

Bangkok Dusit Medical Services (BDMS TB)

Key Takeaways From ASEAN Gems Conference

Highlights

- BDMS attended the Asian Gems Conference, and the tone of the meeting was positive.
- Investors appreciate BDMS for its strong defensive qualities and attractive valuation.
- BDMS remains as our top pick as the impact from the Middle East unrest is small relative to its peers and we like its strong long-term growth plan. We maintain BUY with a target price of Bt32.00.

Analysis

- **Strong defensive qualities.** Bangkok Dusit Medical Services (BDMS) is a good example of a strong pick in the healthcare sector as it possesses strong defensive qualities for the investment portfolio. For an extended period, BDMS is able to withstand several pressuring factors while showing a continuous growth in revenue and maintaining its margin well above the average level of the SET.
- **2026 guidance.** BDMS targets revenue growth of 2-4% yoy in 2026, supported by foreign patient revenue growth of 5-7% yoy and Thai patient revenue growth of 1-3% yoy. Similar to last year, key foreign markets are expected to be Myanmar (+31% yoy) and the US (+19% yoy). This outlook assumes that tensions in the Middle East will ease quickly; otherwise, management will reassess guidance in the 1Q26 meeting. BDMS remains cautious on Thai patient demand given the weak domestic economy and plans to prioritise cost efficiency through bundled procurement and greater use of in-house brands, aiming to maintain an EBITDA margin of 24% through operational synergies. Capacity expansion this year includes 52 beds at Bangkok Hua Hin and 60 beds at Bangkok Surat. Going forward, BDMS plans to slow bed additions and focus more on improving bed utilisation.
- **Challenging outlook in 1Q26.** Based on Jan 26 data, revenue growth of around 2% yoy appears relatively soft. Ongoing tensions with Cambodia continue to weigh on foreign patient flows, limiting growth in foreign patient revenue to 2% yoy, while Thai patient revenue remained flat yoy in Jan 26. As a result, we expect a challenging 1Q26 outlook, particularly as outbreak-related cases in Feb 26 normalised from the high base recorded in 2025.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	107,867	111,507	119,990	127,183	132,979
EBITDA	26,646	27,076	30,537	32,345	33,885
Operating profit	20,514	20,228	23,637	25,079	26,246
Net profit (rep./act.)	15,987	15,848	18,593	19,834	20,763
Net profit (adj.)	15,987	15,848	18,593	19,834	20,763
EPS (Bt)	1.0	1.0	1.2	1.2	1.3
PE (x)	18.6	18.8	16.0	15.0	14.3
P/B (x)	3.0	2.8	2.7	2.6	2.5
EV/EBITDA (x)	11.5	11.4	10.1	9.5	9.1
Dividend yield (%)	4.0	5.3	4.7	5.0	5.2
Net margin (%)	14.8	14.2	15.5	15.6	15.6
Net debt/(cash) to equity (%)	9.7	9.7	5.1	3.8	2.6
Interest cover (x)	61.5	75.9	270.6	n.a.	n.a.
ROE (%)	16.4	15.4	17.2	17.5	17.6
Consensus net profit (Btm)	-	-	16,891	17,917	18,985
UOBKH/Consensus (x)	-	-	1.10	1.11	1.09

Source: BDMS, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt18.70
Target Price	Bt32.00
Upside	+71.1%

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Stock Data

GICS sector	Health Care
Bloomberg ticker:	BDMS TB
Shares issued (m):	15,892.0
Market cap (Btm):	297,180.4
Market cap (US\$m):	9,232.9
3-mth avg daily t'over (US\$m):	50.9

Price Performance (%)

52-week high/low	Bt24.90/Bt17.40				
1mth	3mth	6mth	1yr	YTD	
(11.0)	(2.6)	(9.7)	(20.1)	(3.1)	

