

### COMPANY RESULTS

## Bangkok Chain Hospital (BCH TB)

3Q24: Mild Growth

BCH reported a net profit of Bt453m in 3Q24 (+2.9% yoy, +63.6% qoq) which is in line with our and consensus forecasts. BCH did a decent job in compensating the decline in IPD revenue caused by the absence of Kuwait patients and posted a soft yoy revenue growth in 3Q24. We are optimistic about BCH as the AdjRW>2 rate is likely to be settled in a way that benefits BCH, and there is clear potential for growth from the new cancer centre. Maintain BUY. Target price: Bt20.00.

### 3Q24 RESULTS

Year to 31 Dec (Btm)	3Q23	2Q24	3Q24	yoy (%)	qoq (%)
Total revenue	3,175	2,857	3,261	2.7%	14.2%
Gross profit	1,077	744	1,023	-5%	38%
SG&A	(470)	(388)	(417)	-11%	7%
Operating EBITDA	865	621	881	2%	42%
Net profit	441	277	453	3%	64%
EPS (Bt)	0.18	0.11	0.18	3%	64%
(%)	3Q23	2Q24	3Q24	yoy (ppts)	qoq (ppts)
Gross margin	33.9%	26.1%	31.4%	(2.5)	5.3
SG&A to sales	14.8%	13.6%	12.8%	(2.0)	(0.8)
EBITDA margin	27.2%	21.7%	27.0%	(0.2)	5.3
Net profit margin	13.9%	9.7%	13.9%	0.0	4.2

Source: BCH, UOB Kay Hian

### WHAT'S NEW

- **Still delivered yoy earnings growth in 3Q24.** Bangkok Chain Hospital (BCH) reported a net profit of Bt453m (+2.9% yoy, +63.6% qoq) in 3Q24, which is in line with our and consensus forecasts. Top-line came in at Bt3.26b (+2.7% yoy, +14.2% qoq). The weak growth is mainly pressured by the high base of Thai patient revenue from the epidemic last year and the absence of Kuwait patients. The main revenue contributors are the 11.2% increase in outpatient department (OPD) patients during the rainy season and the Skin and Plastic Surgery Center of KPS Kasemrad Plastic Surgery, 11.9% increase of social security patient revenue and the surplus revenue of Bt77.1m from the annual revision of the 26 chronic diseases. With the Kuwait patients still waiting for the clarity on the policy to refer patients abroad, the revenue from inpatient services in 3Q24 dropped by 14.5% yoy. The hospital operational cost rose by 6.7% yoy due to higher expenses on doctor fees and personnel expenses as well as additional expense and depreciation from the newly opened cancer centre. SG&A decreased by 11.3% yoy due to a reduction in provision of bad debts.

### KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	18,827	11,729	12,538	13,391	14,346
EBITDA	5,142	2,903	3,111	3,411	3,744
Operating profit	4,193	1,959	2,156	2,433	2,733
Net profit (rep./act.)	3,039	1,406	1,589	1,819	2,047
Net profit (adj.)	4,032	1,406	1,589	1,819	2,047
EPS (Bt)	1.6	0.6	0.6	0.7	0.8
PE (x)	10.0	28.5	25.3	22.1	19.6
P/B (x)	3.2	3.2	3.0	2.8	2.6
EV/EBITDA (x)	7.9	13.9	13.0	11.9	10.8
Dividend yield (%)	5.0	2.2	2.0	2.3	2.5
Net margin (%)	16.1	12.0	12.7	13.6	14.3
Net debt/(cash) to equity (%)	10.0	(4.8)	(6.6)	(12.1)	(17.1)
Interest cover (x)	33.0	30.5	36.4	56.1	61.5
ROE (%)	23.9	11.2	12.2	13.0	13.6
Consensus net profit	-	-	1,500	1,745	1,948
UOBKH/Consensus (x)	-	-	1.06	1.04	1.05

Source: Bangkok Chain Hospital, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

### BUY

(Maintained)

Share Price	Bt16.10
Target Price	Bt20.00
Upside	+24.2%

### COMPANY DESCRIPTION

The company operates a group of mid-sized hospitals in Bangkok and suburban areas with middle-income locals and patients registered under the government-sponsored social security scheme as primary customer targets.

