

August 12, 2024

Q1 FY25 Result Update

■ Change in Estimates | Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	BUY		BUY	
Target Price	1,475		1,360	
Sales (Rs. m)	12,252	14,619	12,252	14,619
% Chng.	-	-	-	-
EBITDA (Rs. m)	2,978	3,689	2,978	3,689
% Chng.	-	-	-	-
EPS (Rs.)	33.8	42.1	33.8	42.1
% Chng.	-	-	-	-

Key Financials - Consolidated

Ye Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	8,925	10,695	12,252	14,619
EBITDA (Rs. m)	2,013	2,382	2,978	3,689
Margin (%)	22.6	22.3	24.3	25.2
PAT (Rs. m)	729	1,766	2,219	2,758
EPS (Rs.)	12.9	26.9	33.8	42.1
Gr. (%)	28.3	108.8	25.6	24.3
DPS (Rs.)	-	0.9	1.7	2.3
Yield (%)	-	0.1	0.1	0.2
RoE (%)	22.8	23.0	17.4	18.3
RoCE (%)	20.1	19.5	19.7	20.8
EV/Sales (x)	8.7	7.8	6.7	5.6
EV/EBITDA (x)	38.6	34.9	27.7	22.0
PE (x)	101.9	48.8	38.9	31.3
P/BV (x)	20.3	7.4	6.2	5.3

Key Data

JUPEBO | JLHL IN

52-W High / Low	Rs.1,654 / Rs.960
Sensex / Nifty	79,649 / 24,347
Market Cap	Rs.86bn/ \$ 1,027m
Shares Outstanding	66m
3M Av g. Daily Value	Rs.99.65m

Shareholding Pattern (%)

Promoter's	40.91
Foreign	6.06
Domestic Institution	17.27
Public & Others	35.76
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.4)	9.4	-
Relative	(0.3)	(2.4)	-

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Jupiter Life Line Hospitals (JLHL IN)

Rating: BUY | CMP: Rs1,315 | TP: Rs1,475

On track; margins to scale up

Quick Pointers:

- Margin guidance at 25% in next 2-3 years.
- Capex is progressing according to plan with potential announcement of one more greenfield hospital by end of FY25.

Jupiter Life Line Hospitals (JLHL) Q1 consolidated EBITDA grew by 21% YoY (3% QoQ) to Rs. 639mn; in line with our estimates aided by higher ARPOB and steady occupancy. JLHL's operational efficiency has been strong in competitive markets of MMR. The company reported Revenue/EBITDA CAGR of 24%/35% over FY21-24. Given expansion plans, scale up in occupancy and improving margins, business is expected to aid growth momentum over the medium term in our view. We believe strategic greenfield expansions in densely populated micro-markets of western regions augur well to drive sustainable growth. Overall we see 25%/25% EBITDA/PAT CAGR over FY24-26E with healthy return ratios of ~20%. Maintain 'Buy' rating with a TP of Rs 1,475/share valuing at 25x EV/EBITDA based on FY26E EBITDA.

