Small Cap Research

BUY (Unchanged)

Company Update

TP: Bt 1.90 (Unchanged)

Upside : 20.3%

5 FEBRUARY 2026

Chularat Hospital Pcl (CHG TB)

The worst is over

We reaffirm our BUY call on CHG, seeing its four straight years of earnings decline ending and projecting a 10% EPS CAGR over 2026-28F. While the Social Security business is bottoming out, the cash patient business is growing organically and from expansions.

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Thanachart Securities

Starting a new cycle; BUY

CHG's earnings peaked in 2021, driven by a COVID-19 windfall, and normalized in 2023. It then suffered a two-year earnings decline through 2025F, driven by declining Social Security Service (SSS) revenue and losses from a new hospital. However, we reaffirm our BUY call on CHG. ***First,*** we expect CHG's earnings to turn around in a new cycle starting this year with a 10% EPS CAGR over 2026-28F. ***Second,*** CHG is a beneficiary of the FDI boom, as most of its hospitals are located along the route from eastern Bangkok, near Suvarnabhumi Airport, in the inner EEC. The FDI should create both SSS demand from workers and cash patient demand from expanding communities and expats. ***Third,*** CHG expects to secure more managed-service contracts for other hospitals. ***Lastly,*** having de-rated along the way, we see CHG as inexpensive at 16.4x 2026F PE.

SSS business bottoming out

The SSS was CHG's key earnings drag over the past two years, with SSS payment shortfalls in 2024 and risk-adjusted capitation revenue reversals and stricter SSS rules on Gastric Sleeve Surgery (GSS) in 2025. SSS revenue fell from 32% in 2023 to 28% of total revenues in 9M25. We believe the worst is over and expect SSS revenue to stabilize from the low base. GSS cases under SSS are not declining further, while CHG has seen some SSS patients switching to GSS treatment through cash patient services. Meanwhile, overall reimbursements under the SSS (basic capitation, risk-adjusted capitation, and high-cost care services) look set to be maintained.

10% three-year EPS CAGR

We estimate CHG's earnings to grow 10% p.a. in 2026-28F. Earnings drivers in those years are 1) resilient growth in cash patient revenue at 6/10/12% from organic growth and capacity expansions; 2) SSS revenue bottoming out with organic growth of 4/3/2% from the low base; 3) loss contributions from the new Chularat Mae Sot Hospital falling from Bt80m in 2024 to Bt44/13m in 2025-26F before Bt8/22m in profits in 2027-28F, and 4) rising income from managed services for other hospitals.

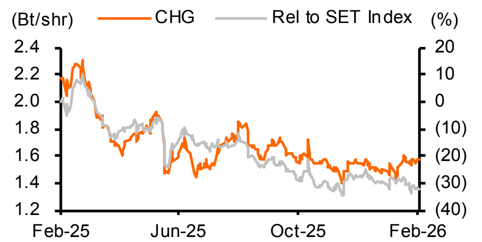
Management direction

CHG targets growth across five areas. The first is to expand capacity from 938 beds in 2025 to 1,158 in 2027 at the main campus, Chularat 3 Hospital, Ruampat Chachoengsao Hospital, and the new Chularat Rayong International Hospital. Second, to help boost foreign patient revenue through new capacity. Third, to increase high-intensity care (heart, stroke, and cancer centers) to 30-40% of revenue from 20% currently. Fourth, to raise managed-care contracts from three last year to six this year. Fifth, to introduce more cost-saving measures.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	8,237	8,218	8,642	9,290
Net profit	965	960	1,059	1,149
Consensus NP	—	993	1,112	1,203
Diff frm cons (%)	—	*(3.4)*	*(4.8)*	*(4.5)*
Norm profit	965	960	1,059	1,149
Prev. Norm profit	—	960	1,059	1,149
Chg frm prev (%)	—	*0.0*	*0.0*	*0.0*
Norm EPS (Bt)	0.1	0.1	0.1	0.1
Norm EPS grw (%)	(7.7)	(0.6)	10.3	8.5
Norm PE (x)	18.0	18.1	16.4	15.1
EV/EBITDA (x)	10.4	9.5	9.0	8.4
P/BV (x)	2.3	2.2	2.1	2.1
Div yield (%)	4.4	4.4	4.9	5.3
ROE (%)	12.7	12.3	13.2	13.8
Net D/E (%)	(14.4)	(11.4)	(7.9)	(7.3)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 5-Feb-26 (Bt)	1.58
Market Cap (US$ m)	546.9
Listed Shares (m shares)	11,000.0
Free Float (%)	42.9
Avg Daily Turnover (US$ m)	0.6
12M Price H/L (Bt)	2.30/1.40
Sector	Health Care
Major Shareholder	Plussind Family 24.97%

Sources: Bloomberg, Company data, Thanachart estimates

Starting a new cycle; BUY

Maintaining our BUY call …

Chularat Hospital Pcl's (CHG TB) earnings peaked in 2021, driven by a one-off COVID-related windfall, before normalizing in 2023. Earnings then declined for another two years into 2025F, pressured by weakness in the Social Security Service (SSS) segment and start-up losses from a newly opened hospital in Tak province. Despite this earnings trough, we reaffirm our BUY rating on CHG, as we believe the company is entering a new earnings upcycle.

