Bangkok Chain Hospital (BCH TB)

3Q26: Earnings Beat Due To Stronger-Than-Expected Margins

Highlights

- BCH reported a net profit of Bt508m in 3Q26. The core profit is at Bt409m (+28.2% yoy, +19.2% qoq), which is above our forecast and the consensus.
- We can see decent growth from all patient segments while the stronger-than-expected margin is the key reason for the earnings beat.
- We remain positive on BCH's 4Q26 outlook, supported by KIH Ubon which is expected to deliver a swift improvement in performance and a low earnings base in 4Q26 due to the AdRW>2 item. Maintain BUY with a target price of Bt13.00.

3Q26 Results

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26	yoy (%)	qoq (%)	9M25	9M26	yoy (%)
Total revenue	3,034	2,980	3,195	5.3%	7.2%	8,957	9,081	1%
Gross profit	837	856	951	13.7%	11.1%	2,561	2,568	0%
SG&A	(395)	(406)	(443)	12.1%	9.2%	(1,173)	(1,255)	7%
Operating EBITDA	727	751	813	11.9%	8.4%	2,241	2,210	-1%
Core profit	319	343	409	28.2%	19.2%	1,029	1,020	-1%
Net profit	347	343	508	46.3%	48.1%	1,057	1,119	6%
EPS (Bt)	0.14	0.14	0.20	46.3%	48.1%	0.42	0.45	6%
(%)	**3Q25**	**2Q26**	**3Q26**	**yoy (ppt)**	**qoq (ppt)**	**9M25**	**9M26**	**yoy (ppt)**
Gross margin	27.6%	28.7%	29.8%	2.2	1.0	28.6%	28.3%	(0.3)
SG&A to sales	13.0%	13.6%	13.9%	0.8	0.3	13.1%	13.8%	0.7
EBITDA margin	24.0%	25.2%	25.5%	1.5	0.3	25.0%	24.3%	(0.7)
Net profit margin	11.4%	11.5%	15.9%	4.5	4.4	11.8%	12.3%	0.5

Source: BCH, UOB Kay Hian

Analysis

- **Strong earnings beat in 3Q26.** Bangkok Chain Hospital (BCH) reported a net profit of Bt508m in 3Q26 (+46.3% yoy, +48.1% qoq). If we exclude a gain from business acquisition of Bt124m, the core profit comes in at Bt409m (+28.2% yoy, +19.2% qoq) which is above our forecast and the consensus. The beat is attributable to stronger-than-expected gross margins from the increasing volume of foreign patients and reduction of several expenses, with the strong contributor being Thai patient revenue growth from seasonal outbreaks. Middle East patient revenue continues to grow yoy and qoq due to new referrals from Qatar and UAE. All patient segments are showing decent revenue growth yoy. Foreign patient revenue continues to show growth with main contributors such as Saudi Arabia, Laos, Myanmar and Libya. As a result, the EBITDA margins expanded 1.5 ppt yoy and 0.3 ppt qoq.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	11,725	11,913	12,123	12,787	13,180
EBITDA	2,709	2,881	2,946	3,150	3,293
Operating profit	1,711	1,815	1,936	2,104	2,209
Net profit (rep./act.)	1,282	1,316	1,364	1,486	1,564
Net profit (adj.)	1,217	1,275	1,364	1,486	1,564
EPS (Bt)	0.5	0.5	0.5	0.6	0.6
PE (x)	22.5	21.5	20.1	18.5	17.5
P/B (x)	2.1	2.1	2.0	1.8	1.7
EV/EBITDA (x)	10.1	9.5	9.3	8.7	8.3
Dividend yield (%)	2.5	2.7	2.9	3.1	3.3
Net margin (%)	10.9	11.1	11.2	11.6	11.9
Net debt/(cash) to equity (%)	(3.7)	(6.2)	(8.8)	(13.8)	(16.0)
Interest cover (x)	49.6	58.1	37.9	40.5	42.8
ROE (%)	10.0	10.1	10.1	10.3	10.1
Consensus net profit (Btm)	-	-	1,307	1,396	1,440
UOBKH/Consensus (x)	-	-	1.04	1.06	1.09

Source: Bangkok Chain Hospital, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt11.00
Target Price	Bt13.00
Upside	+18.2%

Stock Data

Sector	Health Care
Bloomberg ticker	BCH TB
Shares issued (m)	2,493.7
Market cap (Btm)	27,431.2
Market cap (US$m)	809.6
3-mth avg daily t'over (US$m)	3.2

Price Performance (%)

52-week high/low				Bt12.10/Bt9.10
1mth	3mth	6mth	1yr	YTD
(2.7)	0.0	19.6	0.9	5.8

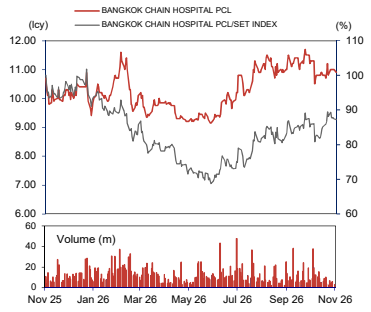
Major Shareholders (%)

Harnphanich family	50.0
Thai NVDR	11.5

Balance Sheet Metrics

FY26 NAV/Share (Bt)	5.57
FY26 Net Debt/ Share (Bt)	0.49

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.

