

5 May 2026

# Sunway Healthcare Holdings

A Solid Brand Name, Premium Priced

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We initiate coverage on Sunway Healthcare Holdings (SUNMED) with a MARKET PERFORM rating. We derive a fair value of RM1.75 based on a 24x FY27F EV/EBITDA multiple. This valuation reflects a 15% discount to the average of its Indian peers (27x), consistent with lower end of historical valuation gaps between ASEAN and Indian healthcare operators. The ASEAN peers are trading at 14x EV/EBITDA multiple against an average net profit growth of 10% in FY27. SUNMED is poised for a projected net profit growth of 12% in FY26 and significant jump of 43% in FY27. This growth trajectory comfortably outpaces its Indian counterparts, justifying its premium positioning within the Malaysian market. Any potential upgrade in our call hinges on stronger-than-expected performance from new hospitals.

**A defensive play to rising private healthcare.** SUNMED is a defensive play to rising private healthcare in Malaysia with strong earnings growth (FY26F +12%; FY27F +43%) on the back of rising private healthcare spending, an ageing population, growth in medical tourism and supply constraints.

**Efficiency premium.** We expect SUNMED to benefit from cost synergies from its size, scale and network that will help mitigate impact of gestation from ongoing expansion on margins. This ability to shorten the gestation period means capital is recycled faster, allowing the group to expand without the multi-year earnings drag typical of the industry nature.

**Hub-and-spoke business model.** SUNMED Group is one of the largest private hospital groups in Malaysia with a network of five hospitals, utilizing a "hub-and-spoke" business model, centering on a large, quaternary hospital in SMC, supported by satellite tertiary hospitals (Velocity, Penang, Damansara, Ipoh) and specialized centers. SMC focuses on high-complexity care, medical tourism, and digitalized, patient-centric, "smart" hospital services. The sector is transitioning towards complex, high-value treatments and shifting towards daycare procedures to boost efficiency.

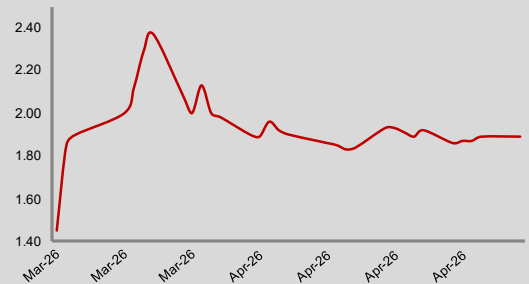
**Above average trend industry growth rate.** We forecast FY26F and FY27F net profit growth of 12% and 43%, respectively, which outpaces local industry peers' growth averaging 13% driven by its faster-than-expected turnaround of hospitals under gestation and supported by a distinct operating model which focuses on high-yield of acute cases and strong payor empanelment with major insurers. Standing testimony to the above, historically this garners SUNMED net margins of 12%-14% higher than local peers average of 8%-10%.

**Initiate coverage with a Market Perform call and TP of RM1.75.** We derive a fair value of RM1.75 based on a 24x FY27F EV/EBITDA multiple. This valuation reflects a 15% discount to the average of its Indian peers (27x), consistent with lower end of historical valuation gaps between ASEAN and Indian healthcare operators. The Asean peers are trading at 14x EV/EBITDA multiple against an average net profit growth of 10% in FY27F. SUNMED is poised for a projected net profit growth of 12% in FY26F and a significant jump to 43% in FY27F. This growth trajectory comfortably outpaces its Indian counterparts, justifying its premium positioning within the Malaysian market. We like SUNMED for: (i) its solid track record, (ii) its "hub-and-spoke" business model, centering on a large, quaternary hospital supported by satellite tertiary hospitals, and (iii) ability to shorten the gestation period which means capital is recycled faster, allowing the group to expand without the multi-year earnings drag. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us.

## MARKET PERFORM

**Price:** RM1.89  
**Target Price:** RM1.75

### Share Price Performance



KLCI 1739.77  
YTD KLCI chg 3.6%  
YTD stock price chg

### Stock Information

Shariah Compliant Yes  
Bloomberg Ticker SUNMED MK  
Market Cap (RM m) 21,735.3  
Shares Outstanding 11,500.2  
52-week range (H) 2.46  
52-week range (L) 1.69  
Free Float 33%

### Major Shareholders

SunCity 69.5%  
Greenwood capital 7.5%

### Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	2,200.4	2,577.7	3,111.4
EBITDA	510.4	618.7	824.5
Net Profit	252.2	281.8	403.8
Core Net Profit	<b>252.2</b>	<b>281.8</b>	<b>403.8</b>
Consensus (NP)	-	297.2	393.0
Earnings Revision	-	-	-
EPS (sen)	2.2	2.5	3.5
EPS Growth (%)	-2	12	43
NDPS (sen)	-	0.5	0.5
BVPS (RM)	0.22	0.29	0.32
PER (x)	86.2	77.1	53.8
PBV (x)	8.6	6.6	5.9
Net Gearing (%)	41.5	16.2	9.7
Net Div. Yield (%)	-	0.3	0.5
EV/EBITDA (x)	44.6	36.0	26.8

**COMPANY BACKGROUND**

Sunway Healthcare Group (SUNMED) is a premier integrated healthcare provider in Malaysia, recognized as a leader in tertiary and quaternary care. The group operates a comprehensive network of award-winning hospitals and clinical facilities, providing a full spectrum of medical services—ranging from acute and specialty care to inpatient/outpatient services and specialized senior living. The Group’s operations are anchored by its flagship Sunway Medical Centre Sunway City Kuala Lumpur (SMC Sunway City), supported by a growing network including Sunway Medical Centre Velocity (“SMC Velocity”), Sunway Medical Centre Penang (“SMC Penang”), Sunway Medical Centre Damansara (“SMC Damansara”) and Sunway Medical Centre Ipoh (“SMC Ipoh”).

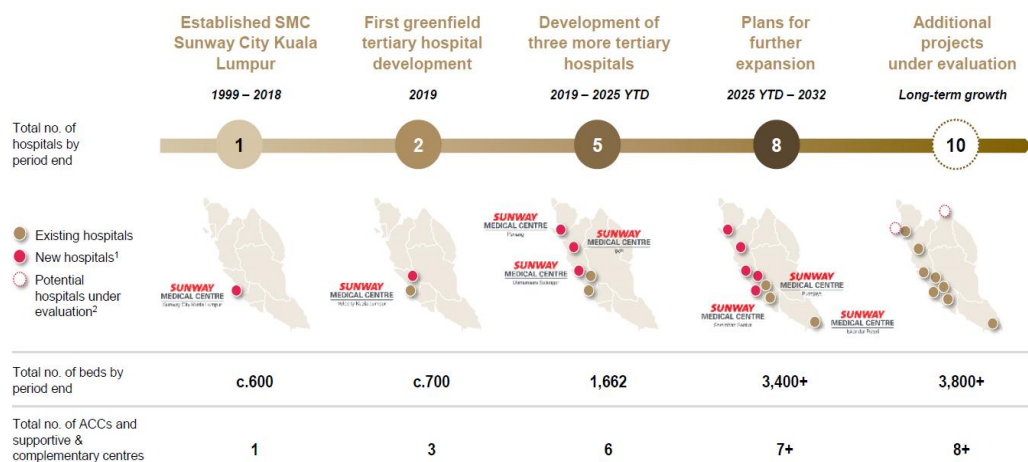
In April 2025, SUNMED Group grew its footprint as the Group opened its 5th hospital in Malaysia, i.e. SMC Ipoh with a total projected bed capacity of 259 beds. The propensity for quality private healthcare in Malaysia driven primarily by the group’s commitment in improving access to healthcare, desire for timely access, choice of providers, and better amenities, leading SUNMED to expand and open three more hospitals, i.e. in Seremban (Negeri Sembilan with capacity of 250 beds), Iskandar Puteri (in Johor with capacity of 410 beds) and Putrajaya (capacity of 325 beds). All in, the total greenfield projects and ongoing brownfield expansions, are expected to increase total bed capacity to 3,444 beds by 2032 (from 1,982 beds currently). Standing testimony to the group’s strong management, it has achieved EBITDA breakeven after 12 months for SMC Velocity and within three months for SMC Penang, significantly faster than the industry average of three to five years.

The group’s flagship hospital, Sunway Medical Centre Sunway City (SMC) which is a quaternary hospital, commenced operations in November 1999. SUNMED Group’s portfolio includes Sunway Medical Centre (SMC) Sunway City Kuala Lumpur, which is the largest private hospital in Malaysia with a licensed bed count of 848 as at 31 Dec 2025, and one of the largest private hospitals in SEA in 2024. By 2026, SMC Sunway City Kuala Lumpur is expected to reach approximately 1,100 beds, which would cement its position as the largest private hospital in Malaysia and one of the largest private hospitals in SEA. SMC Sunway City Kuala Lumpur offers around 80 specialties and sub-specialties, the highest number provided by a single hospital among largest hospitals in Malaysia. SMC Sunway City Kuala Lumpur’s subspecialties include 26 paediatrics sub-specialties, representing the largest range of paediatric sub-specialties offered by any private hospital group in Malaysia. In addition, SUNMED Group is the first private hospital group in Malaysia to offer a dedicated Children’s Emergency Department in 2023.

SUNMED also operate ancillary healthcare businesses including ambulatory care centres (namely, Sunway Specialist Centre Damansara and Sunway Fertility Centre Kuching) as well as supportive and complementary care centres which include: (i) Sunway TCM Centres; (ii) Sunway Home Healthcare; and (iii) an integrated senior living facility, Sunway Sanctuary. Across its network facilities, the group has 722 consultant specialists (comprising 457 resident consultant specialists, of which 33 are employees, and 265 visiting consultant specialists).

