



Bumrungrad Hospital

Bumrungrad Hospital
Public Company Limited

BH

Bloomberg BH TB
Reuters BH.BK

2Q22: Record high. Beat estimates.

BH reported a record high net profit of Bt1.2bn in 2Q22, surging off a low base of Bt216mn in 2Q21 and up 61% QoQ, beating SCBS and market estimates by 60% thanks to high revenue and EBITDA margin. This has led us to revise up our projection and we now expect BH's core earnings in 2022 to be above pre COVID-19 level. We appreciate BH's earnings improvement but we believe positives are largely priced in as share price has rallied by 35% YTD, 29% above pre-COVID-19 level. We rate Neutral on BH with a new end-2023 DCF TP of Bt185/share.

2Q22: Beat estimates on high revenue and EBITDA margin. BH reported a record high net profit of Bt1.2bn in 2Q22, surging off a low base of Bt216mn in 2Q21 and jumping 61% QoQ, beating SCBS and market estimates by 60%, backed by high revenue and EBITDA margin. 1H22 net profit was Bt1.9bn, up sharply from Bt308mn in 1H21. BH announced a dividend of Bt1.15/share on 1H22 operations (0.6% dividend yield). XD is August 25.

Highlights.

- BH reported record high revenue of Bt4.9bn in 2Q22, up 64% YoY and 19% QoQ and 115% of pre-COVID-19 level, driven by revenue from international patient services of Bt3.1bn (+123% YoY, +34% QoQ), 110% of pre-COVID-19 level) after Thailand's reopening drew in more fly-in patients. Revenue from Thai patients (including COVID-19 services) was Bt1.8bn (+15% YoY, +1% QoQ), equal to 123% of pre-COVID-19 level.
- Revenue from international patient services was higher than from Thai patients at 62:38 in 2Q22 vs. 55:45 in 1Q22.
- Highest ever EBITDA margin at 34.5% driven by the high revenue, particularly from international patient services.

Earnings revised up. We raise BH's core earnings forecasts by 72% in 2022 and 45% in 2023 to reflect the 2Q22 results beat. After the earnings revision, we look for core earnings of Bt4.3bn, growth of 252% YoY, to above pre-COVID-19 level. We expect BH's earnings to continue to improve YoY in 2H22, boosted by stronger international patient services after Thailand ended all entry restrictions on July 1. Together with the valuation rollover, our end-2023 DCF TP for BH increases to Bt185/share (from end-2022 TP of Bt162/share).

Risks. Unpredictable events such as another pandemic that will interrupt patient traffic, intense competition, staff shortages and regulatory risk.

Forecasts and valuation

Year to 31 Dec	Unit	2020	2021	2022F	2023F	2024F
Revenue	(Btmn)	12,315	12,404	19,344	20,559	21,310
EBITDA	(Btmn)	1,496	1,540	6,530	7,008	7,341
Core profit	(Btmn)	1,199	1,226	4,321	4,679	4,916
Reported profit	(Btmn)	1,204	1,216	4,321	4,679	4,916
Core EPS	(Bt)	1.51	1.54	5.44	5.89	6.19
DPS	(Bt)	3.20	3.20	3.20	3.20	3.20
P/E, core	(x)	125.9	123.1	34.9	32.3	30.7
EPS growth, core	(%)	(70.7)	2.2	252.4	8.3	5.1
P/BV, core	(x)	8.1	8.7	7.9	7.1	6.5
ROE	(%)	6.1	6.7	23.4	22.9	21.9
Dividend yield	(%)	1.7	1.7	1.7	1.7	1.7
FCF yield	(x)	1.3	3.8	2.1	3.0	3.2
EV/EBIT	(x)	101.9	94.3	27.2	24.7	23.2
EBIT growth, core	(%)	(67.8)	5.8	236.1	8.3	5.1
EV/CE	(x)	6.9	8.2	9.5	9.3	9.2
ROCE	(%)	5.0	6.4	27.5	29.4	30.8
EV/EBITDA	(x)	102.2	97.3	22.2	20.4	19.2
EBITDA growth	(%)	(74.6)	2.9	324.0	7.3	4.8

Source: SCBS Investment Research

Tactical: NEUTRAL

(3-month)

Stock data

Last close (Aug 11) (Bt)	190.00
Target price (Bt)	185.00
Mkt cap (Btbn)	151.03
Mkt cap (US\$mn)	4,293

Beta	L
Mkt cap (%) SET	0.77
Sector % SET	5.24
Shares issued (mn)	795
Par value (Bt)	1.00
12-m high / low (Bt)	197 / 123
Avg. daily 6m (US\$mn)	17.46
Foreign limit / actual (%)	49 / 26
Free float (%)	64.1
Dividend policy (%)	NA

2021 Sustainability / ESG Score

Sustainability Index (THSI)	Not Included
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ESG Bloomberg Score	47.79
Environmental Score	35.76
Social Score	26.39
Governance Score	81.10

Source: Bloomberg Finance L.P.

