UOBKayHian

Sector – Update
Thailand
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Healthcare

OVERWEIGHT
(Upgraded)

Looking Forward To A Strong 2H26

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Highlights

- We are seeing strong recovery from Middle East patient arrivals for all operators, returning to normal levels in Jun 26.
- Most of the operators are able to cope well with the cost pressure by stocking up on medical supplies.
- We forecast a stronger upside for the sector in 2H26, on the high season of Middle East patient arrivals in 3Q26 and lower cost pressure. Upgrade to OVERWEIGHT; our sector picks are BH and PR9.

Analysis

- **Return of Middle East patients as the war situation stabilises.** After war broke out in the Middle East in early-Mar 26, the Strait of Hormuz was closed, disrupting the travel routes of patients from the region. Healthcare operators' Middle East patient revenue still grew yoy in 1Q26 due to long staying patients who were not able to return home, but dropped in Apr 26 as new patients could not travel to Thailand for treatment. In May 26, all operators saw a significant recovery as the ceasefire kicked in and their Middle East patient numbers returned to close to normal levels in Jun 26. The rebound was strongly supported by air connectivity improvements as Middle East airlines rapidly ramped up operations. Hence, we see this as a very promising buildup to the high season for Middle East patient arrivals in 3Q26.
- **Several operators coping with cost pressure well.** While the US-Iran conflict has pushed up fuel and operating costs, several players appear well prepared. Management of Bumrungrad Hospital (BH) and Bangkok Chain Hospital (BCH) see no risk of drug shortages, as the hospital has secured most of the orders for this year's medical supply requirements since early-26. This helps lock in procurement costs and reduce exposure to fluctuations in medical supply prices. As a result, we remain confident in BH's and BCH's ability to manage costs effectively throughout the year.
- Meanwhile, PR9 has secured their supplies up to Jun 26, which will mitigate the impact from rising supply costs. Moreover, PR9 will offset the impact from rising costs from 3Q26 onwards as they will increase the treatment price. We expect that BDMS will be affected the most as its operation scale is large. It is unlikely that BDMS will be able to fully lock in the medical supply for the whole year and hence will need to preserve their inventory instead. We should see the cost pressure take effect in the upcoming quarters as well.

Click here for Full Report dated 10 Jul 26

Segmental Rating

Segment	Rating
Healthcare	OVERWEIGHT (Upgraded)

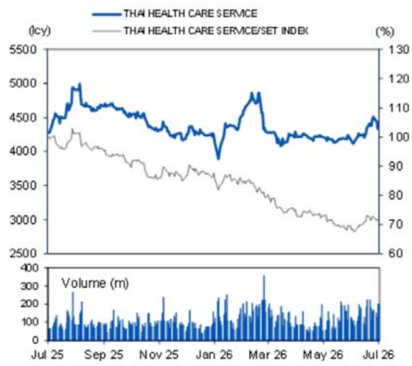
Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price 8 July 26	Target Price (Bt)
Bumrungrad	BH TB	BUY	184.00	236.00
Praram9	PR9 TB	BUY	16.90	24.60

Source: Bloomberg, UOB Kay Hian

Chart



Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Rec	Price 8 July 26 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US$m)	-------- Net Profit -------- 2026F (Btm)	2027F (Bt m)	------------- PE ------------- 2026F (x)	2027F (x)	Net EPS Growth 2026F (%)	P/B 2026F (x)	Yield 2026F (%)	ROE 2026F (%)
BCH TB	BUY	9.65	14.00	45.1	720	1,999	2,114	12.0	11.4	51.8	1.7	4.8	13.4
BDMS TB	BUY	19.20	27.00	40.6	9,136	16,337	17,582	18.7	17.4	3.1	2.8	4.0	14.5
BH TB	BUY	184.00	236.00	28.3	4,379	7,641	8,210	20.9	19.4	1.7	4.9	2.6	24.9
PR9 TB	BUY	16.90	24.60	45.6	398	880	987	15.1	13.5	7.0	2.1	3.3	14.4
Sector					14,633	26,856	28,893	18.9	17.6	5.2	3.3	3.6	17.6

Source: UOB Kay Hian

- **Thai patient spending power remains weak.** Following the weak Thai economy outlook, consumer spending has not been great. The rising fuel cost due to the war has exacerbated the outlook even further. For domestic patients, healthcare providers remain cautious as mid-income patients continue to be price sensitive and reluctant to pay for premium treatments, resulting in subdued growth in Thai patient revenue across the sector. We expect domestic demand to recover gradually as the war situation is unlikely to become even more severe.
- **The epidemic situation this year still needs to be observed.** The number of influenza cases is a great indicator of the disease outbreak trend. According to the Department of Disease Control, the number of influenza cases this year has been trailing the weekly figures from last year but still remains higher than the five-year median. However, we are still at the start of 3Q26, the rainy season. We should see a more meaningful pickup in influenza cases around end of August to early-Sep 26. A meaningful increase in the number of influenza cases should serve as a good catalyst for the healthcare providers, allowing them to receive more outpatients from the epidemic on top of the high season of Middle East patient arrivals in 3Q26.

