

Ladprao General Hospital (LPH TB) - BUY, Price Bt5.8, TP Bt6.6**Results Comment**

Siriporn Arunothai | Email: siriporn.aru@thanachartsec.co.th

3Q22: Falling COVID-19 earnings

- LPH reported Bt61m net profit in 3Q22, down 79% y-y and 13% q-q. This was in line with our earnings preview, but it was slightly lower than the market's expectation.
- The falling y-y and q-q earnings were caused by falling revenue from related COVID-19 services. Its top line declined by 35% y-y and 4% q-q to Bt560m in 3Q22. Revenue from related COVID-19 services declined by 39% y-y and 74% q-q in 3Q22. However, excluding revenue from related COVID-19 services; LPH's revenue grew by 9% y-y and 9% q-q, driven by non-COVID cash patient rebound and improving revenue from Social Security Scheme (SSS).
- Its operating margin was at 12.7% in 3Q22 vs. 40.2% in 3Q21 and 12.6% in 2Q22. The y-y falling operating margin resulted from no COVID-19's scale benefits. The q-q flat operating margin resulted from cost controls.
- We estimate LPH's 4Q22 earnings growth to be negative y-y but to turn positive q-q. The y-y earnings drop results from falling revenue from related COVID-19 services. The q-q earnings growth is expected due to rising revenue from SSS.
- We still have a BUY rating on LPH as we see LPH's core earnings (excluding COVID services) are still in the rising trend, driven by non-COVID Thai and foreign patients and SSS patients.
- The company announced to pay interim dividend of Bt0.05/share. The XD date 23 November 2022 and the payment date is 9 December 2022.

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	868	628	712	583	560	Revenue	(4)	(35)	85	2,175	2,130
Gross profit	431	171	262	166	161	Gross profit	(3)	(63)	100	590	556
SG&A	82	111	88	93	89	SG&A	(3)	9	89	305	321
Operating profit	349	60	174	73	71	Operating profit	(3)	(80)	112	285	235
EBITDA	378	99	211	121	101	EBITDA	(17)	(73)	98	440	395
Other income	12	8	5	7	2	Other income	(67)	(81)	85	17	19
Other expense						Other expense					
Interest expense	4	4	3	3	3	Interest expense	2	(28)	64	14	16
Profit before tax	357	64	176	78	71	Profit before tax	(9)	(80)	112	288	239
Income tax	65	12	26	9	11	Income tax	26	(83)	94	49	41
Equity & invest. income						Equity & invest. income					
Minority interests	(3)	(1)	1	2	2	Minority interests	17	na	na	(7)	(6)
Extraordinary items						Extraordinary items					
Net profit	289	51	152	70	61	Net profit	(13)	(79)	122	233	192
Normalized profit	289	51	152	70	61	Normalized profit	(13)	(79)	122	233	192
EPS (Bt)	0.38	0.07	0.21	0.10	0.09	EPS (Bt)	(13)	(78)	122	0.32	0.27
Normalized EPS (Bt)	0.38	0.07	0.21	0.10	0.09	Normalized EPS (Bt)	(13)	(78)	122	0.32	0.27
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22		3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	111	147	202	147	110	Sales grow th	80.4	23.5	49.7	10.3	(35.5)
A/C receivable	344	291	280	270	274	Operating profit grow th	513.8	5.4	281.3	(29.0)	(79.6)
Inventory	40	45	36	39	32	EBITDA grow th	303.7	6.8	161.6	(18.6)	(73.3)
Other current assets	548	385	400	375	298	Norm profit grow th	462.8	(5.6)	275.1	(17.2)	(78.8)
Investment						Norm EPS grow th	462.8	(1.7)	290.7	(13.7)	(77.9)
Fixed assets	1,500	1,494	1,503	1,555	1,633	Gross margin	49.7	27.3	36.8	28.5	28.7
Other assets	258	235	236	236	230	Operating margin	40.2	9.6	24.4	12.6	12.7
Total assets	2,801	2,597	2,657	2,622	2,576	EBITDA margin	43.5	15.7	29.6	20.7	18.0
S-T debt	269	131	74	84	102	Norm net margin	33.2	8.1	21.3	12.0	10.9
A/C payable	305	275	245	242	221	D/E (x)	0.2	0.1	0.1	0.1	0.1
Other current liabilities	134	136	153	98	85	Net D/E (x)	0.2	0.1	(0.0)	0.0	0.0
L-T debt	117	104	86	78	69	Interest coverage (x)	90.3	23.7	71.0	40.7	33.4
Other liabilities	257	243	242	267	259	Interest rate	5.7	5.4	6.0	7.4	7.3
Minority interest	8	9	8	6	4	Effective tax rate	18.3	18.1	14.8	11.6	16.0
Shareholders' equity	1,712	1,698	1,849	1,848	1,837	ROA	45.6	7.5	23.1	10.6	9.4
Working capital	79	61	71	68	84	ROE	72.0	11.9	34.2	15.2	13.3
Total debt	386	235	159	162	171						
Net debt	275	88	(43)	15	61						

