

## Ratchaphruek Hospital (RPH TB) - BUY, Price Bt6.50, TP Bt7.20

## Results Comment

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## Very strong beat 4Q21 earnings

- RPH reported very strong earnings in 4Q21 at Bt225m, up 463% y-y and 55% q-q. This was higher than ours and the market's expectation due to its stronger-than-expected revenue from related COVID-19 service and margin.
- Its top line grew by 165% y-y and 41% q-q to Bt599m in 4Q21, driven by revenue from related COVID-19 services and Moderna vaccine income.
- With strong top line and cost control, its operating margin also expanded to 46.4% in 4Q21 from 21.6% in 4Q20 and 42.6% in 3Q21.
- RPH reported Bt403m net profit in 2021, up 329% y-y. Although we forecast a drop in earnings in 2022F from falling COVID income, we expect to see RPH's earnings base in 2022F to be higher than 2019 level. We thus have a BUY rating on RPH.
- RPH announced dividend payment of Bt0.25/share. The XD date is 9 March 2022 and the dividend payment date is 20 May 2022.

| Income Statement            |              |              |              |              |              | Income Statement         |           |            |            |            |            |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------------------|-----------|------------|------------|------------|------------|
| (consolidated)              |              |              |              |              |              | 12M as                   |           |            |            |            |            |
| Yr-end Dec (Bt m)           | 4Q20         | 1Q21         | 2Q21         | 3Q21         | 4Q21         | (Bt m)                   | q-q%      | y-y%       | % 2021F    | 2021A      | 2022F      |
| Revenue                     | 226          | 199          | 190          | 425          | 599          | Revenue                  | 41        | 165        | 152        | 1,413      | 939        |
| <b>Gross profit</b>         | <b>78</b>    | <b>58</b>    | <b>48</b>    | <b>220</b>   | <b>340</b>   | <b>Gross profit</b>      | <b>54</b> | <b>338</b> | <b>257</b> | <b>666</b> | <b>278</b> |
| SG&A                        | 29           | 34           | 33           | 39           | 62           | SG&A                     | 58        | 114        | 116        | 168        | 145        |
| Operating profit            | 49           | 25           | 15           | 181          | 278          | Operating profit         | 54        | 471        | 432        | 498        | 134        |
| <b>EBITDA</b>               | <b>71</b>    | <b>47</b>    | <b>37</b>    | <b>203</b>   | <b>300</b>   | <b>EBITDA</b>            | <b>48</b> | <b>321</b> | <b>287</b> | <b>587</b> | <b>221</b> |
| Other income                | 2            | 1            | 5            | 3            | 4            | Other income             | 48        | 54         | 52         | 12         | 26         |
| Other expense               |              |              |              |              |              | Other expense            |           |            | na         |            |            |
| Interest expense            | 2            | 2            | 2            | 2            | 1            | Interest expense         | (10)      | (26)       | 104        | 7          | 3          |
| <b>Profit before tax</b>    | <b>49</b>    | <b>24</b>    | <b>18</b>    | <b>182</b>   | <b>280</b>   | <b>Profit before tax</b> | <b>54</b> | <b>470</b> | <b>382</b> | <b>503</b> | <b>156</b> |
| Income tax                  | 9            | 5            | 3            | 37           | 55           | Income tax               | 51        | 497        | 390        | 100        | 31         |
| Equity & invest. income     |              |              |              |              |              | Equity & invest. income  |           |            | na         |            |            |
| Minority interests          |              |              |              |              |              | Minority interests       |           |            | na         |            |            |
| Extraordinary items         |              |              |              |              |              | Extraordinary items      |           |            | na         |            |            |
| <b>Net profit</b>           | <b>40</b>    | <b>19</b>    | <b>14</b>    | <b>145</b>   | <b>225</b>   | <b>Net profit</b>        | <b>55</b> | <b>463</b> | <b>380</b> | <b>403</b> | <b>125</b> |
| <b>Normalized profit</b>    | <b>40</b>    | <b>19</b>    | <b>14</b>    | <b>145</b>   | <b>225</b>   | <b>Normalized profit</b> | <b>55</b> | <b>463</b> | <b>380</b> | <b>403</b> | <b>125</b> |
