

## Chelsea Chew

(603) 7890 8888 (ext 2070)

[chelsea.chew@apexsecurities.com.my](mailto:chelsea.chew@apexsecurities.com.my)

<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 0.56
Previous Target Price:	RM 0.70
Target Price:	↓ RM 0.69
Capital Upside/Downside:	23.2%
Dividend Yield (%):	2.3%
<b>Total Upside/Downside:</b>	<b>25.5%</b>

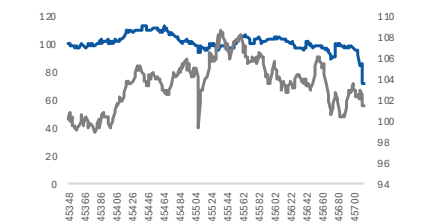
## Stock information

Board	MAIN
Sector	Healthcare
Bursa / Bloomberg Code	0222 / OPTIMAXMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	543.3
Market Cap (RM' m)	304.3
52-Week Price Range (RM)	0.735-0.555
Beta (x)	0.5
Free float (%)	29.4
3M Average Volume (m)	0.4
3M Average Value (RM' m)	0.2

## Top 3 Shareholders (%)

Sena Healthcare Serv	29.0
Tan Boon Hock	27.2
Chung Soon Hee	5.7

## Share Price Performance



	1M	3M	12M
Absolute (%)	-4.3	-11.1	-5.9
Relative (%)	-6.1	-10.7	-8.0

## Optimax Holdings Berhad

## Modest growth driven by higher OPEX

## Executive Summary

- Optimax's 4QFY24 core net profit declined by 3.4% qoq and 4.1% yoy to RM3.1m, bringing the FY24 CNP to RM13.0m (+0.7% yoy) which is within our expectations at 95.0% of our full-year forecast, but slightly missed consensus's forecast at 92.3%.
- Near-term growth will be supported by the 3 new ACC yet to matured, both expected from FY25 onwards.
- After incorporating FY24 results, we adjust our FY25F/FY26F earnings forecasts by -2.2%/-0.3% in anticipation of higher operating expenses from commencement of Kempas and Selgate.
- Re-iterate BUY recommendation, but with a slightly lower target price of RM0.69 (from RM0.70), derived by FY25F EPS of 3.1 sen pegged to 22.0x PE multiple, and ascribed with three-star ESG rating.

**Within expectations.** Optimax's FY24 core net profit (CNP) of RM13.0m (+0.7% yoy) was in line with our expectations but missed consensus full-year forecasts, accounting for 95.0% and 92.3%, respectively.

**Higher Dividend.** The Group declared a second tax-exempt interim dividend of 0.5 sen in 4QFY24 (4QFY23: 0.6 sen), bringing the YTD DPS to 1.3sen (FY23: 1.2 sen).

**YoY.** CNP decline 4.1% yoy to RM3.1m, driven by higher opex incurred in both 3QFY24 and 4QFY24 due to newly opened ACCs, such as marketing expenses to promote newly opened ACC and Neumax Clinic for brand awareness and higher training costs. Meanwhile, revenue shows a 9.2% yoy growth to RM34.3m. Growth was mainly driven by contributions from newly established satellite clinics that obtained operating licenses this quarter (locations: Kota Kinabalu, Atria, and Cambodia).

**YTD.** On the full-year basis, FY24 CNP remained flat (+0.7% yoy) at RM 13.0m due to more ACCs coming online and higher OPEX incurred in these new ACCs, such as pre-operation costs for the Cambodia ACC (RM3.0m), additional headcount stations in new ACCs, higher depreciation expenses from new assets, and additional marketing expenses for brand awareness at the newly opened ACC and Neumax Clinic.

**QoQ.** CNP decreased by 3.4% qoq, despite a 3.7% yoy increase in revenue. The decline is primarily attributed to higher minority interest.

**Outlook.** Looking ahead, we expect staff and depreciation costs to remain elevated stemmed from additions of pre-operation expenses for Kempas Eye Hospital, which is slated to begin in 2QFY25, assuming the hospital is ready to commence operations in 3QCY25. Additionally, with Selgate Hospital expected to start in CY2026, we anticipate that staff costs may continue to be elevated, by increasing RM2-4m in FY25 and FY26.

