

**BUY** (Unchanged)  
Change in Numbers

**TP: Bt 2.10**  
**Upside : 34.6%**

(From: Bt 2.50)  
**3 JUNE 2025**

Small Cap Research

# Chularat Hospital Pcl (CHG TB)

## Gastric sleeve impact

Gastric sleeve treatment now faces stricter approval rules by the Social Security Office. Therefore, we cut our earnings estimates for CHG by 5/6/9% in 2025-27F. However, after its 36% YTD share price correction to trade at 17.2x 2025F PE, we maintain our BUY call.



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### Weak 1Q25; cutting our earnings

CHG reported a 15% y-y fall in its 1Q25 profit to Bt225m. The key drag was a decline in gastric sleeve surgery revenue following the stricter reimbursement rules under the Social Security Scheme (SSS). We cut our earnings estimates by 5/6/9% in 2025-27F to reflect this. Along with our more cautious view on the new Rayong campus, which is due to open in early 2027, we lower our DCF-based 12-month TP (2025F base year) to Bt2.1 from Bt2.5. However, we maintain our BUY call on CHG. The stock has de-rated enough, in our view, trading at 17.2x 2025F PE for one of the main hospital chains in Thailand with a bed capacity of 938. CHG still offers some earnings growth of 4/9/3% in 2025-27F.

### Stricter SSS reimbursement rules

SSS reimbursement rules are stricter, especially for gastric sleeve surgery. This caused the earnings drop in 1Q25. In 2024, CHG earned c. Bt400m (5% of total revenue) from the procedure, of which 70% was from SSS patients and 30% from cash patients. Gastric sleeve services fell to around 50 cases per month in 1Q25 vs. around 150 cases per month in 2024. However, CHG expects some volume recovery in 2H25, once patients complete the required six-month weight-loss attempt before surgery, as mandated by the SSS. Given that we expect this negative impact to persist into 2Q25F, we estimate CHG's revenue growth to slow to just 3% this year, before improving to 6% and 9% in 2026–27, respectively.

### Still growing amid the weak economy

We expect CHG to continue growing in the weak economic environment, with 4/9/3% EPS growth over 2025-27F. CHG's business is defensive due to the nature of resilient healthcare demand, and since it is in a mid-to-low-income service segment. It has a strong chain hospital reputation and has scale with a capacity of 938 beds at the end of 1Q25. Despite the risk of the US reciprocal tariffs, we expect the Eastern Economic Corridor (EEC) area to remain a strategic location for industrial estates and tourist spots, including Pattaya. CHG's chain hospitals are along the way from eastern Bangkok to the EEC area.

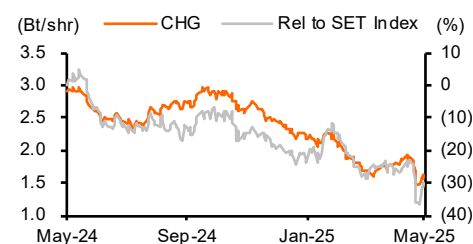
### Sound financials, decent dividend yields

CHG is a financially sound company. It remains a net cash company. Its sustainable EBITDA of Bt1.9bn p.a. should easily support its capex needs of about Bt1bn p.a. during 2025-27F. We expect the company to maintain its dividend payout ratio at 80%, translating to estimated dividend yields of 4.7/5.1% in 2025-26F.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	8,237	8,480	8,959	9,801
Net profit	965	1,000	1,089	1,125
Consensus NP	—	1,122	1,232	1,297
Diff frm cons (%)	—	(10.9)	(11.6)	(13.3)
Norm profit	965	1,000	1,089	1,125
Prev. Norm profit	—	1,057	1,164	1,229
Chg frm prev (%)	—	(5.4)	(6.4)	(8.5)
Norm EPS (Bt)	0.1	0.1	0.1	0.1
Norm EPS grw (%)	(7.7)	3.6	8.9	3.3
Norm PE (x)	17.8	17.2	15.8	15.3
EV/EBITDA (x)	10.2	8.9	8.5	8.2
P/BV (x)	2.2	2.2	2.1	2.0
Div yield (%)	4.5	4.7	5.1	5.2
ROE (%)	12.7	12.8	13.5	13.5
Net D/E (%)	(14.4)	(11.1)	(7.6)	(7.0)

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 30-May-25 (Bt)	1.56
Market Cap (US\$ m)	522.7
Listed Shares (m shares)	11,000.0
Free Float (%)	42.9
Avg Daily Turnover (US\$ m)	1.5
12M Price H/L (Bt)	2.98/1.47
Sector	Health Care
Major Shareholder	Plussind Family 24.97%

