

## Bumrungrad Hospital Pcl (BH TB) - HOLD, Price Bt151.5, TP Bt136

## Results Comment

Siriporn Arunothai | Email: siriporn.aru@thanachartsec.co.th

## Good 3Q21 earnings, in line

- BH reported net profit of B296m in 3Q21, up 34% y-y and 37% q-q. This was in line with our earnings estimate but it was better than the street's earning forecast. However, the in-line results were supported by strong increase in other income item.
- The company's earnings growth was mainly supported by COVID-19 services, cost controls and rising other income.
- Top line was flat y-y and dropped 3% q-q to Bt2.9bn in 3Q21. Revenue from foreign patients declined by 3.7% y-y and 11.8% q-q due to the country's lockdown. Thai patient revenue grew by 3.7% y-y and 5.2% q-q in 3Q21.
- Its operating margin also expanded to 9.4% in 3Q21 from 7.0% in 3Q20 and 8.0% in 2Q21 due to falling doctor fee and maintenance costs.
- 9M21 earnings accounted for 62% of our full-year earnings forecast. We expect to see better earnings in 4Q21F due to a new source of income from Moderna vaccine, remaining high Covid-19 cases, despite falling from its peak in 3Q21 and rising non-COVID Thai and international patients after Thailand's reopening in November 2021.
- Though we expect BH's earnings growth remaining strong in 4Q21 due to its extra low earnings base in 4Q20, we see its trading PE at 75x in 2022F already reflects BH's earnings turnaround story. Meanwhile, rising risk from new rivals in the market remains at there. We thus maintain a HOLD rating on BH.

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	2,887	2,916	2,642	2,980	2,900	Revenue	(3)	0	71	12,048	13,960
<b>Gross profit</b>	<b>1,028</b>	<b>1,036</b>	<b>895</b>	<b>1,075</b>	<b>1,086</b>	<b>Gross profit</b>	<b>1</b>	<b>6</b>	<b>70</b>	<b>4,370</b>	<b>5,549</b>
SG&A	828	858	812	835	813	SG&A	(3)	(2)	73	3,349	3,776
Operating profit	201	178	83	240	273	Operating profit	14	36	58	1,021	1,773
<b>EBITDA</b>	<b>501</b>	<b>519</b>	<b>381</b>	<b>536</b>	<b>567</b>	<b>EBITDA</b>	<b>6</b>	<b>13</b>	<b>64</b>	<b>2,304</b>	<b>3,149</b>
Other income	55	53	57	53	104	Other income	97	88	88	244	263
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	32	32	31	31	31	Interest expense	0	(2)	63	148	89
<b>Profit before tax</b>	<b>224</b>	<b>199</b>	<b>109</b>	<b>261</b>	<b>346</b>	<b>Profit before tax</b>	<b>32</b>	<b>54</b>	<b>64</b>	<b>1,117</b>	<b>1,947</b>
Income tax	(1)	17	12	38	39	Income tax	2	na	61	145	312
Equity & invest. income	0	(0)	0	(10)	(2)	Equity & invest. income	na	na	124	(10)	(11)
Minority interests	(10)	(2)	1	(1)	(7)	Minority interests	na	na	361	(2)	(2)
Extraordinary items	6	(8)	(7)	5	(2)	Extraordinary items	na	na	(46)	8	0
<b>Net profit</b>	<b>222</b>	<b>173</b>	<b>91</b>	<b>216</b>	<b>296</b>	<b>Net profit</b>	<b>37</b>	<b>34</b>	<b>62</b>	<b>968</b>	<b>1,622</b>
<b>Normalized profit</b>	<b>215</b>	<b>181</b>	<b>98</b>	<b>212</b>	<b>298</b>	<b>Normalized profit</b>	<b>41</b>	<b>38</b>	<b>63</b>	<b>960</b>	<b>1,622</b>
EPS (Bt)	0.28	0.22	0.11	0.27	0.37	EPS (Bt)	37	34	62	1.22	2.04
Normalized EPS (Bt)	0.27	0.23	0.12	0.27	0.37	Normalized EPS (Bt)	41	38	63	1.21	2.04
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	3Q20	4Q20	1Q21	2Q21	3Q21	
Cash & ST investment	8,002	8,138	9,124	7,935	7,929	Sales growth	(38.9)	(38.7)	(35.4)	23.0	0.5
A/C receivable	2,223	2,206	1,606	1,721	1,199	Operating profit growth	(83.7)	(82.7)	(90.6)	na	36.2
Inventory	303	309	267	268	284	EBITDA growth	(67.5)	(61.1)	(68.0)	84.2	13.0
Other current assets	171	148	198	179	363	Norm profit growth	(79.6)	(79.7)	(87.0)	340.6	38.1
Investment	76	76	76	66	63	Norm EPS growth	(81.3)	(81.4)	(87.0)	340.6	38.1
Fixed assets	11,762	11,726	11,703	11,626	11,495	Gross margin	35.6	35.5	33.9	36.1	37.5
Other assets	1,631	1,619	1,405	1,326	1,296	Operating margin	7.0	6.1	3.1	8.0	9.4
<b>Total assets</b>	<b>24,168</b>	<b>24,222</b>	<b>24,378</b>	<b>23,121</b>	<b>22,629</b>	EBITDA margin	17.4	17.8	14.4	18.0	19.5
S-T debt	0	2,497	2,498	2,499	2,499	Norm net margin	7.5	6.2	3.7	7.1	10.3
A/C payable	730	704	687	776	693	D/E (x)	0.1	0.1	0.1	0.1	0.2
Other current liabilities	1,297	1,217	1,259	1,297	1,456	Net D/E (x)	(0.3)	(0.3)	(0.4)	(0.3)	(0.3)
L-T debt	2,519	21	22	22	24	Interest coverage (x)	15.7	16.5	12.3	17.1	18.1
Other liabilities	887	946	974	1,000	1,023	Interest rate	5.1	5.0	4.9	5.0	5.0
Minority interest	309	305	299	303	316	Effective tax rate	(0.5)	8.6	10.9	14.7	11.3
<b>Shareholders' equity</b>	<b>18,426</b>	<b>18,532</b>	<b>18,639</b>	<b>17,223</b>	<b>16,617</b>	ROA	3.5	3.0	1.6	3.6	5.2
Working capital	1,796	1,811	1,185	1,213	789	ROE	4.6	3.9	2.1	4.7	7.0
Total debt	2,519	2,518	2,520	2,521	2,523						
<b>Net debt</b>	<b>(5,483)</b>	<b>(5,620)</b>	<b>(6,604)</b>	<b>(5,414)</b>	<b>(5,406)</b>						