- **Conclusion on the SSO reimbursement rate increase.** The SSO's decision to raise the wage ceiling effective in 2026 has strengthened the case for higher treatment fees. Following its latest meeting, the SSO and medical board have agreed on a 3-4% increase in the basic capitation rate, effective 1 Jan 27. Although this is below the previously guided 10% increase, based on the adjustment made four years ago, it remains broadly in line with our assumption of a 5% increase. We continue to view the higher reimbursement rate as a positive earnings catalyst for BCH in 2027.
- **Limited impact from flooding.** Flash floods affected Bangkok and several surrounding provinces from late-Sep 26 to mid-Oct 26 due to heavy monsoon rainfall. BCH's hospitals in Ramkhamhaeng, Prachinburi, and Chachoengsao experienced temporary disruptions, restricting patient access for approximately two weeks and resulting in some deferred appointments. We estimate the revenue impact at around Bt23m, representing only 0.7% of our 2026 forecast. Consequently, revenue growth in Sep 26 is expected to moderate to low single-digit yoy from the stronger growth in Jul-Aug 26, which remains decent. Overall, we expect no significant impact on 3Q26 earnings.
- **New acquisition in Ubon Ratchathani turns profitable.** BCH recently agreed to acquire a private hospital in Ubon Ratchathani for a total investment of up to Bt490m. Following rebranding and renovation, the hospital resumed operations under its new identity in Sep 26. Through various cost-saving initiatives, BCH has improved operational efficiency at Kasemrad International Hospital Ubon Ratchathani (KIH Ubon), turning it from a loss-making operation into a profitable one. Strategically located near the Laos and Cambodia borders, KIH Ubon will serve as an important part of BCH's hospital network. The hospital generates annual revenue of approximately Bt188m, entirely from self-pay patients. Management sees further upside from adjusting treatment prices to align with other Kasemrad hospitals and implementing additional cost optimisations to enhance net profit margins. We view this acquisition positively, as it strengthens BCH's presence in a strategically important border market.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt13.00.** Our valuation is based on a 2027 EV/EBITDA multiple of 10.0x, in line with its three-year historical average. We expect BCH to deliver another solid quarter in 4Q26, supported by: a) a low earnings base in 4Q25 due to the extra AdjRW>2 payment item, b) potential upside from the SSO treatment fee increase in 2027, and c) the rapid turnaround in the newly acquired KIH Ubon.

Environment, Social, Governance (ESG) Updates

Environmental

- **Pledge Net Zero by 2050.**
- **Strategy to conserve resources.** To reduce emissions and waste and protect biodiversity across the operations and supply chains.

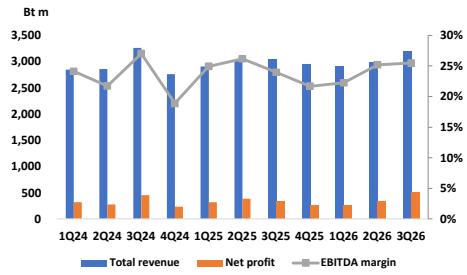
Social

- **Strict occupational health and safety guidelines.** Ensures supplier compliance with the safety guidelines.

Governance

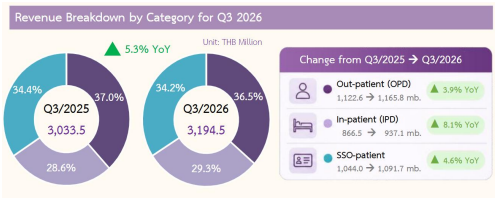
- **CEO & senior management KPI.** Also based on non-financial KPI such as internal control compliance, sustainability and human resource management.
- **The guidelines are reviewed annually** to incorporate changes in governance requirements, business operations, and applicable laws.