Sources: Bloomberg, Company data, Thanachart estimates

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## Weak 1Q25; cutting our earnings

**We cut our earnings by 5/6/9% in 2025-27F and lower our TP to Bt2.1**

Chularat Hospital Pcl (CHG) reported a 15% y-y decline in its 1Q25 net profit, which came in at Bt225m. The primary factor behind this weaker performance was a significant drop in revenue from gastric sleeve surgery, which was adversely affected by stricter reimbursement regulations under the Social Security Scheme (SSS). As a result of this development, we have revised our earnings forecasts downward by 5/6/9% in 2025-27 to reflect weaker-than-expected revenue from both cash-paying and SSS patients. Notably, the stricter rules under the SSS have also negatively impacted co-payment gastric sleeve cases under the self-pay scheme, as demand has softened. Additionally, we hold a more cautious view on the new Rayong campus, which is scheduled to open in early 2027. Taking both of these factors into consideration, we have lowered our DCF-based 12-month TP (using 2025 as our base year), from Bt2.5 to Bt2.1/share.

Our key assumption changes are as follows:

- We have reduced our IPD volume assumptions by 0.4% p.a. for 2025–27F to reflect fewer gastric sleeve surgeries under the self-pay scheme. Additionally, we have lowered our assumption for the average IPD billing size. Typically, the price charged for gastric sleeve surgery under the self-pay scheme ranges from Bt250,000 to Bt300,000/case, which is significantly higher than CHG's average IPD billing size.
- We have revised down our SSS revenue estimates by 3% p.a. for 2025–27F, to reflect the reduced contribution from gastric sleeve surgeries under the SSS.

### Ex 1: Change In Our Key Assumptions And Earnings Revisions

	2023	2024	2025F	2026F	2027F
<b># of IPD patients (people/year)</b>					
- New	91,461	94,572	96,199	98,148	108,400
- Old			96,567	98,521	108,807
- Change (%)			(0.4)	(0.4)	(0.4)
<b>Average IPD billing size (Bt/patient)</b>					
- New	26,359	27,559	27,091	27,903	28,740
- Old			28,661	29,808	31,000
- Change (%)			(5.5)	(6.4)	(7.3)
<b>Revenue from cash patients (Bt m)</b>					
- New	5,025	5,402	5,461	5,765	6,435
- Old			5,694	6,036	6,771
- Change (%)			(4.1)	(4.5)	(5.0)
<b>Revenue from SSS patients (Bt m)</b>					
- New	2,461	2,491	2,649	2,806	2,958
- Old			2,729	2,885	3,036
- Change (%)			(2.9)	(2.7)	(2.6)
<b>Normalized profit (Bt m)</b>					
- New	1,046	965	1,000	1,089	1,125
- Old			1,057	1,164	1,229
- Change (%)			(5.4)	(6.4)	(8.5)

Sources: Company data, Thanachart estimates

We, however, maintain our BUY rating on CHG. In our view, the stock has already been sufficiently de-rated, currently trading at 17.2x PE in 2025F, which we believe is attractive for one of Thailand's major hospital chains with a capacity of 938 beds. Despite our earnings cuts, CHG still offers some earnings growth of 4/9/3% in 2025–27F.

Note that in our model, we assume a reimbursement rate of Bt12,000/adjusted RW for high-intensity IPD cases under the SSS program, where the adjusted RW is  $\geq 2$ . The Social Security Office (SSO) has committed to paying Bt12,000/RW for services in 1H25, but this rate has not yet been confirmed for 2H25.

However, given the SSO's stricter reimbursement criteria and the removal of three disease groups – breast cancer, uterine and/or ovarian tumors, and kidney or gallbladder stones – from the MOU 5 Diseases Program (which provides a reimbursement rate of Bt15,000/RW), we anticipate that the SSO will have additional budget capacity. Combined with ongoing medical cost inflation, we assume a flat reimbursement rate of Bt12,000/RW from 2025F onwards.

That said, if the SSO reimburses high-intensity IPD cases in 2H25 at Bt8,000 per RW – the same rate as in 2H24 – instead of Bt12,000, this would present a downside risk of around 8% to our 2025F earnings estimate.

## Stricter SSS reimbursement rules

*CHG's 1Q25 results hit by falling revenue from gastric sleeve surgery*

The reimbursement rules under the SSS have become more stringent, particularly concerning gastric sleeve surgery – a popular bariatric procedure used to treat obesity. This tightening in policy has significantly impacted the number of approved cases, ultimately contributing to CHG's earnings decline in 1Q25.

