HLIB Research
PP 9484/12/2012 (031413)

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BUY (Initiate)

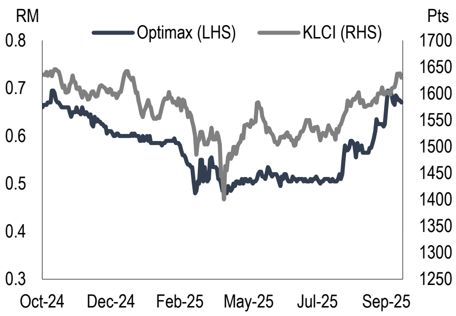
Target Price:	**RM0.96**
Previously:	**N.A.**
Current Price:	**RM0.67**

Capital upside	43.3%
Dividend yield	2.4%
Expected total return	45.7%

Sector coverage: Healthcare

Company description: Optimax is a leading private eye specialist services provider, offering a comprehensive range of treatments including cataract surgeries, refractive procedures, and other ophthalmic services.

Share price



Historical return (%)	1M	3M	12M
Absolute	16.5	31.4	1.5
Relative	12.8	23.9	1.8

Stock information

Bloomberg ticker	OPTIMAX MK
Bursa code	0222
Issued shares (m)	543
Market capitalisation (RM m)	364
3-mth average volume ('000)	707
SC Shariah compliant	Yes
F4GBM Index Member	Yes
ESG rating	★★★

Major shareholders

Sena Holdings	29.6%
Tan Boon Hock	27.2%
Chung Soon Hee	5.7%

Earnings summary

FYE (Dec)	FY24	FY25f	FY26f
PATMI - core (RM m)	13.0	16.3	19.4
EPS - core (sen)	2.4	3.0	3.6
P/E (x)	28.0	22.4	18.7

Optimax Holdings

All stars are aligned

Optimax is a leading private eye specialist services provider with a network of 17 specialist centres and eight satellite clinics in Malaysia and Cambodia. Established in 1995, the Group has expanded into a comprehensive suite of ophthalmic services, including treatment of eye diseases/disorders (mainly cataract surgeries), refractive surgeries, and others. Going forward, we project FY24-27 revenue and core PATMI CAGR of 10.0% and 19.8% respectively. We initiate Optimax with a BUY call and TP of RM0.96, based on 30x fully diluted 2026 PE. We like Optimax for its strong positioning to capitalise on Malaysia's fast-growing medical eye care industry, its transition into the asset-milking stage, and its exposure to upcoming thematic plays in 2026 (Malaysia Year of Medical Tourism) and 2027 (Johor's next consumption wave).

Background. Listed on the Main Market of Bursa Malaysia and Shariah-compliant, Optimax Holdings (Optimax) is a leading private eye specialist services provider with a network of 17 specialist centres (16 ambulatory care centres (ACCs) and 1 hospital) and 8 satellite clinics in Malaysia and Cambodia. Since its incorporation in 1995, it has expanded into a comprehensive suite of ophthalmic services, including the treatment of eye diseases/disorders (mainly cataract surgeries), refractive surgeries (laser and implants), oculoplastic surgeries, eye examinations, marketing of its own food products (under the Optixanthin™ brand). Beyond eye care, Optimax also recently diversified into plastic surgery and aesthetics services.

Poised to capitalise on the fast growing medical eye care industry. The medical eye care industry revenue in Malaysia is forecasted to expand at a CAGR of 10.1% from 2024 to 2028. This will be supported by a number of structural trends that are currently happening in Malaysia, including: (i) still growing but aging population profile, (ii) prevalence of lifestyle diseases/disorders, (iii) growing affluence among Malaysians, (iv) increasing penetration via expansion plans, (v) increasing prevalence of myopia and raising awareness of the disadvantages of wearing contact lens, as well as (vi) a favourable outlook on medical tourism. With nearly 30 years of operating track record and widespread locations in Malaysia, we believe Optimax is well-positioned to capitalise on this structural growth trajectory.

Entering into the asset-milking stage. Given the nature of operating costs are typically front-loaded while revenue ramp-up is back-loaded, Optimax's aggressive expansion phase in 3Q2022 to 3Q2024 weighed on profit margins and pressured its balance sheet. From 4Q2024, Optimax has transitioned into the asset-milking stage – a phase typically characterised by a profit margin upcycle through economies of scale as well as progressive deleveraging. We believe this ongoing favourable shift in future quarters underpins a compelling case for renewed market interests.

A good candidate for upcoming thematic plays in 2026-27. The year 2026 will mark Malaysia Year of Medical Tourism (MYMT 2026). Hence, we believe the government could provide incremental upsides through allocations for the MYMT 2026, particularly in areas such as promotion, infrastructure, and connectivity. These initiatives would help drive stronger health tourist inflows, benefitting Optimax. Notably, ophthalmology is one of the 11 most commonly sought-after treatment for healthcare travellers in Malaysia. Moving into 2027, Johor is set for its next consumption wave with the commencement of the Johor Bahru-Singapore Rapid Transit System (RTS) Link by Dec 2026, which is poised to channel greater business flow into Optimax's Johor Bahru operations, including the upcoming Eye Hospital in Kempas.

Forecast. Going forward, we expect Optimax to record a 3-year revenue CAGR of 10.0% (2024-27), broadly in line with the industry growth rate of 9.8% forecasted by

Protégé Associates. In tandem, we forecast a stronger 3-year core PATMI CAGR of 19.8%, driven primarily by economies of scale as the Group transitions into the asset-milking stage. Notably, our 2025-27 core PATMI forecasts are broadly aligned with consensus at this juncture.

Initiate with a BUY, TP: RM0.96 based on 30x fully diluted 2026 PE. While this represents a +1 SD premium to its 3-year mean of 25x, we believe the premium is justified by Optimax's transition into the asset-milking stage, typically characterised by a profit margin upcycle through economies of scale and progressive deleveraging, as well as its strategic positioning in upcoming thematic plays in 2026-27, which could drive upside earnings surprises. That said, our target multiple remains broadly in line with the closest comparable domestically listed healthcare services provider peers' average of 29x 2026 PE.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Cash	16.2	16.8	19.8	21.8	23.0
Receivables	3.2	5.1	5.7	6.2	6.8
Inventories	5.0	5.7	6.2	6.9	7.5
PPE	73.5	96.3	99.0	102.9	108.0
Others	21.9	24.8	24.6	24.7	25.0
Assets	**119.7**	**148.8**	**155.4**	**162.5**	**170.4**
Payables	15.4	12.2	13.4	14.8	16.3
Debt	33.1	59.0	55.4	50.5	44.5
Others	3.3	4.2	4.2	4.2	4.2
Liabilities	**51.8**	**75.5**	**73.1**	**69.5**	**65.0**
Shareholder's equity	63.0	67.7	75.1	83.8	93.9
Minority interest	4.9	5.6	7.2	9.2	11.5
Equity	**68.0**	**73.3**	**82.3**	**93.0**	**105.3**

Income Statement

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Revenue	**114.0**	**127.7**	**140.5**	**154.5**	**169.9**
EBITDA	31.1	37.0	42.6	47.6	52.3
EBIT	21.2	22.4	26.8	31.4	35.6
Net finance cost	(1.2)	(2.5)	(2.4)	(2.3)	(2.1)
Associates & JV	-	-	-	-	-
PBT	20.0	19.9	24.4	29.1	33.5
Tax	(5.7)	(5.6)	(6.5)	(7.7)	(8.9)
PAT	14.3	14.3	17.9	21.4	24.6
Core PATMI	**12.9**	**13.0**	**16.3**	**19.4**	**22.4**
Eis (gains (-) / losses (+))	-	-	-	-	-
Reported PATMI	12.9	13.0	16.3	19.4	22.4
Consensus			15.8	19.2	22.8
HLIB/Consesnsus			102.9%	101.3%	98.2%