1) 10% three-year EPS CAGR

First, we expect CHG's earnings to turn around from this year onward, marking the start of a new growth cycle. We estimate a 10% EPS CAGR over 2026-28F, supported by a recovery in core hospital operations, a stabilizing SSS business, and improving profitability at the new hospital as it ramps up utilization and operational efficiency.

2) Benefiting from foreign direct investment

Second, CHG stands to benefit structurally from Thailand's foreign direct investment (FDI)-driven industrial expansion, particularly in eastern Bangkok and the Eastern Economic Corridor (EEC). Most of CHG's hospitals are strategically located along key routes from eastern Bangkok, near Suvarnabhumi Airport, extending into the inner EEC. Rising FDI should translate into higher SSS demand from an expanding workforce, growing residential communities, expatriates, and higher-income patients associated with industrial and logistics developments.

3) Asset-light strategy should enhance returns

Third, CHG is expanding its managed services model, with expectations of securing additional contracts to manage or support operations for other hospitals. We expect this asset-light strategy to enhance returns on equity and reduce earnings volatility over the medium term.

4) Already de-rated valuation

Lastly, after a prolonged earnings downturn, CHG's valuation has been de-rated to what we consider an attractive level. The stock now trades at 16.4x 2026F PE, which we view as inexpensive relative to its normalized earnings potential and medium-term growth outlook. With earnings recovery visibility improving and multiple structural growth drivers in place, we see a favorable risk–reward profile at current levels.

Ex 1: 12-month DCF-based TP Calculation, Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA excl. depre from right of use	1,843	1,976	2,092	2,269	2,435	2,600	2,760	2,925	3,101	3,282	3,480	—
Free cash flow	561	846	1,128	1,482	1,619	1,750	1,875	2,002	2,143	2,283	2,235	29,382
PV of free cash flow	560	702	853	1,021	1,016	1,001	977	950	927	899	802	10,543
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	0.9											
WACC (%)	9.8											
Terminal growth (%)	2.0											
Enterprise value	**20,251**											
Net debt (end-2025F)	(956)											
Minority interest	448											
Equity value	20,758											
# of shares (m)	11,000											
Equity value / share (Bt)	**1.90**											

Sources: Company data, Thanachart estimates

SSS business bottoming out

SSS segment has been the key earnings drag for CHG over the past two years

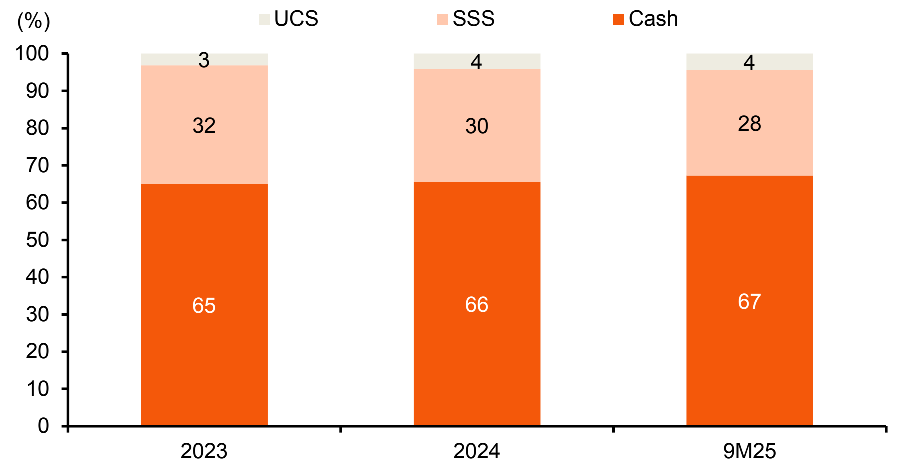
The SSS segment has been the key earnings drag for CHG over the past two years. Earnings were pressured by SSS payment shortfalls in 2024, followed by risk-adjusted capitation revenue reversals and tighter reimbursement rules on Gastric Sleeve Surgery (GSS) in 2025. As a result, SSS revenue contribution declined meaningfully, falling from 32% of total revenue in 2023 to 28% in 9M25, weighing on overall margins and profitability.

That said, we believe the worst of the SSS headwinds is now behind CHG, and expect SSS revenue to stabilize from a low base going forward. Importantly, GSS case volumes under the SSS scheme are no longer declining, suggesting that the impact from regulatory tightening has largely played out. In late 2025, the Social Security Office (SSO) started approving approximately 18 GSS cases for surgery at CHG. Moreover, CHG has observed a partial shift of SSS patients to cash-pay services for GSS procedures, helping mitigate revenue loss while improving case mix and margins.

In addition, we expect overall SSS reimbursements to be maintained, including basic capitation, risk-adjusted capitation, and high-cost care services. With no further negative policy surprises assumed and a lower comparison base, the SSS segment should gradually shift from being an earnings drag to a more neutral contributor, supporting CHG's broader earnings recovery from 2026F onward.

More broadly, while reimbursement rates for high-cost care services (RW ≥ 2) remain somewhat uncertain in 2026, the higher Section 33 wage ceiling effective 1 January 2026 should help reduce payment risk and improve the sustainability of the SSS fund, which could support reimbursement rate adjustments over the medium term.