**Network of Hospitals**

1,662 licensed beds in Malaysia, with a clear expansion strategy to grow to 3,400+ beds by 2032



Notes: Maps only depict West Malaysia. “2025 YTD” refers to numbers as of Sep 2025  
 1. For 2025 YTD – 2032+, “New hospitals” refer to planned hospitals in our pipeline; 2. The plans and timing of the above projects remain under evaluation

Source: Company, Kenanga Research

**Key Milestone**

Year	Milestone
1999	Tower B of Sunway Medical Centre Sunway City Kuala Lumpur commenced operations in November 1999
2003	Sunway Home Healthcare commenced operations in November 2003
2009	Tower A of Sunway Medical Centre Sunway City Kuala Lumpur commenced operations in November 2009
2014	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
2016	Tower C of Sunway Medical Centre Sunway City Kuala Lumpur commenced operations in October 2016
2019	i) Sunway TCM Centre Sunway City commenced operations in Sunway Geo Avenue in April 2019 ii) Sunway Specialist Centre Damansara commenced operations in May 2019 iii) Tower B of Sunway Medical Centre Velocity commenced operations in September 2019
2021	Greenwood Capital, an indirectly wholly-owned subsidiary of GIC (Ventures) Pte Ltd, became a shareholder of our Company on 23 December 2021.
2022	i) Sunway Fertility Centre Kuching and Sunway TCM Centre Kuching commenced operations in July 2022 ii) Sunway Medical Centre Penang commenced operations in November 2022
2023	i) Towers D and E of Sunway Medical Centre Sunway City Kuala Lumpur commenced operations in May 2023 ii) Sunway Sanctuary commenced operations in June 2023 iii) Sunway Medical Centre Sunway City Kuala Lumpur opened Malaysia's first children's A&E department in a private hospital in May 2023
2024	i) Tower A of Sunway Medical Centre Velocity commenced operations in February 2024 ii) Sunway Medical Centre Damansara commenced operations in December 2024 iii) Sunway Medical Centre Sunway City Kuala Lumpur was recognised as among the top 250 hospitals (No. 2 in Malaysia, No. 233 globally) in Newsweek-Statista's World's Best Hospitals 2024 iv) Sunway Medical Centre Sunway City Kuala Lumpur earned the JCI's Gold Seal of Approval® for Hospital Accreditation, making Sunway Medical Centre Sunway City Kuala Lumpur the first private hospital in Malaysia to have triple hospital-wide accreditations along with ACHS International and MSQH
2025	i) Sunway Medical Centre Ipoh commenced operations in April 2025 ii) Sunway Medical Centre Sunway City Kuala Lumpur was recognised as among the top 250 hospitals (No. 1 in Malaysia, No. 193 globally) in Newsweek- Statista's World's Best Hospitals 2025
2026	i) 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 World's Best Smart Hospitals 2026 ii) Sunway Medical Centre Sunway City Kuala Lumpur was recognised across procedures in Newsweek- Statista World's Best Smart Hospitals 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: Company, Kenanga Research

**Solid track record of turning new hospitals into EBITDA positive.** The group prides itself with its track record of commencing, rolling out and ramping up operations in greenfield hospital projects rapidly and efficiently. Case in point, Sunway Medical Centre Velocity achieved its first EBITDA-positive month 12-months after commencement, whereas Sunway Medical Centre Penang achieved its first EBITDA-positive month within 3-months of commencement. Furthermore, Sunway Medical Centre Damansara achieved its first EBITDA-positive month within 9-months of commencement, and achieved its first EBITDA positive quarter in the third quarter of 2025. These ramp-up periods were significantly faster than the industry average of three to five years in Malaysia, according to the IMR Report. Sunway Medical Centre Velocity achieved its first PBT-positive month after 26 months of commencement, whereas Sunway Medical Centre Penang achieved its first PBT-positive month after 12 months of commencement. SUNMED ability to ramp up its operations efficiently is gleaned from its experience in medical specialty planning, equipment and infrastructure sourcing, recruitment and operations at its existing hospitals. Additionally, it is targeting Sunway Medical Centre Ipoh to be EBITDA-positive within 12 to 18 months of since it commenced operation in April 2025.

**Track Record of Short Ramp-up of New Hospitals**

Hospital	Commencement of operations	First EBITDA positive month	First PBT positive month
SMC Velocity	Sep-19	Sep-20	Nov-21
SMC Penang	Nov-22	Jan-23	Nov-23
SMC Damansara	Dec-24	Aug-25	-

Source: Company, Kenanga Research

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**28 Centres of Excellence.** SUNMED offers comprehensive medical care across multiple specialties, particularly in CONGO and women and children disciplines, as illustrated in the table below. Its expertise spans 28 Centres of Excellence within its hospital network, which are specialised units that we have designated as having a high concentration of clinical expertise across its doctors, nursing staff and other healthcare professionals, supported by advanced facilities and equipment. Each centre is focused on delivering coordinated and quality care for its patients across related specialties or sub-specialties through evidence-based clinical pathways. The robotic surgery and MIS Centre focuses on robotic systems and minimally invasive surgeries across various specialties and sub-specialties, respectively, and are equipped with advanced equipment such as Medtronic AiBLE™ Spine Surgical Suite, da Vinci Xi® Robotic Surgical System, Zimmer Biomet Rosa® Knee System and Stryker Mako SmartRobotics™, which support a wide range of complex procedures, such as robotic-assisted Whipple's surgery.

### Network of Hospitals

Discipline	Centres of Excellence	Sunway Medical Centre Sunway City Kuala Lumpur	Sunway Medical Centre Velocity	Sunway Medical Centre Penang	Sunway Medical Centre Damansara	Sunway Medical Centre Ipoh
Cardiovascular	Heart, Lung and Vascular Centre	✓	✓	✓	✓	✓
Oncology	Sunway Cancer Centre	✓	*	✓	*	✓
Neuroscience	Neuroscience Centre	✓	✓	✓	✓	✓
Gastroenterology & hepatology	Digestive Health Centre	✓	✓	✓	✓	✓
Orthopaedics	Bone and Joint Centre	✓	✓	✓	✓	✓
Women and children	Women's Health Centre	✓	✓	✓	✓	✓
	Children's Health and Development Centre	✓	✓	✓	✓	✓
	Fertility Centre	✓	✓			

Source: Company, Kenanga Research

Year	Clinical milestone
2003	Sunway Medical Centre Sunway City conducted its first deep brain stimulation for Parkinson Disease (first in Malaysia)
2004	Sunway Medical Centre Sunway City conducted its first cochlear implant
2013	Sunway Medical Centre Sunway City conducted its first Sacroiliac joint fusion surgery (first in Asia)
2018	Sunway Medical Centre Sunway City conducted its first stem cell transplant
2020	Sunway Medical Centre Sunway City Kuala Lumpur conducted its first kidney transplan
2022	Sunway Medical Centre Sunway City celebrated the achievement of performing over 1,000 robotic surgeries, conducted using the da Vinci Xi® Robotic Surgical System, Stryker Mako SmartRobotics™ and Zimmer Biomet Rosa® Knee System
2023	Sunway Medical Centre Sunway City Kuala Lumpur became the first hospital to perform the Barrigel @ spacer procedure for prostate cancer, perform robotic partial knee replacement surgery with Zimmer,
2024	Sunway Medical Centre Sunway City Kuala Lumpur became the first hospital in Southeast Asia to have installed the Medtronic AiBLE Spine Surgical Suite
2025	Sunway Medical Centre Sunway City Kuala Lumpur celebrated the achievement of performing over 1,000 robotic hip and knee joint replacement surgeries
2026	completed over 5,250 robotic surgeries across our hospitals, of which over 4,750 were perform

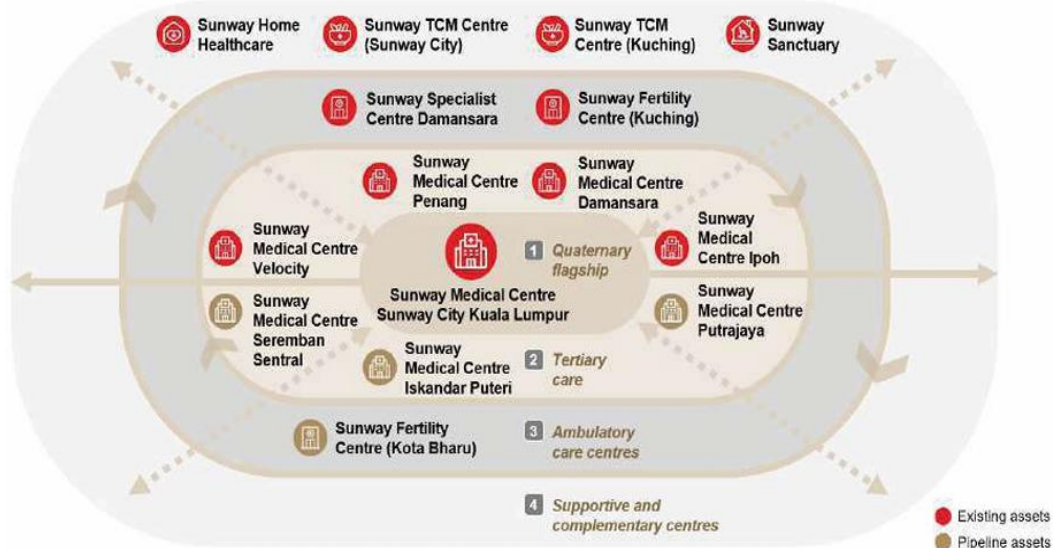
Source: Company, Kenanga Research

**Business model explained.** SUNMED utilizes a "hub-and-spoke" business model, centering on a large, quaternary hospital in SMC, supported by satellite tertiary hospitals (Velocity, Penang, Damansara, Ipoh) and specialized centers. It focuses on high-complexity care, medical tourism, and digitalized, patient-centric, "smart" hospital services. Sunway Medical Centre Sunway City Kuala Lumpur, the SUNMED Group's flagship quaternary hospital, serves as the hub supporting its existing and pipeline tertiary hospitals, ambulatory care centres as well as supportive and complementary centres, allowing the SUNMED Group to provide integrated healthcare for diagnosis, treatment, prevention, wellness and senior living throughout the entire healthcare ecosystem.