Earnings Revision/Risk

- **We revise up our 2026 net profit forecasts for BH.** We revise our 2026 net profit forecasts of BH up by 7.8% reflect the faster-than-expected recovery of Middle East patient arrivals.

Earnings Revision

	2026F		
(Btm)	New	Previous	Change
Total revenue	26,942	25,731	4.7%
Operating EBITDA	10,433	9,760	6.9%
Net profit	7,641	7,089	7.8%
			Chg (ppt)
EBITDA margin	38.7%	37.9%	0.79
Net profit margin	28.4%	27.6%	0.81

Source: BH, UOB Kay Hian

- **We revise down our 2026-28 net profit forecasts for BDMS.** We revise our 2026-28 net profit forecasts down by 12.1%, 11.4% and 9.3% respectively to reflect the sluggish growth of Thai patient revenue and the increasing cost pressure.

Earnings Revision

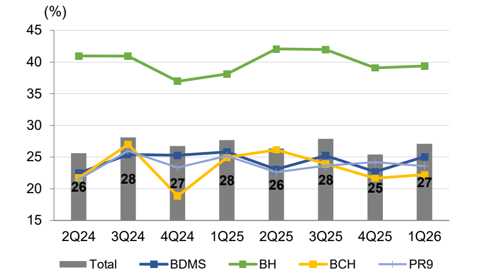
	2026F			2027F			2028F		
(Bt m)	New	Previous	Change	New	Previous	Change	New	Previous	Change
Total revenue	113,983	119,990	-5.0%	120,516	127,183	-5.2%	127,573	132,979	-4.1%
Operating EBITDA	27,734	30,537	-9.2%	29,547	32,345	-8.7%	31,495	33,885	-7.1%
Net profit	16,337	18,593	-12.1%	17,582	19,834	-11.4%	18,839	20,763	-9.3%
			Chg (ppt)			Chg (ppt)			Chg (ppt)
EBITDA margin	24.3%	25.4%	-1.12	24.5%	25.4%	-0.91	24.7%	25.5%	-0.79
Net profit margin	14.8%	16.0%	-1.14	15.1%	16.1%	-0.98	15.3%	16.1%	-0.83

Source: BDMS, UOB Kay Hian

Valuation/Recommendation

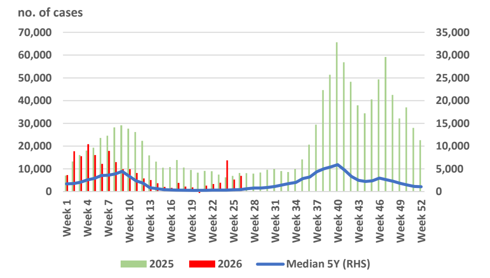
- **Upgrade to OVERWEIGHT; our sector picks are BH and PR9.** The earnings outlook in 2Q26 for healthcare providers will be slightly pressured by the drop in Middle East patient volume in Apr 26. Still, a swift recovery of Middle East patient arrivals in May-Jun 26 should still result in earnings growth yoy in 2Q26. Most of the operators are coping well with the cost pressure caused by the war. Hence, the margins should remain strong across the sector in 2Q26.

EBITDA Margin Of Each Player



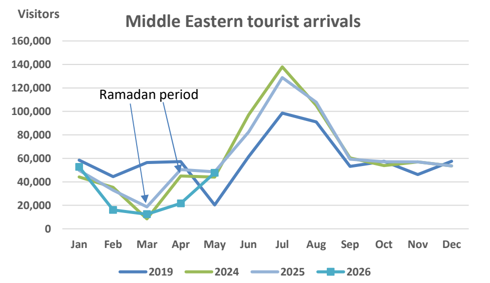
Source: Respective companies, UOB Kay Hian

No. Of Influenza Cases (1 Jan-28 Jun 26)



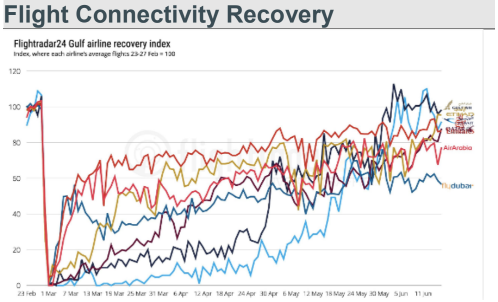
Source: Department of Disease Control, UOB Kay Hian

