Bangkok Chain Hospital (BCH TB)

Earnings Expected To Remain Weak In 2Q26

BUY (Maintained)

Share Price	Bt10.30
Target Price	Bt14.00
Upside	+35.9%

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Highlights

- BCH is expected to report a weak net profit of Bt331m in 2Q26 (-14.7% yoy, +23.8% qoq).
- The key reasons for the earnings contraction are the weaker foreign revenue and lower extra revenue yoy from the annual review of 26 chronic diseases.
- We expect the outlook to improve in 3Q26 as the rainy season is starting to bring in more Thai patients. Maintain BUY with a target price of Bt14.00.

2Q26 Earnings Preview

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26F	yoy (%)	qoq (%)	1H25	1H26F	yoy (%)
Total revenue	3,020	2,906	2,972	-1.6%	2.3%	5,923	5,878	-1%
Gross profit	909	760	849	-6.6%	11.6%	1,724	1,609	-7%
SG&A	(402)	(406)	(401)	-0.1%	-1.2%	(777)	(807)	4%
Operating EBITDA	790	646	742	-6.1%	14.8%	1,514	1,388	-8%
Core profit	383	268	331	-13.5%	23.8%	709	599	-16%
Net profit	388	268	331	-14.7%	23.8%	710	599	-16%
EPS (Bt)	0.16	0.11	0.13	-14.7%	23.8%	0.28	0.24	-16%
(%)	2Q25	1Q26	2Q26F	yoy (ppt)	qoq (ppt)	1H25	1H26F	yoy (ppt)
Gross margin	30.1%	26.2%	28.6%	(1.5)	2.4	29.1%	27.4%	(1.7)
SG&A to sales	13.3%	15.0%	13.5%	0.2	(1.5)	13.1%	13.7%	0.6
EBITDA margin	26.2%	22.2%	25.0%	(1.2)	2.7	25.6%	23.6%	(1.9)
Net profit margin	12.9%	9.2%	11.1%	(1.7)	1.9	12.0%	10.2%	(1.8)

Source: BCH, UOB Kay Hian

Analysis

- **Expect a weakened net profit in 2Q26.** Bangkok Chain Hospital (BCH) is expected to report a net profit of Bt331m in 2Q26 (-14.7% yoy, +23.8% qoq). The earnings contraction yoy is mainly due to the weaker foreign patient revenue and lower extra revenue yoy from the annual review of 26 chronic diseases. The top-line should be at Bt2.97b (-1.6% yoy, +2.3% qoq), with the slight decline being mainly due to a 1% drop in Thai patient revenue yoy and an 8% drop in international patient revenue. The growth in Middle East patient revenue is expected to be strong at +40% yoy, but it is being offset by the drop in Cambodian patient revenue by 70-80% yoy. Myanmar patient revenue should drop 9% yoy due to a renovation at Kasemrad Hospital Maesai, which will be completed in Aug 26. As a result, we expect the margins for BCH to fall yoy.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	11,725	11,913	14,452	14,907	16,046
EBITDA	2,709	2,881	3,697	3,907	4,191
Operating profit	1,711	1,815	2,686	2,861	3,107
Net profit (rep./act.)	1,282	1,316	1,999	2,114	2,300
Net profit (adj.)	1,217	1,275	1,999	2,114	2,300
EPS (Bt)	0.5	0.5	0.8	0.8	0.9
PE (x)	21.1	20.1	12.9	12.2	11.2
P/B (x)	2.0	1.9	1.8	1.6	1.5
EV/EBITDA (x)	9.1	8.6	6.7	6.3	5.9
Dividend yield (%)	2.7	2.9	4.5	4.8	5.2
Net margin (%)	10.9	11.1	13.8	14.2	14.3
Net debt/(cash) to equity (%)	(3.7)	(6.2)	(14.1)	(20.3)	(24.8)
Interest cover (x)	49.6	58.1	47.6	50.3	54.4
ROE (%)	10.0	10.1	14.4	13.9	13.9
Consensus net profit (Btm)	-	-	1,337	1,407	1,450
UOBKH/Consensus (x)	-	-	1.49	1.50	1.59

Source: BCH, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Health Care
Bloomberg ticker:	BCH TB
Shares issued (m):	2,493.7
Market cap (Btm):	25,685.6
Market cap (US$m):	767.6
3-mth avg daily t'over (US$m):	3.4

Price Performance (%)

52-week high/low Bt14.70/Bt9.10

1mth	3mth	6mth	1yr	YTD
4.0	8.4	1.0	(23.7)	(1.0)