The network is expanding in tandem with township rollout projects underway including new hospitals in Seremban, Iskandar Puteri and Putrajaya as well as fertility centre in Kota Bahru. The adjacent position of senior living to clinical care is a design feature, not an add-on, which if successful, will be replaced across all its other hospitals. In contrast, Sunway Sanctuary is primarily a senior living residence specifically designed to meet the unique needs of older adults. Its core offerings also include assisted living services, wellness support, and transitional housing for individuals who have been discharged from hospitals, but still require

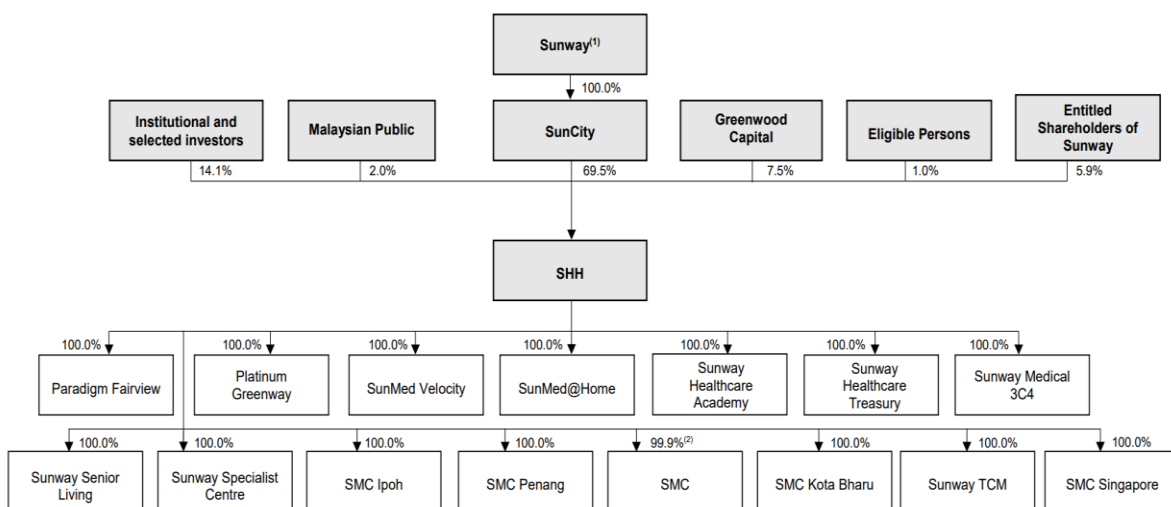
ongoing monitoring and assistance. The facility is designed to offer extended stay accommodations within a healthcare-oriented living environment that cannot be substituted by conventional hotel services.

**Network of Hospitals**



Source: Company, Kenanga Research

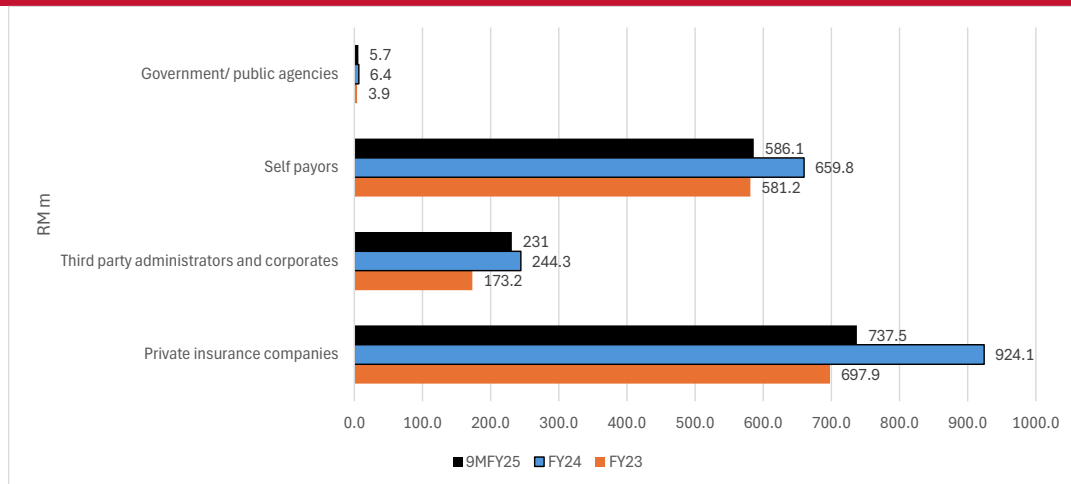
**Group Structure**



Source: Company, Kenanga Research

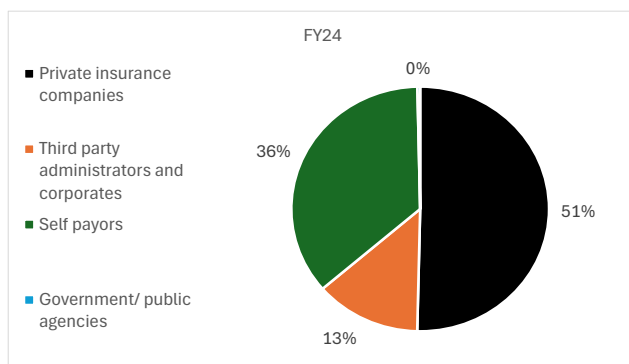
**Private insurance accounts for 50% lion’s share of revenue.** The group’s longstanding relationships with major private insurance companies in Malaysia also play a key role in supporting the expansion and ramp-up of its greenfield hospitals. Its key private insurance companies includes AIA Health Services Sdn Bhd, Allianz Life Insurance Malaysia Berhad, Great Eastern Life Assurance (Malaysia) Berhad and Prudential Assurance Malaysia Berhad, each for over 10 years. The group’s relationship with major private insurance companies has also enabled its hospitals to open in the past year (Sunway Medical Centre Damansara and Sunway Medical Centre Ipoh) to be empaneled with major private insurance companies. It has developed a healthy pipeline of medical talent through effective recruitment by leveraging on the “Sunway Healthcare” reputation and providing healthcare professionals with the option of working across its network of hospitals. Some patients are insured patients covered under health insurance plans with private insurance companies, third party administrators and/or corporates, whereby the medical expenses incurred by such insured patients are borne and paid by the private insurance companies, third party administrators and corporates.

**Breakdown by Revenue Contribution**



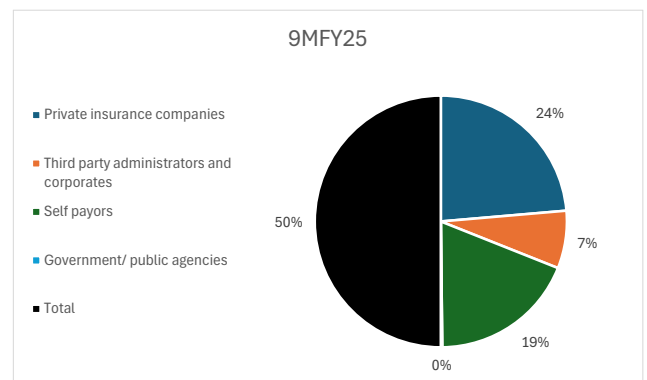
Source: Company, Kenanga Research

**Customers Revenue by Segment in FY24**



Source: Company, Kenanga Research

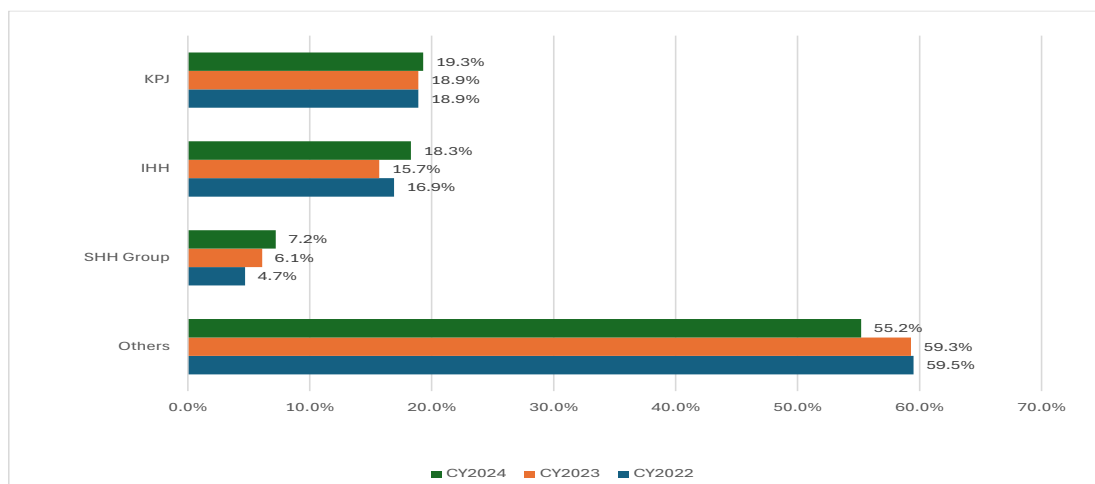
**Customers Revenue by Segment in 9MFY25**



Source: Company, Kenanga Research

**3<sup>rd</sup> largest local private hospital with a 7% market share.** In terms of licensed beds, SUNMED Group has been gaining market share from 4.7% in 2022 to 7.2% in 2024. The group's growing number of beds translates into its increasing market share in terms of revenue, from 5.4% in 2022 to 8.3% in 2024. Post listing, the group will be the 3<sup>rd</sup> largest private hospital group among major private hospital groups in Malaysia that are publicly listed in terms of both licensed beds as well as revenue.

