Bangkok Dusit Medical Services (BDMS TB)

2Q26 Results Preview: Flattish Earnings Expected

BUY (Maintained)	
Share Price	Bt19.70
Target Price	Bt27.00
Upside	+37.1%

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Highlights

- BDMS is expected to report a net profit of Bt3.46b in 2Q26 (-0.9% yoy, -14.8% qoq), flat yoy.
- Thai patient revenue is expected to grow 2% yoy while foreign patient revenue is expected to slightly decline yoy due to the impact of the war in Middle East.
- Despite the persistent cost pressure, we remain optimistic on BDMS and expect a strong 2H26, supported by the return of Middle Eastern patients as well as the epidemic during the rainy season. Maintain BUY with a target price of Bt27.00.

Analysis

2q26 Earnings Preview

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26F	yoy (%)	qoq (%)	1H25	1H26F	yoy (%)
Sales	26,727	28,179	27,015	1%	-4%	54,811	55,194	1%
Gross Profit	9,392	10,020	9,344	-1%	-7%	19,790	19,364	-2%
SG&A	(5,323)	(5,180)	(5,408)	2%	4%	(10,476)	(10,587)	1%
EBITDA	6,162	7,026	6,189	0%	-12%	13,407	13,215	-1%
Pre-tax profit	4,454	5,191	4,415	-1%	-15%	10,030	9,606	-4%
Net profit	3,490	4,058	3,459	-1%	-15%	7,836	7,517	-4%
EPS (Bt)	0.22	0.26	0.22	-1%	-15%	0.49	0.47	-4%
(%)								
Gross margin	35.1%	35.6%	34.6%	-0.6 ppt	-1.0 ppt	36.1%	35.1%	-1.0 ppt
EBITDA margin	23.1%	24.9%	22.9%	-0.1 ppt	-2.0 ppt	24.5%	23.9%	-0.5 ppt
SG&A to sales	19.9%	18.4%	20.0%	0.1 ppt	1.6 ppt	19.1%	19.2%	0.1 ppt
Net profit margin	13.1%	14.4%	12.8%	-0.3 ppt	-1.6 ppt	14.3%	13.6%	-0.7 ppt

Source: BDMS, UOB Kay Hian

- **Expect 2Q26 earnings to be flat yoy.** Bangkok Dusit Medical Services (BDMS) is expected to report a net profit of Bt3.46b in 2Q26 (-0.9% yoy, -14.8% qoq). Management expects to recognise approximately Bt90m in insurance claim proceeds related to the 4Q25 flood this quarter. If we exclude the extra gain, core profit should come in at Bt3.39b (-3.0% yoy, -16.5% qoq). Top-line should be Bt27.0b (+1.1% yoy, -4.1% qoq), with Thai patients being the main top-line contributor. We expect Thai patient revenue to show a slight growth of 2% yoy in 2Q26, indicating an improving trend, particularly in Jun 26. Foreign patient revenue is expected to decline 1% yoy, driven by a yoy decline in Middle Eastern patient revenue due to the war. We expect some cost pressure in this quarter to result in BDMS' margin dropping substantially by 2.4ppt yoy.

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)	18.4	18.6	19.2	17.8	16.6
P/B (x)	2.9	2.8	2.8	2.7	2.6
EV/EBITDA (x)	11.4	11.2	11.7	11.0	10.3
Dividend yield (%)	4.1	5.4	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)	-	-	16,261	17,249	18,108
UOBKH/Consensus (x)	-	-	1.00	1.02	1.04

Source: BDMS, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Health Care
Bloomberg ticker:	BDMS TB
Shares issued (m):	15,892.0
Market cap (Btm):	313,072.4
Market cap (US$m):	9,310.4
3-mth avg daily t'over (US$m):	34.8

Price Performance (%)

52-week high/low				Bt22.90/Bt17.40
1mth	3mth	6mth	1yr	YTD
7.7	5.3	4.2	(7.9)	2.1

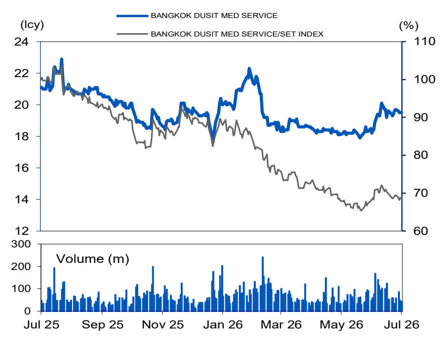
Major Shareholders

	%
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.

