Malaysia's Healthcare Crown Jewel

SUNWAY HEALTHCARE HOLDINGS BERHAD — Fair Value: RM1.50 (3.45%)

Company Description

Sunway Healthcare Holdings Berhad ("SHH") is one of Malaysia's largest private hospital groups, offering integrated healthcare services across the full lifecycle of care. The Group operates five hospitals, ambulatory care centres, traditional and complementary medicine ("TCM") centres, home healthcare services, and a senior living facility. Its flagship quaternary hospital, Sunway Medical Centre Sunway City Kuala Lumpur, was established in November 1999 and is the largest private hospital in Malaysia with 848 licensed beds.

Investment Highlight

- **Fastest Growing Private Hospital Group in Southeast Asia:** With over 25 years of proven hospital development and operations experience, SHH has demonstrated a strong track record of growth, expanding from a single-tower facility in 1999 to a network of five hospitals with a total licensed bed count of 1,805 and bed capacity of 1,982 as at the latest practicable date ("LPD").
- **Unique Township Ecosystem Competitive Moat:** The Group's hospitals are strategically embedded within Sunway's integrated townships, providing access to high-density, affluent catchment areas with co-located hotels, retail, and education facilities. This creates a captive market and strong synergies for medical tourism, a distinct advantage over standalone competitors.
- **Strong Medical Tourism Positioning:** Malaysia ranked 5th globally for medical tourism and SHH is well-positioned to capture the expected 28% compound annual growth rate ("CAGR") growth in medical tourism from 2024 to 2030, boosted by Visit Malaysia Year 2026 and Malaysia Year of Medical Tourism 2026 campaigns. The flagship hospital has treated nearly 80,000 international patient visits from 170 nationalities.
- **Robust Institutional Backing with 20 Cornerstone Investors:** The IPO secured commitments from 20 cornerstone investors subscribing for 855 million ("mn") shares collectively, representing 97.5% of the institutional offering, reflecting strong confidence in the Group's quality and growth trajectory. Singapore's sovereign wealth fund GIC retains a 7.5% post-IPO stake. The cornerstone investor lineup is one of the strongest seen in a Malaysian IPO in recent years. The combination of Malaysia's top pension and pilgrimage funds, a World Bank affiliate, Asia's leading insurer, and multiple global and domestic asset managers creates a powerful endorsement of SHH's investment case and significantly de-risks the listing for other investors.

Valuation / Recommendation

We derive a fair value of RM1.50 based on 41.22x multiple to its FYE2027F EPS of 3.65sen. The initial public offering ("IPO") aims to raise approximately RM833.8mn, with total market capitalization around RM16.7 billion ("bn"). A total of 66.45% is allocated for capital expenditure, 29.95% will be used for redemption of the Sukuk Wakalah, while the remaining 3.6% is set for defray fees and expenses in relation to IPO and Listing.

The current ratio remains healthy at 1.33x (FYE2024), indicating the Group's ability to meet short-term obligations. Malaysia positions itself as offering quality comparable to Singapore at roughly a third of the cost. This gives a positive structural tailwind towards healthcare industry, thereby empowers long-term growth for the Group.

IPO TIMELINE	
Opening Date	27 Feb 2026
Closing Retail Offering	5 Mar 2026
Closing Institutional Offering	6 Mar 2026
Listing Date	18 Mar 2026
IPO Price (RM)	1.45
Expected Return	3.45%
Market/ Sector	Healthcare
Bursa Code	5555

IPO Details	Shares(mn)
Offer for Sale	1393.99
Public Issue	575.01
Enlarged share	11500.17
	RM(mn)
Market Cap	16675.24
Shariah compliant	Yes

Substantial Shareholders	Shares(mn)	(%)
SunCity / Malaysia	7998.37	69.55
Greenwood Capital / Singapore	856.76	7.45

Utilisation of IPO Proceeds	RM(mn)	(%)
Capital expenditure for expansion of our existing hospitals	554.05	66.45
Redemption of the Sukuk Wakalah	249.71	29.95
Defray fees and expenses in relation to our IPO and Listing	30.00	3.60
Total	**833.76**	**100.00**

Allocation	Shares(mn)	(%)
Public Issue		
Malaysian Public via balloting process:		
• Public investors	115.00	1.00
• Bumiputera public investors	115.00	1.00
Directors of Company	6.80	0.06
Eligible employees of Group	43.34	0.38
Persons who have contributed to the success of Group	60.76	0.53
Directors of Sunway and eligible employees of Sunway Group	4.11	0.04
Bumiputera investors approved by the MITI		
Institutional and selected investors	230.00	2.00
Subtotal	575.01	5.00
Offer for sale		
Bumiputera investors approved by the MITI	747.51	6.50
Institutional and selected investors	646.48	12.12
Subtotal	1393.99	12.12
Total	**1969.00**	**17.12**
Total enlarged share capital upon listing	**11500.17**	

