Bangkok Chain Hospital (BCH TB)

Strong 3Q26 Outlook, Supported By Both Organic And Inorganic Growth

Highlights

- We attended BCH's analyst meeting and the tone was positive, with a promising update on its strong performance in Jul 26.
- The 3Q26 outlook will be enhanced by the epidemic which led to a robust growth in Thai patient revenue in Jul 26.
- We view the latest acquisition of KIH Ubon as a good addition to BCH's portfolio. Meanwhile, we continue to receive positive updates for the SSO treatment price increase. Maintain BUY with a target price of Bt13.00 (previously Bt14.00).

Analysis

- **Positive tone at the analyst meeting.** We attended Bangkok Chain Hospital's (BCH) analyst meeting to review its 2Q26 results and the tone was positive.
- **Upside from new acquisition at Ubon Ratchathani.** BCH has reached an agreement to purchase a new asset, the private hospital at Ubon Ratchathani with a capex not exceeding Bt490m. The hospital will undergo a brand renovation and will start operating once again in the beginning of Sep 26. This Kasemrad International Hospital Ubon Ratchathani (KIH Ubon) will serve as a key link to BCH's network as it is located in a strategically strong location. All of the patients at this hospital are self-pay patients, contributing to an annual revenue of around Bt188m at KIH Ubon. Management sees growth potential at KIH Ubon as there is room to increase the treatment price to match other Kasemrad hospitals and there are several cost saving measures that can be done to improve the net profit margin. We see this deal as a good addition to BCH's portfolio as KIH Ubon enhances BCH's operation in the key strategic location near the border of Laos and Cambodia.
- **Update on SSO treatment fee increase.** The Social Security Office (SSO) has raised the wage ceiling effective from 2026, strengthening the case for an increase in treatment fees. According to management, in the first meeting with SSO officials, SSO acknowledged that higher treatment fees would be reasonable. The SSO is scheduled to hold its next meeting on 7 Sep 26 to consider the range of treatment fee increases, with the absolute deadline in late-Oct 26. We believe the most likely adjustment would be to the base capitation rate, which could increase by around 10% to offset rising medical inflation. This 10% increase from basic capitation is based on the previous increase from four years ago.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	11,725	11,913	12,123	12,787	13,180
EBITDA	2,709	2,881	2,946	3,150	3,293
Operating profit	1,711	1,815	1,936	2,104	2,209
Net profit (rep./act.)	1,282	1,316	1,364	1,486	1,564
Net profit (adj.)	1,217	1,275	1,364	1,486	1,564
EPS (Bt)	0.5	0.5	0.5	0.6	0.6
PE (x)	23.4	22.3	20.8	19.1	18.2
P/B (x)	2.2	2.2	2.0	1.9	1.8
EV/EBITDA (x)	10.5	9.8	9.6	9.0	8.6
Dividend yield (%)	2.5	2.6	2.8	3.0	3.2
Net margin (%)	10.9	11.1	11.2	11.6	11.9
Net debt/(cash) to equity (%)	(3.7)	(6.2)	(8.8)	(13.8)	(16.0)
Interest cover (x)	49.6	58.1	37.9	40.5	42.8
ROE (%)	10.0	10.1	10.1	10.3	10.1
Consensus net profit (Btm)	-	-	1,341	1,410	1,454
UOBKH/Consensus (x)	-	-	1.02	1.05	1.08

Source: Bangkok Chain Hospital, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt11.40
Target Price	Bt13.00
Upside	+14.0%
Previous TP	Bt14.00

Stock Data

Sector	Health Care
Bloomberg ticker	BCH TB
Shares issued (m)	2,493.7
Market cap (Btm)	28,428.7
Market cap (US$m)	866.2
3-mth avg daily t'over (US$m)	4.0

Price Performance (%)

52-week high/low				Bt14.30/Bt9.10
1mth	3mth	6mth	1yr	YTD
12.9	23.2	2.7	(13.0)	9.6

Major Shareholders (%)

Harnphanich family	50.0
Thai NVDR	11.5

Balance Sheet Metrics

FY26 NAV/Share (Bt)	5.57
FY26 Net Debt/ Share (Bt)	0.49

Price Chart

Source: Bloomberg

Company Description

The company operates a group of mid-sized hospitals in Bangkok and suburban areas with middle-income locals and patients registered under the government-sponsored social security scheme as primary customer targets.

