

Sunway Healthcare Holdings Berhad (SUNMED)

Beyond Expansion, The Sunway Synergy

- Sunway Healthcare Holdings Berhad is a Malaysia-based integrated healthcare provider, principally engaged in the (i) operation of quaternary and tertiary hospitals, (ii) specialized outpatient services through ambulatory care centres, as well as (iii) delivery of supportive and complementary care including home healthcare, TCM and senior living.
- We project 3-year earnings CAGR of 12.6%, with core PATMI expected to reach RM235.4m-RM368.1m over the next three years. This growth is underpinned by (i) brownfield expansions in some of the current hospitals, (ii) strong medical tourism growth, and (iii) higher patient volume due to increasingly aging population.
- We assign a fair value of RM1.51 per share for SUNMED, indicating a 4.1% upside from the IPO price of RM1.45. This valuation is based on an EV/EBITDA multiple of 25.5x pegged to mid-FY27f EBITDA of RM673.3m.

Investment highlights

Leading and well-established healthcare brand in Malaysia and regionally. The Group operates five hospitals in total, with a total licensed bed count of 1,805 and 710 consultant specialists as at the LPD. Meanwhile, Sunway Medical Centre Sunway City Kuala Lumpur, which is a quaternary hospital, is the largest private facility in the country and also one of the largest private hospitals in Southeast Asia, with a licensed bed count of 848 as at the LPD. As the only private group offering services across the full lifecycle of care, the brand is globally recognized, with its flagship recently ranked as the top hospital in Malaysia by Newsweek-Statista (2025). This clinical excellence is further validated by a prestigious triple-accreditation (JCI, ACHS and MSQH).

Replicable business model with fast earnings ramp-up. The Group demonstrates operational efficiency in ramping up greenfield projects, achieving positive EBITDA for (i) Sunway Medical Centre Penang within just three months, (ii) Sunway Medical Centre Damansara within nine months, and (iii) Sunway Medical Velocity within 12 months, significantly faster than the 3–5 years industry average according to the IMR report. We view this as a strong investment merit, as it is able to accelerate the return of cash flow invested following heavy capital expenditure, effectively shortening its gestation period.

Aggressive network expansion with strong bed capacity ramp-up. Sunway Healthcare aims to solidify its market leadership by increasing its total bed capacity from 1,520 as of 31 December 2024 to over 3,400 by 31 December 2032. This includes ramping up utilization at recently opened facilities in Damansara and Ipoh, alongside greenfield expansions into Seremban, Iskandar Puteri, and Putrajaya targeted for 2030–2032.

Strategic "Township" ecosystem and medical tourism dominance. The Group benefits from a unique competitive moat through its integration within Sunway's established townships in Selangor, KL, Penang, and Perak, providing immediate access to high-density, affluent catchment areas. As these facilities are strategically located in Malaysia's top economic and medical tourism hubs, we believe the Group is well-positioned to capture the expected 28.0% CAGR growth in Malaysia's medical tourism from 2024 to 2030, coupled with a boost from the VM2026 campaign. SUNMED's revenue for foreign patients also saw a notable increase from RM86.6m in FY22 to RM220.4m in FY24, representing a 2-year CAGR of 59.5%, while 9MFY25 also increased 32.7% YoY to RM213.2m, from 160.7m in 9MFY24. The Group also accounted for ~8.1% of Malaysia's total medical tourism revenue as of 2024.

IPO Note – Not rated

Kieran Lim
kieranlim@msec.com.my
(603) 2201 2100

Non-Rated

Share price	RM1.45
Target price	RM1.51
Previous TP	-
Capital upside	4.1%
Dividend return	0.6%
Total return	4.7%

Company profile

Established in 1999, Sunway Healthcare Holdings Berhad is a Malaysia-based integrated healthcare provider primarily involved in the (i) operation of quaternary and tertiary hospitals, (ii) ambulatory care centres, and also (iii) supportive and complementary healthcare services.

