

Alpha IVF Group Berhad (0303)



Premium Fertility Leader with Regional Ambition

By Tan Jia Hui / jiahui@tradeviewcapital.my

BUY

Target Price: RM0.42 (+40%)

Current Share Price: RM 0.30

Valuation

Our target price is based on:

FY27F PE of 26x, which is 20% premium to the average PE of regional peers and aligned with its historical PE, justified by gaining market share from neighbouring countries and earnings sustainability

Initiation Report

Growth

Investment Horizon : 12 months

We initiate coverage on Alpha IVF Group Berhad (Alpha) with a BUY recommendation and a target price of RM0.42. Alpha IVF is a leading assisted reproductive services provider in Malaysia and Singapore, specializing in in vitro fertilization (IVF) and advanced genetic testing. Looking ahead, we expect earnings to accelerate, driven by (i) strategic international expansion by broadening its network with new IVF centres and clinics, (ii) capturing medical tourism growth, attracting a strong influx of foreign patients, and (iii) clinical and technological superiority, which utilizes advanced preimplantation genetic testing to achieve industry-leading pregnancy success rates.

Robust Contribution from Foreign Patients



Alpha is well-positioned to capitalise on Malaysia’s visa-free policy and reputation as a cost-competitive, high-quality medical destination. Foreign patients contributed 68.8% of Malaysia’s revenue in 1QFY26, driven by strong inflows from Indonesia and China. With an industry-leading success rate above 60% against regional peers, Alpha commands premium pricing for IVF process compare to its peers and superior margins. Ongoing regional expansion through offices and satellite clinics (which providing initial consultations and fertility assessments) in Indonesia, China, and Singapore continues to diversify earnings, while resilient foreign demand despite the 6% SST highlights the Group’s strong brand and clinical leadership.

Capacity Expansion and Service Diversification Catalyst



Alpha’s growth is driven by continuous capacity expansion, new centre roll-outs, and diversified service offerings. The Group is scaling its footprint locally through new IVF centres in Johor Bahru and Sabah, while expanding regionally into Indonesia and the Philippines. In April 2024, the Group launched its Alhaya Centre, which targeting the niche Muslim-friendly market, and we expected to contribute meaningfully as it matures by 2-3 years. With six new centres in the pipeline and ongoing quarterly capex of RM1-1.2mn, Alpha is building long-term earnings capacity. Despite short-term margin pressure, these investments position the Group for sustainable growth, supported by higher revenue per patient, better patient retention as individuals return for subsequent treatments or additional children, and superior margins relative to peers.

Strong Brand, Strong Growth

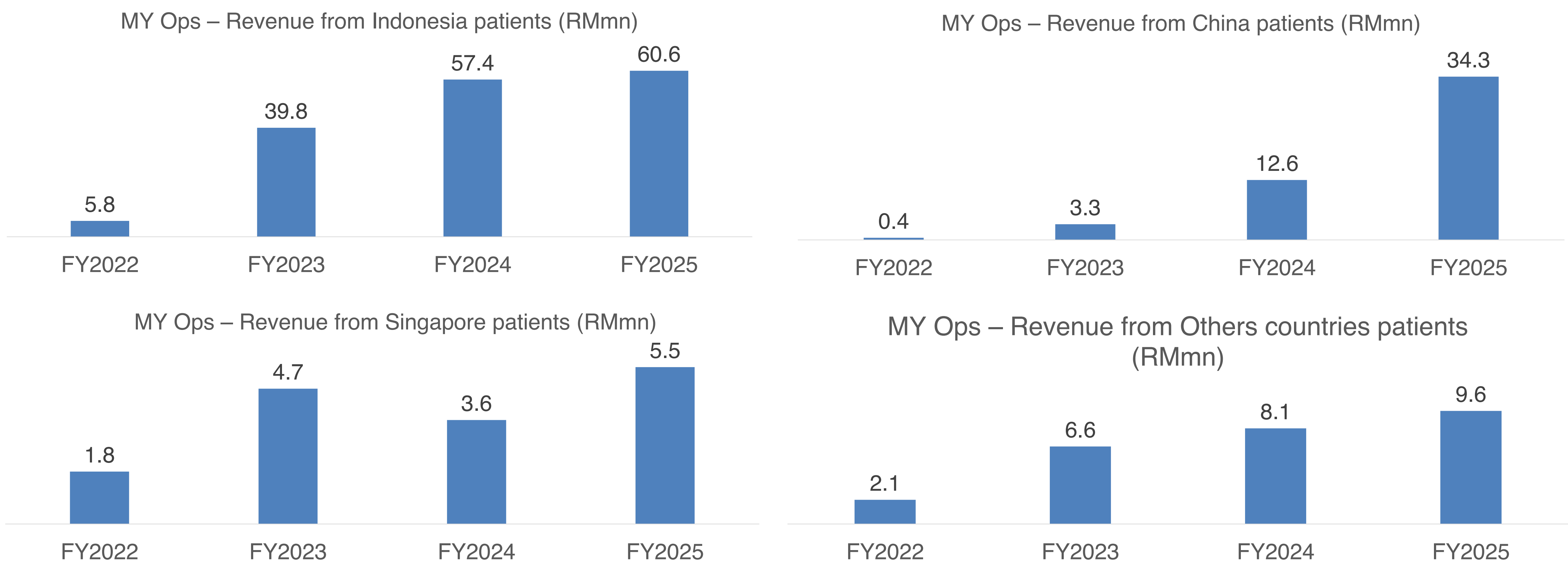


Alpha’s growth is underpinned by strong brand equity, leading clinical outcomes, and advanced assisted reproductive technology (ART) expertise. Its superior success rates, technological innovation (AI-assisted embryo selection, PGT), and experienced specialists position it as a premium regional IVF provider. With rising ART demand from delayed parenthood and fertility decline across Asia, Alpha is well placed to benefit. We forecast 17%–23% revenue growth in FY26F-FY28F, driven by resilient foreign patient volumes by hitting 75% of Malaysia’s operation revenue, new overseas centre contributions, and enhanced fertility services using advanced technology.

Investment Thesis

Riding the Wave of Medical Tourism and Cross-Border Fertility Demand

Supported by visa-free entry and its advanced preimplantation genetic testing (PGT) technology, Alpha is well-positioned to capitalise on international patient inflows and Malaysia’s growing medical tourism segment. Malaysia’s status as a cost-competitive yet high-quality healthcare destination provides Alpha a strong platform to attract patients from regional markets such as Indonesia and China, where fertility treatments often face higher costs, and longer waiting times. Foreign patients contributed 70% of Malaysia’s revenue in FY25, compared to 60.4% in FY24, underscoring the Group’s early success in executing its cross-border model. By country, foreign patient volumes in Malaysia’s IVF operations have continued to rise, with growth of +6% YoY from Indonesia, +172% YoY from China, +51% YoY from Singapore, and +18% YoY from other markets such as Australia, Hong Kong, and the United States.



Source: Company

Alpha’s regional expansion through representative offices and satellite clinics in Indonesia, China, and Singapore further strengthens its ability to scale patient volumes and diversify revenue streams beyond the Malaysian market. The Group’s superior clinical performance is achieving an average success rate exceeding 60%, higher than industry peers, which supports its premium pricing strategy, as patients are willing to pay more for higher success probabilities. This translates into better margins and economies of scale as patient volumes continue to rise.