Share performance

(%)	1M	3M	12M
Absolute	1.1	14.5	55.1
Relative to SET	(3.6)	11.8	46.5

Source: SET, SCBS Investment Research

Analyst

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ESG Disclosure Score

	2020	2021
ESG Disclosure Score	45.97	47.79
Environment	35.43	35.76
Total GHG Emissions (thousands of metric tonnes)	n.a.	n.a.
Total Water Use (thousands of cubic meters)	367.17	370.69
Hazardous Waste (thousands of metric tonnes)	n.a.	n.a.
Total Waste (thousands of metric tonnes)	n.a.	n.a.
Social	21.25	26.39
Number of Employees	n.a.	3,455.00
Workforce Accidents	n.a.	n.a.
Lost Time from Accidents	n.a.	n.a.
Fatalities - Contractors	n.a.	n.a.
Fatalities - Employees	n.a.	n.a.
Fatalities - Total	n.a.	n.a.
Community Spending	12.00	10.00
Governance	81.10	81.10
Size of the Board	10.00	11.00
Independent Directors	4.00	5.00
% Independent Directors	40.00	45.45
Board Duration (Years)	3.00	3.00
# Board Meetings	7.00	4.00
Board Mtg Attendance (%)	87.14	95.34

Source: Bloomberg Finance L.P.

Disclaimer

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To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg

Financial statement

Profit and Loss Statement

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Total revenue	(Btmn)	18,020	18,264	18,409	12,315	12,404	19,344	20,559	21,310
Cost of goods sold	(Btmn)	10,286	10,046	10,285	7,677	7,731	10,530	11,058	11,374
Gross profit	(Btmn)	7,734	8,218	8,124	4,638	4,673	8,814	9,501	9,936
SG&A	(Btmn)	3,048	3,288	3,751	3,394	3,296	3,721	4,018	4,166
Other income	(Btmn)	252	277	309	252	221	246	297	307
Interest expense	(Btmn)	150	165	127	128	120	8	8	8
Pre-tax profit	(Btmn)	4,782	5,036	4,534	1,371	1,456	5,330	5,773	6,069
Corporate tax	(Btmn)	841	880	773	150	216	959	1,039	1,092
Equity a/c profits	(Btmn)	4	(0)	(3)	(2)	(12)	0	0	0
Minority interests	(Btmn)	3	(4)	(13)	(17)	(24)	(50)	(55)	(61)
Core profit	(Btmn)	3,944	4,152	3,748	1,199	1,226	4,321	4,679	4,916
Extra-ordinary items	(Btmn)	-	-	-	5	(10)	-	-	-
Net Profit	(Btmn)	3,944	4,152	3,748	1,204	1,216	4,321	4,679	4,916
EBITDA	(Btmn)	6,135	6,381	5,887	1,496	1,540	6,530	7,008	7,341
Core EPS (Bt)	(Bt)	5.41	5.70	5.14	1.51	1.54	5.44	5.89	6.19
Net EPS (Bt)	(Bt)	5.41	5.70	5.14	1.52	1.53	5.44	5.89	6.19
DPS (Bt)	(Bt)	2.70	2.90	3.20	3.20	3.20	3.20	3.20	3.20

Balance Sheet

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Total current assets	(Btmn)	10,550	12,101	11,736	10,801	8,062	10,080	12,275	14,331
Total fixed assets	(Btmn)	11,784	11,256	11,860	11,726	11,532	11,422	11,389	11,356
Total assets	(Btmn)	23,484	24,749	26,181	24,222	20,857	22,765	24,926	26,949
Total loans	(Btmn)	4,038	3,042	3,045	2,817	320	320	320	320
Total current liabilities	(Btmn)	3,647	2,878	2,639	4,418	2,284	2,436	2,484	2,513
Total long-term liabilities	(Btmn)	3,590	3,592	3,595	640	640	640	640	640
Total liabilities	(Btmn)	6,779	6,004	5,916	5,385	3,239	3,391	3,439	3,468
Paid-up capital	(Btmn)	730	730	730	796	796	796	796	796
Total equity	(Btmn)	16,705	18,744	20,265	18,837	17,618	19,373	21,487	23,481
BVPS (Bt)	(Bt)	22.51	25.33	27.41	23.32	21.75	23.95	26.60	29.09

