Bangkok Dusit Medical Services (BDMS TB)

Clear Improving Trend In 3Q26 Earnings Outlook

Highlights

- The tone at the meeting was positive, as management updated us on the robust performance in Jul 26, supported by growth from all segments.
- Thai patient revenue growth in Jul 26 was outstanding, supported by the epidemic and the active launch of promotions and packages from BDMS.
- We are optimistic about BDMS' earnings outlook in 3Q26 from the returning of Middle East patients, the continuous promotions, and the rise in cases from the epidemic. Maintain BUY with a target price of Bt27.00.

Analysis

- **Positive tone from the analyst meeting.** We attended Bangkok Dusit Medical Services' (BDMS) analyst meeting to review its 2Q26 results and the tone was positive.
- **Strong earnings outlook in 3Q26.** We started to see a more promising sign of 3Q26 outlook improvement in Jul 26. Thai patient revenue grew by a massive 9% yoy, while foreign patients' revenue rose 6% yoy. Total revenue jumped 8% yoy, making it the strongest month so far for BDMS in 2026. The key driver for the strong Thai patient growth is the epidemic, as we saw the number of influenza cases accelerate in Jul 26. For foreign patient revenue, the strongest contributor is Bangladesh patients, who rebounded strongly after the visa bottleneck was resolved in late-2Q26. Revenue from Middle East patients also showed a mom recovery in Jul 26. We expect the high base from Cambodia patient revenue to normalise in 3Q26 as well. If we exclude Cambodia and Middle East patient revenue, foreign patient revenue in Jul 26 would have shown a strong growth of 14% yoy.
- **2026 guidance maintained.** Management confirmed that it will maintain the growth guidance for 2026 despite the robust Jul 26 performance. We see that this target takes into account a possible reignition of the conflict in the Middle East. BDMS targets revenue growth of 2–4% yoy, supported by expected growth of 5–7% yoy in foreign patients and 1–3% yoy in Thai patients. Key foreign markets are expected to remain largely unchanged from last year, led by Myanmar and the US. BDMS remains cautious on domestic demand amid the weak economy and plans to preserve its EBITDA margin of around 24% through tighter cost control, including procurement bundling and greater use of in-house supplies.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	107,867	111,507	113,983	120,516	127,573
EBITDA	26,646	27,076	27,734	29,547	31,495
Operating profit	20,514	20,228	20,833	22,281	23,856
Net profit (rep./act.)	15,987	15,848	16,337	17,582	18,839
Net profit (adj.)	15,987	15,848	16,337	17,582	18,839
EPS (Bt)	1.0	1.0	1.0	1.1	1.2
PE (x)	19.8	20.0	19.4	18.0	16.8
P/B (x)	3.2	3.0	2.9	2.8	2.7
EV/EBITDA (x)	12.3	12.1	11.8	11.1	10.4
Dividend yield (%)	3.8	5.0	3.9	4.2	4.5
Net margin (%)	14.8	14.2	14.3	14.6	14.8
Net debt/(cash) to equity (%)	9.7	9.7	6.2	5.5	4.5
Interest cover (x)	61.5	75.9	245.8	n.a.	n.a.
ROE (%)	16.4	15.4	15.1	15.7	16.1
Consensus net profit (Btm)	-	-	16,280	17,269	18,039
UOBKH/Consensus (x)	-	-	1.00	1.02	1.04

Source: Bangkok Dusit Medical Services, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt19.90
Target Price	Bt27.00
Upside	+35.7%

Stock Data

Sector	Health Care
Bloomberg ticker	BDMS TB
Shares issued (m)	15,892.0
Market cap (Btm)	316,250.8
Market cap (US$m)	9,680.2
3-mth avg daily t'over (US$m)	40.9

Price Performance (%)

52-week high/low				Bt22.40/Bt17.40
1mth	3mth	6mth	1yr	YTD
3.6	9.9	(9.5)	(5.2)	3.1

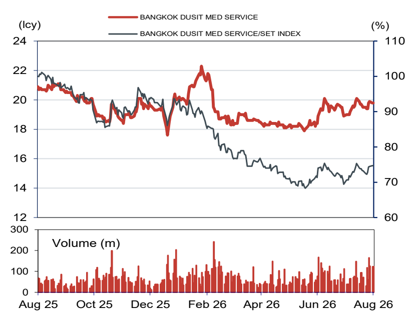
Major Shareholders (%)

Prasarttong-osoth family	15.0
Thai NVDR	9.0

Balance Sheet Metrics

FY26 NAV/Share (Bt)	6.92
FY26 Net Debt/ Share (Bt)	0.43

Price Chart



Source: Bloomberg

Company Description

A group of leading private hospitals with a nationwide network offering world-class medical treatment to both local and international patients with new greenfield projects, M&A and digitalisation of healthcare services as key long-term growth drivers.