In 2024, CHG generated around Bt400m in revenue from gastric sleeve surgeries, accounting for 5% of the hospital's total revenue for the year. Of this amount, roughly 70% came from patients covered by SSS, while the remaining 30% came from cash patients. However, following the implementation of the stricter reimbursement criteria, the number of gastric sleeve procedures fell sharply – from an average of 150 cases per month in 2024 to just around 50 cases per month during 1Q25.

The decline is largely due to the new SSS requirement whereby patients must undergo a supervised weight-loss attempt for at least six months before becoming eligible for surgery reimbursement. Nevertheless, CHG anticipates a recovery in procedure volume in 2H25, as patients who began the mandated pre-surgical weight-loss program early in the year are expected to become eligible for surgery by that time. Further details of the revised criteria and eligibility requirements under the SSS are outlined in Exhibit 2.

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**Ex 2: Criteria For Gastric Sleeve Surgery Under The Social Security Scheme In 2025**


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- 1) The patient must be 18–65 years old and meet one of the following weight criteria:
  - BMI (Body Mass Index)  $\geq 37.5$  kg/m<sup>2</sup>: Individuals with severe obesity without accompanying health conditions.
  - BMI  $\geq 32.5$  kg/m<sup>2</sup>: Individuals with obesity-related health conditions such as Type 2 diabetes, Hypertension, Obstructive Sleep Apnea (OSA), Non-alcoholic fatty liver disease (NAFLD), Polycystic ovary syndrome (PCOS), Osteoarthritis, Cardiovascular diseases, Chronic venous insufficiency, Stroke, Heart failure and Obesity-related hormonal disorders.
- 2) In both cases, the patient must have made a full attempt at weight control under the care of a specialized medical team, including an endocrinologist and a dietitian, for no less than six months, but failed to achieve the weight-loss goals.
- 3) The patient should have lost 5–10% of their body weight within three months prior to surgery.
- 4) The patient must have attended at least 30% of scheduled appointments during the six-month treatment period at a comprehensive obesity treatment center.
- 5) The patient must be educated about the surgical procedure, post-operative self-care, and possible complications.

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If the patient meets all of the above criteria, the hospital will submit the patient's name to the SSO for pre-authorization before providing the service.

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Source: Social Security Office

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Given that we expect this negative impact to persist into 2Q25F, we estimate CHG's revenue growth to slow to just 3% this year, before improving to 6% and 9% in 2026–27F, respectively.

