

Bangkok Chain Hospital (BCH TB) - BUY, Price Bt16.2, TP Bt21.5**Results Comment**

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Weak 4Q24, above our expectation

- BCH reported Bt171m norm. profit in 4Q24, down 60% y-y and 62% q-q. This was slightly above our expectation due to higher-than-expected other income. But it was slightly below the Street's forecast. Including impact of gains on net monetary position regarding Financial Reporting in Hyperinflationary Economies in Laos of Bt62m, BCH reported net profit of Bt233m, down 45% y-y and 49% q-q.
- The weak 4Q24 earnings resulted from falling revenue from cash and Social Security Scheme (SSS) patients and falling margin.
- Revenue from cash patients declined by 5% y-y and 9% q-q to Bt2bn in 4Q24. The y-y drop was due to negative impact from Kuwaiti patients. The q-q drop was due to seasonality factor.
- SSS revenue declined by 16% y-y and 23% q-q to Bt857m in 4Q24. The drop in SSS revenue was due to 1) the shift of revenue from 26 chronic diseases to 3Q24 (instead of 4Q24), and 2) a shortfall in revenue from high-cost care services of Bt164m, which was booked in 4Q24.
- SSO paid for high-cost care services in 2H24 at Bt8,000/RW, instead of Bt12,000. Note that, in 2023, the SSO made payments for the 26 chronic diseases in 4Q23.
- Its operating margin declined to 7.8% in 4Q24 from 18.0% in 4Q23 and 18.6% in 3Q24 due to falling revenue from high-margin Kuwaiti patients and falling revenue from SSS.
- 2024 norm. profit was at Bt1.2bn, down 13% y-y. With the in-line results, we maintain our earnings projection. We estimate BCH to report strong earnings growth in 2025. Drivers are rising revenue from cash and SSS patients, expanding margin and improving operation of its new hospitals. We maintain BUY on BCH.
- The company announced dividend payment of Bt0.28/share. The XD date is 2 May 2025 and the payment date is 23 May 2025.

Income Statement				(consolidated)	
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24
Revenue	3,032	2,844	2,857	3,261	2,763
Gross profit	938	801	744	1,023	630
SG&A	392	376	388	417	414
Operating profit	547	425	356	607	216
EBITDA	782	665	598	857	481
Other income	40	23	28	24	45
Other expense	0	0	0	0	0
Interest expense	13	11	13	15	15
Profit before tax	574	437	372	615	246
Income tax	114	87	70	122	48
Equity & invest. income	(0)	0	(0)	(0)	(0)
Minority interests	(32)	(31)	(25)	(40)	(27)
Extraordinary items	0	0	0	0	62
Net profit	427	319	277	453	233
Normalized profit	427	319	277	453	171
EPS (Bt)	0.17	0.13	0.11	0.18	0.09
Normalized EPS (Bt)	0.17	0.13	0.11	0.18	0.07

Balance Sheet				(consolidated)	
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24
Cash & ST investment	2,185	1,521	1,583	1,327	1,345
A/C receivable	2,239	2,137	2,105	2,053	1,967
Inventory	306	292	304	306	331
Other current assets	113	104	98	108	130
Investment	27	27	26	28	89
Fixed assets	11,728	11,779	12,171	12,211	12,317
Other assets	1,133	1,180	1,196	1,197	1,197
Total assets	17,731	17,041	17,484	17,229	17,375
S-T debt	1,240	272	1,126	743	625
A/C payable	778	744	783	822	798
Other current liabilities	1,487	1,456	1,387	1,430	1,456
L-T debt	324	296	280	242	253
Other liabilities	197	194	203	213	216
Minority interest	1,110	1,145	1,133	1,089	1,072
Shareholders' equity	12,594	12,933	12,572	12,690	12,955
Working capital	1,767	1,686	1,626	1,537	1,500
Total debt	1,564	569	1,406	985	878
Net debt	(621)	(953)	(177)	(341)	(467)

Sources: Company data, Thanachart estimates

Income Statement		12M as			
(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F
Revenue	(15)	(9)	100	11,725	12,741
Gross profit	(38)	(33)	99	3,199	3,763
SG&A	(1)	6	98	1,595	1,659
Operating profit	(64)	(60)	100	1,604	2,103
EBITDA	(44)	(38)	100	2,602	3,144
Other income	88	13	109	121	113
Other expense				0	0
Interest expense	1	19	95	55	29
Profit before tax	(60)	(57)	101	1,670	2,187
Income tax	(61)	(58)	101	326	428
Equity & invest. income	na	na	na	(1)	0
Minority interests	na	na	na	(123)	(147)
Extraordinary items				62	0
Net profit	(49)	(45)	106	1,282	1,612
Normalized profit	(62)	(60)	101	1,221	1,612
EPS (Bt)	(49)	(45)	106	0.51	0.65
Normalized EPS (Bt)	(62)	(60)	101	0.49	0.65

Financial Ratios					
(%)	4Q23	1Q24	2Q24	3Q24	4Q24
Sales grow th	8.8	6.4	0.3	2.7	(8.9)
Operating profit grow th	36.3	24.9	(2.3)	(0.0)	(60.5)
EBITDA grow th	22.1	15.1	(0.1)	1.7	(38.5)
Norm profit grow th	58.5	25.6	(2.5)	2.9	(59.9)
Norm EPS grow th	58.5	25.6	(2.5)	2.9	(59.9)
Gross margin	30.9	28.1	26.1	31.4	22.8
Operating margin	18.0	14.9	12.5	18.6	7.8
EBITDA margin	25.8	23.4	20.9	26.3	17.4
Norm net margin	14.1	11.2	9.7	13.9	6.2
D/E (x)	0.1	0.0	0.1	0.1	0.1
Net D/E (x)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)
Interest coverage (x)	60.5	59.3	46.8	56.3	31.2
Interest rate	3.3	4.2	5.2	5.1	6.6
Effective tax rate	19.8	19.9	18.7	19.7	19.4
ROA	9.8	7.3	6.4	10.4	4.0
ROE	13.8	10.0	8.7	14.4	5.3

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