

21 May 2026

Sunway Healthcare Holdings

1QFY26 Barely Met Expectations

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SUNMED's 1QFY26 results met expectations. We expect SUNMED to derive cost synergies from its size, scale and network that will help mitigate adverse margin impact from gestation of its ongoing expansion. The 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. Any potential upgrade in our call hinges on stronger-than-expected performance from new hospitals. We keep our forecasts, TP of RM1.75 and Market Perform call.

SUNMED's 1QFY26 net profit of RM33m came in at 12% and 11% of our and consensus full-year net profit forecasts, respectively. We consider the results within expectations since 1QFY26 is typically the slowest quarter. No dividend was declared in this quarter as expected.

YoY, 1QFY26 revenue rose 24% driven by revenue intensity thanks to higher average revenue per inpatient (+14%) and inpatient throughput (+10%) reflecting higher case complexity and a stronger mix of foreign patients. Note that foreign patient revenue rose 47% to RM87m which accounts for 15% in 1QFY26 vs. 12% in 1QFY25, of total revenue. The overall bed occupancy rate in 1QFY26 was flat at 68% vs. 1QFY25 despite licensed beds rising from 1,482 to 1,805 or a 225 YoY increase by 323 beds.

However, EBITDA rose 19% despite new hospitals under gestation namely Sunway Medical Damansara, Sunway Medical Ipoh, both of which were still in their respective ramp-up phases. EBITDA growth was supported by stronger operational performance across the hospital operations segment, partially offset by higher operating expenses, including IPO-related expenses and other non-recurring costs. The net profit came in lower by 14% to RM33m due to a higher effective tax rate of 24% compared to 18% in 1QFY25.

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. The hospitals under gestation namely Sunway Medical Damansara and Sunway Medical Ipoh, incurred initial gestation losses and higher staff and marketing costs as they continued to ramp up their operations. Normalised EBITDA margin is 20.7% (pls refer to table in next page) vs actual at 19.1%.

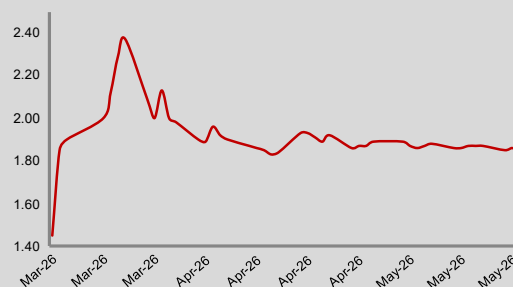
QoQ, 1QFY26 revenue fell 4% (despite 4QFY25 seasonally the strongest) driven by higher average revenue per inpatient (+6%) but offset by lower inpatient throughput (-9%) resulting in lower BOR of 68% vs. 70% in 4QFY25.

Outlook. Growth visibility continues to be supported by the Group's capacity expansion programme. In addition, a further 177 beds have been completed and are pending licensing approval. The upcoming brownfield expansions include the completion of Tower F at SMC Sunway City and phased expansion works at SMC Ipoh, which are expected to support incremental revenue growth as utilisation increases. In the northern region, following the acquisition of Sunway Hotel Seberang Jaya, it is planning the Phase 3 expansion of SMC Penang to accommodate additional wards across five floors, further enhancing its capacity to serve medical tourism demand.

MARKET PERFORM ↔

Price: RM1.84
Target Price: RM1.75 ↔

Share Price Performance



KLCI 1,717.69
YTD KLCI chg 2.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SUNMED MK
Market Cap (RM m)	21,160.3
Shares Outstanding	11,500.2
52-week range (H)	2.46
52-week range (L)	1.69

Major Shareholders

SunCity	69.5%
Greenwood capital	7.5%
EPF	5.2%

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	252.2	281.8	403.8
Consensus (NP)	-	296	393
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)	83.9	75.1	52.4
PBV (x)	8.4	6.5	5.7
Net Gearing (%)	41.5	16.2	9.7
Net Div. Yield (%)	-	0.3	0.5
EV/EBITDA (x)	43.5	35.1	26.1

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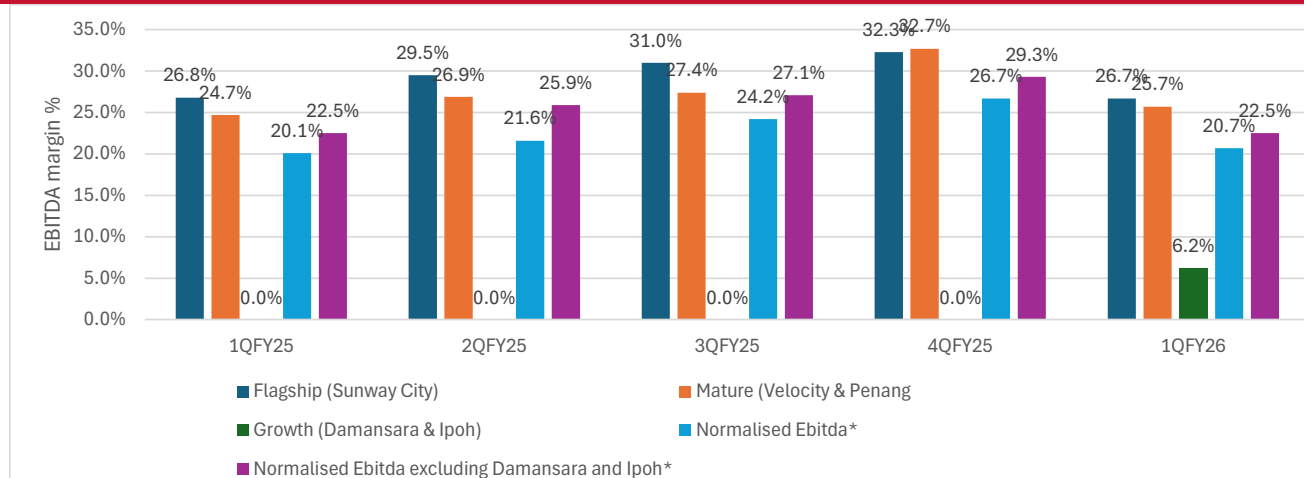
Valuation and forecast. We keep our forecasts unchanged. Our TP is RM1.75 based on a 24x FY27F EV/EBITDA multiple. This valuation reflects a 15% discount to the average of its Indian peers (27x), consistent with the lower-end of historical valuation gaps between ASEAN and Indian healthcare operators. 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 a significant jump by 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 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.

