

Bangkok Chain Hospital (BCH TB) - BUY, Price Bt15.2, TP Bt19.0**Results Comment**

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Flat earnings growth as expected

- BCH reported Bt328m normalized profit in 1Q25, up 3% y-y and 92% q-q. This was in line with ours and the market's expectations.
- The slight y-y earnings increase was driven by rising revenue from cash and Social Security Scheme (SSS), as well as a decrease in SG&A to sales. The strong q-q earnings growth was due to the absence of the SSS payment shortfall that occurred in 4Q24.
- Top line grew by 2% y-y and 5% q-q to Bt2.9bn in 1Q25. Cash patient revenue grew by 1% y-y but declined by 4% q-q to Bt1.9bn in 1Q25. Meanwhile, SSS revenue increased by 4% y-y and 18% q-q due to rising number of registered persons to 1.03m people in 1Q25, rising revenue from high-intensity cases and no SSS payment shortfall as it had in 4Q24.
- Its operating margin increased to 15.1% in 1Q25 up from 14.9% in 1Q24 and 7.8% in 4Q24. The y-y increase in operating margin resulted from economies of scale and cost controls. The sharp rise in operating margin from 4Q24 was due to no SSS payment shortfall.
- 1Q25 earnings accounted for 23% of our full-year earnings forecast. Looking into 2Q25F, we estimate BCH still reports positive y-y earnings growth due to rising revenue from cash and SSS patients and no SSS payment shortfall as it had in 2Q24.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25
Revenue	2,844	2,857	3,261	2,763	2,903
Gross profit	801	744	1,023	630	815
SG&A	376	388	417	414	376
Operating profit	425	356	607	216	440
EBITDA	665	598	857	481	698
Other income	23	28	24	45	27
Other expense	0	0	0	0	0
Interest expense	11	13	15	15	15
Profit before tax	437	372	615	246	452
Income tax	87	70	122	48	98
Equity & invest. income	0	(0)	(0)	(0)	1
Minority interests	(31)	(25)	(40)	(27)	(26)
Extraordinary items	0	0	0	62	(7)
Net profit	319	277	453	233	321
Normalized profit	319	277	453	171	328
EPS (Bt)	0.13	0.11	0.18	0.09	0.13
Normalized EPS (Bt)	0.13	0.11	0.18	0.07	0.13

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25
Cash & ST investment	1,521	1,583	1,327	1,382	1,591
A/C receivable	2,137	2,105	2,053	1,967	1,888
Inventory	292	304	306	331	315
Other current assets	104	98	108	93	106
Investment	27	26	28	89	86
Fixed assets	11,779	12,171	12,211	12,317	12,251
Other assets	1,180	1,196	1,197	1,197	1,196
Total assets	17,041	17,484	17,229	17,375	17,432
S-T debt	272	1,126	743	625	452
A/C payable	744	783	822	798	734
Other current liabilities	1,456	1,387	1,430	1,456	1,400
L-T debt	296	280	242	253	251
Other liabilities	194	203	213	216	224
Minority interest	1,145	1,133	1,089	1,072	1,099
Shareholders' equity	12,933	12,572	12,690	12,955	13,272
Working capital	1,686	1,626	1,537	1,500	1,469
Total debt	569	1,406	985	878	704
Net debt	(953)	(177)	(341)	(504)	(887)

Sources: Company data, Thanachart estimates

Income Statement 3M as					
(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	5	2	23	12,449	13,046
Gross profit	29	2	23	3,532	3,777
SG&A	(9)	(0)	22	1,677	1,737
Operating profit	103	3	24	1,855	2,040
EBITDA	45	5	24	2,868	3,068
Other income	(40)	18	23	119	123
Other expense				0	0
Interest expense	(2)	35	46	33	23
Profit before tax	84	3	23	1,941	2,140
Income tax	107	13	26	380	419
Equity & invest. income	na	559		0	0
Minority interests	na	na	na	(136)	(155)
Extraordinary items	na		na	0	0
Net profit	38	1	23	1,425	1,566
Normalized profit	92	3	23	1,425	1,566
EPS (Bt)	38	1	23	0.57	0.63
Normalized EPS (Bt)	92	3	23	0.57	0.63

Financial Ratios (%)					
	1Q24	2Q24	3Q24	4Q24	1Q25
Sales grow th	6.4	0.3	2.7	(8.9)	2.1
Operating profit grow th	24.9	(2.3)	(0.0)	(60.5)	3.4
EBITDA grow th	15.1	(0.1)	1.7	(38.5)	4.9
Norm profit grow th	25.6	(2.5)	2.9	(59.9)	2.9
Norm EPS grow th	25.6	(2.5)	2.9	(59.9)	2.9
Gross margin	28.1	26.1	31.4	22.8	28.1
Operating margin	14.9	12.5	18.6	7.8	15.1
EBITDA margin	23.4	20.9	26.3	17.4	24.0
Norm net margin	11.2	9.7	13.9	6.2	11.3
D/E (x)	0.0	0.1	0.1	0.1	0.0
Net D/E (x)	(0.1)	(0.0)	(0.0)	(0.0)	(0.1)
Interest coverage (x)	59.3	46.8	56.3	31.2	46.2
Interest rate	4.2	5.2	5.1	6.6	7.6
Effective tax rate	19.9	18.7	19.7	19.4	21.8
ROA	7.3	6.4	10.4	4.0	7.5
ROE	10.0	8.7	14.4	5.3	10.0

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