Cash Flow Statement

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
PBT	20.0	19.9	24.4	29.1	33.5
Working capital	1.0	(7.1)	0.1	0.2	0.2
Taxation	(6.4)	(5.6)	(6.5)	(7.7)	(8.9)
Others	10.7	16.2	15.8	16.1	16.7
CFO	**25.3**	**23.5**	**33.8**	**37.7**	**41.5**
Capex	(11.8)	(25.6)	(15.4)	(17.0)	(18.7)
Others	1.9	3.2	-	-	-
CFI	**(9.9)**	**(22.5)**	**(15.4)**	**(17.0)**	**(18.7)**
Changes in debt	(6.1)	12.2	(6.4)	(8.0)	(9.4)
Shares issued	-	-	-	-	-
Dividends	(9.7)	(7.6)	(8.9)	(10.7)	(12.3)
Others	(1.7)	(5.2)	-	-	-
CFF	**(17.5)**	**(0.6)**	**(15.4)**	**(18.7)**	**(21.7)**
Net cash flow	**(2.0)**	**0.5**	**3.0**	**2.0**	**1.2**
Forex	(0.0)	0.1	-	-	-
Beginning cash	**18.2**	**16.2**	**16.8**	**19.8**	**21.8**
Ending cash	**16.2**	**16.8**	**19.8**	**21.8**	**23.0**

Valuation & Ratios

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Core EPS (sen)	2.4	2.4	3.0	3.6	4.1
P/E (x)	28.2	28.0	22.4	18.7	16.3
EV/EBITDA (x)	12.3	11.1	9.5	8.4	7.6
DPS (sen)	1.2	1.3	1.6	2.0	2.3
Dividend yield (%)	1.8	1.9	2.4	3.0	3.4
BVPS (RM)	0.1	0.1	0.1	0.2	0.2
P/B (x)	5.8	5.4	4.8	4.3	3.9
EBITDA margin	27.3%	29.0%	30.3%	30.8%	30.8%
EBIT margin	18.6%	17.6%	19.1%	20.4%	21.0%
PBT margin	17.6%	15.6%	17.4%	18.9%	19.7%
Core PATMI margin	11.3%	10.2%	11.6%	12.6%	13.2%
ROE	20.5%	19.2%	21.7%	23.2%	23.8%
ROA	10.8%	8.7%	10.5%	12.0%	13.1%
Net gearing	26.9%	62.4%	47.4%	34.2%	22.9%

Business Overview

Company background. Optimax Holdings (Optimax) is principally an investment holding company. The group was listed on the ACE Market of Bursa Malaysia in Aug 2020, and has successfully transferred its listing to Main Market in Nov 2022. Optimax has been Shariah-compliant since Nov 2020. Through its main subsidiary, Optimax Eye Specialist Centre (OESC), Optimax is one of the leading private eye specialist services provider in Malaysia. The history of Optimax and its subsidiaries (The Group) can be traced back to 1995 since the first establishment of its eye specialist clinic in Taman Tun Dr Ismail (TTDI) by Tan Sri Dato' Dr. Tan Boon Hock (current Executive Deputy Chairman, controlling 56.8% of Optimax). Over the years, Optimax continued to expand its geographical presence in Malaysia as well as South East Asia (SEA), Optimax's reach now spans the most parts of Malaysia and includes a presence in Cambodia. Its current portfolio comprises 17 specialist centres (16 ambulatory care centres (ACCs) and a specialist hospital) as well as, eight satellite clinics. Currently, the Group is well supported by 30 experienced ophthalmologists, 72 optometrists and 48 nurses. The Group has serviced over 500,000 patients in the past 29 years. In 2024, the principal market of Optimax is Malaysia with local patients contributed c.90% to its revenue, while foreign patients accounted for c.10% of revenue (vs 5% pre-pandemic).

Leadership. Optimax has been led by CEO Sandy Tan Sing Yee since 2017, after taking the baton from her father, Tan Sri Dato' Dr. Tan Boon Hock. Sandy first joined the Group in 2012 and has gained extensive experience across multiple functions, including marketing, human resources, and customer service. As CEO, she is responsible for the development and execution of marketing strategies aimed at elevating the Group's branding and identifying new business opportunities, particularly in the eye specialist industry. Meanwhile, Tan Sri Dato' Dr. Tan Boon Hock continues to serve as Executive Deputy Chairman, where he provides business insights, managerial direction, and strategic counsel to the senior management team. Optimax's leadership is further strengthened by a team of highly experienced ophthalmologists in senior management positions, including Dr. Stephen Chung (Senior Medical Director), Dr. Chuah Kay Leong (Senior Medical Director) and Dr. Lam Hee Hong (Medical Director, Southern region) (Figure #2).

Figure #1 Key milestone

Year	Event
1995	Incorporated OESC. Optimax International Limited granted OESC sole rights to use the Optimax trademark in Malaysia for 10 years from 31 March 1995. First eye specialist clinic in TTDI to provide Photorefractive Keratectomy (PRK) procedure.
2000	Started offering Laser in-situ Keratomileusis (LASIK) procedure.
2006	Started offering cataract surgery. Renewed trademark licence until 31 March 2015.
2008	Expanded to East Malaysia by opening an eye specialist clinic in Kuching, Sarawak.
2010	Optimax International Limited granted Tan Sri Dato' Dr. Tan Boon Hock and OESC the right and license to use the Optimax trademark in SEA.
2012	Relocated eye specialist clinic and established first specialist hospital in Penang.
2013	Started offering Small Incision Lenticule Extraction (SMILE®) procedure.
2017	Carried out several acquisitions as part of our corporate rationalisation exercise and geographical expansion business strategies. Expanded to the Southern region.
2018	Established two ACCs namely in Kluang and Segamat, Johor.
2019	The Optimax trademarks are assigned and transferred to OESC.
2020	OESC became the sole and exclusive party entitled to the use of the Optimax trademark in SEA. Listed on the ACE Market of Bursa Securities Malaysia. Licences obtained and completed conversion for Seremban ACC.
2021	Involved in the national immunisation programme to assist in vaccine inoculation. Expanding to have an additional ACC in Bahau, Negeri Sembilan.
2022	Transferred to Main Market of Bursa Securities. Winner of Global Health Awards Asia Pacific 2022. Opened one ACC's and three satellite clinic/centres.
2023	Opened four satellite clinic/centres. Expanded services to include plastic surgery and aesthetic services.
2024	Introduced new paediatrics eye clinic. Winner of Global Health Awards Asia Pacific 2024. Winner of Parent's Choice Awards 2024. Opened three ACC's and one satellite clinic/centres.