### STOCK DATA

GICS sector	Health Care
Bloomberg ticker:	BCH TB
Shares issued (m):	2,493.7
Market cap (Btm):	40,149.3
Market cap (US\$m):	1,151.0
3-mth avg daily t'over (US\$m):	9.7

### Price Performance (%)

52-week high/low Bt23.80/Bt14.80

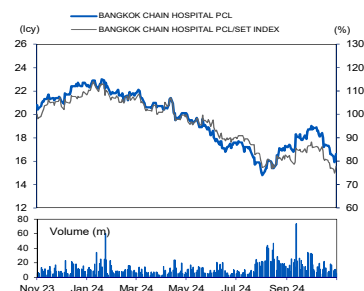
1mth	3mth	6mth	1yr	YTD
(13.9)	1.9	(19.9)	(22.2)	(28.1)

### Major Shareholders

	%
Harnphanich family	50.0
Thai NVDR	11.5
Social Security Office	1.9

FY24 NAV/Share (Bt)	5.41
FY24 Net Cash/Share (Bt)	0.36

### PRICE CHART



Source: Bloomberg

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STOCK IMPACT

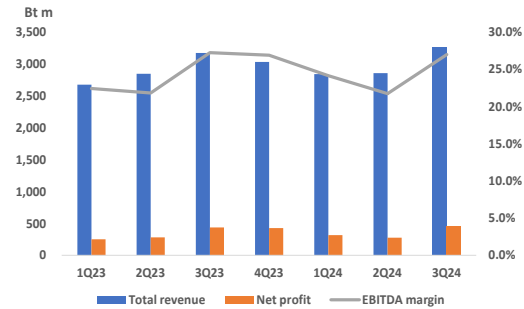
- Conclusion on SSO AdjRW>2 rate to be reached soon.** Recently, the Private Hospital Association (TPHA) and the Social Security Office (SSO) revisited the high-cost care rate, which had been cut to Bt7,200 per person in 2Q24, significantly impacting hospital revenues. The discussions have suggested that, at a minimum, a fixed rate of Bt12,000 per person may be applied for 2025. There is potential for an increase to as much as Bt15,000 per person, but this decision must be finalised by year-end as the current AdjRW>2 rate contract is set to expire. This development could positively impact BCH's stock price, which is highly responsive to news on this topic. We recommend monitoring the next meeting, scheduled for 3 Dec 24.
- New cancer centre contribution in 4Q24.** Kasemrad Ari Radiation Oncology began treating patients in early-Sep 24, but its full impact should appear in 4Q24 as it reached near full capacity in Oct 24. Operating from 9 AM to 5 PM, with a 40-patient daily capacity, the centre could save BCH referral costs of up to Bt70m-80m per year. It currently treats BCH's SSO patients, with potential to include patients under the Universal Coverage Scheme, providing additional revenue. Future plans to extend operating hours to 10-11 PM would increase capacity to 65 patients daily, creating further upside for BCH.
- 4Q24 outlook.** Uncertainty remains regarding the resolution of the Kuwait patient issue by year-end, as it could extend into next year. However, based on recent TPHA-SSO meetings, BCH is pushing for a return to the previous Bt12,000 per person rate for complex treatments, insulating 4Q24 earnings from rate changes. Alongside organic growth in both Thai and international patients, the new cancer centre's contribution should also strengthen BCH's earnings in 4Q24.

VALUATION/RECOMMENDATION

- Maintain BUY with a target price of Bt20.00.** Our valuation is based on the 2025 EV/EBITDA multiple of 14.0x. We have a positive outlook on BCH due to: a) cost savings achieved through reduced referral expenses with the new cancer centre, and b) favourable progress in the complex treatment fee structure.

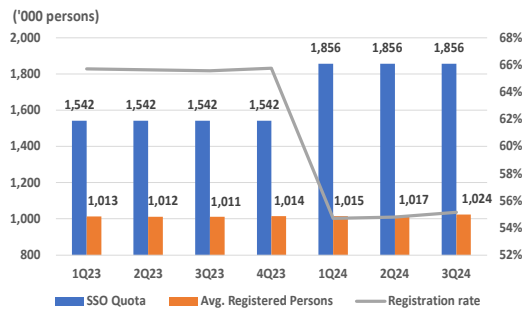
<b>CG Report: 5</b>
<b>SET ESG Rating: AA</b>
<ul style="list-style-type: none"> <li> <b>Environmental</b> <ul style="list-style-type: none"> <li>Operate business with a sense of responsibility towards the environment, striving to alleviate or minimise the adverse impacts, both direct and indirect.</li> </ul> </li> <li> <b>Social</b> <ul style="list-style-type: none"> <li>Assessed important social issues for the organisation and stakeholders consisting of personnel development, human resource management, human rights, and access to medical services, community engagement, as well as occupational health and safety.</li> </ul> </li> <li> <b>Governance</b> <ul style="list-style-type: none"> <li>Places importance on conducting business with integrity, transparency, and responsibility towards the society and all stakeholders.</li> <li>Prepared a manual on good corporate governance to create an understanding and use it as a guideline for best practices of employees at all levels.</li> </ul> </li> </ul>

BCH QUARTERLY PERFORMANCE



Source: BCH, UOB Kay Hian

QUARTERLY REGISTERED SSO MEMBERS



Source: BCH, UOB Kay Hian

KASEMRAD PLASTIC SURGERY

**Rapidly growth of Kasemrad Plastic Surgery ("KPS") revenue performance**

Kasemrad Plastic Surgery ("KPS") is the plastic surgery, aesthetic skin treatment and weight management & obesity center with specialist surgeons as well as skin specialists. Collaborate between the affiliated hospitals of BCH and the experienced strategic partner to engage patients base and serve all the needs in plastic surgery and aesthetic service.

