

**Bumrungrad Hospital Pcl (BH TB) - BUY, Price Bt239, TP Bt310****Results Comment**

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**Slightly below expectation in 3Q24**

- BH reported normalized profit of Bt2bn in 3Q24, up 2% y-y and 3% q-q. This was slightly below ours and the market's expectation due to its weaker-than-expected revenue.
- The company's soft y-y earnings growth was mainly due to falling revenue from Thai and international patients. Meanwhile, the soft q-q earnings growth was mainly due to falling gross margin.
- Top line declined by 5% y-y but increased 2% q-q to Bt6.4bn in 3Q24. Foreign patient revenue declined by 7% y-y but increased by 1% q-q in 3Q24. Thai patient revenue declined by 1% y-y but grew by 2% q-q in 3Q24. Portion of revenue from Thai and international patients was 34.3:65.7 in 3Q24 vs. 33.1:66.9 in 3Q23 and 34.1:65.9 in 2Q24.
- Its gross margin was at 51.6% in 3Q24, up from 49.8% in 3Q23 but down from 52.1% in 2Q24. Its operating margin also expanded to 35.9% in 3Q24 from 34.4% in 3Q23 but declined from 36.1% in 2Q24. The y-y margin expansion was due to cost control. The q-q margin drop was suspected due to falling revenue mix of high-margin international patients.
- 9M24 earnings accounted for 73% of our full-year earnings forecast. We see a bit of downside risk to our numbers. Looking into 4Q24, we estimate BH's earnings still grow y-y but drop q-q due to low seasonality for Thai and Middle East patients.

Income Statement		(consolidated)				
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	
Revenue	6,720	6,497	6,516	6,282	6,384	
<b>Gross profit</b>	<b>3,349</b>	<b>3,164</b>	<b>3,370</b>	<b>3,274</b>	<b>3,294</b>	
SG&A	1,040	1,140	1,020	1,007	1,003	
Operating profit	2,309	2,024	2,350	2,267	2,292	
<b>EBITDA</b>	<b>2,581</b>	<b>2,299</b>	<b>2,617</b>	<b>2,534</b>	<b>2,561</b>	
Other income	87	98	111	127	136	
Other expense	0	0	0	0	0	
Interest expense	0	1	2	2	2	
<b>Profit before tax</b>	<b>2,395</b>	<b>2,121</b>	<b>2,459</b>	<b>2,393</b>	<b>2,426</b>	
Income tax	438	408	469	432	424	
Equity & invest. income	(0)	(0)	(0)	(0)	(0)	
Minority interests	(9)	(11)	(15)	(24)	(12)	
Extraordinary items	6	19	10	(5)	(34)	
<b>Net profit</b>	<b>1,954</b>	<b>1,721</b>	<b>1,985</b>	<b>1,932</b>	<b>1,955</b>	
<b>Normalized profit</b>	<b>1,948</b>	<b>1,702</b>	<b>1,975</b>	<b>1,937</b>	<b>1,990</b>	
EPS (Bt)	2.46	2.16	2.50	2.43	2.46	
Normalized EPS (Bt)	2.45	2.14	2.48	2.44	2.50	

Balance Sheet		(consolidated)				
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	
Cash & ST investment	9,472	10,745	12,849	11,067	9,907	
A/C receivable	3,481	4,408	4,081	3,861	3,958	
Inventory	340	362	328	312	304	
Other current assets	165	169	204	250	251	
Investment	0	13	23	23	130	
Fixed assets	12,244	12,302	12,462	12,580	12,555	
Other assets	1,198	1,212	1,248	2,323	3,157	
<b>Total assets</b>	<b>26,900</b>	<b>29,212</b>	<b>31,196</b>	<b>30,416</b>	<b>30,262</b>	
S-T debt	0	0	0	0	0	
A/C payable	1,186	1,078	1,008	1,088	1,042	
Other current liabilities	2,418	3,106	3,059	2,750	2,314	
L-T debt	26	24	26	26	23	
Other liabilities	892	906	971	996	1,029	
Minority interest	329	297	311	303	315	
<b>Shareholders' equity</b>	<b>22,050</b>	<b>23,801</b>	<b>25,821</b>	<b>25,254</b>	<b>25,540</b>	
Working capital	2,635	3,692	3,402	3,085	3,220	
Total debt	26	24	26	26	23	
<b>Net debt</b>	<b>(9,446)</b>	<b>(10,721)</b>	<b>(12,823)</b>	<b>(11,040)</b>	<b>(9,884)</b>	

Sources: Company data, Thanachart estimates

Income Statement		9M as				
(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F	
Revenue	2	(5)	70	27,269	28,651	
<b>Gross profit</b>	<b>1</b>	<b>(2)</b>	<b>71</b>	<b>13,982</b>	<b>14,819</b>	
SG&A	(0)	(4)	69	4,370	4,520	
Operating profit	1	(1)	72	9,612	10,299	
<b>EBITDA</b>	<b>1</b>	<b>(1)</b>	<b>72</b>	<b>10,758</b>	<b>11,538</b>	
Other income	7	57	107	351	348	
Other expense				0	0	
Interest expense	3	552	230	3	2	
<b>Profit before tax</b>	<b>1</b>	<b>1</b>	<b>73</b>	<b>9,960</b>	<b>10,645</b>	
Income tax	(2)	(3)	72	1,843	1,969	
Equity & invest. income	na	na	na	0	0	
Minority interests	na	na	na	(61)	(64)	
Extraordinary items	na	na	na	10	0	
<b>Net profit</b>	<b>1</b>	<b>0</b>	<b>73</b>	<b>8,067</b>	<b>8,612</b>	
<b>Normalized profit</b>	<b>3</b>	<b>2</b>	<b>73</b>	<b>8,057</b>	<b>8,612</b>	
EPS (Bt)	1	0	73	10.15	10.83	
Normalized EPS (Bt)	3	2	73	10.14	10.83	

Financial Ratios		3Q23				
(%)	3Q23	4Q23	1Q24	2Q24	3Q24	
Sales growth	18.5	8.9	7.7	4.2	(5.0)	
Operating profit growth	32.4	13.4	24.6	13.3	(0.7)	
EBITDA growth	27.6	11.1	21.1	11.3	(0.8)	
Norm profit growth	29.9	9.4	24.5	11.2	2.1	
Norm EPS growth	29.9	9.4	24.5	11.2	2.1	
Gross margin	49.8	48.7	51.7	52.1	51.6	
Operating margin	34.4	31.2	36.1	36.1	35.9	
EBITDA margin	38.4	35.4	40.2	40.3	40.1	
Norm net margin	29.0	26.2	30.3	30.8	31.2	
D/E (x)	0.0	0.0	0.0	0.0	0.0	
Net D/E (x)	(0.4)	(0.4)	(0.5)	(0.4)	(0.4)	
Interest coverage (x)	7,942.0	2,069.7	1,240.2	1,233.0	1,207.8	
Interest rate	5.1	17.8	33.8	31.7	34.6	
Effective tax rate	18.3	19.2	19.1	18.0	17.5	
ROA	29.5	24.3	26.2	25.1	26.2	
ROE	36.1	29.7	31.8	30.3	31.3	

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