With growing affluence across ASEAN and China, coupled with broader acceptance of fertility intervention, Alpha is expected to sustain growth in patient volumes and average revenue per cycle as its international operations mature, reinforcing a robust multi-market growth trajectory. Notably, revenue from Indonesia and China recorded a three-year CAGR of 119% and 327%, respectively, while oocyte pick-up (OPU) volume from China patients at the Malaysian centre surged 127.1% YoY in 1QFY26. Despite the implementation of Malaysia’s 6% SST, foreign demand remains resilient, reflecting Alpha IVF’s strong brand equity, high clinical success rate, and entrenched market positioning.

Scaling Footprint through Strategic Expansion

Alpha’s growth strategy is underpinned by ongoing capacity expansion, new centre roll-outs, and the diversification of its specialist service offerings. The Group continues to strengthen its footprint in Malaysia while tapping into niche segments such as Muslim-friendly fertility services through its Alhaya Centre which launched in April 2024. Although Alhaya’s contribution to Group revenue in 1QFY26 was still minimal, we view this positively, as it targets the mass market and is expected to deliver meaningful growth in 2-3 years.

Beyond Malaysia, Alpha plans to expand into regional markets including the Philippines and Indonesia, alongside new IVF centres in Johor Bahru and Sabah. In total, the Group aims to establish 6 new IVF centres (five currently under renovation and one yet to be disclosed) and 2 satellite clinics. The satellite clinics act as a function of providing initial consultations and fertility assessments, and connects patients to Alpha IVF’s flagship centres in Malaysia for full treatment. These markets present strong opportunities driven by (i) large population bases, (ii) limited fertility facilities and equipment, (iii) potential to attract neighbouring patients, and (iv) favourable tax incentives.

Investment Thesis

Capital expenditure, mainly for medical equipment and specialist recruitment, amounts to RM1-1.2mn per quarter. While this temporarily compresses margins, we view it as a strategic investment to support long-term growth both domestically and abroad. Additionally, Alpha’s comprehensive suite of value-added services enhances revenue per patient and encourages retention across treatment cycles. This integrated business model, supported by disciplined execution, underpins the Group’s superior margins compared to peers, while its dividend policy reinforces commitment to shareholder returns without compromising growth investments.

Facilities	Progress
IVF Centre in SEA No 1 (Philippines, Manila)	Renovation 80% completed. Target operational November 2025
IVF Centre in SEA No 2 (Indonesia,Bali)	Renovation starts in December 2025. Target operational by 2027.
IVF Centre in SEA No 3 (Philippines, Tuguegarao)	Renovation starts in December 2025. Target operational in 1Q27.
IVF Centre in Malaysia No 1 (Kota Kinabalu)	Renovation completed. Target operational November 2025.
IVF Centre in Malaysia No 2 (Johor Bahru)	Target operational 4Q26.
Satellite Clinics in Indonesia No 3 (Medan)	Under renovation. Target operational November 2025
Satellite Clinics in Indonesia No 4	Target operational 4Q26.
Alpha IVF Kuala Lumpur	In Operation
Genesis IVF Penang	In Operation
Alpha IVF Singapore	In Operation
Alhaya IVF Kuala Lumpur	In Operation
Satellite Clinics in Indonesia No 1 (PIK Jakarta)	In Operation
Satellite Clinics in Indonesia No 2 (Surabaya)	In Operation

Strong Brand and Clinical Leadership Driving Sustainable Growth

Alpha IVF presents a compelling long-term growth narrative, anchored by its strong brand equity, industry-leading clinical outcomes, and differentiated capabilities in assisted reproductive technology (ART). Over the years, the Group has built a reputation as one of the most trusted premium IVF providers in Malaysia and the region, supported by a consistent record of superior pregnancy success rates that exceed industry benchmarks. This performance reflects not only the quality of its medical expertise but also its commitment to technological leadership. Alpha’s clinical strength is driven by an experienced team of fertility specialists and embryologists, supported by state-of-the-art laboratories and continuous investment in cutting-edge technologies such as AI-assisted embryo selection, time-lapse imaging, and comprehensive preimplantation genetic testing (PGT). These capabilities enable Alpha to offer more predictable outcomes and higher chances of successful pregnancies, which are critical decision factors for patients seeking premium fertility care.

This strong foundation positions Alpha favourably against both domestic and global IVF peers, granting it sustained pricing power and strengthening patient confidence. As fertility challenges become increasingly prevalent driven by rising maternal age, lifestyle factors, and declining fertility rates across Asia supporting the demand for assisted reproductive services continues to grow structurally. Alpha is strategically positioned to capture this expanding market, supported by its premium brand, high success rates, and growing recognition among foreign patients. Beyond organic demand growth, the Group’s scalable business model and advanced lab infrastructure allow it to treat a higher volume of patients with attractive operating leverage as utilisation increases.

We remain constructive on Alpha’s earnings outlook and forecast revenue growth of 17%–23% for FY26F–FY28F. This momentum is underpinned by several drivers: (i) resilient and growing oocyte pick-up (OPU) volumes from foreign patients, particularly from Indonesia and China, (ii) incremental contributions from new IVF centres and satellite offices across Malaysia, Indonesia, and the Philippines that broaden the Group’s market reach, and (iii) a diversified suite of high-value service offerings such as PGT, cryopreservation, and AI-enabled embryo evaluation, which enhance revenue intensity per patient and reinforce Alpha’s leadership in premium fertility services. Collectively, these elements build a strong platform for sustainable long-term growth while deepening the Group’s competitive moat in the rapidly expanding regional fertility market.

Company Overview

Alpha IVF Group Berhad (“Alpha IVF” or “the Group”) is a leading fertility and assisted reproductive technology (ART) specialist in Malaysia, recognised for its advanced clinical capabilities and strong patient outcomes. Established by a team of highly experienced fertility specialists and embryologists, the Group has grown into one of the most trusted premium IVF service providers in the region. Its core business encompasses a full suite of fertility-related treatments and diagnostics, including in-vitro fertilisation (IVF), intrauterine insemination (IUI), preimplantation genetic testing (PGT), time-lapse embryo monitoring, and cryopreservation of eggs, sperm, and embryos.

Alpha IVF operates through a network of fertility centres strategically located in Malaysia, including its flagship Alpha IVF & Women’s Specialists Centre and the Alhaya Fertility Centre, which caters to the Muslim-friendly market segment. The Group’s laboratories are equipped with state-of-the-art facilities and adopt cutting-edge technologies such as AI-assisted embryo selection and genetic screening, enabling superior pregnancy success rates above industry averages. Its medical team comprises experienced clinicians and embryologists with strong international exposure, contributing to the Group’s reputation for excellence and innovation in reproductive medicine.

The Group’s business model is centred on providing high-quality, patient-centric fertility solutions that deliver consistent clinical success and strong brand differentiation. Alpha IVF serves a diversified mix of domestic and foreign patients, with international clientele mainly from Indonesia, China, Singapore, and other ASEAN countries. Leveraging Malaysia’s position as a cost-efficient yet high-standard medical tourism hub, the Group continues to attract cross-border patients seeking premium fertility care.

To support long-term growth, Alpha IVF is expanding its regional presence through representative offices and satellite centres in key Asian markets such as Indonesia, China, Singapore, and the Philippines. The Group also plans to extend its network domestically with upcoming IVF centres in Johor Bahru and Sabah. This expansion strategy aims to capture growing demand from underserved markets with limited fertility infrastructure while achieving economies of scale and operating leverage.