Source: Company Data

Figure #2 Optimax's key management team

Source: Company's annual report

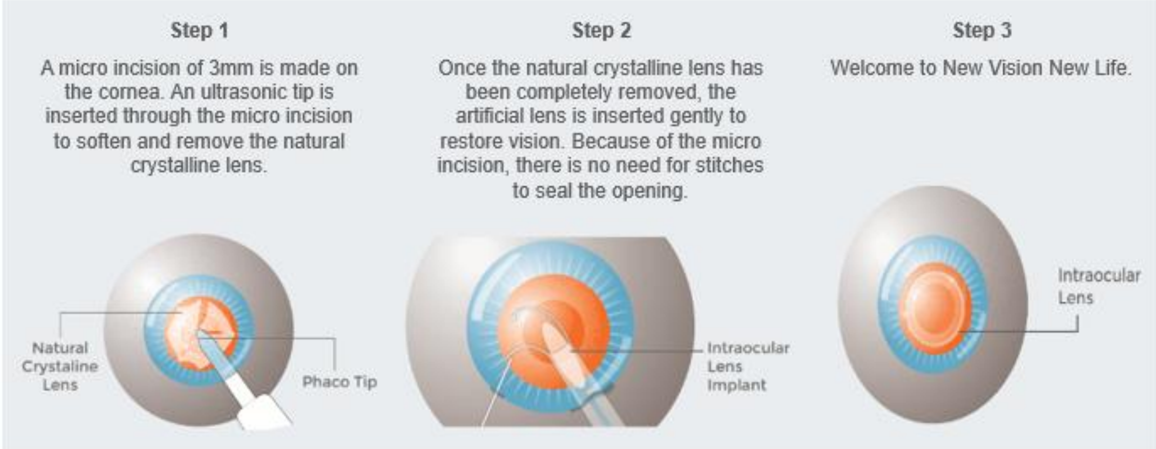
Products and services portfolio. As the leading eye specialist services provider in Malaysia, Optimax provides an extensive range of ophthalmic services, which can be separated into four main categories:

(a) **Treatments of eye diseases/disorders**. Optimax undertakes a variety of treatment for eye diseases and disorders. This category mainly contributed by cataract surgeries, followed by treatment and management of diabetic retinopathy, age-related macular degeneration, retinal detachment, glaucoma, and others surgery of other eye diseases.

Cataract is the clouding of the natural lens of the eye, most commonly caused by aging. Patients with cataract may experience symptoms such as blurred and/or cloudy vision, seeing faded colours, and/or poor vision in the dark. If left untreated, cataract may lead to loss of vision. Hence, cataract surgery is required to remove the clouded natural lens and replace it with an artificial lens known as an intraocular lens (IOLs).

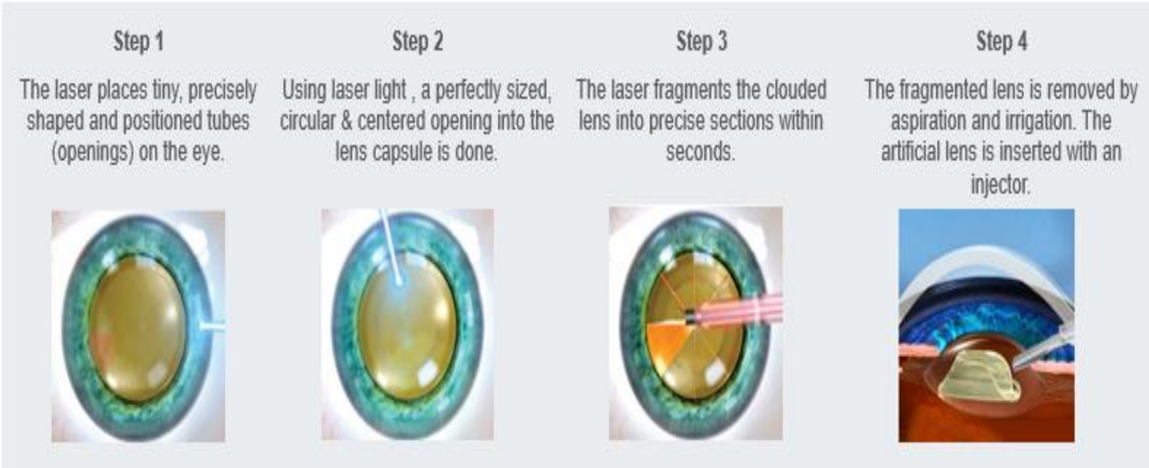
Typically, there are 2 cataract treatments offered by Optimax namely, phacoemulsification (PHACO) and femtosecond laser (a bladeless procedure). For PHACO, which involves the use a blade to make a micro incision on the cornea and break up the cataract into smaller pieces for removal with the use of high-frequency ultrasound (**Figure #3**). Alternatively, the femtosecond laser procedure employs advanced laser technology to create precise corneal incisions and fragment the cataract, reducing reliance on manual blades. This technique enhances surgical precision and safety, thereby lowering the risk of post-operative complications (Figure #4). Despite its clinical advantages, femtosecond laser surgery requires longer operating time (ie. additional 15 mins/eye) and incurs higher costs (ie. additional c.RM2,500/eye). As a result, PHACO remains the predominant option for patients, while Optimax currently operates a single femtosecond laser machine, located at its Sri Petaling branch.

Figure #3 An illustration of the phacoemulsification for cataract surgery



Source: Company's website

Figure #4 An illustration of the Femtosecond laser for cataract surgery



Source: Company's website

For IOLs, there are multiple type that Optimax offer such as monofocal lens, monofocal toric lens, multifocal lens, and multifocal toric lens. Notably, monofocal lens have one focusing distance – which means that the lens can only be set for either close or distance vision. Multifocal lenses have multiple focusing distances and thus can be set for close and distance vision. Toric lens is designed to be used by patients with astigmatism. In terms of pricing, multifocal lens is typically more expensive than monofocal lens, while toric lens is more expensive than non-toric lens.

This segment contributed 45%-50% of 2024 and 1H2025 revenues, specifically, cataract surgeries contributed majority of this segment i.e. 80%-90% of the segmental revenue in 2024 and 1H2025.

(b) **Refractive surgeries.** Refractive surgeries are elective surgeries used to correct refractive errors that cause vision impairment, including short-sightedness (myopia), long-sightedness (hyperopia), astigmatism (imperfection in the curvature of the eye that causes blurred vision), and age-related presbyopia, and thus reduce patients' need for eyewear and/or contact lenses. Notably, Optimax is regarded as among the pioneers of laser vision correction in Malaysia, initially performing Advanced Surface Ablation (ASA) or Photorefractive Keratectomy (PRK) procedures among its earliest patients back in 1995.

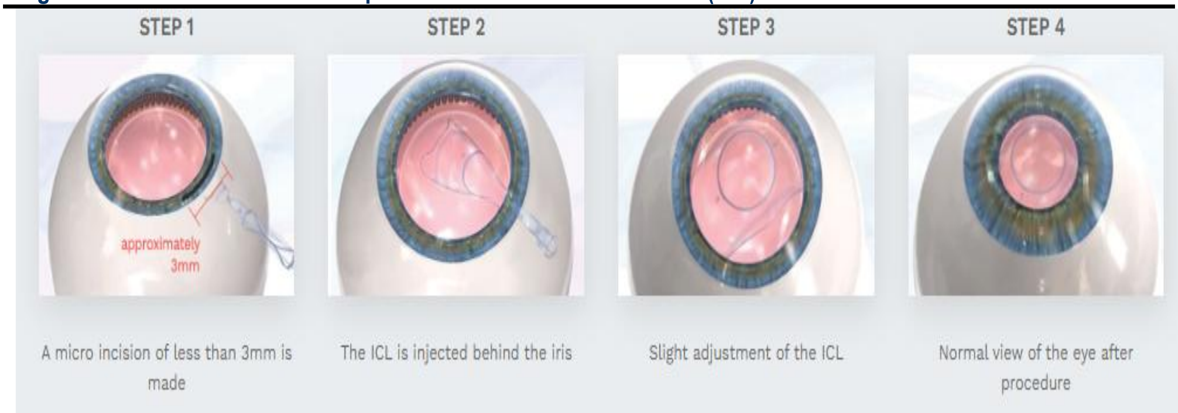
The two categories of refractive surgery offered by Optimax are laser vision correction and implantable contact lens treatment (ICL). In laser vision correction, the general idea is to change the shape of the cornea. Once the overall shape of the cornea is altered, the prescription/power of the eye can be changed. At Optimax, a wide range of laser vision correction methods are available: ZEISS SMILE Pro, ReLEx SMILE, Customised Femto-Lasik, Advanced Surface Ablation (ASA), Trans-Epithelial Surface Ablation (TESA), and PRESBYOND.