- **Good performance in Jul 26 to build up towards a robust 3Q26 outlook.** Unlike other healthcare providers, the key drivers in 3Q26 for BCH are Thai patients. BCH saw a strong increase in cases from the epidemic, which led to a strong performance in Jul 26, with total revenue up 7% yoy. According to management, it saw both yoy and qoq growth from Thai and foreign patients in Jul 26, which is a promising sign to the earnings outlook in 3Q26. The yoy drop in Cambodian patient revenue should ease in 3Q26 as the conflict between Thailand and Cambodia started in mid-2Q25. Meanwhile, Middle East patient arrivals were slow in Jul 26. In the event of a late pick-up in 3Q26, this would provide additional upside to BCH's earnings. Moreover, the SSO treatment price increase is still possible by late-3Q26.
- **Middle East patient revenue driven by increase in complex disease treatments.** BCH's Middle East patient revenue continues to show a strong revenue growth both yoy and qoq, driven mainly by new referrals from Qatar and higher referrals from the United Arab Emirates. It is unlikely that the unrest in the Middle East will escalate further, and hence we expect growth in Middle East patient revenue to remain strong in 3Q26, supported by the higher complexity of treatments. A key attraction is BCH's specialised doctor for diabetic wound treatment, who now practices exclusively at BCH, unlike last year.

Earnings Revision

- **We revise down our 2026-28 net profit forecasts.** We revise our 2026-28 net profit forecasts down by 31.8%, 29.7%, and 32.0% respectively to reflect the slower-than-expected return of Kuwait patients.

Earnings Revision

	--------------- 2026F	---------------		------------- 2027F	------------		------------- 2028F	---------------	
(Bt m)	New	Previous	Change	New	Previous	Change	New	Previous	Change
Total revenue	12,123	14,452	-16.1%	12,787	14,907	-14.2%	13,180	16,046	-17.9%
Operating EBITDA	2,946	3,697	-20.3%	3,150	3,907	-19.4%	3,293	4,191	-21.4%
Net profit	1,364	1,999	-31.8%	1,486	2,114	-29.7%	1,564	2,300	-32.0%
			Chg (ppt)			Chg (ppt)			Chg (ppt)
EBITDA margin	24.3%	25.6%	-1.28	24.6%	26.2%	-1.57	25.0%	26.1%	-1.13
Net profit margin	12.1%	14.6%	-2.46	12.5%	15.2%	-2.75	12.8%	15.4%	-2.66

Source: BCH, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt13.00,** as we roll over to 2027 EV/EBITDA of 10.0x, in line with its three-year historical average. We believe that 3Q26 will be a good quarter for BCH, due to: a) the increasing number of patients from the epidemic, b) upside from the probable increase in SSO treatment fees, and c) the newly acquired KIH Ubon that will synergise well with BCH's existing network.

Environment, Social, Governance (ESG) Updates

Environmental

- **Pledge Net Zero by 2050.**
- **Strategy to conserve resources.** To reduce emissions and waste and protect biodiversity across its operations and supply chains.

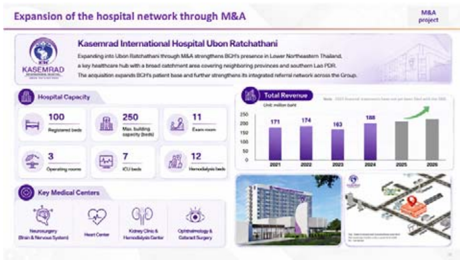
Social

- **Strict occupational health and safety guidelines.** Ensures supplier compliance with the safety guidelines.

Governance

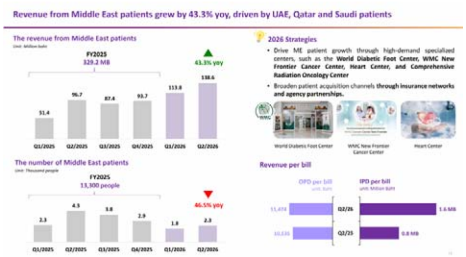
- **CEO & senior management KPI.** Also based on non-financial KPI such as internal control compliance, sustainability and human resource management.
- **The guidelines are reviewed annually** to incorporate changes in governance requirements, business operations, and applicable laws.

