

## Bangkok Chain Hospital (BCH TB)

Weak Earnings Expected In 1Q26; Pressured By Renovation Expenses

### Highlights

- BCH is expected to report a weak net profit of Bt265m in 1Q26 (-17.7% yoy, +1.9% qoq).
- Rising expenses from renovation at several hospitals are likely the key reason for the earnings contraction.
- Despite the challenging outlook in 2Q26, we remain optimistic with BCH as upside is expected after the war. Maintain BUY with a target price of Bt14.00.

### 1Q26 Earnings Preview

Year to 31 Dec (Btm)	1Q25	4Q25	1Q26F	yoy (%)	qoq (%)	2025	2026F	yoy (%)
Total revenue	2,903	2,956	2,915	0.4%	-1.4%	11,913	14,452	21%
Gross profit	815	763	770	-5.6%	0.9%	3,324	4,567	37%
SG&A	(376)	(449)	(436)	16.2%	-2.7%	(1,621)	(1,994)	23%
Operating EBITDA	724	641	641	-11.5%	0.0%	2,881	3,697	28%
Core profit	327	246	249	-23.9%	1.0%	1,275	1,999	57%
Net profit	321	260	265	-17.7%	1.9%	1,316	1,999	52%
EPS (Bt)	0.13	0.10	0.11	-17.7%	1.9%	0.53	0.80	52%
(%)	1Q25	4Q25	1Q26F	yoy (ppt)	qoq (ppt)	2025	2026F	yoy (ppt)
Gross margin	28.1%	25.8%	26.4%	(1.7)	0.6	27.9%	31.6%	3.7
SG&A to sales	12.9%	15.2%	15.0%	2.0	(0.2)	13.6%	13.8%	0.2
EBITDA margin	24.9%	21.7%	22.0%	(3.0)	0.3	24.2%	25.6%	1.4
Net profit margin	11.1%	8.8%	9.1%	(2.0)	0.3	11.1%	13.8%	2.8

Source: BCH, UOB Kay Hian

### Analysis

- **Expect a weak net profit in 1Q26.** Bangkok Chain Hospital (BCH) is expected to report a net profit of Bt265m in 1Q26 (-17.7% yoy, +1.9% qoq). The earnings contraction yoy is mainly due to the yoy increase in expenses from renovations at several hospitals. The top-line should be at Bt2.9b (+0.4% yoy, -1.4% qoq), mainly due to a low single-digit drop in self-pay patient revenue being offset by mid-single-digit growth in social security patient revenue. The revenue from Thai patients was expected to drop by low single-digit yoy in 1Q26 due to fewer disease outbreaks and weaker spending power. Meanwhile, the foreign patient revenue should remain flattish yoy in 1Q26, mainly from strong growth in Middle East patient revenue being offset by the drop in Cambodian patient revenue. As a result, we expect BCH's margins to drop substantially yoy.

### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	11,725	11,913	14,452	14,907	16,046
EBITDA	2,709	2,881	3,697	3,907	4,191
Operating profit	1,711	1,815	2,686	2,861	3,107
Net profit (rep./act.)	1,282	1,316	1,999	2,114	2,300
Net profit (adj.)	1,217	1,275	1,999	2,114	2,300
EPS (Bt)	0.5	0.5	0.8	0.8	0.9
PE (x)	19.2	18.3	11.7	11.0	10.1
P/B (x)	1.8	1.8	1.6	1.5	1.4
EV/EBITDA (x)	8.3	7.8	6.1	5.7	5.3
Dividend yield (%)	3.0	3.2	5.0	5.2	5.7
Net margin (%)	10.9	11.1	13.8	14.2	14.3
Net debt/(cash) to equity (%)	(3.7)	(6.2)	(14.1)	(20.3)	(24.8)
Interest cover (x)	49.6	58.1	47.6	50.3	54.4
ROE (%)	10.0	10.1	14.4	13.9	13.9
Consensus net profit (Btm)	-	-	1,388	1,459	1,507
UOBKH/Consensus (x)	-	-	1.44	1.45	1.53

Source: BCH, Bloomberg, UOB Kay Hian

**BUY** (Maintained)

Share Price	Bt9.35
Target Price	Bt14.00
Upside	+49.7%

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### Stock Data

GICS sector	Health Care
Bloomberg ticker:	BCH TB
Shares issued (m):	2,493.7
Market cap (Btm):	23,316.5
Market cap (US\$m):	723.9
3-mth avg daily t'over (US\$m):	4.6

### Price Performance (%)

52-week high/low	Bt16.00/Bt9.20			
1mth	3mth	6mth	1yr	YTD
(4.1)	(5.6)	(13.4)	(36.8)	(10.1)