The ICL is a specially designed soft and flexible lens that is implanted in the eye (between the iris and the crystalline lens) to give you clear vision (Figure #5). It is made out of collamer, a material that is biocompatible with the eye, making it a highly popular surgical option for those seeking an alternative to laser vision correction procedures.

Remarkably, laser vision correction and ICL suitability screening is now claimable under Prudential medical cards since 2Q2025, supporting patient affordability and encouraging early stage engagement with our specialist services.

This segment contributed 45%-50% of 2024 and 1H2025 revenues, specifically, ZEISS SMILE Pro and ReLEx SMILE contributed majority of this segment i.e. above 80% of the segmental revenue in 2024 and 1H2025.

Figure #5 An illustration of the implantable contact lens treatment (ICL)



Source: Company's website

(c) **Consultation and dispensary services.** At Optimax, all patients are required to undergo consultations on their first visit. The two types of consultations practiced at Optimax are the pre-operative and post-operative consultations. During a pre-operative consultation, surgeons discuss patients' eye condition and possible treatments to be performed. The post-operative consultation is a follow-up by the surgeon to evaluate and monitor patients' healing process. This segment contributed c.5% of 2024 and YTD-25 revenues.

(d) **Oculoplastic surgeries.** Oculoplastic surgery is a specialised area of ophthalmology which focuses on the health of the eyelids, orbit, tear ducts and other structures around the eye. This primarily involves procedures on the eyelids and eye bags for functional and cosmetic purposes. Functional oculoplastic surgery involves repairing the areas that cause visual impairment such as congenital defects and abnormal eyelid positioning. Cosmetic/aesthetic surgery enhances appearance by reconstructing features around the eyes such as lifting of the eyelids. This segment contributed less than 5% of 2024 and YTD-25 revenues.

Figure #6 An illustration of eyelids surgeries

Source: Company

Additionally, the Group extends its services to encompass a range of other eye-related offerings, such as eye examination and sales of optical wear, food products, plastic surgery and aesthetic services, as well as others.

For food products, Optimax markets its own brand of food products under the brand of "Optixanthin™", which contains astaxanthin, a naturally-occurring colour pigment referred to as carotenoid derived from microalgae, that is mixed with unrefined coconut oil. These products are intended to be complementary to its business where they are marketed as antioxidant food products for the general wellbeing of an individual.

For plastic surgery and aesthetic services, Optimax leveraged on its existing oculoplastic surgery know-how. In 2023, the Group acquired a license from the Ministry of Health (MoH) for plastic surgery and aesthetic services, marking a strategic expansion of its suite of services in its service portfolio. Optimax's plastic surgery and aesthetic services are currently operating in Ipoh ACC and is extending its aesthetic business to the new ACC at Atria Mall, Damansara Jaya operational in 3Q2024. This segment contributed less than 1% of 2024 and YTD-25 revenues.

Investment Highlights

Poised to capitalise on the fast growing medical eye care industry

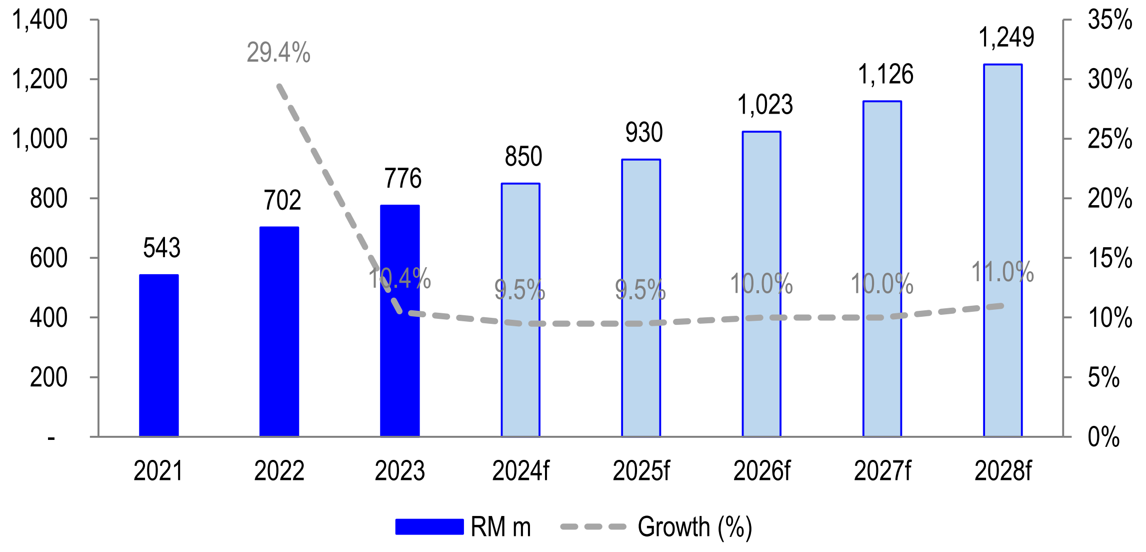
According to Protégé Associates, the industry revenue in Malaysia is forecasted to expand from RM850m in 2024 to RM1.2bn by 2028 (or at a CAGR of 10.1%) (Figure #7). We believe this growth trend will be well supported by a number of structural trends that is currently happening in Malaysia, including: (i) still growing but aging population profile, (ii) prevalence of lifestyle diseases/disorders, (iii) growing affluence among Malaysians, (iv) increasing penetration into Malaysians via expansion plans, (v) increasing prevalence of myopia and raising awareness of the disadvantages of wearing contact lens, as well as (vi) a favourable outlook on medical tourism. With nearly 30 years of operating track record and widespread locations in Malaysia (15 ACCs, one hospital, and eight satellite clinics in various states of Malaysia), we believe Optimax is well-positioned to capitalise on this structural growth trajectory.

Looking at the recent trends, Malaysia's medical eye care industry revenue expanded from RM543m in 2021 to RM702m in 2022 (29.4% YoY), mainly driven by the surge in domestic patients' demand for medical eye care services after prior years of delays attributed to the various Covid-19 induced movement control orders (MCOs), together with the reopening of international borders which allowed for the recovery of health tourists.

Following a strong 2022, the industry growth moderated to 10.4% YoY in 2023, reaching RM776m, as a decline in cataract surgeries was offset by growth in refractive surgeries, which generated higher revenue per eye, based on our research. For 2024, industry revenue is forecasted to rise by 9.5% YoY to RM850m in 2024, mainly supported by the increasing adoption more advanced refractive technologies such as ZEISS SMILE Pro.