Stock information

Bursa Code	5555
Bloomberg ticker	SUNMED MK
Listing market	MAIN
Share issued (m)	11500.2
Market Cap (m)	16675.2
Shariah compliant	Yes
MITI allocation	Yes

Major shareholders

	%
SunCity	69.5
Greenwood Capital	7.5

Earnings snapshot

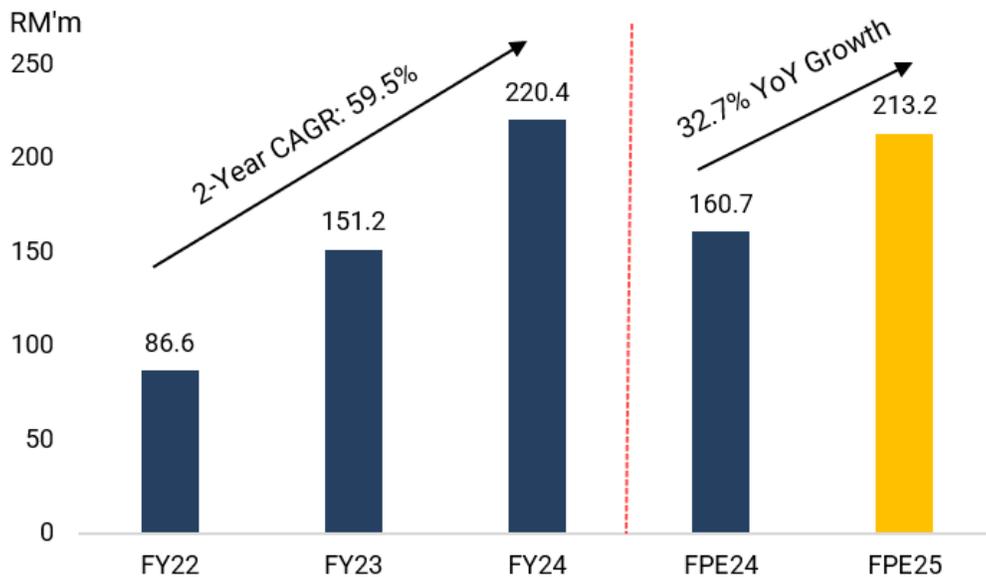
FYE (Dec)	FY24	FY25f	FY26f
PATMI (m)	257.5	235.4	316.8
EPS (sen)	2.2	2.0	2.8
P/E (x)	64.8	70.8	52.6

Timetable of IPO

Opening of application	27 February
Closing of application	5 March
Balloting of application	10 March
Allotment of the IPO shares	17 March
Listing on the ACE market	18 March



Fig #1 SUNMED's revenue from foreign patients



Source: Sunway Healthcare Holdings Berhad

Strong cornerstone investor backing. The Group targets a minimum of 17 cornerstone investors; the country's largest pension fund, EPF, and insurance giant, AIA, are among the institutions being sounded. We believe SUNMED also aligns with one of EPF's six strategic themes, Healthcare (aged care), as the country is expected to become an aged nation by 2043. The Group would see around 1.97bn shares floated, which is around 17.1% of the Group's enlarged share capital, translating into a tight public float that, coupled with strong cornerstone backing, signals strong interest for long-term investment.

Defensive choice amid aging economy and uncertain environment. With the ongoing war in the Middle East, we believe the investment sentiment will shift into defensive sector like healthcare. Hence, we anticipate SUNMED to have strong buying interests, as investments are increasingly directed toward the silver economy theme, which includes aged care services, healthcare facilities and technologies supporting an aging demographic.

Market share poised for growth. According to the IMR report, Sunway Healthcare has been gaining market share, increasing from 4.9% in 2022 to 7.0% in 2024 in terms of licensed beds. The Group's growing number of beds translates into its increasing market share in terms of revenue, rising from 5.4% in 2022 to 8.3% in 2024. Once listed, the Group will be the third-largest private hospital group among major private hospital groups in Malaysia that are publicly listed, in terms of both licensed beds and revenue. Nevertheless, we anticipate SUNMED's market share will continue to grow following the brownfield and greenfield expansions currently underway.

