normalized profit</b>	<b>568</b>	<b>558</b>	<b>682</b>	<b>773</b>	<b>853</b>
EPS (Bt)	0.7	0.7	0.9	1.0	1.1
Normalized EPS (Bt)	0.7	0.7	0.9	1.0	1.1

## BALANCE SHEET

*No new significant investments planned in 2024-26*

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
<b>ASSETS:</b>					
Current assets:	2,023	2,251	2,836	3,369	3,899
Cash & cash equivalent	1,717	1,901	2,450	2,940	3,430
Account receivables	243	290	322	358	391
Inventories	51	48	51	56	61
Others	12	12	13	15	16
Investments & loans	0	0	0	0	0
Net fixed assets	3,218	3,243	3,241	3,234	3,226
Other assets	316	415	417	420	423
<b>Total assets</b>	<b>5,558</b>	<b>5,910</b>	<b>6,494</b>	<b>7,023</b>	<b>7,547</b>
<b>LIABILITIES:</b>					
Current liabilities:	610	632	725	796	869
Account payables	499	522	595	658	716
Bank overdraft & ST loans	0	0	2	2	5
Current LT debt	0	0	0	0	0
Others current liabilities	110	110	128	137	148
<b>Total LT debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Others LT liabilities	213	198	244	269	292
<b>Total liabilities</b>	<b>822</b>	<b>830</b>	<b>969</b>	<b>1,066</b>	<b>1,161</b>
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	786	786	786	786	786
Share premium	1,934	1,934	1,934	1,934	1,934
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
<b>Retained earnings</b>	<b>2,015</b>	<b>2,359</b>	<b>2,805</b>	<b>3,237</b>	<b>3,665</b>
Shareholders' equity	4,735	5,080	5,525	5,958	6,386
<b>Liabilities &amp; equity</b>	<b>5,558</b>	<b>5,910</b>	<b>6,494</b>	<b>7,023</b>	<b>7,547</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT***Strong cash inflow stream*

<b>FY ending Dec (Bt m)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>
Earnings before tax	700	689	846	963	1,067
Tax paid	(108)	(128)	(157)	(181)	(206)
Depreciation & amortization	299	299	307	310	313
Chg In working capital	(124)	(22)	38	22	20
Chg In other CA & CL / minorities	94	(2)	9	(0)	2
<b>Cash flow from operations</b>	<b>862</b>	<b>836</b>	<b>1,042</b>	<b>1,113</b>	<b>1,195</b>
Capex	(149)	(324)	(300)	(300)	(300)
Right of use	(1)	(0)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(129)	(113)	40	19	16
<b>Cash flow from investments</b>	<b>(279)</b>	<b>(438)</b>	<b>(260)</b>	<b>(281)</b>	<b>(284)</b>
Debt financing	0	0	2	(1)	3
Capital increase	0	0	0	0	0
Dividends paid	(110)	(234)	(236)	(341)	(425)
Warrants & other surplus	(0)	21	0	0	0
<b>Cash flow from financing</b>	<b>(110)</b>	<b>(214)</b>	<b>(234)</b>	<b>(341)</b>	<b>(422)</b>
<b>Free cash flow</b>	<b>713</b>	<b>511</b>	<b>742</b>	<b>813</b>	<b>895</b>

**VALUATION***Inexpensive valuation, in our view*

<b>FY ending Dec</b>	<b>2022A</b>	<b>2023A</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>
Normalized PE (x)	31.4	32.0	26.2	23.1	20.9
Normalized PE - at target price (x)	37.4	38.1	31.1	27.5	24.9
PE (x)	31.4	32.0	26.2	23.1	20.9
PE - at target price (x)	37.4	38.1	31.1	27.5	24.9
EV/EBITDA (x)	17.0	17.6	14.6	12.8	11.4
EV/EBITDA - at target price (x)	20.6	21.3	17.8	15.7	14.0
P/BV (x)	3.8	3.5	3.2	3.0	2.8
P/BV - at target price (x)	4.5	4.2	3.8	3.6	3.3
P/CFO (x)	20.7	21.4	17.1	16.0	14.9
Price/sales (x)	4.3	4.2	3.8	3.4	3.1
Dividend yield (%)	1.3	1.3	1.9	2.4	2.9
FCF Yield (%)	4.0	2.9	4.2	4.6	5.0
<b>(Bt)</b>					
Normalized EPS	0.7	0.7	0.9	1.0	1.1
EPS	0.7	0.7	0.9	1.0	1.1
DPS	0.3	0.3	0.4	0.5	0.7
BV/share	6.0	6.5	7.0	7.6	8.1
CFO/share	1.1	1.1	1.3	1.4	1.5
FCF/share	0.9	0.7	0.9	1.0	1.1

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth Rate</b>					
Sales (%)	37.5	2.3	11.9	11.1	9.2
Net profit (%)	127.8	(1.7)	22.2	13.4	10.4
EPS (%)	(27.8)	(1.7)	22.2	13.4	10.4
Normalized profit (%)	127.8	(1.7)	22.2	13.4	10.4
Normalized EPS (%)	127.8	(1.7)	22.2	13.4	10.4
Dividend payout ratio (%)	40.2	42.3	50.0	55.0	60.0
<b>Operating performance</b>					
Gross margin (%)	33.7	32.9	34.1	34.4	34.6
Operating margin (%)	15.8	14.5	15.9	16.4	16.7
EBITDA margin (%)	23.1	21.6	22.4	22.3	22.2
Net margin (%)	13.8	13.3	14.5	14.8	14.9
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)
Interest coverage - EBIT (x)	na	na	na	na	na
Interest coverage - EBITDA (x)	na	na	na	na	na
ROA - using norm profit (%)	10.6	9.7	11.0	11.4	11.7
ROE - using norm profit (%)	12.6	11.4	12.9	13.5	13.8
<b>DuPont</b>					
ROE - using after tax profit (%)	12.6	11.4	12.9	13.5	13.8
- asset turnover (x)	0.8	0.7	0.8	0.8	0.8
- operating margin (%)	17.1	16.4	18.0	18.4	18.7
- leverage (x)	1.2	1.2	1.2	1.2	1.2
- interest burden (%)	99.9	99.9	99.9	99.9	99.9
- tax burden (%)	81.1	81.0	80.6	80.3	80.0
WACC (%)	6.7	6.7	6.7	7.2	7.2
ROIC (%)	17.3	16.3	19.0	22.4	25.3
NOPAT (Bt m)	526	493	604	689	764
invested capital (Bt m)	3,018	3,178	3,078	3,019	2,961

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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