Ex 2: Revenue Breakdown By Segment



Source: Company data

10% three-year EPS CAGR

Key earnings drivers …

We estimate CHG's earnings to grow at a 10% CAGR over 2026-28F, driven by a combination of revenue recovery and a margin improvement across its core businesses. Key earnings drivers over the forecast period include the following:

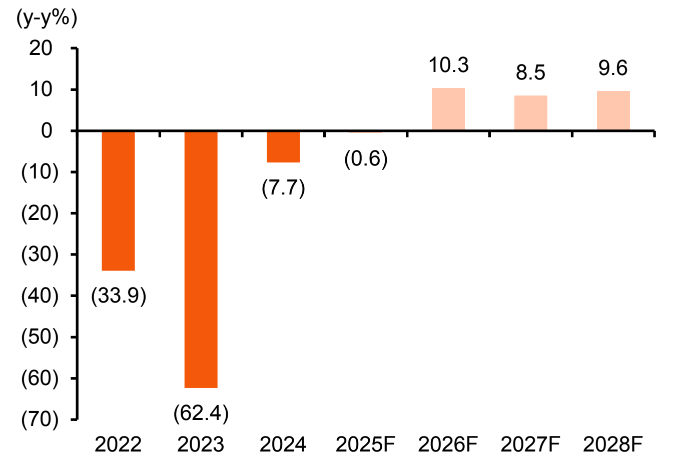
First, we expect cash-patient revenue to remain the main growth engine, with growth of 6/10/12% in 2026-28F, respectively. This is supported by steady organic growth at existing hospitals and capacity additions, which should allow CHG to capture rising demand from Thai and international patients.

Second, we expect SSS revenue to bottom out and gradually recover from a low base, with organic growth of 4/3/2% in 2026-28F, respectively. This reflects a stabilization in patient volumes, a normalization of reimbursement trends, and the absence of further negative policy changes, allowing the SSS segment to shift from a drag on earnings to a more neutral contributor.

Third, we project that losses from the new Chularat Mae Sot Hospital will narrow significantly as utilization improves and fixed costs are better absorbed. We estimate losses to decline from Bt80m in 2024 to Bt44m and Bt13m in 2025-26F, before the hospital turns profitable with earnings of Bt8m and Bt22m in 2027-28F, respectively.

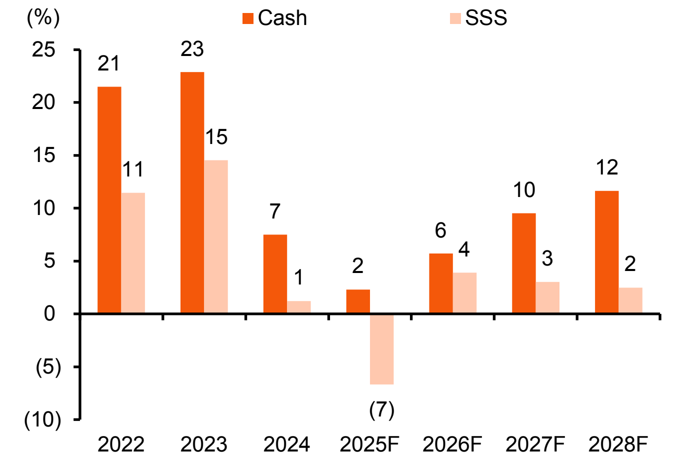
Lastly, we expect income from managed services for other hospitals to rise steadily. This asset-light business should generate recurring income with attractive margins, providing an additional and less capital-intensive earnings growth driver over the medium term.

Ex 3: Earnings Growth Resumes



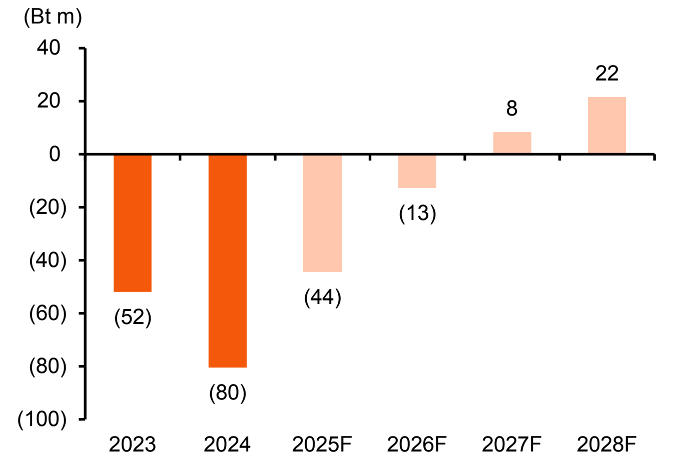
Sources: Company data, Thanachart estimates

Ex 4: Revenue Growth



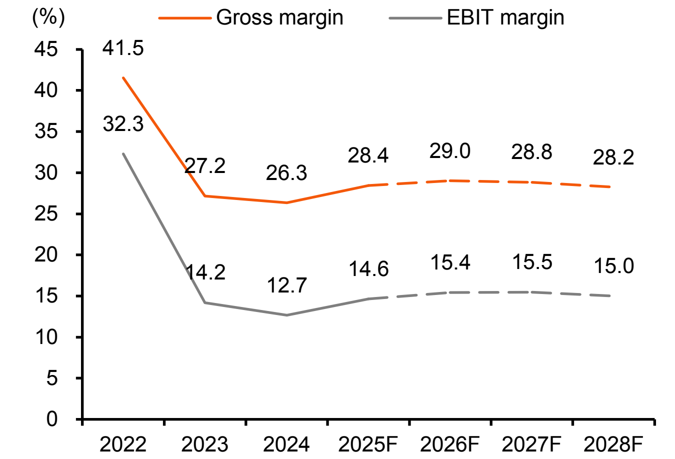
Sources: Company data, Thanachart estimates

Ex 5: Falling Losses From Its New Hospital



Sources: Company data, Thanachart estimates

Ex 6: Improving Margin



Sources: Company data, Thanachart estimates

Management direction

CHG's five key strategic areas …

CHG targets growth across five key strategic areas, which together underpin its medium- to long-term earnings expansion.