Company background

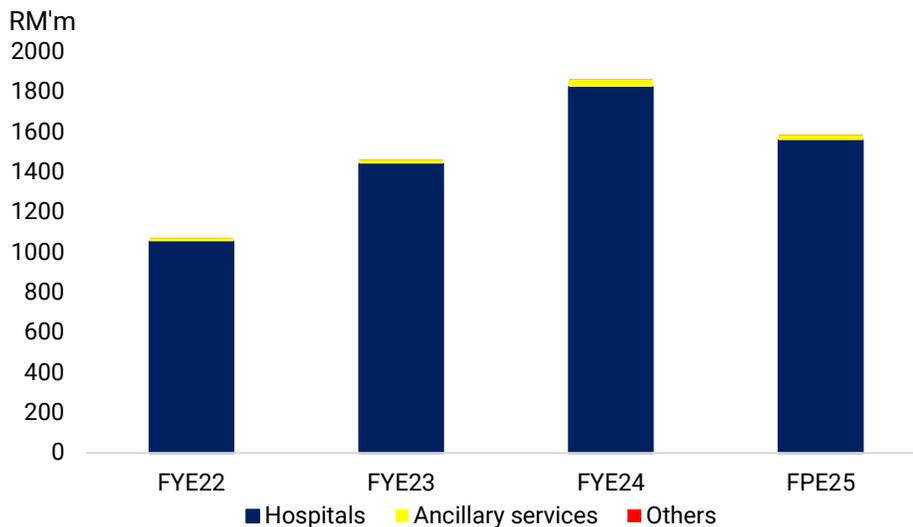
Sunway Healthcare Holdings Berhad is a Malaysia-based integrated healthcare provider specializing in the operation of quaternary and tertiary hospitals, supported by a network of ambulatory care centres and ancillary services. The group is the only major private healthcare operator in Malaysia providing services across the full lifecycle of care, with its flagship facility, Sunway Medical Centre Sunway City KL, currently the largest private hospital in the country.



The group's principal activities comprise three core segments. (i) **Quaternary and Tertiary Hospitals** involve the management of five established hospitals across Selangor, Kuala Lumpur, Penang, and Perak, offering comprehensive medical care across approximately 80 specialties and sub-specialties. (ii) The group operates **Ambulatory Care Centres (ACCs)**, providing specialized outpatient services such as fertility treatments and specialist consultations in Damansara and Kuching.

Complementing its clinical business, the group also provides (iii) **Supportive and Complementary Care services**, which include home healthcare, traditional Chinese medicine (TCM), and integrated senior living at Sunway Sanctuary, allowing the group to manage patient wellness and rehabilitation throughout the entire healthcare ecosystem.

Fig #2 SUNMED's revenue segmentation



Source: Sunway Healthcare Holdings Berhad

Fig #3 Corporate milestones

Year	Milestones
1999-2004	<ul style="list-style-type: none"> Tower B of Sunway Medical Centre Sunway City Kuala Lumpur commenced operations in November 1999 Sunway Home Healthcare commenced operations in November 2003
2005-2009	<ul style="list-style-type: none"> Tower A of Sunway Medical Centre Sunway City Kuala Lumpur commenced operations in November 2009
2010-2014	<ul style="list-style-type: none"> Sunway Medical Centre Sunway City Kuala Lumpur received a full three-year accreditation from ACHS International, making Sunway Medical Centre Sunway City Kuala Lumpur the first hospital in Southeast Asia to receive such accreditation
2015-2019	<ul style="list-style-type: none"> Tower C of Sunway Medical Centre Sunway City Kuala Lumpur commenced operations in October 2016 Sunway TCM Centre Sunway City commenced operations in Sunway Geo Avenue in April 2019 Sunway Specialist Centre Damansara commenced operations in May 2019 Tower B of Sunway Medical Centre Velocity commenced operations in September 2019
2026	<ul style="list-style-type: none"> Sunway Medical Centre Sunway City Kuala Lumpur was recognised as among the Top 350 smart hospitals (No. 1 in Malaysia, No. 313 globally) in Newsweek-Statista's World's Best Smart Hospitals 2026



- Sunway Medical Centre Sunway City Kuala Lumpur was recognised across procedures in Newsweek-Statista Asia's Top Private Hos[itals 2026 (No. 1 in Asia for Cataract Surgery; Top 10 in Asia for Hip Surgery and Hip Replacement, Shoulder Surgery, Knee Surgery and Knee Replacement and Refractive Eye Surgery; No. 1 in Malaysia for four of the five procedures)

Source: Sunway Healthcare Holdings Berhad

Substantial Shareholders and Key Management

1. Tan Sri Dato' Seri (Dr.) Jeffrey Cheah – Executive Chairman

Tan Sri Jeffrey Cheah is the Group's Promoter, Executive Chairman, and an indirect substantial shareholder. He founded the Sunway Group in 1974 and has been the driving force behind the establishment of the flagship Sunway Medical Centre Sunway City KL and the Group's expansion into tertiary healthcare. He holds a business degree from Victoria University, Australia, and is a Fellow of CPA Australia. With over 50 years of entrepreneurial experience, he also serves as the Chancellor of Sunway University and leads the Jeffrey Cheah Foundation.

