

COMPANY UPDATE

Bangkok Chain Hospital (BCH TB)

No More AdjRW>2 Rate Cuts

We attended BCH's 1Q25 analyst meeting, and the tone was positive. Management clarified that SSO's recent high budget spending will not impact the current AdjRW>2 rate of Bt12,000 per head, resolving investors' concerns over the past few days. Despite a slight downward revision in its 2025 guidance due to the weak economy, we still expect a robust yoy earnings growth in 2Q25. Maintain BUY. Target price: Bt17.50.

WHAT'S NEW

- **Positive tone at analyst meeting.** We attended Bangkok Chain Hospital's (BCH) 1Q25 analyst meeting, and the tone was positive.
- **No concerns about a cut to the AdjRW>2 rate in 2H25.** Over the past few days, BCH's share price has dropped by 16%, reaching a 52-week low. The Social Security Office (SSO) started to pay compensations to flood victims in Sep 24 and earthquake victims in Mar 25. These payments have raised investor concerns that the SSO may lack sufficient funds to maintain the AdjRW>2 rate, prompting expectations of a rate cut similar to the previous year. However, management clarified that, based on a recent discussion with the Secretary of the Social Security Medical Board, there is no concern over a potential cut to the Bt12,000 AdjRW>2 rate agreed for 2H25. This clarification is a positive development for BCH's growth prospects, as it removes concerns about a rate cut.
- **Possible increase in provision for account receivables from Kuwait.** BCH's outstanding receivables from Kuwaiti patients stand at around Bt200m, down from a peak of approximately Bt1b following partial repayments. BCH and other operators are in direct contact with the Kuwaiti Embassy in Bangkok, which has issued a letter of guarantee confirming the validity of the outstanding receivables. The letter is being forwarded to Kuwait's Ministry of Health for payment processing. As this process may take time, BCH will need to set aside provisions for a portion of the receivables. The company currently sets a provision of about 3%, but this is expected to increase towards year-end.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	11,729	11,725	12,795	13,732	14,187
EBITDA	2,903	2,709	3,134	3,445	3,647
Operating profit	1,959	1,711	2,156	2,434	2,601
Net profit (rep./act.)	1,406	1,282	1,590	1,807	1,918
Net profit (adj.)	1,406	1,217	1,590	1,807	1,918
EPS (Bt)	0.6	0.5	0.6	0.7	0.8
PE (x)	22.9	26.4	20.2	17.8	16.8
P/B (x)	2.6	2.5	2.3	2.2	2.0
EV/EBITDA (x)	11.0	11.8	10.2	9.3	8.8
Dividend yield (%)	2.7	2.2	2.5	2.8	3.0
Net margin (%)	12.0	10.9	12.4	13.2	13.5
Net debt/(cash) to equity (%)	(4.8)	(3.7)	(9.3)	(14.1)	(19.4)
Interest cover (x)	30.5	49.6	36.7	44.4	46.9
ROE (%)	11.2	10.0	11.8	12.5	12.3
Consensus net profit (Btm)	-	-	1,592	1,794	1,906
UOBKH/Consensus (x)	-	-	1.00	1.01	1.01

Source: Bangkok Chain Hospital, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt12.90
Target Price	Bt17.50
Upside	+35.7%
(Previous TP)	Bt20.00)

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.

STOCK DATA

GICS sector	Health Care
Bloomberg ticker:	BCH TB
Shares issued (m):	2,493.7
Market cap (Btm):	32,169.3
Market cap (US\$m):	986.5
3-mth avg daily t'over (US\$m):	2.6

Price Performance (%)

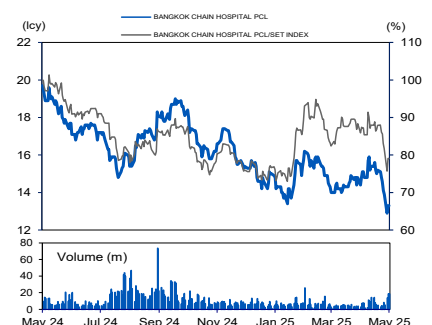
52-week high/low			Bt19.70/Bt12.90	
1mth	3mth	6mth	1yr	YTD
(12.8)	(17.3)	(18.4)	(33.2)	(15.7)

