

**Bangkok Dusit Medical (BDMS TB) - BUY, Price Bt30.5, TP Bt34.0** | Results Comment

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**Strong beat 3Q22 results**

- BDMS reported net profit of Bt3.4bn in 3Q22, up 35% y-y and 27% q-q. This was higher than ours and the Street's earnings forecast due to its better-than-expected revenue and gross margin.
- The company's y-y and q-q earnings growth was mainly driven by rising revenue from non-COVID cash patients and expanding operating margin.
- Top line grew by 21% y-y and 9% q-q to B22.8bn in 3Q22. Revenue from non-COVID patients grew by 47% y-y and 14% q-q. COVID-19 revenue declined by 58% y-y and 26% q-q. Revenue from COVID-19 services accounted for 9% of total revenue in 3Q22.
- Thai patient revenue grew by 10% y-y and 8% q-q. International patient revenue grew by 74% y-y and 10% q-q mainly from CLMV, Middle East and Bangladesh.
- Its operating margin also expanded to 14.7% in 3Q22 from 11.8% in 3Q21 and 12.5% in 2Q22 due to rising revenue mix from high-margin foreign patients and economies of scale.
- 9M22 earnings accounted for 84% of our full-year earnings forecast. Though we expect revenue from COVID-19 services declines, revenue growth from non-COVID cash patients will help to offset and support its earnings in 4Q22. We see an upside to our numbers. We maintain our BUY rating on BDMS.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	18,873	20,914	22,165	20,976	22,825	Revenue	9	21	79	83,655	86,860
<b>Gross profit</b>	<b>5,749</b>	<b>7,389</b>	<b>7,714</b>	<b>6,829</b>	<b>7,846</b>	<b>Gross profit</b>	<b>15</b>	<b>36</b>	<b>81</b>	<b>27,631</b>	<b>29,238</b>
SG&A	3,514	4,691	4,025	4,200	4,496	SG&A	7	28	78	16,281	17,440
Operating profit	2,234	2,697	3,689	2,629	3,350	Operating profit	27	50	85	11,351	11,798
<b>EBITDA</b>	<b>3,834</b>	<b>4,254</b>	<b>5,179</b>	<b>4,115</b>	<b>4,840</b>	<b>EBITDA</b>	<b>18</b>	<b>26</b>	<b>77</b>	<b>18,347</b>	<b>19,184</b>
Other income	1,297	978	1,007	1,030	1,179	Other income	15	(9)	76	4,254	4,346
Other expense	0	0	0	0	0	Other expense				0	0
Interest expense	172	173	158	151	154	Interest expense	2	(11)	72	646	484
<b>Profit before tax</b>	<b>3,359</b>	<b>3,503</b>	<b>4,538</b>	<b>3,508</b>	<b>4,374</b>	<b>Profit before tax</b>	<b>25</b>	<b>30</b>	<b>83</b>	<b>14,959</b>	<b>15,659</b>
Income tax	645	746	903	695	824	Income tax	18	28	81	2,977	3,116
Equity & invest. income	3	10	9	7	16	Equity & invest. income	146	381	99	32	36
Minority interests	(208)	(131)	(201)	(155)	(181)	Minority interests	na	na	na	(664)	(580)
Extraordinary items	0	0	0	0	0	Extraordinary items				0	0
<b>Net profit</b>	<b>2,509</b>	<b>2,636</b>	<b>3,443</b>	<b>2,664</b>	<b>3,386</b>	<b>Net profit</b>	<b>27</b>	<b>35</b>	<b>84</b>	<b>11,349</b>	<b>12,000</b>
<b>Normalized profit</b>	<b>2,509</b>	<b>2,636</b>	<b>3,443</b>	<b>2,664</b>	<b>3,386</b>	<b>Normalized profit</b>	<b>27</b>	<b>35</b>	<b>84</b>	<b>11,349</b>	<b>12,000</b>
EPS (Bt)	0.16	0.17	0.22	0.17	0.21	EPS (Bt)	27	35	84	0.71	0.76
Normalized EPS (Bt)	0.16	0.17	0.22	0.17	0.21	Normalized EPS (Bt)	27	35	84	0.71	0.76
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	12,861	12,641	13,886	16,631	13,808	Sales grow th	17.4	22.1	44.8	27.6	20.9
A/C receivable	8,908	9,131	11,026	11,453	11,062	Operating profit grow th	37.1	223.1	277.7	130.2	49.9
Inventory	1,833	2,005	1,939	1,931	2,048	EBITDA grow th	18.2	74.0	102.5	50.9	26.2
Other current assets	736	624	325	241	156	Norm profit grow th	40.4	115.3	157.2	83.5	34.9
Investment	933	931	930	937	953	Norm EPS grow th	40.4	115.3	157.2	83.5	34.9
Fixed assets	79,996	79,689	79,506	79,190	79,490	Gross margin	30.5	35.3	34.8	32.6	34.4
Other assets	23,575	23,432	23,485	23,397	26,358	Operating margin	11.8	12.9	16.6	12.5	14.7
<b>Total assets</b>	<b>128,842</b>	<b>128,454</b>	<b>131,098</b>	<b>133,780</b>	<b>133,875</b>	EBITDA margin	20.3	20.3	23.4	19.6	21.2
S-T debt	3,174	3,176	4,666	8,666	7,570	Norm net margin	13.3	12.6	15.5	12.7	14.8
A/C payable	4,560	5,035	5,074	4,869	5,323	D/E (x)	0.2	0.2	0.1	0.2	0.2
Other current liabilities	11,398	7,651	9,146	9,266	10,073	Net D/E (x)	0.0	0.0	(0.0)	(0.0)	0.0
L-T debt	12,496	12,496	8,497	7,497	8,498	Interest coverage (x)	22.2	24.6	32.7	27.2	31.4
Other liabilities	12,701	12,331	12,419	12,519	12,122	Interest rate	4.4	4.4	4.4	4.1	3.8
Minority interest	3,790	3,920	3,978	4,053	4,249	Effective tax rate	19.2	21.3	19.9	19.8	18.8
<b>Shareholders' equity</b>	<b>80,724</b>	<b>83,845</b>	<b>87,318</b>	<b>86,909</b>	<b>86,040</b>	ROA	7.9	8.2	10.6	8.0	10.1
Working capital	6,181	6,101	7,891	8,515	7,787	ROE	12.3	12.8	16.1	12.2	15.7
Total debt	15,670	15,672	13,163	16,164	16,067						
<b>Net debt</b>	<b>2,809</b>	<b>3,031</b>	<b>(723)</b>	<b>(467)</b>	<b>2,259</b>						

Sources: Company data, Thanachart estimates

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