

## Healthcare Sector – Overweight

News update

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### Risk from Israel-Iran conflict

- BH has the highest exposure to Middle Eastern patients.
  - CHG has the lowest exposure to Middle Eastern patients.
  - So far, there is no negative impact from the conflict.
  - However, there is a risk if the conflict escalates further.
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- Since Middle Eastern patients make up a significant portion of those who travel to receive medical services in Thailand, the Israel and Iran conflict could potentially impact their ability to travel for healthcare if the conflict escalates and spreads further across the region.
  - The portion of revenue contributed by Middle Eastern patients for each hospital under our coverage is as follows:

#### Ex 1: % Revenue Contribution From Middle Eastern Patients in 1Q25

Hospitals	% revenue contribution
BCH	1.8%
BDMS	4.0%
BH	18.0%
CHG	1.5%
PR9	8.0%
THG	3.0%

Source: Company data

- We estimate that for every 10% decline in revenue contribution from Middle Eastern patients, each hospital's earnings will be negatively impacted, as shown in the table below.

#### Ex 2: % Earnings Impact For Every 10% Decline in Revenue From Middle Eastern Patients

Hospitals	% earnings impact in 2025
BCH	0.3%
BDMS	0.6%
BH	2.1%
CHG	0.3%
PR9	1.3%
THG	2.1%

Source: Thanachart estimates

- As the current hostilities remain limited in scope and based on inquiries with all the hospitals under our coverage, it has been found that there has not yet been any impact from the conflict. This is because air traffic is still operating as usual.
- However, if the situation in the Middle East worsens, BH will experience the highest negative impact on its revenue and earnings, while CHG will experience the lowest negative impact on its revenue and earnings.
- Our top sector picks in the healthcare sector are BCH and PR9 due to their stronger EPS growth projected for 2025.

**Ex 3: Healthcare Sector Valuations**

	Rating	Current price (Bt)	Target price (Bt)	Upside/ (Downside) (%)	Market cap (Bt m)	Norm EPS growth		— Norm PE —		— Yield —	
						2025F (%)	2026F (%)	2025F (x)	2026F (x)	2025F (%)	2026F (%)
BCH	BUY	12.30	19.00	54.5	31,920	16.8	9.9	21.5	19.6	3.5	3.8
BDMS	BUY	20.30	32.00	57.6	322,608	5.3	6.0	19.2	18.1	3.9	4.1
BH	BUY	133.50	186.00	39.3	104,935	(4.2)	2.5	14.2	13.9	3.9	4.0
CHG	BUY	1.44	2.10	45.8	16,170	3.6	8.9	15.8	14.5	5.1	5.5
PR9	BUY	23.60	30.00	27.1	18,871	16.0	10.5	22.4	20.3	2.2	2.7
THG	SELL	7.75	5.80	(25.2)	6,822	na	73.4	45.0	25.9	0.9	2.1

Sources: Bloomberg; Thanachart estimates

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