- In line EBITDA aided by higher ARPOB:** JLHL reported EBITDA of Rs. 639mn; in line with our estimate. Margins improved 40 bps YoY (80 bps QoQ) to 22.2%. Employee expenses increased at 14% YoY. Further, PBT was at Rs. 601mn, up 71% YoY. PAT was down by 19% YoY to Rs. 446mn; given there was deferred tax charges amounting to Rs.304mn in Q1FY24. Adjusted for this, PAT would have been higher by 79% YoY.
- ARPOB and occupancy improve QoQ:** JLHL reported revenue growth of 18% YoY to Rs 2.9bn, vs our estimate of Rs2.8bn. ARPOB improved 7% YoY to Rs 59.7K per day for Q1FY25; due to price hike taken in self payor category in Q4. ARPOBs for Thane, Pune and Indore units were at Rs. 67.9k, Rs. 59k and Rs 46.1k; respectively in Q1FY25. Overall occupancy improved by 670 bps YoY to 63.9% for Q1FY25. Occupancies for Thane, Pune and Indore units were at 69%, 63% and 57%; respectively in Q1FY25. IP and OP volumes increased by 13% YoY and 11% YoY for Q1FY25.
- Key con-call takeaways:** (1) 500 beds construction activity at Dombivli unit is progressing well. Construction has commenced for an additional 75-beds (capex at Rs. 2-2.5mn per bed) in Indore which is expected to operational by Q1FY26. The second hospital (Baner) in Pune is anticipated to receive all necessary regulatory approvals within the next two quarters, following which construction will commence. JLHL added 22 beds at its an old Pune unit in July 2024. An additional 12 ICU beds are in the process of being completed, with capital expenditures of Rs 1 -1.5mn which has already incurred for this phase. (2) Mgmt is actively engaged in negotiations talks where it plans to add new hospital in FY25. Potential greenfield sites are being explored in both Maharashtra and Gujarat. (3) For FY25 and FY26, growth is anticipated to be driven by two primary factors: 10% occupancy increase at the Pune facility, combined with the incremental revenue from the recently added 22 beds over the next 12 to 18 months, operating efficiencies at the Indore facility, including the addition of 75 beds and potential stable growth in Thane. (4) The company projects an overall margin of 25% within the next 3 years (5) Thane and Pune ARPOB will be driven by inflation and Indore's ARPOB will be driven by case mix. (6) JLHL started offering Da Vinci robotic surgeries in addition to robotic orthopedics in all 3 hospitals; pre-dominantly for urology, gynecology, cancer, transplant surgeries (7) The company has net cash of Rs3bn as of Q1FY25.

Exhibit 1: Q1FY25 Result Overview (Rs mn) – In Line EBITDA

Y/e March	1QFY25	1QFY24	YoY gr. (%)	4QFY24	QoQ gr. (%)	FY25E	FY24	YoY gr. (%)
Net Sales	2,871	2,432	18.1	2,905	(1.2)	12,252	10,695	(12.7)
COGS	502	424	18.4	528	(4.9)	2,171	1,895	(12.7)
<i>% of Net Sales</i>	<i>17.5</i>	<i>17.4</i>		<i>18.2</i>		<i>17.7</i>	<i>17.7</i>	
Employee Cost	513	451	13.7	515	(0.4)	2,184	1,899	(13.0)
<i>% of Net Sales</i>	<i>17.9</i>	<i>18.5</i>		<i>17.7</i>		<i>17.8</i>	<i>17.8</i>	
Other Expenses	1,218	1,027	18.6	1,240	(1.8)	4,919	4,519	(8.1)
<i>% of Net Sales</i>	<i>42.4</i>	<i>42.2</i>		<i>42.7</i>		<i>40.1</i>	<i>42.3</i>	
Total	2,233	1,902	17.4	2,282	(2.2)	9,274	8,313	(10.4)
EBITDA	639	530	20.5	623	2.5	2,978	2,382	(20.0)
<i>Margins (%)</i>	<i>22.2</i>	<i>21.8</i>		<i>21.4</i>		<i>24.3</i>	<i>22.3</i>	
Other Income	84	50	67.1	90	(6.5)	339	260	(23.4)
Interest	11	122	(91.1)	9	16.4	-	263	NA
Depreciation	110	107	2.6	104	5.9	473	424	(10.3)
PBT	601	351	71.2	599	0.4	2,845	1,954	(31.3)
Tax	155	(202)	(176.8)	169	(8.2)	626	188	(70.0)
<i>Tax rate %</i>	<i>25.8</i>	<i>(57.6)</i>		<i>28.3</i>		<i>22.0</i>	<i>9.6</i>	
PAT	446	554	(19.4)	430	3.8	2,219	1,766	(20.4)
Extraordinary items	-	14		(23)		-	-	
Minority Interest	-	-		-		-	-	
Reported PAT	446	540	(17.4)	453	(1.5)	2,219	1,766	(20.4)

Source: Company, PL

Exhibit 2: ARPOB and Occupancy improve YoY

Particulars (Rs m)	FY23	Q1FY24	1HFY24	9MFY24	FY24	Q1FY25
ARPOB (Rs per day)	50,990	55,796	53,075	53,585	54,871	59,700
Occupancy (%)	62.6	57.2	62.3	63.2	63.8	63.9
IP (#)	43,000	11,200	1,06,150	1,60,750	49,100	12,700
OP (#)	7,31,000	1,96,810	4,11,400	6,14,700	8,31,200	219,200
ALOS	3.98	3.85	3.89	3.92	3.93	3.76