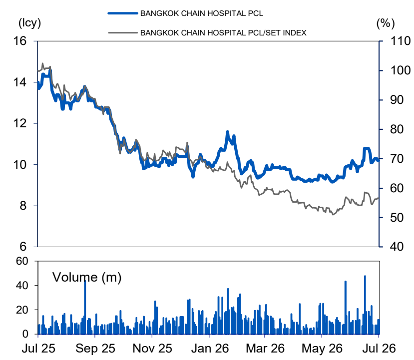
Major Shareholders

	%
Harnphanich family	50.0
Thai NVDR	11.5

Balance Sheet Metrics

FY26 NAV/Share (Bt)	5.83
FY26 Net Debt/ Share (Bt)	0.82

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.

- **Growth of Middle East patient revenue expected to continue in 2Q26.** BCH's Middle East patient revenue rose by around 122% yoy in 1Q26, mainly from the new referrals from Qatar and the increase in referrals from the United Arab Emirates (UAE). Similarly, the revenue from Middle East patients is expected to show a robust 40% growth in 2Q26. The main contributors are the long-staying Middle East patients. The key driver for Middle East patients is the specialised doctor for diabetic wound treatment, who now only works at BCH, unlike last year. This has brought BCH's UAE patient revenue up by 200% yoy in 1Q26.
- **Decent 3Q26 outlook.** BCH has recently started to see a sharp rise in cases from the epidemic. The yoy drop in Cambodian patient revenue should ease in 3Q26 as the conflict between Thailand and Cambodian started in mid-2Q25. A strong increase in the number of outbreak cases during the rainy season will provide upside to BCH's earnings. Likewise, a late pick-up in Middle Eastern patient arrivals in 3Q26 will also provide strong upside to earnings
- **Limited concern over cost pressure.** Although the US-Iran conflict has pushed up fuel and operating costs, BCH appears well prepared to manage the impact. Management sees no risk of drug shortages, as the hospital has already secured 80-90% of this year's medical supply requirements since early-26. This has effectively locked in procurement costs and reduced BCH's exposure to fluctuations in medical supply prices. Going forward, management expects only a limited impact from rising costs, reinforcing our confidence in BCH's ability to effectively manage its cost base and preserve margins throughout the year.
- **Positive development in increase of SSO treatment fees.** The Social Security Office (SSO) has raised the wage ceiling effective from 2026. According to management, SSO officials acknowledge that an increase in treatment fees would be reasonable. SSO has now established a committee to consider the increase of treatment fee, with the approval date expected in late-3Q26 or in 4Q26. The most likely increase will be the base capitation rate which should see around a 10% increase to offset rising medical inflation.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt14.00,** based on a 2026 EV/EBITDA of 10.0x, in line with its three-year historical average. We still believe that BCH will be strong in 2H26, due to: a) the upside from the probable increase of SSO treatment fees, b) no concern on cost pressures from medical supply, and c) the increasing number of patients from the epidemic.

Environment, Social, Governance (ESG) Updates

Environmental

- **Operates business with a sense of responsibility** towards the environment, striving to alleviate or minimise the adverse impacts, both direct and indirect.

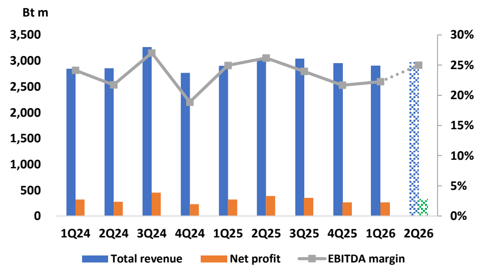
Social

- **Assessed important social issues** for the organisation and stakeholders consisting of personnel development, human resource management, human rights, and access to medical services, community engagement, as well as occupational health and safety.

Governance

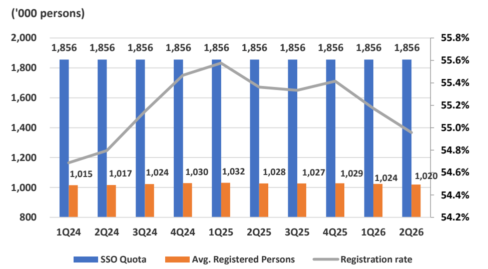
- **Places importance on conducting business** with integrity, transparency, and responsibility towards the society and all stakeholders.
- **Prepared a manual on good corporate governance** to create an understanding and use it as a guideline for best practices of employees at all levels.

