

COMPANY UPDATE

Bangkok Dusit Medical Services (BDMS TB)

Robust Growth Despite Challenging Environment

The tone at BDMS' 1Q25 analyst meeting was neutral. Management revised down its 2025 revenue growth target to 4-6% yoy to accommodate Thailand's weakening GDP. BDMS is now seeking substitute feeder markets for the Middle East, as the high treatment demand from the region is unlikely to be sustainable. We remain optimistic on BDMS, given the decent outlook for 2Q25 and its ability to deliver growth in a challenging economic environment. Maintain BUY. Target price: Bt32.00.

WHAT'S NEW

- **Neutral tone at the meeting.** We attended Bangkok Dusit Medical Services' (BDMS) 1Q25 analyst meeting, and the tone was neutral.
- **2025 guidance slightly revised down.** Management guided that BDMS' top-line typically grows at 2-3 times Thailand's GDP. As such, it revised down its 2025 revenue growth target from 7-8% yoy to 4-6% yoy to reflect weaker consumer spending in Thailand. Despite the expected slowdown in revenue from Thai patients, foreign patient revenue is projected to remain strong, with a growth of 10-15% yoy. Growth in the number of international patients is anticipated to be led by Qatar, the UAE, the UK, and the US.
- For domestic patients, BDMS remains cautious as mid-tier patients are more price sensitive and less willing to pay premium treatment prices. The company plans to reassess its growth guidance by mid-year. BDMS is targeting an EBITDA margin of 24-25%, supported by ongoing cost-efficiency initiatives and brand synergy benefits. Despite attempts to trim some capex, BDMS will still add 90 beds to Bangkok Hospital Chiang Mai and launch the new 220-bed Phyathai Bowin Hospital within the year.
- **Switching the focus of target customers.** The main growth contributors to BDMS' foreign patient base have been Middle Eastern countries such as the UAE and Qatar. This strong growth resulted from an effective marketing campaign; however, robust demand from the Middle East is unlikely to be sustainable as many countries are developing their own treatment facilities. Consequently, BDMS aims to avoid overreliance on Middle Eastern demand. The company is currently seeking new feeder markets with strong economic potential and lower exposure to tariffs. China has emerged as a potential target market for BDMS despite its recovering economy.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	100,853	107,867	117,199	123,353	130,293
EBITDA	24,784	26,646	29,618	31,208	32,965
Operating profit	18,936	20,514	23,075	24,308	25,700
Net profit (rep./act.)	14,375	15,987	18,084	19,133	20,334
Net profit (adj.)	14,375	15,987	18,084	19,133	20,334
EPS (Bt)	0.9	1.0	1.1	1.2	1.3
PE (x)	23.9	21.5	19.0	17.9	16.9
P/B (x)	3.6	3.4	3.3	3.2	2.9
EV/EBITDA (x)	14.3	13.3	12.0	11.4	10.7
Dividend yield (%)	3.2	3.6	4.1	4.3	3.3
Net margin (%)	14.3	14.8	15.4	15.5	15.6
Net debt/(cash) to equity (%)	9.1	9.7	6.3	5.5	0.5
Interest cover (x)	45.3	61.5	150.2	276.5	n.a.
ROE (%)	15.5	16.4	17.7	18.0	18.0
Consensus net profit	-	-	17,035	18,348	19,780
UOBKH/Consensus (x)	-	-	1.06	1.04	1.03

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

BUY

(Maintained)

Share Price	Bt21.60
Target Price	Bt32.00
Upside	+52.8%
(Previous TP)	Bt33.00)

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.

STOCK DATA

GICS sector	Health Care
Bloomberg ticker:	BDMS TB
Shares issued (m):	15,892.0
Market cap (Btm):	343,267.2
Market cap (US\$m):	10,491.4
3-mth avg daily t'over (US\$m):	27.6

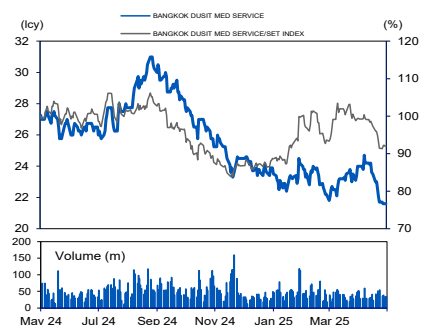
Price Performance (%)

52-week high/low			Bt31.25/Bt21.30	
1mth	3mth	6mth	1yr	YTD
(8.1)	(5.7)	(17.7)	(24.2)	(11.8)