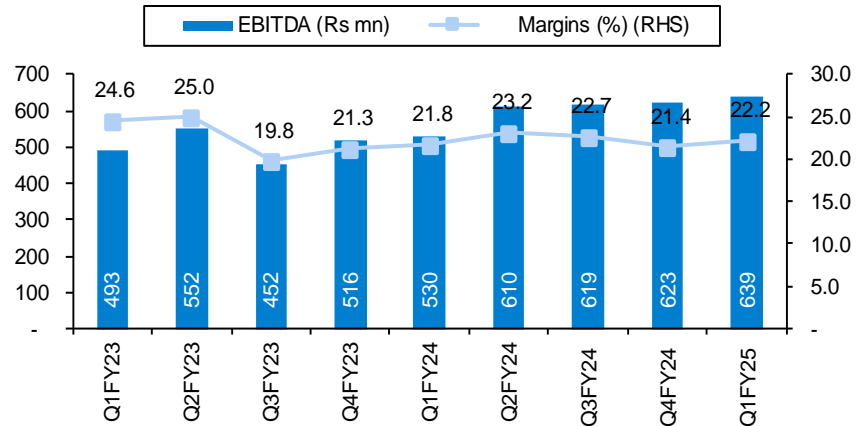
Source: Company, PL

Exhibit 3: ARPOB increased on price hike in Q4

	FY23	Q1FY24	1HFY24	9MFY24	FY24	Q1FY25
Avg. Occupancy						
Thane	72.0	67.3	71.7	71.7	72.0	69.0
Pune	67.5	53.2	61	61.8	62.3	62.9
Indore	40.0	46.7	49	51.4	52.7	57.0
ARPOB						
Thane	56,448	61,960	59,527	60,440	61,920	67,200
Pune	48,996	55,874	52,098	52,563	53,878	59,000
Indore	38,747	41,199	39,487	39,829	40,904	46,100