**Market Share of Major Private Hospital Groups in Number of Licensed Beds in Malaysia (2022-2024)**



Source: Company, Kenanga Research, \*total number of beds in CY22, CY23 and CY24 are 17,781, 18,779, 19,481

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## Listed Peers' Operational Matrix Comparison

	SUNMED	IHH (Malaysia)	KPJ	SUNMED	IHH (Malaysia)	KPJ
FYE	FY24	FY24	FY24	FY25	FY25	FY25
Number of operational bed	1396	3422	3487	1777	3650	3935
Number of hospitals	4	18	29	5	18	29
Bed occupancy rate (BOR %)	76%	67%	69%	65%	65%	64%
Revenue per inpatient (RM)	10,896	10,666	7,553	11,614	11,896	8,195
Revenue per bed (RM m)	1.34	1.21	1.00	1.23	1.32	1.08
Ebitda per bed (RM m)	0.34	0.31	0.26	0.29	0.35	0.27
Turnover (RM m)	1852	4154	3917	2,200	4825	4,258
Ebitda (RM m)	470	1060	938	510	1281	1046
Ebitda margin %	25.4%	25.5%	23.9%	23%	26.5%	24.6%
Net profit (RM m)	258	510	312	252	636	365

Source: Company, Kenanga Research

**Strong and experienced management team.** At the helm, SUNMED is spearheaded by President, Dato' Lau Beng Long. Under his leadership, SUNMED has successfully commissioned the operations of Sunway Medical Centre Penang, Towers D and E of Sunway Medical Centre Sunway City Kuala Lumpur, Tower A of Sunway Medical Centre Velocity, Sunway Medical Centre Damansara, Sunway Sanctuary and Sunway Medical Centre Ipoh. He will continue to lead and oversee future expansion and development plans of SUNMED. Additionally, he led the development of new services, including home healthcare and in vitro fertilisation (IVF) services, as well as the establishment of a traditional and complementary medicine centre. He also played a pivotal role in the planning and commissioning of Tower C of Sunway Medical Centre Sunway City Kuala Lumpur and the planning of Sunway Medical Centre Velocity. He was also instrumental in the development and operational upgrade of the healthcare facilities and infrastructure in Towers A and B of Sunway Medical Centre Sunway City Kuala Lumpur.

## Key management

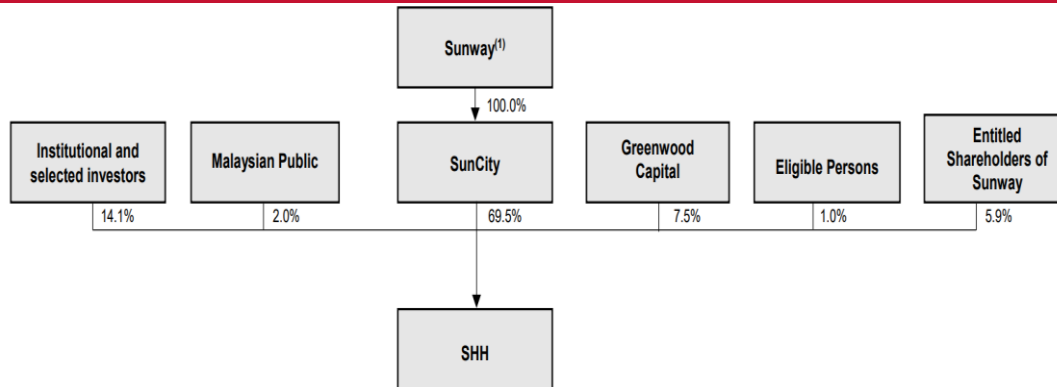
Name	Remark
Dr. Khoo Chow Hua (Managing Director)	In April 2016, he left Orange Valley Healthcare Pte Ltd and joined SMC as the CEO of Sunway Medical Centre Sunway City Kuala Lumpur, as well as the Deputy Managing Director of the Sunway Healthcare Division, where he was responsible for managing the operations of Sunway Medical Centre Sunway City Kuala Lumpur and supporting the Managing Director in driving the expansion of its group's healthcare business. In October 2022, he returned to SMC and was appointed as the Managing Director, Hospital & Healthcare Operations, where he oversees the hospitals and healthcare operations.
Dr. Seow Vei Ken (CEO)	Dr Seow is a trained Specialist in Critical Care Medicine and Emergency Medicine from Taiwan. He graduated as a Medical Doctor in 2004, Taiwan, and credentialed with Leadership in Management by Harvard Medical School. As an Emergency Physician, he has 18 years of working experience, overseas and locally, encompassing both management and clinical practice in emergency departments of various hospitals.  In June 2015, Dr Seow joined Sunway Medical Centre as Head of Accident & Emergency and he was promoted to the position of Deputy Medical Director in April 2019. Later in March 2020, he was appointed as Medical Director, where he successfully led the COVID-19 taskforce in setting clinical guidelines and practices to keep the patients, Consultants and employees safe.
Chelsea Cheng (CFO)	In January 2021, she left AmBank (M) Berhad and joined SMC as the Group Director, Finance, overseeing the accounting and financial operations, including financial planning and analysis, treasury and capital management, procurement, investment evaluation, capital budgeting and advises on financial strategies across SUNMED. She was redesignated to the position of the Chief Financial Officer in April 2025, where she continues to undertake similar responsibilities. In October 2022, she returned to SMC and was appointed as the Managing Director, Hospital & Healthcare Operations, where he oversees the hospitals and healthcare operations across the group. He is also the Alternate Director to Dato' Lau Beng Long since July 2025.

Source: Company, Kenanga Research

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**Tightly held shareholding structure.** Post IPO, SHG shareholding structure will be dominated by Suncity (69.5%), Greenwood capital (7.5%) and selected institutional investors (14.2%).

### Shareholdings – Tightly Held Structure



Source: Company, Kenanga Research

**Proceeds from IPO to fund capex expansion.** In line with its growth strategy, the group is undertaking several expansion projects across existing hospitals. With the IPO cash proceeds, SUNMED plans to allocate RM554m to part finance the expansion of existing hospitals within the next 36 months of listing. The remaining balance is for the redemption of Sukuk Wakalah (RM249.7m) and listing expenses (RM30m). The breakdown of the capital expenditure allocated for the expansion of existing hospitals and construction of a new hospital is as follows:

### Capex - Network of Hospitals

Capex	RM m	%
Sunway Medical Centre Velocity (lower 12 floors of Tower A)	255	46
Sunway Medical Centre Sunway City Kuala Lumpur, Phase 2 (Towers D and E) and Phase 3 (Tower F)	141.1	25.5
Sunway Medical Centre Penang, Phase 3	90	16.2
Sunway Medical Centre Damansara, Phases 1, 2 and 3	35	6.3
Sunway Medical Centre Ipoh, Phases 1 and 2	33	6.0

Source: Company, Kenanga Research

**High barrier to entry due to high capex, long gestation period, a small pool of talented doctors.** Malaysia's private healthcare sector has high barriers to entry due to intense market concentration, massive capital requirements for technology, strict regulations, and a shortage of skilled medical professionals. Established players like KPJ Healthcare and IHH dominate, often limiting competition through strong brand loyalty and strategic locations. Typically, the long gestation period in the first few years of operation in a brownfield hospital created high barriers of entry for new players entering the market.

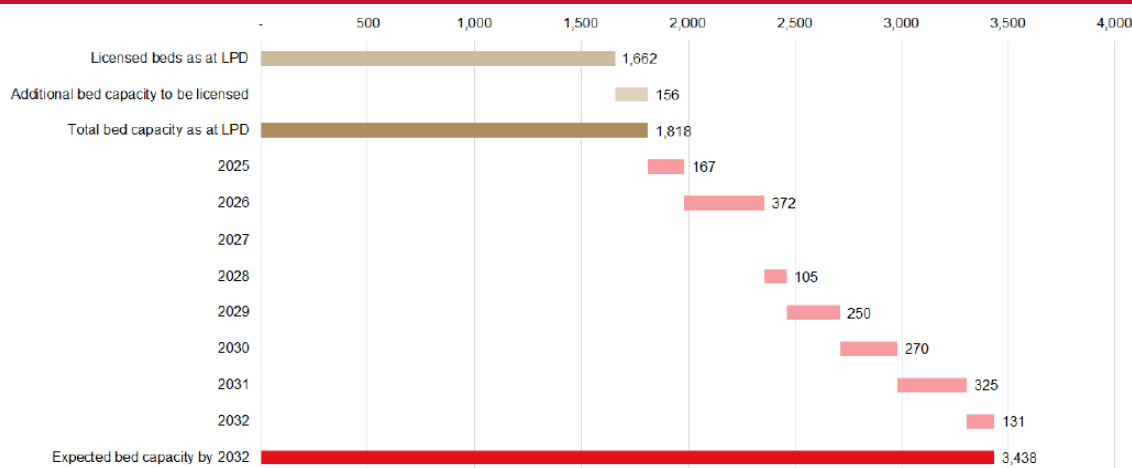
**Dividend payout of up to 30%.** SUNMED is targeting a dividend payout ratio of up to 30% of PATAMI. Based on our forecast, and a 24%-28% dividend payout assumption, we expect FY26-27F DPS of 0.6-1.0 sen translating to an average yield of 1%. The group do not have a dividend policy prior to FY24. We are not overly concerned about low dividends considering that SUNMED is on an expansion mode going forward.

**INVESTMENT MERITS**

**Strong growth prospects.** Overall, the growth prospects for SUNMED remain bright. The Group is currently undergoing a multi-phase transformation of its clinical footprint. Its bed capacity for the four operating hospitals as at 31 December 2024 was 1,520, and increased to 1,818 on the five operating hospitals presently. The group is targeting expansion of which plan consists of: (i) ramp-up of new hospitals that commenced operations in the past 12 months; (ii) brownfield expansion at its other operating hospitals; and (iii) greenfield development of pipeline hospitals. Based on its expansion plans, the group expects a 62% increase in bed capacity from 31 December 2024 for the four operating hospitals to 2,462 as at 31 December 2028 for five operating hospitals, and an > 120% increase from 31 December 2024 to over 3,400 across its network of hospitals by Dec 2032. Specifically, the group is targeting to have three greenfield hospitals which will expand its footprint into Seremban, Iskandar Puteri and Putrajaya. Generally, it is targeting for these greenfield hospitals to commence operations by 2029 to 2031, and to achieve EBITDA breakeven within 12 to 18 months from commencement.