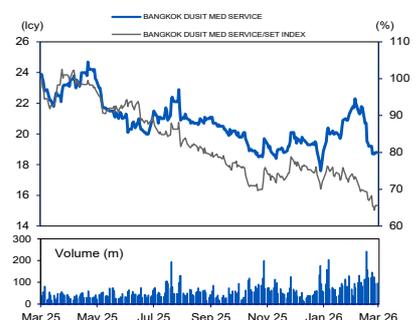
Major Shareholders

Prasartong-osothe family	15.0
Thai NVDR	9.0

Balance Sheet Metrics

FY26 NAV/Share (Bt)	6.96
FY26 Net Debt/ Share (Bt)	0.35

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.

- Minimal impact from Middle East tensions if resolved quickly.** Management expects the tensions in the Middle East to ease in the near term. If the situation stabilises soon, the impact on BDMS' earnings should be limited, as the period overlaps with Ramadan, when patients from the Middle East typically avoid overseas travel. Even if tensions persist, BDMS is likely to be among the least affected healthcare operators, given that Middle Eastern patients account for only about 4% of its revenue. In a worst-case scenario where revenue from the Middle East disappears entirely through 2026, we estimate the downside to 2026 earnings at around 8%. In comparison, peers such as BH, where Middle Eastern patients contribute about 24% of revenue, and PR9, at roughly 10%, would face a more significant impact.
- Long-term expansion target.** Going forward, BDMS will slow down its branch expansions. It will mainly focus on improving the bed occupancy rate from 64% in 2025 to 70-75%. To attract more patients, BDMS is focusing on providing unique products and utilising new facilities such as the new rehabilitation centre, the new radiation centre, and the Proton Center. Moreover, BDMS will focus on increasing the foreign patient revenue portion from 28% currently to 30-40%.
- Copayment impact likely to emerge gradually.** BDMS indicated that major insurers' recent decision to phase out lump-sum policies was largely anticipated after years of discussions. The company sees this shift as an opportunity to raise patient awareness and support broader health insurance penetration in Thailand. The impact from copayment schemes is expected to unfold gradually over the next two years. While lump-sum policies should remain available, premiums are likely to rise significantly, whereas copayment plans are expected to be at least 20-25% cheaper (assuming a 20% copayment). BDMS views the emergence of the copayment scheme as its growth driver, given the more affordable fees under copayment insurance. In the long term, BDMS targets to increase the insurance payors from 38% currently to 40-45%.

Valuation/Recommendation

- Maintain BUY with a target price of Bt32.00.** Our valuation is based on a five-year average EV/EBITDA multiple of 18.0x (excluding COVID-19 years). Despite several pressuring factors, BDMS remains our top pick, as Middle East patient revenue contribution for BDMS is smaller relative to its peers and BDMS' foreign patient portfolio is well-diversified. We also like BDMS for its strong long-term growth plan. Moreover, the current valuation is attractive at 11.0x EV/EBITDA (2SD below its five-year mean).

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.

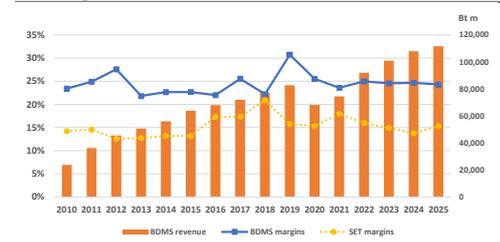
Social

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

Governance

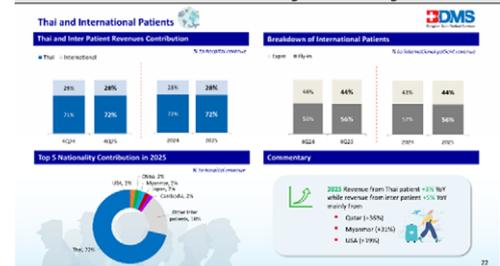
- BDMS has a robust sustainability governance structure.** The Corporate Sustainability Development Committee (CSD) oversees sustainability strategy, reporting, risk management, stakeholder engagement, etc.
- Promotes culture of compliance and ethics** through established codes of conduct and anti-corruption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

