

COMPANY RESULTS

Ping An Healthcare and Technology Company (1833 HK)

2024: Satisfactory Results; Expect Double-digit Revenue Growth And Steady Earnings Improvement In 2025

PAGD recorded satisfactory 2024 results with revenue up by 2.9% yoy and adjusted net profit of Rmb159m. It targets double-digit revenue growth and steady earnings improvement for 2025, driven by strong strategic business expansion and continuous AI empowerment. Its senior care services will also create new growth momentum. We expect 15% revenue CAGR for PAGD in 2024-26 with continuous strategic upgrade efforts. Maintain BUY and target price of HK\$11.00.

2024 RESULTS

Year to 31 Dec (Rmbm)	2H23	2H24	yoy % chg	2023	2024	yoy % chg
Revenue	2,451.4	2,714.6	10.7%	4,673.6	4,808.1	2.9%
Medical Services	1,036.6	1,106.1	6.7%	2,068.1	2,168.8	4.9%
Health Services	1,375.3	1,373.1	-0.2%	2,550.4	2,356.5	-7.6%
Senior care services	39.5	235.5	495.4%	55.1	282.8	413.5%
Gross profit	787.3	849.6	7.9%	1,508.5	1,523.4	1.0%
Selling expenses	-385.5	-396.8	2.9%	-835.8	-763.5	-8.6%
G&A expenses	-724.2	-535.4	-26.1%	-1,480.9	-930.0	-37.2%
Operating profit (EBIT)	-322.4	-82.6	-74.4%	-808.2	-170.1	-78.9%
Finance income (cost), net	127.9	80.1	-37.3%	243.1	182.6	-24.9%
Profit attributed to shareholders	-83.9	24.8	-129.5%	-322.6	81.4	-125.2%
Adjusted Net Profit	-71.7	68.7	-195.8%	-315.1	158.5	-150.3%
Ratios (%)	2H23	2H24	yoy ppt chg	2023	2024	yoy ppt chg
GP margin	32.1%	31.3%	-0.8	32.3%	31.7%	-0.6
Medical Services	36.9%	46.6%	9.7	40.0%	43.3%	3.3
Health Services	29.4%	18.9%	-10.5	26.5%	21.3%	-5.1
Senior care services	1.3%	31.6%	30.3	12.6%	29.1%	16.5
Selling expense	15.7%	14.6%	-1.1	17.9%	15.9%	-2.0
Admin expense	29.5%	19.7%	-9.8	31.7%	19.3%	-12.3
EBIT Margin	-13.2%	-3.0%	10.1	-17.3%	-3.5%	13.8
Net margin	-3.4%	0.9%	4.3	-6.9%	1.7%	8.6
Adj. Net Margin	-2.9%	2.5%	5.5	-6.7%	3.3%	10.0

Source: PAGD, UOB Kay Hian

RESULTS

• **Satisfactory 2024 results.** Ping An Healthcare and Technology Company's (PAGD) 2024 revenue grew by 2.9% yoy to Rmb4.81b, slightly beating our and consensus estimated 0.4% yoy and -2.0% yoy for 2024 respectively. It achieved a turnaround from loss to profit with an adjusted net profit of Rmb158.5m in 2024, missing our and consensus estimated Rmb213m and Rmb184m for 2024, while still being satisfactory. Strategic businesses continued to deliver double-digit revenue growth of around 17.2% yoy in 2024, meeting its 2024 targets. Its operating cash flow also turned positive to Rmb99.3m in 2024 from -Rmb282.9m in 2023.

KEY FINANCIALS

Year to 31 Dec (Rmbm)	2023	2024	2025F	2026F	2027F
Net turnover	4,673.6	4,808.1	5,531.5	6,351.1	7,248.3
EBITDA	(647.4)	(73.9)	33.2	176.8	286.5
Operating profit	(808.2)	(170.1)	(21.6)	122.2	229.7
Net profit (rep./act.)	(334.9)	88.3	184.1	292.0	372.6
Net profit (adj.)	(315.1)	158.5	240.8	357.0	446.9
EPS (Fen)	(29.2)	13.1	11.1	16.5	20.7
PE (x)	n.a.	54.9	64.6	43.6	34.8
P/B (x)	0.6	2.2	4.1	3.8	3.5
EV/EBITDA (x)	n.a.	n.a.	396.5	74.4	45.9
Dividend yield (%)	0.0	0.0	21.2	0.0	0.0
Net margin (%)	(7.2)	1.8	3.3	4.6	5.1
Net debt/(cash) to equity (%)	(14.1)	(57.0)	(63.4)	(76.2)	(90.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	(2.5)	1.0	5.0	7.4	8.8
Consensus net profit	-	-	190	262	314
UOBKH/Consensus (x)	-	-	1.27	1.36	1.42

Source: PAGD, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	HK\$7.72
Target Price	HK\$11.00
Upside	+42.5%

COMPANY DESCRIPTION

PAGD is the leading online healthcare service provider in China, offering a mobile platform for online consultation, hospital referral and appointment, health management and wellness interaction services.