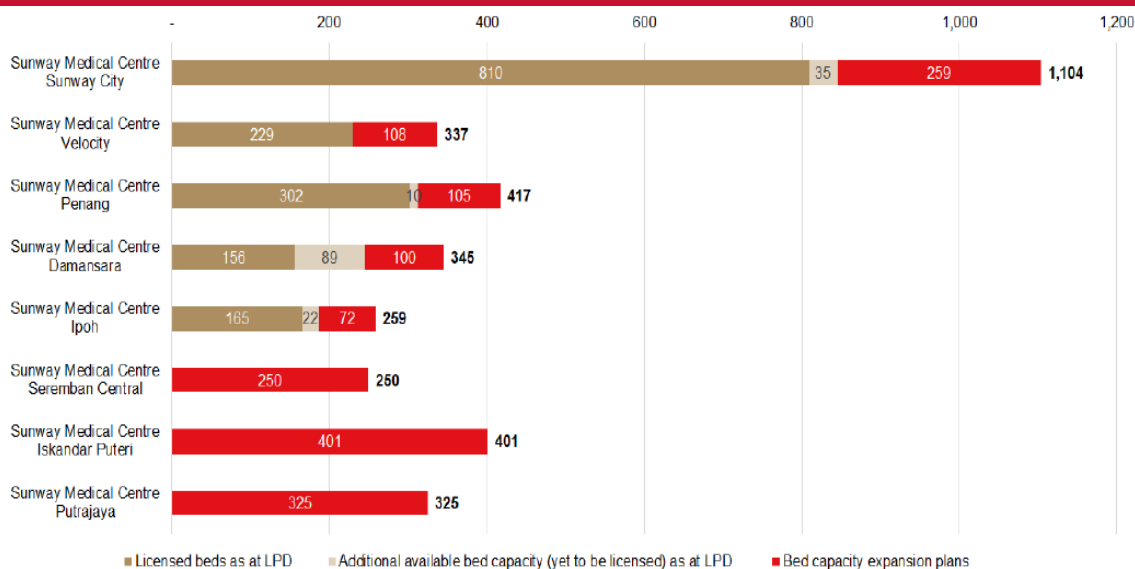
Specifically, the acquisition of the lower 12 floors of Tower A at SMC Velocity is expected to enhance service offerings and add approximately 90 beds upon completion, supporting further ramp-up within the high-density urban catchment of Cheras, Kuala Lumpur. In addition, the completion of Tower F at SMC Sunway City and Phase 3 expansion works at SMC Damansara are expected to contribute an additional 282 beds from 2026 onwards. All in FY26, the group’s bed capacity is expected to increase from 1,982 beds as of January 2026 to approximately 2,300 beds by the end of 2026.

**Exhibit 1 : Projection of Bed Capacity**



Source: Company, Kenanga Research

**Exhibit 1 : Projected Bed Capacity for Each Hospital**



Source: Company, Kenanga Research

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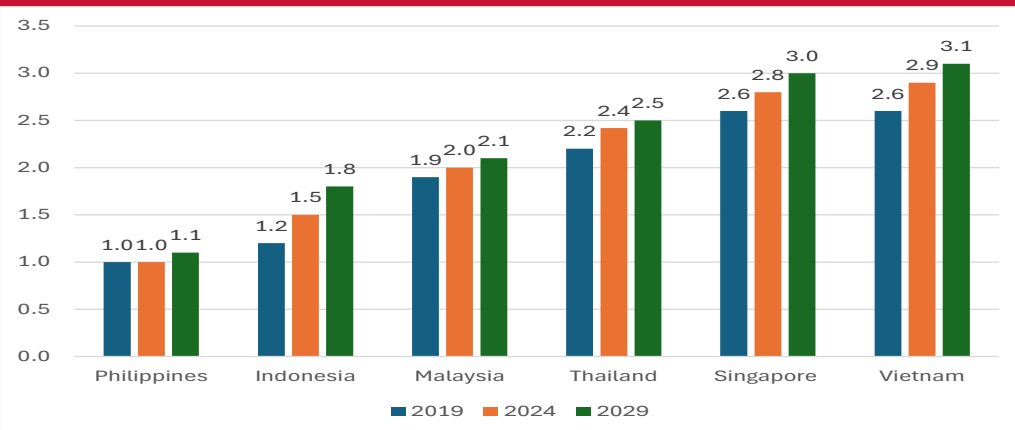
**Hospitals – Beds Expansion**

Hospital operations	Level of care	Established	Number of licensed beds	Total projected bed capacity
SMC Sunway City Kuala Lumpur	Quaternary	1999	848	1102
SMC Penang	Tertiary	2019	247	337
SMC Velocity	Tertiary	2022	307	417
SMC Damansara	Tertiary	2024	210	344
SMC Ipoh	Tertiary	2025	193	259
SMC Seremban Sentral	Tertiary	Planned 2030	-	250
SMC Iskandar Puteri	Tertiary	Planned 2030	-	410
SMC Putrajaya	Tertiary	Planned 2031	-	325
Total				3444

Source: Company, Kenanga Research

**Malaysia's hospital per bed ratio low compared to OECD countries, hence offers growth opportunity.** In 2024, the ratios of hospital beds, doctors and nurses to population in all selected SEA countries, including Malaysia, are below the average of Organisation for Economic Co-operation and Development (OECD) countries. Malaysia had 2 hospital beds per 1,000 population in 2024, which is below the OECD's 4.6, indicating a shortage of hospital beds. To address this gap, the Malaysian government has set a target for the country's hospital beds of 2.08 beds per 1,000 population. This initiative includes the construction of new hospitals and upgrading or expanding existing hospitals and facilities in the public sector which require significant investments. Given the resource constraints in the public sector, the private hospital sector has been proactive in increasing its bed count to meet this demand.

The 13MP allocation set aside for Health Ministry was RM40b to implement wide-ranging reforms in the healthcare sector. To strengthen medical supply security, domestic pharmaceutical manufacturing is encouraged and the use of generic medicines in both public and private would be increased significantly. Amongst, the key objective of the healthcare reforms is to reduce the out-of-pocket healthcare expenditure expenses borne by the citizens including building hospitals and clinics. Specifically, projects slated for development includes Hospital Tuanku Ja'afar in Seremban, Hospital Sultanah Aminah 2 in Johor Bahru, the Northern Region Cancer centre in Sungai Petani, the Sabah Heart Centre at Hospital Queen Elizabeth II in Kota Kinabalu, and the Sarawak Cancer Centre.

**Exhibit 1 : Hospitals Bed per 1,000 Population in Selected SEA countries - Malaysia at 2.0 vs OECD at 4.6**

Source: Company, Kenanga Research

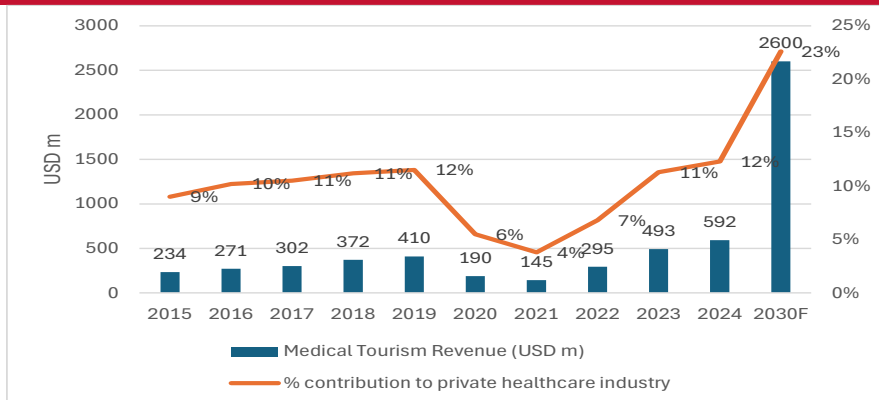
**Private hospitals are beneficiary of medical tourism.** The propensity for medical tourism in Malaysia underpins growth potential for private healthcare operators including SUNMED. The Malaysia Healthcare Travel Council (MHTC) has projected CY2026 growth of 13% to RM3.45b. In terms of revenue from foreign patients, SUNMED saw an increase of 74.6% and 45.8% in FY23 and FY24, respectively. As at 9MFY25, foreign patient revenue rose 13% to RM213m (13% of 9MFY25 revenue). The higher growth rates in revenue from foreign patients were driven by an increase in revenue from medical tourists, in turn driven by its medical tourism initiatives and expanded outreach efforts in Indonesia.

In FY24, inpatient bill sizes across cardiovascular, oncology, neuroscience, gastroenterology & hepatology, and orthopaedics (CONGO) disciplines for its foreign patients were approximately 65% higher than those for local patients, and inpatient bill sizes across other disciplines for its foreign patients were approximately 45% higher than those for local patients, primarily as foreign patients often seek more complex procedures, which contributes to higher revenue intensity and higher bill sizes.

Malaysia recorded a higher medical tourism revenue CAGR between 2019 and 2023 of 7.3%, compared to Thailand (5.1%) and Singapore (0.4%), which appears indicating an increasing preference for Malaysia as the medical tourism destination in SEA. Despite the decline in 2020 and 2021, mainly due to the COVID-19 pandemic travel restrictions, Malaysia’s medical tourism began to recover in 2022 and exceeded pre-pandemic levels in 2023, with USD493m medical tourism revenue. The growth momentum continued in 2024 with USD592m medical tourism revenue, with Klang Valley (Kuala Lumpur and Selangor) and Penang emerging as the top medical tourism states. Medical tourism is estimated to account for 12.3% of the private hospital industry’s revenue in 2024, while the average spend per health tourist grew at a CAGR of 5.5% between 2015 and 2024.

To support the growth of medical tourism, the Malaysian government has implemented several strategic initiatives including establishment of the Malaysia Healthcare Travel Council (MHTC) in 2005 by the MOH with the mandate to raise Malaysia’s medical tourism industry, thus elevating Malaysia’s private healthcare. MHTC has been actively promoting Malaysia’s medical tourism industry and launched initiatives such as the Malaysia Healthcare Travel Industry Blueprint 2021-2025, a strategic roadmap to guide recovery and rebuild momentum post-pandemic, and position Malaysia as the preferred medical tourism destination. In 2023, the medical visa was introduced by offering shorter processing time (within two working days) and allows patients to bring two companions for stays of up to 30 days and Malaysia also provides dedicated immigration lanes for medical tourists, healthcare concierge services and lounge facilities at major airports and a dedicated call centre to assist patients navigating HCS in the country. These initiatives have strengthened Malaysia’s position as a medical tourism hub in SEA. Recognising the sector’s strong potential, MHTC has set a medical tourism revenue target of MYR12b (USD2.6b) by 2030. Malaysia’s medical tourism growth has been largely driven by patients from Indonesia, which accounted for around 70% to 80% of the total medical tourists in CY23.