## Still growing amid the weak economy

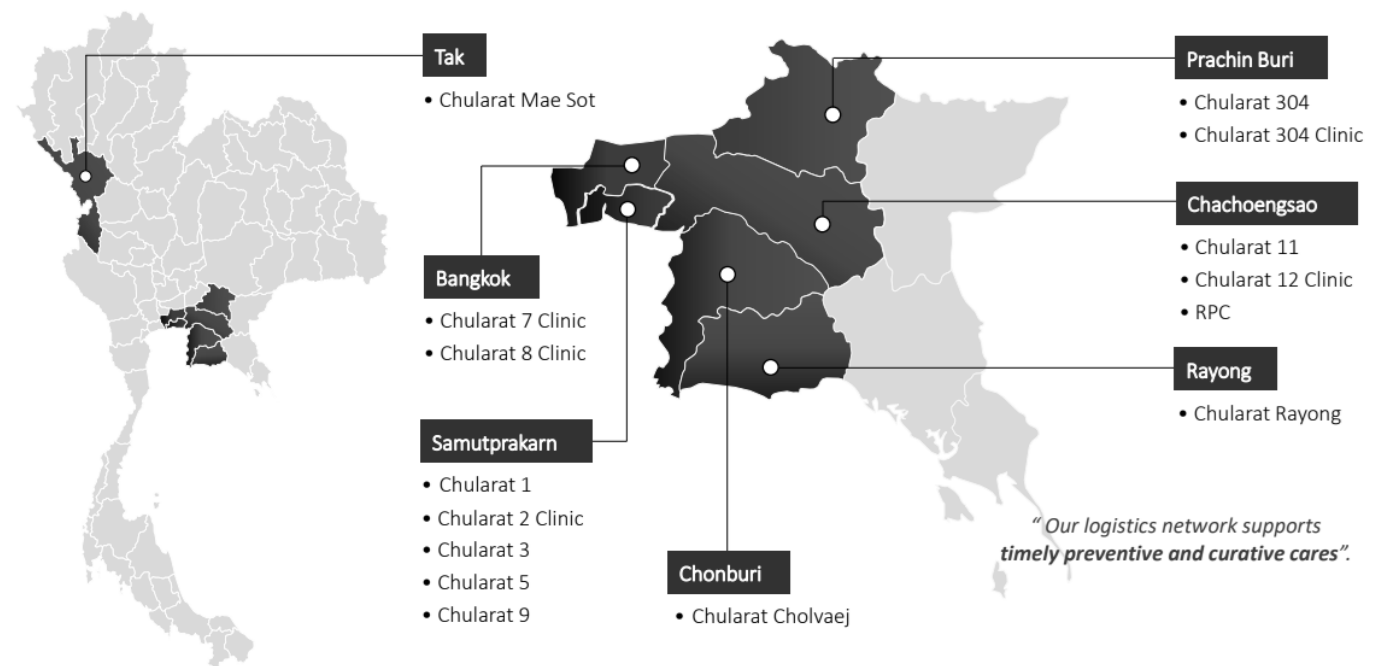
**CHG's business remains defensive**

We expect CHG to continue growing in the weak economic environment, achieving 4/9/3% EPS growth over 2025-27F. CHG's business remains defensive, underpinned by the resilient nature of healthcare demand and its strategic focus on the mid-to-low-income service segment.

The company benefits from a strong brand reputation as a trusted hospital chain, with economies of scale supported by a total capacity of 938 beds as of end-1Q25. While there is some macroeconomic risk from the US reciprocal tariff policy, we believe the Eastern Economic Corridor (EEC) area will continue to be a strategic hub for both industrial estates and tourism, particularly in destinations like Pattaya.

CHG's hospital network is well-positioned geographically, stretching from eastern Bangkok toward the EEC zone. The company is one of the two largest hospital chains in this region, making it a clear beneficiary of the ongoing foreign direct investment (FDI) boom in the EEC area.

### Ex 3: CHG Is One Of The Two Biggest Hospital Chains In The East Of Thailand



Source: Company data

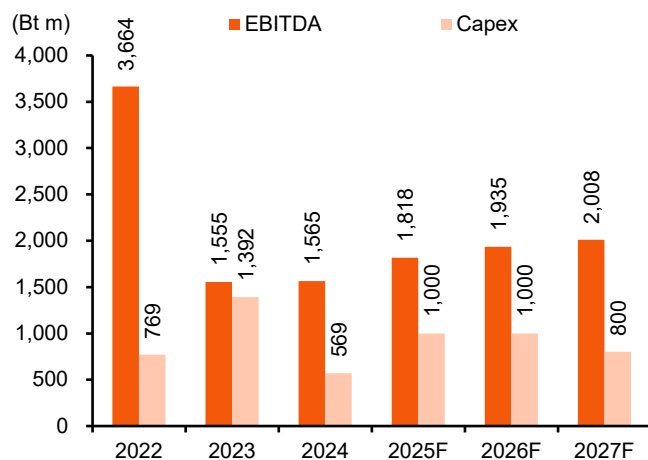
## Sound financials, decent dividend yields

### Sound financials to support healthy yields

CHG is a financially sound company and continues to maintain a net cash position. Its stable annual EBITDA of approximately Bt1.9bn looks more than sufficient to cover its projected capital expenditure of around Bt1bn per year during 2025–27F.

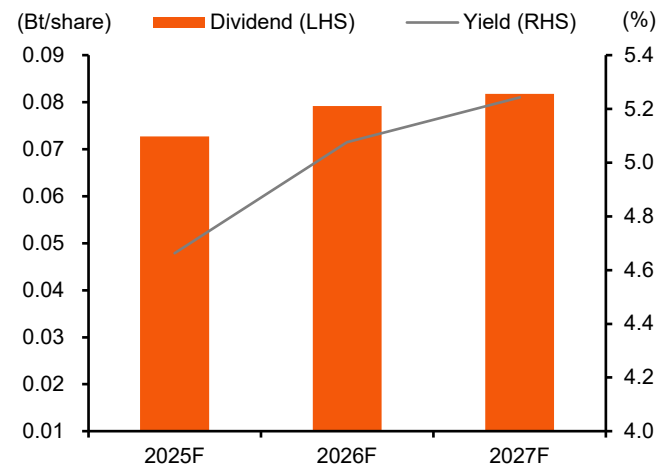
We expect CHG to maintain its dividend payout ratio of 80%, which implies estimated dividend yields of 4.7/5.1% in 2025–26F.

### Ex 4: EBITDA And Capex



Sources: Company data, Thanachart estimates

### Ex 5: Dividend And Yield



Sources: Company data, Thanachart estimates

**New projects in the pipeline**

CHG has four new projects in the pipeline.

**First**, the new greenfield Chularat Rayong International Hospital is located in Choengnoen sub-district, Muang district, Rayong province. The hospital has 200 IPD beds in a 12-floor building. The total investment for the project is Bt1.5bn (including the land cost of Bt180m). Construction started in 4Q24, and the opening is targeted for early 2027. In the first phase, CHG plans to open 59 IPD beds.