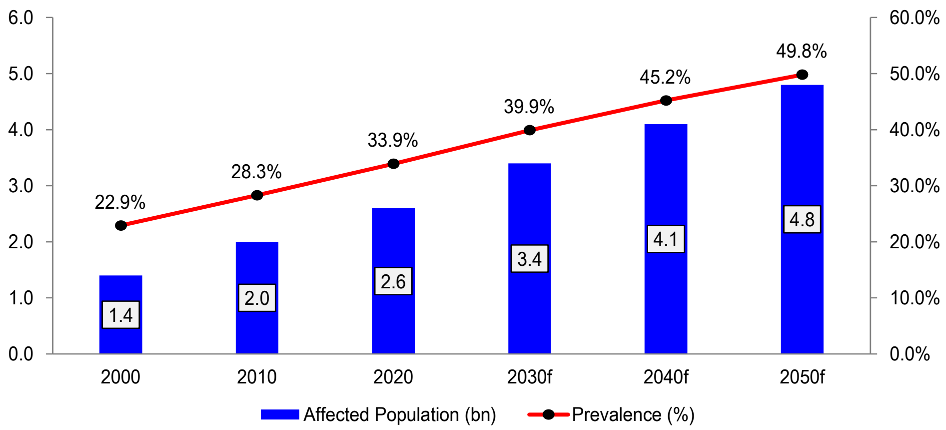
Going into 2025, we believe the 9.5% YoY industry growth to be primarily driven by volume expansion, in line with Optimax's guidance of improving demand in both cataract and refractive surgeries from 3Q 2025 onwards. This momentum is further supported by the recent recruitment of an ophthalmologist in Sep 2025 at the Johor Bahru ACC and the onboarding of Prudential as a panel insurer since 2Q2025

Figure #7 Medical eye care industry revenue in Malaysia (RM m)



The market size of the medical eye care industry is based on revenue from the provision of medical eye care services provided by service providers such as main eye clinics, eye specialist clinics and eye specialist centres in the private sector. It excludes medical eye care services provided in hospitals and academic facilities, both private and government (or semi-government).
Source: Protégé Associates

Figure #8 Global population with myopia



Source: Holden BA, Fricke TR, Wilson DA, Jong M, Naidoo KS, Sankaridurg P, Wong TY, Naduvilath TJ, Resnikoff S, Global Prevalence of Myopia and High Myopia and Temporal Trends from 2000 through 2050, Ophthalmology, May 2016 Volume 123, Issue 5, Pages 1036-1042; International Myopia Institute

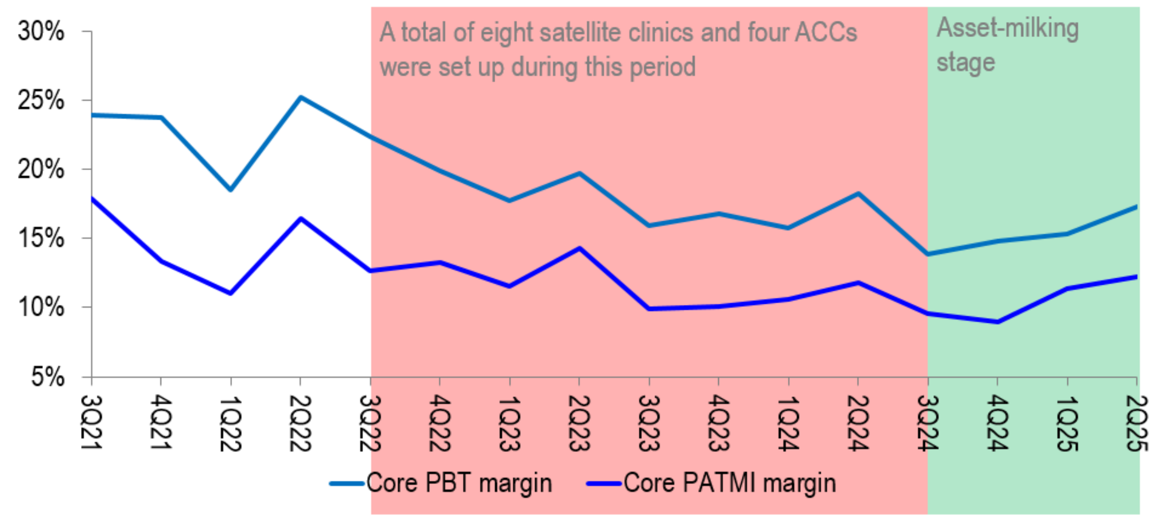
Entering into the asset-milking stage – margin upcycle and deleveraging

Entering into the asset milking stage. From 3Q2022 to 3Q2024, Optimax embarked on an aggressive expansion phase, opening eight satellite clinics and four ACCs. This drove a rise in pre-operating setup costs, which included: the early recruitment of doctors, nurses, optometrists, and support staff ahead of operations, higher depreciation and lease payments on right-of-use assets, consultancy and professional fees tied to the Cambodian ACC, as well as increased marketing expenses to support the rollout of new ACCs and an aesthetic clinic in newly penetrated areas.

As a regulatory requirement, Optimax must appoint at least one doctor before applying to the MoH Malaysia for approval to operate an ACC, satellite clinic, or hospital. Given the approval process is often uncertain and can take up to a year, this has proven to be margin dilutive. Notably, front-loaded setup costs amounted to c.RM3m in 2024, of which c.80% was attributed to doctors' front-loading fees.

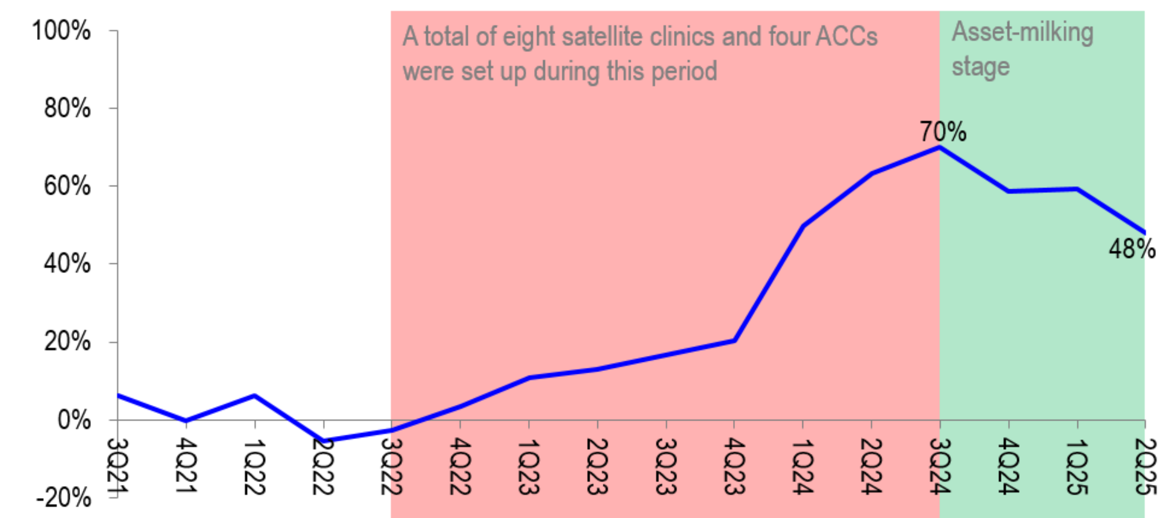
Given the nature of operating costs are typically front-loaded while revenue ramp-up is back-loaded, this expansion phase resulted in declining profit margins (Figure #9) and a weakening balance sheet (Figure #10) since 3Q2022. From 4Q2024, Optimax has transitioned into the asset-milking stage – a phase typically characterised by a profit margin upcycle through economies of scale and progressive deleveraging, thereby strengthening the Group's overall balance sheet profile. We believe this ongoing favourable shift in future quarters underpin a compelling case for renewed market interests.