2. Dato' Lau Beng Long – President

Dato' Lau is a Non-Independent Executive Director and the President of the Group. He oversees the Group's strategic expansion and operational development. He holds a Master of Health Administration from UNSW and an MBA from Southern Cross University. With over 45 years of experience in healthcare management, he has held leadership roles at Pantai Medical Centre and Mount Alvernia Hospital Singapore. Since rejoining Sunway in 2011, he has been instrumental in commissioning multiple hospitals, including SMC Penang, Damansara, and Ipoh.

3. Dr. Khoo Chow Huat, DBA – Managing Director, Hospital & Healthcare Operations

Dr. Khoo is the Managing Director of Hospital & Healthcare Operations and an Alternate Director to Dato' Lau Beng Long. He is responsible for overseeing the clinical and operational performance across the hospital network. He holds an MA from Cambridge, two MBAs (Imperial College and Kellogg/HKUST), and a DBA from the University of Manchester. He has over 25 years of experience, including 12 years in the Singapore Civil Service and CEO roles at Mount Alvernia Hospital and Orange Valley Healthcare.

4. Dr. Seow Vei Ken – CEO, Sunway Medical Centre Sunway City Kuala Lumpur

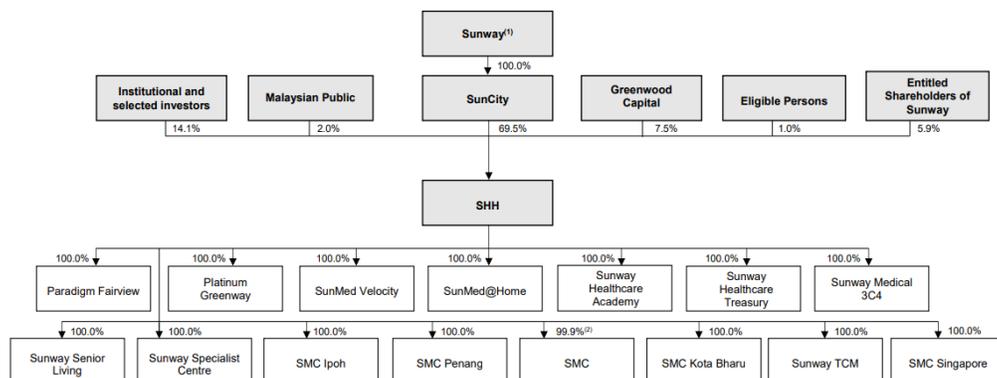
Dr. Seow is the CEO of the Group's flagship quaternary hospital. He manages the facility's overall operations and clinical governance. He holds a Doctor of Medicine from China Medical University, Taiwan, and an MSc in Clinical Service Operations from Harvard Medical School. A registered Specialist in Emergency Medicine, he joined the Group in 2015 and progressed from Head of Accident & Emergency to Medical Director before being appointed CEO in 2022.

5. Chelsea Cheng – CFO

Ms. Cheng is the Group's CFO, overseeing financial planning, treasury, procurement, and investment evaluation. She holds a Bachelor of Business from Monash University and is a Chartered Accountant with MIA and CA ANZ. She began her career at Arthur Andersen/EY and held senior roles at Citibank and AmBank, where she led Investor Relations and Treasury functions. She joined the Group in 2021 as Group Director of Finance before being redesignated as CFO in 2025.



Fig #4 Post-IPO structure



Source: Sunway Healthcare Holdings Berhad

Fig #5 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Capital expenditure for expansion of existing hospitals	554.1	66.50	Within 36 months
Redemption of Sukuk Wakalah	249.7	29.90	Within 24 months
Defray fees and estimated listing expenses	30.0	3.60	Within 3 months
Total	833.8	100.00	

Source: Sunway Healthcare Holdings Berhad

Business overview

Quaternary and tertiary hospital operations (98.4% of FPE25 revenue)

The Group's core business involves the operation of quaternary and tertiary hospitals, offering advanced clinical services across approximately 80 specialties and sub-specialties. This segment includes the awarding-winning flagship Sunway Medical Centre Sunway City KL, the largest private hospital in Malaysia, and four tertiary facilities in key urban regions. Revenue is driven by high-intensity CONGO (Cardiovascular, Oncology, Neuroscience, Gastroenterology & Hepatology, and Orthopaedics) cases and complex treatments that require multidisciplinary care.

Ambulatory care centres (0.2% of FPE25 revenue)

The Group provides specialized outpatient medical services through its Ambulatory Care Centres (ACCs). These facilities, such as Sunway Specialist Centre Damansara and Sunway Fertility Centre Kuching, allow for more accessible diagnosis and treatment without requiring hospital admission.

Supportive and complementary centres (1.7% of FPE25 revenue)

The Group offers ancillary healthcare services designed to cover the full lifecycle of care, from prevention to rehabilitation. These include Sunway TCM Centres for traditional medicine, Sunway Home Healthcare for post-procedural recovery, and also Sunway Sanctuary, an integrated senior living facility.



Fig #6 Principal business activities and services provided



Source: Sunway Healthcare Holdings Berhad

Fig #7 SWOT analysis of SUNMED

Strength	Weakness
<ul style="list-style-type: none"> • Strong brand equity and market recognition • Greenfields EBITDA breakeven within one year or lesser • Strategically embedded within Sunway's townships • Strong cornerstone investor backing 	<ul style="list-style-type: none"> • Reducing PBT margins over the recent years
Opportunity	Threat
<ul style="list-style-type: none"> • Medical tourism growth • Silver economy • Aggressive capacity rampup through greenfield expansions 	<ul style="list-style-type: none"> • Diagnosis-Related Group (DRG) payment system could potentially reduce margin • Intense competition among the private hospitals

Source: M+ Research

Financials

Revenue and income highlights. The group reported a revenue increase of RM395.6 (27.2% YoY), increasing from RM1.3bn in FPE24 to RM1.6bn in FPE25, mainly due to the increase in revenue contribution from both hospital segment and ancillary services segment. Revenue from the hospital segment increased from RM1.3bn in FPE24 to RM1.6bn in FPE25, as all the hospitals saw revenue increased, coupled with the introduction of Sunway Medical Centre Damansara and Sunway Medical Centre Ipoh. Similarly, the ancillary services segment also increased from RM24.9m in FPE24 to RM31.5m in FPE25, as three out of its four ancillary services centres saw revenue increased. Meanwhile, the Others segment also recorded an uptick from RM0.4m in FPE24 to RM0.9m in FPE25. Despite the increase in revenue, PAT also saw a decline from RM179.1m in FPE24 to RM139.8m in FPE25, primarily due to the commencement of operations at Sunway Medical Centre Damansara and Sunway Medical Centre Ipoh, both of which were still in their respective ramp-up phases.

Balance sheet. Total assets increased from RM4.68bn in FY24 to RM4.74bn in FPE25, mainly driven by the increase in property, plant and equipment and lease receivable. Total liabilities also increased from RM1.8bn to RM2.3bn over the same period, largely due to the increase in borrowings. However, total equity reduced from RM2.9bn to



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RM2.4bn, no thanks to the reduction in reserves. The group was in a net gearing position of 0.4x prior to listing.

Cash flow. Despite higher PBT, net cash from operating activities declined from RM6.9m in FY23 to RM3.7m in FY24, mainly due to higher tax paid. Cash flow from investing activities turned from a net outflow of RM1.2m in FY23 to a net inflow of RM0.4m in FY24, mainly due to the presence of fixed deposits withdrawals. Cash flow from financing activities recorded a lower outflow of RM3.0m in FY24 compared with RM3.4m in FY23, following the higher proceeds from loans and borrowings. For FPE25, the group continued to generate healthy cash flows, with a net increase of RM24.0m in cash and cash equivalents.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 12.6%, with core PATMI expected to reach RM235.4m, RM316.8m, and RM368.1m over the next three years, largely supported by (i) brownfield expansions in some of the current hospitals, (ii) strong medical tourism growth, and (iii) higher patient volume due to increasingly aging population.

Fig #8 Financial Highlights

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	1456.9	1852.5	2311.5	2596.8	2847.3
EBITDA	380.9	469.7	499.4	631.5	715.1
EBIT	257.1	329.2	344.5	467.0	534.0
PBT	242.8	298.8	309.7	416.9	484.3
PAT	181.6	257.5	235.4	316.9	368.1
PATMI – Core	181.6	257.5	235.4	316.8	368.1
% change YoY – Core PATMI	-13.5%	41.8%	-8.6%	34.6%	16.2%
Core EPS (sen)	1.58	2.24	2.05	2.76	3.20
P/E (x)	91.8	64.8	70.8	52.6	45.3
EV/EBITDA (x)	44.6	36.1	33.1	26.2	23.1
DPS (sen)	0.0	0.0	5.7	0.8	1.0
Yield (%)	0.0%	0.0%	3.9%	0.6%	0.7%
BVPS (RM/share)	0.23	0.25	0.29	0.31	0.33
P/B (x)	6.30	5.8	5.1	4.8	4.4
ROE (%)	7.1%	9.3%	7.6%	9.3%	10.1%
Net Gearing (x)	0.25	0.10	CASH	CASH	CASH

M+ Research

Valuations

We assign a fair value of RM1.51 per share for SUNMED, based on an EV/EBITDA multiple of 25.5x pegged to mid-FY27F EBITDA of RM673.3m. Even though the average and forward EV/EBITDA multiples of its peers are trading between 13.1x to 15.4x, we believe the assigned EBITDA multiple is fair, justified by its (i) positive EBITDA turnaround of around one year or lesser for most of its greenfield expansions, (ii) strong cornerstone investor backing, and (iii) solid expansion plans moving forward.