**Second**, a new five-floor OPD building in Chularat 11 International Hospital in Chachoengsao province requires a total investment of Bt50m. It is under construction and is scheduled to be operational in 3Q25. CHG intends to add MRI facilities, new clinics, and services at the new building.

**Third**, with the full utilization of 59 beds (the first phase) at Chularat RPC, it targets to open an additional 71 beds (the second phase) in 2Q25-3Q25. This expansion schedule is slightly delayed from 2H24. CHG plans to spend slightly more for this second-phase opening.

**Fourth**, due to the already high utilization rate at Chularat 3 International Hospital, which currently has 264 IPD beds, management plans to open two new buildings with 100 beds in early 2027. The total investment for the project is around Bt500m.

After these four projects are added to its portfolio, CHG's active bed capacity would expand by 25% from 938 beds at the end of 1Q25 to 1,168 beds in 2027.

We do not expect significant losses from most projects except for the opening of Chularat Rayong International Hospital in 2027.

**Ex 6: 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	2036F	Terminal Value
EBITDA excl. depre from right of use	1,804	1,923	1,998	2,211	2,403	2,570	2,727	2,896	3,069	3,253	3,441	3,653	—
Free cash flow	579	585	826	1,190	1,553	1,688	1,814	1,942	2,073	2,218	2,360	1,922	31,198
PV of free cash flow	577	499	650	866	1,043	1,047	1,039	1,027	1,012	1,000	983	739	12,000
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	0.6												
WACC (%)	8.3												
Terminal growth (%)	2.0												
<b>Enterprise value</b>	<b>22,484</b>												
Net debt (end-2024)	(1,169)												
Minority interest	410												
Equity value	23,242												
# of shares (m)	11,000												
Equity value / share (Bt)	<b>2.10</b>												

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 7: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield —	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)
Ramsay Healthcare	RHC AU	Australia	na	23.9	30.3	24.5	1.8	1.7	9.5	8.9	2.1	2.6
Guangzhou Pharmaceutical	874 HK	Hong Kong	10.1	9.9	9.1	8.3	0.8	0.7	na	na	4.7	5.2
Lijun Int'l Pharmaceutical	2005 HK	Hong Kong	7.5	13.8	7.6	6.7	1.1	1.0	6.9	6.1	5.8	6.8
Apollo Hospitals Enterprise	APHS IN	India	59.4	33.1	69.2	52.0	12.3	10.1	34.2	27.8	0.2	0.3
Fortis Healthcare India	FORH IN	India	6.7	25.2	64.5	51.5	6.4	5.5	34.9	27.9	0.2	0.2
KPJ Healthcare	KPJ MK	Malaysia	9.7	11.2	30.6	27.5	4.4	4.1	14.6	13.7	1.7	1.9
IHH Healthcare Bhd	IHH MK	Malaysia	(26.4)	13.5	31.1	27.4	1.9	1.8	13.4	12.1	1.4	1.6
Ryman	RYM NZ	New Zealand	na	na	10.1	36.8	0.3	0.4	13.6	25.7	0.0	0.0
Raffles Medical Group	RFMD SP	Singapore	7.5	13.9	27.5	24.1	1.7	1.7	11.9	11.1	2.3	2.4
Bangkok Chain Hospital *	BCH TB	Thailand	16.8	9.9	24.0	21.8	2.6	2.5	11.6	10.8	3.1	3.4
Bangkok Dusit Medical *	BDMS TB	Thailand	5.2	6.0	20.3	19.2	3.3	3.1	15.6	14.6	3.7	3.9
Bumrungrad Hospital *	BH TB	Thailand	(4.2)	2.5	14.9	14.5	3.6	3.2	10.6	9.8	3.7	3.8
Chularat Hospital *	CHG TB	Thailand	3.6	8.9	17.2	15.8	2.2	2.1	8.9	8.5	4.7	5.1
Praram 9 Hospital *	PR9 TB	Thailand	16.0	10.5	22.9	20.8	3.2	2.9	13.7	12.1	2.2	2.7
Thonburi Healthcare Group*	THG TB	Thailand	na	22.3	34.2	28.0	1.1	1.0	10.5	9.7	1.4	2.0
<b>Average</b>			<b>9.3</b>	<b>14.6</b>	<b>27.6</b>	<b>25.3</b>	<b>3.1</b>	<b>2.8</b>	<b>15.0</b>	<b>14.2</b>	<b>2.5</b>	<b>2.8</b>

Source: Bloomberg, Thanachart estimates

Note: \* Thanachart estimates, using Thanachart normalized EPS

Based on 30 May 2025 closing prices

## COMPANY DESCRIPTION

Chularat Hospital Pcl (CHG) is a private hospital chain established in 1986 in the eastern region of Thailand, particularly in Samut Prakan and Chachoengsao provinces. The company operates 10 main hospitals and five clinics, providing medical treatment to cash and Social Security (SS) patients. Chularat Group offers expertise in hand and microsurgery, NICU, heart surgery, and stroke treatment.