Cash Flow Statement

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Core Profit	(Btmn)	3,944	4,152	3,748	1,199	1,226	4,321	4,679	4,916
Depreciation and amortization	(Btmn)	1,206	1,180	1,223	1,220	0	1,192	1,227	1,264
Operating cash flow	(Btmn)	5,243	4,734	4,897	2,261	3,556	4,314	5,761	6,090
Investing cash flow	(Btmn)	(5,867)	(1,431)	(2,855)	(364)	2,252	(1,081)	(1,194)	(1,231)
Financing cash flow	(Btmn)	(2,061)	(3,245)	(2,476)	(2,737)	(5,255)	(2,565)	(2,565)	(2,922)
Net cash flow	(Btmn)	(2,685)	58	(433)	(840)	553	667	2,002	1,937

Key Financial Ratios

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Gross margin	(%)	42.9	45.0	44.1	37.7	37.7	45.6	46.2	46.6
Operating margin	(%)	26.0	27.0	23.8	10.1	11.1	26.3	26.7	27.1
EBITDA margin	(%)	32.9	33.7	30.6	20.3	21.0	32.7	32.8	33.2
EBIT margin	(%)	27.0	28.1	24.9	11.9	12.5	27.2	27.7	28.1
Net profit margin	(%)	21.9	22.7	20.4	9.8	9.8	22.3	22.8	23.1
ROE	(%)	25.0	23.4	19.2	6.1	6.7	23.4	22.9	21.9
ROA	(%)	17.6	17.2	14.7	4.8	5.4	19.8	19.6	19.0
Net D/E	(x)	(0.2)	(0.3)	(0.2)	0.1	(0.1)	(0.3)	(0.4)	(0.4)
Interest coverage	(x)	40.9	38.6	46.3	11.7	12.9	816.2	875.9	917.7
Debt service coverage	(x)	5.3	38.6	46.3	0.6	12.9	816.2	875.9	917.7
Payout Ratio	(x)	49.9	50.9	62.2	211.2	209.2	58.8	54.3	51.7

Main Assumptions

FY December 31	Unit	2017	2018F	2019	2020	2021	2022F	2023F	2024F
Revenue breakdown by nationality									
International	(%)	64.0	64.0	66.0	51.9	46.3	62.8	65.0	65.6
Thai	(%)	36.0	36.0	34.0	48.1	53.7	37.2	35.0	34.4

Financial statement

Profit and Loss Statement

FY December 31	Unit	c	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Total revenue	(Btmn)	2,887	2,916	2,642	2,980	2,900	3,882	4,102	4,903
Cost of goods sold	(Btmn)	1,859	1,880	1,748	1,905	1,814	2,264	2,394	2,640
Gross profit	(Btmn)	1,028	1,036	895	1,075	1,086	1,618	1,708	2,263
SG&A	(Btmn)	828	858	812	835	813	836	865	887
Other income	(Btmn)	55	53	57	53	56	55	62	55
Interest expense	(Btmn)	32	32	31	31	31	26	2	1
Pre-tax profit	(Btmn)	230	192	102	256	342	756	903	1,436
Corporate tax	(Btmn)	(1)	17	12	38	39	127	168	254
Equity a/c profits	(Btmn)	0	(0)	0	(10)	(2)	(0)	(0)	(0)
Minority interests	(Btmn)	(10)	(2)	1	(1)	(7)	(17)	(10)	(16)
Core profit	(Btmn)	215	181	98	212	250	667	725	1,161
Extra-ordinary items	(Btmn)	6	(8)	(7)	5	46	(55)	(0)	5
Net Profit	(Btmn)	222	173	91	216	296	612	725	1,166
EBITDA	(Btmn)	557	537	431	589	621	1,079	1,181	1,710
Core EPS (Bt)	(Bt)	0.27	0.23	0.12	0.27	0.31	0.84	0.91	1.46
Net EPS (Bt)	(Bt)	0.28	0.22	0.11	0.27	0.37	0.77	0.91	1.47

