

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 2 Hold 0 Sell 0

Current price:	RM0.625
Target price:	RM0.84
Previous target:	RM1.11
Up/downside:	34.4%
CGS-CIMB / Consensus:	-2.3%
Reuters:	OPTI.KL
Bloomberg:	OPTIMAX MK
Market cap:	US\$72.22m
	RM337.5m
Average daily turnover:	US\$0.04m
	RM0.21m
Current shares o/s:	540.0m
Free float:	33.8%
*Source: Bloomberg	

#### Key changes in this note

- FY23F-25F core net profit forecasts lowered by 31.6%-41.7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6	-10.7	-17.8
Relative (%)	-6.1	-9.9	-15.7

Major shareholders	% held
Sena Healthcare Services Sdn Bhd	29.2
Tan Sri Dato' Tan Boon Hock	26.7
Dr Stephen Chung Soon Hee	5.7

**Errata: Revised changes "17.2%/31.2% in FY24F/FY25F" in the last paragraph to "15.8%/30.0%"**

#### Analyst(s)



#### LEW Cheng Wei

T (60) 3 2635 9260  
 E chengwei.lew@cgs-cimb.com

#### Dharmini THURASINGAM

T (60) 3 2635 9289  
 E dharmini@cgs-cimb.com

# Optimax Holdings

## All eyes on execution of expansion growth

- 9M23 core net profit of RM9.7m was 54%/58% of our/Bloomberg consensus FY23F forecasts as revenue dip and higher costs led to lower margins.
- Costs incurred for the operation of its new ACCs should lead to FY24F revenue growth, at the expense of 4Q23F margins, in our view.
- Reiterate Add, with a lower GGM-based (previously P/E-based) TP of RM0.84. This note marks the transfer of coverage to Lew Cheng Wei.

### Revenue decline and higher costs sink 3Q23 core net profit

9M23 EBITDA/core EPS disappointed at 61%/54% of our FY23F forecasts (66%/58% of Bloomberg consensus), driven by 3Q23 yoy decline in revenue. Coupled with higher staff costs, higher depreciation and preoperational costs, 3Q23 core net profit tumbled 30.7% yoy to RM2.8m, while 9M23 core net profit of RM9.7m was 14.5% down yoy.

### Festive season historically leads to fewer surgeries

Optimax Holdings saw its revenue dip slightly by 0.6% yoy in 3Q23, which management attributed to a lack of doctors during the month of Sep, due to: i) 80% of Optimax's doctors participating in a conference held in Vienna for a week, and ii) many doctors on a factory visit by the invitation of its supplier Carl Zeiss. Optimax has since hired more doctors, which management said should boost the average utilisation of its operating theatres from 60% currently to 70% by end-4Q23F. While this should help revenue to recover in the coming quarters, we remain cautious as 4Q is generally a weaker quarter for Optimax due to the festive season, which normally sees fewer surgeries.

### Staff hires for smoother operations of upcoming ACCs

Optimax also provided updates on its new ambulatory care centres (ACC) in: i) Atria Damansara Jaya, ii) Kota Kinabalu, and iii) Cambodia. While management guides that these ACCs would likely only be operational by early-FY24F, Optimax has hired additional staff who will need to be trained before the new ACCs start operations. Optimax had also hired operation teams and plastic surgery surgeons in 3Q23 in preparation for its plastic surgery licence, which it obtained on 7 Aug 23. All these factors led to 3Q23 EBITDA margin falling 6.6% pts yoy (-3.3% pts qoq); we believe EBITDA margin could stay suppressed until these new ACCs become profitable in FY24F.

### ROE recovery in FY25F as Optimax executes its expansion plans

We reiterate Add, with a lower TP of RM0.84 (from RM1.11), based on GGM to better capture its medium-term profitability and growth trajectory. Following a disappointing FY23F, we project a strong rebound in earnings by 15.8%/30.0% in FY24F/FY25F, driven by revenue growth following the opening of new ACCs in Cambodia, Atria and Kota Kinabalu in FY24F, as well as Selgate Hospital and Kempas Hospital in FY25F. The stock has de-rated since the start of 2023 and currently trades at 0.5 s.d. below its 3-year mean P/E of 27.3x since listing in FY20. Re-rating catalyst: strong earnings delivery in FY24-25F. Downside risks: delays in its expansion plans, longer gestation period for its new centres.

#### Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (RMm)	88.9	108.0	109.1	124.1	142.3
Operating EBITDA (RMm)	26.13	32.28	30.03	34.23	41.03
Net Profit (RMm)	12.30	14.69	12.27	14.21	18.47
Normalised EPS (RM)	0.023	0.027	0.023	0.026	0.034
Normalised EPS Growth	97.8%	19.2%	(15.7%)	15.8%	30.0%
FD Normalised P/E (x)	27.64	23.18	27.50	23.75	18.27
DPS (RM)	0.019	0.024	0.014	0.016	0.021
Dividend Yield	3.04%	3.84%	2.18%	2.53%	3.28%
EV/EBITDA (x)	13.02	10.64	11.63	10.29	8.46
P/FCFE (x)	16.40	17.06	39.91	26.05	14.80
Net Gearing	(14.6%)	(11.3%)	(1.8%)	2.4%	(4.9%)
P/BV (x)	6.13	5.81	5.35	4.91	4.43
ROE	23.7%	25.7%	20.3%	21.6%	25.5%
% Change In Normalised EPS Estimates			(31.6%)	(40.5%)	(41.7%)
Normalised EPS/consensus EPS (x)			0.78	0.77	0.78

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## All eyes on execution of expansion growth

We lower our FY23F-25F core net profit estimates by 31.6%-41.7%, mainly due to lower revenue projections, as we think the slowdown in private healthcare discretionary spending should only recover in FY24F, which would help Optimax's new ACCs ramp up operations. We also project lower profit margins for FY23-24F due to pre-operation costs and higher staff costs incurred for its upcoming ACCs in Cambodia, Atria and Kota Kinabalu in FY23F as well as in Selgate's Shah Alam hospital and Kempas eye hospital in FY24F.

**Figure 1: Key forecast changes**

FYE 31 Dec (RM m)	FY22	New			Old			% change		
		FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
Revenue	108.0	109.1	124.1	142.3	119.6	140.3	163.1	(8.7)	(11.5)	(12.8)
Gross profit	42.9	40.7	45.4	52.8	48.0	57.5	69.0	(15.2)	(21.1)	(23.5)
EBITDA	32.3	30.0	34.2	41.0	37.3	46.9	58.3	(19.5)	(27.0)	(29.6)
Pretax profit	23.5	19.2	21.8	27.7	26.9	35.1	45.8	(28.8)	(37.8)	(39.6)
Core net profit	14.6	12.3	14.2	18.5	17.9	23.9	31.7	(31.6)	(40.5)	(41.7)
DPS (sen)	2.4	1.4	1.6	2.1	2.7	3.5	4.7	(48.7)	(55.4)	(56.3)
Cash capex	8.4	15.0	14.0	9.0	14.0	14.0	9.0	7.1	0.0	0.0
FCF	16.2	4.9	8.7	18.4	11.1	18.0	31.4	(55.9)	(51.8)	(41.4)

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Due to our earnings downgrades, we reduce our TP for Optimax from RM1.11 to RM0.84. We switch to a GGM-based valuation methodology to better reflect the performance of the company, from 28x CY24F P/E previously. In our GGM model, we have assumed Optimax's FY25F ROE of 26% as its sustainable ROE, with a 5% long-term growth rate and an 8.2% COE (0.8 beta). With its core businesses focused on treatment of eye diseases/disorders (mainly cataracts), refractive/oculoplastic surgeries and eye examinations, we believe the 5% growth rate is achievable, especially given Malaysia's rapidly ageing population, improving consumer affluence, as well as sizeable untapped market potential for cataract and refractive surgeries.