Through its integration of advanced medical technology, strong clinical expertise, and strategic regional expansion, Alpha IVF is well-positioned to strengthen its market leadership in the fertility healthcare segment and sustain long-term earnings growth.

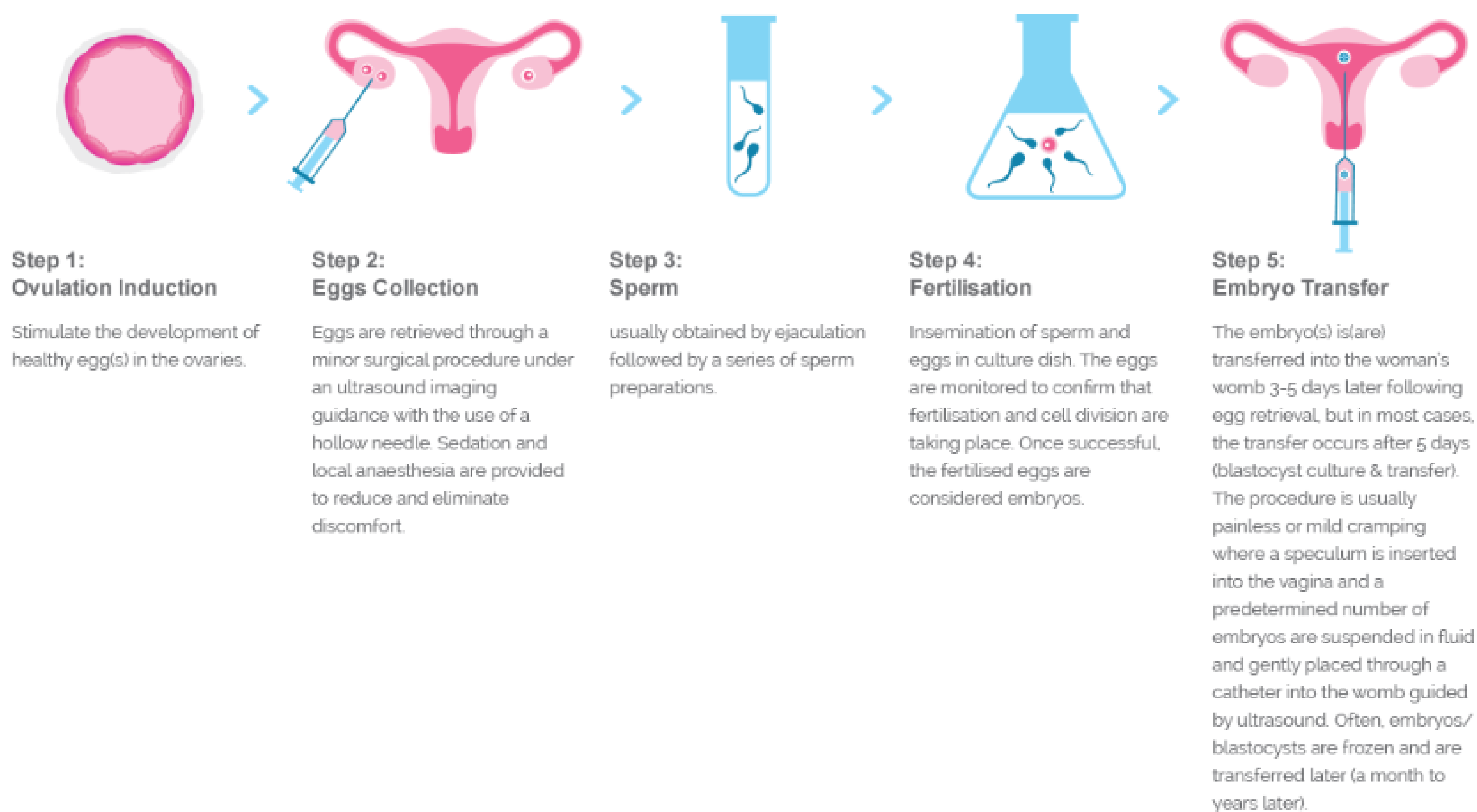
Fully Equipped IVF Centre



Source: Annual Report, Tradeview Research

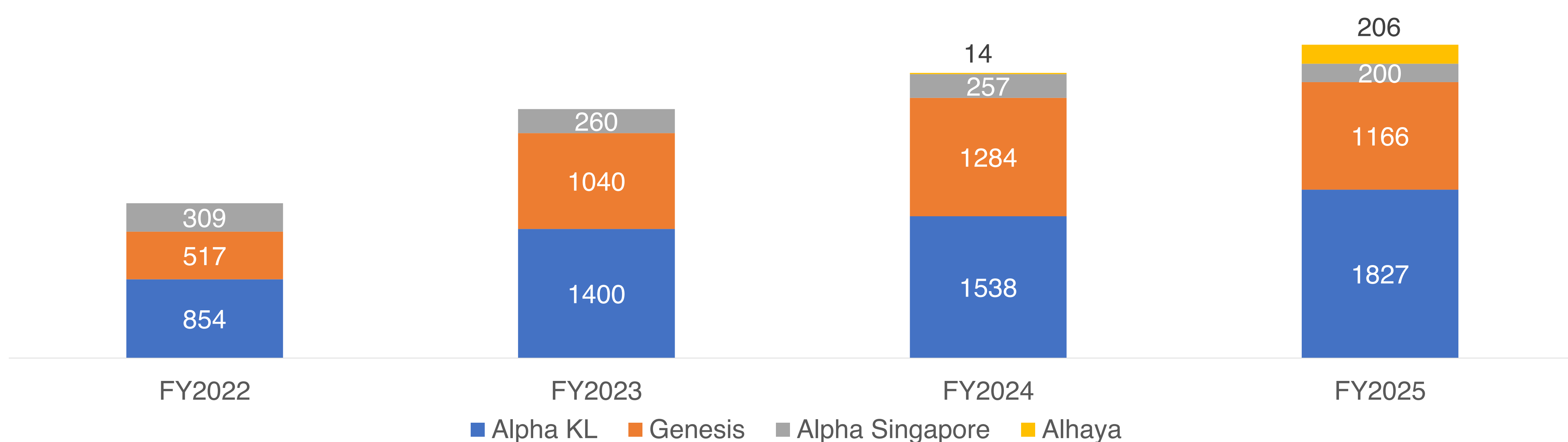
Company Overview

There are 5 basic steps in IVF process:

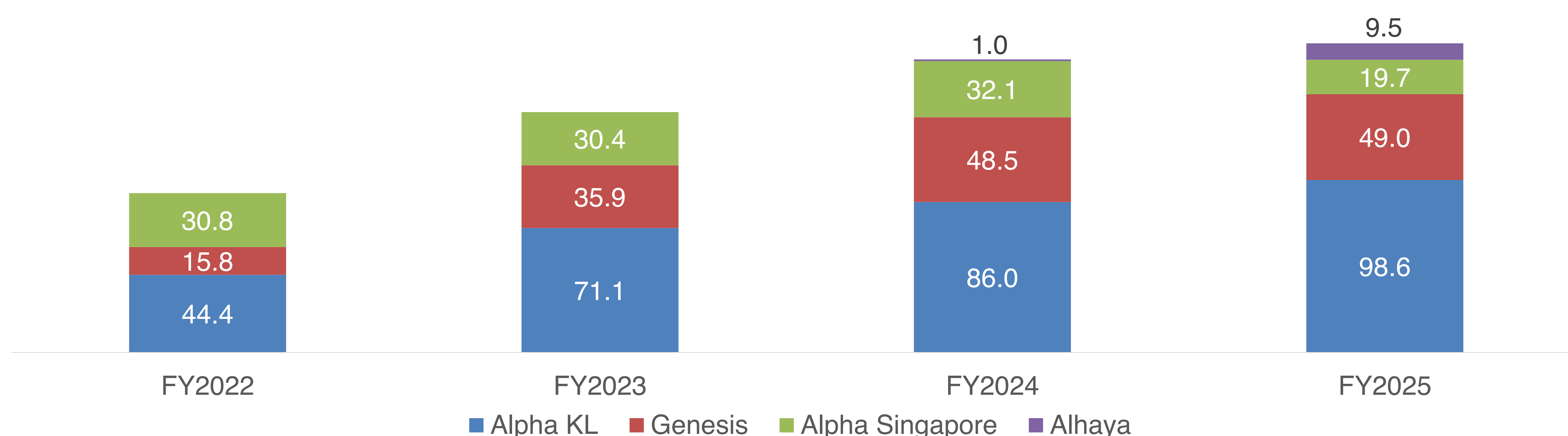


Business Segment

Number of OPU performed



Revenue breakdown by centre (RM'mn)



Source: Annual Report , Tradeview Research

Management Team

Dato’ Dr. Colin Lee Soon Soo – Group Managing Director & Medical Director

Dato’ Dr. Colin Lee has over 30 years of experience in obstetrics, gynaecology, and reproductive medicine. He is a pioneer in Malaysia’s fertility industry, credited with introducing several breakthrough reproductive technologies. As founder and Group Managing Director, he leads Alpha IVF’s clinical, research, and strategic initiatives, driving the Group’s growth and innovation in assisted reproductive technology (ART). His leadership has established Alpha IVF as a regional benchmark for clinical excellence and innovation.

Irene Kwan Yee Man – Group Chief Operating Officer

Irene Kwan has extensive experience in healthcare management and business operations, with over 20 years in the wellness and healthcare sectors. She oversees Alpha IVF’s day-to-day operations, patient experience, and business development strategies. Irene plays a key role in driving process optimisation, operational efficiency, and service quality across all centres. Her leadership ensures consistent delivery of high-quality patient care aligned with the Group’s growth objectives.

Berlinda Soo – Group Chief Financial Officer

Berlinda Soo has over 29 years of experience spanning hospitality, education, courier, property development, and healthcare industries. She began her career with Price Waterhouse Malaysia and later held senior finance roles in Hotel Properties Limited Group, IACT College, Airpak Express, Nationwide Express Holdings Berhad, and EcoFirst Consolidated Berhad. At Alpha IVF, she oversees the Group’s accounting and finance operations, covering financial reporting, taxation, treasury, and corporate finance. Berlinda is a Certified Practising Accountant (CPA, Australia) and a Chartered Accountant with the Malaysian Institute of Accountants.

Tan Kay Pau – Chief Corporate Officer

Tan Kay Pau has extensive experience in corporate management, strategic planning, and business development. He oversees corporate affairs, governance, and business strategy across the Group’s operations. His role includes supporting investor relations and ensuring alignment of business strategies with long-term growth plans. Tan contributes to strengthening the Group’s governance structure and corporate expansion efforts.

Lee Soon Ai – Director of Operations (Singapore)

Lee Soon Ai oversees Alpha IVF’s operations in Singapore, managing business administration, finance, and non-medical functions. She has strong experience in operations and corporate governance, ensuring efficient business execution within the Group’s Singapore operations. As a key shareholder, she also contributes to regional strategic planning and business growth initiatives.

Adelle Lim Yun Xin – Group Scientific Director

Adelle Lim leads the Group’s scientific direction, research, and laboratory excellence. She manages embryology and research functions, ensuring Alpha IVF remains at the forefront of reproductive science and technology. Adelle plays a central role in implementing new laboratory techniques and maintaining high clinical success rates across centres.

Siska Dewanty Hernando – Country Director (Indonesia)

Siska Dewanty oversees Alpha IVF’s operations and business development in Indonesia. She focuses on strengthening the Group’s brand presence and patient acquisition strategies in key ASEAN markets. Her strong marketing and business acumen support the Group’s regional growth and cross-border medical tourism strategy.

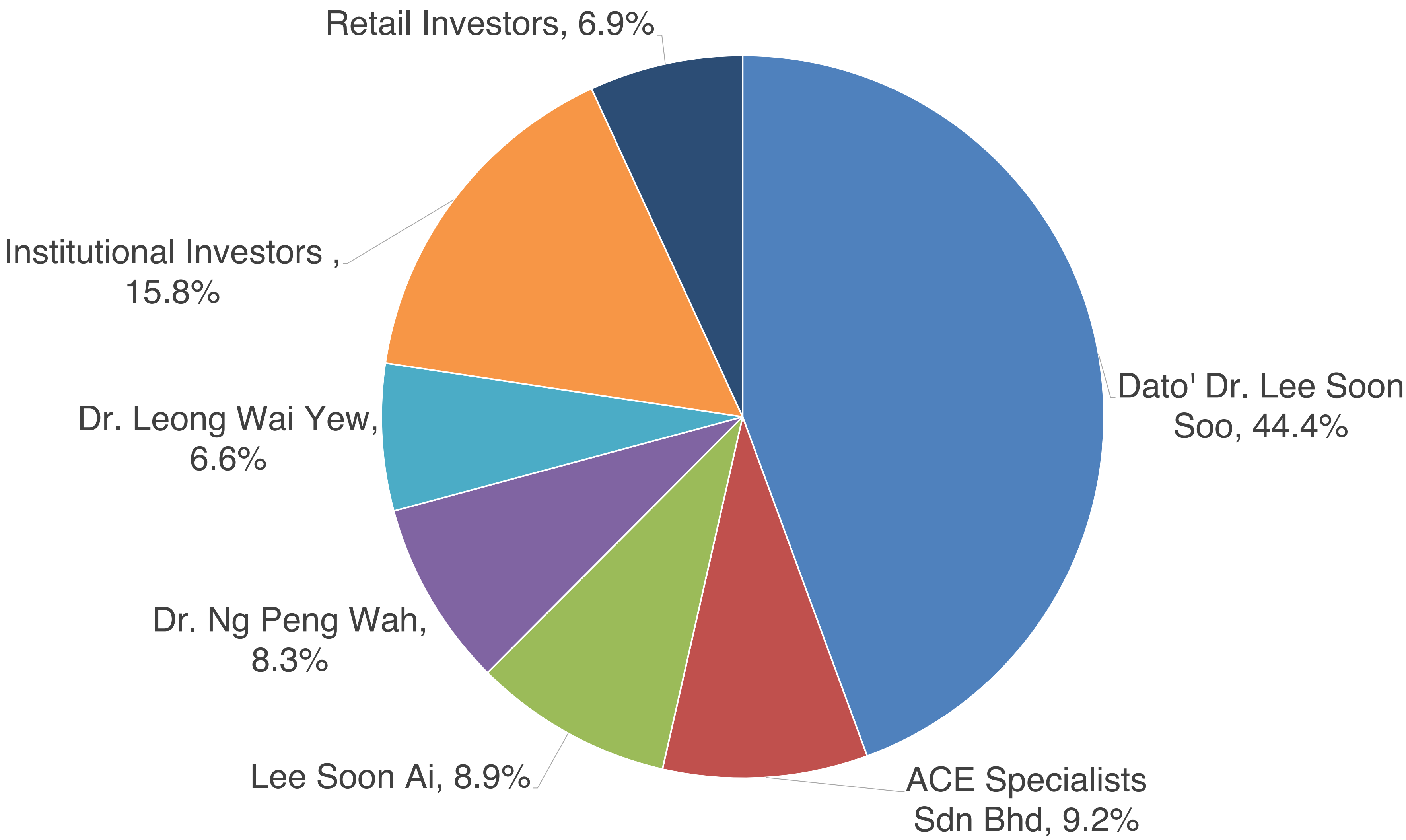
Neeta Lal A/P Rotion Lal – Regional Operations Manager

Neeta Lal manages regional operations, ensuring consistency in service quality and operational standards across Alpha IVF’s network. She oversees the coordination of support functions and compliance processes within the Group. Her role contributes to operational excellence and seamless integration between domestic and regional centres.