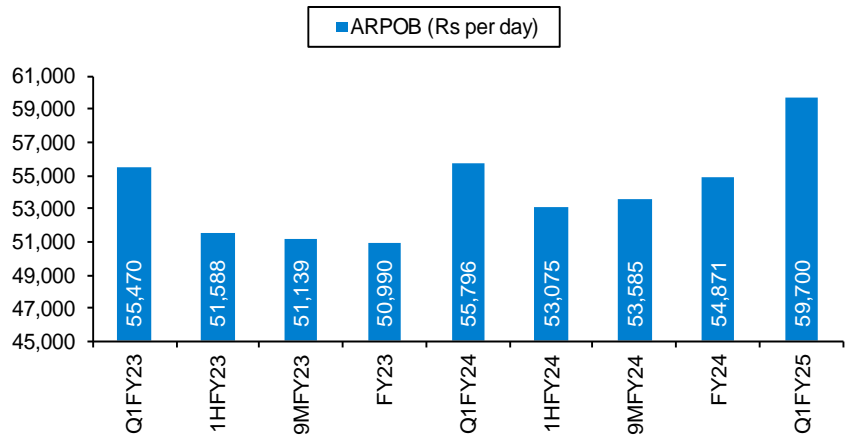
Source: Company, PL

Exhibit 4: EBITDA growth of ~21% YoY



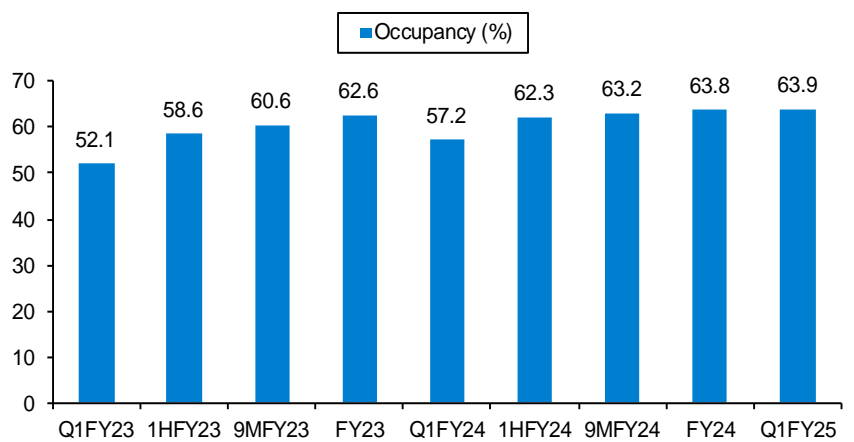
Source: Company, PL

Exhibit 5: Price hike in Q4 aided ARPOB growth of 7% YoY



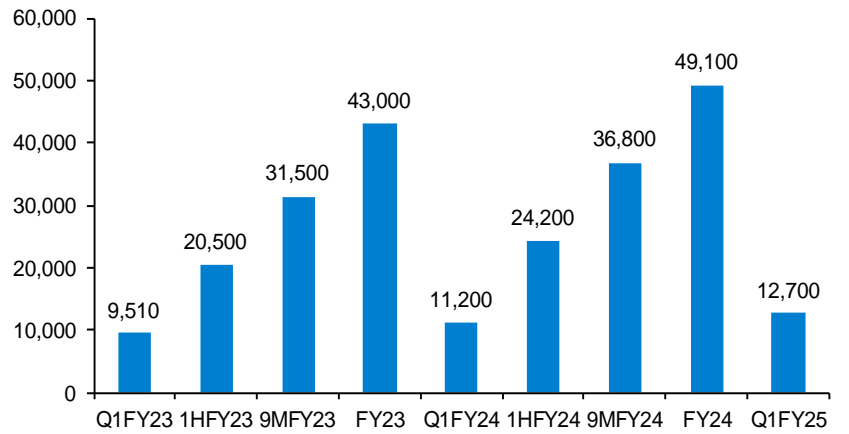
Source: Company, PL

Exhibit 6: Occupancy improved YoY by 670 bps



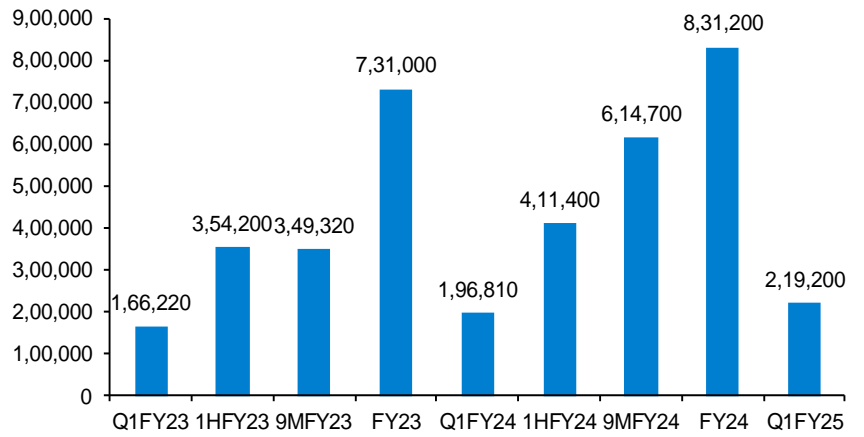
Source: Company, PL

Exhibit 7: Inpatient volumes grew +13% YoY for Q1FY25



Source: Company, PL

Exhibit 8: Outpatient volumes grew +11% YoY for Q1FY25



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	8,925	10,695	12,252	14,619
YoY gr. (%)	21.7	19.6	14.6	19.3
Cost of Goods Sold	1,572	1,895	2,171	2,590
Gross Profit	7,354	8,800	10,082	12,030
Margin (%)	82.4	82.3	82.3	82.3
Employee Cost	1,556	1,899	2,184	2,621
Other Expenses	3,784	4,519	4,919	5,720
EBITDA	2,013	2,382	2,978	3,689
YoY gr. (%)	31.2	18.3	25.1	23.9
Margin (%)	22.6	22.3	24.3	25.2
Depreciation and Amortization	386	424	473	547
EBIT	1,628	1,958	2,506	3,142
Margin (%)	18.2	18.3	20.5	21.5
Net Interest	423	263	-	-
Other Income	104	260	339	440
Profit Before Tax	1,309	1,954	2,845	3,582
Margin (%)	14.7	18.3	23.2	24.5
Total Tax	558	188	626	824
Effective tax rate (%)	42.6	9.6	22.0	23.0
Profit after tax	751	1,766	2,219	2,758
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	729	1,766	2,219	2,758
YoY gr. (%)	42.6	142.3	25.6	24.3
Margin (%)	8.2	16.5	18.1	18.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	729	1,766	2,219	2,758
YoY gr. (%)	42.6	142.3	25.6	24.3
Margin (%)	8.2	16.5	18.1	18.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	729	1,766	2,219	2,758
Equity Shares O/s (m)	57	66	66	66
EPS (Rs)	12.9	26.9	33.8	42.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	9,655	10,037	11,837	13,692
Tangibles	9,647	10,015	11,816	13,670
Intangibles	7	21	21	21