Major Shareholders

	%
Prasartong-osoith family	18.0
Thai NVDR	13.7
Bangkok Airways	5.2
FY25 NAV/Share (Bt)	6.56
FY25 Net Debt/Share (Bt)	0.41

PRICE CHART



Source: Bloomberg

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1Q25 OPERATIONAL STATISTICS

Core Operational Stats	1Q24	4Q24	1Q25	yoy (%)	qoq (%)
OPD visits/day Thai	29,785	30,219	30,461	2%	1%
OPD visits/day Foreign	4,774	4,948	5,260	10%	6%
Available beds	6,686	6,672	6,713	0%	1%
Average daily census Thai	3,712	3,435	3,655	-2%	6%
Average daily census Foreign	761	735	850	12%	16%

Source: BDMS, UOB Kay Hian

STOCK IMPACT

- **There is room for further cost optimisation.** Management believes additional cost savings are achievable. BDMS is actively implementing cost-saving measures such as reducing IT expenses, sharing personnel within the hospital group, and increasing focus on digital marketing. With strong bargaining power in procuring medical supplies and equipment, BDMS benefits from economies of scale, enabling it to secure cheaper supplies than competitors. With an EBITDA margin of 24-25%, BDMS outperforms peers with similar revenue scale.
- **Decent 2Q25 outlook.** In Apr 25, patient revenue growth was weak at 4% yoy, particularly from the Cambodia, Laos, Myanmar, and Vietnam region due to the impact of the earthquake. However, revenue from Middle Eastern patients rebounded strongly after Ramadan ended in 1Q25. Meanwhile, in May 25, management expects stronger growth of around 6% yoy as Thai patients return. Early rains contributed positively, but the impact from the COVID-19 outbreak remains mainly limited to children.

EARNINGS REVISION/RISK

- **Trim our 2025-27 net profit forecasts.** We cut our 2025-27 net profit forecasts by 3.3%, 2.8%, and 2.5% respectively to reflect the weaker consumer spending.

EARNINGS REVISION

(Bt m)	2025F			2026F			2027F		
	New	Previous	Change	New	Previous	Change	New	Previous	Change
Total revenue	113,511	117,199	-3.1%	119,990	123,353	-2.7%	127,183	130,293	-2.4%
Operating EBITDA	28,882	29,618	-2.5%	30,537	31,208	-2.1%	32,345	32,965	-1.9%
Net profit	17,492	18,084	-3.3%	18,593	19,133	-2.8%	19,834	20,334	-2.5%
	(ppt)			(ppt)			(ppt)		
EBITDA margin	25.4%	25.3%	0.17	25.4%	25.3%	0.15	25.4%	25.3%	0.13
Net profit margin	15.9%	15.9%	0.00	16.0%	16.0%	0.00	16.1%	16.1%	0.00

Source: BDMS, UOB Kay Hian

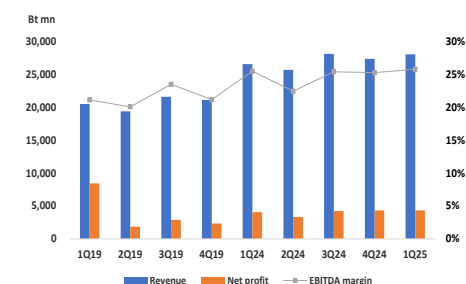
VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt32.00.** Our valuation is based on a five-year average EV/EBITDA of 18.0x, excluding the COVID-19 period. There was a significant sell-off of stocks related to consumer spending recently as the Thai economy weakened, causing BDMS' share price to reach a 52-week low. However, we take a contrarian view, seeing this as a good opportunity to accumulate shares, as the valuation is at an attractive level of -2SD to the two-year mean EV/EBITDA.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

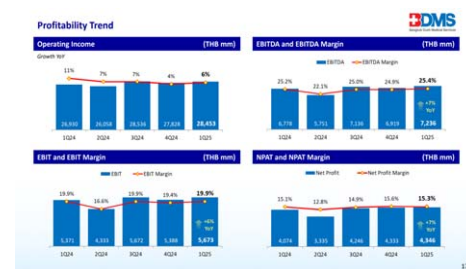
CG Report: 5
SET ESG Rating: AA
• Environmental <ul style="list-style-type: none"> - Energy efficiency and waste management by using energy-saving equipment and renewable energy sources.
• Social <ul style="list-style-type: none"> - High-quality and accessible healthcare services. - Strong community engagement with active participation in health education and disaster relief efforts.
• Governance <ul style="list-style-type: none"> - Strict standards to ensure transparency and ethical business practices. - Promotes culture of compliance and ethics through established codes of conduct and anti-corruption policies.