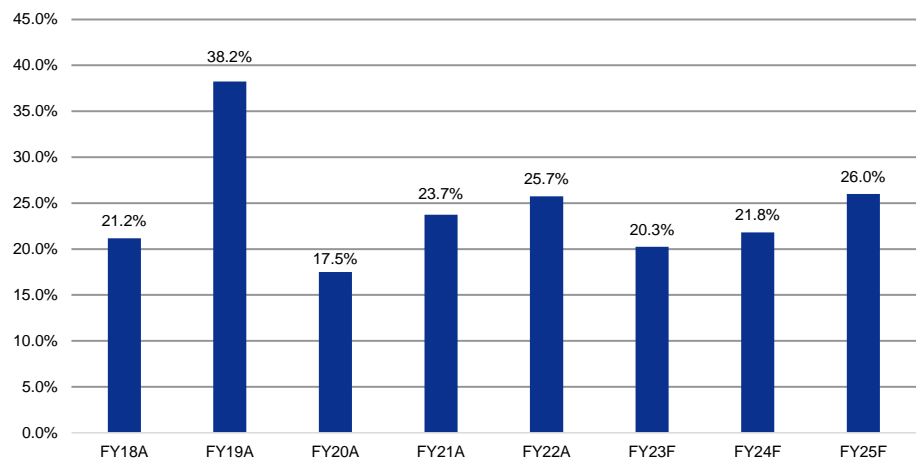
**Figure 2: Optimax – valuations at RM0.84 TP**

	FY21A	FY22A	FY23F	FY24F	FY25F
Core P/E (x)	37.1	31.2	37.0	31.5	24.1
Adj EV/EBITDA (x)	17.4	14.1	15.4	13.6	11.2
P/BV (x)	8.2	7.8	7.2	6.6	5.9
Div yield (%)	2.3%	2.9%	1.6%	1.9%	2.5%
FCF yield (%)	1.4%	3.6%	1.1%	1.9%	4.1%
Unlevered FCF yield (%)	1.5%	3.7%	1.1%	1.9%	4.1%
EV/OCF (x)	26.2	18.5	23.2	20.4	16.6
P/FCF (x)	72.6	28.0	93.1	51.6	24.3

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

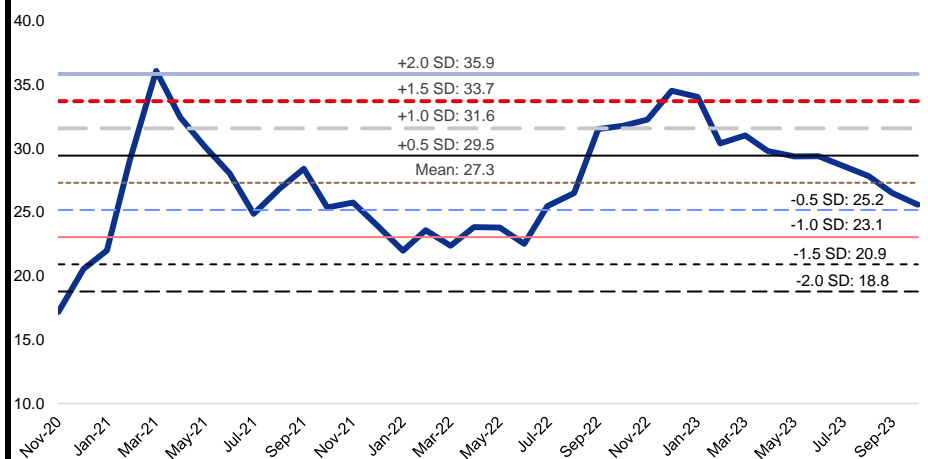
Key re-rating catalysts: higher-than-expected number of cataract and refractive surgeries and shorter gestation period of its new ACCs leading to strong earnings delivery in FY24-25F. Key downside risks: delays in its expansion plans, and longer gestation period for its new centres, which could cause margins to stay suppressed.