Acc: Dep / Amortization	2,458	2,860	3,333	3,880
Tangibles	2,458	2,860	3,333	3,880
Intangibles	-	-	-	-
Net fixed assets	7,197	7,176	8,504	9,812
Tangibles	7,190	7,155	8,483	9,791
Intangibles	7	21	21	21
Capital Work In Progress	291	740	740	740
Goodwill	-	-	-	-
Non-Current Investments	244	959	959	959
Net Deferred tax assets	(370)	(68)	(68)	(68)
Other Non-Current Assets	44	9	9	9
Current Assets				
Investments	-	-	-	-
Inventories	190	213	244	292
Trade receivables	457	572	655	782
Cash & Bank Balance	1,345	3,013	3,770	5,037
Other Current Assets	82	125	138	152
Total Assets	9,856	12,813	15,026	17,788
Equity				
Equity Share Capital	565	656	656	656
Other Equity	3,092	11,035	13,140	15,746
Total Network	3,657	11,690	13,795	16,401
Non-Current Liabilities				
Long Term borrowings	4,525	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	161	-	-	-
Trade payables	707	622	713	851
Other current liabilities	453	435	452	470
Total Equity & Liabilities	9,855	12,813	15,026	17,788

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	1,309	1,954	2,845	3,582
Add. Depreciation	386	424	473	547
Add. Interest	423	263	-	-
Less Financial Other Income	104	260	339	440
Add. Other	(70)	(190)	-	-
Op. profit before WC changes	2,047	2,452	3,317	4,129
Net Changes-WC	(542)	(809)	(20)	(31)
Direct tax	(333)	(497)	(626)	(824)
Net cash from Op. activities	1,172	1,146	2,672	3,274
Capital expenditures	(717)	(852)	(1,800)	(1,854)
Interest / Dividend Income	62	236	0	0
Others	(381)	(143)	-	-
Net Cash from Inv. activities	(1,036)	(759)	(1,800)	(1,854)
Issue of share cap. / premium	340	6,326	-	-
Debt changes	309	(4,725)	-	-
Dividend paid	(51)	(57)	(114)	(152)
Interest paid	(423)	(263)	-	-
Others	0	(1)	0	0
Net cash from Fin. activities	175	1,281	(114)	(152)
Net change in cash	311	1,668	757	1,267
Free Cash Flow	449	293	872	1,419