Middle East Arrivals



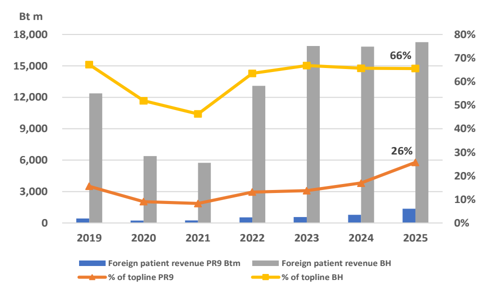
Source: Ministry of Tourism and Sports, UOB Kay Hian

Flight Connectivity Recovery



Source: Flightradar24

Foreign Revenue Contribution – PR9 Vs BH



Source: BH, PR9, UOB Kay Hian

- We see that a stronger upside awaits in 2H26 for the healthcare sector as 3Q26 is the high season for Middle East patient arrivals and the rainy season in Thailand. The cost pressure should also ease as we approach the year-end. We are optimistic with both BH and the newly initiated PR9 as they are the biggest beneficiaries from the return of Middle East patients given their high contribution.

Bumrungrad Hospital (BH TB/BUY/Target: Bt236.00)

- **Positive outlook for Middle East patients.** Management guided for around 2% yoy revenue growth in 2Q26, supported by the recovery in Middle East patient volumes. Middle East revenue grew 21% yoy in 1Q26, driven by patients who remained in Thailand following the conflict, while new arrivals accelerated after the ceasefire. Although patient volumes remain below BH's normal levels, management is satisfied with the pace of recovery.
- **Limited cost pressure despite geopolitical tensions.** BH expects minimal impact from higher fuel and medical supply costs, having secured around three months of drug inventory and one year's worth of medical supplies at locked-in prices. Management also plans to continue placing forward orders to mitigate future cost volatility, supporting margin resilience throughout the year.

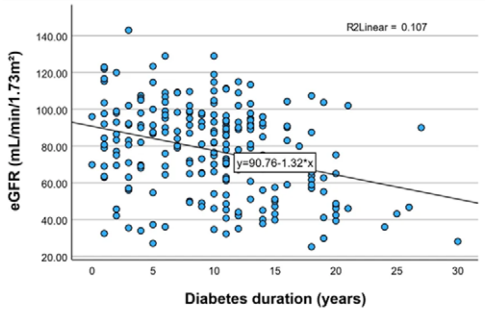
Praram 9 Hospital (PR9 TB/initiate BUY/Target: Bt24.60)

- **Middle East patient volumes rebounded quickly.** The Middle East conflict temporarily disrupted patient travel in early-Mar 26, but volumes recovered following the ceasefire and returned to normal by Jun 26 as airline connectivity resumed. This positions PR9 well for the peak Middle East patient season in 3Q26.
- **Strong positioning in budget-premium segment.** PR9 offers complex tertiary care comparable to BH and BDMS at 20-30% lower prices, making it well positioned to benefit as Middle East governments tighten Guarantee of Payment budgets. Kuwait presents a key growth opportunity following referral reforms that prioritize cost-effective healthcare providers, and we believe PR9 is well placed to secure future referrals.
- **Differentiated specialty offerings.** PR9 is recognised for its expertise in diabetic wound care and kidney transplantation, making it a preferred healthcare provider for Middle East patients. The hospital continues to enhance its capabilities by investing in advanced technologies, including the Da Vinci robotic surgical system introduced in 1Q26, to further expand its complex treatment offerings.

Sector Catalyst/Risk

- The stronger recovery of Middle East patient arrivals in 3Q26.
- The return of Kuwait patients remains positive.
- Cost pressure that should damped in 2H26.
- Domestic patient spending outlook remains weak.

Kidney Function Vs Diabetes Duration

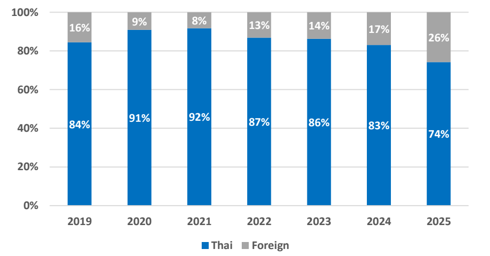


Source: Journal of Clinical Medicine

PR9'S Expansion Pipeline

Source: PR9

PR9'S Revenue Contribution By Nationality



Source: PR9, UOB Kay Hian