Results Highlights

	1Q	4Q	1Q	Q-o-Q	Y-o-Y
FY Dec (RM m)	FY25	FY25	FY26	Chg %	Chg %
Turnover	474.0	614.6	587.0	(4.5)	23.8
Inpatient	287.0	372.0	360.0	(3.2)	25.4
Outpatient	108.0	138.0	128.0	(7.2)	18.5
Daycare	72.0	96.0	89.0	(7.3)	23.6
Others	7.0	9.0	10.0	11.1	42.9
EBITDA	94.1	164.7	112.0	(32.0)	19.0
Depreciation	(41.8)	(60.1)	(55.7)	(7.3)	33.4
Net interest income	(5.4)	(12.2)	(12.4)	2.0	130.7
PBT	47.0	92.5	43.9	(52.5)	(6.6)
Tax	(8.2)	19.9	(10.6)	(153.1)	28.4
MI	(0.0)	(0.0)	(0.0)	-	-
Net profit	38.8	112.4	33.3	(70.3)	(14.0)
EPS (sen)	0.34	1.0	0.29	(70.4)	(14.7)
EBITDA margin (%)	19.9	26.8	19.1		
PBT margin (%)	9.9	15.0	7.5		
NP margin (%)	8.2	18.3	5.7		
Effective tax rate (%)	17.5	NM	24.1		

Source: Kenanga Research, Company

EBITDA



Source: Company, Bloomberg, Kenanga Research

* Margin based on EBITDA excluding one-off items (one-off lease reclassification gain, one-off rectification claims, IPO related expenses, and other non-recurring expenses) divided by total revenue

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EBITDA

Ebitda margins	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Flagship (Sunway City)	26.8%	29.5%	31.0%	32.3%	26.7%
Mature (Velocity & Penang)	24.7%	26.9%	27.4%	32.7%	25.7%
Growth (Damansara & Ipoh)	0.0%	0.0%	0.0%	0.0%	6.2%
Normalised Ebitda*	20.1%	21.6%	24.2%	26.7%	20.7%
Normalised Ebitda excluding Damansara and Ipoh*	22.5%	25.9%	27.1%	29.3%	22.5%

Source: Company, Bloomberg, Kenanga Research

* Margin based on EBITDA excluding one-off items (one-off lease reclassification gain, one-off rectification claims, IPO related expenses, and other non-recurring expenses) divided by total revenue

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.
Thailand													
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%
India													
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				
Singapore													
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				
Malaysia													
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

EV / EBITDA – Malaysian Listed Private Healthcare Operators Historically Trades At 20% 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

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

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

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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.
Stocks Under Coverage																	
DUOPHARMA BIOTECH BERHAD	OP	1.27	1.72	35.4%	1,222	Y	12/2026	11.5	12.1	14.0%	5.4%	11.0	10.5	1.5	14.0%	4.6	3.6%
IHH HEALTHCARE BHD	MP	8.99	8.50	-5.5%	79,437	Y	12/2026	23.8	25.9	15.1%	8.5%	37.7	34.7	2.5	6.8%	10.0	1.1%
KOTRA INDUSTRIES BHD	MP	3.89	3.88	-0.3%	577	Y	06/2026	28.7	25.8	-4.7%	-10.1%	13.5	15.1	2.1	15.3%	25.5	6.6%
KPJ HEALTHCARE BHD	MP	3.32	2.80	-15.7%	14,695	Y	12/2026	7.6	8.8	8.5%	15.7%	43.5	37.6	5.5	13.0%	4.2	1.3%
NOVA WELLNESS GROUP BHD	MP	0.340	0.380	11.8%	108	Y	06/2026	2.9	3.0	19.5%	4.3%	11.7	11.3	0.9	8.2%	1.6	4.7%
PHARMANIAGA BHD	UP	0.245	0.200	-18.4%	1,606	Y	12/2026	1.0	1.1	34.0%	8.0%	24.7	22.9	3.2	13.9%	0.0	0.0%
SCOMNET BHD	OP	0.545	1.00	83.5%	462	Y	12/2026	4.2	4.9	38.5%	18.1%	13.0	11.0	1.1	8.3%	2.3	4.2%
SUNWAY HEALTHCARE HOLDINGS BHD	MP	1.84	1.75	-4.9%	21,160	Y	12/2026	2.5	3.5	11.7%	43.3%	75.1	52.4	6.5	9.7%	0.5	0.3%

Source: Company, Bloomberg, Kenanga Research

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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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