Figure #9 Optimax's profit margins trends



Source: Company's data

Figure #10 Optimax's net gearing trend



Source: Company's data

Pipeline expansions are not expected to significantly impact margins. In 2026, the Group has guided the addition of a single ACC – a 70%-owned facility in Indonesia – scheduled to begin operations by 3Q2026. Unlike the Malaysian expansion wave during 3Q2022-3Q2024, front-loaded setup costs are expected to be minimal. This is because the centre will replicate the Cambodian operating model: instead of hiring new resident doctors and undergoing a separate approval process with the Ministry of Health of the Republic of Indonesia, Optimax will leverage its existing pool of Malaysian doctors to obtain approvals and conduct surgeries on a rotational basis (ie. one doctor visit per month, with a maximum of two doctors on a bi-weekly basis).

Looking ahead to 2027, Optimax plans to launch two additional facilities: (i) an ACC at SELGATE Hospital, Setia Alam, and (ii) a comprehensive eye specialist centre at the Eye Hospital in Kempas, Johor. For both projects, the respective hospital operators will assume responsibility for obtaining the necessary approvals from the MoH. This structure significantly reduces Optimax's exposure to upfront doctor recruitment costs – the largest component of pre-operating expenses – allowing the Group to expand with minimal margin dilution.

A good candidate for upcoming Thematic Plays in 2026 and 2027

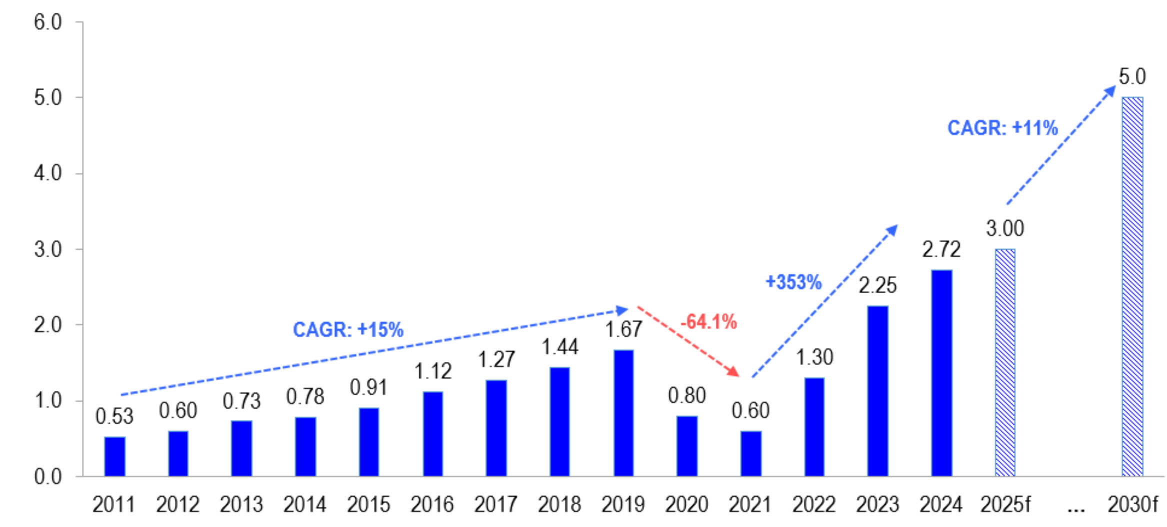
Thematic play 2026: Malaysia Year of Medical Tourism

Robust medical tourism revenue in Malaysia. According to the Malaysia Healthcare Travel Council (MHTC), total revenue from healthcare travellers in Malaysia recorded a healthy CAGR 15% between 2011 and 2019, before declining substantially by 64.1% to RM0.60bn in 2021 due to Covid-related lockdowns. The sector rebounded strongly in 2022 with a 117% surge, fuelled by pent-up demand, followed by sustained growth of 73% YoY in 2023 and 21% YoY in 2024, mainly underpinned by increasing recognition of Malaysia's more competitive regional pricing and its strong reputation for quality services. Notably, 2023 medical tourism revenue of RM2.25bn exceeded the pre-pandemic peak RM1.67bn in 2019 (Figure #11).

Going into 2025, MHTC projects 10% YoY growth to RM3.0bn. In a longer term, revenue is expected to gradually reach RM5.0bn by 2030 (or a CAGR of 11%).

According to MHTC, Indonesia was the highest contributor of health tourists to Malaysia, comprising 70-80% in 2023. Malaysia's international standing in the sector was further reinforced in May 2025, when it was ranked number one among the world's top 10 medical tourism destinations by Dubai-based wealth consultancy firm Nomad Capitalist, higher than regional peers such as Singapore (#2) and Thailand (#3). The ranking highlighted Malaysia's high-quality healthcare facilities and medical expertise, competitive treatment costs, and the widespread use of English, which enhances accessibility compared with destinations like Thailand.

Figure #11 Revenue from healthcare travellers in Malaysia (RM bn)

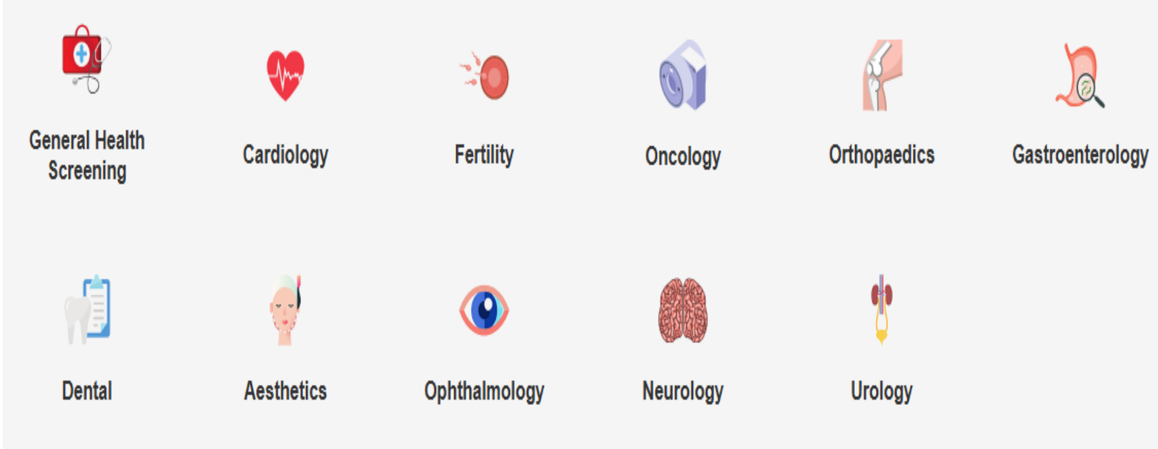


Source: MHTC

MYMT 2026. On 24 Jul 2025, the government officially launched the Malaysia Year of Medical Tourism (MYMT) 2026. This campaign seeks to attract more international healthcare travellers by highlighting the country's high-quality, affordable medical services. To further amplify its reach, celebrated singer Datuk Seri Siti Nurhaliza (who has a large following in Indonesia, based on our channel checks) was appointed as the official ambassador. Hence, we believe the government will soon announce incremental upside through allocations for the MYMT 2026, particularly in area such as promotion, infrastructure, and connectivity, which would help drive stronger health tourist inflows, benefitting Optimax.

