

Company Update

Friday, April 26, 2024



I V Global Securities Public Company Limited

Bumrungrad Hospital Plc (BH)

Rating: BUY

Fair price: Bt260.0

Close price: Bt253.0

Company Information

Ticker:	BH TB
Sector:	Healthcare
Shares outstanding (m):	794.92
Market capitalization (Btm):	189,182.85
Trading vol/day (Btm):	645.23
Free float (%):	65.29
Beta:	0.37

Major Shareholders

Thai NVDR	13.47%
Bangkok Insurance (BKI)	11.18%

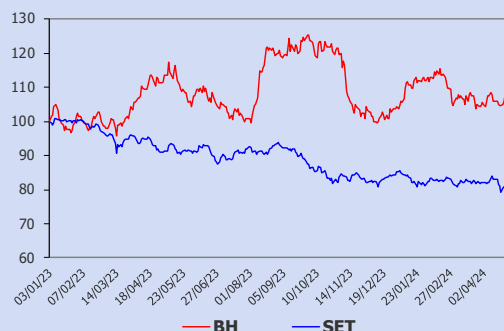
Consensus Bloomberg

2024F EPS (Bt):	9.17
Target price (Bt):	283.19

Price Performance

52 Wk high/low: 272.0 / 210.0

	1M	3M	1Y	YTD
Absolute (%)	14.0	5.4	4.5	14.0
Relative (%)	14.6	6.3	16.0	17.6



Rating	CGR	Thai CAC	ESG
BH		N/A	A MSCI

Analyst

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1Q24 earnings come in strong

- BH posted a net profit of Bt1.99bn (EPS of Bt2.49) in 1Q24, up 25% YoY and 15% QoQ. The results came in stronger than our estimate and the Bloomberg consensus forecast of Bt1.78bn. In 1Q24, hospital revenue continued to grow by 7.7% YoY but came in flat QoQ at Bt6.5bn. EBITDA rose by 22% YoY and 13% QoQ to Bt2.68bn. The 1Q24 earnings accounted for 27% of our full-year estimate.
- For 1Q24, hospital revenues rose by 7.7% YoY, thanks to an increase in revenues from non-Thai patients of 7.1% YoY and Thai patients of 9%, respectively. As a result, the revenue contribution from non-Thai patients was 66.5%, whereas revenue from Thai patients stood at 33.5% for 1Q24 compared with 66.9% and 33.1%, respectively, in 1Q23.
- Gross margin improved strongly from 47.9% in 1Q23 and 48.7% in 4Q23 to 51.7% in 1Q24. This was impressive, with the cost of hospital operations coming flat YoY or falling 5.6% QoQ to Bt3.15bn.
- SG&A expenses came in flat YoY or declined 10.5% QoQ to Bt1.0bn, accounting for 15.7% of revenues during the first quarter. Marketing expenses increased by a marginal Bt14m YoY, offsetting the decline in software support and maintenance costs. Depreciation costs also fell YoY from Bt275m in 1Q23 to Bt267m in 1Q24.
- EBITDA for 1Q24 grew by 22% YoY to Bt2.68bn with an EBITDA margin of 40.7% versus 36.2% a year ago.
- Therefore, net margin came in solid at 30.2% during 1Q24.
- The company remained in a net cash position of Bt12.7bn at the end of March 2024. BH spent Bt360m on the acquisition of fixed assets and computer software during the 1Q24.
- Buy on weakness.** Pending our earnings upgrades, we prefer to maintain our BUY rating with a DCF-based price target of Bt260. Medical tourism and the demand for better healthcare services have directly benefited BH's operating performance. Rising inflation, slowing global economic activity, and a country lockdown pose downside risks to our forecasts.

Investment Summary

FY Dec 31	2021	2022	2023	2024F	2025F	2026F
Hospital rev (Btm)	12,404	20,646	25,296	26,880	28,125	29,238
Change (%)	0.7	66.4	22.5	6.3	4.6	4.0
Net profit (Btm)	1,216	4,938	7,006	7,228	7,553	7,813
Change (%)	1.0	306.2	41.9	3.2	4.5	3.4
EPS (Bt)	1.53	6.21	8.80	9.08	9.49	9.82
Change (%)	1.0	306.2	41.9	3.2	4.5	3.4
P/E (x)	165.6	40.8	28.7	27.9	26.7	25.8
DPS (Bt)	3.20	3.50	4.50	4.54	4.75	4.91
Yield (%)	1.3	1.4	1.8	1.8	1.9	1.9
EV/EBITDA (x)	71.8	27.1	19.9	18.7	17.6	16.6
BVPS (Bt)	21.72	24.76	29.91	34.85	39.80	44.87
P/BV (x)	11.6	10.2	8.5	7.3	6.4	5.6
ROE (%)	6.8	26.7	32.2	28.1	25.4	23.2
ROA (%)	5.4	21.9	26.2	23.2	21.4	19.8
Net D/E ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

