Bangkok Dusit Medical (BDMS TB) - BUY, Price Bt25, TP Bt29

Results Comment

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Strong beat 1Q22 results

- BDMS reported net profit of Bt3.4bn in 1Q22, up 157% y-y and 31% q-q. This was above ours and the Street's earnings forecast due to its stronger-than-expected top line.
- The company's strong y-y earnings growth was mainly driven by COVID-19 services, Moderna vaccine income, rising non-COVID Thai and international cash patients.
- Top line grew by 45% y-y and 6% q-q to Bt22bn in 1Q22. Thai patient revenue grew by 38% y-y and international patient revenue grew by 72% y-y from fly-in patients (Middle East and CLMV) and expatriate patients (Germany, UK and Japan). Revenue from COVID-19 services accounted for 17% of total revenue in 1Q22. Note that foreign patient revenue in 1Q22 accounted for 75% of 1Q19 level.
- Its operating margin also expanded to 16.6% in 1Q22 from 6.4% in 1Q21 and 12.9% in 4Q21 due to rising revenue and operating leverage benefits.
- 3M22 earnings accounted for 37% of our full-year earnings forecast. We expect its strong y-y earnings growth to continue in 2Q22F due to rising income from non-COVID Thai and international patients, rising Moderna vaccine income and high number of COVID cases.
- We see BDMS's earnings turnaround story remaining unchanged. We thus maintain our BUY recommendation on BDMS.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Revenue	15,311	16,443	18,873	20,914	22,165
Gross profit	**4,261**	**4,681**	**5,749**	**7,389**	**7,714**
SG&A	3,284	3,539	3,514	4,691	4,025
Operating profit	977	1,142	2,234	2,697	3,689
EBITDA	**2,558**	**2,839**	**3,722**	**4,254**	**5,179**
Other income	983	992	1,297	978	1,007
Other expense	0	0	0	0	0
Interest expense	195	188	172	173	158
Profit before tax	**1,765**	**1,946**	**3,359**	**3,503**	**4,538**
Income tax	330	383	645	746	903
Equity & invest. income	3	5	3	10	9
Minority interests	(99)	(116)	(208)	(131)	(201)
Extraordinary items	0	0	0	0	0
Net profit	**1,339**	**1,452**	**2,509**	**2,636**	**3,443**
Normalized profit	**1,339**	**1,452**	**2,509**	**2,636**	**3,443**
EPS (Bt)	0.08	0.09	0.16	0.17	0.22
Normalized EPS (Bt)	0.08	0.09	0.16	0.17	0.22

Income Statement			**3M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	6	45	29	76,833	82,541
Gross profit	**4**	**81**	**32**	**23,871**	**26,428**
SG&A	(14)	23	26	15,617	16,824
Operating profit	37	278	45	8,254	9,604
EBITDA	**22**	**103**	**34**	**15,054**	**16,623**
Other income	3	2	23	4,303	4,651
Other expense			na	0	0
Interest expense	(8)	(19)	31	516	316
Profit before tax	**30**	**157**	**38**	**12,041**	**13,939**
Income tax	21	174	38	2,348	2,718
Equity & invest. income	(9)	207	36	24	28
Minority interests	na	na	39	(513)	(640)
Extraordinary items			na	0	0
Net profit	**31**	**157**	**37**	**9,204**	**10,610**
Normalized profit	**31**	**157**	**37**	**9,204**	**10,610**
EPS (Bt)	31	157	37	0.58	0.67
Normalized EPS (Bt)	31	157	37	0.58	0.67

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash & ST investment	23,828	10,890	12,861	12,641	13,886
A/C receivable	6,151	6,739	8,908	9,131	11,026
Inventory	1,647	1,688	1,833	2,005	1,939
Other current assets	43	24	736	624	325
Investment	924	930	933	931	930
Fixed assets	80,839	80,342	79,996	79,689	79,506
Other assets	23,577	23,571	23,575	23,432	23,485
Total assets	**137,009**	**124,183**	**128,842**	**128,454**	**131,098**
S-T debt	2,582	2,575	3,174	3,176	4,666
A/C payable	3,936	4,229	4,560	5,035	5,074
Other current liabilities	6,850	5,815	11,398	7,651	9,146
L-T debt	18,095	13,095	12,496	12,496	8,497
Other liabilities	12,705	12,811	12,701	12,331	12,419
Minority interest	3,542	3,584	3,790	3,920	3,978
Shareholders' equity	**89,299**	**82,074**	**80,724**	**83,845**	**87,318**
Working capital	3,861	4,198	6,181	6,101	7,891
Total debt	20,677	15,670	15,670	15,672	13,163
Net debt	**(3,151)**	**4,781**	**2,809**	**3,031**	**(723)**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Sales growth	(18.9)	25.7	17.4	22.1	44.8
Operating profit growth	(52.9)	1,098.8	37.1	223.1	277.7
EBITDA growth	(30.3)	68.0	14.7	74.0	102.5
Norm profit growth	(47.9)	217.2	40.4	115.3	157.2
Norm EPS growth	(47.9)	217.2	40.4	115.3	157.2
Gross margin	27.8	28.5	30.5	35.3	34.8
Operating margin	6.4	6.9	11.8	12.9	16.6
EBITDA margin	16.7	17.3	19.7	20.3	23.4
Norm net margin	8.7	8.8	13.3	12.6	15.5
D/E (x)	0.2	0.2	0.2	0.2	0.2
Net D/E (x)	(0.0)	0.1	0.0	0.0	(0.0)
Interest coverage (x)	13.1	15.1	21.6	24.6	32.7
Interest rate	3.8	4.1	4.4	4.4	4.4
Effective tax rate	18.7	19.7	19.2	21.3	19.9
ROA	3.9	4.4	7.9	8.2	10.6
ROE	6.0	6.8	12.3	12.8	16.1

Sources: Company data, Thanachart estimates

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