In Q2/2024, Kasemrad Plastic Surgery ("KPS") has signed a partnership agreement with the Korean College of Cosmetic Surgery & Medicine (KCCS) to enhance the services standard, which currently operates at KH Batawariborn and KH Bantabangbang.

2023: Kasemrad International Hospital Bantabangbang, Kasemrad Hospital Raminbhumang, Kasemrad Hospital Bangkoe

Q4/2024: Revenue from KPS: 12.8B THB (FY2023) to 17.4B THB (6M/2024)

Services: Plastic surgery center, Laser & Skin, Medical Aesthetics, Major Plastic, Breast, Gynae, Gynae, Weight management & obesity center

Source: BCH, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
<b>Net turnover</b>	<b>11,729</b>	<b>12,538</b>	<b>13,391</b>	<b>14,346</b>
EBITDA	2,903	3,111	3,411	3,744
Deprec. & amort.	944	955	977	1,011
EBIT	1,959	2,156	2,433	2,733
Total other non-operating income	18	19	20	21
Associate contributions	1	1	1	1
Net interest income/(expense)	(95)	(85)	(61)	(61)
<b>Pre-tax profit</b>	<b>1,883</b>	<b>2,090</b>	<b>2,393</b>	<b>2,693</b>
Tax	(405)	(418)	(479)	(539)
Minorities	(73)	(84)	(96)	(108)
<b>Net profit</b>	<b>1,406</b>	<b>1,589</b>	<b>1,819</b>	<b>2,047</b>
Net profit (adj.)	1,406	1,589	1,819	2,047

### BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	12,168	12,367	12,623	12,928
Other LT assets	720	733	746	760
Cash/ST investment	2,185	3,194	3,394	4,319
Other current assets	2,658	2,839	2,997	3,168
<b>Total assets</b>	<b>17,731</b>	<b>19,133</b>	<b>19,760</b>	<b>21,174</b>
ST debt	1,244	804	134	135
Other current liabilities	2,261	1,893	2,049	2,195
LT debt	334	1,504	1,508	1,511
Other LT liabilities	187	257	275	294
Shareholders' equity	12,594	13,480	14,504	15,642
Minority interest	1,110	1,194	1,290	1,398
<b>Total liabilities &amp; equity</b>	<b>17,731</b>	<b>19,133</b>	<b>19,760</b>	<b>21,174</b>

### CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
<b>Operating</b>	<b>3,954</b>	<b>2,078</b>	<b>2,889</b>	<b>3,142</b>
Pre-tax profit	1,883	2,090	2,393	2,693
Tax	(405)	(418)	(479)	(539)
Deprec. & amort.	944	955	977	1,011
Associates	0	0	0	0
Working capital changes	1,589	(442)	(57)	(84)
Non-cash items	(26)	(107)	53	60
Other operating cashflows	(32)	0	0	0
<b>Investing</b>	<b>(846)</b>	<b>(1,097)</b>	<b>(1,228)</b>	<b>(1,311)</b>
Capex (growth)	(857)	(1,154)	(1,233)	(1,316)
Investments	(60)	(2)	(2)	(2)
Others	71	59	6	7
<b>Financing</b>	<b>(3,563)</b>	<b>28</b>	<b>(1,461)</b>	<b>(906)</b>
Dividend payments	(1,247)	(703)	(794)	(909)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	731	0	4
Loan repayment	(2,310)	0	(666)	0
Others/interest paid	(6)	0	0	0
<b>Net cash inflow (outflow)</b>	<b>(455)</b>	<b>1,009</b>	<b>200</b>	<b>925</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>2,640</b>	<b>2,185</b>	<b>3,194</b>	<b>3,394</b>
<b>Ending cash &amp; cash equivalent</b>	<b>2,185</b>	<b>3,194</b>	<b>3,394</b>	<b>4,319</b>

### KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
<b>Profitability</b>				
EBITDA margin	24.8	24.8	25.5	26.1
Pre-tax margin	16.1	16.7	17.9	18.8
Net margin	12.0	12.7	13.6	14.3
ROA	7.5	8.6	9.4	10.0
ROE	11.2	12.2	13.0	13.6
<b>Growth</b>				
Turnover	(37.7)	6.9	6.8	7.1
EBITDA	(43.5)	7.1	9.6	9.8
Pre-tax profit	(53.4)	11.0	14.5	12.5
Net profit	(53.7)	13.0	14.5	12.5
Net profit (adj.)	(65.1)	13.0	14.5	12.5
EPS	(65.1)	13.0	14.5	12.5
<b>Leverage</b>				
Debt to total capital	10.3	13.6	9.4	8.8
Debt to equity	12.5	17.1	11.3	10.5
Net debt/(cash) to equity	(4.8)	(6.6)	(12.1)	(17.1)
Interest cover (x)	30.5	36.4	56.1	61.5

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