

Research Bulletin

Bangkok Chain Hospital (BCH.BK)

2Q22 results : small miss

- BCH reported net profit of Bt1.14 bn for 2Q22, which was slightly below Bloomberg consensus estimate of Bt1.18 bn. 1H22 net profit amounted to Bt3.17 bn i.e. 104% of our full year estimate. 2Q22 net profit was flat YoY and down 44% QoQ.
- COVID related revenues was around Bt3.08 bn in 2Q22, down significantly from Bt4.47 bn in 1Q22. Still 1H22 COVID-related revenues of Bt7.55 bn exceeded our full year estimate of Bt6 bn.
- Excluding COVID-related revenues, revenues from core operation totaled Bt2.44 bn, growing 27% YoY and was 14% above the pre-pandemic level. 1H22 revenues from core operation accounted for 46% of our full year estimate, which was slightly below our expectation.
- As a result of declining COVID-related contribution, EBITDA margin dropped 10% QoQ to 32%. BCH also booked some FX losses from its hospital in Laos in SG&A (we need to get the amount from management later). SG&A Without FX losses, EBITDA margin and reported net profit should have been better than the reported number.
- Management will host a group analyst meeting on 18 August. We have OUTPERFORM rating on BCH.

Company Code	BCH.BK
Rating	OUTPERFORM
Price (15-Aug-22, Bt)	20.60
Target price (Bt)	27.50
Upside/downside (%)	33.5
Mkt cap (Bt/US\$ mn)	51,371 / 1,446
Enterprise value (Bt mn)	53,038
Number of shares (mn)	2,494
Free float (%)	36.7
52-wk price range (Bt)	24.80-18.00
ADTO-6M (US\$ mn)	11.6

Target price is for 12 months.

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Figure 1: Quarterly earnings summary

(Bt mn)	2Q21	1Q22	2Q22	% YoY	% QoQ	6M21	6M22	% YoY	2022E	% of FY22E
Revenues	4,313	7,087	5,523	28.1	-22.1	6,629.7	12,610.4	90.2	17,017	74
COGS	-2,169	-3,719	-3,315	52.8	-10.9	-3,629.6	-7,033.8	93.8	-10,150	69
Selling and admin	-345	-428	-460	33.3	7.5	-577.6	-888.1	53.8	-1,584	56
EBITDA	1,799	2,940	1,748	-2.8	-40.5	2,422.6	4,688.5	93.5	5,283	89
Depreciation & Amortisation	-205	-234	-236	14.9	0.7	-421.5	-469.4	11.4	-1,001	47
EBIT	1,594	2,706	1,513	-5.1	-44.1	2,001.1	4,219.1	110.8	4,282	99
Other income	17	31	18	8.9	-42.6	83.4	49.4	-40.8	125	40
Interest income	2	0	3	49.1	nm	2.5	2.6	4.5	40	6
Affiliate profit	1	1	0	-39.6	-39.2	1.4	1.1	-22.5	2	45
Interest expenses	-35	-48	-39	10.0	-19.5	-62.7	-86.7	38.2	-188	46
Extraordinary & others *	0	0	0	nm	nm	0.0	0.0	nm	0	nm
EBT	1,578	2,690	1,495	-5.3	-44.4	2,025.6	4,185.4	106.6	4,261	98
Tax	-312	-542	-319	2.4	-41.2	-395.4	-861.2	117.8	-839	103
Minority interest	-121	-120	-32	-73.4	-73.2	-160.6	-152.0	-5.3	-376	40
Reported profit	1,146	2,028	1,144	-0.2	-43.6	1,469.5	3,172.1	115.9	3,046	104
Normalised profit	1,146	2,028	1,144	-0.2	-43.6	1,469.5	3,172.1	115.9	3,046	104
EPS (Bt)	0.46	0.81	0.46	-0.2	-43.6	0.59	1.27	115.9	1.22	104
Normalised EPS (Bt)	0.46	0.81	0.46	-0.2	-43.6	0.59	1.27	115.9	1.22	104
EBITDA #	1,816	2,971	1,766	-2.7	-40.6	2,506	4,738		5,407	88
EBIT #	1,611	2,738	1,531	-5.0	-44.1	2,084	4,268		4,407	97
Margins analysis (%)										
Gross margins	49.7	47.5	40.0			45.3	44.2		40.4	
EBITDA margins	42.1	41.9	32.0			37.8	37.6		31.8	
EBIT margins	37.3	38.6	27.7			31.4	33.8		25.9	
Normalised profit margins	26.6	28.6	20.7			22.2	25.2		17.9	

Source: # including other income, Company data, Credit Suisse estimates

Valuation Methodology and Risks

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Bangkok Chain Hospital (BCH.BK)

Method: Our 12-month target price of Bt27.50 for Bangkok Chain Hospital is based on discounted cash flow (DCF) methodology, with 2.25% risk-free rate, 8.75% equity risk premium, 9.25% cost of equity, and 7.51% WACC. Our OUTPERFORM rating is based on an expected strong earnings, excluding COVID contribution.

Risk: Downside risks to our target price of Bt27.50 and OUTPERFORM rating for Bangkok Chain Hospital include: (1) the World Medical Centre turnaround losing its momentum; (2) operating cost overrun; and (3) lower-than-expected revenue growth.

Companies Mentioned (Price as of 15-Aug-2022)

Bangkok Chain Hospital (BCH.BK, Bt20.6, OUTPERFORM, TP Bt27.5)

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3-Year Price and Rating History for Bangkok Chain Hospital (BCH.BK)

BCH.BK	Closing Price	Target Price	
Date	(Bt)	(Bt)	Rating
19-Aug-19	15.70	18.50	O
22-Jan-20	15.70	19.00	
15-Apr-20	13.20	17.50	
25-Aug-20	15.50	18.30	
25-Nov-20	14.40	19.30	
16-Dec-20	13.80	20.50	
20-May-21	19.60	23.50	
30-Jun-21	23.20	27.00	
12-Jul-21	23.50	27.00	N
15-Sep-21	21.50	27.00	O
18-Apr-22	22.60	27.50	

* Asterisk signifies initiation or assumption of coverage.



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