Balance Sheet

FY December 31	Unit	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Total current assets	(Btmn)	10,699	10,801	11,194	10,102	9,775	8,062	9,109	9,000
Total fixed assets	(Btmn)	11,762	11,726	11,703	11,626	11,495	11,532	11,478	11,532
Total assets	(Btmn)	24,168	24,222	24,378	23,121	22,629	20,857	21,829	21,760
Total loans	(Btmn)	2,817	2,817	2,818	2,819	2,819	320	320	320
Total current liabilities	(Btmn)	2,027	4,418	4,445	4,572	4,649	2,284	2,547	2,908
Total long-term liabilities	(Btmn)	3,137	640	640	640	640	640	640	640
Total liabilities	(Btmn)	5,433	5,385	5,440	5,595	5,695	3,239	3,528	3,921
Paid-up capital	(Btmn)	796	796	796	796	796	796	796	796
Total equity	(Btmn)	18,735	18,837	18,938	17,526	16,934	17,618	18,301	17,839
BVPS (Bt)	(Bt)	23.19	23.32	23.46	21.68	20.91	21.75	22.63	22.03

Cash Flow Statement

FY December 31	Unit	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Core Profit	(Btmn)	215	181	98	212	250	667	725	1,161
Depreciation and amortization	(Btmn)	301	303	298	296	294	292	277	278
Operating cash flow	(Btmn)	1,151	434	1,023	549	1,108	876	1,020	1,502
Investing cash flow	(Btmn)	(144)	(995)	(667)	1,033	405	1,481	(964)	232
Financing cash flow	(Btmn)	(941)	(69)	39	(1,781)	(939)	(2,575)	(45)	(1,640)
Net cash flow	(Btmn)	65	(630)	396	(199)	574	(218)	10	93

Key Financial Ratios

FY December 31	Unit	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Gross margin	(%)	35.6	35.5	33.9	36.1	37.5	41.7	41.6	46.2
Operating margin	(%)	7.0	6.1	3.1	8.0	9.4	20.1	20.5	28.1
EBITDA margin	(%)	17.6	16.8	14.8	18.4	19.9	27.9	27.6	34.0
EBIT margin	(%)	8.9	7.6	4.9	9.8	12.5	19.9	21.7	28.9
Net profit margin	(%)	7.7	5.9	3.4	7.3	10.2	15.8	17.7	23.8
ROE	(%)	7.1	6.1	2.0	3.4	4.2	10.1	15.6	21.3
ROA	(%)	5.5	4.8	1.5	2.6	3.2	8.1	12.6	16.8
Net D/E	(x)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Interest coverage	(x)	17.4	17.1	13.9	18.8	19.8	41.3	754.8	2,252.5
Debt service coverage	(x)	17.4	0.8	0.7	0.9	0.9	41.3	754.8	2,252.5

Main Assumptions

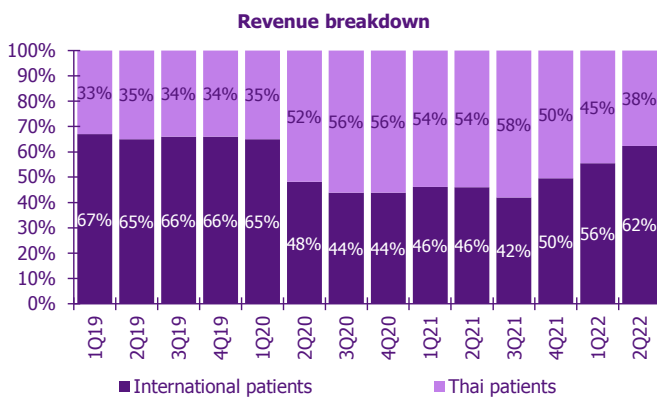
FY December 31	Unit	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Revenue breakdown by nationality									
International	(%)	43.9	43.9	46.1	46.0	42.0	49.6	55.5	62.3
Thai	(%)	56.1	56.1	53.9	54.0	58.0	50.4	44.5	37.7