Source: Annual report

Management Team

Shareholding Structure



*ACE specialists Sdn Bhd involved Dato’ Dr Lee Soon Soo, Dr Lam Wei Kian, Dr Lau Soon Yen, Dr Ng Peng Wah, Dr Leong Wai Yew, and Dr Tan Chong Seong

Source: Annual report

Industry outlook

Malaysia’s IVF sector is on a steady growth path. Market research values the Malaysia IVF market at about USD 538.2mn in 2024 and projects it to rise to approximately USD 708.7mn by 2032 (an implied CAGR of 3.5%), reflecting steady demand for assisted reproductive technologies, incremental adoption of lab technologies (PGT, cryopreservation) and more private fertility centres investing in capacity. These projections point to incremental but durable expansion rather than a sharp boom, so clinics that invest in lab quality, outcome transparency and international-patient services are likely to capture outsized gains.

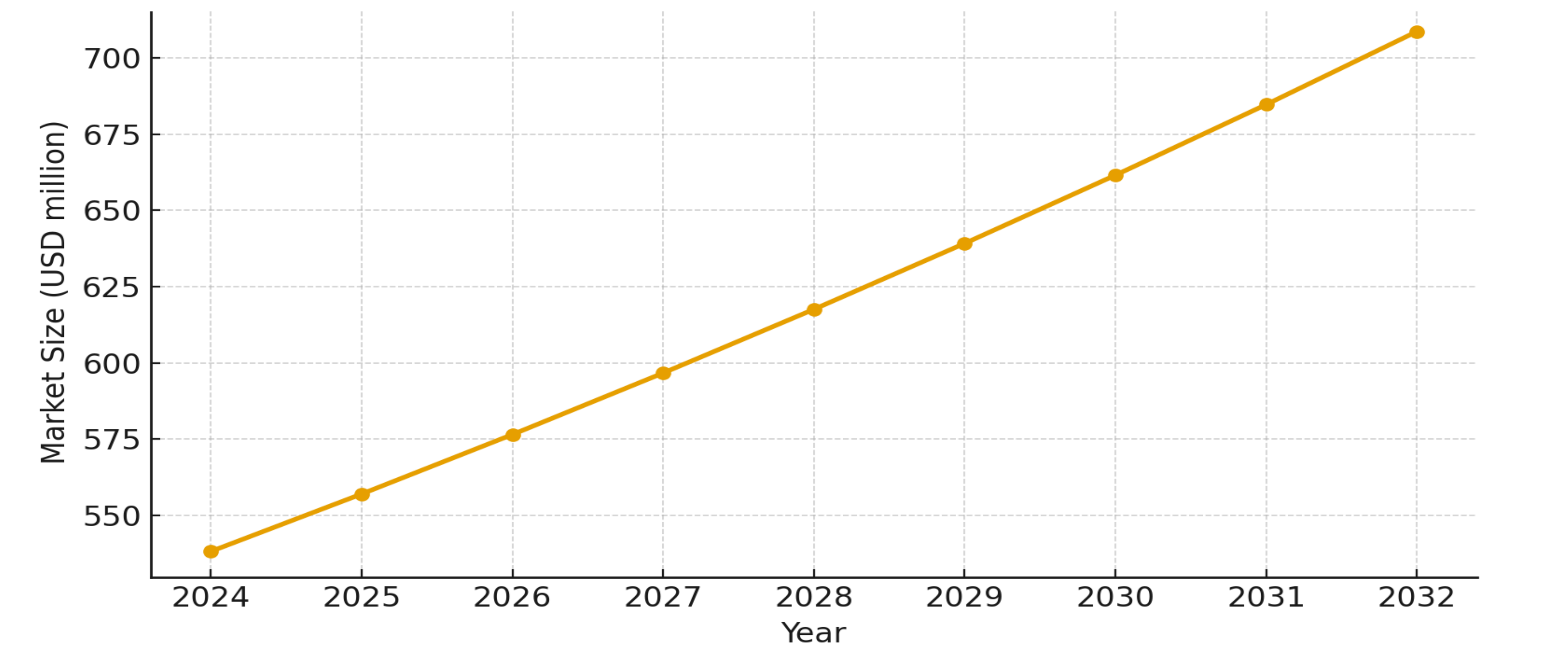
Medical tourism is already an important growth channel supporting IVF uptake in Malaysia. The country’s medical-tourism receipts fell during COVID but rebounded strongly: industry reports show MAJOR reference points of roughly USD 374mn in 2019, USD 286mn in 2022, and industry / MHTC reporting puts receipts in the USD 400-500mn range for 2023–2024 as travel recovered and MHTC promotion picked up. Fertility treatment is among the sought categories that benefit from bundled packages (treatment + travel + accommodation + post-care), and rising international patient volumes are encouraging clinics to add international patient units and concierge services.

Two inbound markets matter most for IVF demand in Malaysia: Indonesia and China. Indonesia supplies by far the largest share of Malaysia’s medical tourists. MIDA and government reporting indicate Indonesian patients accounted for ~64.9% of medical tourists in recent data and Indonesians frequently seek fertility, general health screening and other specialist treatments in Penang and Kuala Lumpur because of cultural proximity, price competitiveness and language accessibility.

Chinese patients are also a growing cohort for fertility and elective procedures: estimates suggest Chinese visitors made up roughly 10%-15% of medical tourists, and Chinese demand has been stimulated by policy relaxation at home, larger outflows for healthcare, and clinics’ targeted marketing. The dominance of Indonesia means Malaysian clinics that target Indonesian patients (Indonesian-language service, Islamic-friendly protocols, short-stay packages) will see the quickest inbound gains; clinics seeking to grow Chinese volumes should invest in local referral partnerships, simplified visa/travel logistics and Mandarin-language concierge support.

Typical full-cycle IVF costs quoted by many Malaysian clinics fall roughly in the RM12,000–RM20,000 range (varies by clinic, patient age and medication protocol), which helps explain Malaysia’s regional price competitiveness versus higher-cost neighbours. To capitalise on demand from China and Indonesia, clinics should prioritise three things: (1) transparent and verified outcome reporting, (2) robust international-patient services (language, visas, travel + aftercare), and (3) compliance with Malaysia’s ART regulatory framework (which supports safety but restricts some cross-border donor/surrogacy services). Competition from Thailand, Singapore and India will remain strong, so product differentiation (higher success-rate labs, Muslim-friendly care pathways for Indonesian patients, and targeted China-market distribution) will be important.

