

## Ratchaphruek Hospital (RPH TB) - BUY, Price Bt6.10, TP Bt7.20

## Results Comment

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## Superb 3Q21 results, beat expectation

- RPH reported Bt145m net profit in 3Q21, up 608% y-y and 934% q-q. This was much higher than ours and the Street's earnings preview due to its stronger-than-expected revenue and margin.
- The company's strong earnings growth was mainly driven by COVID-19 services. Top line grew by 117% y-y and 123% q-q to Bt425m in 3Q21.
- Its operating margin also expanded to 42.6% in 3Q21 from 12.6% in 3Q20 and 7.7% in 2Q21 due to strong revenue growth and operating leverage benefits.
- 9M21 earnings accounted for 168% 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 sales and remaining high Covid-19 cases in Khon Kaen province.
- With an earnings upside, together with its valuation is not fully valued, we maintain BUY on RPH.

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	196	226	199	190	425	Revenue	123	117	88	930	939
<b>Gross profit</b>	<b>55</b>	<b>78</b>	<b>58</b>	<b>48</b>	<b>220</b>	<b>Gross profit</b>	<b>360</b>	<b>299</b>	<b>126</b>	<b>259</b>	<b>278</b>
SG&A	31	29	34	33	39	SG&A	18	28	73	144	145
Operating profit	25	49	25	15	181	Operating profit	1,132	636	191	115	134
<b>EBITDA</b>	<b>47</b>	<b>71</b>	<b>47</b>	<b>37</b>	<b>203</b>	<b>EBITDA</b>	<b>448</b>	<b>331</b>	<b>140</b>	<b>205</b>	<b>221</b>
Other income	3	2	1	5	3	Other income	(45)	(13)	35	23	26
Other expense						Other expense			na		
Interest expense	2	2	2	2	2	Interest expense	(8)	(10)	81	6	3
<b>Profit before tax</b>	<b>26</b>	<b>49</b>	<b>24</b>	<b>18</b>	<b>182</b>	<b>Profit before tax</b>	<b>937</b>	<b>607</b>	<b>169</b>	<b>132</b>	<b>156</b>
Income tax	5	9	5	3	37	Income tax	949	602	174	26	31
Equity & invest. income						Equity & invest. income			na		
Minority interests						Minority interests			na		
Extraordinary items						Extraordinary items			na		
<b>Net profit</b>	<b>21</b>	<b>40</b>	<b>19</b>	<b>14</b>	<b>145</b>	<b>Net profit</b>	<b>934</b>	<b>608</b>	<b>168</b>	<b>106</b>	<b>125</b>
<b>Normalized profit</b>	<b>21</b>	<b>40</b>	<b>19</b>	<b>14</b>	<b>145</b>	<b>Normalized profit</b>	<b>934</b>	<b>608</b>	<b>168</b>	<b>106</b>	<b>125</b>
EPS (Bt)	0.04	0.07	0.03	0.03	0.27	EPS (Bt)	934	608	168	0.19	0.23
Normalized EPS (Bt)	0.04	0.07	0.03	0.03	0.27	Normalized EPS (Bt)	934	608	168	0.19	0.23
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	121	159	171	124	90	Sales grow th	(10.4)	10.7	(7.7)	17.3	116.8
A/C receivable	42	57	49	46	341	Operating profit grow th	(25.8)	77.9	(30.9)	521.6	635.6
Inventory	21	23	21	20	24	EBITDA grow th	(14.4)	44.3	(18.7)	51.2	331.4
Other current assets						Norm profit grow th	(24.6)	81.7	(36.4)	289.4	608.1
Investment	12	12	12	12	12	Norm EPS grow th	(24.6)	81.7	(36.4)	289.4	608.1
Fixed assets	1,547	1,527	1,506	1,485	1,474	Gross margin	28.2	34.4	29.2	25.1	51.8
Other assets	26	26	25	25	28	Operating margin	12.6	21.6	12.3	7.7	42.6
<b>Total assets</b>	<b>1,770</b>	<b>1,804</b>	<b>1,785</b>	<b>1,711</b>	<b>1,970</b>	EBITDA margin	24.1	31.6	23.5	19.5	47.9
S-T debt	123	122	123	123	124	Norm net margin	10.5	17.7	9.5	7.4	34.2
A/C payable	87	87	72	74	207	D/E (x)	0.2	0.2	0.2	0.2	0.2
Other current liabilities	9	16	18	8	41	Net D/E (x)	0.2	0.1	0.1	0.1	0.1
L-T debt	199	186	160	134	108	Interest coverage (x)	26.1	36.1	25.6	20.9	124.9
Other liabilities	35	37	38	38	38	Interest rate	2.2	2.5	2.5	2.6	2.7
Minority interest						Effective tax rate	20.3	18.8	19.7	19.9	20.1
<b>Shareholders' equity</b>	<b>1,317</b>	<b>1,355</b>	<b>1,374</b>	<b>1,334</b>	<b>1,452</b>	ROA	4.6	8.9	4.2	3.2	31.6
Working capital	(23)	(7)	(1)	(8)	159	ROE	6.2	11.9	5.6	4.1	41.7
Total debt	322	309	283	258	232						
<b>Net debt</b>	<b>201</b>	<b>150</b>	<b>112</b>	<b>134</b>	<b>142</b>						

Sources: Company data, Thanachart estimates

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