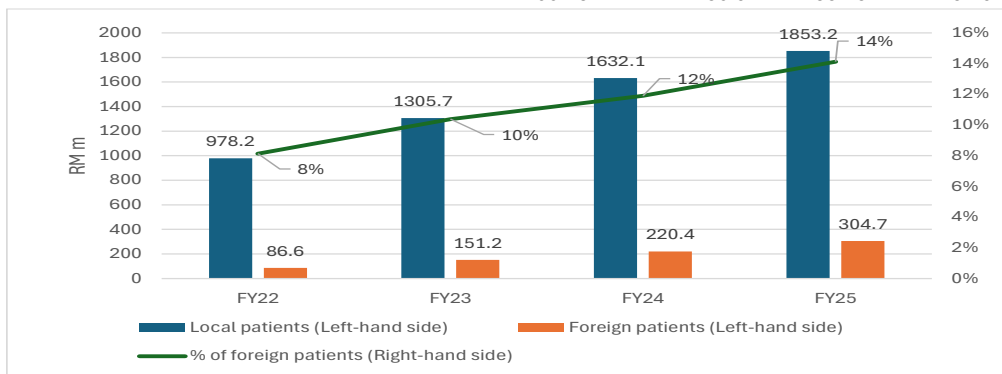
**Medical Tourism : MHTC Sets A Medical Tourism Revenue Target Of RM12b (USD2.6b) by 2030**



Source: Company, Kenanga Research

**FY22-FY25 CAGR of >50% Foreign Patient Revenue**

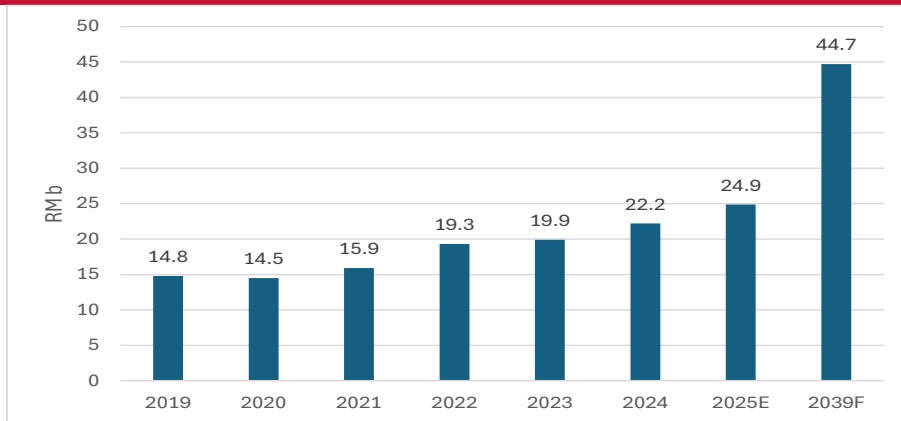
Revenue (RM m)	FY22	FY23	FY24	FY25
Local patients	978.2	1305.7	1632.1	1853.2
Foreign patients	86.6	151.2	220.4	304.7
Total	1064.8	1456.9	1852.5	2157.9



Source: Company, Kenanga Research

**Market size for private hospitals is growing.** The private hospital industry in Malaysia grew between 2019 and 2024 driven by favourable local demographics (i.e. growing population, increasing income level, etc), growing incidence of chronic diseases, increasing life expectancy, rising health insurance spending driving demand for private healthcare, and strong growth from the medical tourism sector. These factors are expected to continue to drive the private hospital industry in Malaysia.

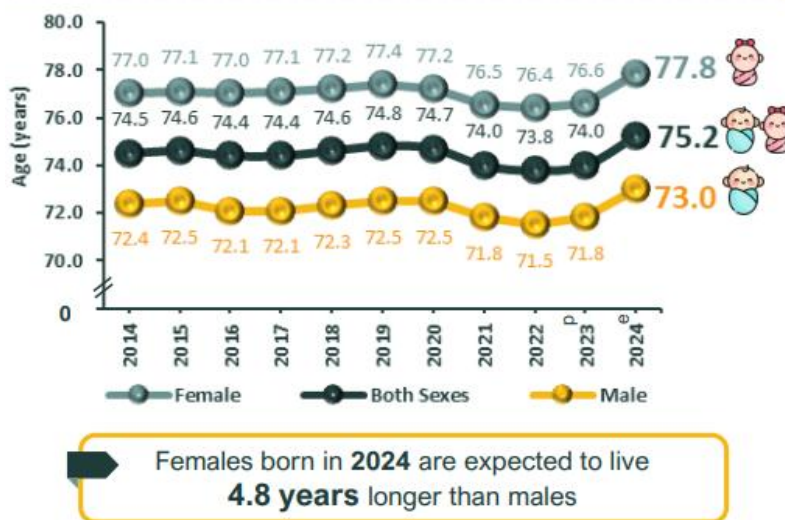
**Exhibit 1 : Market Size of Private Hospital Industry in Malaysia**



Source: Company, Kenanga Research

**Ageing population underpin growth in private healthcare.** Malaysia's private sector is on the cusp of significant expansion, propelled by the nation's rapidly ageing population and evolving healthcare demands. As of 2024, 7.3% of Malaysians are aged 65 and above, the fourth highest among selected SEA countries. This figure is projected to rise to 14.5% by 2040, positioning Malaysia as an aged nation based on the WHO's definition. This demographic shift underscores an urgent need for enhanced HCS, particularly in long-term care and the management of age-related illnesses. The increasing prevalence of chronic diseases among the elderly, coupled with a preference for ageing in place, amplifies the demand for specialised medical facilities and services tailored to senior citizens. The average life expectancy of the Malaysian population has been steadily increasing over the decades. A male and female baby born in 1970 would live to the age of 61.6 and 65.6 years old on average, respectively. In 2020, a male and female newborn respectively can expect to live to the age of 72.5 and 77.2 years old on average. Since 2015, and for the first time in Malaysia's history, the proportion of older persons in the population is higher than the proportion of children below 5 years old. In 2020, more than 11.2% of the population was aged 60 and above, meeting the definition of an "ageing society". According to the Department of Statistics Malaysia, by 2030, 15% of the population is expected to be above 60 years old, making Malaysia an "aged" society". Even though Malaysians are living longer, the population is not necessarily living in better health. Based on current trends, an estimated 9.5 years of life expectancy will be spent in poor health due to the incidence of NCDs or chronic diseases.

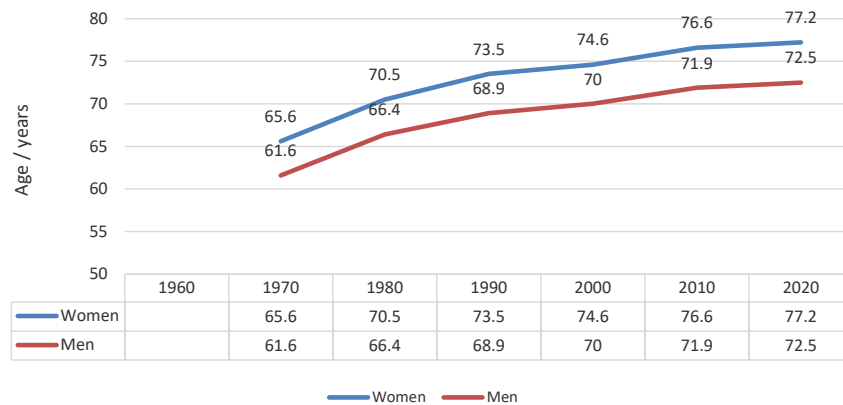
**Life Expectancy at Birth, Malaysia, 2014-2024**



Source: Kenanga Research, Department of Statistics, Malaysia (2024)

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## Life Expectancy at Birth, Malaysia, 1970-2020



Source: Kenanga Research, Department of Statistics, Malaysia (2020)

**Malaysia's healthcare resilience continues to grow.** According to preliminary 2025/2026 data and Budget 2026 reports, Malaysia's health expenditure continues to grow, with the Ministry of Health (MOH) allocated RM46.5bn for 2026, a 2.76% increase from RM45.27b in 2025. The 13th Malaysia Plan (RMK-13) targets reducing out-of-pocket expenditure to 32% by 2030, while private sector spending is anticipated to soon surpass public expenditure due to fiscal constraints. All these augurs well for SUNMED. According to the MOH's Malaysia National Health Expenditure (MNHA) 2011-2023 released in December 2024, which is the latest data available, Malaysia's total expenditure on health reached 4.6% of GDP in 2023, comprising 2.4% public and 2.2% private spending. Malaysia's public sources of health care financing amounted to about RM44.4b in 2023, some RM4.5b higher than RM39.8b in private sources of financing. The public sector comprised 52.7% of the country's total expenditure on health, compared to 47.3% private. According to the MNHA, private insurance only comprised 17% of private sources of financing in 2023, compared to private household out-of-pocket (OOP) expenditure at 76%. Of private household OOP spending, 46.4% went to private hospitals, followed by private medical clinics (18.3%). Outpatient services consumed the biggest chunk of OOP expenditure at 39.1%, followed by inpatient services (22.8%).

## EARNINGS REVIEW

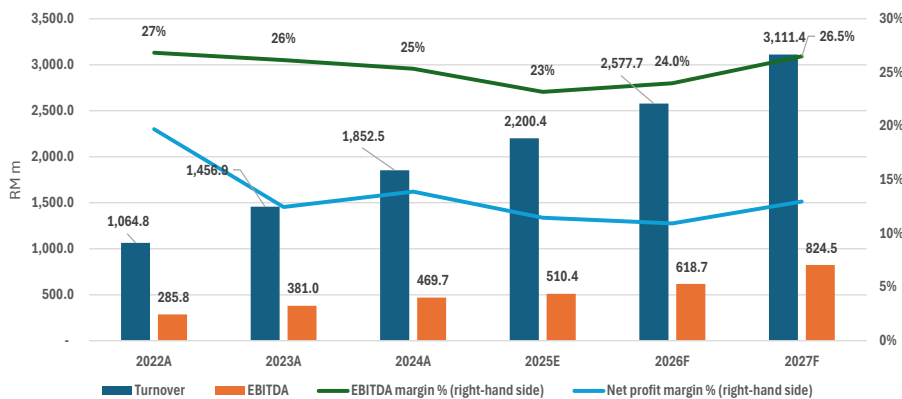
**FY25** turnover rose 19% to RM2.2b due to higher revenue intensity arising from higher beds (+66%), inpatient admission (+8%), revenue per inpatient (+7%), reflecting higher case complexity and a stronger mix of foreign patients. However, EBITDA rose 9% due to hospitals under gestation namely commencement of operations at Sunway Medical Centre Damansara in Dec 2024, and Sunway Medical Centre Ipoh in April 2025, both of which were still in their respective ramp-up phases. The resulting effect is net profit came in lower by 2% to RM252m due to a lower effective tax rate of 8% compared to 13% in FY24. SMC Damansara achieved its first EBITDA-positive month in August 2025 and first profit before tax positive month in January 2026, while SMC Ipoh reported its first EBITDA-positive month in January 2026, reflecting well-executed ramp-up and strong patient demand within the communities they served. The Group's overall bed occupancy rate was 69% (based on operating beds) in FY25. Excluding newly opened hospitals, bed occupancy rates for FY25 stood at 73%, demonstrating healthy bed utilisation across established hospitals.

