

**Bangkok Dusit Medical Services Pcl (BDMS TB) - HOLD**

Analyst Meeting

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**The WellEra project**

- WellEra project to support BDMS's long-term growth.
- Expected to add c.1% p.a. to revenue growth.
- Bt29bn investment unlikely to affect financials.
- Maintain HOLD on slow EPS growth and fair valuation.

Last Friday, BDMS held an analyst meeting to provide further details on the WellEra project (formerly Silver Wellness & Residence). Management sees the project as an extension of its hospital business and a long-term growth driver, supported by stronger growth in the wellness market. The company expects WellEra to add c.1% p.a. to BDMS's revenue growth. Despite the additional Bt5.5bn investment (total project cost: Bt29bn), management expects no material impact on financials, with D/E remaining below 0.3x and no impact on ROE or dividends. We believe WellEra supports BDMS's long-term growth, although execution risk may arise during the early operating stage. However, we do not expect any meaningful impact on earnings over the next three years. We maintain HOLD on BDMS due to slow EPS growth of 4% p.a. in 2026-27. At 17.8x 2026E PE, we view valuation as fair.

- BDMS sees an opportunity to capture strong demand and growth in Thailand's wellness industry (10% p.a. growth in 2023-24), particularly in wellness tourism (36%), wellness real estate (23%), and spa services (18%). The new project will also allow BDMS to expand its wellness offerings beyond the existing BDMS Wellness Clinic on Wireless Road and strengthen its ecosystem, supporting long-term sustainable growth.
- Located on the corner of Sarasin and Langsuan Roads opposite Lumpini Park, WellEra is a mixed-use wellness development comprising a Wellness Residence (262 units with a saleable price of Bt400,000/sq m), a Wellness Clinic, an Urban Wellness Retreat (168 keys), and a Premium Lifestyle Mall (net saleable area of 16,000 sq m). The total project area spans 13 rai.
- Total project investment will increase by Bt5.5bn, from Bt23.5bn to Bt29.0bn, comprising Bt9.1bn for a 60-year land lease from the Crown Property Bureau and Bt19.9bn for construction and equipment. The increase is driven by: 1) a larger project scale, with gross floor area expanding from 170,000 sq m to 207,202 sq m to enhance commercial value and support BDMS's wellness strategy; and 2) higher construction costs (accounting for c.10% of the additional capex).
- The project has already received EIA approval and is currently under construction (3% completed), with full completion expected in 2030. The Wellness Clinic, Wellness Retreat, and Premium Lifestyle Mall are scheduled to open in 2029, while the Wellness Residence is expected to be completed and transferred in 2030.

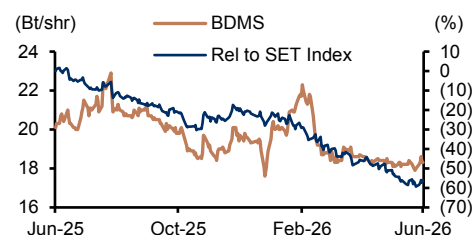
**Key Valuations**

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	107,514	110,609	116,249	123,482
Net profit	15,848	16,382	17,280	18,424
Norm net profit	15,848	16,382	17,280	18,424
Norm EPS (Bt)	1.0	1.0	1.1	1.2
Norm EPS gr (%)	(0.9)	3.4	5.5	6.6
Norm PE (x)	18.4	17.8	16.8	15.8
EV/EBITDA (x)	14.0	13.6	12.8	12.0
P/BV (x)	2.7	2.7	2.6	2.5
Div. yield (%)	5.5	4.2	4.5	4.8
ROE (%)	15.4	15.3	15.6	16.0
Net D/E (%)	2.1	3.7	3.4	2.8

Source: ttb wealth estimates

**Stock Data**

Closing price (Bt)	18.3
Target price (Bt)	20.5
Market cap (US\$ m)	8,854
Avg daily turnover (US\$ m)	40.3
12M H/L price (Bt)	22.9/17.6