| EPS (Bt)                    | 0.07         | 0.03         | 0.03         | 0.27         | 0.41         | EPS (Bt)                 | 55        | 463        | 380        | 0.74       | 0.23       |
| Normalized EPS (Bt)         | 0.07         | 0.03         | 0.03         | 0.27         | 0.41         | Normalized EPS (Bt)      | 55        | 463        | 380        | 0.74       | 0.23       |
| Balance Sheet               |              |              |              |              |              | Financial Ratios         |           |            |            |            |            |
| (consolidated)              |              |              |              |              |              | 12M as                   |           |            |            |            |            |
| Yr-end Dec (Bt m)           | 4Q20         | 1Q21         | 2Q21         | 3Q21         | 4Q21         | (%)                      | 4Q20      | 1Q21       | 2Q21       | 3Q21       | 4Q21       |
| Cash & ST investment        | 159          | 171          | 124          | 90           | 238          | Sales grow th            | 10.7      | (7.7)      | 17.3       | 116.8      | 165.3      |
| A/C receivable              | 57           | 49           | 46           | 341          | 450          | Operating profit grow th | 77.9      | (30.9)     | 521.6      | 635.6      | 470.6      |
| Inventory                   | 23           | 21           | 20           | 24           | 30           | EBITDA grow th           | 44.3      | (18.7)     | 51.2       | 331.4      | 321.2      |
| Other current assets        |              |              |              |              |              | Norm profit grow th      | 81.7      | (36.4)     | 289.4      | 608.1      | 463.3      |
| Investment                  | 12           | 12           | 12           | 12           | 12           | Norm EPS grow th         | 81.7      | (36.4)     | 289.4      | 608.1      | 463.3      |
| Fixed assets                | 1,527        | 1,506        | 1,485        | 1,474        | 1,453        | Gross margin             | 34.4      | 29.2       | 25.1       | 51.8       | 56.7       |
| Other assets                | 26           | 25           | 25           | 28           | 32           | Operating margin         | 21.6      | 12.3       | 7.7        | 42.6       | 46.4       |
| <b>Total assets</b>         | <b>1,804</b> | <b>1,785</b> | <b>1,711</b> | <b>1,970</b> | <b>2,215</b> | EBITDA margin            | 31.6      | 23.5       | 19.5       | 47.9       | 50.1       |
| S-T debt                    | 122          | 123          | 123          | 124          | 125          | Norm net margin          | 17.7      | 9.5        | 7.4        | 34.2       | 37.5       |
| A/C payable                 | 87           | 72           | 74           | 207          | 197          | D/E (x)                  | 0.2       | 0.2        | 0.2        | 0.2        | 0.1        |
| Other current liabilities   | 16           | 18           | 8            | 41           | 96           | Net D/E (x)              | 0.1       | 0.1        | 0.1        | 0.1        | (0.0)      |
| L-T debt                    | 186          | 160          | 134          | 108          | 82           | Interest coverage (x)    | 36.1      | 25.6       | 20.9       | 124.9      | 205.5      |
| Other liabilities           | 37           | 38           | 38           | 38           | 35           | Interest rate            | 2.5       | 2.5        | 2.6        | 2.7        | 2.7        |
| Minority interest           |              |              |              |              |              | Effective tax rate       | 18.8      | 19.7       | 19.9       | 20.1       | 19.8       |
| <b>Shareholders' equity</b> | <b>1,355</b> | <b>1,374</b> | <b>1,334</b> | <b>1,452</b> | <b>1,680</b> | ROA                      | 8.9       | 4.2        | 3.2        | 31.6       | 43.0       |
| Working capital             | (7)          | (1)          | (8)          | 159          | 282          | ROE                      | 11.9      | 5.6        | 4.1        | 41.7       | 57.4       |
| Total debt                  | 309          | 283          | 258          | 232          | 206          |                          |           |            |            |            |            |
| <b>Net debt</b>             | <b>150</b>   | <b>112</b>   | <b>134</b>   | <b>142</b>   | <b>(31)</b>  |                          |           |            |            |            |            |

Sources: Company data, Thanachart estimates

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