

## Bangkok Dusit Medical (BDMS TB) - BUY, Price Bt23.20, TP Bt27

## Results Comment

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## Strong 4Q21, above expectation

- BDMS reported normalized profit of Bt2.6bn, up 115% y-y and 5%q-q in 4Q21. This was above ours and the Street's earnings forecasts due to its stronger-than-expected top line and margin. If including extra gain on divestment of all investment in BH of Bt1.2bn in 4Q20, BDMS's 4Q21 net profit would increase by 10% y-y.
- The y-y strong earnings growth was driven by 1) rising COVID and non-COVID Thai patients, improving fly-in foreign patients and Moderna vaccine income and 2) expanding operating margin.
- The q-q earnings growth was driven by 1) rising non-COVID Thai patients, improving fly-in foreign patients, Moderna vaccine income and 2) expanding operating margin.
- Revenue grew by 22% y-y and 11% q-q to Bt20.9bn in 4Q21. Revenue from Thai patients grew 21% y-y and 9% q-q in 4Q21. Revenue from foreign patients grew 27% y-y and 17% q-q in 4Q21. Note that Middle East patients grew 148% y-y, Chinese patients grew 52% y-y and CLMV patients grew 34% y-y.
- BDMS's operating profit margin was at 12.9% in 4Q21, up from 4.9% in 4Q20 and 11.8% in 3Q21. Drivers were rising top line and cost control.
- Including 4Q21 earnings, BDMS reported Bt7.9bn norm profit in 2021, up 31% y-y. We expect BDMS's earnings growth momentum to continue in 2022, driven by rising revenue from non-COVID Thai and international cash patients. We maintain our BUY rating on BDMS.
- BDMS announced its dividend payment of Bt0.2/share. The XD date is 9 March and payment is on 29 April 2022.

Income Statement		(consolidated)				
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	
Revenue	17,134	15,311	16,443	18,873	20,914	
<b>Gross profit</b>	<b>4,733</b>	<b>4,261</b>	<b>4,681</b>	<b>5,749</b>	<b>7,389</b>	
SG&A	3,899	3,284	3,539	3,514	4,691	
Operating profit	835	977	1,142	2,234	2,697	
<b>EBITDA</b>	<b>2,444</b>	<b>2,558</b>	<b>2,839</b>	<b>3,722</b>	<b>4,254</b>	
Other income	979	983	992	1,297	978	
Other expense	0	0	0	0	0	
Interest expense	210	195	188	172	173	
<b>Profit before tax</b>	<b>1,604</b>	<b>1,765</b>	<b>1,946</b>	<b>3,359</b>	<b>3,503</b>	
Income tax	286	330	383	645	746	
Equity & invest. income	26	3	5	3	10	
Minority interests	(120)	(99)	(116)	(208)	(131)	
Extraordinary items	1,164	0	0	0	0	
<b>Net profit</b>	<b>2,388</b>	<b>1,339</b>	<b>1,452</b>	<b>2,509</b>	<b>2,636</b>	
<b>Normalized profit</b>	<b>1,224</b>	<b>1,339</b>	<b>1,452</b>	<b>2,509</b>	<b>2,636</b>	
EPS (Bt)	0.15	0.08	0.09	0.16	0.17	
Normalized EPS (Bt)	0.08	0.08	0.09	0.16	0.17	

Balance Sheet		(consolidated)				
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	
Cash & ST investment	20,939	23,828	10,890	12,861	12,641	
A/C receivable	7,192	6,151	6,739	8,908	9,131	
Inventory	1,855	1,647	1,688	1,833	2,005	
Other current assets	27	43	24	736	624	
Investment	939	924	930	933	931	
Fixed assets	81,313	80,839	80,342	79,996	79,689	
Other assets	23,786	23,577	23,571	23,575	23,432	
<b>Total assets</b>	<b>136,050</b>	<b>137,009</b>	<b>124,183</b>	<b>128,842</b>	<b>128,454</b>	
S-T debt	190	2,582	2,575	3,174	76	
A/C payable	4,450	3,936	4,229	4,560	5,035	
Other current liabilities	6,580	6,850	5,815	11,398	10,751	
L-T debt	20,594	18,095	13,095	12,496	12,496	
Other liabilities	12,773	12,705	12,811	12,701	12,331	
Minority interest	3,553	3,542	3,584	3,790	3,920	
<b>Shareholders' equity</b>	<b>87,910</b>	<b>89,299</b>	<b>82,074</b>	<b>80,724</b>	<b>83,845</b>	
Working capital	4,597	3,861	4,198	6,181	6,101	
Total debt	20,784	20,677	15,670	15,670	12,573	
<b>Net debt</b>	<b>(155)</b>	<b>(3,151)</b>	<b>4,781</b>	<b>2,809</b>	<b>(69)</b>	

Sources: Company data, Thanachart estimates

Income Statement		12M as				
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F	
Revenue	11	22	102	71,541	75,673	
<b>Gross profit</b>	<b>29</b>	<b>56</b>	<b>108</b>	<b>22,079</b>	<b>22,641</b>	
SG&A	33	20	103	15,029	15,776	
Operating profit	21	223	120	7,051	6,864	
<b>EBITDA</b>	<b>14</b>	<b>74</b>	<b>103</b>	<b>13,844</b>	<b>14,197</b>	
Other income	(25)	(0)	102	4,250	4,410	
Other expense			na	0	0	
Interest expense	0	(18)	99	728	614	
<b>Profit before tax</b>	<b>4</b>	<b>118</b>	<b>114</b>	<b>10,573</b>	<b>10,661</b>	
Income tax	16	161	116	2,103	2,079	
Equity & invest. income	191	(62)	70	21	33	
Minority interests	na	na	105	(554)	(505)	
Extraordinary items			na	0	0	
<b>Net profit</b>	<b>5</b>	<b>10</b>	<b>114</b>	<b>7,936</b>	<b>8,110</b>	
<b>Normalized profit</b>	<b>5</b>	<b>115</b>	<b>114</b>	<b>7,936</b>	<b>8,110</b>	
EPS (Bt)	5	10	114	0.50	0.51	
Normalized EPS (Bt)	5	115	114	0.50	0.51	

Financial Ratios						
(%)	4Q20	1Q21	2Q21	3Q21	4Q21	
Sales growth	(15.6)	(18.9)	25.7	17.4	22.1	
Operating profit growth	(53.8)	(52.9)	1,098.8	37.1	223.1	
EBITDA growth	(26.1)	(30.3)	68.0	14.7	74.0	
Norm profit growth	(48.4)	(47.9)	217.2	40.4	115.3	
Norm EPS growth	(48.4)	(47.9)	217.2	40.4	115.3	
Gross margin	27.6	27.8	28.5	30.5	35.3	
Operating margin	4.9	6.4	6.9	11.8	12.9	
EBITDA margin	14.3	16.7	17.3	19.7	20.3	
Norm net margin	7.1	8.7	8.8	13.3	12.6	
D/E (x)	0.2	0.2	0.2	0.2	0.1	
Net D/E (x)	(0.0)	(0.0)	0.1	0.0	(0.0)	
Interest coverage (x)	11.6	13.1	15.1	21.6	24.6	
Interest rate	3.6	3.8	4.1	4.4	4.9	
Effective tax rate	17.8	18.7	19.7	19.2	21.3	
ROA	3.6	3.9	4.4	7.9	8.2	
ROE	5.7	6.0	6.8	12.3	12.8	

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