- **Aims to maintain yoy flattish margins in 2H26.** The earnings contraction in 1Q26 was attributable to cost pressures from logistics, drug and medical supply, and plastic cost. Meanwhile in 2Q26, we saw the same trend as the revenue growth did not match the rising costs. For 1H26, BDMS' EBITDA margins were at 23.8%, slightly below this year's target. Management guided that in 2H26, it expects to maintain a yoy flat EBITDA of 24.1%. We think that this is a realistic target as once revenue growth accelerates, margins will improve from better economies of scale. BDMS is actively launching promotions and packages and the strong growth from Thai patient revenue in Jul 26 is good supporting evidence.
- **Gradual recovery path for Middle East patients.** Middle East patient revenue was -13% yoy in 1H26, with the sharpest decline recorded in Mar 26 following the onset of the conflict, which disrupted patient travel. Revenue began to recover in Apr 26, although it remained 36% below last year's level. In Jul 26, Middle East patient revenue was still 10% yoy below last year, representing a meaningful improvement from the previous months. We expect Middle East patient revenue to return to normal levels in 3Q26, providing a meaningful boost to earnings. Meanwhile, foreign patient revenue rose 6% yoy in Jul 26, indicating an apparent recovery. The 3Q26 outlook should also benefit from continued patient engagement and pent-up demand from patients who were previously unable to travel.
- **Optimised pricing and promotional strategy.** Rising fuel costs from the conflict have pressured Thai patients' purchasing power. While demand for complex treatments remains resilient, volumes for simpler and elective procedures have softened as some patients defer treatment. To support domestic patient revenue, BDMS plans to introduce new treatment packages to drive patient volumes, while selectively raising prices for complex treatments where demand remains strong. In Jul 26, the Center of Excellence revenue went up by 6% yoy, which is a good indication that this strategy is working. We believe this balanced strategy should support top-line growth while protecting margins amid the current cost environment. Thai patient revenue growth improved to 3-4% yoy in Jun 26 and 9% yoy in Jul 26, signalling a gradual improvement in BDMS's earnings momentum.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt27.00.** Our valuation is based on a five-year average EV/EBITDA multiple of 16.0x. We started to see improving revenue from both Thai and foreign patients in Jul 26, particularly Middle East patients. Hence, we remain optimistic about a strong 2H26, on: a) the return of Middle East patients, b) the epidemic during the rainy season in 3Q26, and c) the active promotions and packages that will boost revenue growth.

Environment, Social, Governance (ESG) Updates

Environmental

- **Energy efficiency and waste management** by using energy-saving equipment and renewable energy sources.
- **Goal of Net Zero emissions by 2050** under its BDMS Green Healthcare initiative.

Social

- **High-quality and accessible healthcare services.**
- **Strong community engagement** with active participation in health education and disaster relief efforts.

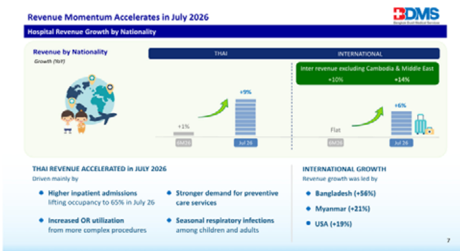
Governance

- **BDMS has a robust sustainability governance structure.** The Corporate Sustainability Development Committee oversees sustainability strategy, reporting, risk management, stakeholder engagement, etc.