Figure 1: BH's earnings review

(Bt mn)	2Q21	3Q21	4Q21	1Q22	2Q22	YoY%	QoQ%	1H21	1H22	YoY%
Revenue	2,980	2,900	3,882	4,102	4,903	64.5	19.5	5,622	9,005	60.2
Gross profit	1,075	1,086	1,618	1,708	2,263	110.6	32.5	1,969	3,971	101.7
EBITDA	589	621	1,079	1,181	1,710	190.4	44.7	1,020	2,891	183.5
Core profit	212	250	667	725	1,161	448.3	60.0	310	1,886	509.0
Net profit	216	296	612	725	1,166	438.6	60.8	308	1,891	514.8
EPS (Bt/share)	0.27	0.37	0.77	0.91	1.47	438.6	60.8	0.39	2.38	514.8
Balance Sheet										
Total Assets	23,121	22,629	20,857	21,829	21,760	(5.9)	(0.3)	23,121	21,760	(5.9)
Total Liabilities	5,595	5,695	3,239	3,528	3,921	(29.9)	11.1	5,595	3,921	(29.9)
Total Equity	17,526	16,934	17,618	18,301	17,839	1.8	(2.5)	17,526	17,839	1.8
BVPS (Bt/share)	21.68	20.91	21.75	22.63	22.03	1.6	(2.7)	21.68	22.03	1.6
Financial Ratio										
Gross Margin (%)	36.1	37.5	41.7	41.6	46.2	10.1	4.5	35.0	44.1	9.1
EBITDA margin (%)	18.4	19.9	27.9	27.6	34.0	15.6	6.4	18.1	32.1	14.0
Net Profit Margin (%)	7.3	10.2	15.8	17.7	23.8	16.5	6.1	5.5	21.0	15.5
ROA (%)	3.5	4.3	11.8	12.6	20.7	17.2	8.1	4.8	8.1	3.4
ROE (%)	4.6	5.6	14.6	15.6	26.3	21.7	10.7	6.1	10.1	3.9
Net debt to equity (X)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash			Net Cash	Net Cash	
Revenue by nationality										
International	1,371	1,218	1,925	2,276	3,055	122.8	34.2	2,589	5,331	105.9
Thai	1,609	1,682	1,956	1,825	1,848	14.9	1.3	3,033	3,674	21.1

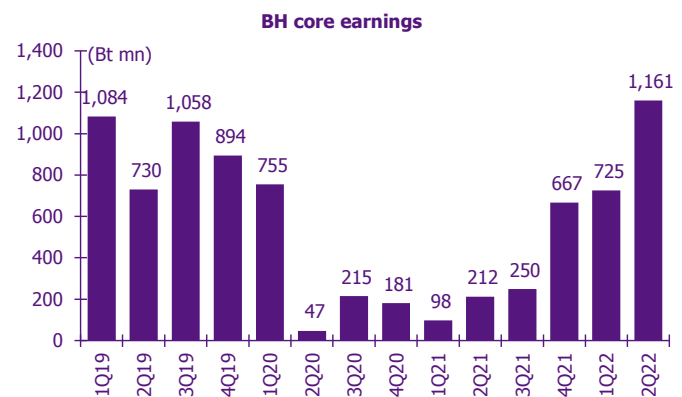
Source: Company data and SCBS Investment Research

Figure 2: BH's revenue breakdown



Source: Company data and SCBS Investment Research

Figure 3: BH's quarterly earnings



Source: Company data and SCBS Investment Research

Figure 4: Valuation summary (price as of Aug 11, 2022)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F
BCH	Neutral	20.60	24.0	19.9	7.5	14.7	28.4	442.3	(49.0)	(48.2)	4.0	3.5	3.3	62	23	11	3.9	3.4	1.8	5.2	9.1	14.3
BDMS	Outperform	28.25	31.0	11.5	58.0	40.5	35.3	26.9	43.4	14.6	5.4	5.2	4.9	9	12	14	1.6	1.8	1.8	25.8	20.9	18.5
BH	Neutral	190.00	185.0	(0.9)	123.1	34.9	32.3	2.2	252.4	8.3	8.7	7.9	7.1	7	23	23	1.7	1.7	1.7	97.3	22.2	20.4
CHG	Neutral	3.88	3.8	2.5	10.2	15.2	31.3	379.6	(33.2)	(51.5)	5.6	5.2	5.6	70	34	17	5.2	4.6	2.2	7.1	10.1	18.4
RJH	Neutral	42.25	41.0	4.6	12.5	10.6	26.4	145.3	17.6	(59.7)	6.5	5.8	5.5	58	57	21	6.4	7.5	3.0	9.2	7.8	15.7
Average					42.3	23.2	30.7	199.3	46.2	(27.3)	5.9	5.5	5.2	37	23	16	3.1	2.9	1.9	33.9	15.6	17.9

Source: SCBS Investment Research

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