**Figure 3: We estimate Optimax's long-term ROEs to be around 26% as achieved in FY22 at the end of its previous expansion cycle**



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 4: Optimax has de-rated since the start of 2023 and currently trades at 0.5 s.d. below mean P/E of 25.2x since listing**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

**Figure 5: Results comparison**

FYE Dec (RM m)	3Q23	3Q22	yoy % chg	2Q23	qoq % chg	9M23	9M22	yoy % chg	FY23F
<b>Revenue</b>	<b>28.5</b>	<b>28.7</b>	<b>-0.6</b>	<b>27.9</b>	<b>2.3</b>	<b>82.5</b>	<b>79.6</b>	<b>3.7</b>	<b>119.6</b>
<b>EBITDA</b>	<b>7.4</b>	<b>9.4</b>	<b>-20.7</b>	<b>8.2</b>	<b>-9.1</b>	<b>22.8</b>	<b>25.1</b>	<b>-9.3</b>	<b>37.3</b>
<i>EBITDA margin (%)</i>	<i>26.0</i>	<i>32.6</i>	<i>(6.6)</i>	<i>29.3</i>	<i>(3.3)</i>	<i>27.6</i>	<i>31.5</i>	<i>(3.9)</i>	<i>31.2</i>
<i>Depn &amp; amort.</i>	<i>-2.5</i>	<i>-2.0</i>	<i>24.3</i>	<i>-2.4</i>	<i>6.6</i>	<i>-7.1</i>	<i>-5.7</i>	<i>25.1</i>	<i>-8.9</i>
<b>EBIT</b>	<b>4.9</b>	<b>7.3</b>	<b>-33.1</b>	<b>5.8</b>	<b>-15.5</b>	<b>15.7</b>	<b>19.4</b>	<b>-19.3</b>	<b>28.4</b>
<b>Pretax profit</b>	<b>4.6</b>	<b>6.5</b>	<b>-29.4</b>	<b>5.5</b>	<b>-16.9</b>	<b>14.7</b>	<b>17.8</b>	<b>-17.3</b>	<b>26.9</b>
<i>Net profit</i>	<i>2.8</i>	<i>3.7</i>	<i>-22.9</i>	<i>3.8</i>	<i>-25.7</i>	<i>9.7</i>	<i>10.9</i>	<i>-10.5</i>	<i>17.9</i>
<b>Core net profit</b>	<b>2.8</b>	<b>4.1</b>	<b>-30.7</b>	<b>3.8</b>	<b>-25.5</b>	<b>9.7</b>	<b>11.3</b>	<b>-14.5</b>	<b>17.9</b>
<b>Core EPS (sen)</b>	<b>0.5</b>	<b>0.8</b>	<b>-30.7</b>	<b>0.7</b>	<b>-25.5</b>	<b>1.8</b>	<b>2.1</b>	<b>-14.5</b>	<b>3.3</b>