**Earnings Revision.** After incorporating the FY24 actual results, we have trimmed our FY25 and FY26 earnings forecasts by -2.2% and -0.3%, respectively, as we anticipate that operating expenses may continue to be elevated in FY25 and FY26 following the commencement of Kempas and Selgate. Additionally, we are introducing our FY27 earnings forecast of RM18.3m.

**Valuation.** We reiterate our **BUY** recommendation with a slightly lower target price (TP) of **RM0.69** (from RM0.70), based on a 22.0x PE multiple and a three-star ESG rating. This PE multiple is derived from Optimax's 2-year historical average, applied to the FY25F EPS of 3.1 sen, which is nearly equivalent to Optimax's 2-year average historical PE of 21.5x. We remain confident in Optimax's prospects, supported by the Group's market-leading position in cataract and refractive surgeries, advanced medical technology, and aggressive expansion plans.

**Risk.** (i) Exposed to foreign exchange risk with potential short-term increases in material costs and freight charges, (ii) Changes in hospital agreements.

**Earnings Summary**

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	114.0	127.7	138.8	151.6	156.7
EBITDA	31.1	37.1	44.0	47.3	48.9
Pre-tax profit	20.0	20.0	25.7	27.3	28.0
Net profit	14.3	14.3	18.3	19.4	19.9
Core net profit	12.9	13.0	16.9	17.9	18.3
Core EPS (sen)	2.4	2.4	3.1	3.3	3.4
P/E (x)	23.6	23.4	18.0	17.0	16.6
P/B (x)	6.4	5.5	5.2	4.8	4.5
EV/EBITDA (x)	9.8	8.9	7.4	6.9	6.7
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

**Graph 1: Optimax’s 2-years PE band**



Source: Bloomberg, Apex Securities

# Results Note

Friday, 28 Feb, 2025

## Results Comparison

FYE Dec (RM m)	4QFY24	4QFY23	yoy (%)	3QFY24	qoq (%)	12MFY24	12MFY23	yoy (%)	Comments
Revenue	34.3	31.4	9.2	33.1	3.7	127.7	114.0	12.1	better revenue due to effective marketing effort from ongoing promotions
EBITDA	10.1	8.3	21.9	9.2	10.0	37.1	31.1	19.2	
Pre-tax profit	5.1	5.3	(3.8)	4.6	11.2	20.0	20.0	(0.1)	modest growth due to higher opex
Net profit	3.4	3.6	(5.2)	3.4	0.3	14.3	14.3	0.4	
Core net profit	3.1	3.2	(4.1)	3.2	(3.4)	13.0	12.9	0.7	
Core EPS (sen)	0.6	0.6	(4.1)	0.6	(3.4)	2.4	2.4	0.7	
DPS (sen)	0.5	0.6	(16.7)	0.8	(37.5)	1.3	1.2	8.3	
EBITDA margin (%)	29.4	26.4		27.7		29.1	27.3		
PBT margin (%)	14.8	16.8		13.8		15.6	17.6		
Core PATMI margin (%)	8.9	10.2		9.6		10.2	11.3		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	4QFY24	4QFY23	yoy (%)	3QFY24	qoq (%)	12MFY24	12MFY23	yoy (%)	Comments
<b>Geographical revenue</b>									
North Malaysia	6.3	5.4	16.8	5.2	20.6	21.4	19.3	10.8	
Central Malaysia	19.5	18.5	5.4	20.2	(3.3)	76.6	67.0	14.2	
South Malaysia	6.1	6.5	(6.9)	6.0	0.7	23.3	23.8	(2.3)	
East Malaysia	1.8	1.0	81.7	0.9	107.5	4.7	3.8	23.9	
Cambodia	0.6	-	nm	0.8	(21.0)	1.8	-	nm	
<b>Total</b>	<b>34.3</b>	<b>31.4</b>	<b>9.2</b>	<b>33.1</b>	<b>3.7</b>	<b>127.7</b>	<b>114.0</b>	<b>12.1</b>	