Fig #9 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	EV/EBITDA (x)	Forward EV/EBITDA (x)	ROE (%)	NP Margin (%)
Sunway Healthcare Holdings Berhad	Ace	Dec	1.45	11,500.2	*64.8	**57.1	*36.1	**26.2	*9.3	*13.9
KPJ Healthcare Bhd	MAIN	Oct	3.15	13,856.4	37.6	47.7	17.1	15.2	N/A	8.6
IHH Healthcare Bhd	MAIN	Nov	9.00	79,525.4	37.8	35.6	16.9	15.6	7.0	8.2
PMCK Bhd	ACE	Dec	0.21	223.6	18.9	N/A	7.6	N/A	18.2	14.4
TMC Life Sciences Bhd	MAIN	Jan	0.49	853.5	68.1	N/A	14.7	N/A	1.5	1.0
Cengild Medical Bhd	ACE	Jan	0.22	179.1	14.7	N/A	9.2	N/A	8.3	13.8
Avg ex-Sunway Healthcare Holdings Berhad				18,927.6	35.4	41.7	13.1	15.4	8.7	9.2

Source: M+ Research (*FY24, **FY26f)

Investment risks

Dependence on skilled healthcare professionals. The Group's ability to drive patient admissions and execute its expansion plans is highly dependent on attracting and retaining high-calibre doctors and nursing staff. Any failure to recruit or maintain these professionals could lead to reduced service demand and a potential scaling back of growth initiatives.

Exposure to fluctuations in patient demand and spending power. Revenue sustainability depends on maintaining high occupancy rates and attracting high-value, complex cases from both local patients and medical tourists. Any adverse shifts in patients' financial ability or willingness to pay for private healthcare could lead to a significant decline in revenue.

Reliance on private insurance panels. A substantial portion of the Group's payor base consists of private insurance companies. The inability to renew contracts on favourable terms or a failure to maintain "cashless payment" panel status could materially reduce patient volume.

Regulatory risk and pricing reforms. The healthcare industry is subject to stringent governmental regulations and potential pricing reforms, such as the proposed DRG payment system. These changes may impose new compliance obligations, increase operational costs, and necessitate adjustments to pricing models, which could adversely affect financial performance.

Medical complaints and clinical outcome risks. The Group is exposed to potential complaints regarding patient care, treatment outcomes, or pricing, and any unresolved issues could lead to negative media publicity or costly legal proceedings against the Group or its healthcare professionals.

Environmental, Social and Governance (ESG) Practices

Environmental:

- Implement comprehensive segregation and clinical waste recycling partnerships, such as Cenviro Recycling and Recovery Sdn Bhd.
- Utilizing Building Management Systems (BMS) and magnetic bearing chillers while generating 512 MWh of solar energy in 2025 across hospital rooftops..
- Securing GBI and GreenRE certifications (Gold/Silver/Bronze) for major facilities, alongside membership in the Global Green and Healthy Hospitals (GGHH) network.
- Reducing environmental footprint through "Paper-less Project" and cloud-based healthcare management, achieving over 98% e-billing adoption at key facilities.
- Providing EV charging stations and utilizing rainwater harvesting for landscape maintenance and cleaning.



Social:

- Pledged RM2.5m to the Sunway Cancer Support Fund, having already assisted over 1,500 underprivileged patients with screenings and treatments.
- Organizing annual awareness initiatives, including the "KNOW Diabetes" campaign and "Brave the Cancer" programs to support national health screening efforts.
- Promoting plant-based dietary options for patients and staff through subsidized "Go Green" meal programs and pediatric menus.
- Organise annual "Sustainability Week" event across the entire hospital network.

Governance:

- Maintaining a zero-tolerance policy for bribery and corruption, supported by robust Anti-Bribery and Business Ethics policies.
- Full compliance with the Personal Data Protection Act (PDPA) 2010 and the implementation of a group-wide whistleblowing framework.

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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned

