Bumrungrad Hospital Pcl (BH TB) - HOLD, Price Bt165, TP Bt170

Results Comment

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Strong 1Q22, beat expectation

- BH reported net profit of Bt725m in 1Q22, up 696% y-y and 18% q-q. This was above ours and the street's earning forecast. The stronger-than-expected earnings resulted from its higher-than-expected revenue from foreign patients and margin.
- The company's strong earnings growth was mainly supported by rising non-COVID international and Thai patients and expanding margin.
- Top line grew 55% y-y and 6% q-q to Bt4.1bn in 1Q22. Revenue from foreign patients grew by 87% y-y and 18% q-q mainly from Middle East and CLMV market due to the country's reopening. Thai patient revenue grew by 28.2% y-y but down by 7% q-q in 1Q22.
- Its operating margin also expanded to 20.5% in 1Q22 from 3.1% in 1Q21 and 20.1% in 4Q21 due to rising top line and economies of scale.
- 3M22 earnings accounted for 30% of our full-year earnings forecast. We expect to see strong y-y earnings growth in 2Q22F due to Moderna vaccine sales and rising non-COVID Thai and international patients after Thailand's reopening. We see upside to our numbers and we will revisit our numbers.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	2,642	2,980	2,900	3,882	4,102
Gross profit	**895**	**1,075**	**1,086**	**1,618**	**1,708**
SG&A	812	835	813	836	865
Operating profit	83	240	273	782	843
EBITDA	**381**	**536**	**567**	**1,112**	**1,120**
Other income	57	53	104	55	62
Other expense	0	0	0	0	0
Interest expense	31	31	31	26	2
Profit before tax	**109**	**261**	**346**	**811**	**903**
Income tax	12	38	39	127	168
Equity & invest. income	0	(10)	(2)	(0)	(0)
Minority interests	1	(1)	(7)	(17)	(10)
Extraordinary items	(7)	5	(2)	(55)	(0)
Net profit	**91**	**216**	**296**	**612**	**725**
Normalized profit	**98**	**212**	**298**	**667**	**725**
EPS (Bt)	0.11	0.27	0.37	0.77	0.91
Normalized EPS (Bt)	0.12	0.27	0.37	0.84	0.91

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	6	55	27	15,053	17,105
Gross profit	**6**	**91**	**28**	**6,200**	**7,478**
SG&A	3	7	25	3,506	3,645
Operating profit	8	921	31	2,694	3,833
EBITDA	**1**	**194**	**29**	**3,896**	**5,096**
Other income	13	8	28	222	246
Other expense			na	0	0
Interest expense	(94)	(95)	27	6	8
Profit before tax	**11**	**730**	**31**	**2,910**	**4,070**
Income tax	32	1,313	38	436	692
Equity & invest. income	na	na	0	(14)	(15)
Minority interests	na	na	74	(14)	(16)
Extraordinary items	na	na	na	0	0
Net profit	**18**	**696**	**30**	**2,446**	**3,348**
Normalized profit	**9**	**640**	**30**	**2,446**	**3,348**
EPS (Bt)	18	695	30	3.08	4.21
Normalized EPS (Bt)	9	640	30	3.08	4.21

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	9,124	7,935	7,929	5,936	6,718
A/C receivable	1,606	1,721	1,199	1,461	1,761
Inventory	267	268	284	328	299
Other current assets	198	179	363	338	331
Investment	76	66	63	1	1
Fixed assets	11,703	11,626	11,495	11,532	11,478
Other assets	1,405	1,326	1,296	1,261	1,241
Total assets	**24,378**	**23,121**	**22,629**	**20,857**	**21,829**
S-T debt	2,498	2,499	2,499	0	0
A/C payable	687	776	693	805	884
Other current liabilities	1,259	1,297	1,456	1,479	1,663
L-T debt	22	22	24	23	23
Other liabilities	974	1,000	1,023	931	957
Minority interest	299	303	316	332	318
Shareholders' equity	**18,639**	**17,223**	**16,617**	**17,286**	**17,983**
Working capital	1,185	1,213	789	984	1,176
Total debt	2,520	2,521	2,523	23	23
Net debt	**(6,604)**	**(5,414)**	**(5,406)**	**(5,912)**	**(6,694)**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	(35.4)	23.0	0.5	33.1	55.2
Operating profit growth	(90.6)	na	36.2	339.4	921.2
EBITDA growth	(68.0)	84.2	13.0	114.1	194.0
Norm profit growth	(87.0)	340.6	38.1	269.4	640.0
Norm EPS growth	(87.0)	340.6	38.1	269.4	639.7
Gross margin	33.9	36.1	37.5	41.7	41.6
Operating margin	3.1	8.0	9.4	20.1	20.5
EBITDA margin	14.4	18.0	19.5	28.7	27.3
Norm net margin	3.7	7.1	10.3	17.2	17.7
D/E (x)	0.1	0.1	0.2	0.0	0.0
Net D/E (x)	(0.4)	(0.3)	(0.3)	(0.3)	(0.4)
Interest coverage (x)	12.3	17.1	18.1	42.5	715.4
Interest rate	4.9	5.0	5.0	8.2	27.0
Effective tax rate	10.9	14.7	11.3	15.6	18.5
ROA	1.6	3.6	5.2	12.3	13.6
ROE	2.1	4.7	7.0	15.7	16.5

Sources: Company data, Thanachart estimates

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