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Results

(Btm)	1Q24	1Q23	% YoY	4Q23	% QoQ	2023	2022	% YoY
Hospital operations rev	6,516	6,050	7.7	6,497	0.3	25,296	20,646	22.5
Cost of hospital operations	(3,146)	(3,150)	-0.1	(3,332)	-5.6	(12,895)	(11,099)	16.2
Gross profit	3,370	2,900	16.2	3,164	6.5	12,401	9,546	29.9
SG&A	(1,020)	(1,013)	0.6	(1,140)	-10.5	(4,180)	(3,798)	10.1
EBITDA	2,676	2,200	21.7	2,367	13.1	9,597	7,124	34.7
Interest expense	(2)	(0)	334.2	(1)	88.9	(2)	(4)	-32.4
Pre-tax profit	2,469	1,949	26.7	2,139	15.4	8,638	6,049	42.8
Income tax	(469)	(355)	32.1	(408)	15.1	(1,583)	(1,072)	47.6
Net profit	1,985	1,583	25.4	1,721	15.4	7,006	4,938	41.9
EPS (Bt)	2.49	1.99	25.4	2.16	15.4	8.81	6.21	41.9

Source: Company and IVG estimates

Financial ratios

(%)	1Q23	2Q23	3Q23	4Q23	1Q24
Revenue growth YoY	47.5	23.0	18.5	8.9	7.7
Revenue growth QoQ	1.4	-0.3	11.5	-3.3	0.3
Gross margin	47.9	49.6	49.8	48.7	51.7
SG&A as % of revenue	16.8	16.4	15.5	17.6	15.7
EBITDA margin	36.2	39.3	38.9	36.1	40.7
Net margin	26.0	28.0	28.9	27.9	30.2
Core profit growth YoY	118.4	49.9	30.2	11.3	25.4
Net DE ratio	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

Track record

(Btm)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Hospital revenues	4,102	4,903	5,673	5,968	6,050	6,029	6,720	6,497
Cost of hospital operations	(2,394)	(2,640)	(2,930)	(3,136)	(3,150)	(3,041)	(3,371)	(3,332)
Gross profit	1,708	2,263	2,743	2,831	2,900	2,988	3,349	3,164
SG&A	(865)	(887)	(999)	(1,046)	(1,013)	(986)	(1,040)	(1,140)
EBIT	1,170	1,706	2,090	2,218	2,201	2,394	2,636	2,502
Interest expense	(2)	(1)	(1)	(1)	(0)	(0)	(0)	(1)
Pre-tax profit	903	1,436	1,821	1,889	1,949	2,148	2,402	2,139
Income tax	(168)	(254)	(316)	(335)	(355)	(382)	(438)	(408)
Net profit	725	1,166	1,501	1,546	1,583	1,748	1,955	1,721
EPS (Bt)	0.91	1.47	1.89	1.94	1.99	2.20	2.46	2.16

Source: Company and IVG estimates

Financial ratios

(%)	1Q22	2Q22	3Q22	4Q22	2021	2022	2023
Revenue growth YoY	55.2	64.5	95.6	53.7	0.7	66.4	22.5
Revenue growth QoQ	5.7	19.5	15.7	5.2	0.0	0.0	0.0
Gross margin	41.6	46.2	48.4	47.4	37.7	46.2	49.0
SG&A as % of revenue	21.1	18.1	17.6	17.5	26.6	18.4	16.5
EBITDA margin	28.2	34.4	36.4	35.6	22.2	34.5	37.9
Net margin	17.5	23.6	26.2	25.5	10.1	23.6	27.7
Core profit growth YoY	695.6	438.6	407.2	152.6	1.0	306.2	41.9
Net DE ratio	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

BH IVG ESG Rating: GOOD	75%
E: Environmental	17%
Energy Efficiency Management	50%
Climate-Related Management	50%
Sustainable Water Management	50%
Sustainable Waste Management	50%
S: Social	25%
Human Rights Management	50%
Education and Training Policy	50%
Occupational Health and Safety Policy	100%
Corporate Social Responsibility Policy	100%
G: Governance	33%
Corporate Governance Rating (CGR)	100%
Employees Trained on Anti-Corruption	100%
Risk and Crisis Management	100%
Cybersecurity and Customer Data Privacy Protection	100%
Digitalization and Innovation	100%
Customer Relationship Management	100%

Healthcare sector	Scores	Weights	BH
E: Environmental	8	33%	17%
S: Social	8	33%	25%
G: Governance	10	33%	33%
Total	26	100%	75%

Company ESG Policy Priorities

POOR	MEDIUM	GOOD
1-50%	>50 - 70%	>70 - 100%

Source: Sustainability report from company 2022 and Criteria by IVG

I V Global Investment Research – Recommendation Definitions

Sector Recommendations

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

Stock Recommendations

BUY: Expecting positive total returns of 15% or more over the next 12 months.



HOLD: Expecting total returns of not more than -10% to +10% over the next 3 months.

SELL: Expecting negative total returns of 15% or more over the next 12 months.

Anti-corruption Progress Indicator Definitions

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3 Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	Data not available / no policy

Corporate Governance Report (CGR)

	Excellent
	Very good
	Good

Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



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