Strong Defensive Qualities



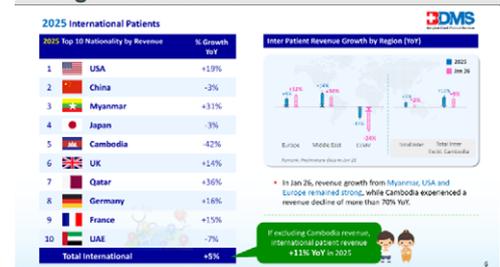
Source: Bloomberg, BDMS, UOB Kay Hian

Revenue Contribution By Country



Source: BDMS

Foreign Patient Growth



Source: BDMS

Revenue By Payor Type



Source: BDMS

Expansion Pipeline



Source: BDMS

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	111,507	119,990	127,183	132,979
EBITDA	27,076	30,537	32,345	33,885
Deprec. & amort.	6,848	6,901	7,266	7,639
EBIT	20,228	23,637	25,079	26,246
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	23,827	25,398	26,581
Tax	(3,694)	(4,646)	(4,953)	(5,183)
Minorities	(520)	(587)	(611)	(635)
Net profit	15,848	18,593	19,834	20,763
Net profit (adj.)	15,848	18,593	19,834	20,763

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	22,104	26,282	27,874	29,168
Pre-tax profit	20,063	23,827	25,398	26,581
Tax	(3,694)	(4,646)	(4,953)	(5,183)
Deprec. & amort.	6,848	6,901	7,266	7,639
Working capital changes	(1,490)	687	(432)	(348)
Non-cash items	136	1,153	594	479
Other operating cashflows	319	(1,520)	131	144
Investing	(12,165)	(9,311)	(11,792)	(12,329)
Capex (growth)	(12,771)	(7,775)	(12,254)	(12,647)
Investment	3,743	3,928	4,128	4,344
Others	(3,137)	(5,464)	(3,666)	(4,026)
Financing	(10,626)	(22,354)	(14,783)	(15,478)
Dividend payments	(11,919)	(13,945)	(14,876)	(15,572)
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)	(5,382)	1,299	1,360
Beginning cash & cash equivalent	9,557	8,870	3,487	4,786
Ending cash & cash equivalent	8,870	3,487	4,786	6,146

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	4,888	5,146	5,408
Cash/ST investment	7,231	3,487	4,786	6,146
Other current assets	15,878	14,447	15,313	16,011
Total assets	157,961	153,480	160,890	168,219
ST debt	6,879	1,394	1,410	1,426
Other current liabilities	16,750	17,159	18,187	19,016
LT debt	10,608	7,684	7,761	7,839
Other LT liabilities	13,716	11,999	12,718	13,298
Shareholders' equity	105,894	110,543	115,501	120,692
Minority interest	4,114	4,702	5,313	5,948
Total liabilities & equity	157,961	153,480	160,890	168,219

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	24.3	25.4	25.4	25.5
Pre-tax margin	18.0	19.9	20.0	20.0
Net margin	14.2	15.5	15.6	15.6
ROA	10.2	11.9	12.6	12.6
ROE	15.4	17.2	17.5	17.6
Growth				
Turnover	3.4	7.6	6.0	4.6
EBITDA	1.6	12.8	5.9	4.8
Pre-tax profit	(1.3)	18.8	6.6	4.7
Net profit	(0.9)	17.3	6.7	4.7
Net profit (adj.)	(0.9)	17.3	6.7	4.7
EPS	(0.9)	17.3	6.7	4.7
Leverage				
Debt to total capital	13.7	7.3	7.1	6.8
Debt to equity	16.5	8.2	7.9	7.7
Net debt/(cash) to equity	9.7	5.1	3.8	2.6
Interest cover (x)	75.9	270.6	n.a.	n.a.

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