

**Chularat Hospital Pcl (CHG TB) - BUY, Price Bt2.76, TP Bt3.60****Results Comment**

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**Strong 3Q24 results, in line**

- CHG reported Bt417m net profit in 3Q24, up 28% y-y and 117% q-q. This was in-line with our earnings preview but it was stronger than the Street's forecast.
- The rising y-y and q-q profit was driven by rising revenue from cash and Social Security Scheme (SSS) and expanding margin.
- Top line increased by 10% y-y and 16% q-q to Bt2.3bn in 3Q24. Revenue from cash patients grew by 1% y-y and 9% q-q to Bt1.4bn in 3Q24. Revenue from SSS grew by 27% y-y and 32% q-q to Bt774m in 3Q24. The high growth in revenue from SSS resulted mainly from the shift of SSS' payment for 26 chronic diseases from fourth quarter to third quarter. Revenue from Universal Coverage Scheme (UC) grew by 54% y-y and 26% q-q to Bt101m in 3Q24.
- Operating margin rose to 20.5% in 3Q24 from 17.2% in 3Q23 and 9.4% in 2Q24. Key drivers were rising revenue and economies of scale.
- 9M24 earnings accounted for 75% of our full-year earnings forecast. We estimate CHG's 4Q24 earnings to decline y-y and q-q due to the shift of revenue recognition for 26 chronic diseases under SSS to book in 3Q24, instead of 4Q24. However, its core operation is expected to grow y-y. We maintain BUY on CHG.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	2,093	2,123	2,021	1,985	2,309	Revenue	16	10	72	8,786	9,685
<b>Gross profit</b>	<b>607</b>	<b>543</b>	<b>523</b>	<b>427</b>	<b>716</b>	<b>Gross profit</b>	<b>68</b>	<b>18</b>	<b>74</b>	<b>2,238</b>	<b>2,521</b>
SG&A	246	243	259	240	243	SG&A	1	(1)	73	1,019	1,098
Operating profit	361	300	264	186	473	Operating profit	153	31	76	1,218	1,422
<b>EBITDA</b>	<b>477</b>	<b>421</b>	<b>385</b>	<b>311</b>	<b>599</b>	<b>EBITDA</b>	<b>93</b>	<b>26</b>	<b>75</b>	<b>1,719</b>	<b>1,947</b>
Other income	77	69	87	76	75	Other income	(1)	(3)	77	306	309
Other expense	0	0	0	0	0	Other expense				0	0
Interest expense	7	9	9	9	9	Interest expense	2	31	78	34	25
<b>Profit before tax</b>	<b>431</b>	<b>361</b>	<b>342</b>	<b>253</b>	<b>539</b>	<b>Profit before tax</b>	<b>113</b>	<b>25</b>	<b>76</b>	<b>1,491</b>	<b>1,706</b>
Income tax	90	73	76	57	103	Income tax	81	14	77	306	350
Equity & invest. income	(5)	(9)	(5)	(5)	(2)	Equity & invest. income	na	na	na	(20)	(15)
Minority interests	(11)	(5)	3	0	(16)	Minority interests	na	na	na	(6)	(7)
Extraordinary items	0	0	0	0	0	Extraordinary items				0	0
<b>Net profit</b>	<b>326</b>	<b>274</b>	<b>264</b>	<b>192</b>	<b>417</b>	<b>Net profit</b>	<b>117</b>	<b>28</b>	<b>75</b>	<b>1,159</b>	<b>1,335</b>
<b>Normalized profit</b>	<b>326</b>	<b>274</b>	<b>264</b>	<b>192</b>	<b>417</b>	<b>Normalized profit</b>	<b>117</b>	<b>28</b>	<b>75</b>	<b>1,159</b>	<b>1,335</b>
EPS (Bt)	0.03	0.02	0.02	0.02	0.04	EPS (Bt)	117	28	75	0.11	0.12
Normalized EPS (Bt)	0.03	0.02	0.02	0.02	0.04	Normalized EPS (Bt)	117	28	75	0.11	0.12
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	1,481	1,399	1,683	1,344	1,619	Sales grow th	3.3	23.3	17.8	10.4	10.3
A/C receivable	2,254	2,158	2,182	2,172	2,142	Operating profit grow th	23.0	26.3	10.1	(4.9)	31.0
Inventory	346	336	353	351	345	EBITDA grow th	21.1	19.4	13.7	3.4	25.5
Other current assets	30	152	162	140	138	Norm profit grow th	26.0	(4.0)	9.8	(6.7)	28.1
Investment	76	76	76	76	76	Norm EPS grow th	26.0	(4.0)	9.8	(6.7)	28.1
Fixed assets	5,509	5,701	5,750	5,759	5,775	Gross margin	29.0	25.6	25.9	21.5	31.0
Other assets	557	442	433	428	425	Operating margin	17.2	14.2	13.1	9.4	20.5
<b>Total assets</b>	<b>10,252</b>	<b>10,264</b>	<b>10,639</b>	<b>10,270</b>	<b>10,519</b>	EBITDA margin	22.8	19.8	19.0	15.6	26.0
S-T debt	306	127	129	131	128	Norm net margin	15.6	12.9	13.1	9.7	18.1
A/C payable	1,043	894	952	986	1,058	D/E (x)	0.1	0.1	0.1	0.1	0.1
Other current liabilities	422	464	521	486	486	Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
L-T debt	549	556	572	583	521	Interest coverage (x)	70.7	49.2	44.2	35.6	67.5
Other liabilities	280	293	274	257	287	Interest rate	3.3	4.5	5.0	4.9	5.2
Minority interest	401	406	404	395	411	Effective tax rate	20.9	20.3	22.1	22.4	19.1
<b>Shareholders' equity</b>	<b>7,251</b>	<b>7,525</b>	<b>7,789</b>	<b>7,431</b>	<b>7,628</b>	ROA	12.9	10.7	10.1	7.4	16.1
Working capital	1,556	1,601	1,584	1,536	1,428	ROE	18.1	14.8	13.8	10.1	22.2
Total debt	855	683	700	714	649						
<b>Net debt</b>	<b>(626)</b>	<b>(717)</b>	<b>(983)</b>	<b>(630)</b>	<b>(970)</b>						

Sources: Company data, Thanachart estimates

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