Major Shareholders

	%
Hamphanich family	50.0
Thai NVDR	11.5
Social Security Office	1.9

FY25 NAV/Share (Bt)	5.66
FY25 Net Cash/Share (Bt)	0.64

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **2025 guidance revised down slightly.** Previously, BCH guided a double-digit revenue growth yoy for 2025. However, during the meeting, management indicated that due to the weak economy, it now expects to see an 8-10% yoy revenue growth. The main growth drivers are anticipated to include the return of social security patients following the reopening and rebranding of Kasemrad Pathumthani, as well as improved operations at three newly-opened hospitals – two of which are projected to reach net profit breakeven, and one at the EBITDA level. Management also targets a 10-15% yoy growth in foreign patient revenue in 2025.

Additionally, the fixed AdjRW>2 reimbursement rate of Bt12,000 per head should support BCH's recovery from last year's low base, which was affected by a rate cut. The remaining Bt65m in accrued income from the government's COVID-19 programme is also expected to be largely settled.

- **Robust 2Q25 outlook.** Management guided top-line to grow by 5-6% yoy in 2Q25. BCH's 2Q24 earnings were impacted by a Bt81m reduction in service rates for complex cases (AdjRW>2), resulting in a low base for comparison. With this year's AdjRW>2 rate projected to remain at Bt12,000 per head, no further negative impact from rate adjustments is expected in 2Q25. Additionally, the early arrival of the rainy season is expected to support stronger yoy earnings growth for the quarter.

EARNINGS REVISION/RISK

- **Trim our 2025-27 net profit forecasts.** We cut our 2025-27 net profit forecasts by 11.7%, 11.2%, and 11.0% respectively to reflect the weaker economy and the qoq growth slowdown in the number of registered SSO patients.

EARNINGS REVISION

	2025F			2026F			2027F		
(Btm)	New	Previous	Change	New	Previous	Change	New	Previous	Change
Total revenue	12,795	13,391	-4.4%	13,732	14,346	-4.3%	14,187	14,828	-4.3%
Operating EBITDA	3,134	3,411	-8.1%	3,445	3,744	-8.0%	3,647	3,961	-7.9%
Net profit	1,590	1,800	-11.7%	1,807	2,034	-11.2%	1,918	2,154	-11.0%
	(ppt)			(ppt)			(ppt)		
EBITDA margin	24.5%	25.5%	-0.98	25.1%	26.1%	-1.01	25.7%	26.7%	-1.00
Net profit margin	13.1%	14.2%	-1.07	13.9%	14.9%	-1.07	14.5%	15.6%	-1.08

Source: BCH, UOB Kay Hian

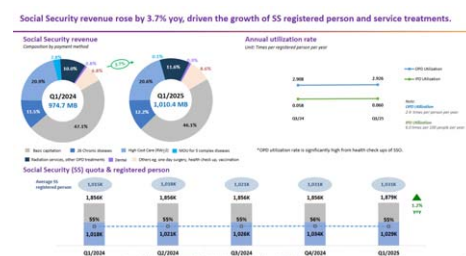
VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt17.50**, based on a 2025 EV/EBITDA multiple of 14.0x. We expect strong yoy earnings growth for BCH in 2Q25 against the low base from last year. Our constructive outlook for BCH is underpinned by: a) a positive earnings outlook for 2Q25, and b) the AdjRW>2 rate in 2H25 remaining unaffected by external factors.

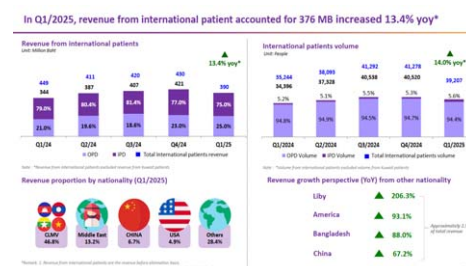
ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5
SET ESG Rating: AA
<ul style="list-style-type: none"> • Environmental <ul style="list-style-type: none"> - Operates business with a sense of responsibility towards the environment, striving to alleviate or minimise the adverse impacts, both direct and indirect. • Social <ul style="list-style-type: none"> - 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 <ul style="list-style-type: none"> - 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.

