

Bangkok Dusit Medical (BDMS TB) - BUY, Price Bt24.10, TP Bt27

Results Comment

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Good 3Q21, higher than expected

- BDMS reported net profit of Bt2.5bn in 3Q21, up 39% y-y and 73% q-q. This was above ours and the Street's earnings forecast due to lower-than-expected SG&A expense and one-time compensation that BDMS's network hospital received for damage of Bt200m in 3Q21.
- BDMS's earnings growth was mainly driven by revenue from COVID-19 services. Top line grew by 17% y-y and 15% q-q to Bt19bn in 3Q21. COVID-19 related revenue accounted for 25% of total revenue from hospital operations. If excluding COVID-19 revenue, revenue from non-COVID 19 declined by 12% y-y and 3% q-q from delay medical treatment of OPD and IPD patients.
- Revenue from Thai and foreign patients grew by 17% and 18% y-y in 3Q21. Growth of foreign patients was mainly from Middle East patients of 85% y-y, UK patients of 24% y-y and CLMV patients of 13% y-y.
- Its operating margin also expanded to 11.8% in 3Q21 from 10.1% in 3Q20 and 6.9% in 2Q21 due to rising revenue, operating leverage benefits and cost control.
- 9M21 earnings accounted for 76% of our full-year earnings forecast. We expect its strong earnings to continue in 4Q21F due to a new source of income from Moderna vaccine, rising revenue from non-COVID Thai and international patients.
- We see BDMS's earnings turnaround story remaining unchanged. We thus maintain our BUY recommendation on BDMS.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	16,071	17,134	15,311	16,443	18,873	Revenue	15	17	72	69,863	75,673
Gross profit	4,902	4,733	4,261	4,681	5,749	Gross profit	23	17	72	20,505	22,641
SG&A	3,272	3,899	3,284	3,539	3,514	SG&A	(1)	7	71	14,620	15,776
Operating profit	1,629	835	977	1,142	2,234	Operating profit	96	37	74	5,885	6,864
EBITDA	3,244	2,444	2,558	2,839	3,722	EBITDA	31	15	71	12,930	14,197
Other income	910	979	983	992	1,297	Other income	31	43	79	4,147	4,410
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	215	210	195	188	172	Interest expense	(8)	(20)	76	734	614
Profit before tax	2,324	1,604	1,765	1,946	3,359	Profit before tax	73	45	76	9,298	10,661
Income tax	482	286	330	383	645	Income tax	68	34	75	1,813	2,079
Equity & invest. income	66	26	3	5	3	Equity & invest. income	(36)	(95)	38	30	33
Minority interests	(122)	(120)	(99)	(116)	(208)	Minority interests	na	na	80	(529)	(505)
Extraordinary items	13	1,164	0	0	0	Extraordinary items			na	0	0
Net profit	1,801	2,388	1,339	1,452	2,509	Net profit	73	39	76	6,986	8,110
Normalized profit	1,787	1,224	1,339	1,452	2,509	Normalized profit	73	40	76	6,986	8,110
EPS (Bt)	0.11	0.15	0.08	0.09	0.16	EPS (Bt)	73	39	76	0.44	0.51
Normalized EPS (Bt)	0.11	0.08	0.08	0.09	0.16	Normalized EPS (Bt)	73	40	76	0.44	0.51
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	4,079	20,939	23,828	10,890	12,861	Sales grow th	(22.9)	(15.6)	(18.9)	25.7	17.4
A/C receivable	6,891	7,192	6,151	6,739	8,908	Operating profit grow th	(36.1)	(53.8)	(52.9)	1,098.8	37.1
Inventory	1,707	1,855	1,647	1,688	1,833	EBITDA grow th	(19.7)	(26.1)	(30.3)	68.0	14.7
Other current assets	849	27	43	24	736	Norm profit grow th	(38.1)	(48.4)	(47.9)	217.2	40.4
Investment	17,077	939	924	930	933	Norm EPS grow th	(38.1)	(48.4)	(47.9)	217.2	40.4
Fixed assets	78,407	81,313	80,839	80,342	79,996	Gross margin	30.5	27.6	27.8	28.5	30.5
Other assets	23,885	23,786	23,577	23,571	23,575	Operating margin	10.1	4.9	6.4	6.9	11.8
Total assets	132,896	136,050	137,009	124,183	128,842	EBITDA margin	20.2	14.3	16.7	17.3	19.7
S-T debt	5,096	190	2,582	2,575	3,174	Norm net margin	11.1	7.1	8.7	8.8	13.3
A/C payable	4,071	4,450	3,936	4,229	4,560	D/E (x)	0.3	0.2	0.2	0.2	0.2
Other current liabilities	4,801	6,580	6,850	5,815	11,398	Net D/E (x)	0.3	(0.0)	(0.0)	0.1	0.0
L-T debt	20,593	20,594	18,095	13,095	12,496	Interest coverage (x)	15.1	11.6	13.1	15.1	21.6
Other liabilities	11,983	12,773	12,705	12,811	12,701	Interest rate	3.2	3.6	3.8	4.1	4.4
Minority interest	3,366	3,553	3,542	3,584	3,790	Effective tax rate	20.7	17.8	18.7	19.7	19.2
Shareholders' equity	82,988	87,910	89,299	82,074	80,724	ROA	5.4	3.6	3.9	4.4	7.9
Working capital	4,527	4,597	3,861	4,198	6,181	ROE	8.7	5.7	6.0	6.8	12.3
Total debt	25,689	20,784	20,677	15,670	15,670						
Net debt	21,610	(155)	(3,151)	4,781	2,809						

Sources: Company data, Thanachart estimates

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