Key Financial Summary

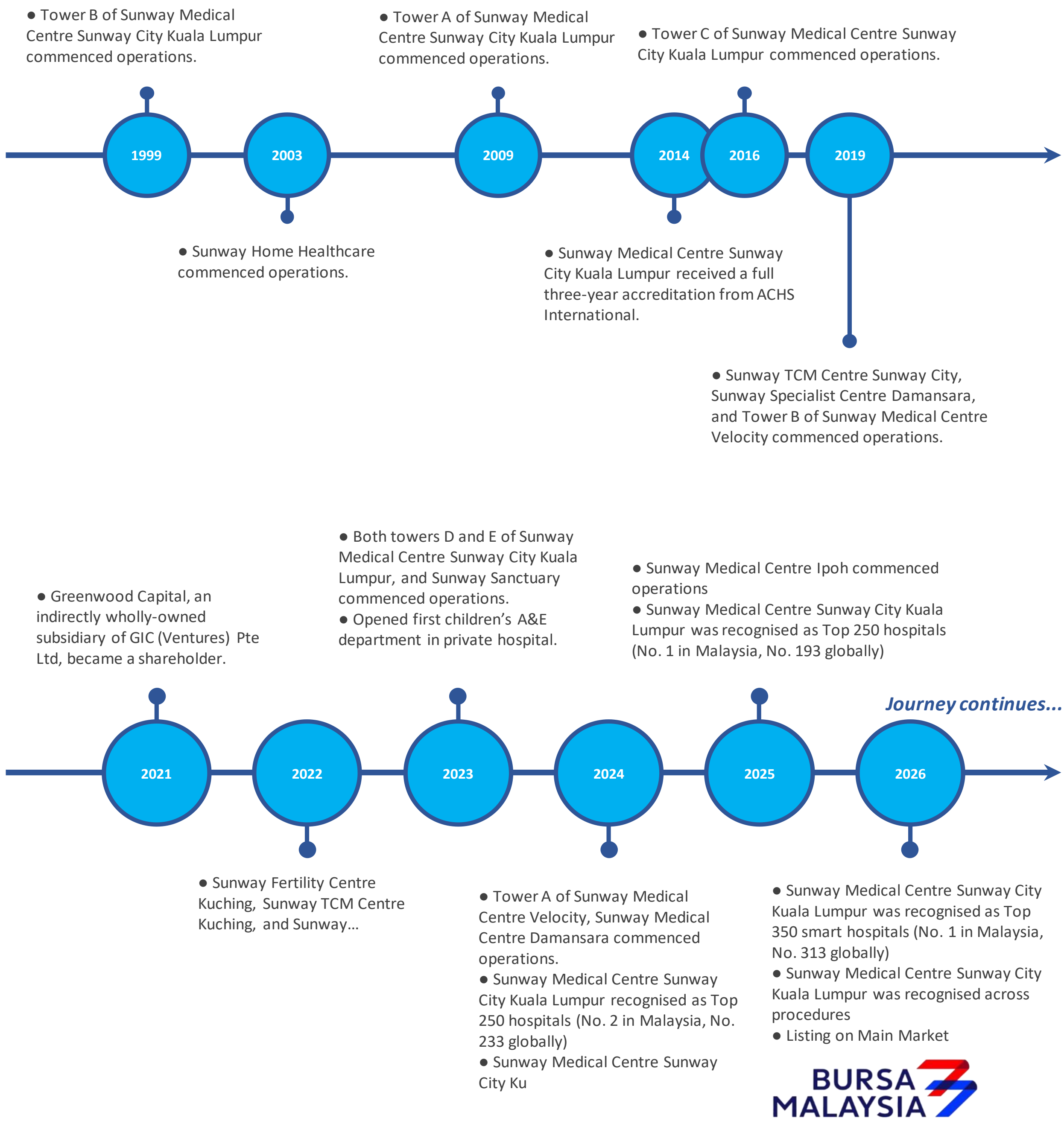
FYE Dec (RMmn)	2023A	2024A	2025F	2026F	2027F
Revenue	1456.89	1852.46	2173.27	2549.93	**3018.28**
Gross Profit	932.08	1184.89	1390.09	1631.01	**1930.58**
Pre-tax Profit	242.78	298.85	350.60	411.37	**486.92**
Core Net Profit	181.63	257.51	302.10	354.46	**419.56**
Core EPS (Sen)	1.58	2.24	2.63	3.08	**3.65**
P/E (x)	91.81	64.76	55.20	47.04	**39.74**
DPS (Sen)	0.08	0.10	0.79	0.92	**1.09**
Dividend Yield (%)	0.05	0.07	0.54	0.64	**0.75**

Source: Company Prospectus, S&P Global, Eco Asia Research Estimates
EPS, P/E and DPS from 2023A to 2024A (pre-IPO) are on pro-forma basis for comparative purposes only.

