Bumrungrad Hospital Pcl (BH TB) - BUY, Price Bt190, TP Bt185

Results Comment

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Big beat in 2Q22

- BH reported net profit of Bt1.2bn in 2Q22, up 439% y-y and 61% q-q. This was above ours and the street's earnings forecast. The stronger-than-expected earnings resulted from its higher-than-expected revenue and margin.
- The company's strong y-y and q-q earnings growth was mainly supported by rising revenue from Thai and international patients and expanding margin.
- Top line grew 65% y-y and 20% q-q to Bt4.9bn in 2Q22. Revenue from foreign patients grew by 121% y-y and 34% q-q due to the country's reopening. Thai patient revenue grew by 16% y-y and 1% q-q in 2Q22.
- With strong increase in international patients, portion of revenue contribution from international patients rose to 62.3% in 2Q22 from 46,4% in 2Q21 and 55.5% in 1Q22.
- Its operating margin also expanded to 28.1% in 2Q22 from 8.0% in 2Q21 and 20.5% in 1Q22 due to rising top line and economies of scale.
- 6M22 earnings accounted for 65% of our full-year earnings forecast. We expect to see strong y-y earnings growth in 2H22F, driven by rising revenue from international patients after Thailand's reopening. We see upside to our numbers. We recommend BUY on weakness.
- The company announced interim dividend payment of Bt1.15/share. The XD date is 25 August 2022 and the payment date is 8 September 2022.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Revenue	2,980	2,900	3,882	4,102	4,903
Gross profit	**1,075**	**1,086**	**1,618**	**1,708**	**2,263**
SG&A	835	813	836	865	887
Operating profit	240	273	782	843	1,376
EBITDA	**536**	**567**	**1,112**	**1,120**	**1,655**
Other income	53	104	55	62	55
Other expense	0	0	0	0	0
Interest expense	31	31	26	2	1
Profit before tax	**261**	**346**	**811**	**903**	**1,430**
Income tax	38	39	127	168	254
Equity & invest. income	(10)	(2)	(0)	(0)	(0)
Minority interests	(1)	(7)	(17)	(10)	(16)
Extraordinary items	5	(2)	(55)	(0)	5
Net profit	**216**	**296**	**612**	**725**	**1,166**
Normalized profit	**212**	**298**	**667**	**725**	**1,161**
EPS (Bt)	0.27	0.37	0.77	0.91	1.47
Normalized EPS (Bt)	0.27	0.37	0.84	0.91	1.46

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	20	65	57	15,711	17,699
Gross profit	**33**	**111**	61	**6,549**	**7,817**
SG&A	3	6	53	3,318	3,562
Operating profit	63	474	69	3,231	4,254
EBITDA	**48**	**209**	63	**4,433**	**5,519**
Other income	(11)	4	55	211	243
Other expense				0	0
Interest expense	(52)	(98)	100	2	2
Profit before tax	**58**	**447**	68	**3,440**	**4,496**
Income tax	51	561	82	516	764
Equity & invest. income	na	na	na	(14)	(15)
Minority interests	na	na	na	(14)	(16)
Extraordinary items	na	13		0	0
Net profit	**61**	**439**	65	**2,896**	**3,701**
Normalized profit	**60**	**448**	65	**2,896**	**3,701**
EPS (Bt)	61	438	65	3.65	4.66
Normalized EPS (Bt)	60	448	65	3.65	4.66

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Cash & ST investment	7,935	7,929	5,936	6,718	6,326
A/C receivable	1,721	1,199	1,461	1,761	2,091
Inventory	268	284	328	299	285
Other current assets	179	363	338	331	297
Investment	66	63	1	1	2
Fixed assets	11,626	11,495	11,532	11,478	11,532
Other assets	1,326	1,296	1,261	1,241	1,226
Total assets	**23,121**	**22,629**	**20,857**	**21,829**	**21,760**
S-T debt	2,499	2,499	0	0	0
A/C payable	776	693	805	884	963
Other current liabilities	1,297	1,456	1,479	1,663	1,946
L-T debt	22	24	23	23	25
Other liabilities	1,000	1,023	931	957	988
Minority interest	303	316	332	318	334
Shareholders' equity	**17,223**	**16,617**	**17,286**	**17,983**	**17,505**
Working capital	1,213	789	984	1,176	1,414
Total debt	2,521	2,523	23	23	25
Net debt	**(5,414)**	**(5,406)**	**(5,912)**	**(6,694)**	**(6,302)**

Financial Ratios					
(%)	2Q21	3Q21	4Q21	1Q22	2Q22
Sales growth	23.0	0.5	33.1	55.2	64.5
Operating profit growth	na	36.2	339.4	921.2	474.0
EBITDA growth	84.2	13.0	114.1	194.0	208.8
Norm profit growth	340.6	38.1	269.4	640.0	448.3
Norm EPS growth	340.6	38.1	269.4	639.7	448.1
Gross margin	36.1	37.5	41.7	41.6	46.2
Operating margin	8.0	9.4	20.1	20.5	28.1
EBITDA margin	18.0	19.5	28.7	27.3	33.7
Norm net margin	7.1	10.3	17.2	17.7	23.7
D/E (x)	0.1	0.1	0.0	0.0	0.0
Net D/E (x)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
Interest coverage (x)	17.1	18.1	42.5	715.4	2,180.1
Interest rate	5.0	5.0	8.2	27.0	12.7
Effective tax rate	14.7	11.3	15.6	18.5	17.7
ROA	3.6	5.2	12.3	13.6	21.3
ROE	4.7	7.0	15.7	16.5	26.2

Sources: Company data, Thanachart estimates

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