QUARTERLY PERFORMANCE



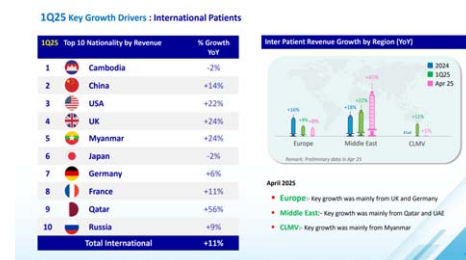
Source: BDMS, UOB Kay Hian

PROFITABILITY TREND



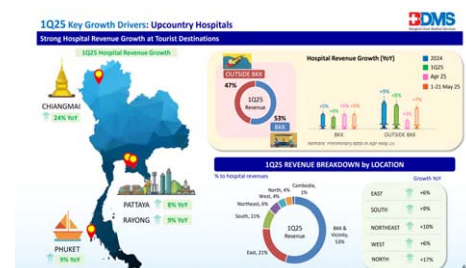
Source: BDMS, UOB Kay Hian

GROWTH IN FOREIGN PATIENT NUMBERS



Source: BDMS, UOB Kay Hian

PATIENT GROWTH BY REGION



Source: BDMS, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	107,867	117,199	123,353	130,293
EBITDA	26,646	29,618	31,208	32,965
Deprec. & amort.	6,132	6,543	6,901	7,266
EBIT	20,514	23,075	24,308	25,700
Total other non-operating income	175	180	184	188
Associate contributions	76	108	119	131
Net interest income/(expense)	(433)	(197)	(113)	0
Pre-tax profit	20,331	23,166	24,498	26,018
Tax	(3,792)	(4,517)	(4,777)	(5,074)
Minorities	(552)	(565)	(587)	(611)
Net profit	15,987	18,084	19,133	20,334
Net profit (adj.)	15,987	18,084	19,133	20,334

CASH FLOW

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	23,328	25,856	26,761	28,367
Pre-tax profit	20,331	23,166	24,498	26,018
Tax	(3,792)	(4,517)	(4,777)	(5,074)
Deprec. & amort.	6,132	6,543	6,901	7,266
Associates	(76)	(108)	(119)	(131)
Working capital changes	340	(296)	(369)	(416)
Non-cash items	320	718	508	573
Other operating cashflows	72	349	119	131
Investing	(12,656)	(8,603)	(11,473)	(11,794)
Capex (growth)	(13,314)	(8,368)	(11,873)	(12,254)
Investments	3,039	2,977	3,142	3,321
Others	(2,381)	(3,212)	(2,741)	(2,862)
Financing	(11,717)	(20,336)	(17,592)	(11,093)
Dividend payments	(12,232)	(13,916)	(14,681)	(11,184)
Proceeds from borrowings	224	0	0	90
Loan repayment	0	(6,421)	(2,911)	0
Others/interest paid	291	0	0	0
Net cash inflow (outflow)	(1,046)	(3,083)	(2,304)	5,480
Beginning cash & cash equivalent	9,495	8,449	5,366	3,062
Ending cash & cash equivalent	8,449	5,366	3,062	8,541

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	123,860	125,685	130,658	135,646
Other LT assets	3,994	3,915	4,129	4,364
Cash/ST investment	8,690	5,366	3,062	8,541
Other current assets	14,969	14,111	14,852	15,687
Total assets	151,514	149,076	152,700	164,238
ST debt	4,818	4,321	1,334	1,348
Other current liabilities	17,195	16,760	17,639	18,632
LT debt	13,540	7,616	7,692	7,769
Other LT liabilities	12,034	11,720	12,335	13,029
Shareholders' equity	100,037	104,205	108,657	117,808
Minority interest	3,890	4,455	5,042	5,653
Total liabilities & equity	151,514	149,076	152,700	164,238

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	24.7	25.3	25.3	25.3
Pre-tax margin	18.8	19.8	19.9	20.0
Net margin	14.8	15.4	15.5	15.6
ROA	10.8	12.0	12.7	12.8
ROE	16.4	17.7	18.0	18.0
Growth				
Turnover	7.0	8.7	5.3	5.6
EBITDA	7.5	11.2	5.4	5.6
Pre-tax profit	9.0	13.9	5.7	6.2
Net profit	11.2	13.1	5.8	6.3
Net profit (adj.)	11.2	13.1	5.8	6.3
EPS	11.2	13.1	5.8	6.3
Leverage				
Debt to total capital	15.0	9.9	7.4	6.9
Debt to equity	18.4	11.5	8.3	7.7
Net debt/(cash) to equity	9.7	6.3	5.5	0.5
Interest cover (x)	61.5	150.2	276.5	n.a.

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