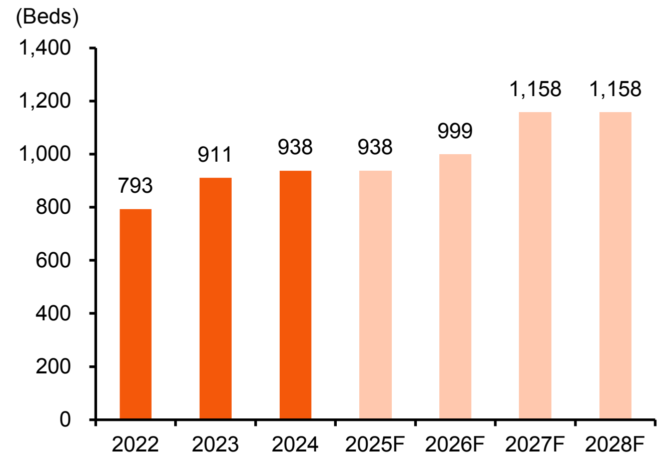
1) Capacity expansion

First, the company plans to expand bed capacity from 938 beds in 2025 to 1,158 by 2027. This growth would be driven by expansions at its main campus, Chularat 3 Hospital, through the opening of two new buildings with a total of 100 beds; an increase in capacity at Ruampat Chachoengsao Hospital from 59 beds to 120; and the opening of the 200-bed Chularat Rayong International Hospital in Rayong province. CHG aims to utilize this new capacity to accommodate higher volumes of cash patients.

2) Increasing foreign patient revenue

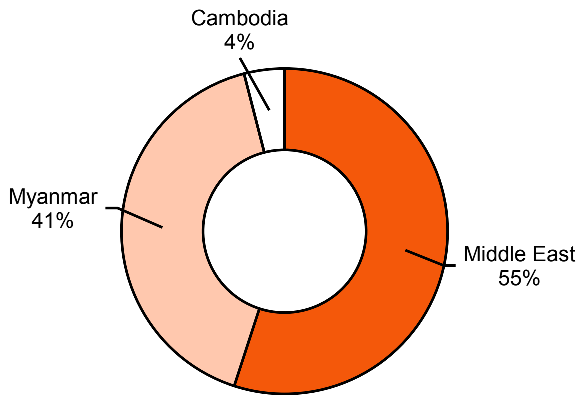
Second, we expect the additional capacity to accelerate growth in cash patient revenue, particularly in foreign patient revenue. In addition to its fly-in foreign patients, CHG looks well-positioned to capture demand from expatriates and foreign workers, who typically generate higher average revenue per case. Presently, CHG's revenue contribution from foreign patients accounts for around 3-4% of total revenue.

Ex 7: CHG's Active Bed Capacity



Sources: Company data, Thanachart estimates

Ex 8: Foreign Patient Revenue Breakdown In 3Q25



Source: Company data

3) Rising portion of high-intensity care services

Third, CHG aims to increase the proportion of high-intensity care services, including heart, stroke, and cancer centers, to 30-40% of total revenue over the longer term, from around 20% currently. This strategic shift toward more complex treatments should enhance revenue quality and margins, given higher pricing and better margins compared with general medical services.

4) Expand managed care services business

Fourth, CHG plans to expand its managed care services business by increasing the number of heart center management contracts from three to six this year. In 2024, CHG managed three heart centers at Sirindhorn Hospital, Samut Prakan Hospital, and Rayong Hospital.

In December 2025, CHG signed a contract to manage a heart center at Mae Sot Hospital in Trat province. This hospital is targeted to start contributing revenue and earnings in 1Q26. In addition, CHG expects to sign two more contracts with public hospitals in Chachoengsao and Prachinburi provinces this year, which are currently under negotiation.

Looking ahead, CHG continues to target further expansion of its heart-center management services across both public and private hospitals. This asset-light model generates recurring revenue and earnings, enhances return on capital, and helps diversify earnings away from traditional hospital operations.

5) Implementing cost-saving and efficiency measures

Finally, CHG continues to implement cost-saving and efficiency measures, including tighter cost controls, better utilization of medical personnel, and economies of scale from larger operations. In addition, CHG has begun deploying automated drug-dispensing systems to reduce medication errors, improve workflow efficiency, and lower manpower requirements in pharmacy operations.

The company also leverages its partnership with Arin Care to centralize the procurement of certain drugs. This collaboration enhances CHG's bargaining power with pharmaceutical suppliers, enables more favorable pricing terms, and helps reduce overall procurement costs.

Taken together, these measures should support margin expansion as revenues recover and operating scale increases.

