

Ladprao General Hospital (LPH TB) - HOLD, Price Bt6.0, TP Bt6.5

Results Comment

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Very strong 3Q21, beat expectation

- LPH reported Bt289m net profit in 3Q21, up 463% y-y and 240% q-q. This was above our earnings preview and the Street's earnings forecast due to its higher-than-expected revenue and margin.
- The company's strong earnings growth was mainly driven by COVID-19 services. Top line grew by 80% y-y and 64% q-q to Bt868m in 3Q21.
- Its operating margin also expanded to 40.2% in 3Q21 from 11.8% in 3Q20 and 19.5% in 2Q21 due to strong revenue growth and operating leverage benefits.
- 9M21 earnings accounted for 194% of our full-year earnings forecast. We expect its 4Q21F earnings to grow strongly y-y but decline q-q. Key drivers for y-y earnings growth are expected due to a new source of income from Moderna vaccine and rising income from COVID and non-COVID patients. Meanwhile, q-q falling earnings in 4Q21 are expected due to falling COVID patients.
- Though we see an upside to 2021F earnings, we expect its earnings to decline in 2022F. Together with limited upside from current market price, we maintain HOLD on LPH.
- LPH announced interim dividend payment of Bt0.1/share. The XD date is 23 November 2021 and the payment date is 9 December 2021.

Income Statement					
(consolidated)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21
Revenue	481	508	476	529	868
Gross profit	125	130	119	170	431
SG&A	68	73	73	67	82
Operating profit	57	57	46	103	349
EBITDA	94	93	81	148	378
Other income	5	2	4	3	12
Other expense					
Interest expense	4	4	3	4	4
Profit before tax	58	56	46	102	357
Income tax	7	2	4	17	65
Equity & invest. income					
Minority interests	0	(0)	(2)	(1)	(3)
Extraordinary items					
Net profit	51	54	40	85	289
Normalized profit	51	54	40	85	289
EPS (Bt)	0.07	0.07	0.05	0.11	0.38
Normalized EPS (Bt)	0.07	0.07	0.05	0.11	0.38

Balance Sheet					
(consolidated)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	119	160	159	95	111
A/C receivable	148	195	190	195	344
Inventory	27	30	29	29	40
Other current assets	173	134	135	197	548
Investment					
Fixed assets	1,422	1,451	1,471	1,499	1,500
Other assets	228	257	256	250	258
Total assets	2,117	2,227	2,238	2,265	2,801
S-T debt	80	70	66	72	269
A/C payable	197	231	210	228	305
Other current liabilities	59	80	83	82	134
L-T debt	169	156	143	130	117
Other liabilities	221	245	249	253	257
Minority interest	1	2	4	5	8
Shareholders' equity	1,390	1,444	1,483	1,496	1,712
Working capital	(22)	(6)	9	(3)	79
Total debt	249	226	209	202	386
Net debt	130	66	50	107	275

Sources: Company data, Thanachart estimates

Income Statement				9M as	
(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	64	80	84	2,238	2,143
Gross profit	153	245	133	540	525
SG&A	22	20	76	294	305
Operating profit	238	514	202	246	220
EBITDA	154	304	155	391	373
Other income	343	141	75	25	25
Other expense			na		
Interest expense	16	3	82	14	8
Profit before tax	249	517	196	258	236
Income tax	288	836	238	36	42
Equity & invest. income			na		
Minority interests	na	na	82	(8)	(7)
Extraordinary items			na		
Net profit	240	463	194	214	186
Normalized profit	240	463	194	214	186
EPS (Bt)	240	463	186	0.30	0.26
Normalized EPS (Bt)	240	463	186	0.30	0.26

Financial Ratios					
(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Sales growth	23.0	19.8	12.7	35.8	80.4
Operating profit growth	102.0	81.0	(0.4)	na	513.8
EBITDA growth	71.5	57.8	8.3	344.2	303.7
Norm profit growth	98.6	71.3	(5.7)	na	462.8
Norm EPS growth	98.6	71.3	(5.7)	na	462.8
Gross margin	26.0	25.5	25.0	32.2	49.7
Operating margin	11.8	11.2	9.6	19.5	40.2
EBITDA margin	19.4	18.2	17.0	28.1	43.5
Norm net margin	10.7	10.6	8.5	16.0	33.2
D/E (x)	0.2	0.2	0.1	0.1	0.2
Net D/E (x)	0.1	0.0	0.0	0.1	0.2
Interest coverage (x)	23.0	26.1	23.8	41.0	90.3
Interest rate	6.5	6.0	6.2	7.1	5.7
Effective tax rate	12.0	2.8	8.1	16.4	18.3
ROA	9.8	9.9	7.2	15.1	45.6
ROE	14.8	15.2	11.0	22.8	72.0

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