Source: Company, Apex Securities

# Results Note

Friday, 28 Feb, 2025

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Revenue</b>	<b>114.0</b>	<b>127.7</b>	<b>138.8</b>	<b>151.6</b>	<b>156.7</b>
<b>Gross Profit</b>	<b>89.4</b>	<b>101.6</b>	<b>110.4</b>	<b>119.7</b>	<b>123.8</b>
<b>EBITDA</b>	<b>31.1</b>	<b>37.1</b>	<b>44.0</b>	<b>47.3</b>	<b>48.9</b>
Depreciation & Amortisation	-9.9	-14.6	-15.3	-16.7	-17.2
<b>EBIT</b>	<b>21.2</b>	<b>22.5</b>	<b>28.7</b>	<b>30.6</b>	<b>31.6</b>
Net Finance Income/(Cost)	-1.2	-2.5	-3.0	-3.3	-3.6
Associates & JV	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>20.0</b>	<b>20.0</b>	<b>25.7</b>	<b>27.3</b>	<b>28.0</b>
Tax	-5.7	-5.6	-7.5	-7.9	-8.1
<b>Profit After Tax</b>	<b>14.3</b>	<b>14.3</b>	<b>18.3</b>	<b>19.4</b>	<b>19.9</b>
Minority Interest	1.4	1.3	1.4	1.5	1.6
<b>Net Profit</b>	<b>12.9</b>	<b>13.0</b>	<b>16.9</b>	<b>17.9</b>	<b>18.3</b>
Exceptionals	0.0	0.0	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>12.9</b>	<b>13.0</b>	<b>16.9</b>	<b>17.9</b>	<b>18.3</b>

### Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
P/E (x)	23.6	23.4	18.0	17.0	16.6
EPS (sen)	2.4	2.4	3.1	3.3	3.4
P/B (x)	6.4	5.5	5.2	4.8	4.5
EV/EBITDA (x)	9.8	8.9	7.4	6.9	6.7
DPS (sen)	1.2	1.3	1.3	1.3	1.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin	27.3%	29.1%	31.7%	31.2%	31.2%
EBIT margin	18.6%	17.6%	20.7%	20.2%	20.2%
PBT margin	17.6%	15.6%	18.5%	18.0%	17.9%
PAT margin	12.5%	11.2%	13.1%	12.8%	12.7%
NP margin	11.3%	10.2%	12.1%	11.8%	11.7%
Core NP margin	11.3%	10.2%	12.1%	11.8%	11.7%
ROE	20.5%	19.2%	21.7%	20.2%	18.4%
ROA	10.8%	8.8%	10.6%	10.1%	9.5%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Key Assumptions

FYE Dec (RM m)	FY25F	FY26F	FY27F
Medicine and others (RM'm)	8.33	9.09	9.40
Medical services (RM'm)	1.5	1.5	1.6
No. of satellite clinics	10	12	14
Est. revenue per clinic (RM'm)	2.5	2.6	2.6