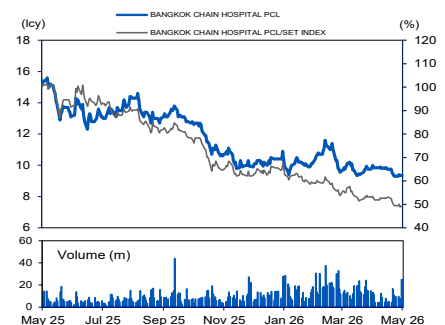
### Major Shareholders

Harnphanich family	50.0
Thai NVDR	11.5

### Balance Sheet Metrics

FY26 NAV/Share (Bt)	5.83
FY26 Net Debt/ Share (Bt)	0.82

### Price Chart



Source: Bloomberg

### 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.

- Strong surge in Middle East patient revenue in 1Q26.** Management previously mentioned that its Middle Eastern patient admissions were mostly front-loaded in Jan-Feb 26; hence, the war has not impacted earnings in 1Q26. As a result, BCH's Middle East patient revenue is expected to rise by 100% yoy, mainly from the new referrals from Qatar and the increase in referrals from the United Arab Emirates (UAE). For UAE patients specifically, the specialised doctor for diabetic wound treatment now only works at BCH, unlike last year. This has brought BCH's UAE patient revenue up by 200% yoy in 1Q26. This strong growth should offset the drop in Cambodian patient revenue, which should lead to flattish foreign patient revenue yoy.
- Challenging 2Q26 outlook.** Based on the current situation, 2Q26 earnings are expected to continue to drop yoy. The yoy drop in Cambodian patient revenue should ease in 2Q26 as the conflict between Thailand and Cambodia started in mid-2Q25, resulting in a low base effect. However, the spending power of Thai patients remains weak and BCH would likely see a yoy drop in Thai patient revenue in 2Q26. Meanwhile, Middle East patient revenue should remain flattish qoq as patients are still experiencing difficulty travelling due to the war. However, once the war is concluded, we could see an influx of Middle East patient arrivals.
- Limited concern over cost pressure.** The US-Iran conflict has driven fuel and operating costs higher, but BCH appears well prepared. Management sees no risk of drug shortages, as the hospital has already placed orders for 80-90% of medical supplies for this year's usage since early-26. This effectively locks in procurement costs and shields BCH from fluctuations in medical supply prices. As a result, we remain positive on BCH's ability to control its cost side throughout the year.
- Potential increase in SSO treatment fees.** The Social Security Office (SSO) has raised the wage ceiling effective from 2026. According to management, SSO officials acknowledge that an increase in treatment fees would be reasonable. SSO will establish a committee to consider the increase of treatment fee, with the approval date expected in 4Q26. The treatment fee that is most likely to increase would be the base capitation rate, which should see an around 10% increase to offset rising medical inflation.

## Valuation/Recommendation

- Maintain BUY with a target price of Bt14.00**, based on a 2026 EV/EBITDA of 10.0x, in line with its three-year historical average. We remain optimistic on BCH, due to: a) the upside from the probable increase of SSO treatment fees, and b) no concern about cost pressure from medical supply.

## Environment, Social, Governance (ESG) Updates

### Environmental

- Operates business with a sense of responsibility** towards the environment, striving to alleviate or minimise the adverse impacts, both direct and indirect.

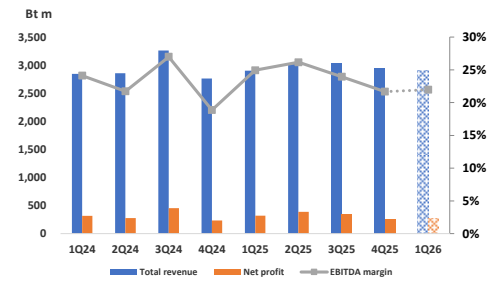
### Social

- 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

- 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.