Quarterly Performance



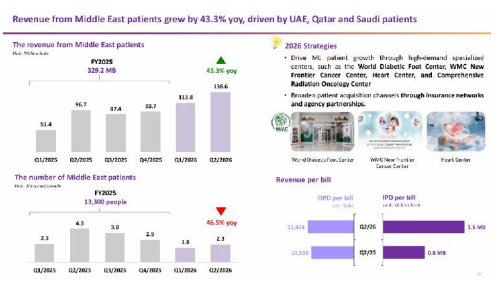
Source: BCH, UOB Kay Hian

Patient Growth Breakdown



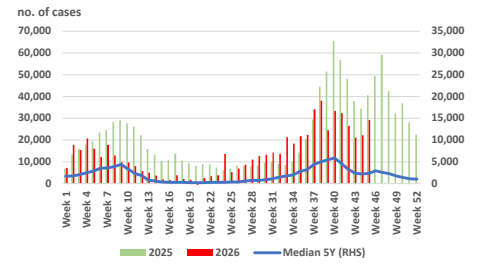
Source: BCH

Middle East Patient Breakdown



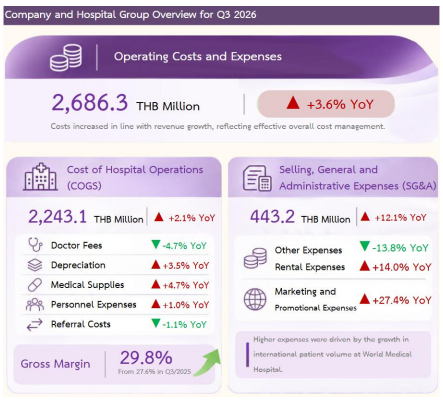
Source: BCH

No. Of Influenza Cases (1 Jan-7 Nov 26)



Source: Department of Disease Control, UOB Kay Hian

Expenses Breakdown



Source: BCH

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**11,913**	**12,123**	**12,787**	**13,180**
EBITDA	2,881	2,946	3,150	3,293
Deprec. & amort.	1,067	1,011	1,046	1,084
EBIT	1,815	1,936	2,104	2,209
Total other non-op. income	62	21	21	22
Associate contributions	2	1	1	1
Net interest income/(expense)	(50)	(78)	(78)	(77)
Pre-tax profit	**1,829**	**1,880**	**2,049**	**2,156**
Tax	(403)	(414)	(451)	(474)
Minorities	(109)	(103)	(112)	(118)
Net profit	1,316	1,364	1,486	1,564
Net profit (adj.)	**1,275**	**1,364**	**1,486**	**1,564**

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	12,858	12,839	13,199	13,617
Other LT assets	830	837	851	862
Cash/ST investment	1,694	2,774	3,634	4,080
Other current assets	2,103	2,221	2,340	2,457
Total assets	**17,486**	**18,671**	**20,024**	**21,017**
ST debt	633	132	149	850
Other current liabilities	2,207	1,855	1,956	2,017
LT debt	238	1,421	1,406	690
Other LT liabilities	201	249	262	270
Shareholders' equity	13,186	13,891	15,016	15,836
Minority interest	1,021	1,124	1,235	1,353
Total liabilities & equity	**17,486**	**18,671**	**20,024**	**21,017**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**2,740**	**2,007**	**2,627**	**2,708**
Pre-tax profit	1,829	1,880	2,049	2,156
Tax	(403)	(414)	(451)	(474)
Deprec. & amort.	1,067	1,011	1,046	1,084
Working capital changes	285	(365)	(59)	(82)
Non-cash items	(37)	(104)	42	25
Other operating cashflows	2	1	1	1
Investing	**(1,155)**	**(951)**	**(1,407)**	**(1,504)**
Capex (growth)	(1,172)	(992)	(1,406)	(1,502)
Investment	596	599	603	607
Others	(579)	(558)	(604)	(610)
Financing	**(681)**	**(729)**	**(360)**	**(757)**
Dividend payments	(641)	(658)	(682)	(743)
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	327	860	446
Beginning cash & cash equivalent	1,544	2,447	2,774	3,634
Ending cash & cash equivalent	**2,447**	**2,774**	**3,634**	**4,080**

Key Metric

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	24.2	24.3	24.6	25.0
Pre-tax margin	15.3	15.5	16.0	16.4
Net margin	11.1	11.2	11.6	11.9
ROA	7.6	7.5	7.7	7.6
ROE	10.1	10.1	10.3	10.1
Growth (% yoy)				
Turnover	1.6	1.8	5.5	3.1
EBITDA	6.4	2.3	6.9	4.5
Pre-tax profit	4.4	2.8	9.0	5.2
Net profit	2.7	3.6	9.0	5.2
Net profit (adj.)	4.8	7.0	9.0	5.2
EPS	4.8	7.0	9.0	5.2
Leverage				
Debt to total capital	5.8	9.4	8.7	8.2
Debt to equity	6.6	11.2	10.4	9.7
Net debt/(cash) to equity	(6.2)	(8.8)	(13.8)	(16.0)
Interest cover (x)	58.1	37.9	40.5	42.8

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