Projected Malaysia IVF Market Size 2024-2032

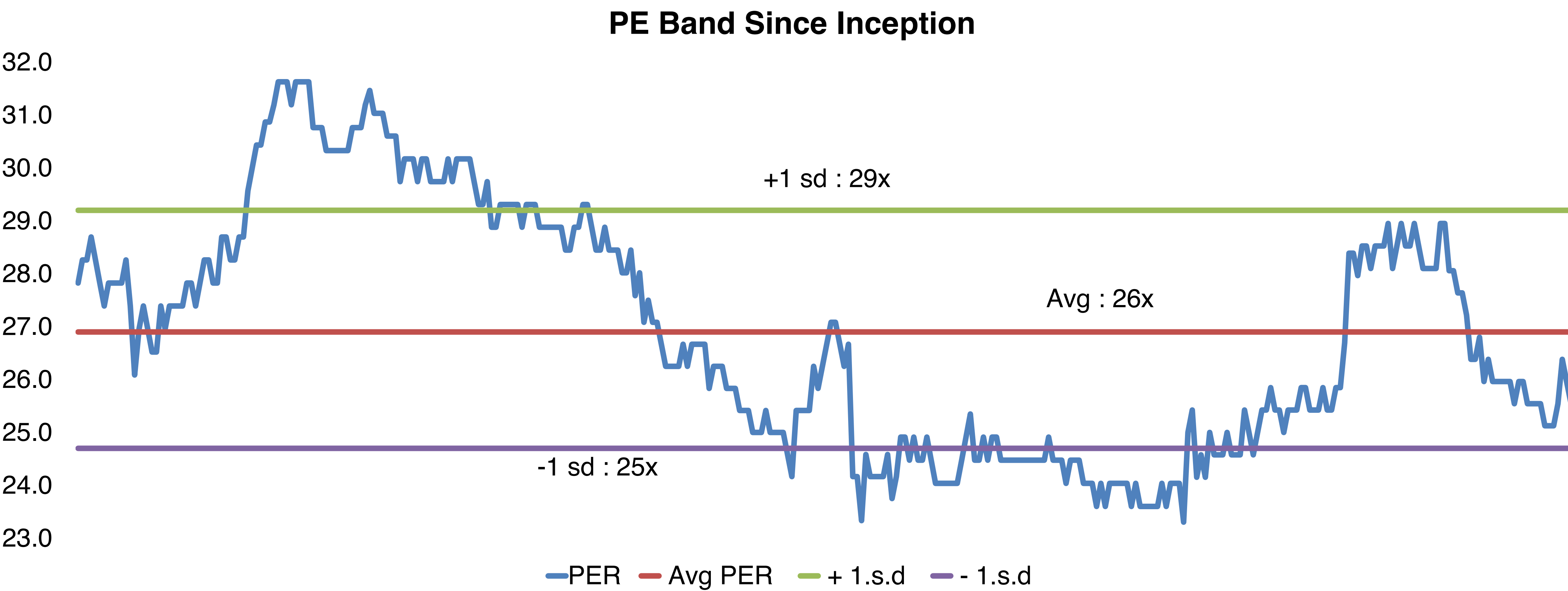


Source: Stellarmr

Valuation

Recommending BUY with a TP of RM0.42, based on 26x FY27F PE, which is a 20% premium to the average PE of regional peers of 21x and align with its historical PE. Alpha has no direct local peers, and its earnings growth profile remains highly sustainable when compared to overseas peers.

We still like Alpha for: (i) technological superiority with high success rates, (ii) strong brand that attracts international patients, and (iii) clear strategy for expansion to broaden network by opening new IVF centres and clinics, both domestically and overseas.



Peer Comparison

Name	Last price (RM)	Market Cap	FYE	Earnings Growth			PE (x)		Div. Yield	ROE
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.
Malaysia (RM'mn)										
METRO HEALTHCARE BHD	0.22	185.0	12/2025	N.A.	N.A.	46.8	N.A.	N.A.	N.A.	4.6
TMC LIFE SCIENCES BHD	0.45	783.8	06/2026	N.A.	N.A.	28.3	N.A.	N.A.	N.A.	0.4
OPTIMAX HOLDINGS BHD	0.67	323.3	12/2025	16.3	20.7	24.1	21.3	18.0	2.7	18.5
PMCK BHD	0.21	212.7	04/2025	-19.3	38.1	16.0	19.5	13.9	2.6	18.2
IHH HEALTHCARE BHD	7.55	73,251.7	12/2025	-27.6	14.0	31.7	37.7	33.4	1.2	7.8
KPJ HEALTHCARE BERHAD	2.75	11,216.3	12/2025	2.0	12.3	36.3	33.8	29.9	1.6	14.4
CENGILD MEDICAL BHD	0.22	179.1	06/2026	N.A.	N.A.	14.1	N.A.	N.A.	N.A.	9.8
Simple Avg				N.A.	N.A.	28.2	28.1	23.8	N.A.	10.5
Singapore (SGD'mn)										
THOMSON MEDICAL GROUP LTD	0.06	1,533.6	06/2026	-110.9	82.7	92.5	N.M.	N.M.	N.A.	-9.8
Australia (AUD'mn)										
MONASH IVF GROUP LTD	0.87	325.3	06/2026	-23.3	7.1	10.2	12.0	11.4	5.3	10.2
Thailand(THB'mn)										
SAFE FERTILITY GROUP PCL	7.25	2,203.6	12/2025	-22.3	7.7	17.7	16.8	15.7	4.5	7.2
GENESIS FERTILITY CENTER PCL	3.06	673.2	12/2025	-66.0	6.0	20.4	24.5	23.5	8.9	5.2
Hong Kong (HKD'mn)										
JINXIN FERTILITY GROUP LTD	2.50	7,053.9	12/2025	-136.1	-311.2	23.0	23.1	19.0	2.4	-9.8
USA (USD'mn)										
INVO FERTILITY INC	1.64	2.9	12/2025	55.0	79.4	N.A	N.A	N.A	N.A	N.A
NEWGENIVF GROUP LTD-A	1.49	0.6	12/2025	N.A	N.A	N.A	N.A	N.A	N.A	N.A
ALPHA IVF GROUP BHD	0.31	1,482.3	05/2026	19.6	28.5	26.1	22.1	16.3	3.2	31.7

As at 4th December 2025. Based on Bloomberg consensus

Valuation

SWOT Analysis

Strengths

- Clinical excellence and high success rates
- Strong brand and reputation
- Experienced medical and management team
- Integrated operations and R&D focus

Weakness

- High operating costs and capex
- Talent dependency
- Niche market exposure

Opportunities

- Rising regional demand for fertility treatments
- Expansion into underserved ASEAN markets
- Medical tourism growth
- Technological advancements in ART

Threat

- Regulatory and ethical risks
- Increasing competition
- Economic sensitivity
- Operational and execution risk

Investment Risk

1. Talent dependence and succession risk. Alpha’s success depends heavily on its core team of fertility specialists and embryologists. Given the specialised nature of ART services, the Group faces a shortage of skilled medical professionals. Any loss or departure of key personnel could disrupt operations and affect patient confidence or clinical outcomes.
2. Executive and operational risk. Alpha’s aggressive expansion strategy both locally and overseas introduces execution risks related to project delays, cost overruns, and inconsistent service quality. New market entries may face cultural, regulatory, or infrastructure challenges, which could prolong breakeven timelines for new centres.
3. Competition and pricing pressure. The fertility industry is becoming increasingly competitive, with new entrants in Malaysia and Singapore offering similar ART services. Competitive pricing or promotional activities may pressure Alpha IVF’s margins, particularly in mid-tier market segments.
4. High capital expenditure and margin pressure. Continuous investment in new centres, laboratories, and advanced technology drives higher capital requirements. This may temporarily compress margins and free cash flow, especially during the gestation period of new centres before achieving full utilisation.