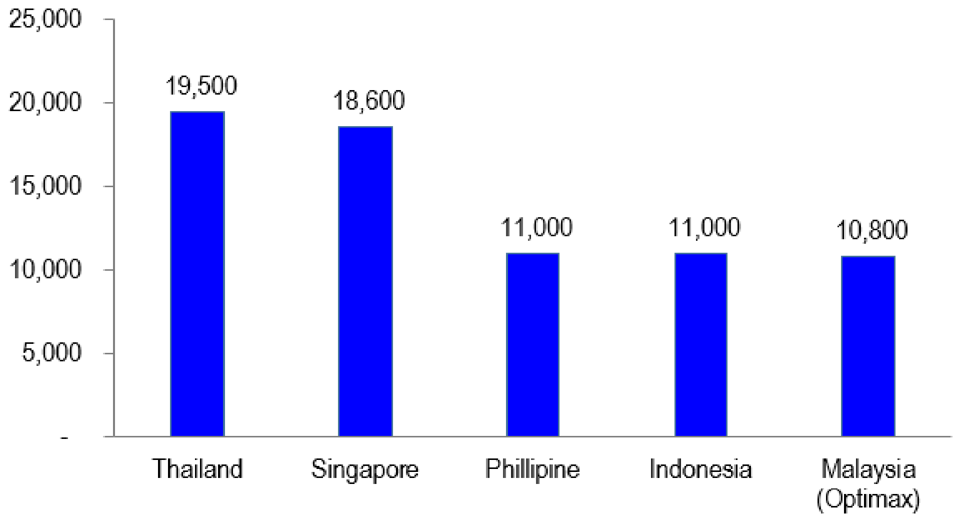
Ophthalmology highly sought-after by healthcare travellers. In Malaysia, medical tourism has the potential to contribute to the demand for medical eye care services meaningfully in the future, as ophthalmology services are one of the 11 most commonly sought-after treatment for healthcare travellers in Malaysia (Figure #12). This is mainly attributed high-quality patient care in Malaysia at a substantially lower cost compared to many western countries, as well as SEA peers (Figure #13). Although healthcare travellers accounted for only 10% of Optimax's 2024 revenue, we believe this has room to grow in during MYMT 2026, underpinned by its reputable brand-name and high quality services.

Figure #12 Top treatments sought in Malaysia by healthcare travellers



Source: MHTC

Figure #13 Average ReLEx SMILE pricing in SEA (RM)



Price of ReLEx SMILE procedures (both eyes) as at 31 Mar 2024
Source: Company's data

Thematic play in 2027: Johor's next consumption wave

About RTS Link. According to news reports, the Johor Bahru-Singapore Rapid Transit System (RTS) Link is scheduled to begin operations by Dec 2026. Spanning 4 kilometres, the link will connect Bukit Chagar in Johor Bahru to Woodlands North in Singapore. The RTS Link is expected to cut travel time between Johor Bahru and Singapore to just 6 minutes, compared to more than 1-2 hours during peak periods via the Johor–Singapore Causeway. Besides, the RTS Link is designed to carry about 10k passengers per hour per direction, or up to 30k commuters during peak hours. All in, the RTS Link is positioned as a catalyst for smoother cross-border commutes, stronger bilateral ties, and revitalised economic momentum in Johor Bahru.

Johor's next consumption wave. Based on our view, the first wave of beneficiaries in Malaysia from the RTS Link was residential properties near RTS Bukit Chagar where early buyers positioned ahead of the system's opening and already enjoyed a visible uplift in property values. In contrast, for retail, F&B, hospitality and healthcare services, such early positioning is not possible as consumers cannot "buy ahead" of the RTS. For ophthalmology day-care services, we expect the true business flow impact will materialise only once the RTS becomes operational and daily cross-border traffic ramps up, setting the stage for Optimax to emerge as the next play in the Johor growth story. Between 2022–2024, the Johor region contributed approximately 20% of Group revenue, with the Johor Bahru ACC alone accounting for 40% of this contribution – a centre we believe is best positioned to capture incremental demand from healthcare travellers once the RTS commences operations.

Unlike cataract surgeries, refractive surgeries in Singapore are considered elective surgeries, and therefore not covered under MediShield Life (the mandatory national basic health insurance for Singapore citizens and PRs) and nor claimable via MediSave (mandatory national medical savings account), except in specific cases (i.e. there is a difference of at least 300 degrees in power between your eyes and if you are intolerant to prescription glasses and contact lenses). Consequently, Malaysia's cost advantage **(Figure #13)**, coupled with shorter travel time via the RTS Link, could serve as a key draw for Singaporeans seeking refractive surgeries across the border.

Eye Hospital in Kempas poised to benefit. To further capture growth from the upcoming RTS Link, Optimax is set to commence operations at its comprehensive eye specialist centre within the Eye Hospital in Kempas, Johor (Figure #14). To recap, Optimax signed a Memorandum of Understanding (MoU) with Sena Resources and Kempas Eye Specialist Hospital for the development of a purpose-built private eye hospital on land owned by Sena. Under the agreement, Sena Resources will bear the construction cost, while Optimax will lease the land and hospital upon completion. Given the close proximity of the planned Kempas hospital to the upcoming RTS Link station in Bukit Chagar, Johor (c.25-minute drive apart), we expect good patient volumes for the hospital.

Figure #14 Artist impression of the Eye Hospital

Source: Company's data

Financials

Historical performance. Throughout FY22-24, Optimax recorded a decent revenue growth from RM108.0m to RM127.7m, or a CAGR of 8.7% (Figure #15). In FY23, the 5.5% YoY growth was primarily supported by stronger demand for refractive surgeries, which command higher revenue per eye, thereby offsetting a decline in cataract procedures. In FY24, the 12.1% YoY growth was mainly boosted by the increasing adoption more advanced refractive technologies e.g. ZEISS SMILE Pro, which command a higher revenue per eye.

However, on the bottom line, Optimax's core PATMI declined at a CAGR of 5.4% in FY22-24, mainly weighed down by its aggressive expansion phase between 3Q2022 and 3Q2024. During this period, the Group opened eight satellite clinics and four ACCs, which resulted in elevated pre-operating setup costs and margin pressure.

Forecast. Going forward, we project Optimax to deliver a 3-year revenue CAGR of 10.0% (2024-27), aligned with the industry growth rate of 9.8% forecasted by Protégé Associates. In tandem, we forecast a stronger 3-year core PATMI CAGR of 19.8%, driven primarily by economies of scale as the Group transitions into the asset-milking stage.

Notably, our 2025-27 core PATMI forecasts are broadly aligned with consensus at this juncture. However, we see potential upside surprises, particularly from:

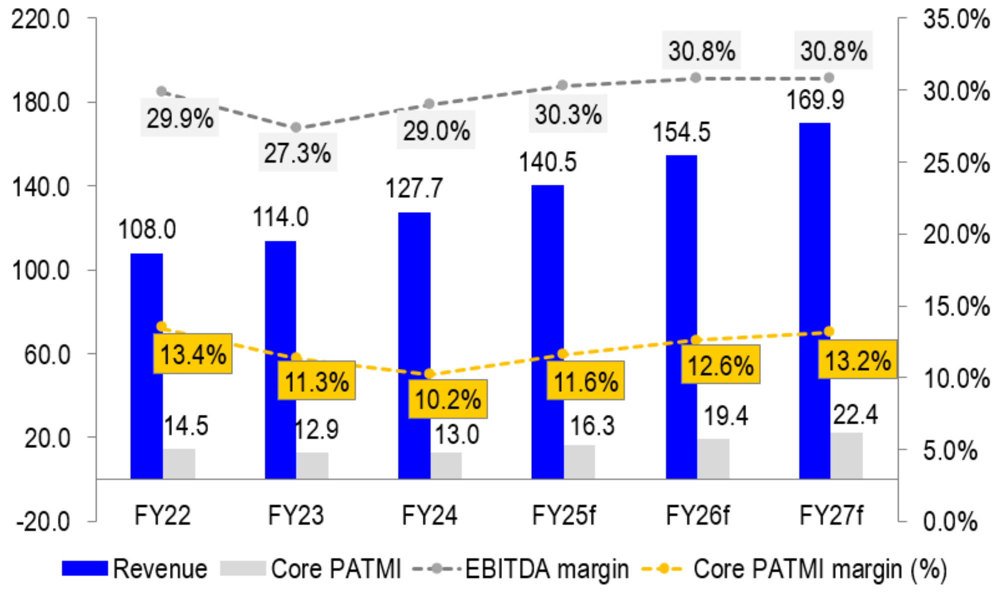
(a) Stronger-than-expected revenue growth supported by the MYMT 2026 and incremental patient inflows driven by the RTS Link in 2027; and