Valuation Comparison

Ex 9: Valuation Comparison With Regional Peers

			EPS growth		—— PE ——		— P/BV —		EV/EBITDA		— Div yield —	
Name	BBG code	Market	25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)
Ramsay Healthcare	RHC AU	Australia	na	5.1	28.5	27.1	1.7	1.6	9.4	9.0	2.3	2.4
Guangzhou Pharmaceutical	874 HK	Hong Kong	13.5	8.6	9.7	8.9	0.8	0.8	10.4	10.0	4.3	4.7
Lijun Int'l Pharmaceutical	2005 HK	Hong Kong	(41.9)	21.6	14.3	11.7	1.2	1.1	13.3	11.3	3.7	4.3
Apollo Hospitals Enterprise	APHS IN	India	(0.9)	31.0	71.5	54.6	12.7	10.5	35.4	29.2	0.2	0.3
Fortis Healthcare India	FORH IN	India	6.7	34.3	78.3	58.3	7.7	6.5	42.6	31.8	0.1	0.2
KPJ Healthcare	KPJ MK	Malaysia	(6.3)	11.8	36.3	32.5	4.5	4.2	15.7	14.8	1.5	1.7
IHH Healthcare Bhd	IHH MK	Malaysia	(27.1)	11.8	39.9	35.7	2.4	2.3	16.3	14.8	1.1	1.2
Ryman	RYM NZ	New Zealand	na	na	13.3	52.9	0.5	0.7	15.9	36.0	0.0	0.0
Raffles Medical Group	RFMD SP	Singapore	10.4	8.1	26.9	24.9	1.7	1.7	12.0	11.3	2.9	2.7
Bangkok Chain Hospital *	BCH TB	Thailand	9.5	11.1	18.8	17.0	1.9	1.8	8.5	8.0	4.1	4.4
Bangkok Dusit Medical *	BDMS TB	Thailand	4.0	6.1	19.5	18.4	3.1	3.0	14.4	13.6	3.8	4.1
Bumrungrad Hospital *	BH TB	Thailand	(2.2)	2.5	19.0	18.6	4.7	4.2	13.4	12.9	2.9	3.0
Chularat Hospital *	CHG TB	Thailand	(0.6)	10.3	18.1	16.4	2.2	2.1	9.5	9.0	4.4	4.9
Praram 9 Hospital *	PR9 TB	Thailand	15.0	11.8	18.5	16.6	2.6	2.4	10.7	9.3	2.7	3.3
Thonburi Healthcare Group*	THG TB	Thailand	na	107.6	106.1	51.1	1.1	1.1	8.1	10.6	0.5	1.1
Average			**(1.7)**	**20.1**	**34.6**	**29.6**	**3.2**	**2.9**	**15.7**	**15.4**	**2.3**	**2.5**

Source: Bloomberg, Thanachart estimates

Note: * Thanachart estimates, using Thanachart normalized EPS

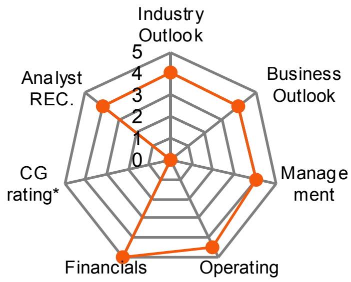
Based on 5 February 2026 closing prices

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	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

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.

W — Weakness

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

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.

T — Threat

- Growing importance of franchise names and big players such as Bangkok Dusit Medical Services (BDMS TB, Bt20.40, BUY), which have entered the mid-market segment.
- Regulatory risk.
- Increasing COVID-19 infections

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	2.03	1.90	-6%
Net profit 25F (Bt m)	993	960	-3%
Net profit 26F (Bt m)	1,112	1,059	-5%
Consensus REC	**BUY: 14**	**HOLD: 1**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings and TP are slightly below the Street's, likely attributable to us having a more conservative view on CHG's ability to increase prices and expand margins.

Sources: Bloomberg consensus, Thanachart estimates

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.

Source: Thanachart

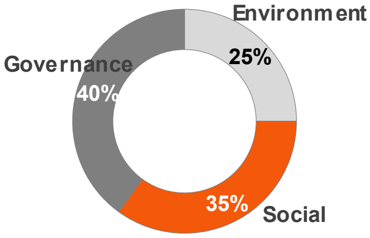
CHG

Chularat Hospital Public Co. Ltd.

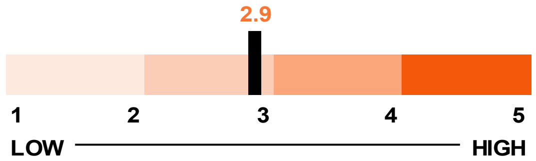
Sector: Services | Healthcare

ESG & Sustainability Report

ESG Weighting



Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
CHG	YES	-	-	2.90	0	-	5.0

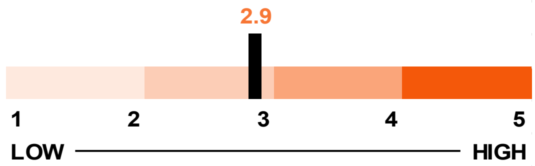
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

ESG Summary

- CHG is the sixth-largest hospital chain in Thailand. The company's operations generate minimal greenhouse gas emissions. Our ESG score for CHG is moderate at 2.9, below the sector average of 3.1, due to a lower focus on ESG implementation than peers and corporate governance issues related to insider trading by a former CEO.
- CHG can be considered a defensive ESG play rather than an ESG leader. Its healthcare business supports social value through accessibility and affordability, but past governance issues and a compliance-driven approach limit its scoring in our view.
- We like CHG's strong Social contribution, particularly its accessibility and affordability. The company plays an important role in providing healthcare services to middle- to lower-income patients and communities near industrial areas, supporting social inclusion and access to essential medical care.
- We are less positive on Governance. Past governance issues, limited board independence, and a compliance-driven governance framework continue to weigh on investor confidence and cap ESG credibility. In addition, weaker IT adoption and structured staff development limit Social differentiation compared with higher-end peers.
- An ESG-related concern for CHG is the uncertainty surrounding the Social Security Scheme's reimbursement rates and the risk of payment shortfalls. We believe this business risk could put pressure on CHG's ESG score.