Financial Overview

Financial review

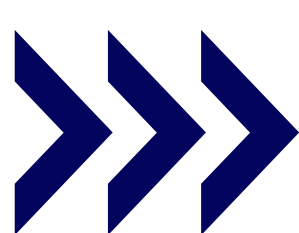
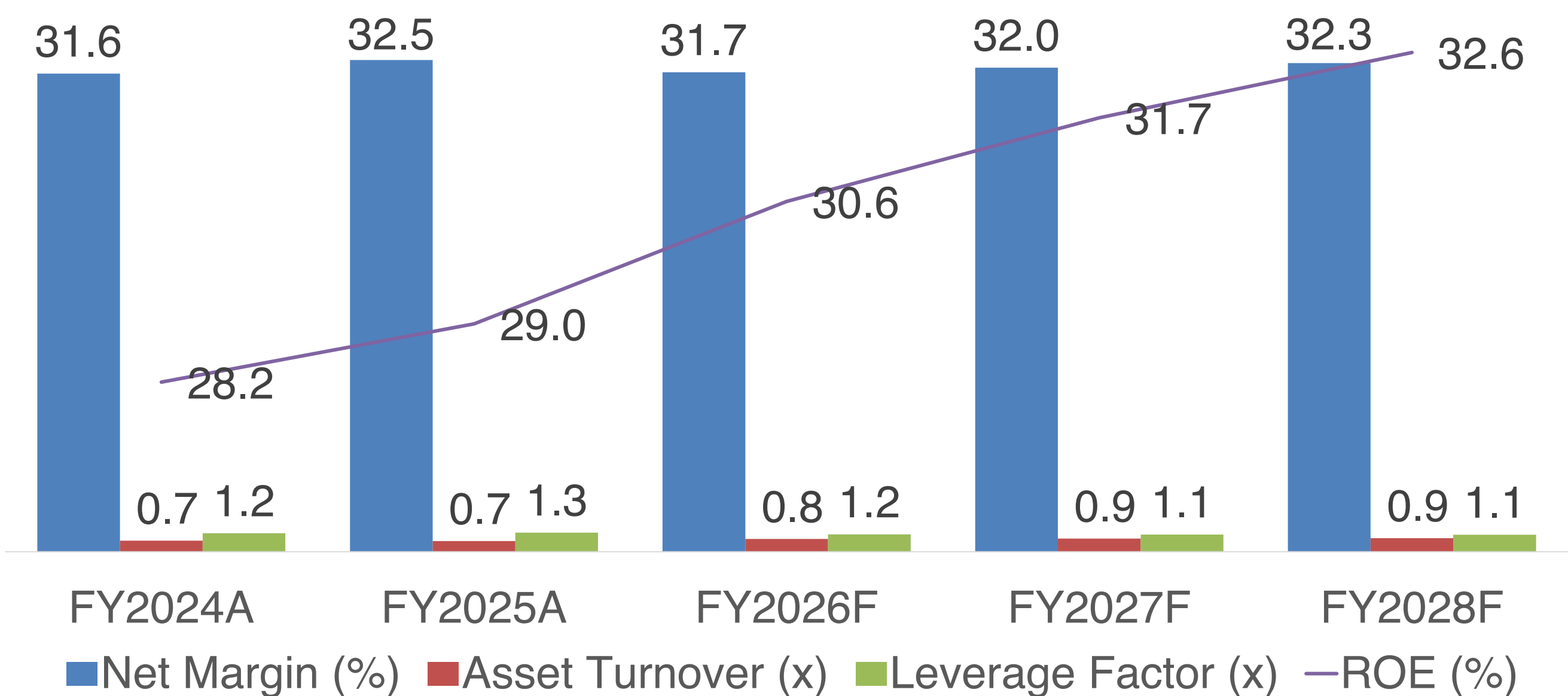
In FY25, Alpha recorded 5.5% YoY revenue growth, driven by the continued increase in foreign patients within its Malaysia operations. The contribution from foreign patients reached 70% of revenue, up from 60.4% in FY24, primarily driven by strong inflows from China (+173% YoY) and Indonesia (+6% YoY). This robust performance helped offset weaker contributions from Alpha Singapore, where revenue declined 38.6% to RM19.7mn following the departure of a key doctor in October 2024. Core earnings rose 8.5%, attributed to higher revenue and economies of scale, despite a slight 0.4% compression in EBITDA margin caused by initial costs related to local and regional expansion efforts.

Financial forecast

We forecast a positive earnings trajectory for Alpha, with projections of RM66.7mn in FY26F and RM79.3mn in FY27F. This growth outlook is underpinned by (i) strategic international expansion by broadening its footprint with new IVF centres and clinics overseas, (ii) capitalizing on medical tourism growth, leveraging Malaysia's visa-free policy and competitive advantages in pricing and medical facilities to attract a strong influx of foreign patients, and (iii) clinical and technological superiority, which utilizes advanced preimplantation genetic testing technology bolstered by a team of experienced and reputable doctors to ensure high pregnancy success rates to attract new customers.

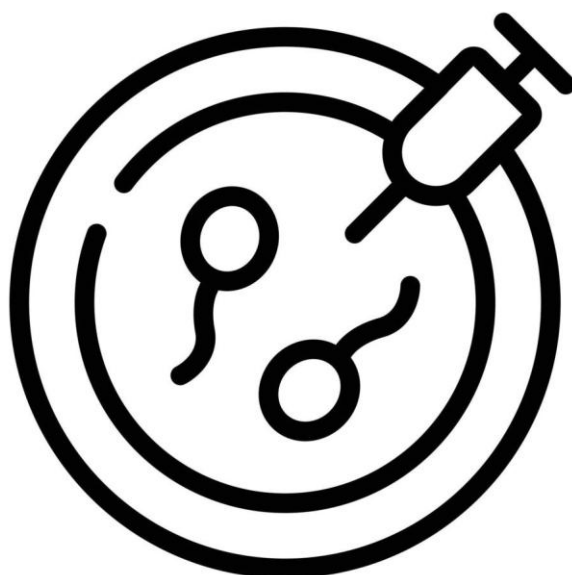
FYE 31 May	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RMmn)	167.6	176.8	210.4	248.1	304.7
EBITDA (RMmn)	79.1	82.8	96.7	114.1	140.1
Pretax profit (RMmn)	72.0	76.1	89.5	106.5	132.1
Net profit (RMmn)	54.1	58.6	68.0	81.0	100.4
EPS (sen)	1.1	1.2	1.4	1.7	2.1
PER (x)	28.8	26.6	22.9	19.2	15.5
Core PATAMI (RMmn)	52.9	57.5	66.7	79.3	98.4
Core EPS (sen)	1.1	1.2	1.4	1.6	2.0
Core EPS growth (%)	(0.6)	8.5	16.0	19.0	24.0
Core PER (x)	29.4	27.1	23.3	19.6	15.8
Net DPS (sen)	0.45	1.0	1.0	1.0	1.0
Dividend Yield (%)	1.4	3.1	3.1	3.1	3.1
ROE (%)	28.2	29.0	30.6	31.7	32.6
P/BV (x)	1.0	7.6	6.9	6.0	5.0

DuPont Analysis



We project healthy ROE from FY26F to FY28F, reflecting improving profitability.

