

## Bangkok Chain Hospital (BCH TB) - BUY, Price Bt19.1, TP Bt31.0

## Results Comment

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## Strong beat 4Q21 earnings

- BCH reported Bt2.5bn net profit in 4Q21, up 791% y-y but down 14% q-q. This was above ours and the street's earnings forecast due to its higher-than-expected revenue and operating margin.
- Y-Y earnings growth was mainly driven by rising revenue from related COVID-19 services, improving revenue from Social Security Scheme (SSS) and Moderna vaccine income. Q-Q earnings drop was due to the peak of related COVID-19 services in 3Q21. BCH's revenue grew 195% y-y but declined 14% q-q to Bt6.8bn in 4Q21.
- Operating margin also expanded to 50.9% in 4Q21 from 16.2% in 4Q20 and 49.0% in 3Q21. Y-Y improvement in operating margin resulted from strong revenue growth. Q-Q improvement in operating margin resulted from 1) rising SSS income due to rising revenue intensity and risk adjusted capitation and 2) cost control.
- Including 4Q21 earnings, BCH reported Bt6.8bn net profit in 2021, up 457% y-y due to related COVID-19 services.
- Despite we forecasting a drop in earnings in 2022F from falling COVID income, we expect to see BCH's earnings base in 2022F to be much higher of 2019 level. We thus have a BUY rating on BCH.
- BCH announced its plans to pay a dividend of Bt1.0/share. The XD date is 10 May 2022 and the payment date is 25 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	2,308	2,316	4,313	7,959	6,816	Revenue	(14)	195	110	21,405	14,449
<b>Gross profit</b>	<b>737</b>	<b>698</b>	<b>1,995</b>	<b>4,271</b>	<b>3,881</b>	<b>Gross profit</b>	<b>(9)</b>	<b>427</b>	<b>117</b>	<b>10,844</b>	<b>4,997</b>
SG&A	363	291	401	367	411	SG&A	12	13	104	1,469	1,526
Operating profit	374	407	1,594	3,904	3,470	Operating profit	(11)	829	119	9,374	3,471
<b>EBITDA</b>	<b>583</b>	<b>623</b>	<b>1,799</b>	<b>4,124</b>	<b>3,702</b>	<b>EBITDA</b>	<b>(10)</b>	<b>535</b>	<b>117</b>	<b>10,248</b>	<b>4,366</b>
Other income	35	68	18	19	24	Other income	24	(32)	100	129	89
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	35	28	35	40	48	Interest expense	21	38	105	151	96
<b>Profit before tax</b>	<b>373</b>	<b>447</b>	<b>1,577</b>	<b>3,882</b>	<b>3,445</b>	<b>Profit before tax</b>	<b>(11)</b>	<b>823</b>	<b>119</b>	<b>9,352</b>	<b>3,464</b>
Income tax	68	84	312	772	679	Income tax	(12)	904	119	1,846	686
Equity & invest. income	1	1	1	0	1	Equity & invest. income	699	(18)	107	2	2
Minority interests	(28)	(40)	(121)	(215)	(286)	Minority interests	na	na	136	(661)	(369)
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
<b>Net profit</b>	<b>278</b>	<b>324</b>	<b>1,146</b>	<b>2,896</b>	<b>2,480</b>	<b>Net profit</b>	<b>(14)</b>	<b>791</b>	<b>118</b>	<b>6,846</b>	<b>2,411</b>
<b>Normalized profit</b>	<b>278</b>	<b>324</b>	<b>1,146</b>	<b>2,896</b>	<b>2,480</b>	<b>Normalized profit</b>	<b>(14)</b>	<b>791</b>	<b>118</b>	<b>6,846</b>	<b>2,411</b>
EPS (Bt)	0.11	0.13	0.46	1.16	0.99	EPS (Bt)	(14)	791	118	2.75	0.97
Normalized EPS (Bt)	0.11	0.13	0.46	1.16	0.99	Normalized EPS (Bt)	(14)	791	118	2.75	0.97
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	946	1,713	1,995	2,290	5,256	Sales grow th	5.1	6.4	107.1	237.4	195.3
A/C receivable	2,303	1,739	3,181	6,573	5,669	Operating profit grow th	9.7	10.1	288.0	565.5	828.9
Inventory	250	227	249	286	437	EBITDA grow th	13.7	14.1	199.1	421.1	534.6
Other current assets	40	67	62	2,635	2,179	Norm profit grow th	15.6	24.9	311.3	600.7	791.2
Investment	32	34	33	32	33	Norm EPS grow th	15.6	24.9	311.3	600.7	791.2
Fixed assets	11,438	11,437	11,455	11,533	11,790	Gross margin	31.9	30.1	46.3	53.7	56.9
Other assets	1,519	1,520	1,527	1,518	1,020	Operating margin	16.2	17.6	37.0	49.0	50.9
<b>Total assets</b>	<b>16,527</b>	<b>16,736</b>	<b>18,503</b>	<b>24,867</b>	<b>26,384</b>	EBITDA margin	25.3	26.9	41.7	51.8	54.3
S-T debt	2,787	1,760	860	1,125	778	Norm net margin	12.1	14.0	26.6	36.4	36.4
A/C payable	565	535	885	1,471	893	D/E (x)	0.8	1.0	0.7	0.6	0.4
Other current liabilities	2,316	830	2,602	5,279	6,176	Net D/E (x)	0.7	0.7	0.5	0.4	(0.0)
L-T debt	2,946	5,344	5,006	5,133	3,979	Interest coverage (x)	16.7	22.6	51.2	102.8	76.5
Other liabilities	288	264	262	237	252	Interest rate	2.1	1.7	2.2	2.6	3.5
Minority interest	742	785	845	1,064	1,326	Effective tax rate	18.1	18.8	19.7	19.9	19.7
<b>Shareholders' equity</b>	<b>6,885</b>	<b>7,218</b>	<b>8,043</b>	<b>10,559</b>	<b>12,980</b>	ROA	6.8	7.8	26.0	53.4	38.7
Working capital	1,988	1,430	2,546	5,389	5,212	ROE	16.5	18.4	60.1	124.6	84.3
Total debt	5,732	7,104	5,866	6,257	4,757						
<b>Net debt</b>	<b>4,787</b>	<b>5,392</b>	<b>3,871</b>	<b>3,967</b>	<b>(499)</b>						

Sources: Company data, Thanachart estimates

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