

Thonburi Healthcare Group (THG TB) - SELL, Price Bt10.4, TP Bt12.2

Results Comment

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Huge loss in 4Q24

- THG reported norm. loss of Bt191m in 4Q24, falling from Bt15m norm. profit in 4Q23 and Bt34m norm. profit in 3Q24. This was below ours and the market's expectation due to its lower-than-expected top line and margin.
- Including loss from impairment of Thonburi Wellbeing Co., Ltd., loss from impairment of Thonburi Bamrungmuang Hospital Co., Ltd. and expected credit loss expense, THG reported net loss of Bt1.5bn in 4Q24.
- The y-y and q-q earnings drop was due to falling revenue and declining operating margin.
- Its hospital revenue declined by 11% y-y and 12% q-q to Bt2bn in 4Q24.
- Revenue from Jin Wellbeing County sales was at Bt12m in 4Q24, down 50% y-y and 21% q-q. Number of residential unit sales was two units in 4Q24 vs. five units in 4Q23 and three units in 3Q24.
- Its operating margin was at -5.3% in 4Q24 vs. 2.9% in 4Q23 and 9.3% in 3Q24.
- THG reported Bt110m norm. loss in 2024 vs. Bt662m norm. profit in 2023 due to falling revenue mainly from hospital business and weak operating margin.
- Though THG share price has declined to below our TP, given that several risks remain in THG, we maintain our SELL rating on THG.

Income Statement	(consolidated)				
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24
Revenue	2,524	2,337	2,362	2,526	2,254
Gross profit	587	490	526	660	432
SG&A	514	409	424	426	551
Operating profit	73	81	102	234	(119)
EBITDA	369	376	393	527	176
Other income	18	30	39	30	33
Other expense	5	2	2	16	(10)
Interest expense	123	126	122	129	117
Profit before tax	(37)	(16)	17	119	(193)
Income tax	16	14	7	123	77
Equity & invest. income	58	50	42	50	33
Minority interests	11	(16)	(10)	(12)	45
Extraordinary items	(369)	2	(0)	(385)	(1,271)
Net profit	(354)	6	43	(352)	(1,462)
Normalized profit	15	4	43	34	(191)
EPS (Bt)	(0.42)	0.01	0.05	(0.41)	(1.73)
Normalized EPS (Bt)	0.02	0.01	0.05	0.04	(0.23)

Balance Sheet	(consolidated)				
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24
Cash & ST investment	1,086	1,121	898	1,144	654
A/C receivable	1,855	1,863	1,896	1,577	1,420
Inventory	1,027	1,015	998	977	966
Other current assets	904	896	950	86	48
Investment	1,643	1,932	1,958	2,002	1,769
Fixed assets	12,789	12,872	12,921	13,006	12,495
Other assets	3,984	3,952	3,944	4,399	3,534
Total assets	23,289	23,652	23,564	23,192	20,886
S-T debt	7,812	6,638	5,683	6,042	6,345
A/C payable	1,630	1,425	1,445	1,501	1,749
Other current liabilities	257	212	164	165	221
L-T debt	2,091	3,584	4,881	4,474	3,365
Other liabilities	983	1,013	1,005	980	945
Minority interest	1,067	1,098	1,055	1,071	1,028
Shareholders' equity	9,448	9,681	9,332	8,959	7,233
Working capital	1,252	1,454	1,449	1,054	637
Total debt	9,904	10,222	10,564	10,516	9,710
Net debt	8,817	9,102	9,666	9,372	9,056

Sources: Company data, Thanachart estimates

Income Statement	12M as				
(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F
Revenue	(11)	(11)	99	9,479	10,431
Gross profit	(35)	(26)	95	2,108	2,388
SG&A	29	7	108	1,810	1,721
Operating profit	na	na	54	298	666
EBITDA	(67)	(52)	85	1,472	1,881
Other income	11	82	111	133	115
Other expense	na	na	43	11	15
Interest expense	(9)	(5)	96	493	563
Profit before tax	na	na	na	(72)	203
Income tax	(37)	368	150	222	51
Equity & invest. income	(34)	(43)	87	176	267
Minority interests	na	320	(17)	8	(75)
Extraordinary items	na	na	na	(1,654)	
Net profit	na	na	na	(1,765)	344
Normalized profit	na	na	na	(110)	344
EPS (Bt)	na	na	na	(2.08)	0.41
Normalized EPS (Bt)	na	na	na	(0.13)	0.41

Financial Ratios					
(%)	4Q23	1Q24	2Q24	3Q24	4Q24
Sales grow th	4.1	(6.8)	(6.6)	(7.8)	(10.7)
Operating profit grow th	(65.0)	(75.2)	(56.9)	(44.3)	na
EBITDA grow th	(20.1)	(37.2)	(23.8)	(26.0)	(52.3)
Norm profit grow th	(92.9)	(97.9)	(66.4)	(89.0)	na
Norm EPS grow th	(92.9)	(97.9)	(66.4)	(89.0)	na
Gross margin	23.3	21.0	22.3	26.1	19.2
Operating margin	2.9	3.5	4.3	9.3	(5.3)
EBITDA margin	14.6	16.1	16.6	20.9	7.8
Norm net margin	0.6	0.2	1.8	1.3	(8.5)
D/E (x)	0.9	0.9	1.0	1.0	1.2
Net D/E (x)	0.8	0.8	0.9	0.9	1.1
Interest coverage (x)	3.0	3.0	3.2	4.1	1.5
Interest rate	4.9	5.0	4.7	4.9	4.6
Effective tax rate	(44.6)	(90.1)	39.8	103.5	(40.0)
ROA	0.3	0.1	0.7	0.6	(3.5)
ROE	0.6	0.2	1.8	1.5	(9.5)

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