We assign CHG an Environmental score of 2.9, in line with peers, reflecting adequate policies and disclosure, with waste management as a relative strength, though conservative energy and water targets limit differentiation.

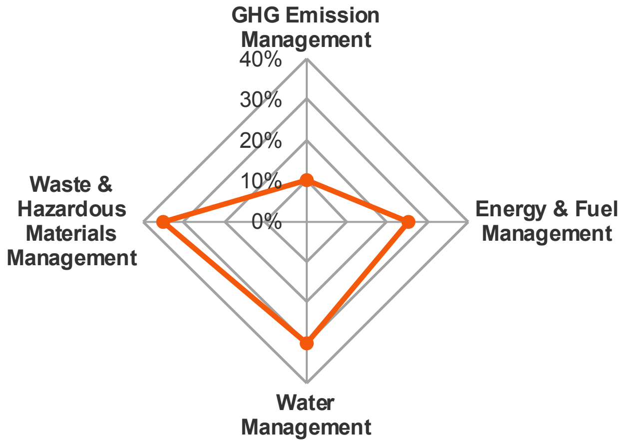
Thanachart Environment (E) Rating



ENVIRONMENT

- **GHG Emission Management**
- **Energy & Fuel Management**
- **Water Management**
- **Waste & Hazardous Materials Management**

SCALE WEIGHTING



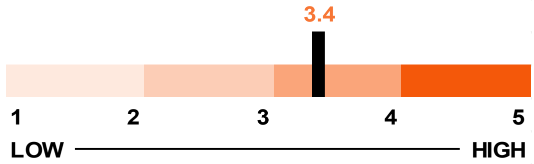
Our Comments

- CHG's Environmental (E) score is 2.9, in line with its peer average of 2.9. This reflects the company's established environmental policies, basic targets, and consistent disclosure. In our view, CHG's ecological management is compliant and well-structured, but it does not yet stand out among peers in terms of ambition or leadership.
- CHG targets controlling electricity intensity so that it does not exceed 100kWh per inpatient bed. Key actions include replacing fluorescent lights with LED bulbs and promoting energy-saving practices across hospitals. We view these actions positively as they support cost control and operational efficiency, although the focus remains on intensity control rather than absolute energy reduction.
- CHG aims to reduce water consumption and keep water intensity below 1 cubic meter per inpatient bed. The company has a sewage system and treats wastewater to improve water quality before discharge. In our view, water management is operationally sound and well controlled, but targets are relatively conservative, limiting upside to the environmental score.
- Waste management is one of CHG's stronger environmental areas. The company targets reducing waste generation and keeping waste intensity below 10.5kg per inpatient bed, supported by waste segregation, recycling, and zero-waste policies. We view this positively, as waste targets are clearer and actions are more systematic compared with energy and water.
- CHG aims to become a "Green Hospital" with a zero-waste and recycling policy. Actions include a tree-planting campaign within hospital areas, reducing plastic bags and Styrofoam boxes, and encouraging double-sided paper use. These measures help raise environmental awareness and support a green culture, although clearer quantitative outcomes would strengthen credibility.

Sources: Thanachart, Company data

We assign CHG a Social score of 3.4, slightly below the sector average, reflecting strong healthcare accessibility and acceptable patient safety standards, but weaker IT adoption and staff development. In our view, CHG's Social profile is compliant, with limited differentiation from peers.

Thanachart Social (S) Rating



SOCIAL

- **Human Rights & Community Relations**
- **Access & Affordability**
- **Customer Welfare**
- **Data Security & Customer Privacy**
- **Product Quality & Safety**
- **Fair Product Marketing & Labelling**
- **Operational Risk Management**
- **Health, Safety & Well-being**
- **Recruitment, Development & Retention**

SCALE WEIGHTING

Our Comments

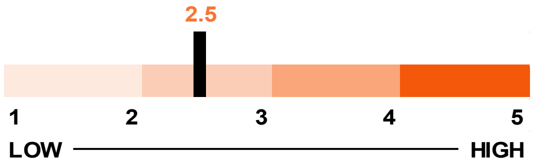
- CHG's Social (S) score is 3.4, slightly below the sector average of 3.6. This reflects acceptable patient safety standards and labor practices, but weaker execution in brand promotion, IT system implementation, and staff training compared with higher-end peers. In our view, CHG's Social profile is adequate and compliant, but it does not fully leverage its scale or differentiate itself from peers.
- We assign a high score to CHG's accessibility and affordability. CHG plays an important role in providing accessible healthcare services to a broad patient base, particularly middle- to lower-income groups and communities near industrial areas in eastern Bangkok and eastern Thailand. This supports social inclusion and access to essential medical services.
- CHG focuses on service quality, speed, and patient safety, with a target customer satisfaction rate of more than 90%. The hospital group has received quality certifications from Hospital Accreditation (HA) and Joint Commission International (JCI). We view these certifications positively, as they support service credibility and patient trust, although CHG's approach appears more compliance-driven than service-led differentiation.
- CHG emphasizes human rights through its "iCare" core value, supporting equal treatment, patient safety, and respect for dignity. We view the framework as appropriate, though disclosures remain more policy-focused than outcome-based.
- CHG provides fair pay, benefits, a safe working environment, and targets a work-related accident rate below 10%, supporting workforce stability. However, limited structured training and slower IT adoption may constrain long-term human capital development.
- CHG also engages in community health activities to support local well-being, which helps its social license to operate, though clearer targets and measurable impact indicators would strengthen ESG credibility.
- CHG has data privacy policies to protect patient information and maintain trust. However, limited disclosure on cybersecurity readiness suggests a need for clearer targets and stronger communication as digital healthcare expands.