Foreign Patient Revenue Growth

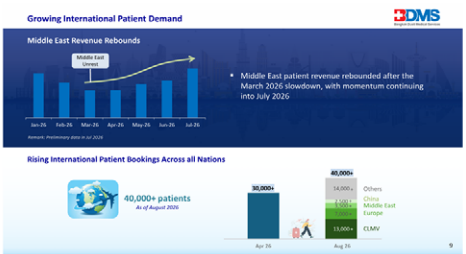
Source: BDMS

Jul 26 Performance



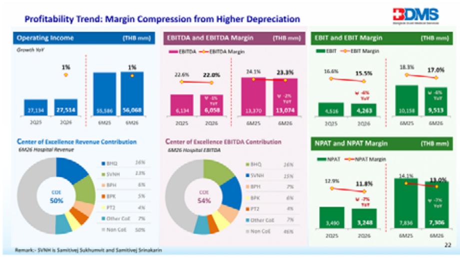
Source: BDMS

Middle East Patient Trend



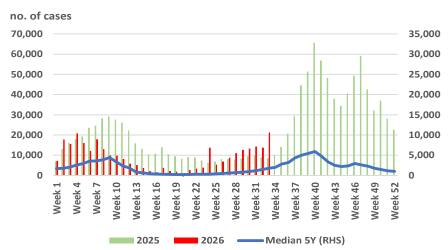
Source: BDMS

Margins Trend



Source: BDMS

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



Source: Department of Disease Control, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	111,507	113,983	120,516	127,573
EBITDA	27,076	27,734	29,547	31,495
Deprec. & amort.	6,848	6,901	7,266	7,639
EBIT	20,228	20,833	22,281	23,856
Total other non-op. income	113	184	188	192
Associate contributions	78	119	131	144
Net interest income/(expense)	(357)	(113)	0	0
Pre-tax profit	20,063	21,024	22,600	24,192
Tax	(3,694)	(4,100)	(4,407)	(4,717)
Minorities	(520)	(587)	(611)	(635)
Net profit	15,848	16,337	17,582	18,839
Net profit (adj.)	15,848	16,337	17,582	18,839

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	129,783	130,658	135,646	140,654
Other LT assets	5,069	4,840	5,092	5,364
Cash/ST investment	7,231	2,235	2,895	3,919
Other current assets	15,878	13,724	14,510	15,360
Total assets	157,961	151,457	158,143	165,297
ST debt	6,879	1,394	1,410	1,426
Other current liabilities	16,750	16,300	17,234	18,243
LT debt	10,608	7,684	7,761	7,839
Other LT liabilities	13,716	11,398	12,052	12,757
Shareholders' equity	105,894	109,978	114,374	119,084
Minority interest	4,114	4,702	5,313	5,948
Total liabilities & equity	157,961	151,457	158,143	165,297

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	22,104	23,890	25,606	27,273
Pre-tax profit	20,063	21,024	22,600	24,192
Tax	(3,694)	(4,100)	(4,407)	(4,717)
Deprec. & amort.	6,848	6,901	7,266	7,639
Associates	(1,490)	1,047	(392)	(423)
Working capital changes	136	657	540	583
Non-cash items	319	(1,520)	131	144
Other operating cashflows	(12,165)	(9,864)	(11,853)	(12,213)
Investing	(12,771)	(7,775)	(12,254)	(12,647)
Capex (growth)	3,743	3,928	4,128	4,344
Investment	(3,137)	(6,016)	(3,727)	(3,910)
Others	(10,626)	(20,661)	(13,094)	(14,035)
Financing	(11,919)	(12,252)	(13,186)	(14,129)
Dividend payments	0	0	93	94
Proceeds from borrowings	(871)	(8,409)	0	0
Others/interest paid	2,163	0	0	0
Net cash inflow (outflow)	(687)	(6,635)	660	1,024
Beginning cash & cash equiv.	9,557	8,870	2,235	2,895
Ending cash & cash equiv.	8,870	2,235	2,895	3,919

Key Metric

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	24.3	24.3	24.5	24.7
Pre-tax margin	18.0	18.4	18.8	19.0
Net margin	14.2	14.3	14.6	14.8
ROA	10.2	10.6	11.4	11.6
ROE	15.4	15.1	15.7	16.1
Growth (% yoy)				
Turnover	3.4	2.2	5.7	5.9
EBITDA	1.6	2.4	6.5	6.6
Pre-tax profit	(1.3)	4.8	7.5	7.0
Net profit	(0.9)	3.1	7.6	7.2
Net profit (adj.)	(0.9)	3.1	7.6	7.2
EPS	(0.9)	3.1	7.6	7.2
Leverage				
Debt to total capital	13.7	7.3	7.1	6.9
Debt to equity	16.5	8.3	8.0	7.8
Net debt/(cash) to equity	9.7	6.2	5.5	4.5
Interest cover (x)	75.9	245.8	n.a.	n.a.