## Results Highlights

	12M FY24	12M FY25	Y-o-Y Chg %
<b>FY Dec (RM m)</b>			
Turnover	1,852.5	2,200.4	18.8
EBITDA	469.7	510.4	8.7
Depreciation	(140.6)	(200.3)	42.5
Net interest income	(30.3)	(35.9)	18.4
PBT	298.8	274.2	(8.2)
Tax	(41.3)	(22.0)	(46.7)
MI	0.0	0.0	0.0
<b>Net profit / (loss)</b>	257.5	252.2	(2.1)
EPS / (LPS) (sen)	2.24	2.19	(2.2)
EBITDA margin (%)	25.4	23.2	
PBT margin (%)	16.1	12.5	
NP margin (%)	13.9	11.5	
Effective tax rate (%)	13.8	8.0	

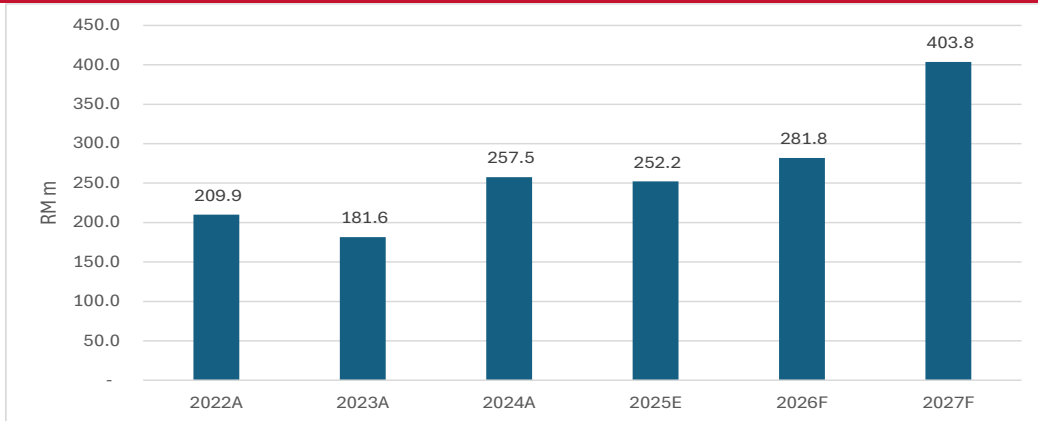
Source: Kenanga Research, Company

**Key Financial Highlights**



Source: Bloomberg, Company, Kenanga Research

**Key Financial Highlights – Net Profit**



Source: Bloomberg, Company, Kenanga Research

**EARNINGS FORECAST**

We forecast FY26 and FY27 net profit growth of 12% and 43%, respectively, driven by strong revenue intensity from higher yields from case-mix, incremental revenue ramp up in all its hospitals and bottom line profitability from new hospitals (Ipoh and Damansara). Note that in January 2026, SMC Damansara achieved PBT breakeven, while SMC Ipoh reached EBITDA breakeven.

We forecast SUNMED to deliver net earnings growth of 12% and 43% in FY26 and FY27, respectively, on the back of:

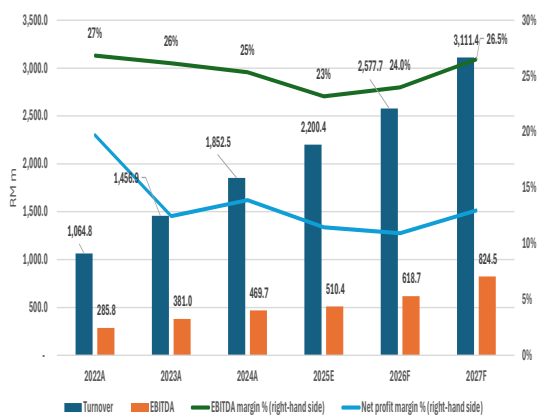
- i) **Volume.** We forecast volume increase for inpatient and outpatient throughput by 6%-11% in FY26-FY27, driven by ageing population and gradual ramp in hospitals under gestation.
- ii) **Revenue intensity.** Due to more complex acute case-mix and higher yield foreign patients, we forecast revenue per inpatient to rise by 7%/10% in FY26/FY27.
- iii) **EBITDA margin.** We expect the EBITDA margin to expand from 21.5% in FY25 (due to hospitals under gestation) to 22.5%-27% in FY26-FY27, partially driven by leveraging on incremental revenue and cost synergies.

**Key Assumption table**

Key assumption table	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F
<b>Inpatient</b>						
Number of inpatient admissions	59,726	87,818	105,468	114,425	125,868	139,713
Average revenue per inpatient admission (RM)	10,992	10,483	10,896	11,614	12,427	13,670
<b>Inpatient Growth %</b>						
Number of inpatient admissions	NA	47%	20%	8%	10%	11%
Average revenue per inpatient admission (RM)	NA	-5%	4%	7%	7%	10%
<b>Outpatient</b>						
Number of outpatients	1,020,405	1,158,893	1,310,249	1,480,581	1,628,640	1,758,931
Average revenue per outpatient admission (RM)	253	281	308	333	353	381
<b>Outpatient growth %</b>						
Number of outpatients	0%	14%	13%	13%	10%	8%
Average revenue per outpatient admission (RM)	0%	11%	10%	8%	6%	8%
<b>Daycare</b>						
Number of daycare patients	32,677	42,400	49,441	55,374	63,680	73,232
Average revenue per daycare patient (RM)	4,507	4,953	5,696	6,038	6,400	6,784
<b>Daycare growth %</b>						
Number of daycare patients	NA	30%	17%	12%	15%	15%
Average revenue per daycare patient (RM)	NA	10%	15%	6%	6%	6%

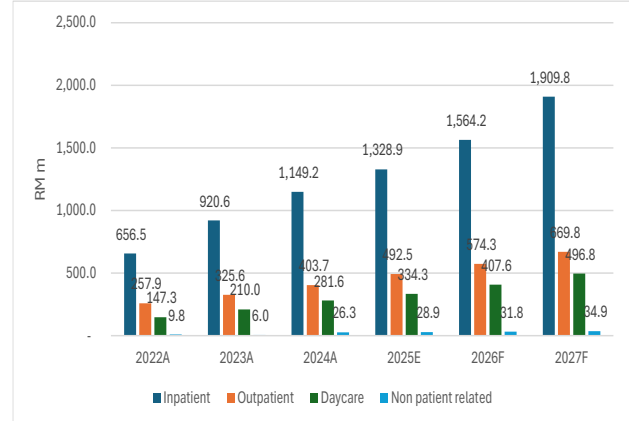
Source: Company, Kenanga Research

**Revenue, Earnings and Margins**



Source: Company, Kenanga Research

**Revenue Breakdown by Segment**



Source: Company, Kenanga Research

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## VALUATION

**Initiate coverage with a TP of RM1.75.** We derive a fair value of RM1.75 based on a 24x FY27F EV/EBITDA multiple. This valuation reflects a 15% discount to the average of its Indian peers (27x), consistent with lower end of historical valuation gaps between ASEAN and Indian healthcare operators (pls refer to tables below). The ASEAN peers are trading at 14x EV/EBITDA multiple against an average net profit growth of 10% in FY27F. Its closest peer, KPJ is trading at 15x EV/EBITDA for FY26/FY27 with a forecasted net profit growth of 13% in FY26 and 11% in FY27. SUNMED is poised for a projected net profit growth of 12% in FY26 and a significant jump to 43% in FY27. This growth trajectory comfortably outpaces its Indian counterparts, justifying its premium positioning within the Malaysian market

We like SUNMED for: (i) its solid track record, (ii) its "hub-and-spoke" business model, centering on a large, quaternary hospital supported by satellite tertiary hospitals, and (iii) ability to shorten the gestation period means capital is recycled faster, allowing the group to expand without the multi-year earnings drag. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see next page).