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS


**Figure 6: Peer comparison**

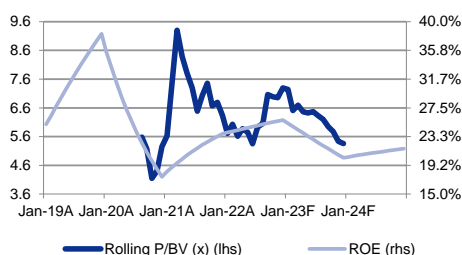
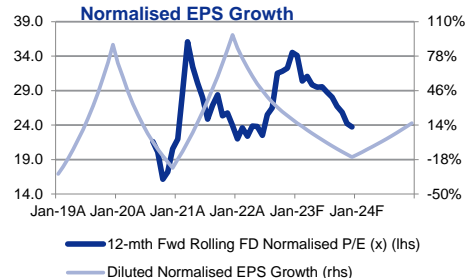
Company	Bloomberg	Recom.	Share	Target	Market	P/E (x)		EV/EBITDA		3-year CAGR		Dvd yield (%)		ROE (%)		P/BV (x)	
	Ticker		price	price	cap	FY23F	FY24F	FY23F	FY24F	EPS	EBITDA	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
			(local curr.)	(US\$ m)				(x)	(x)	(%)	(%)	(%)	(%)	(%)	(%)	(x)	(x)
Kotra Industries	KTRI MK	HOLD	4.70	5.74	149	10.4	10.6	7.4	7.0	3.6	8.3	4.3	4.2	25.6	21.9	2.5	2.2
<b>Optimax</b>	<b>OPTIMAX MK</b>	<b>ADD</b>	<b>0.63</b>	<b>0.84</b>	<b>72</b>	<b>27.5</b>	<b>23.5</b>	<b>11.6</b>	<b>10.3</b>	<b>9.0</b>	<b>8.3</b>	<b>2.2</b>	<b>2.6</b>	<b>20.3</b>	<b>21.8</b>	<b>5.4</b>	<b>4.9</b>
Duopharma Biotech	DBB MK	HOLD	1.22	1.59	251	14.1	13.8	9.6	8.4	(2.0)	(0.8)	2.1	2.2	12.0	11.3	1.6	1.5
Pharmaniaga	PHRM MK	NR	0.35	0.00	108	15.9	13.0	12.3	12.1	8.7	4.0	na	2.3	(18.1)	(29.3)	na	na
IHH Healthcare	IHH MK	ADD	5.84	7.70	11,005	28.8	24.5	12.2	10.9	19.1	10.7	1.2	1.4	6.5	7.2	1.8	1.7
KPJ Healthcare	KPJ MK	ADD	1.34	1.70	1,251	23.9	23.6	10.6	10.0	18.0	7.8	2.7	2.5	10.7	10.4	2.5	2.4
<b>Malaysia overall healthcare average (ex-outliers)</b>						<b>20.1</b>	<b>18.2</b>	<b>10.6</b>	<b>9.8</b>	<b>9.4</b>	<b>6.4</b>	<b>2.1</b>	<b>2.5</b>	<b>9.5</b>	<b>7.2</b>	<b>2.7</b>	<b>2.5</b>
<b>Malaysia hospital average (ex-outliers)</b>						<b>26.4</b>	<b>24.0</b>	<b>11.4</b>	<b>10.5</b>	<b>19.1</b>	<b>9.2</b>	<b>1.9</b>	<b>2.0</b>	<b>8.6</b>	<b>8.8</b>	<b>2.1</b>	<b>2.0</b>
<b>Malaysia pharmaceutical average (ex-outliers)</b>						<b>13.5</b>	<b>12.5</b>	<b>9.8</b>	<b>9.2</b>	<b>3.4</b>	<b>3.8</b>	<b>2.2</b>	<b>2.9</b>	<b>6.5</b>	<b>1.3</b>	<b>2.0</b>	<b>1.8</b>

SHARE PRICES AS AT 1 DEC 2023

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Note: Forecasts for Not Rated (NR) companies are based on Bloomberg consensus