**Price Performance**

Source: Bloomberg

- For the Wellness Residence, the total project value is estimated at Bt22-23bn. BDMS will partner with CAPELLA to operate the project. The target customer base comprises both Thai and foreign buyers, with a 50:50 mix. BDMS believes there are several residential projects located nearby; however, its project is differentiated by its focus on health and science, with wellness as its core foundation.
- EBITDA margin for the residential project is expected to exceed 25%, while margins for the other three components are expected to be slightly lower. Overall, the WellEra project is expected to deliver an EBITDA margin of above 20%. The Wellness Clinic, Wellness Retreat, and Premium Lifestyle Mall are expected to reach EBITDA breakeven in 2030.
- The project's IRR has been reduced from 11-12% previously to high single digit rate due to rising construction costs.
- Management expects no impact from the project on BDMS's earnings during 2026-28. In 2029, margins may see a slight impact due to peak capex payments, mainly related to land lease and construction costs. However, BDMS expects margins to recover to normal levels in 2030. Meanwhile, management expects the project to have no impact on BDMS's ROE or dividend payout. Management expects WellEra to add c.1% p.a. to BDMS's revenue growth in 2030-34 and also expects revenue contribution from wellness business will increase from 12% in 2025 to 20% in 2035.
- BDMS will fund the project through internal cash flow and debt. Management expects no material impact on the company's financial position, with net D/E remaining below 0.3x even in 2029, which is expected to be the peak investment year.
- In our view, the development will help BDMS expand and capture the high-growth wellness market while generating higher returns from its excess cash on hand. We expect the project to create long-term value for BDMS, although it may weigh on earnings in the medium term due to start-up losses from the wellness and hotel businesses during the early years of operation.
- The investment in the project is also unlikely to create any significant financial burden for BDMS. The company is in an almost net cash position (D/E ratio was 0.1x in 2025), and with annual EBITDA of Bt24.5bn during 2026-30, we believe it can comfortably absorb the investment.
- We maintain HOLD on BDMS, driven by expected slow EPS growth of 4% p.a. in 2026-27, reflecting softer revenue growth and rising costs from ongoing expansion. At 17.8x 2026E P/E, we view the current valuation as fair.