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 111 Derivative Warrants which are ADVANC16C2302A, ADVANC16C2301A, ADVANC16C2211A, AMATA16C2212A, AMAT16C2209A, AOT16C2302A, AOT16C2212A, AOT16C2209A, BANPU16C2302A, BANPU16C2212A, BBL16C2212A, BCH16C2211A, BH16C2212B, BH16C2212A, BGRIM16C2302A, BGRIM16C2301A, BGRIM16C2212A, BGRI16C2209A, BLA16C2302A, BLA16C2212A, BLA16C2209A, BTS16C2301A, CBG16C2302A, CBG16C2301B, CBG16C2301A, CENTEL16C2209A, COM716C2302A, COM716C2209A, COM716C2211A, COM716C2211B, COM716C2211C, CPALL16C2211A, CPN16C2301A, DTAC16C2212A, DOHOME16C2301A, EA16C2303A, EA16C2209A, EA16C2211A, ESSO16C2302A, ESSO16C2209A, ESSO16C2209B, FORTH16C2211A, GPSC16C2302A, GPSC16C2301A, GPSC16C2209A, GULF16C2302B, GULF16C2302A, GULF16C2301A, GUNKUL16C2302A, GUNKUL16C2301A, GUNK16C2209A, HANA16C2301A, HANA16C2209A, HANA16C2211A, IVL16C2301A, IVL16C2212A, IVL16C2209A, IVL16C2211A, JMART16C2211A, JMT16C2302A, JMT16C2211A, KBANK16C2302A, KBANK16C2301A, KBAN16C2209A, KBANK16C2211A, KCE16C2302A, KCE16C2301B, KCE16C2301A, KCE16C2209A, KCE16C2211A, KTC16C2211A, KTC16C2209A, MINT16C2302A, MINT16C2301A, MINT16C2211A, MTC16C2301A, MTC16C2212A, MTC16C2209A, PSL16C2212A, PTG16C2211A, PTG16C2209A, PTTEP16C2303A, PTTEP16C2212A, PTTE16C2209A, RBF16C2209A, SAWAD16C2211A, S5016C2209A, S5016P2209A, SAWAD16C2302A, SAWA16C2209A, SCB16C2301A, SCB16C2211A, SCGP16C2303A, SCGP16C2212A, SET5016P2212B, SET5016C2212C, SET5016C2212B, SET5016P2212A, SET5016C2209B, SET5016C2212A, SET5016P2209B, SINGER16C2212A, SPRC16C2212A, SPRC16C2209A, STEC16C2209A, TIDLOR16C2212A, TOP16C2211A, TRUE16C2212A, TTA16C2211A, VGI16C2301A, WHA16C2209A (underlying securities are (ADVANC, AMATA, AOT, BANPU, BBL, BCH, BGRIM, BH, BLA, BTS, CBG, CENTEL, COM7, CPALL, CPN, DOHOME, DTAC, EA, ESSO, FORTH, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MINT, MTC, PSL, PTG, PTTEP, RBF, SAWAD, SCB, SET50, SCGP, SINGER, SPRC, STEC, TIDLOR, TOP, TRUE, TTA, VGI, WHA) before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.33% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: The One Enterprise Pcl. (ONEE TB)