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; \* No CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- One of the big hospital chains in Thailand with significant experience and a reputable managed-care scheme brand.
- Hospitals in CHG's portfolio are in prime locations (communities, factories, and industrial estates).
- Owns a nursing assistant school that supplies professional nursing assistants for the group.

### O — Opportunity

- Limited public healthcare supply in Thailand.
- Capacity expansion to support rising healthcare demand in the future.
- Ageing society mega-trend.
- Rising patient flows from neighbouring countries.
- Increasing COVID-19 infections.

### W — Weakness

- Limited patient-base diversification as CHG still mainly focuses on the low- to mid-tier and managed-care markets.

### T — Threat

- Growing importance of franchise names and big players such as Bangkok Dusit Medical Services (BDMS TB, Bt21.50, BUY), which have entered the mid-market segment.
- Regulatory risk.
- Increasing COVID-19 infections

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	2.54	2.10	-17%
<b>Net profit 25F (Bt m)</b>	1,122	1,000	-11%
<b>Net profit 26F (Bt m)</b>	1,232	1,089	-12%
<b>Consensus REC</b>	<b>BUY: 11</b>	<b>HOLD: 2</b>	<b>SELL: 0</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings and TP are below the Bloomberg consensus numbers, which we attribute to our having a more conservative view on CHG's business prospects.

## RISKS TO OUR INVESTMENT CASE

- If CHG's strategy of boosting revenue from the cash-patient business turns out to be worse than we expect, this would present the key downside risk to our earnings forecasts.
- If the Adjusted Relative Weight (RW) under the SSS or Universal Coverage schemes falls, this would pose a secondary downside risk to our earnings forecasts.
- Given CHG's capacity expansion plans over the next few years, its new buildings may turn profitable more slowly than we currently expect, representing a third downside risk.
- 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.

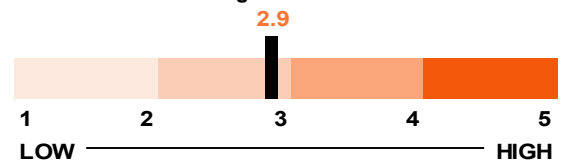
Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart



CHG is the sixth-largest hospital chain in Thailand. The company's operations generate minimal greenhouse gas emissions. Our ESG score for CHG is 2.9, below the sector average of 3.3, due to a lesser focus on ESG implementation than its peers and corporate governance issues related to insider trading by a former CEO.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
CHG	-	-	-	BBB	-	57.81	36.00	-	0.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.

## Factors

## Our Comments

## ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- CHG's environmental score is 2.9, which is in line with the peers' average of 2.9.
- CHG targets reducing the waste generated from its operations and ensuring waste intensity does not exceed 10.5kg per inpatient bed, reducing water consumption and controlling water intensity so as not to exceed 1cbm per inpatient bed, and lowering electricity intensity so that it does not exceed 100kWh per inpatient bed.
- CHG aims to be a "Green Hospital" with a zero-waste and waste recycling policy. It has launched a "Tree Planting Campaign" on free space in hospital areas. It has policies to reduce plastic bag and Styrofoam box consumption, utilize both sides of paper, and replace fluorescent bulbs and lights with LED bulbs. CHG has a sewage system and treats wastewater to improve water quality.

## SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- CHG's social score is 3.4, which is slightly below the sector average of 3.6. We have observed that CHG does less to promote its brand, lags behind its peers in implementing its IT system, and offers staff fewer training programs than higher-end peers.
- CHG offers appropriate compensation and benefits with a pleasant atmosphere and good hygiene in the workplace. It targets a work-related accident rate of less than 10%.
- CHG also focuses on service quality, speed, and safety. It targets more than 90% customer satisfaction and has received quality certifications from Hospital Accreditation (HA) and Joint Commission International (JCI).
- CHG assigns importance to human rights through its core value, "iCare". "iCare" focuses on international patient safety, which is all about equal medical treatment and the safety of patients, along with respect for individuality.

GOVERNANCE &  
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- We assign a low governance score of 2.5 to CHG because Dr. Kumpol Plussind, a former CEO, has been penalized by the SEC for using insider information to buy shares of CHG.
- CHG also lacks an ideal board structure, in our view. The board chairman is a representative from its major shareholders (the Plussind family). There are 12 members of its board of directors, but only four (<2/3 ideal ratio) are independent. Two are female.
- CHG has guidelines and working groups on anti-corruption, risk-assessment planning, and compliance with its code of conduct and laws for efficient and transparent operations. CHG has a risk-management committee to oversee organizational risks.
- CHG has developed competitive strategies to ensure business sustainability.