Sources: Thanachart, Company data

Sector: Services | Healthcare

We assign CHG a Governance score of 2.5, reflecting past governance concerns and limited board independence, despite basic governance and risk management structures. We believe stronger oversight and clearer accountability are needed to rebuild investor confidence.

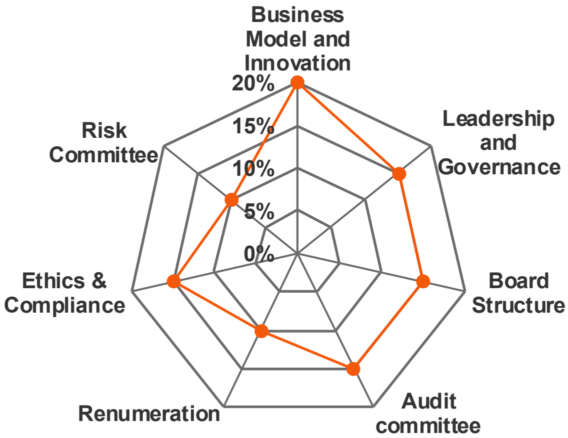
Thanachart Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit committee**
- **Renumeration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING



Our Comments

- We assign a low Governance (G) score of 2.5 to CHG due to past governance concerns, despite having basic governance structures in place. In our view, governance remains CHG's weakest ESG pillar and continues to weigh on its overall ESG credibility.
- CHG is one of the large hospital chains in Thailand under the "Chularat" brand and a major provider under the Social Security Scheme (SSS). CHG has developed competitive strategies to support long-term business sustainability. The company is upgrading service quality and moving toward higher-complexity medical treatments to meet rising demand for more advanced care, particularly among Social Security and general patients. In our view, this strategy supports sustainable long-term growth, although stronger governance oversight and clearer accountability will be important to ensure effective execution.
- A key governance concern is that Dr. Kumpol Plussind, a former CEO, was penalized by the SEC for using insider information to buy CHG shares. This incident has had a negative impact on investor trust and governance perception. While CHG has since strengthened internal controls and compliance practices, in our view, the legacy issue continues to cap its governance score and requires ongoing effort to rebuild confidence.
- In our view, CHG does not have an ideal board structure. The board chairman represents major shareholders (the Plussind family), which limits board independence. Of the 12 directors, only four are independent, below the ideal two-thirds ratio, and only two directors are female. While the structure meets minimum regulatory requirements, we believe stronger board independence and diversity would improve oversight quality and long-term investor confidence.
- CHG has established guidelines and working groups covering anti-corruption, risk assessment, and compliance with its code of conduct and applicable laws. The company also has a dedicated risk management committee to oversee organizational risks. We view these actions positively, as they support transparent and controlled operations, although clearer disclosure on outcomes and effectiveness would further strengthen governance credibility.

Sources: Thanachart, Company data

Earnings growth recovery in 2026-27F

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	7,730	8,237	8,218	8,642	9,290
Cost of sales	5,631	6,068	5,881	6,134	6,610
Gross profit	**2,100**	**2,169**	**2,337**	**2,508**	**2,680**
% gross margin	27.2%	26.3%	28.4%	29.0%	28.8%
Selling & administration expenses	1,003	1,127	1,134	1,174	1,242
Operating profit	**1,097**	**1,042**	**1,203**	**1,334**	**1,438**
% operating margin	14.2%	12.7%	14.6%	15.4%	15.5%
Depreciation & amortization	458	523	517	521	549
EBITDA	**1,555**	**1,565**	**1,720**	**1,855**	**1,987**
% EBITDA margin	20.1%	19.0%	20.9%	21.5%	21.4%
Non-operating income	293	258	82	65	65
Non-operating expenses	0	0	0	0	0
Interest expense	(24)	(35)	(28)	(20)	(22)
Pre-tax profit	**1,366**	**1,265**	**1,257**	**1,380**	**1,482**
Income tax	279	267	249	273	293
After-tax profit	**1,087**	**998**	**1,009**	**1,107**	**1,188**
% net margin	14.1%	12.1%	12.3%	12.8%	12.8%
Shares in affiliates' Earnings	(19)	(20)	(11)	(8)	(5)
Minority interests	(21)	(13)	(38)	(40)	(35)
Extraordinary items	0	0	0	0	0
NET PROFIT	**1,046**	**965**	**960**	**1,059**	**1,149**
Normalized profit	**1,046**	**965**	**960**	**1,059**	**1,149**
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

More new capacity expansion planned in 2026-27

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	4,046	4,095	3,870	3,483	3,661
Cash & cash equivalent	1,524	1,812	1,620	1,120	1,120
Account receivables	2,158	1,948	1,891	1,989	2,138
Inventories	336	300	322	336	362
Others	27	36	36	38	41
Investments & loans	122	102	102	102	102
Net fixed assets	5,701	5,772	6,270	6,761	7,023
Other assets	395	417	407	413	431
Total assets	**10,264**	**10,387**	**10,648**	**10,760**	**11,218**
LIABILITIES:					
Current liabilities:	1,485	1,468	1,509	1,502	1,620
Account payables	894	869	886	924	996
Bank overdraft & ST loans	45	50	66	43	47
Current LT debt	82	81	90	58	64
Others current liabilities	464	468	467	476	513
Total LT debt	**556**	**512**	**508**	**331**	**360**
Others LT liabilities	293	276	272	276	287
Total liabilities	**2,333**	**2,256**	**2,289**	**2,109**	**2,267**
Minority interest	406	410	448	488	523
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
Retained earnings	**5,278**	**5,474**	**5,664**	**5,916**	**6,181**
Shareholders' equity	7,525	7,720	7,911	8,162	8,428
Liabilities & equity	**10,264**	**10,387**	**10,648**	**10,760**	**11,218**

Sources: Company data, Thanachart estimates

Strong cash inflow stream

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	1,366	1,265	1,257	1,380	1,482
Tax paid	(325)	(291)	(234)	(277)	(283)
Depreciation & amortization	458	523	517	521	549
Chg In w orking capital	581	222	51	(73)	(104)
Chg In other CA & CL / minorities	48	(10)	(32)	(4)	18
Cash flow from operations	**2,127**	**1,710**	**1,559**	**1,547**	**1,662**
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	(8)	(16)
Cash flow from investments	**(1,443)**	**(613)**	**(1,003)**	**(1,009)**	**(817)**
Debt financing	(116)	(40)	21	(231)	38
Capital increase	0	0	0	0	0
Dividends paid	(1,045)	(770)	(769)	(807)	(883)
Warrants & other surplus	0	0	0	0	0
Cash flow from financing	**(1,161)**	**(810)**	**(747)**	**(1,039)**	**(845)**
Free cash flow	**735**	**1,141**	**559**	**547**	**862**

Inexpensive valuation, in our view

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	16.6	18.0	18.1	16.4	15.1
Normalized PE - at target price (x)	20.0	21.7	21.8	19.7	18.2
PE (x)	16.6	18.0	18.1	16.4	15.1
PE - at target price (x)	20.0	21.7	21.8	19.7	18.2
EV/EBITDA (x)	10.6	10.4	9.5	9.0	8.4
EV/EBITDA - at target price (x)	12.9	12.6	11.6	10.9	10.2
P/BV (x)	2.3	2.3	2.2	2.1	2.1
P/BV - at target price (x)	2.8	2.7	2.6	2.6	2.5
P/CFO (x)	8.2	10.2	11.1	11.2	10.5
Price/sales (x)	2.2	2.1	2.1	2.0	1.9
Dividend yield (%)	4.4	4.4	4.4	4.9	5.3
FCF Yield (%)	4.2	6.6	3.2	3.1	5.0
(Bt)					
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	0.0	0.1

Sources: Company data, Thanachart estimates

2026-27F revenue growth driven by cash and SSS patients

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(23.5)	6.6	(0.2)	5.2	7.5
Net profit (%)	(62.4)	(7.7)	(0.6)	10.3	8.5
EPS (%)	(62.4)	(7.7)	(0.6)	10.3	8.5
Normalized profit (%)	(62.4)	(7.7)	(0.6)	10.3	8.5
Normalized EPS (%)	(62.4)	(7.7)	(0.6)	10.3	8.5
Dividend payout ratio (%)	73.6	79.8	80.0	80.0	80.0
Operating performance					
Gross margin (%)	27.2	26.3	28.4	29.0	28.8
Operating margin (%)	14.2	12.7	14.6	15.4	15.5
EBITDA margin (%)	20.1	19.0	20.9	21.5	21.4
Net margin (%)	14.1	12.1	12.3	12.8	12.8
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	43.2	67.1	66.1
Interest coverage - EBITDA (x)	64.8	45.4	61.8	93.3	91.3
ROA - using norm profit (%)	10.2	9.3	9.1	9.9	10.5
ROE - using norm profit (%)	13.9	12.7	12.3	13.2	13.8
DuPont					
ROE - using after tax profit (%)	14.4	13.1	12.9	13.8	14.3
- asset turnover (x)	0.8	0.8	0.8	0.8	0.8
- operating margin (%)	18.0	15.8	15.6	16.2	16.2
- leverage (x)	1.4	1.4	1.3	1.3	1.3
- interest burden (%)	98.3	97.3	97.8	98.6	98.6
- tax burden (%)	79.6	78.9	80.2	80.2	80.2
WACC (%)	9.8	9.8	9.8	9.8	9.8
ROIC (%)	13.8	12.3	14.7	15.4	15.4
NOPAT (Bt m)	873	822	965	1,070	1,154
invested capital (Bt m)	6,683	6,551	6,955	7,475	7,778

Sources: Company data, Thanachart estimates

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Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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Score range	Description
CCC - B	**LAGGARD:** A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	**AVERAGE :** A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	**LEADER:** A company leading its industry in managing the most significant ESG risks and opportunities

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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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For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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