## Peers Table

Name	Market Cap (USD m)	Revenue Growth		Core Earnings Growth		PER (x)		EV/EBITDA (x)		CNP Margin (%)		EBITDA Margin (%)	
		1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.
<b>Thailand</b>													
BUMRUNGRAD HOSPITAL	4372	5%	6%	4%	3%	18	17.5	12.1	11.5	29%	28%	40%	39%
BANGKOK DUSIT MED SERVICE	9822	5%	5%	7%	6%	18	17	11.2	10.7	15%	15%	25%	24%
RAMKHAMHAENG HOSPITAL PUB CO	700	-18%	6%	-50%	11%	15.8	14.2	23	21	12%	12%	20%	20%
THONBURI HEALTHCARE GROUP	1796	3%	11%	2%	13%	23.2	20.5	14.4	12.6	25%	25%	38%	38%
MITRA KELUARGA KARYASEHAT	1704	-72%	330%	7%	15%	36.4	31.9	14.4	12.9	124%	33%	23%	23%
<b>India</b>													
MAX HEALTHCARE	11,306	24%	21%	14%	24%	61	49	39.4	31.6	16%	17%	26%	27%
APOLLO HOSPITALS	12,176	4%	19%	5%	25%	58.7	46.7	31.5	26	8%	8%	15%	15%
FORTIS HEALTHCARE	6668	4.5%	17%	16%	34%	58.3	43.6	30.4	24.7	11.7%	13.3%	23.1	24.2
Average				12%	28%			33.8	27.4				
<b>Singapore</b>													
RAFFLES MEDICAL GROUP	1472	2%	1%	-3%	7%	27	25.6	12.2	11.7	9%	12%	17%	18%
Average exclude India				6%	9%			14.6	13.4				
<b>Malaysia</b>													
IHH HEALTHCARE	19,976	10%	8.5%	19%	14%	35.2	30.8	15.1	13.7	7.9%	8.3%	23%	23%
KPJ HEALTHCARE	3827	5%	6%	13%	11%	36.0	32.8	16.3	15.2	8.8%	9.2%	24%	24%
Simple average exclude India				0%	10%			15.1	13.9				

Source: Company, Bloomberg, Kenanga Research

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**EV / EBITDA – Malaysian Listed Private Healthcare Operators Historically Trades At 20%-40% Discount To ASEAN And Indian Players**

EV / EBITDA	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25
IHH HEALTHCARE BHD	23.4	19.4	23.2	16.6	16.4	11.3	14.2	16.5
KPJ HEALTHCARE BERHAD	12.8	11.2	13.6	15.2	11.5	11.9	14.8	15.4
BUMRUNGRAD HOSPITAL PCL	20.9	17.7	37.5	41.0	23.4	18.1	15.2	11.6
BANGKOK DUSIT MED SERVICE	24.8	17.1	19.5	21.5	20.7	18.4	15.2	11.9
RAMKHAMHAENG HOSPITAL PUB CO	15.6	44.0	23.2	14.0	32.2	29.8	22.5	12.3
RAFFLES MEDICAL GROUP LTD	19.5	17.9	15.2	15.7	10.5	11.7	10.8	12.1
APOLLO HOSPITALS ENTERPRISE	22.6	19.3	13.3	39.0	31.1	32.0	39.9	33.3
MAX HEALTHCARE INSTITUTE LTD	NA	NA	NA	49.9	36.0	33.9	NA	NA
FORTIS HEALTHCARE LTD	33.2	52.6	18.7	39.9	22.1	19.1	26.2	34.6
HEALTHCARE GLOBAL ENTERPRISE	25.0	20.6	11.5	27.1	19.1	14.6	17.3	23.5
NARAYANA HRUDAYALAYA LTD	29.9	17.2	13.5	48.2	23.7	16.5	22.9	27.5
KOVAI MEDICAL CENTER AND HOS	11.1	8.5	6.9	8.7	8.2	8.5	12.3	15.2
ASTER DM HEALTHCARE LTD	17.7	12.2	8.5	11.1	10.3	11.6	16.8	33.0
Simple average								
Malaysia	18.1	15.3	18.4	15.9	14.0	11.6	14.5	16.0
Asia pac + Asean	22.0	22.7	16.8	28.7	21.6	19.5	19.9	21.5
Discount	-18%	-33%	10%	-45%	-35%	-41%	-27%	-26%

Source: Company, Bloomberg, Kenanga Research

Our secondary valuation approach is discounted cash flow (DCF) methodology given that SUNMED's business model derives from cash flows. Based on DCF approach, the stock is valued at RM1.93/share. We discount SUNMED's future cash flows until 2032. We choose FY27 as the valuation base year. Our DCF assumptions are risk free rate of 3.55% in line with the 30-year Malaysian Government Securities yield; expected market return of 9.4%, beta of 0.9x, cost of equity of 8.8%, cost of debt 4% which translate to WACC of 8.4%. Note that we assume EBITDA/Bed of RM0.37m.

**DCF**

RM m	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
EBITDA	825	844	937	1,037	1,157	1,274
-capex	(400)	(400)	(450)	(450)	(350)	(300)
-tax	(132)	(130)	(145)	(161)	(181)	(199)
-changes in working capital	(28)	(31)	(34)	(37)	(41)	(45)
Free cash flow (FCF)	265	284	308	389	585	730
Present Value	244	241	242	281	391	449
PV of FCF for FY27F-FY31F	1,399					
PV of FCF in perpetuity	21,368					
Net cash/ (debt)	(531)					
Total	22,235					
No of shares	11,500					
DCF value per share	1.93					

Source: Company, Kenanga Research

**Key risks:**

- 1) We understand that insurance panels or payors are tightening measures such as stricter approval for hospital stays due to medical inflation, which may deter patients from using private healthcare providers. The challenge here is, private healthcare operators could be exposed to periodic negotiations on pricing and discounts from insurance panels and their commitment to providing quality care at reasonable costs which could put pressure on margins. Note that discounts given to payors in FY22, FY23 and FY24 were 11%, 9% and 11%, respectively. As at 9MFY25 the discount given to payors was 13.8%.
- 2) Customer concentration - Sunway Medical Centre Sunway or accounts for 84.9%, 75.7% and 71.0% of group's revenue, and 101.3%, 98.1% and 74.1% of group's net profit in FY22, FY23 and FY24, respectively. This facility serves as the central hub for its most complex medical services, specialised medical resources and medical equipment, and has the highest number of resident consultant specialists across its hospitals. As such, any adverse event affecting Sunway Medical Centre Sunway City Kuala Lumpur, whether operational, reputational or structural, could impact its ability to deliver advanced care. Separately, Malaysia has announced a cap on annual premium increases for medical insurance

at 10%, aiming to control the escalating medical inflation, which reached 15% in 2024. Malaysia is tackling high medical inflation and rising healthcare costs through a multi-pronged approach: an insurance premium cap to directly control price hikes, drug price transparency to empower consumers and lower pharmaceutical costs, and the phased implementation of the Diagnostic Related Groups (DRG) system to control the increase in hospital treatment costs. As of August 2025, the timing and impact of DRG remain uncertain, with implementation now expected to be delayed to 2027 to allow the Government to develop the integrated hospital system, finance cost model, and DRG algorithm. Hence, the implementation timeline and effects on various stakeholders (hospitals, patients, etc.) are not yet fully determined. In addition, the Price Control and Anti-Profiteering (Price Marking for Drug) Order 2025 (effective 1 May 2025), requires all private healthcare facilities and community pharmacies to comply with drug price display requirements. Additionally, Malaysia's implementation of the Sales Service Taxes (SST) effective July 1, 2025, imposes a 6% tax on private healthcare services for foreign patients, may increase treatment costs. Despite the SST, Malaysia's medical tourism industry is unlikely to be affected, as it is expected to stay competitively priced in the region due to the lower medical costs than those in neighbouring countries like Thailand and Singapore.

- 3) Malaysia is facing shortage of doctors and nurses as the ratio is below the OECD's average. Graduate doctors in Malaysia has declined by almost 40% between 2017 and 2022 which can exacerbate this situation, thus leading to much tighter competition in terms of recruitment within Malaysia's public and private HCS sectors, as well as limiting the HCS providers' ability to ramp up construction of hospitals aggressively.

**SUSTAINABILITY (ESG) HIGHLIGHTS**

Sunway Healthcare's sustainability profile is underpinned by its role in expanding access to high-acuity private healthcare, particularly through tertiary and quaternary services that address complex medical needs. Its integrated hub-and-spoke model supports improved patient outcomes, supported by multiple international hospital accreditations and leadership in advanced surgical procedures. The group's expansion strategy presents an opportunity to embed energy-efficient infrastructure and digital healthcare solutions, although disclosure on environmental performance metrics remains limited. Workforce availability remains a key sustainability risk, given structural shortages of medical professionals in Malaysia, which could constrain long-term capacity utilisation. From a governance and social risk perspective, the group's reliance on private insurance reimbursement exposes it to regulatory changes in healthcare pricing and cost controls, underscoring the importance of operational efficiency and clinical outcome leadership.

**STOCK ESG RATINGS**

	Criterion	Rating			
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★
	Corporate Social Responsibility	★	★	★	
	Management/Workforce Diversity	★	★	★	
	Accessibility & Transparency	★	★	★	
	Corruption-Free Pledge	★	★	★	
	Carbon-Neutral Initiatives	★	★	★	
	<b>SPECIFIC</b>	Medical waste disposal	★	★	★
Usage of biodegradable materials		★	★	★	
Energy efficiency		★	★	★	
Product safety		★	★	★	☆
Work site safety		★	★	★	☆
Staff welfare		★	★	★	
<b>OVERALL</b>		★	★	★	

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP



5 May 2026

## Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
DUOPHARMA BIOTECH BERHAD	OP	1.30	1.72	32%	1,251	Y	12/2026	11.5	12.1	14.0%	5.4%	11.3	10.7	1.5	14.0%	4.6	3.5%
IHH HEALTHCARE BHD	MP	8.87	8.50	-4%	78,377	Y	12/2026	23.8	25.9	15.1%	8.5%	37.2	34.3	2.5	6.8%	10.0	1.1%
KOTRA INDUSTRIES BHD	OP	4.05	4.90	21%	601	Y	06/2026	28.7	32.5	-4.7%	13.2%	14.1	12.5	2.1	15.3%	25.5	6.3%
KPJ HEALTHCARE BHD	MP	3.42	2.80	-18%	15,138	Y	12/2026	7.6	8.8	8.5%	15.7%	44.8	38.7	5.6	13.0%	4.2	1.2%
NOVA WELLNESS GROUP BHD	OP	0.355	0.470	32%	113	Y	06/2026	3.6	3.8	49.4%	4.3%	9.8	9.4	1.0	10.1%	1.6	4.5%
PHARMANIAGA BHD	UP	0.240	0.200	-17%	1,574	Y	12/2026	1.0	1.1	34.0%	8.0%	24.2	22.4	3.2	13.9%	0.0	0.0%
SCOMNET BHD	OP	0.570	1.00	75%	484	Y	12/2026	4.2	4.9	38.5%	18.1%	13.6	11.5	1.1	8.3%	2.3	4.0%
SUNWAY HEALTHCARE HOLDINGS BHD	OP	1.89	1.75	-7%	21,735	Y	12/2026	2.5	3.5	11.7%	43.3%	77.1	53.8	6.6	9.7%	0.6	0.3%

Source: Company, Bloomberg, Kenanga Research

5 May 2026

**Stock Ratings are defined as follows:****Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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