Sources: Thanachart, Company data

## INCOME STATEMENT

2025F revenue hit by the  
SSO's stricter approval  
rules

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	7,730	8,237	8,480	8,959	9,801
Cost of sales	5,631	6,068	6,038	6,349	7,089
<b>Gross profit</b>	<b>2,100</b>	<b>2,169</b>	<b>2,442</b>	<b>2,611</b>	<b>2,711</b>
% gross margin	27.2%	26.3%	28.8%	29.1%	27.7%
Selling & administration expenses	1,003	1,127	1,156	1,202	1,305
<b>Operating profit</b>	<b>1,097</b>	<b>1,042</b>	<b>1,286</b>	<b>1,409</b>	<b>1,406</b>
% operating margin	14.2%	12.7%	15.2%	15.7%	14.3%
Depreciation & amortization	458	523	532	526	602
<b>EBITDA</b>	<b>1,555</b>	<b>1,565</b>	<b>1,818</b>	<b>1,935</b>	<b>2,008</b>
% EBITDA margin	20.1%	19.0%	21.4%	21.6%	20.5%
Non-operating income	293	258	77	44	43
Non-operating expenses	0	0	0	0	0
Interest expense	(24)	(35)	(30)	(23)	(26)
<b>Pre-tax profit</b>	<b>1,366</b>	<b>1,265</b>	<b>1,333</b>	<b>1,430</b>	<b>1,424</b>
Income tax	279	267	280	293	285
<b>After-tax profit</b>	<b>1,087</b>	<b>998</b>	<b>1,053</b>	<b>1,137</b>	<b>1,139</b>
% net margin	14.1%	12.1%	12.4%	12.7%	11.6%
Shares in affiliates' Earnings	(19)	(20)	(17)	(10)	(5)
Minority interests	(21)	(13)	(36)	(38)	(9)
Extraordinary items	0	0	0	0	0
<b>NET PROFIT</b>	<b>1,046</b>	<b>965</b>	<b>1,000</b>	<b>1,089</b>	<b>1,125</b>
<b>Normalized profit</b>	<b>1,046</b>	<b>965</b>	<b>1,000</b>	<b>1,089</b>	<b>1,125</b>
EPS (Bt)	0.1	0.1	0.1	0.1	0.1
Normalized EPS (Bt)	0.1	0.1	0.1	0.1	0.1

## BALANCE SHEET

More new capacity  
expansion planned in  
2025-27

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	4,046	4,095	3,963	3,594	3,834
Cash & cash equivalent	1,524	1,812	1,620	1,120	1,120
Account receivables	2,158	1,948	1,975	2,086	2,282
Inventories	336	300	331	348	388
Others	27	36	37	39	43
Investments & loans	122	102	102	102	102
Net fixed assets	5,701	5,772	6,255	6,741	6,949
Other assets	395	417	418	427	453
<b>Total assets</b>	<b>10,264</b>	<b>10,387</b>	<b>10,738</b>	<b>10,863</b>	<b>11,338</b>
<b>LIABILITIES:</b>					
Current liabilities:	1,485	1,468	1,551	1,557	1,733
Account payables	894	869	910	957	1,068
Bank overdraft & ST loans	45	50	69	46	50
Current LT debt	82	81	93	62	67
Others current liabilities	464	468	479	493	548
<b>Total LT debt</b>	<b>556</b>	<b>512</b>	<b>526</b>	<b>349</b>	<b>382</b>
Others LT liabilities	293	276	279	285	302
<b>Total liabilities</b>	<b>2,333</b>	<b>2,256</b>	<b>2,356</b>	<b>2,191</b>	<b>2,417</b>
Minority interest	406	410	446	485	494
Preferreds shares	0	0	0	0	0
Paid-up capital	1,100	1,100	1,100	1,100	1,100
Share premium	1,146	1,146	1,146	1,146	1,146
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
<b>Retained earnings</b>	<b>5,278</b>	<b>5,474</b>	<b>5,689</b>	<b>5,942</b>	<b>6,181</b>
Shareholders' equity	7,525	7,720	7,935	8,188	8,427
<b>Liabilities &amp; equity</b>	<b>10,264</b>	<b>10,387</b>	<b>10,738</b>	<b>10,863</b>	<b>11,338</b>

