

Bangkok Dusit Medical (BDMS TB) - BUY, Price Bt25.75, TP Bt39.00 | Results Comment

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

New record high 3Q24 earnings, in line

- BDMS reported 3Q24 net profit at Bt4.2bn, up 9% y-y and 27% q-q. This was in line with our earnings preview and the market's expectation.
- Key y-y earnings growth drivers were due to rising top line, rising other income and falling interest expense. Meanwhile, the strong q-q earnings growth was due to seasonality factors.
- Its revenue grew by 6% y-y and 10% q-q to Bt27bn in 3Q24. Revenue growth was driven by Thai and international patients. Thai patient revenue grew by 6% y-y and 11% q-q in 3Q24. International patient revenue grew by 8% y-y and 7% q-q. (Qatar, China and UAE grew by 47%, 32% and 29% y-y).
- Operating margin was 15.3% in 3Q24. It was flat y-y but up from 11.7% in 2Q24. A sharp q-q margin increase was due to 3Q's high seasonality and economies of scale.
- 9M24 earnings accounted for 73% of our full-year earnings forecast. We expect the company's good y-y earnings growth momentum to continue in 4Q24. We maintain our BUY rating on BDMS.

Income Statement		(consolidated)				
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	
Revenue	25,473	25,379	25,526	24,694	27,108	
Gross profit	9,003	8,990	8,790	8,030	9,474	
SG&A	5,106	5,191	4,893	5,146	5,313	
Operating profit	3,897	3,799	3,897	2,884	4,161	
EBITDA	5,368	5,302	5,374	4,387	5,709	
Other income	1,282	1,417	1,461	1,435	1,488	
Other expense	0	0	0	0	0	
Interest expense	122	126	113	111	102	
Profit before tax	5,057	5,091	5,246	4,208	5,546	
Income tax	1,031	1,018	1,042	756	1,153	
Equity & invest. income	21	22	13	14	24	
Minority interests	(163)	(123)	(143)	(131)	(171)	
Extraordinary items	0	0	0	0	0	
Net profit	3,884	3,971	4,074	3,335	4,246	
Normalized profit	3,884	3,971	4,074	3,335	4,246	
EPS (Bt)	0.24	0.25	0.26	0.21	0.27	
Normalized EPS (Bt)	0.24	0.25	0.26	0.21	0.27	

Balance Sheet		(consolidated)				
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	
Cash & ST investment	9,859	9,467	12,997	8,262	9,776	
A/C receivable	11,214	11,558	11,357	11,490	12,039	
Inventory	2,132	2,420	2,213	2,218	2,339	
Other current assets	90	101	97	105	120	
Investment	1,017	1,039	1,026	1,040	1,064	
Fixed assets	83,919	87,025	87,915	89,090	90,308	
Other assets	31,662	31,986	32,350	32,521	32,700	
Total assets	139,893	143,596	147,954	144,725	148,347	
S-T debt	3,500	2,500	1,000	2,000	6,000	
A/C payable	5,844	6,901	6,224	6,234	6,731	
Other current liabilities	11,388	9,032	10,784	10,785	10,902	
L-T debt	7,999	7,999	7,999	5,999	5,999	
Other liabilities	17,548	18,291	18,507	18,549	18,934	
Minority interest	3,514	3,630	3,734	3,634	3,794	
Shareholders' equity	90,100	95,242	99,707	97,523	95,986	
Working capital	7,502	7,076	7,346	7,473	7,647	
Total debt	11,498	10,499	8,999	7,999	11,999	
Net debt	1,640	1,032	(3,998)	(263)	2,223	

Sources: Company data, Thanachart estimates

Income Statement		9M as				
(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F	
Revenue	10	6	73	105,914	115,082	
Gross profit	18	5	73	36,022	39,464	
SG&A	3	4	73	21,142	22,845	
Operating profit	44	7	74	14,880	16,619	
EBITDA	30	6	74	20,890	22,916	
Other income	4	16	74	5,904	6,326	
Other expense				0	0	
Interest expense	(7)	(16)	74	441	396	
Profit before tax	32	10	74	20,342	22,549	
Income tax	53	12	77	3,824	4,239	
Equity & invest. income	70	15	92	55	59	
Minority interests	na	na	na	(595)	(647)	
Extraordinary items				0	0	
Net profit	27	9	73	15,978	17,722	
Normalized profit	27	9	73	15,978	17,722	
EPS (Bt)	27	9	73	1.01	1.12	
Normalized EPS (Bt)	27	9	73	1.01	1.12	

Financial Ratios						
(%)	3Q23	4Q23	1Q24	2Q24	3Q24	
Sales growth	11.6	12.5	10.6	6.7	6.4	
Operating profit growth	16.4	31.8	17.0	1.8	6.8	
EBITDA growth	10.9	21.4	12.9	2.5	6.4	
Norm profit growth	14.7	27.6	17.5	9.3	9.3	
Norm EPS growth	14.7	27.6	17.5	9.3	9.3	
Gross margin	35.3	35.4	34.4	32.5	34.9	
Operating margin	15.3	15.0	15.3	11.7	15.3	
EBITDA margin	21.1	20.9	21.1	17.8	21.1	
Norm net margin	15.2	15.6	16.0	13.5	15.7	
D/E (x)	0.1	0.1	0.1	0.1	0.1	
Net D/E (x)	0.0	0.0	(0.0)	(0.0)	0.0	
Interest coverage (x)	43.9	42.0	47.7	39.7	55.7	
Interest rate	4.4	4.6	4.6	5.2	4.1	
Effective tax rate	20.4	20.0	19.9	18.0	20.8	
ROA	11.2	11.2	11.2	9.1	11.6	
ROE	17.1	17.1	16.7	13.5	17.6	

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