Chularat Hospital Pcl (CHG TB) - BUY, Price Bt1.68, TP Bt2.10

Results Comment

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Weak 2Q25 results, miss

- CHG reported net profit of Bt208m in 2Q25, up 8% y-y but down 8% q-q. This was below ours and the market's expectation due to the revenue reversal from 26 chronic diseases of Bt73m in 2Q25.
- The y-y growth was driven by: 1) rising revenue from cash and Universal Coverage Scheme (UCS) patients and 2) EBIT margin expansion.
- CHG's revenue grew by only 1% both y-y and q-q to Bt2.0bn in 2Q25. The growth was attributed to rising revenue from cash and UCS patients. Revenue from cash patients grew by 3% y-y and 5% q-q to Bt1.4bn in 2Q25, mainly driven by increasing numbers of international patients. UCS revenue grew by 29% y-y and 14% q-q to Bt103m in 2Q25 due to increased revenue from services under UCEP program and cardiac treatment services.
- SSS revenue declined by 5% y-y and 8% q-q to Bt554m in 2Q25. The SSS revenue drop resulted from the lower-than-expected settlements for medical treatment for 26 chronic disease for 2024 and a revised estimate for 2025 of Bt73m.
- EBIT margin rose to 13.3% in 2Q25, up from 9.4% in 2Q24 but slightly declined from 13.7% in 1Q25.
- 6M25 earnings accounted for 43% of our full-year earnings forecast. We see slight downside risk to our full-year numbers. We expect CHG's 2H25F earnings to grow both h-h and y-y, supported by seasonality and a low base from the SSS payment shortfall in 4Q24. We maintain BUY on CHG.
- CHG announced an interim dividend of Bt0.02/share. The ex-dividend date is 27 August 2025, and the payment date is 12 September 2025.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q24**	**3Q24**	**4Q24**	**1Q25**	**2Q25**
Revenue	1,985	2,309	1,921	1,988	2,012
Gross profit	**427**	**716**	**480**	**549**	**548**
SG&A	240	243	361	277	281
Operating profit	186	473	119	272	267
EBITDA	**311**	**599**	**245**	**395**	**393**
Other income	76	75	20	32	17
Other expense	0	0	0	0	0
Interest expense	9	9	8	8	7
Profit before tax	**253**	**539**	**131**	**296**	**277**
Income tax	57	103	32	61	56
Equity & invest. income	(5)	(2)	(8)	(2)	(3)
Minority interests	0	(16)	0	(7)	(10)
Extraordinary items	0	0	0	0	0
Net profit	**192**	**417**	**92**	**225**	**208**
Normalized profit	**192**	**417**	**92**	**225**	**208**
EPS (Bt)	0.02	0.04	0.01	0.02	0.02
Normalized EPS (Bt)	0.02	0.04	0.01	0.02	0.02

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2025F**	**2025F**	**2026F**
Revenue	1	1	47	8,480	8,959
Gross profit	**(0)**	**28**	**45**	**2,442**	**2,611**
SG&A	1	17	48	1,156	1,202
Operating profit	(2)	43	42	1,286	1,409
EBITDA	**(1)**	**26**	**43**	**1,818**	**1,935**
Other income	(46)	(78)	63	77	44
Other expense				0	0
Interest expense	(7)	(18)	49	30	23
Profit before tax	**(7)**	**9**	**43**	**1,333**	**1,430**
Income tax	(8)	(1)	42	280	293
Equity & invest. income	na	na	na	(17)	(10)
Minority interests	na	na	na	(36)	(38)
Extraordinary items				0	0
Net profit	**(8)**	**8**	**43**	**1,000**	**1,089**
Normalized profit	**(8)**	**8**	**43**	**1,000**	**1,089**
EPS (Bt)	(8)	8	43	0.09	0.10
Normalized EPS (Bt)	(8)	8	43	0.09	0.10

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q24**	**3Q24**	**4Q24**	**1Q25**	**2Q25**
Cash & ST investment	1,344	1,619	1,692	1,940	1,500
A/C receivable	2,172	2,142	1,948	1,885	1,896
Inventory	351	345	300	311	309
Other current assets	140	138	156	135	140
Investment	76	76	76	76	76
Fixed assets	5,759	5,775	5,772	5,812	5,843
Other assets	428	425	443	476	461
Total assets	**10,270**	**10,519**	**10,387**	**10,634**	**10,225**
S-T debt	131	128	131	141	145
A/C payable	986	1,058	869	906	900
Other current liabilities	486	486	468	476	443
L-T debt	583	521	512	485	448
Other liabilities	257	287	276	263	270
Minority interest	395	411	410	418	417
Shareholders' equity	**7,431**	**7,628**	**7,720**	**7,945**	**7,603**
Working capital	1,536	1,428	1,378	1,290	1,305
Total debt	714	649	643	626	593
Net debt	**(630)**	**(970)**	**(1,049)**	**(1,313)**	**(907)**

Financial Ratios					
(%)	**2Q24**	**3Q24**	**4Q24**	**1Q25**	**2Q25**
Sales growth	10.4	10.3	(9.5)	(1.7)	1.3
Operating profit growth	(4.9)	31.0	(60.3)	3.2	43.0
EBITDA growth	3.4	25.5	(41.9)	2.7	26.4
Norm profit growth	(6.7)	28.1	(66.6)	(14.6)	8.0
Norm EPS growth	(6.7)	28.1	(66.6)	(14.6)	8.0
Gross margin	21.5	31.0	25.0	27.6	27.2
Operating margin	9.4	20.5	6.2	13.7	13.3
EBITDA margin	15.6	26.0	12.7	19.9	19.5
Norm net margin	9.7	18.1	4.8	11.3	10.3
D/E (x)	0.1	0.1	0.1	0.1	0.1
Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)
Interest coverage (x)	35.6	67.5	29.8	51.5	55.0
Interest rate	4.9	5.2	5.1	4.8	4.7
Effective tax rate	22.4	19.1	24.5	20.7	20.3
ROA	7.4	16.1	3.5	8.6	8.0
ROE	10.1	22.2	4.8	11.5	10.7

Sources: Company data, Thanachart estimates

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