Refinitiv ESG Scores							
	<table border="1"> <tr> <td style="background-color: #90EE90;">B- ESG Score</td> <td style="background-color: #3CB371;">A+ ESG Controversies Score</td> <td style="background-color: #90EE90;">B- ESG Combined Score</td> <td style="background-color: #FFD700;">C- ESG Environment Pillar Score</td> <td style="background-color: #90EE90;">B- ESG Social Pillar Score</td> <td style="background-color: #3CB371;">B+ ESG Government Pillar Score</td> </tr> </table>	B- ESG Score	A+ ESG Controversies Score	B- ESG Combined Score	C- ESG Environment Pillar Score	B- ESG Social Pillar Score	B+ ESG Government Pillar Score
B- ESG Score	A+ ESG Controversies Score	B- ESG Combined Score	C- ESG Environment Pillar Score	B- ESG Social Pillar Score	B+ ESG Government Pillar Score		
<h2>ESG in a nutshell</h2>							
<p>In terms of ESG, we believe Optimax has done fairly well in the Social pillar, as its services play an important role in helping to overcome the rising prevalence of cataracts, visual impairments and other eye diseases (e.g. myopia and dry eyes) in Malaysia amid a rapidly ageing population and increasingly digital lifestyles. Despite the company's minimal Environmental impact, we are encouraged by its move to: i) engage a certified clinical waste management company to dispose of the waste generated from its operations, ii) replace all its lighting with more energy-efficient LED lighting, and iii) implement a proper medicine supply management system to reduce wastage to a minimum level.</p>							
<p><b>Keep your eye on</b></p> <p>According to Optimax's FY20-22 annual reports and IPO prospectus (dated 15 Jul 2020), there have been numerous related party transactions since 2016 conducted involving Optimax and the founding Tan family, who are also its major shareholders. We believe these could be perceived by investors in a negative light in terms of corporate governance (i.e. potential concerns over whether Optimax and its minority shareholders will be disadvantaged).</p>	<p><b>Implications</b></p> <p>We have not explicitly factored this governance risk into our forecasts/valuation for Optimax for now, as we believe the risk is somewhat mitigated by the fact that these transactions were backed by valuation reports issued by registered independent property valuers. We think these transactions could also result in incremental revenue/cost savings for Optimax, especially if the properties are situated in strategic locations and transacted at prices/rates that are fairly competitive vs. prevailing market rates.</p>						
<p><b>ESG highlights</b></p> <p>Optimax has not been included in the FTSE4Good Bursa Malaysia Index as it is not part of the FTSE Bursa Malaysia EMAS Index. This is the first year it has been rated by Refinitiv, of which it has not scored particularly well in the Environment section due to: i) the lack of disclosures of its energy usage, water usage and emissions, ii) the lack of policies and statements targeting water and energy efficiency, and iii) no disclosures on sustainable material sourcing and waste management.</p>	<p><b>Implications</b></p> <p>We believe that while Optimax's overall ESG performance is decent, given its relatively small impact on the environment and its substantial contribution to community development/ wellbeing (e.g. expanding its reach to more remote areas in Malaysia), additional disclosures could allow for better ESG rankings. While we do not see any clear empirical correlation between high ESG rankings and share price performance, we believe ESG disclosures are becoming important investment criteria for institutional investors.</p>						
<p><b>Trends</b></p> <p>Optimax provides sponsorship of cataract surgeries to those in need as well as free eye health education and screenings to the public. We believe that Optimax will continue to play a key role in the social aspect in line with the Malaysian government's effort to increase awareness on health and provision of medical services to the public.</p>	<p><b>Implications</b></p> <p>On an absolute basis, we do not expect its ESG performance to have a material impact on share price performance as we believe that business-related factors, such as profitability, M&amp;As and industry supply-demand dynamics, have more bearing on its share price performance. Nonetheless, potential further improvements in its ESG disclosures/performance could stir up more interest in the stock among ESG-focused investors in the longer term, in our view.</p>						
<p>SOURCES: CGS-CIMB RESEARCH, REFINITIV</p>							

**BY THE NUMBERS**
**P/BV vs ROE**

**12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth**

**Profit & Loss**

(RMm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>Total Net Revenues</b>	<b>88.90</b>	<b>108.04</b>	<b>109.14</b>	<b>124.11</b>	<b>142.29</b>
<b>Gross Profit</b>	<b>34.70</b>	<b>42.95</b>	<b>40.70</b>	<b>45.43</b>	<b>52.78</b>
<b>Operating EBITDA</b>	<b>26.13</b>	<b>32.28</b>	<b>30.03</b>	<b>34.23</b>	<b>41.03</b>
Depreciation And Amortisation	-6.58	-7.82	-9.34	-10.73	-11.60
<b>Operating EBIT</b>	<b>19.55</b>	<b>24.46</b>	<b>20.68</b>	<b>23.50</b>	<b>29.43</b>
Financial Income/(Expense)	-1.07	-1.12	-1.51	-1.67	-1.76
Pretax Income/(Loss) from Assoc.	0.00	0.00	0.00	0.00	0.00
Non-Operating Income/(Expense)	0.00	0.00	0.00	0.00	0.00
<b>Profit Before Tax (pre-EI)</b>	<b>18.48</b>	<b>23.33</b>	<b>19.17</b>	<b>21.83</b>	<b>27.66</b>
Exceptional Items	0.11	0.17	0.00	0.00	0.00
<b>Pre-tax Profit</b>	<b>18.59</b>	<b>23.51</b>	<b>19.17</b>	<b>21.83</b>	<b>27.66</b>
Taxation	-5.49	-7.09	-5.18	-5.89	-7.47
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>13.10</b>	<b>16.41</b>	<b>13.99</b>	<b>15.93</b>	<b>20.19</b>
Minority Interests	-0.80	-1.72	-1.72	-1.72	-1.72
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>12.30</b>	<b>14.69</b>	<b>12.27</b>	<b>14.21</b>	<b>18.47</b>
Normalised Net Profit	13.02	16.28	13.99	15.93	20.19
<b>Fully Diluted Normalised Profit</b>	<b>12.21</b>	<b>14.56</b>	<b>12.27</b>	<b>14.21</b>	<b>18.47</b>