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

Sustainable cash inflow stream

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	1,366	1,265	1,333	1,430	1,424
Tax paid	(325)	(291)	(262)	(296)	(272)
Depreciation & amortization	458	523	532	526	602
Chg In working capital	581	222	(18)	(82)	(125)
Chg In other CA & CL / minorities	48	(10)	(30)	(3)	34
<b>Cash flow from operations</b>	<b>2,127</b>	<b>1,710</b>	<b>1,555</b>	<b>1,575</b>	<b>1,663</b>
Capex	(1,392)	(569)	(1,000)	(1,000)	(800)
Right of use	(15)	(20)	(5)	(1)	(1)
ST loans & investments	0	0	0	0	0
LT loans & investments	19	20	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(55)	(45)	(2)	(7)	(19)
<b>Cash flow from investments</b>	<b>(1,443)</b>	<b>(613)</b>	<b>(1,007)</b>	<b>(1,008)</b>	<b>(820)</b>
Debt financing	(116)	(40)	45	(231)	43
Capital increase	0	0	0	0	0
Dividends paid	(1,045)	(770)	(785)	(836)	(885)
Warrants & other surplus	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(1,161)</b>	<b>(810)</b>	<b>(740)</b>	<b>(1,067)</b>	<b>(843)</b>
<b>Free cash flow</b>	<b>735</b>	<b>1,141</b>	<b>555</b>	<b>575</b>	<b>863</b>

## VALUATION

CHG has already de-rated, in our view

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	16.4	17.8	17.2	15.8	15.3
Normalized PE - at target price (x)	22.1	23.9	23.1	21.2	20.5
PE (x)	16.4	17.8	17.2	15.8	15.3
PE - at target price (x)	22.1	23.9	23.1	21.2	20.5
EV/EBITDA (x)	10.5	10.2	8.9	8.5	8.2
EV/EBITDA - at target price (x)	14.3	14.0	12.2	11.6	11.2
P/BV (x)	2.3	2.2	2.2	2.1	2.0
P/BV - at target price (x)	3.1	3.0	2.9	2.8	2.7
P/CFO (x)	8.1	10.0	11.0	10.9	10.3
Price/sales (x)	2.2	2.1	2.0	1.9	1.8
Dividend yield (%)	4.5	4.5	4.7	5.1	5.2
FCF Yield (%)	4.3	6.7	3.2	3.4	5.0
<b>(Bt)</b>					
Normalized EPS	0.1	0.1	0.1	0.1	0.1
EPS	0.1	0.1	0.1	0.1	0.1
DPS	0.1	0.1	0.1	0.1	0.1
BV/share	0.7	0.7	0.7	0.7	0.8
CFO/share	0.2	0.2	0.1	0.1	0.2
FCF/share	0.1	0.1	0.1	0.1	0.1

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

*Modest earnings growth  
in 2025-27F*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	(23.5)	6.6	3.0	5.7	9.4
Net profit (%)	(62.4)	(7.7)	3.6	8.9	3.3
EPS (%)	(62.4)	(7.7)	3.6	8.9	3.3
Normalized profit (%)	(62.4)	(7.7)	3.6	8.9	3.3
Normalized EPS (%)	(62.4)	(7.7)	3.6	8.9	3.3
Dividend payout ratio (%)	73.6	79.8	80.0	80.0	80.0
<b>Operating performance</b>					
Gross margin (%)	27.2	26.3	28.8	29.1	27.7
Operating margin (%)	14.2	12.7	15.2	15.7	14.3
EBITDA margin (%)	20.1	19.0	21.4	21.6	20.5
Net margin (%)	14.1	12.1	12.4	12.7	11.6
D/E (incl. minor) (x)	0.1	0.1	0.1	0.1	0.1
Net D/E (incl. minor) (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest coverage - EBIT (x)	45.7	30.2	42.2	61.0	54.9
Interest coverage - EBITDA (x)	64.8	45.4	59.7	83.8	78.5
ROA - using norm profit (%)	10.2	9.3	9.5	10.1	10.1
ROE - using norm profit (%)	13.9	12.7	12.8	13.5	13.5
<b>DuPont</b>					
ROE - using after tax profit (%)	14.4	13.1	13.5	14.1	13.7
- asset turnover (x)	0.8	0.8	0.8	0.8	0.9
- operating margin (%)	18.0	15.8	16.1	16.2	14.8
- leverage (x)	1.4	1.4	1.3	1.3	1.3
- interest burden (%)	98.3	97.3	97.8	98.4	98.2
- tax burden (%)	79.6	78.9	79.0	79.5	80.0
WACC (%)	8.3	8.3	8.3	8.3	8.3
ROIC (%)	13.8	12.3	15.5	16.0	14.9
NOPAT (Bt m)	873	822	1,016	1,120	1,125
invested capital (Bt m)	6,683	6,551	7,003	7,525	7,807

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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