Chularat Hospital Pcl (CHG TB) - BUY, Price Bt1.59, TP Bt1.80

Results Comment

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Soft y-y growth in 2Q26, slight miss

- CHG reported Bt209m normalized profit in 2Q26, up 1% y-y but down 16% q-q. This was slightly below our and the market's expectations due to weaker-than-expected revenue from cash patients and gross margin. Including a Bt20m gain from a change in ownership interest in an associate, CHG reported Bt229m net profit, up 10% y-y but down 8% q-q.
- The modest y-y earnings growth was driven by slow revenue growth and a lower margin, while the q-q decline was due to lower revenue and margin.
- Revenue grew 2% y-y but declined 1% q-q to Bt2.1bn. The y-y revenue growth was supported by higher contributions from the Social Security Scheme (SSS) and Universal Coverage Scheme (UCS). Meanwhile, revenue from cash patients declined by 3% y-y due to weak foreign cash patient flows, mainly from the Middle East, and lower bariatric surgery revenue.
- Operating margin was 12.6% in 2Q26, down from 13.3% in 2Q25 and 14.2% in 1Q26, due to higher operating costs, mainly from higher medical equipment and medical supply costs, as well as staff costs.
- 6M26 earnings accounted for 45% of our full-year earnings forecast. We see slight downside risk to our forecasts. We expect earnings momentum to strengthen in 2H26, supported by improving performance at both existing and new hospitals, as well as the recognition of BOI tax benefits. We maintain BUY on CHG.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	2,012	2,142	2,205	2,076	2,053
Gross profit	**548**	**636**	**641**	**593**	**541**
SG&A	281	285	349	298	281
Operating profit	267	351	291	295	259
EBITDA	**393**	**479**	**421**	**421**	**387**
Other income	17	14	19	33	25
Other expense	0	0	0	0	0
Interest expense	7	7	6	5	5
Profit before tax	**277**	**358**	**304**	**322**	**280**
Income tax	56	72	62	66	58
Equity & invest. income	(3)	(3)	(5)	(4)	(3)
Minority interests	(10)	(11)	(13)	(5)	(9)
Extraordinary items	0	0	0	0	20
Net profit	**208**	**272**	**224**	**248**	**229**
Normalized profit	**208**	**272**	**224**	**248**	**209**
EPS (Bt)	0.02	0.02	0.02	0.02	0.02
Normalized EPS (Bt)	0.02	0.02	0.02	0.02	0.02

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	(1)	2	47	8,753	9,430
Gross profit	**(9)**	**(1)**	**45**	**2,514**	**2,722**
SG&A	(6)	0	46	1,253	1,368
Operating profit	(12)	(3)	44	1,261	1,354
EBITDA	**(8)**	**(2)**	**45**	**1,794**	**1,923**
Other income	(23)	50	84	70	72
Other expense			na	0	0
Interest expense	(9)	(30)	46	23	25
Profit before tax	**(13)**	**1**	**46**	**1,308**	**1,401**
Income tax	(11)	4	50	250	276
Equity & invest. income	na	na	na	(8)	(5)
Minority interests	na	na	na	(43)	(46)
Extraordinary items			na	0	0
Net profit	**(8)**	**10**	**47**	**1,008**	**1,074**
Normalized profit	**(16)**	**1**	**45**	**1,008**	**1,074**
EPS (Bt)	(8)	10	47	0.09	0.10
Normalized EPS (Bt)	(16)	1	45	0.09	0.10

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	1,500	1,971	1,768	1,829	1,219
A/C receivable	1,896	1,626	1,498	1,627	1,684
Inventory	309	295	310	345	349
Other current assets	140	69	239	247	255
Investment	76	76	76	76	76
Fixed assets	5,843	5,869	5,920	5,985	6,067
Other assets	461	457	428	498	506
Total assets	**10,225**	**10,363**	**10,239**	**10,608**	**10,155**
S-T debt	145	149	129	137	126
A/C payable	900	1,019	897	985	912
Other current liabilities	443	424	202	242	209
L-T debt	448	419	403	392	383
Other liabilities	270	269	349	340	340
Minority interest	417	428	439	443	437
Shareholders' equity	**7,603**	**7,655**	**7,821**	**8,069**	**7,747**
Working capital	1,305	901	910	988	1,121
Total debt	593	568	532	529	508
Net debt	**(907)**	**(1,403)**	**(1,236)**	**(1,300)**	**(710)**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	1.3	(7.2)	14.8	4.5	2.0
Operating profit growth	43.0	(25.7)	144.6	8.2	(2.8)
EBITDA growth	26.4	(20.1)	71.9	6.5	(1.6)
Norm profit growth	8.0	(34.8)	144.8	9.9	0.5
Norm EPS growth	8.0	(34.8)	144.8	9.9	0.5
Gross margin	27.2	29.7	29.1	28.6	26.3
Operating margin	13.3	16.4	13.2	14.2	12.6
EBITDA margin	19.5	22.3	19.1	20.3	18.8
Norm net margin	10.3	12.7	10.2	11.9	10.2
D/E (x)	0.1	0.1	0.1	0.1	0.1
Net D/E (x)	(0.1)	(0.2)	(0.1)	(0.2)	(0.1)
Interest coverage (x)	55.0	72.0	69.4	76.9	77.5
Interest rate	4.7	4.6	4.4	4.1	3.8
Effective tax rate	20.3	20.1	20.3	20.5	20.9
ROA	8.0	10.6	8.7	9.5	8.0
ROE	10.7	14.3	11.6	12.5	10.6

Sources: Company data, ttb wealth estimates

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