**Cash Flow**

(RMm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>EBITDA</b>	<b>26.13</b>	<b>32.28</b>	<b>30.03</b>	<b>34.23</b>	<b>41.03</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	-1.43	1.29	0.00	0.00	0.00
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1.70	2.06	0.00	0.00	0.00
Net Interest (Paid)/Received	-0.48	-0.45	-0.80	-0.79	-0.75
Tax Paid	-4.53	-6.26	-5.18	-5.89	-7.47
<b>Cashflow From Operations</b>	<b>21.39</b>	<b>28.92</b>	<b>24.05</b>	<b>27.54</b>	<b>32.81</b>
Capex	-11.08	-8.43	-15.00	-14.00	-9.00
Disposals Of FAs/subsidiaries	0.11	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	10.70	-0.10	0.00	0.00	0.00
Other Investing Cashflow	-0.02	-0.02	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>-0.30</b>	<b>-8.55</b>	<b>-15.00</b>	<b>-14.00</b>	<b>-9.00</b>
Debt Raised/(repaid)	-0.52	-0.59	-0.59	-0.59	-1.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	-5.13	-11.61	-6.48	-7.36	-8.53
Preferred Dividends					
Other Financing Cashflow	-5.07	-6.62	-5.93	-6.03	-6.13
<b>Cash Flow From Financing</b>	<b>-10.72</b>	<b>-18.82</b>	<b>-13.00</b>	<b>-13.98</b>	<b>-15.65</b>
Total Cash Generated	10.38	1.56	-3.95	-0.44	8.16
<b>Free Cashflow To Equity</b>	<b>20.58</b>	<b>19.78</b>	<b>8.46</b>	<b>12.95</b>	<b>22.81</b>
<b>Free Cashflow To Firm</b>	<b>21.62</b>	<b>20.91</b>	<b>9.94</b>	<b>14.41</b>	<b>24.63</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(RMm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Cash And Equivalents	24.25	24.23	17.81	14.32	18.95
Total Debtors	4.56	2.55	4.64	3.53	5.83
Inventories	3.07	4.29	3.45	5.45	4.67
Total Other Current Assets	1.64	2.02	2.02	2.02	2.02
<b>Total Current Assets</b>	<b>33.52</b>	<b>33.08</b>	<b>27.91</b>	<b>25.31</b>	<b>31.47</b>
Fixed Assets	49.27	58.05	66.17	72.50	73.42
Total Investments	0.00	0.00	0.00	0.00	0.00
Intangible Assets	0.00	0.00	0.00	0.00	0.00
Total Other Non-Current Assets	9.83	10.26	10.26	10.26	10.26
<b>Total Non-current Assets</b>	<b>59.10</b>	<b>68.30</b>	<b>76.43</b>	<b>82.75</b>	<b>83.68</b>
Short-term Debt	3.62	3.81	3.81	3.81	3.81
Current Portion of Long-Term Debt					
Total Creditors	7.79	9.32	7.79	11.88	10.50
Other Current Liabilities	2.56	2.82	3.02	3.22	3.42
<b>Total Current Liabilities</b>	<b>13.97</b>	<b>15.95</b>	<b>14.61</b>	<b>18.91</b>	<b>17.72</b>
Total Long-term Debt	12.19	13.40	12.81	12.22	11.22
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	8.72	10.05	10.01	4.36	6.23
<b>Total Non-current Liabilities</b>	<b>20.91</b>	<b>23.45</b>	<b>22.83</b>	<b>16.58</b>	<b>17.45</b>
Total Provisions	0.00	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>	<b>34.87</b>	<b>39.40</b>	<b>37.44</b>	<b>35.49</b>	<b>35.18</b>
Shareholders' Equity	55.04	58.12	63.03	68.71	76.10
Minority Interests	2.70	3.87	3.87	3.87	3.87
<b>Total Equity</b>	<b>57.74</b>	<b>61.99</b>	<b>66.90</b>	<b>72.58</b>	<b>79.97</b>

