Ladprao General Hospital (LPH TB) – U.R., Price Bt6.00, TP Bt U.R.

Results Comment

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Disappointing 4Q21 results

- LPH reported Bt51m net profit in 4Q21, down 6% y-y and 82% q-q. This was below ours and the market's expectation due to its higher-than-expected costs.
- Y-Y earnings drop resulted from rising SG&A to sales ratio from 13.8% in 4Q20 to 17.7% in 4Q21. Meanwhile, q-q earnings drop was due to falling revenue from related COVID-19 services and narrowing operating margin from 40.2% in 3Q21 to 9.6% in 4Q21.
- Including 4Q21 earnings, LPH reported Bt465m net profit in 2021, up 225% y-y, driven by revenue from related COVID-19 services.
- We have a big surprise on LPH's high operating costs in 4Q21. We will find more information about this issue. With downside risk to our numbers, we put our recommendation and TP "Under Review".

Income Statement					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	508	476	529	868	628
Gross profit	**127**	**119**	**170**	**431**	**171**
SG&A	70	73	67	82	111
Operating profit	57	46	103	349	60
EBITDA	**93**	**81**	**148**	**378**	**99**
Other income	2	4	3	12	8
Other expense					
Interest expense	4	3	4	4	4
Profit before tax	**56**	**46**	**102**	**357**	**64**
Income tax	2	4	17	65	12
Equity & invest. income					
Minority interests	(0)	(2)	(1)	(3)	(1)
Extraordinary items					
Net profit	**54**	**40**	**85**	**289**	**51**
Normalized profit	**54**	**40**	**85**	**289**	**51**
EPS (Bt)	0.07	0.05	0.11	0.38	0.07
Normalized EPS (Bt)	0.07	0.05	0.11	0.38	0.07

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	(28)	24	103	2,501	2,089
Gross profit	**(60)**	**35**	**98**	**892**	**585**
SG&A	36	59	112	334	293
Operating profit	(83)	5	91	558	292
EBITDA	**(74)**	**7**	**93**	**726**	**440**
Other income	(35)	220	105	27	23
Other expense			na		
Interest expense	(0)	17	116	15	4
Profit before tax	**(82)**	**14**	**91**	**570**	**312**
Income tax	(82)	644	92	97	56
Equity & invest. income			na		
Minority interests	na	na	100	(8)	(7)
Extraordinary items			na		
Net profit	**(82)**	**(6)**	**91**	**465**	**249**
Normalized profit	**(82)**	**(6)**	**91**	**465**	**249**
EPS (Bt)	(82)	(6)	87	0.65	0.35
Normalized EPS (Bt)	(82)	(6)	87	0.65	0.35

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	160	159	95	111	147
A/C receivable	186	190	195	344	304
Inventory	30	29	29	40	45
Other current assets	143	135	197	548	371
Investment					
Fixed assets	1,451	1,471	1,499	1,500	1,494
Other assets	258	256	250	258	235
Total assets	**2,227**	**2,238**	**2,265**	**2,801**	**2,597**
S-T debt	70	66	72	269	131
A/C payable	231	210	228	305	275
Other current liabilities	80	83	82	134	136
L-T debt	156	143	130	117	104
Other liabilities	245	249	253	257	243
Minority interest	2	4	5	8	9
Shareholders' equity	**1,444**	**1,483**	**1,496**	**1,712**	**1,698**
Working capital	(15)	9	(3)	79	75
Total debt	226	209	202	386	235
Net debt	**66**	**50**	**107**	**275**	**88**

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	19.8	12.7	35.8	80.4	23.5
Operating profit growth	81.0	(0.4)	na	513.8	5.4
EBITDA growth	57.8	8.3	344.2	303.7	6.8
Norm profit growth	71.3	(5.7)	na	462.8	(5.6)
Norm EPS growth	71.3	(5.7)	na	462.8	(5.6)
Gross margin	25.0	25.0	32.2	49.7	27.3
Operating margin	11.2	9.6	19.5	40.2	9.6
EBITDA margin	18.2	17.0	28.1	43.5	15.7
Norm net margin	10.6	8.5	16.0	33.2	8.1
D/E (x)	0.2	0.1	0.1	0.2	0.1
Net D/E (x)	0.0	0.0	0.1	0.2	0.1
Interest coverage (x)	26.1	23.8	41.0	90.3	23.7
Interest rate	6.0	6.2	7.1	5.7	5.4
Effective tax rate	2.8	8.1	16.4	18.3	18.1
ROA	9.9	7.2	15.1	45.6	7.5
ROE	15.2	11.0	22.8	72.0	11.9

Sources: Company data, Thanachart estimates

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