Bangkok Chain Hospital (BCH TB) - SELL, Price Bt11.00, TP Bt8.30

Results Comment

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Weak 2Q26 as expected

- BCH reported a normalized profit of Bt343m in 2Q26, down 10% y-y but up 28% q-q, in line with our and the market's expectations.
- The weak y-y performance was due to lower revenue and operating margin, while the strong q-q earnings growth was driven by higher revenue and an expanding operating margin.
- Revenue declined 1% y-y but increased 3% q-q to Bt3.0bn in 2Q26, mainly due to weaker cash revenue. Cash patient revenue declined 4% y-y and 1% q-q, due to weaker foreign patient revenue, particularly from fewer Cambodian patients, and weak Thai IPD patients. SSS revenue grew 4% y-y and 9% q-q, driven by higher revenue from high-cost care, patients treated under MOU programs, sleep tests, and additional revenue of Bt71m from 26 chronic diseases in 2Q26.
- Operating margin was at 15.1% in 2Q26, down from 16.8% in 2Q25 but up from 12.2% in 1Q26. The y-y decline was due to weak revenue growth and higher depreciation and amortization following asset renovations, while the q-q improvement was driven by higher revenue, operating leverage, and lower extra bonus and renovation costs.
- 6M26 earnings accounted for 49% of our full-year earnings forecast. Looking ahead to 2H26F, we expect earnings momentum to improve, supported by rising revenue from cash and SSS patients. However, earnings growth over the next three years will be pressured by higher expenses from new hospital openings and renovations. We forecast a three-year EPS CAGR of only 1% in 2026-28F, while the stock trades at 18.8x 2027F PE. We believe the valuation is fully priced in and maintain SELL.
- BCH announced an interim dividend of Bt0.35/share, with an XD date of 27 August 2026 and a payment date of 11 September 2026.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Revenue	3,020	3,034	2,956	2,906	2,980
Gross profit	**909**	**837**	**763**	**760**	**856**
SG&A	402	395	449	406	406
Operating profit	507	442	314	354	451
EBITDA	**767**	**707**	**597**	**623**	**718**
Other income	29	21	45	23	35
Other expense	0	0	0	0	0
Interest expense	14	7	13	10	11
Profit before tax	**522**	**455**	**346**	**367**	**474**
Income tax	118	101	86	83	104
Equity & invest. income	0	1	0	1	0
Minority interests	(23)	(42)	(18)	(17)	(28)
Extraordinary items	7	35	17	0	0
Net profit	**388**	**347**	**259**	**268**	**343**
Normalized profit	**381**	**312**	**243**	**268**	**343**
EPS (Bt)	0.16	0.14	0.10	0.11	0.14
Normalized EPS (Bt)	0.15	0.13	0.10	0.11	0.14

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Revenue	3	(1)	48	12,190	12,917
Gross profit	**13**	**(6)**	**48**	**3,344**	**3,557**
SG&A	(0)	1	49	1,658	1,756
Operating profit	27	(11)	48	1,686	1,801
EBITDA	**15**	**(6)**	**48**	**2,769**	**2,912**
Other income	47	18	49	119	123
Other expense			na	0	0
Interest expense	3	(26)	47	45	63
Profit before tax	**29**	**(9)**	**48**	**1,760**	**1,860**
Income tax	25	(12)	47	398	409
Equity & invest. income	(70)	(48)	52	2	2
Minority interests	na	na	na	(107)	(116)
Extraordinary items			na	0	0
Net profit	**28**	**(12)**	**49**	**1,257**	**1,337**
Normalized profit	**28**	**(10)**	**49**	**1,257**	**1,337**
EPS (Bt)	28	(12)	49	0.50	0.54
Normalized EPS (Bt)	28	(10)	49	0.50	0.54

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash & ST investment	1,389	1,484	1,694	1,402	1,011
A/C receivable	2,079	1,762	1,660	1,828	2,002
Inventory	325	304	322	362	311
Other current assets	129	118	121	121	129
Investment	83	81	79	86	83
Fixed assets	12,267	12,399	12,432	12,598	12,711
Other assets	1,179	1,176	1,178	1,179	1,169
Total assets	**17,451**	**17,323**	**17,486**	**17,576**	**17,416**
S-T debt	799	889	621	445	877
A/C payable	728	709	730	743	611
Other current liabilities	1,440	1,337	1,490	1,437	1,411
L-T debt	238	232	223	222	214
Other liabilities	225	214	216	226	238
Minority interest	1,043	1,011	1,021	1,040	1,010
Shareholders' equity	**12,978**	**12,931**	**13,186**	**13,462**	**13,055**
Working capital	1,676	1,357	1,252	1,446	1,702
Total debt	1,036	1,121	844	667	1,091
Net debt	**(353)**	**(363)**	**(850)**	**(735)**	**80**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Sales growth	5.7	(7.0)	7.0	0.1	(1.3)
Operating profit growth	42.3	(27.2)	45.4	(19.5)	(11.1)
EBITDA growth	28.3	(17.6)	24.1	(10.7)	(6.4)
Norm profit growth	37.7	(31.2)	60.9	(18.4)	(10.1)
Norm EPS growth	37.7	(31.2)	60.9	(18.4)	(10.1)
Gross margin	30.1	27.6	25.8	26.2	28.7
Operating margin	16.8	14.6	10.6	12.2	15.1
EBITDA margin	25.4	23.3	20.2	21.4	24.1
Norm net margin	12.6	10.3	8.2	9.2	11.5
D/E (x)	0.1	0.1	0.1	0.0	0.1
Net D/E (x)	(0.0)	(0.0)	(0.1)	(0.1)	0.0
Interest coverage (x)	53.3	96.3	46.7	60.6	67.6
Interest rate	6.6	2.7	5.2	5.4	4.8
Effective tax rate	22.5	22.2	24.8	22.6	21.9
ROA	8.7	7.2	5.6	6.1	7.8
ROE	11.6	9.6	7.4	8.0	10.4

Sources: Company data, ttb wealth estimates

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