Key Assumptions



Revenue growth	FY2026F	FY2027F	FY2028F
Number of OPU	3,889	4,451	5,308
Number of OPU growth	14%	14%	19%
Revenue per OPU (RM)	54,109	55,732	57,404
Revenue per OPU growth	4%	3%	3%

Sensitivity Analysis

Case 1 : Changes in number of OPU growth against earnings margin to derive FY27F earnings

Revenue base is RM210.4mn in FY26F

Number of OPU is 3,889 in FY26F

Net profit margin is 32% in FY27F

Profit margin (%)/ # of OPU growth (%)	31.0	31.5	32.0	32.5	33.0	33.5
8.4	72.8	74.0	75.2	76.4	77.5	78.7
10.4	74.2	75.4	76.6	77.8	79.0	80.2
12.4	75.5	76.7	78.0	79.2	80.4	81.6
14.4	76.9	78.1	79.3	80.6	81.8	83.1
16.4	78.2	79.5	80.7	82.0	83.3	84.5
18.4	79.5	80.8	82.1	83.4	84.7	86.0

Case 2 : Changes in net profit against PE to derive target price

Net profit of FY27F is RM79.3mn

PE (x)/ Net profit (RMmn)	24	25	26	27	28	29
70.3	0.35	0.36	0.38	0.39	0.41	0.42
73.3	0.36	0.38	0.39	0.41	0.42	0.44
76.3	0.38	0.39	0.41	0.42	0.44	0.46
79.3	0.39	0.41	0.42	0.44	0.46	0.47
82.3	0.41	0.42	0.44	0.46	0.47	0.49
85.3	0.42	0.44	0.46	0.47	0.49	0.51

Financial Exhibits

Income Statement

FYE 31 May (RMmn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	167.6	176.8	210.4	248.1	304.7
Operating expenses	(88.5)	(94.0)	(113.7)	(134.0)	(164.6)
EBITDA	79.1	82.8	96.7	114.1	140.1
Depreciation	(6.3)	(5.8)	(7.0)	(7.4)	(7.9)
EBIT	72.8	77.0	89.6	106.7	132.2
Net int income/(expense)	(0.8)	(0.9)	(0.1)	(0.2)	(0.2)
Exceptional gains / (losses)	0.0	0.0	0.0	0.0	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0
Pretax profit	72.0	76.1	89.5	106.5	132.1
Tax	(17.9)	(17.6)	(21.5)	(25.6)	(31.7)
Minority interest	1.1	1.1	1.4	1.6	2.0
Net profit	54.1	58.6	68.0	81.0	100.4
Core PATAMI	52.9	57.5	66.7	79.3	98.4

Balance Sheet Statement

FYE 31 May (RMmn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	9.1	13.8	20.0	25.8	31.1
Other long term assets	56.6	63.6	61.9	61.9	61.9
Total non-current assets	65.7	77.4	81.9	87.7	93.0
Cash and equivalents	22.9	34.4	37.4	44.8	57.1
Inventories	2.9	2.8	3.0	3.5	4.3
Receivables	1.0	1.6	1.2	1.4	1.7
Other current assets	135.7	134.6	140.9	161.4	197.0
Total current assets	162.5	173.4	182.4	211.0	260.1
Payables	2.5	2.8	2.3	2.7	3.3
Short term borrowings	-	-	-	-	-
Other current liabilities	21.5	21.0	14.0	14.0	14.0
Total current liabilities	24.0	23.8	16.3	16.7	17.4
Long term borrowings	0.0	1.2	1.2	1.2	1.2
Other long term liabilities	14.5	21.7	21.7	21.7	21.7
Total long term liab.	14.5	22.9	22.9	22.9	22.9
Shareholders' Funds	187.4	198.0	217.6	250.0	301.8
Minority Interest	2.3	6.1	7.5	9.1	11.1

Cash Flow Statement

FYE 31 May (RMmn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	72.0	76.1	89.5	106.5	132.1
Depreciation & amortisation	3.5	2.6	3.8	4.2	4.7
Working capital changes	(1.3)	(4.8)	(0.2)	(0.3)	(0.5)
Cash tax paid	(16.7)	(17.6)	(21.5)	(25.6)	(31.7)
Others	1.5	(1.1)	3.2	3.2	3.2
C/F from operation	59.0	55.3	74.8	88.1	107.8
Capex	(8.4)	(7.3)	(10.0)	(10.0)	(10.0)
Others	(60.6)	41.5	0.0	0.0	0.0
C/F from investing	(69.1)	34.2	(10.0)	(10.0)	(10.0)
Debt raised/(repaid)	(6.8)	(2.8)	0.0	0.0	0.0
Dividends paid	(31.4)	(46.2)	(48.6)	(48.6)	(48.6)
Others	111.8	2.1	0.0	0.0	0.0
C/F from financing	73.6	(46.9)	(48.6)	(48.6)	(48.6)
Net change in cash flow	63.5	42.5	16.2	29.5	49.2
Free Cash Flow	50.6	47.9	64.8	78.1	97.8

ESG	Category	Score	Materiality	Weighted Score
Environment	Regulatory Compliance & Operational Exposure	7	7%	0.49
	Greenhouse Gas Emission & Air Quality	4	7%	0.28
	Energy & Water Consumption	4	7%	0.28
	Waste Management	5	7%	0.35
	Biodiversity Conservation	2	2%	0.04
Social	Human Resources	5	6%	0.3
	Employee Health & Safety	8	8%	0.64
	Community Involvement	4	3%	0.12
	Customer Responsibility	9	15%	1.35
	Innovation	8	8%	0.64
Governance	Corporate Governance	8	10%	0.8
	ESG Policy & Disclosure	7	5%	0.35
	Business Ethics	7	7%	0.49
	Risk Management	8	3%	0.24
	Supply Chain	4	5%	0.2
Total		100%		6.6



DISCLOSURE AND DISCLAIMER



This report is prepared and issued by Tradeview Capital Sdn Bhd (“Tradeview”) for general circulation only and shall not be construed or considered as an offer, recommendation, invitation and/or solicitation to purchase, subscribe to or sell any securities of the subject company mentioned in this report.

The information contained herein are based on data and sources believed to be reliable at the time of issuance and are subject to change without further notice. Readers are encouraged to evaluate any specific investment or strategy based on individual circumstances, risk profile, investment objectives and/or to seek legal, tax, financial and/or other advice prior to executing any transaction.

Tradeview does not make any representations and/or guarantee to the accuracy and completeness of the information and opinion contained herein and accepts no liability for any direct or consequential loss arising from the reliance of this report. Tradeview and its affiliates, directors, shareholders, employees and/or agents may have positions in the subject company covered in this report and may, from time to time, buy or sell securities of the subject company. This report can be found on <https://www.tradeviewcapital.my/research-depository/>

This report has been prepared by Tradeview pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus (“Bursa RISE+”) administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report. This research report can also be found in MyBursa platform or via the link: [Market Research and Analysis - MyBURSA](#)

Tradeview Research Investment Rating System

Equity:

- BUY: Total stock return expected to exceed +15% over 12-month period
- HOLD: Total stock return to be between -15% and +15% over a 12-month period
- SELL: Total stock return expected to below -15% over a 12-month period
- TRADING BUY: Total stock return expected to exceed +10% over 6-month period
- TRADING SELL: Total stock return expected to below -10% over a 6-month period