- **Middle Eastern patient volumes are gradually recovering.** Middle Eastern patient revenue was flat yoy in 1Q26, with the sharpest decline occurring in Mar 26 following the onset of the conflict, which disrupted patient travel. Revenue improved in Apr 26, but remained 36% below last year's level. Meanwhile, in May 26, Middle Eastern patient revenue dropped 20% yoy, which is an improvement. Foreign patient revenue in April/May/June was -3%, -2%, and -1% yoy respectively, which indicates a gradual improvement. We believe Middle Eastern patient revenue should return to the normal level in 3Q26, which will boost 3Q26 earnings. We expect the earnings outlook in 3Q26 to be supported by continued patient engagement and pent-up demand from those who were unable to travel.
- **Optimised pricing and promotional strategy.** Rising fuel costs stemming from the conflict have weighed on the spending power of Thai patients. While demand for complex treatments remains resilient, patient volumes for simpler and elective procedures have softened as some patients delay treatments. To stimulate domestic patient revenue, BDMS plans to launch new treatment packages aimed at attracting higher patient volumes. At the same time, the hospital will selectively increase prices for complex treatments for which demand remains strong. We believe this balanced approach will support top-line growth while helping preserve margins amid the current cost environment. We note that Thai patient revenue growth strengthened to 3-4% yoy in Jun 26, indicating improving earnings performance for BDMS.
- **BDMS is facing cost pressure.** The earnings contraction in 1Q26 was attributable to cost pressures from logistics, drug and medical supply, and plastic cost. We expect to see a similar trend in 2Q26, with several costs continuing to face persistent pressure. As BDMS' operation scale is large, we believe that it is unable to fully lock in medical supply for the whole year and hence will need to preserve its inventory instead. We expect the cost pressure to persist into the upcoming quarters.

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. Although cost pressure is expected to persist, BDMS continues to see improving revenue from both Thai and foreign patients, particularly Middle Eastern patients. Hence, we remain optimistic for a strong 2H26, on the back of the return of Middle East patients as well as the epidemic during the rainy season in 3Q26.

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.

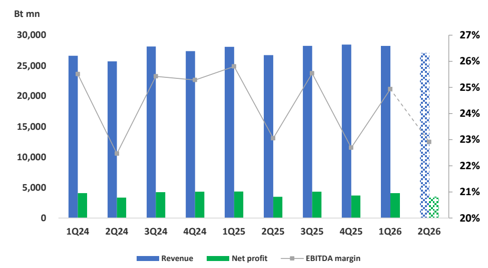
Social

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

Governance

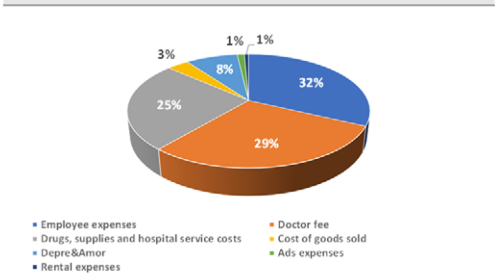
- **BDMS has a robust sustainability governance structure.** The Corporate Sustainability Development Committee (CSD) oversees sustainability strategy, reporting, risk management, stakeholder engagement, etc.
- **Promote culture of compliance and ethics** through established codes of conduct and anti-corruption policies.

Quarterly Performance



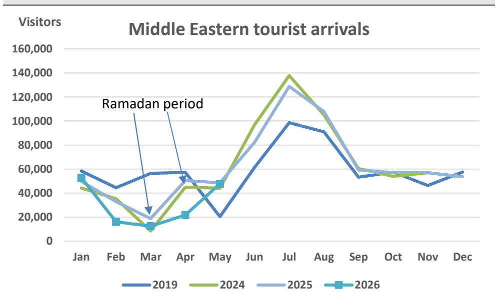
Source: BDMS, UOB Kay Hian

Expense Breakdown (2025)



Source: BDMS, UOB Kay Hian

Middle East Arrivals

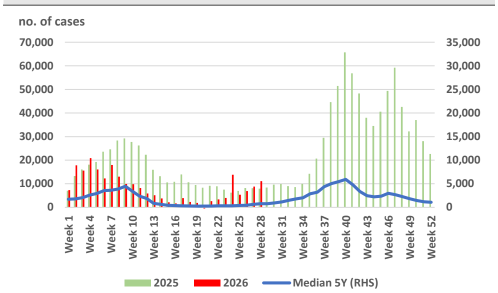


Source: Ministry of Tourism and Sports, UOB Kay Hian

Foreign Patient Growth

Source: BDMS

No. Of Influenza Cases (1 Jan-11 Jul 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-operating 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
Working capital changes	(1,490)	1,047	(392)	(423)
Non-cash items	136	657	540	583
Other operating cashflows	319	(1,520)	131	144
Investing	(12,165)	(9,864)	(11,853)	(12,213)
Capex (growth)	(12,771)	(7,775)	(12,254)	(12,647)
Investment	3,743	3,928	4,128	4,344
Others	(3,137)	(6,016)	(3,727)	(3,910)
Financing	(10,626)	(20,661)	(13,094)	(14,035)
Dividend payments	(11,919)	(12,252)	(13,186)	(14,129)
Proceeds from borrowings	0	0	93	94
Loan repayment	(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 equivalent	9,557	8,870	2,235	2,895
Ending cash & cash equivalent	8,870	2,235	2,895	3,919

Key Metrics

Year to 31 Dec (%)	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				
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.