STOCK DATA

GICS sector	Health Care
Bloomberg ticker:	1833 HK
Shares issued (m):	2,161.4
Market cap (HK\$m):	16,686.3
Market cap (US\$m):	2,146.9
3-mth avg daily t'over (US\$m):	31.6

Price Performance (%)

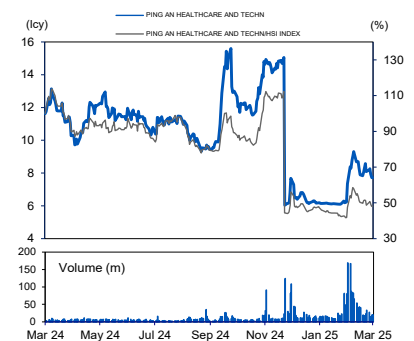
52-week high/low	HK\$18.3/HK\$5.53			
1mth	3mth	6mth	1yr	YTD
22.7	24.5	(20.5)	(37.2)	24.5

Major Shareholders

	%
Ping An Group	53.1
-	-
-	-

FY25 NAV/Share (Rmb)	1.75
FY25 Net Cash/ Share (Rmb)	1.11

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- Revenue growth regained momentum in 2024.** PAGD's total revenue grew 2.9% and 10.7% yoy in 2024 and 2H24 respectively, regaining growth momentum. Its strategic businesses (ie healthcare and elderly care services, contributing around 80% of 2024's total revenue) continued to deliver double-digit revenue growth of around 17.2% yoy in 2024, with F-end (financial customers) and B-end (corporate clients) posting revenue growths of 9.6% and 32.7% yoy respectively, meeting its 2024 targets. By service type, PAGD's medical services posted revenue growth of 4.9% yoy in 2024, health services recorded a revenue decline of 7.6% yoy, while senior care services saw a revenue surge of 413.5% yoy in 2024, serving as a new growth driver.

- Expecting double-digit revenue growth for 2025.** PAGD's strategic businesses saw robust revenue growth in 2024, driven by deeper integration with Ping An's financial business for F-end and rapid expansion of the corporate health management business for B-end. Its F-end strategic business continued diversifying and upgrading service benefits, expanding into insurance claim related services in 2H24 to serve 2.09m policyholders and driving an average revenue per user (ARPU) growth of 17.6% yoy in 2024. The B-end strategic business served 2,049 corporate clients as of Dec 24, up 35.9% yoy, with corporate health management revenue (its core growth driver) rising 9.5% yoy in 2024 and 69.7% hoh in 2H24, contributing to 92.0% of 2H24's B-end revenue vs 54.6% in 1H24.

PAGD expects to see double-digit total revenue growth for 2025, supported by strong strategic business expansion leveraging Ping An Group's channel. It maintains its targets of low-teens and mid-double-digit revenue growths for F-end and B-end strategic businesses respectively in 2025. We expect its F-end and B-end strategic businesses to deliver aggregate revenue CAGR of 18% in 2024-26.

- Earnings and cash flows to improve steadily in 2025.** Its gross margin declined slightly to 31.7% in 2024 from 32.3% in 2023, due to increased revenue contribution from the lower-margin corporate health management business. Selling, general and administrative (SG&A) expense/revenue ratio narrowed 14.3ppt yoy in 2024, reflecting significant cost control efforts due to improved staff efficiency and AI empowerment. Adjusted net margin was 3.3% in 2024 vs -5.7% in 2023. Its operating cash flow also turned positive to Rmb99.3m in 2024 from -Rmb282.9m in 2023. PAGD expects to see steady improvement in net earnings and operating cash flows in 2025 and ahead.

- Enhancing service capabilities and efficiency through AI adoption.** PAGD has continuously enhanced its large multi-modal model Ping An Medical Master (launched in 1H24 and integrated DeepSeek and Doubao) powered by Ping An's five world-leading medical databases (diseases, prescriptions, medical products, resources, and personal health) and its 1.44b consultation records. It has trained five vertical large models tailored to business needs, applying them across scenarios like consultations, health checkups, and chronic disease management. AI application improved its service capabilities and efficiency significantly, achieving 100% coverage and 98% accuracy in health checkup interpretation, over 90% and 95% accuracy in real-time medical document and diagnosis, 99% recommendation accuracy, and a 90% improvement rate in abnormal indicators in chronic disease management. Enabled by AI, its average service cost per customer of family doctors, renowned doctors, and health managers also improved by 62%, 42%, and 55% in 2024, respectively.