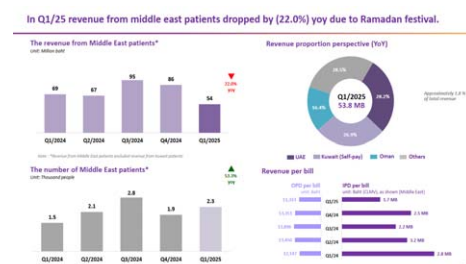
SSO PATIENTS



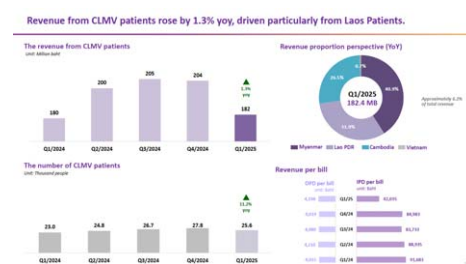
FOREIGN PATIENT BREAKDOWN



MIDDLE-EASTERN PATIENT BREAKDOWN



CLMV PATIENT BREAKDOWN



PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	11,725	12,795	13,732	14,187
EBITDA	2,709	3,134	3,445	3,647
Deprec. & amort.	998	977	1,011	1,046
EBIT	1,711	2,156	2,434	2,601
Total other non-operating income	96	20	21	21
Associate contributions	(1)	1	1	1
Net interest income/(expense)	(55)	(85)	(78)	(78)
Pre-tax profit	1,752	2,092	2,378	2,546
Tax	(346)	(418)	(476)	(484)
Minorities	(123)	(84)	(95)	(144)
Net profit	1,282	1,590	1,807	1,918
Net profit (adj.)	1,217	1,590	1,807	1,918

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	12,753	12,623	12,928	13,288
Other LT assets	849	810	828	836
Cash/ST investment	1,382	2,843	3,653	4,714
Other current assets	2,391	2,555	2,693	2,824
Total assets	17,375	18,830	20,102	21,661
ST debt	631	132	132	149
Other current liabilities	2,247	1,958	2,101	2,171
LT debt	266	1,419	1,421	1,406
Other LT liabilities	203	262	281	291
Shareholders' equity	12,955	13,904	14,917	16,251
Minority interest	1,072	1,155	1,250	1,395
Total liabilities & equity	17,375	18,830	20,102	21,661

CASH FLOW

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	2,656	2,035	2,919	3,048
Pre-tax profit	1,752	2,092	2,378	2,546
Tax	(346)	(418)	(476)	(484)
Deprec. & amort.	998	977	1,011	1,046
Associates	1	(1)	(1)	(1)
Working capital changes	244	(354)	(53)	(89)
Non-cash items	9	(100)	59	28
Other operating cashflows	(1)	(161)	1	1
Investing	(1,696)	(748)	(1,316)	(1,405)
Capex (growth)	(1,583)	(847)	(1,316)	(1,406)
Investments	606	546	547	548
Others	(719)	(447)	(546)	(547)
Financing	(1,602)	12	(793)	(582)
Dividend payments	(923)	(641)	(795)	(904)
Proceeds from borrowings	0	654	2	2
Loan repayment	(681)	0	0	0
Others/interest paid	2	0	0	320
Net cash inflow (outflow)	(641)	1,299	810	1,061
Beginning cash & cash equivalent	2,185	1,544	2,843	3,653
Ending cash & cash equivalent	1,544	2,843	3,653	4,714

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	23.1	24.5	25.1	25.7
Pre-tax margin	14.9	16.3	17.3	17.9
Net margin	10.9	12.4	13.2	13.5
ROA	7.3	8.8	9.3	9.2
ROE	10.0	11.8	12.5	12.3
Growth				
Turnover	(0.0)	9.1	7.3	3.3
EBITDA	(6.7)	15.7	9.9	5.9
Pre-tax profit	(7.0)	19.4	13.7	7.0
Net profit	(8.8)	24.0	13.7	6.1
Net profit (adj.)	(13.5)	30.7	13.7	6.1
EPS	(13.5)	30.7	13.7	6.1
Leverage				
Debt to total capital	6.0	9.3	8.8	8.1
Debt to equity	6.9	11.2	10.4	9.6
Net debt/(cash) to equity	(3.7)	(9.3)	(14.1)	(19.4)
Interest cover (x)	49.6	36.7	44.4	46.9

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