

Bumrungrad Hospital Pcl (BH TB) - BUY, Price Bt253, TP Bt300**Results Comment**

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

Strong 1Q24 results, above expectation

- BH reported net profit of Bt2.0bn in 1Q24, up 25% y-y and 15% q-q. This was higher than ours and the market's expectation due to its higher-than-expected top line and margin.
- The y-y earnings growth was mainly supported by rising revenue from Thai and international patients and expanding margin. The q-q earnings growth was driven by an improving margin.
- Top line grew by 8% y-y and flat q-q to Bt6.5bn in 1Q24. Foreign patient revenue grew by 7% y-y but fell by 2% q-q. Thai patient revenue grew by 9% y-y and 5% q-q in 1Q24. Portion of revenue from international and Thai patients was 66.5:33.5 in 1Q24 vs. 66.9:33.1 in 1Q23 and 68.0:32.0 in 4Q23.
- Its operating margin also expanded to 36.1% in 1Q24, up from 31.2% both in 1Q23 and 4Q23. The improving margin resulted from economies of scale and cost control.
- 1Q24 earnings accounted for 26% of our full-year earnings forecast, we see an upside to our numbers. Looking into 2Q24, we still expect good y-y earnings growth to continue due to rising Thai and international patients and improving margin. We maintain our BUY rating on BH.

Income Statement					
(consolidated)					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24
Revenue	6,050	6,029	6,720	6,497	6,516
Gross profit	2,900	2,988	3,349	3,164	3,370
SG&A	1,013	986	1,040	1,140	1,020
Operating profit	1,887	2,001	2,309	2,024	2,350
EBITDA	2,162	2,277	2,581	2,299	2,617
Other income	66	142	87	98	111
Other expense	0	0	0	0	0
Interest expense	0	0	0	1	2
Profit before tax	1,952	2,143	2,395	2,121	2,459
Income tax	355	382	438	408	469
Equity & invest. income	(0)	(1)	(0)	(0)	(0)
Minority interests	(10)	(18)	(9)	(11)	(15)
Extraordinary items	(3)	6	6	19	10
Net profit	1,583	1,748	1,954	1,721	1,985
Normalized profit	1,586	1,742	1,948	1,702	1,975
EPS (Bt)	1.99	2.20	2.46	2.16	2.50
Normalized EPS (Bt)	2.00	2.19	2.45	2.14	2.48

Balance Sheet					
(consolidated)					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24
Cash & ST investment	9,845	8,913	9,472	10,745	2,599
A/C receivable	2,996	3,247	3,481	4,408	4,081
Inventory	329	334	340	362	328
Other current assets	186	179	165	169	10,454
Investment	1	1	0	13	23
Fixed assets	11,723	12,050	12,244	12,302	12,462
Other assets	1,110	1,177	1,198	1,212	1,248
Total assets	26,191	25,901	26,900	29,212	31,196
S-T debt	0	0	0	0	0
A/C payable	1,095	1,151	1,186	1,078	1,008
Other current liabilities	2,657	2,354	2,418	3,106	3,059
L-T debt	24	25	26	24	26
Other liabilities	842	865	892	906	971
Minority interest	306	332	329	297	311
Shareholders' equity	21,268	21,173	22,050	23,801	25,821
Working capital	2,231	2,430	2,635	3,692	3,402
Total debt	24	25	26	24	26
Net debt	(9,821)	(8,888)	(9,446)	(10,721)	(2,574)

Income Statement					
3M as					
(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	0	8	24	26,866	28,173
Gross profit	6	16	25	13,305	14,093
SG&A	(11)	1	24	4,332	4,444
Operating profit	16	25	26	8,972	9,648
EBITDA	14	21	26	10,119	10,887
Other income	14	70	28	401	399
Other expense				0	0
Interest expense	90	334	83	3	2
Profit before tax	16	26	26	9,371	10,045
Income tax	15	32	27	1,734	1,858
Equity & invest. income	na	na	na	2	5
Minority interests	na	na	na	(52)	(54)
Extraordinary items	(49)	na		0	0
Net profit	15	25	26	7,588	8,138
Normalized profit	16	25	26	7,588	8,138
EPS (Bt)	15	25	26	9.55	10.24
Normalized EPS (Bt)	16	25	26	9.55	10.24

Financial Ratios					
(%)	1Q23	2Q23	3Q23	4Q23	1Q24
Sales grow th	47.5	23.0	18.5	8.9	7.7
Operating profit grow th	123.8	45.4	32.4	13.4	24.6
EBITDA grow th	93.1	37.6	27.6	11.1	21.1
Norm profit grow th	118.6	50.1	29.9	9.4	24.5
Norm EPS grow th	118.6	50.1	29.9	9.4	24.5
Gross margin	47.9	49.6	49.8	48.7	51.7
Operating margin	31.2	33.2	34.4	31.2	36.1
EBITDA margin	35.7	37.8	38.4	35.4	40.2
Norm net margin	26.2	28.9	29.0	26.2	30.3
D/E (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (x)	(0.5)	(0.4)	(0.4)	(0.4)	(0.1)
Interest coverage (x)	4,447.7	4,823.2	7,942.0	2,069.7	1,240.2
Interest rate	8.1	7.7	5.1	17.8	33.8
Effective tax rate	18.2	17.8	18.3	19.2	19.1
ROA	25.2	26.8	29.5	24.3	26.2
ROE	31.0	32.8	36.1	29.7	31.8

Sources: Company data, Thanachart estimates

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