Bumrungrad Hospital Pcl (BH TB) - HOLD, Price Bt128, TP Bt131

Results Comment

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2Q21 earnings were above earnings preview

- BH reported Bt216m net profit in 2Q21, up 387% y-y and 138% q-q. This was above ours and the market's 2Q21 earnings preview due to its stronger-than-expected top line. However, compared to ours and the market's full-year forecast, we still see downside risk to ours and the market's numbers.
- BH's top line grew by 23% y-y and 13% q-q to Bt3bn in 2Q21. Revenue from Thai patients grew by 27.3% y-y and 12.1% q-q and revenue from international patients (expat and fly-in) grew by 18.5% y-y and 13.6% q-q.
- With rising top line, its operating margin increased to 8.0% in 2Q21, up from -0.6% in 2Q20 and 3.1% in 1Q21 due to scale benefit.
- 6M21 earnings accounted for 26% of our full-year forecast, we see downside risk to our full-year numbers. However, with the company's share price already underperforming other hospitals, we thus maintain our HOLD rating on BH.
- BH announced to pay interim dividend of Bt1.15/share. The XD date is 26 August 2021 and the payment date is 8 September 2021.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
Revenue	2,422	2,887	2,916	2,642	2,980
Gross profit	**781**	**1,028**	**1,036**	**895**	**1,075**
SG&A	795	828	858	812	835
Operating profit	(15)	201	178	83	240
EBITDA	**291**	**501**	**519**	**381**	**536**
Other income	65	55	53	57	53
Other expense	0	0	0	0	0
Interest expense	32	32	32	31	31
Profit before tax	**18**	**224**	**199**	**109**	**261**
Income tax	(32)	(1)	17	12	38
Equity & invest. income	0	0	(0)	0	(10)
Minority interests	(2)	(10)	(2)	1	(1)
Extraordinary items	(4)	6	(8)	(7)	5
Net profit	**44**	**222**	**173**	**91**	**216**
Normalized profit	**48**	**215**	**181**	**98**	**212**
EPS (Bt)	0.06	0.28	0.22	0.11	0.27
Normalized EPS (Bt)	0.06	0.27	0.23	0.12	0.27

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021F**	**2022F**
Revenue	13	23	47	11,881	14,991
Gross profit	**20**	**38**	**43**	**4,544**	**6,026**
SG&A	3	5	51	3,255	3,935
Operating profit	190	na	25	1,289	2,091
EBITDA	**41**	**84**	**35**	**2,602**	**3,526**
Other income	(8)	(19)	46	241	266
Other expense			na	0	0
Interest expense	1	(3)	50	123	64
Profit before tax	**140**	**1,352**	**26**	**1,407**	**2,293**
Income tax	224	na	27	183	367
Equity & invest. income	na	na	501	(2)	(2)
Minority interests	na	na	1	(17)	(21)
Extraordinary items	na	na	na	0	0
Net profit	**138**	**387**	**26**	**1,205**	**1,904**
Normalized profit	**116**	**341**	**26**	**1,205**	**1,904**
EPS (Bt)	138	387	26	1.52	2.40
Normalized EPS (Bt)	116	341	26	1.52	2.40

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
Cash & ST investment	7,978	8,002	8,138	9,124	7,935
A/C receivable	2,850	2,223	2,206	1,606	1,721
Inventory	317	303	309	267	268
Other current assets	211	171	148	198	179
Investment	76	76	76	76	66
Fixed assets	11,833	11,762	11,726	11,703	11,626
Other assets	1,638	1,631	1,619	1,405	1,326
Total assets	**24,902**	**24,168**	**24,222**	**24,378**	**23,121**
S-T debt	0	0	2,497	2,498	2,499
A/C payable	724	730	704	687	776
Other current liabilities	1,377	1,297	1,217	1,259	1,297
L-T debt	2,517	2,519	21	22	22
Other liabilities	863	887	946	974	1,000
Minority interest	298	309	305	299	303
Shareholders' equity	**19,123**	**18,426**	**18,532**	**18,639**	**17,223**
Working capital	2,443	1,796	1,811	1,185	1,213
Total debt	2,517	2,519	2,518	2,520	2,521
Net debt	**(5,460)**	**(5,483)**	**(5,620)**	**(6,604)**	**(5,414)**

Financial Ratios					
(%)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
Sales growth	(43.4)	(38.9)	(38.7)	(35.4)	23.0
Operating profit growth	na	(83.7)	(82.7)	(90.6)	na
EBITDA growth	(74.6)	(67.5)	(61.1)	(68.0)	84.2
Norm profit growth	(93.4)	(79.6)	(79.7)	(87.0)	340.6
Norm EPS growth	(94.0)	(81.3)	(81.4)	(87.0)	340.6
Gross margin	32.2	35.6	35.5	33.9	36.1
Operating margin	(0.6)	7.0	6.1	3.1	8.0
EBITDA margin	12.0	17.4	17.8	14.4	18.0
Norm net margin	2.0	7.5	6.2	3.7	7.1
D/E (x)	0.1	0.1	0.1	0.1	0.1
Net D/E (x)	(0.3)	(0.3)	(0.3)	(0.4)	(0.3)
Interest coverage (x)	9.0	15.7	16.5	12.3	17.1
Interest rate	5.1	5.1	5.0	4.9	5.0
Effective tax rate	(179.0)	(0.5)	8.6	10.9	14.7
ROA	0.7	3.5	3.0	1.6	3.6
ROE	1.0	4.6	3.9	2.1	4.7

Sources: Company data, Thanachart estimates

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