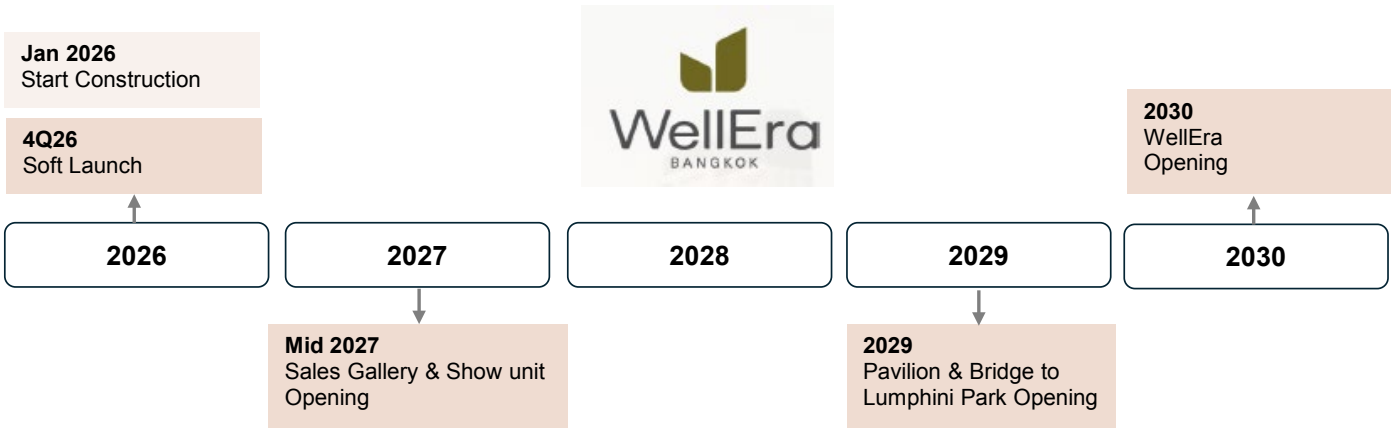
**Ex 1: Project Details**



Source: Company data

**Ex 2: Project Construction Timeline**

**WellEra Project Timeline**



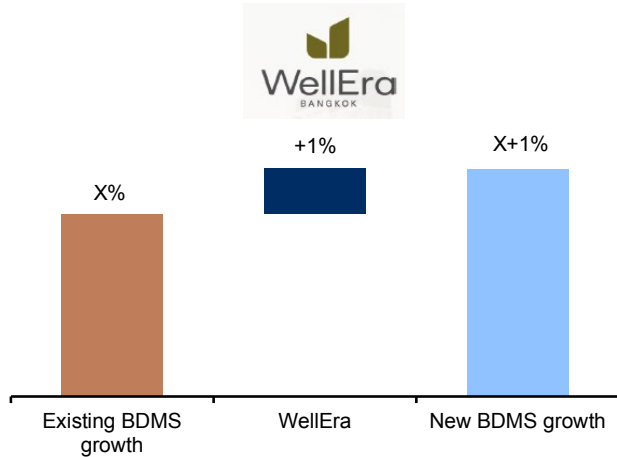
Source: Company data

**Ex 3: BDMS Ecosystem**



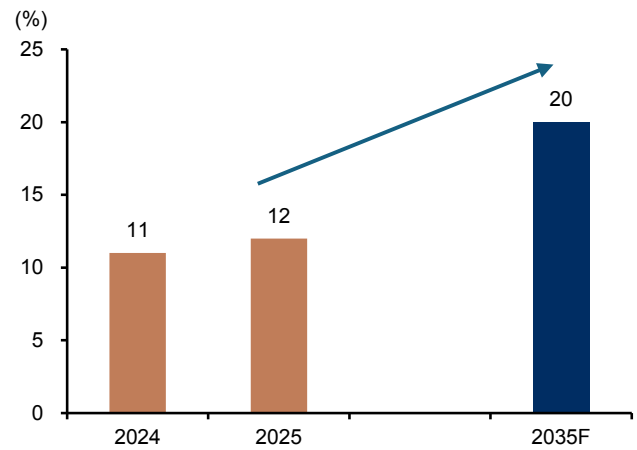
Sources: Company data

**Ex 4: WellEra To Uplift BDMS's Revenue In 2030-34**



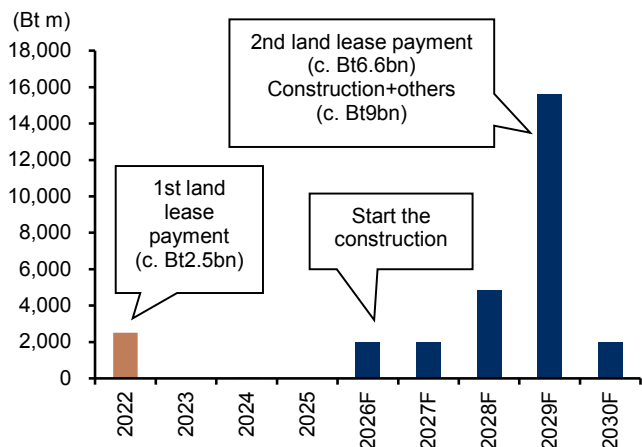
Source: Company data

**Ex 5: Wellness Revenue Contribution**



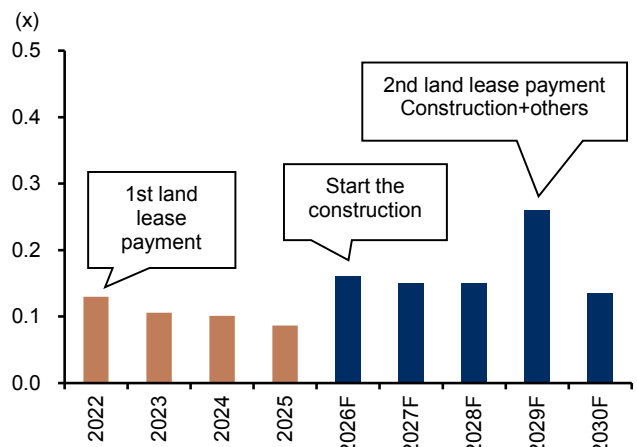
Source: Company data

**Ex 6: WellEra Capex Plan**



Source: Company data

**Ex 7: BDMS's D/E**



Source: Company data

Note: BDMS's debt covenant < 1.75x

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