**Key Ratios**

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue Growth	53.2%	21.5%	1.0%	13.7%	14.6%
Operating EBITDA Growth	47.2%	23.5%	(7.0%)	14.0%	19.9%
Operating EBITDA Margin	29.4%	29.9%	27.5%	27.6%	28.8%
Net Cash Per Share (RM)	0.016	0.013	0.002	(0.003)	0.007
BVPS (RM)	0.10	0.11	0.12	0.13	0.14
Gross Interest Cover	15.54	19.88	12.87	13.47	16.01
Effective Tax Rate	29.5%	30.2%	27.0%	27.0%	27.0%
Net Dividend Payout Ratio	84.0%	89.0%	60.0%	60.0%	60.0%
Accounts Receivables Days	12.35	12.01	12.01	12.05	12.01
Inventory Days	17.81	20.64	20.64	20.69	20.64
Accounts Payables Days	45.71	47.97	45.63	45.75	45.63
ROIC (%)	29.6%	32.0%	24.2%	23.6%	28.4%
ROCE (%)	27.9%	32.2%	25.5%	27.4%	32.1%
Return On Average Assets	15.6%	17.7%	14.7%	16.2%	19.3%

**Key Drivers**

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total no. of surgeries performed	9,078.0	14,288.0	14,345.1	16,163.0	18,384.4
No. of cataract surgeries performed	4,554.0	7,115.0	6,972.7	7,670.0	8,437.0
No. of laser refractive surgeries performed	4,334.0	6,905.0	7,077.6	8,139.3	9,522.9
No. of implant refractive surgeries performed	190.0	268.0	294.8	353.8	424.5
Blended average revenue per eye (RM)	7,547.9	7,037.5	7,037.5	7,037.5	7,037.5
No. of eye specialist centres	13.0	19.0	23.0	29.0	31.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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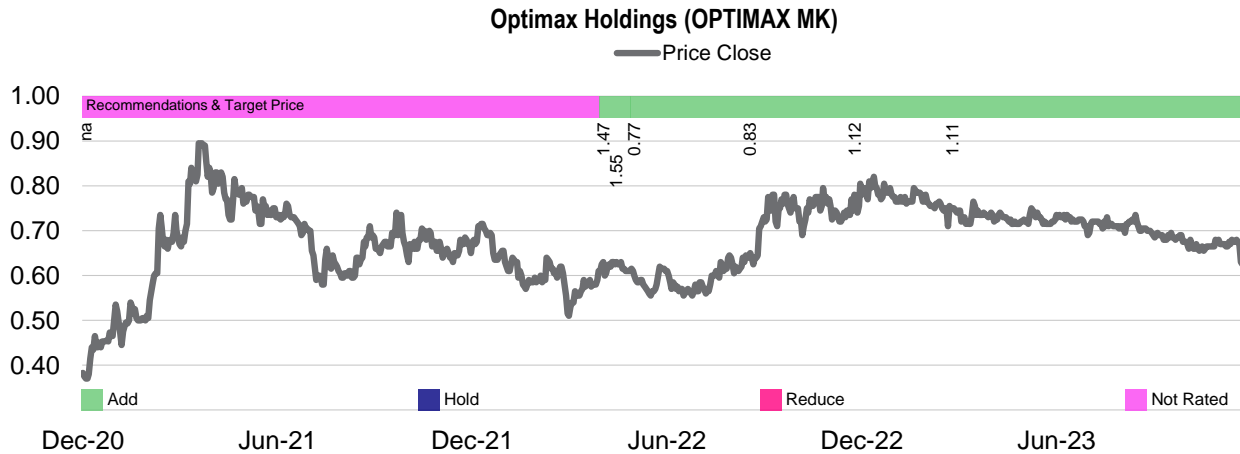
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2023		
634 companies under coverage for quarter ended on 30 September 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	66.7%	0.9%
Hold	23.7%	0.0%
Reduce	9.6%	0.2%

**Spitzer Chart for stock being researched ( 2 year data )**



**Recommendation Framework**

**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.