### Valuations

	FY25F
Core EPS (sen)	0.03
P/E multiple (x)	22.0
<b>Equity Value (RM)</b>	<b>0.69</b>
<b>ESG premium/discount</b>	<b>0.0%</b>
<b>Fair Value</b>	<b>0.69</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Cash</b>	<b>16.2</b>	<b>17.6</b>	<b>26.0</b>	<b>29.3</b>	<b>31.2</b>
Receivables	3.2	5.2	5.7	6.2	6.4
Inventories	5.0	5.7	6.3	6.6	7.7
Other current assets	5.8	7.1	10.4	11.4	11.7
<b>Total Current Assets</b>	<b>30.2</b>	<b>35.6</b>	<b>48.4</b>	<b>53.5</b>	<b>57.0</b>
Fixed Assets	73.5	96.2	94.2	106.3	118.8
Intangibles	15.7	15.8	15.8	15.8	15.8
Other non-current assets	0.3	1.1	1.1	1.1	1.1
<b>Total Non-current assets</b>	<b>89.6</b>	<b>113.1</b>	<b>111.1</b>	<b>123.2</b>	<b>135.7</b>
Short-term Debt	3.1	9.7	10.2	10.7	11.2
Payables	15.4	12.3	13.5	15.3	15.4
Other Current Liabilities	3.4	8.6	3.1	3.5	3.6
<b>Total Current Liabilities</b>	<b>21.9</b>	<b>30.6</b>	<b>26.8</b>	<b>29.5</b>	<b>30.3</b>
Long-term Debt	15.0	32.0	36.8	40.5	44.6
Other non-current liabilities	14.8	12.7	12.7	12.7	12.7
<b>Total Non-current Liabilities</b>	<b>29.9</b>	<b>44.7</b>	<b>49.5</b>	<b>53.2</b>	<b>57.3</b>
Shareholder's equity	63.0	67.8	77.6	88.4	99.6
Minority interest	4.9	5.6	5.6	5.6	5.6
<b>Equity</b>	<b>68.0</b>	<b>73.3</b>	<b>83.1</b>	<b>93.9</b>	<b>105.2</b>

### Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Pre-tax profit</b>	<b>20.0</b>	<b>20.0</b>	<b>25.7</b>	<b>27.3</b>	<b>28.0</b>
Depreciation & amortisation	9.9	14.6	15.3	16.7	17.2
Changes in working capital	1.0	-6.8	-8.7	0.4	-1.4
Others	-5.6	-3.9	-10.5	-11.3	-11.8
<b>Operating cash flow</b>	<b>25.3</b>	<b>23.9</b>	<b>21.8</b>	<b>33.1</b>	<b>32.1</b>
Net capex	-11.8	-24.2	-26.4	-28.8	-29.8
Others	1.9	2.7	0.0	0.0	0.0
<b>Investing cash flow</b>	<b>-9.9</b>	<b>-21.5</b>	<b>-26.4</b>	<b>-28.8</b>	<b>-29.8</b>
Dividends paid	-9.7	-7.6	-7.1	-7.1	-7.1
Others	-7.7	7.3	20.1	6.0	6.7
<b>Financing cash flow</b>	<b>-17.5</b>	<b>-0.3</b>	<b>13.0</b>	<b>-1.0</b>	<b>-0.4</b>
<b>Net cash flow</b>	<b>-2.0</b>	<b>2.1</b>	<b>8.4</b>	<b>3.3</b>	<b>1.9</b>
Forex	0.0	-0.6	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	18.2	16.2	17.6	26.0	29.3
<b>Ending cash</b>	<b>16.2</b>	<b>17.6</b>	<b>26.0</b>	<b>29.3</b>	<b>31.2</b>

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★	NIL.
Waste & Effluent	★★	NIL.
Energy	★★★★	Consuming 2.5 times more energy per sq. ft. than office building as healthcare is an high intensity industry.
Water	★★★	Started measure in FY 2023 with 0.943megalitres water used. No comparison available.
Compliance	★★★★	Enlisted third-party vendors certified in ISO 14001 to conduct a thorough study to identify the types and volumes of waste generated across operations

### Social

Diversity	★★★	The gender distribution of employees in Optimax is 77% female and 33% male. There is room for improvement towards gender parity in FY2024.
Human Rights	★★★	Zero number of substantiated complaints concerning human rights violations.
Occupational Safety and Health	★★★★	20 employees received regular training on identifying and managing specific work-related hazards and handling potentially hazardous activities and situations
Labour Practices	★★★★	100% of eligible employees trained on health and safety standards.

### Governance

CSR Strategy	★★	Conducted feedback analysis to identify trends, prioritise areas for improvement and develop action plans to address client concerns
Management	★★★	The Board currently has eight (8) members, with three (3) female and five(5) male.
Stakeholders	★★★	1x AGM per annum and 4/4 analyst briefings.

Overall ESG Scoring: ★★★

### Recommendation Framework:

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to -10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain

### Sector Recommendations:

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

**Disclaimer:** The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of Friday, 28 Feb, 2025, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.