

BCH: 2Q19 core profit grew both YoY and QoQ



Result

BCH reports 2Q19 net profit of Bt244m (-2%YoY, -2%QoQ) and in-line with our expectation.

- Excluding the one-time expense on severance pay adjustment (labour law) of Bt18m, 2Q19 core earnings grew 5%YoY and 6%QoQ at Bt262m driven by 12%YoY growth in sales at Bt2.1bn. Based on revenue breakdown, Social Security Scheme grew 19%YoY to Bt753m and General Patient grew 8%YoY to Bt1.4bn. Overall, 1H19 core profit grew 9.6%YoY driven by 13% in sales growth.
- We expect core earnings will continue to grow both YoY and QoQ in 3Q19 given the recognition of higher payments from the Social Security Office and seasonal factor.

We maintain our BUY rating with a target price of Bt21 based on DCF implying 39.6xPE'20E. Our rating reflect its 2019-21E growth outlook driven by three hospitals expansion and growing demand for IVF Lab.

Valuation table

Year end Dec	17A	18A	19E	20E	21E
PE (x)	40.8	34.3	31.0	28.2	26.4
Recurring net profit growth (%)	21.8	18.8	10.7	9.8	7.1
Recurring EPS (Bt)	0.37	0.44	0.48	0.53	0.57
Recurring EPS growth (%)	21.8	18.8	10.7	9.8	7.1
PBV (x)	7.2	6.6	5.9	5.3	4.8
BVPS (Bt)	2.1	2.3	2.6	2.8	3.1
ROE (%)	18.4	20.0	20.0	19.8	19.2
DPS (Bt)	0.20	0.23	0.22	0.27	0.28
Dividend yield (%)	1.3	1.5	1.5	1.8	1.9
Enterprise value (Bt m)	40,835	41,353	41,335	41,150	40,790
EV-to-EBITDA (x)	19.9	18.6	16.9	15.6	14.4

Sittidath Praserttrunguang
Registration No. 17618
sittidath.pr@countrygroup.co.th
+66 2 205 7000 ext 4400

Thanawich Boonchuwong
Assistant analyst

Bangkok Chain Hospital PCL

Recommendation: BUY

Current price*: Bt15.0

Target price: Bt21.0

Up/(downside): 40%

IOD: 3 out of 5

CAC: Declared

Stock data

RIC code	BCH.BK
Index	.SETI
SET Index (09/08/2019)	1,650.64
Market cap (Bt m)	37,406
Shares outstanding (million)	2,494
Par (Bt)	1.00