New Hospital at Ubon Ratchathani



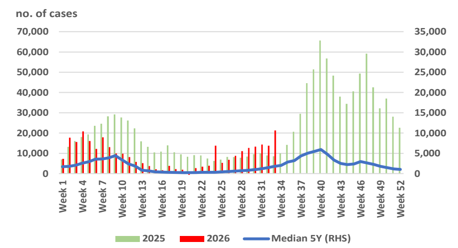
Source: BCH

Middle East Patient Breakdown



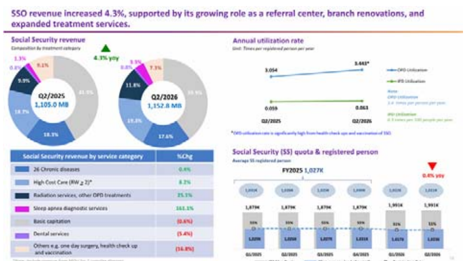
Source: BCH

No. Of Influenza Cases (1 Jan-15 Aug 26)



Source: Department of Disease Control, UOB Kay Hian

SSO Revenue



Source: BCH

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	11,913	12,123	12,787	13,180
EBITDA	2,881	2,946	3,150	3,293
Deprec. & amort.	1,067	1,011	1,046	1,084
EBIT	1,815	1,936	2,104	2,209
Total other non-op. income	62	21	21	22
Associate contributions	2	1	1	1
Net interest income/(expense)	(50)	(78)	(78)	(77)
Pre-tax profit	1,829	1,880	2,049	2,156
Tax	(403)	(414)	(451)	(474)
Minorities	(109)	(103)	(112)	(118)
Net profit	1,316	1,364	1,486	1,564
Net profit (adj.)	1,275	1,364	1,486	1,564

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	12,858	12,839	13,199	13,617
Other LT assets	830	837	851	862
Cash/ST investment	1,694	2,774	3,634	4,080
Other current assets	2,103	2,221	2,340	2,457
Total assets	17,486	18,671	20,024	21,017
ST debt	633	132	149	850
Other current liabilities	2,207	1,855	1,956	2,017
LT debt	238	1,421	1,406	690
Other LT liabilities	201	249	262	270
Shareholders' equity	13,186	13,891	15,016	15,836
Minority interest	1,021	1,124	1,235	1,353
Total liabilities & equity	17,486	18,671	20,024	21,017

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	2,740	2,007	2,627	2,708
Pre-tax profit	1,829	1,880	2,049	2,156
Tax	(403)	(414)	(451)	(474)
Deprec. & amort.	1,067	1,011	1,046	1,084
Working capital changes	285	(365)	(59)	(82)
Non-cash items	(37)	(104)	42	25
Other operating cashflows	2	1	1	1
Investing	(1,155)	(951)	(1,407)	(1,504)
Capex (growth)	(1,172)	(992)	(1,406)	(1,502)
Investment	596	599	603	607
Others	(579)	(558)	(604)	(610)
Financing	(681)	(729)	(360)	(757)
Dividend payments	(641)	(658)	(682)	(743)
Proceeds from borrowings	0	682	2	0
Loan repayment	(26)	0	0	(14)
Others/interest paid	(14)	(753)	320	0
Net cash inflow (outflow)	903	327	860	446
Beginning cash & cash equivalent	1,544	2,447	2,774	3,634
Ending cash & cash equivalent	2,447	2,774	3,634	4,080

Key Metric

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	24.2	24.3	24.6	25.0
Pre-tax margin	15.3	15.5	16.0	16.4
Net margin	11.1	11.2	11.6	11.9
ROA	7.6	7.5	7.7	7.6
ROE	10.1	10.1	10.3	10.1
Growth (% yoy)				
Turnover	1.6	1.8	5.5	3.1
EBITDA	6.4	2.3	6.9	4.5
Pre-tax profit	4.4	2.8	9.0	5.2
Net profit	2.7	3.6	9.0	5.2
Net profit (adj.)	4.8	7.0	9.0	5.2
EPS	4.8	7.0	9.0	5.2
Leverage				
Debt to total capital	5.8	9.4	8.7	8.2
Debt to equity	6.6	11.2	10.4	9.7
Net debt/(cash) to equity	(6.2)	(8.8)	(13.8)	(16.0)
Interest cover (x)	58.1	37.9	40.5	42.8