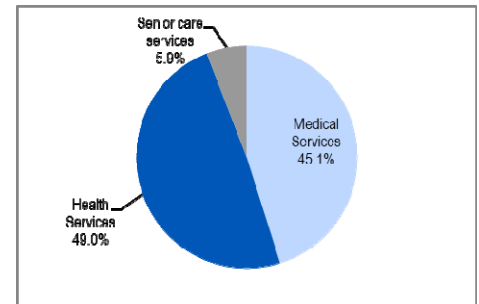
EARNINGS REVISION/RISKS

- Risks:** a) Sector policy changes, b) intensifying competition, and c) possibly weaker-than-expected economic conditions.

VALUATION/RECOMMENDATION

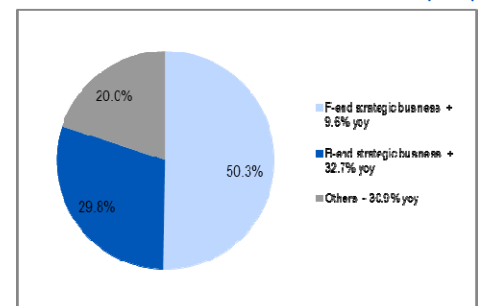
- Maintain BUY and target price of HK\$11.00,** based on 4.0x 2025F P/S and 92.3x 2025F PE. The stock is currently trading at 2.8x 2025F P/S and 64.6x 2025F PE.

SEGMENTAL REVENUE (2024)



Source: PAGD, UOB Kay Hian

REVENUE FROM STRATERGIC BUSINESSES (2024)



Source: PAGD, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Net turnover	4,808.1	5,531.5	6,351.1	7,248.3
EBITDA	(73.9)	33.2	176.8	286.5
Deprec. & amort.	96.3	54.8	54.6	56.8
EBIT	(170.1)	(21.6)	122.2	229.7
Total other non-operating income	81.3	84.6	84.6	84.6
Net interest income/(expense)	182.6	182.6	182.6	182.6
Pre-tax profit	93.8	245.5	389.3	496.8
Tax	(5.5)	(61.4)	(97.3)	(124.2)
Minorities	0.0	0.0	0.0	0.0
Net profit	88.3	184.1	292.0	372.6
Net profit (adj.)	158.5	240.8	357.0	446.9

CASH FLOW

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Operating	99.3	3,887.7	581.7	807.6
Pre-tax profit	93.8	245.5	389.3	496.8
Tax	(5.5)	(61.4)	(97.3)	(124.2)
Deprec. & amort.	96.3	54.8	54.6	56.8
Working capital changes	199.6	157.3	417.7	560.8
Other operating cashflows	(284.8)	3,491.5	(182.6)	(182.6)
Investing	114.6	131.7	124.2	115.9
Capex (growth)	(34.2)	(50.8)	(58.4)	(66.6)
Investments	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	148.9	182.6	182.6	182.6
Financing	(38.4)	(3,671.7)	0.0	0.0
Dividend payments	0.0	(3,671.7)	0.0	0.0
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(38.4)	0.0	0.0	0.0
Net cash inflow (outflow)	175.5	347.7	705.9	923.5
Beginning cash & cash equivalent	1,866.5	2,044.7	2,392.4	3,098.3
Changes due to forex impact	2.6	0.0	0.0	0.0
Ending cash & cash equivalent	2,044.7	2,392.4	3,098.3	4,021.8

BALANCE SHEET

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Fixed assets	77.1	70.4	76.1	85.1
Other LT assets	3,300.1	3,300.6	3,298.7	3,299.5
Cash/ST investment	2,044.7	2,392.4	3,098.3	4,021.8
Other current assets	11,357.6	11,853.8	12,190.1	12,557.4
Total assets	16,779.5	17,617.2	18,663.2	19,963.9
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	13,077.0	13,730.6	14,484.6	15,412.6
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	122.9	122.9	122.9	122.9
Shareholders' equity	3,589.4	3,773.5	4,065.5	4,438.1
Minority interest	(9.8)	(9.8)	(9.8)	(9.8)
Total liabilities & equity	16,779.5	17,617.2	18,663.2	19,963.9

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA Decgin	(1.5)	0.6	2.8	4.0
Pre-tax Decgin	2.0	4.4	6.1	6.9
Net Decgin	1.8	3.3	4.6	5.1
ROA	0.5	1.1	1.6	1.9
ROE	1.0	5.0	7.4	8.8
Growth				
Turnover	2.9	15.0	14.8	14.1
EBITDA	n.a.	n.a.	433.0	62.0
Pre-tax profit	n.a.	161.8	58.6	27.6
Net profit	n.a.	108.5	58.6	27.6
Net profit (adj.)	n.a.	52.0	48.3	25.2
EPS	n.a.	(15.0)	48.3	25.2
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(57.0)	(63.4)	(76.2)	(90.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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