## Quarterly Performance



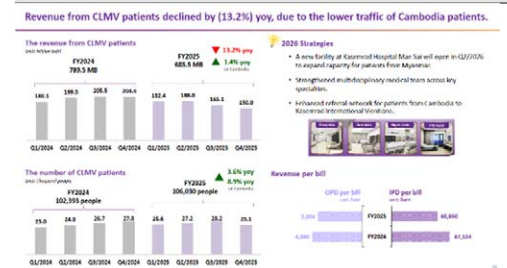
Source: BCH, UOB Kay Hian

## No. Of SSO Registered Patients



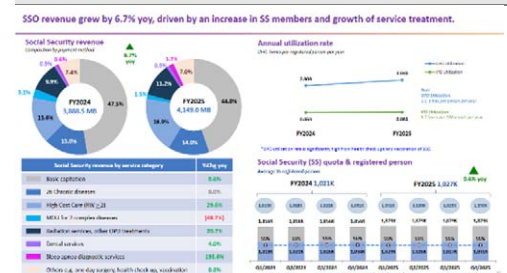
Source: BCH

## CLMV Patient Breakdown



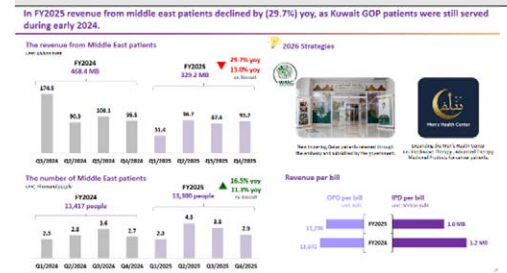
Source: BCH

## SSO Revenue Breakdown



Source: BCH

## Middle East Patient Breakdown



Source: BCH

### Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	11,913	14,452	14,907	16,046
EBITDA	2,881	3,697	3,907	4,191
Deprec. & amort.	1,067	1,011	1,046	1,084
EBIT	1,815	2,686	2,861	3,107
Total other non-operating income	62	21	21	22
Associate contributions	2	1	1	1
Net interest income/(expense)	(50)	(78)	(78)	(77)
<b>Pre-tax profit</b>	<b>1,829</b>	<b>2,630</b>	<b>2,806</b>	<b>3,054</b>
Tax	(403)	(526)	(533)	(580)
Minorities	(109)	(105)	(159)	(173)
Net profit	1,316	1,999	2,114	2,300
Net profit (adj.)	1,275	1,999	2,114	2,300

### Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
<b>Operating</b>	<b>2,740</b>	<b>2,934</b>	<b>3,276</b>	<b>3,592</b>
Pre-tax profit	1,829	2,630	2,806	3,054
Tax	(403)	(526)	(533)	(580)
Deprec. & amort.	1,067	1,011	1,046	1,084
Working capital changes	285	(222)	(72)	(36)
Non-cash items	(37)	41	28	71
Other operating cashflows	2	1	1	1
<b>Investing</b>	<b>(1,155)</b>	<b>(1,051)</b>	<b>(1,408)</b>	<b>(1,504)</b>
Capex (growth)	(1,172)	(1,081)	(1,406)	(1,502)
Investment	596	599	603	607
Others	(579)	(569)	(604)	(609)
<b>Financing</b>	<b>(681)</b>	<b>(729)</b>	<b>(677)</b>	<b>(1,071)</b>
Dividend payments	(641)	(658)	(999)	(1,057)
Proceeds from borrowings	0	682	2	0
Loan repayment	(26)	0	0	(14)
Others/interest paid	(14)	(753)	320	0
Net cash inflow (outflow)	903	1,154	1,191	1,017
Beginning cash & cash equivalent	1,544	2,447	3,601	4,792
Ending cash & cash equivalent	2,447	3,601	4,792	5,809

### Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	12,858	12,928	13,288	13,706
Other LT assets	830	895	906	931
Cash/ST investment	1,694	3,601	4,792	5,809
Other current assets	2,103	2,288	2,401	2,541
<b>Total assets</b>	<b>17,486</b>	<b>19,713</b>	<b>21,387</b>	<b>22,987</b>
ST debt	633	132	149	850
Other current liabilities	2,207	2,211	2,281	2,455
LT debt	238	1,421	1,406	690
Other LT liabilities	201	296	306	329
Shareholders' equity	13,186	14,526	15,961	17,204
Minority interest	1,021	1,126	1,285	1,458
<b>Total liabilities &amp; equity</b>	<b>17,486</b>	<b>19,713</b>	<b>21,387</b>	<b>22,987</b>

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Profitability</b>				
EBITDA margin	24.2	25.6	26.2	26.1
Pre-tax margin	15.3	18.2	18.8	19.0
Net margin	11.1	13.8	14.2	14.3
ROA	7.6	10.7	10.3	10.4
ROE	10.1	14.4	13.9	13.9
<b>Growth</b>				
Turnover	1.6	21.3	3.2	7.6
EBITDA	6.4	28.3	5.7	7.3
Pre-tax profit	4.4	43.8	6.7	8.8
Net profit	2.7	51.8	5.7	8.8
Net profit (adj.)	4.8	56.8	5.7	8.8
EPS	4.8	56.8	5.7	8.8
<b>Leverage</b>				
Debt to total capital	5.8	9.0	8.3	7.6
Debt to equity	6.6	10.7	9.7	9.0
Net debt/(cash) to equity	(6.2)	(14.1)	(20.3)	(24.8)
Interest cover (x)	58.1	47.6	50.3	54.4

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