Bangkok Chain Hospital (BCH TB) - BUY, Price Bt13.6, TP Bt19.0

Results Comment

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Good 2Q25 results, in line

- BCH reported a net profit of Bt388m in 2Q25, up 40% y-y and 21% q-q. Notably, BCH recognized Bt77.5m in revenue from 26 chronic diseases in 2Q25, as the Social Security Office (SSO) made the payments during the quarter. In comparison, similar payments were made in 3Q24 last year. Excluding this surplus revenue, the 2Q25 results were solid and remained in line with both our expectations and the market's.
- The company's strong earnings growth was driven by rising revenue and expanding margin.
- BCH's revenue grew by 6% y-y and 4% q-q to Bt3bn in 2Q25, mainly driven by rising revenue from SSS patients. Cash patient revenue was relatively flat both y-y and q-q to Bt1.9bn in 2Q25.
- SSS revenue increased by 17% y-y and 9% q-q to Bt1.1bn driven by a surplus revenue from 26 chronic diseases of Bt77.5m, no revenue reversal from high-cost care services (RW ≥ 2), rising number of SSS registered persons by 0.8% y-y to 1 m people.
- EBIT margin expanded from 12.5% in 2Q24 and 15.1% in 1Q25 to 16.8% in 2Q25 due to rising top line and cost controls.
- 6M25 earnings accounted for 50% of our full-year earnings forecast. Looking into 2H25F, we estimate BCH still reports positive y-y earnings growth due to rising revenue from cash and SSS patients and expanding margin.
- BCH announced an interim dividend of Bt0.15/share. The XD date is 28 August 2025 and the payment date is 12 September 2025.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q24	3Q24	4Q24	1Q25	2Q25
Revenue	2,857	3,261	2,763	2,903	3,020
Gross profit	**744**	**1,023**	**630**	**815**	**909**
SG&A	388	417	414	376	402
Operating profit	356	607	216	440	507
EBITDA	**598**	**857**	**481**	**698**	**767**
Other income	28	24	45	27	29
Other expense	0	0	0	0	0
Interest expense	13	15	15	15	14
Profit before tax	**372**	**615**	**246**	**452**	**522**
Income tax	70	122	48	98	118
Equity & invest. income	(0)	(0)	(0)	1	0
Minority interests	(25)	(40)	(27)	(26)	(23)
Extraordinary items	0	0	62	(7)	7
Net profit	**277**	**453**	**233**	**321**	**388**
Normalized profit	**277**	**453**	**171**	**328**	**381**
EPS (Bt)	0.11	0.18	0.09	0.13	0.16
Normalized EPS (Bt)	0.11	0.18	0.07	0.13	0.15

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	4	6	48	12,451	13,049
Gross profit	**11**	**22**	**49**	**3,532**	**3,778**
SG&A	7	4	46	1,677	1,737
Operating profit	15	42	51	1,855	2,041
EBITDA	**10**	**28**	**51**	**2,868**	**3,068**
Other income	8	4	47	119	123
Other expense				0	0
Interest expense	(5)	13	89	33	23
Profit before tax	**16**	**40**	**50**	**1,941**	**2,141**
Income tax	19	69	57	381	420
Equity & invest. income	(7)	na		0	0
Minority interests	na	na	na	(136)	(155)
Extraordinary items	na			0	0
Net profit	**21**	**40**	**50**	**1,425**	**1,566**
Normalized profit	**16**	**38**	**50**	**1,425**	**1,566**
EPS (Bt)	21	40	50	0.57	0.63
Normalized EPS (Bt)	16	38	50	0.57	0.63

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q24	3Q24	4Q24	1Q25	2Q25
Cash & ST investment	1,583	1,327	1,382	1,591	1,389
A/C receivable	2,105	2,053	1,967	1,888	2,079
Inventory	304	306	331	315	325
Other current assets	98	108	93	106	129
Investment	26	28	89	86	83
Fixed assets	12,171	12,211	12,317	12,251	12,267
Other assets	1,196	1,197	1,197	1,196	1,179
Total assets	**17,484**	**17,229**	**17,375**	**17,432**	**17,451**
S-T debt	1,126	743	625	452	799
A/C payable	783	822	798	734	728
Other current liabilities	1,387	1,430	1,456	1,400	1,440
L-T debt	280	242	253	251	238
Other liabilities	203	213	216	224	225
Minority interest	1,133	1,089	1,072	1,099	1,043
Shareholders' equity	**12,572**	**12,690**	**12,955**	**13,272**	**12,978**
Working capital	1,626	1,537	1,500	1,469	1,676
Total debt	1,406	985	878	704	1,036
Net debt	**(177)**	**(341)**	**(504)**	**(887)**	**(353)**

Financial Ratios					
(%)	2Q24	3Q24	4Q24	1Q25	2Q25
Sales growth	0.3	2.7	(8.9)	2.1	5.7
Operating profit growth	(2.3)	(0.0)	(60.5)	3.4	42.3
EBITDA growth	(0.1)	1.7	(38.5)	4.9	28.3
Norm profit growth	(2.5)	2.9	(59.9)	2.9	37.7
Norm EPS growth	(2.5)	2.9	(59.9)	2.9	37.7
Gross margin	26.1	31.4	22.8	28.1	30.1
Operating margin	12.5	18.6	7.8	15.1	16.8
EBITDA margin	20.9	26.3	17.4	24.0	25.4
Norm net margin	9.7	13.9	6.2	11.3	12.6
D/E (x)	0.1	0.1	0.1	0.0	0.1
Net D/E (x)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)
Interest coverage (x)	46.8	56.3	31.2	46.2	53.3
Interest rate	5.2	5.1	6.6	7.6	6.6
Effective tax rate	18.7	19.7	19.4	21.8	22.5
ROA	6.4	10.4	4.0	7.5	8.7
ROE	8.7	14.4	5.3	10.0	11.6

Sources: Company data, Thanachart estimates

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