Sources: Company data, Thanachart estimates

---

## General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 136 Derivative Warrants which are ACE16C2111A, ACE16C2201A, ACE16C2202A, ADVA16C2110A, ADVA16C2201A, ADVA16C2202A, AEON16C2201A, AEON16C2201B, AMAT16C2112A, AOT16C2112A, AOT16C2202A, BAM16C2110A, BAM16C2112A, BANP16C2110A, BANP16C2112A, BANP16C2201A, BBL16C2201A, BCH16C2111A, BCH16C2111B, BCH16C2201A, BCPG16C2111A, BEC16C2202A, BGRI16C2110A, BGRI16C2112A, CBG16C2201A, CBG16C2202A, CHG16C2111A, CHG16C2112A, CHG16C2202A, COM716C2110A, COM716C2112A, CPAL16C2111A, CPAL16C2112A, CPF16C2112A, CPN16C2202A, DELT16C2112A, DELT16C2202A, DOHO16C2111A, DOHO16C2112A, DOHO16C2202A, DTAC16C2112A, EA16C2110A, EA16C2201A, EGCO16C2110A, ESSO16C2202A, GLOB16C2201A, GPSC16C2110A, GPSC16C2201A, GPSC16C2201B, GULF16C2112A, GULF16C2202A, GUNK16C2110A, GUNK16C2112A, GUNK16C2201A, HANA16C2112A, HANA16C2202A, HMPR16C2202A, INTU16C2201A, INTU16C2202A, IRPC16C2110A, IRPC16C2112A, IVL16C2110A, IVL16C2111A, IVL16C2202A, JAS16C2202A, JMAR16C2111A, JMAR16C2201A, JMT16C2110A, JMT16C2201A, KBAN16C2111A, KBAN16C2111B, KBAN16C2201A, KBAN16C2202A, KCE16C2110A, KCE16C2201A, KTC16C2110A, KTC16C2110B, KTC16C2112A, KTC16C2202A, LH16C2202A, MAJO16C2201A, MEGA16C2112A, MINT16C2112A, MTC16C2112A, MTC16C2202A, OR16C2112A, OR16C2202A, PTG16C2201A, PTG16C2202A, PTL16C2201A, PTL16C2202A, PTL16C2202B, PTT16C2112A, PTT16C2201A, PTTE16C2112A, PTTG16C2110A, PTTG16C2111A, RBF16C2110A, RBF16C2112A, RBF16C2202A, RS16C2112A, RS16C2201A, RS16C2112A, S5016C2112A, S5016C2112A, S5016C2112B, S5016C2112C, S5016P2112C, S5016P2112A, S5016P2112B, S5016C2203A, S5016P2203A, SAWA16C2112A, SAWA16C2202A, SCB16C2111A, SCB16C2112A, SCB16C2201A, SCB16C2202A, SCC16C2112A, SCGP16C2202A, SCGP16C2201A, SPAL16C2202A, SPRC16C2201A, STA16C2112A, STA16C2201A, STEC16C2110A, STEC16C2201A, STGT16C2111A, STGT16C2202A, SYNE16C2202A, TASC16C2201A, TOP16C2112A, TOP16C2202A, TRUE16C2202A, TU16C2110A, TU16C2111A, TU16C2202A, WHA16C2202A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BBL, BCH, BCPG, BEC, BGRIM, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MAJOR, MEGA, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, PTTGC, RBF, RS, SAWAD, SCB, SCC, SCGP, SPALI, SPRC, SET50, STA, STEC, STGT, SYNTEC, TASCO, TOP, TRUE, TU, WHA). . Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

**Note:** Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB)