

Thonburi Healthcare Group (THG TB) - SELL, Price Bt16.9, TP Bt25 | Results Comment

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Weak 3Q24 profit, below expectation

- THG reported Bt34m normalized profit in 3Q24, down 89% y-y and 22% q-q. Including extra provisions for UCEPCOVID and other bad debts, THG reported net loss of Bt352m in 3Q24, down from Bt310m net profit in 3Q23 and Bt43m net profit in 2Q24.
- The weak y-y earnings were due to falling revenue from hospital business, falling gross margin, rising SG&A to sales and rising interest expense. The weak q-q earnings were due to rising corporate income tax rate.
- Its hospital revenue declined by 9% y-y but increased by 10% q-q to Bt2.3bn in 3Q24. The y-y revenue drop resulted from falling revenue from Thonburi Bamrunmuang Hospital.
- THG had Bt15m revenue from Jin Wellbeing County sales in 3Q24, up 153% y-y but down 33% q-q. Number of residential unit sales was three units in 3Q24 vs. one unit in 3Q23 and four units in 2Q24.
- 9M24 earnings accounted for 16% of our full-year earnings forecast. We see downside risk to our earnings forecast. We maintain SELL rating on THG.

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	2,739	2,520	2,337	2,362	2,526	Revenue	7	(8)	69	10,535	12,244
Gross profit	874	536	490	526	660	Gross profit	26	(24)	66	2,532	2,848
SG&A	453	475	409	424	426	SG&A	0	(6)	72	1,748	1,921
Operating profit	421	62	81	102	234	Operating profit	131	(44)	53	784	927
EBITDA	712	358	376	393	527	EBITDA	34	(26)	66	1,955	2,161
Other income	51	18	30	39	30	Other income	(24)	(41)	67	148	149
Other expense	0	(0)	2	2	16	Other expense	670	na			
Interest expense	116	123	126	122	129	Interest expense	6	11	74	508	509
Profit before tax	356	(43)	(16)	17	119	Profit before tax	599	(66)	28	424	567
Income tax	79	16	14	7	123	Income tax	1,719	56	155	93	125
Equity & invest. income	76	58	50	42	50	Equity & invest. income	18	(34)	52	272	324
Minority interests	(46)	11	(16)	(10)	(12)	Minority interests	na	na	na	(80)	(90)
Extraordinary items	3	(362)	2	(0)	(385)	Extraordinary items	na	na	na		
Net profit	310	(352)	6	43	(352)	Net profit	na	na	na	523	676
Normalized profit	307	10	4	43	34	Normalized profit	(22)	(89)	16	523	676
EPS (Bt)	0.37	(0.42)	0.01	0.05	(0.41)	EPS (Bt)	na	na	na	0.62	0.80
Normalized EPS (Bt)	0.36	0.01	0.01	0.05	0.04	Normalized EPS (Bt)	(22)	(89)	16	0.62	0.80
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24		3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	1,306	1,086	1,121	898	1,144	Sales grow th	(7.3)	4.0	(6.8)	(6.6)	(7.8)
A/C receivable	2,315	1,855	1,863	1,896	1,577	Operating profit grow th	1.3	(70.4)	(75.2)	(56.9)	(44.3)
Inventory	1,047	1,027	1,015	998	977	EBITDA grow th	5.9	(22.5)	(37.2)	(23.8)	(26.0)
Other current assets	900	904	896	950	86	Norm profit grow th	(17.5)	(95.4)	(97.9)	(66.4)	(89.0)
Investment	1,845	1,903	1,932	1,958	2,002	Norm EPS grow th	(17.5)	(95.4)	(97.9)	(66.4)	(89.0)
Fixed assets	12,656	12,789	12,872	12,921	13,006	Gross margin	31.9	21.3	21.0	22.3	26.1
Other assets	3,919	3,984	3,952	3,944	4,399	Operating margin	15.4	2.4	3.5	4.3	9.3
Total assets	23,988	23,550	23,652	23,564	23,192	EBITDA margin	26.0	14.2	16.1	16.6	20.9
S-T debt	6,421	7,812	6,638	5,683	6,042	Norm net margin	11.2	0.4	0.2	1.8	1.3
A/C payable	1,510	1,630	1,425	1,445	1,501	D/E (x)	0.9	0.9	0.9	1.0	1.0
Other current liabilities	229	257	212	164	165	Net D/E (x)	0.8	0.8	0.8	0.9	0.9
L-T debt	3,704	2,091	3,584	4,881	4,474	Interest coverage (x)	6.2	2.9	3.0	3.2	4.1
Other liabilities	1,012	983	1,013	1,005	980	Interest rate	4.5	4.9	5.0	4.7	4.9
Minority interest	1,062	1,067	1,098	1,055	1,071	Effective tax rate	22.3	(36.3)	(90.1)	39.8	103.5
Shareholders' equity	10,049	9,709	9,681	9,332	8,959	ROA	5.1	0.2	0.1	0.7	0.6
Working capital	1,852	1,252	1,454	1,449	1,054	ROE	12.4	0.4	0.2	1.8	1.5
Total debt	10,125	9,904	10,222	10,564	10,516						
Net debt	8,818	8,817	9,102	9,666	9,372						

Sources: Company data, Thanachart estimates

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