(b) EBITDA margin expansion exceeding our conservative assumptions, as Optimax continues to unlock operating leverage in the asset-milking stage.

Dividend. Despite Optimax not having a specific dividend policy, the Group has been consistently paying dividends since FY21. Based on the last three years, the dividend payout ratios were 88.2%, 50.6%, and 54.4% in FY22-24 respectively. Going forward, we assume Optimax will distribute 55% of annual audited PATMI to shareholders. Based on our earnings projections, coupled with a 55%

payout ratio, this will translate into cash dividends of RM8.9m, RM10.7m, and RM12.3m in FY25-27 respectively. At current share price, this implies a decent 2025 dividend yield of 2.4%.

Figure #15 Historical & projected revenue, core PATMI, EBITDA margin, and core PATMI margin



Source: Company Data

Valuation and Recommendation

We initiate coverage on Optimax with a **BUY** call and **TP of RM0.96** (Figure #16), based on 30x fully diluted 2026 PE (+1.0 SD above its 3-year mean; Figure #17). We believe the premium multiple is justified given:

(a) Transition into the asset-milking stage, typically characterised by a profit margin upcycle through economies of scale and progressive deleveraging, thereby strengthening the Group's overall balance sheet profile. We believe this ongoing favourable shift in coming quarters underpins a compelling case for renewed market interests; and

(b) Strategic positioning in upcoming thematic plays, namely MYMT 2026 and Johor's next consumption wave post RTS Link in 2027, which could drive upside earnings surprises to both our and consensus estimates.

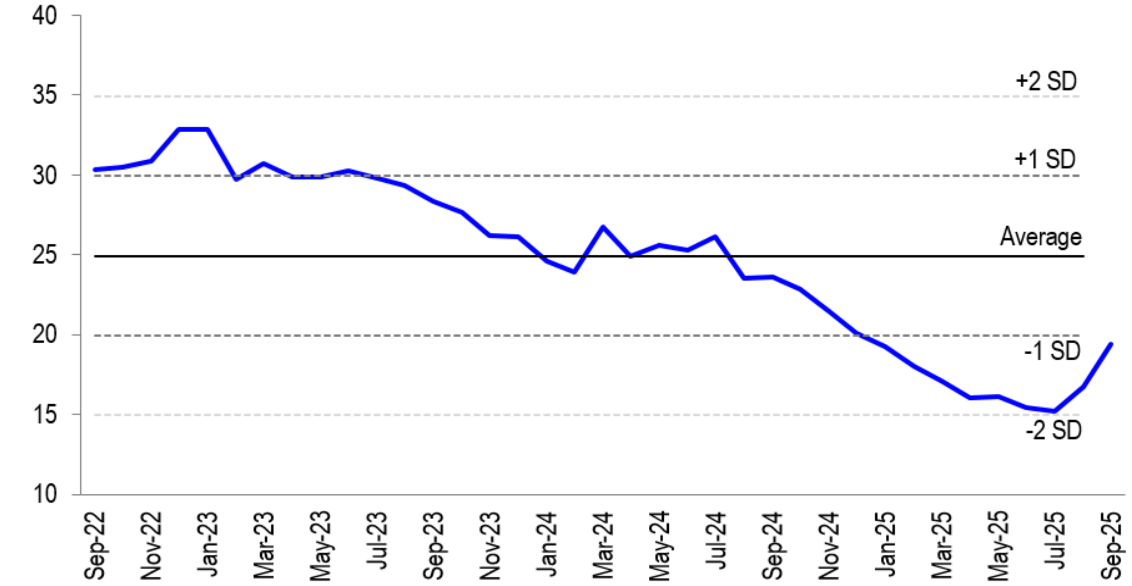
That said, our target multiple is broadly in line with the closest comparable domestically listed healthcare service provider peers' average of 29x 2026 PE (Figure #18).

Figure #16 TP calculation

Valuation	Basic	Fully Diluted
2026F projected after tax earnings (RM m) (A)	19.4	19.4
Warrants & ESOS proceeds (RM m)	0.0	86.2
+ Net interest savings @ 3% p.a. (RM m) (B)	0.0	2.6
Adjusted CY26F projected earnings (RM m) (A + B)	**19.4**	**22.0**
Number of shares (m)	543.3	543.3
+ Full conversion of bonus warrants (m)	0.0	135.0
+ Full conversion of ESOS (m)	0.0	8.8
Fully diluted share base (m)	**543.3**	**687.1**
EPS (sen)	**3.6**	**3.2**
P/E multiple (x) (3-year average)	30.0	30.0
Fair Value/share (RM)	**1.07**	**0.96**

Source: HLIB Research

Figure #17 Optimax's 1-year forward PE trading band (3-year history)



Source: HLIB Research

Figure #18 Healthcare service provider sector peers comparison

Stock	Mkt Cap (RM m)	Price (RM)	Target (RM)	Rating	FYE	P/E (x)		P/B (x)		Yield (%)	
						CY25	CY26	CY25	CY26	CY25	CY26
IHH Healthcare	72,368.5	8.19	9.56	BUY	Dec	38.5	34.9	2.3	2.3	1.3	1.5
KPJ Healthcare	12,263.7	2.81	3.18	BUY	Dec	34.8	31.4	4.5	4.2	1.5	1.7
TMC Life Sciences	740.3	0.425	NA	NA	Jun	NA	NA	NA	NA	NA	NA
PMCK	234.5	0.215	NA	NA	Apr	NA	NA	NA	NA	NA	NA
Alpha IVF	1,652.4	0.34	NA	NA	May	25.6	20.7	7.4	6.2	2.9	3.3
TOPVISION Eye Specialist	65.1	0.21	NA	NA	Dec	NA	NA	NA	NA	NA	NA
DC Healthcare	119.6	0.12	NA	NA	Dec	NA	NA	NA	NA	NA	NA
Cengild Medical	195.7	0.235	NA	NA	Dec	NA	NA	NA	NA	NA	NA
Metro Healthcare	189.1	0.23	NA	NA	Dec	NA	NA	NA	NA	NA	NA
Average						**33.0**	**29.0**	**6.8**	**6.4**	**2.4**	**2.6**

Note: Share price as of 07 Oct 2025.
Source: Bloomberg, HLIB Research

Disclaimer

1. As of 08 October 2025, Hong Leong Investment Bank Berhad has proprietary interest in the following securities covered in this report:
(a) -.

2. As of 08 October 2025, the analyst(s) whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
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Stock rating definitions

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result to a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating definitions

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.