Source: Company Data, PL Research

Key Financial Metrics

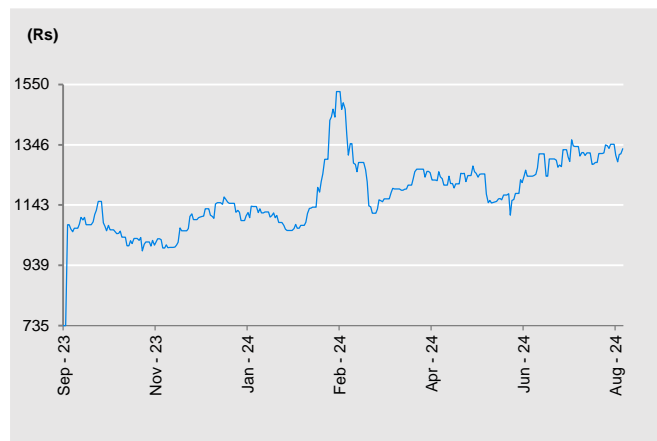
Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	12.9	26.9	33.8	42.1
CEPS	19.7	33.4	41.1	50.4
BVPS	64.7	178.3	210.4	250.2
FCF	7.9	4.5	13.3	21.6
DPS	-	0.9	1.7	2.3
Return Ratio(%)				
RoCE	20.1	19.5	19.7	20.8
ROIC	19.1	20.0	22.3	24.6
RoE	22.8	23.0	17.4	18.3
Balance Sheet				
Net Debt : Equity (x)	0.9	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	(2)	6	6	6
Valuation(x)				
PER	101.9	48.8	38.9	31.3
P/B	20.3	7.4	6.2	5.3
P/CEPS	66.7	39.4	32.0	26.1
EV/EBITDA	38.6	34.9	27.7	22.0
EV/Sales	8.7	7.8	6.7	5.6
Dividend Yield (%)	-	0.1	0.1	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Net Revenue	2,632	2,726	2,905	2,871
YoY gr. (%)	18.9	19.4	19.9	18.1
Raw Material Expenses	462	481	528	502
Gross Profit	2,170	2,245	2,377	2,369
Margin (%)	82.5	82.3	81.8	82.5
EBITDA	610	619	623	639
YoY gr. (%)	10.5	36.8	20.7	20.5
Margin (%)	23.2	22.7	21.4	22.2
Depreciation / Depletion	106	107	104	110
EBIT	504	512	519	529
Margin (%)	19.2	18.8	17.9	18.4
Net Interest	122	10	9	11
Other Income	40	81	90	84
Profit before Tax	421	582	599	601
Margin (%)	16.0	21.4	20.6	20.9
Total Tax	77	144	169	155
Effective tax rate (%)	18.2	24.8	28.3	25.8
Profit after Tax	345	438	430	446
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	337	437	453	446
YoY gr. (%)	24.4	(11,713.6)	187.4	(17.4)
Margin (%)	12.8	16.0	15.6	15.5
Extra Ord. Income / (Exp)	8	2	(23)	-
Reported PAT	345	438	430	446
YoY gr. (%)	27.2	(11,364.5)	139.4	(19.4)
Margin (%)	13.1	16.1	14.8	15.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	345	438	430	446
Av g. Shares O/s (m)	-	-	-	-
EPS (Rs)	5.1	6.7	6.9	6.8

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-24	BUY	1,360	1,330
2	13-May-24	BUY	1,360	1,275
3	08-Apr-24	BUY	1,360	1,214
4	12-Feb-24	BUY	1,360	1,229
5	08-Jan-24	BUY	1,310	1,138
6	14-Dec-23	BUY	1,310	1,098

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	7,050	6,335
2	Aster DM Healthcare	BUY	400	368
3	Aurobindo Pharma	Accumulate	1,300	1,304
4	Cipla	Accumulate	1,680	1,575
5	Divi's Laboratories	Accumulate	5,000	4,991
6	Dr. Reddy's Laboratories	Reduce	6,000	6,879
7	Eris Lifesciences	BUY	1,250	1,128
8	Fortis Healthcare	BUY	515	486
9	Glenmark Pharmaceuticals	Reduce	570	1,017
10	HealthCare Global Enterprises	BUY	420	377
11	Indoco Remedies	Accumulate	320	322
12	Ipca Laboratories	Reduce	1,150	1,193
13	J.B. Chemicals & Pharmaceuticals	BUY	2,100	1,930
14	Jupiter Life Line Hospitals	BUY	1,360	1,330
15	Krishna Institute of Medical Sciences	BUY	2,400	2,192
16	Lupin	BUY	2,300	1,994
17	Max Healthcare Institute	BUY	975	916
18	Narayana Hrudayalaya	BUY	1,350	1,218
19	Sun Pharmaceutical Industries	BUY	1,885	1,715
20	Sunteck Realty	BUY	600	471
21	Torrent Pharmaceuticals	Accumulate	3,300	3,162
22	Zydus Lifesciences	Accumulate	1,305	1,301

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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