Quarterly Performance



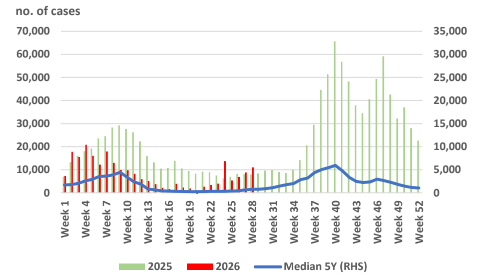
Source: BCH, UOB Kay Hian

No. Of SSO Registered Patients



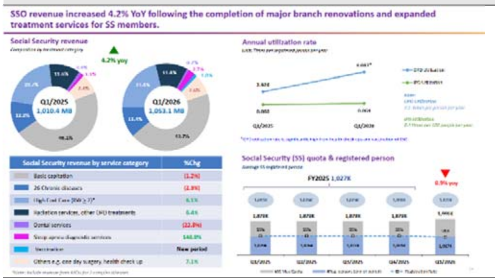
Source: BCH

No. Of Influenza Cases (1 Jan-11 Jul 26)



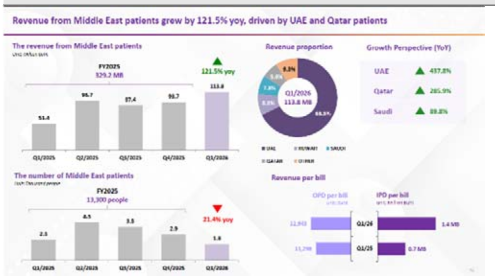
Source: Department of Disease Control, UOB Kay Hian

SSO Revenue Breakdown



Source: BCH

Middle East Patient Breakdown



Source: BCH

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	11,913	14,452	14,907	16,046
EBITDA	2,881	3,697	3,907	4,191
Deprec. & amort.	1,067	1,011	1,046	1,084
EBIT	1,815	2,686	2,861	3,107
Total other non-operating income	62	21	21	22
Associate contributions	2	1	1	1
Net interest income/(expense)	(50)	(78)	(78)	(77)
Pre-tax profit	1,829	2,630	2,806	3,054
Tax	(403)	(526)	(533)	(580)
Minorities	(109)	(105)	(159)	(173)
Net profit	1,316	1,999	2,114	2,300
Net profit (adj.)	1,275	1,999	2,114	2,300

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	12,858	12,928	13,288	13,706
Other LT assets	830	895	906	931
Cash/ST investment	1,694	3,601	4,792	5,809
Other current assets	2,103	2,288	2,401	2,541
Total assets	17,486	19,713	21,387	22,987
ST debt	633	132	149	850
Other current liabilities	2,207	2,211	2,281	2,455
LT debt	238	1,421	1,406	690
Other LT liabilities	201	296	306	329
Shareholders' equity	13,186	14,526	15,961	17,204
Minority interest	1,021	1,126	1,285	1,458
Total liabilities & equity	17,486	19,713	21,387	22,987

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	2,740	2,934	3,276	3,592
Pre-tax profit	1,829	2,630	2,806	3,054
Tax	(403)	(526)	(533)	(580)
Deprec. & amort.	1,067	1,011	1,046	1,084
Working capital changes	285	(222)	(72)	(36)
Non-cash items	(37)	41	28	71
Other operating cashflows	2	1	1	1
Investing	(1,155)	(1,051)	(1,408)	(1,504)
Capex (growth)	(1,172)	(1,081)	(1,406)	(1,502)
Investment	596	599	603	607
Others	(579)	(569)	(604)	(609)
Financing	(681)	(729)	(677)	(1,071)
Dividend payments	(641)	(658)	(999)	(1,057)
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	1,154	1,191	1,017
Beginning cash & cash equivalent	1,544	2,447	3,601	4,792
Ending cash & cash equivalent	2,447	3,601	4,792	5,809

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	24.2	25.6	26.2	26.1
Pre-tax margin	15.3	18.2	18.8	19.0
Net margin	11.1	13.8	14.2	14.3
ROA	7.6	10.7	10.3	10.4
ROE	10.1	14.4	13.9	13.9
Growth				
Turnover	1.6	21.3	3.2	7.6
EBITDA	6.4	28.3	5.7	7.3
Pre-tax profit	4.4	43.8	6.7	8.8
Net profit	2.7	51.8	5.7	8.8
Net profit (adj.)	4.8	56.8	5.7	8.8
EPS	4.8	56.8	5.7	8.8
Leverage				
Debt to total capital	5.8	9.0	8.3	7.6
Debt to equity	6.6	10.7	9.7	9.0
Net debt/(cash) to equity	(6.2)	(14.1)	(20.3)	(24.8)
Interest cover (x)	58.1	47.6	50.3	54.4