Company Background

SHH was incorporated in Malaysia under the Companies Act 2016 as a private limited company on 5 January 2021 under the name Sunway Healthcare Holdings Sdn Bhd (Registration No. 202101000296 (1400594-U)). It then subsequently converted into a public limited company on 26 August 2025 and assumed its present name. Below are its key milestones in history and development.

Key Milestones



Source: Company Prospectus

Business activities

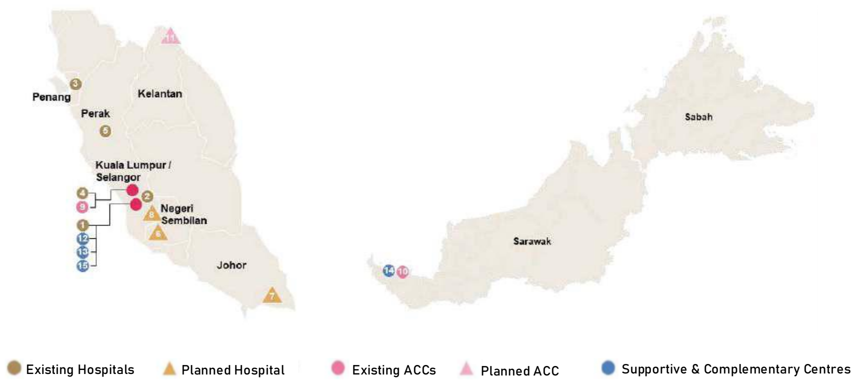
The Group's business activities comprise the following three principal segments:

1. **Hospital Operations (approximately 98% of revenue):** SHH operates five hospitals across Selangor, Kuala Lumpur, Penang, and Perak, offering comprehensive medical care across approximately 80 specialties and sub-specialties. The flagship SMC Sunway City Kuala Lumpur ("KL") is a quaternary hospital (the highest level of care) and the largest private hospital in Malaysia. The remaining four hospitals – which are SMC Velocity, SMC Penang, SMC Damansara, and SMC Ipoh – are tertiary-level facilities. Services span diagnostics, medical and surgical treatments, emergency care (including Malaysia's first private Children's Emergency), and more than 3,000 robotic-assisted surgeries completed at the flagship hospital.
2. **Ambulatory Care Centres ("ACCs"):** The Group operates specialised outpatient facilities including Sunway Specialist Centre Damansara and Sunway Fertility Centre, providing services such as fertility treatments, specialist consultations, and day-case procedures without requiring hospitalisation. These serve as entry points to the broader hospital network.
3. **Supportive and Complementary Care:** This segment includes Sunway TCM Centres (offering traditional and complementary medicine), Sunway Home Healthcare (hospital-quality care delivered at patients' homes), and Sunway Sanctuary (an integrated senior living facility located above SMC Sunway City KL). Together, these services enable SHH to provide care across the full patient lifecycle, from preventive and acute care to rehabilitation and senior living.

Business Segments

Source: Company Prospectus

Below are the locations of hospitals, ambulatory care centres as well as supportive and complementary centres as at the latest practicable date ("LPD")



Quaternary and Tertiary Hospitals

1. Sunway Medical Centre Sunway City Kuala Lumpur
2. Sunway Medical Centre Velocity
3. Sunway Medical Centre Penang
4. Sunway Medical Centre Damansara
5. Sunway Medical Centre Ipoh
6. Sunway Medical Centre Seremban Sentral (planned)
7. Sunway Medical Centre Iskandar Puteri (planned)
8. Sunway Medical Centre Putrajaya (planned)

Ambulatory Care Centres (ACC)

9. Sunway Specialist Centre Damansara
10. Sunway Fertility Centre Kuching
11. Sunway Fertility Centre Kota Bharu (planned)

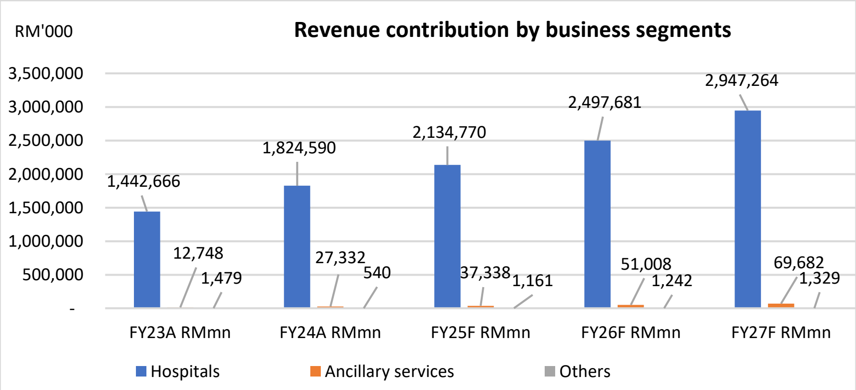
Supportive & Complementary Centres

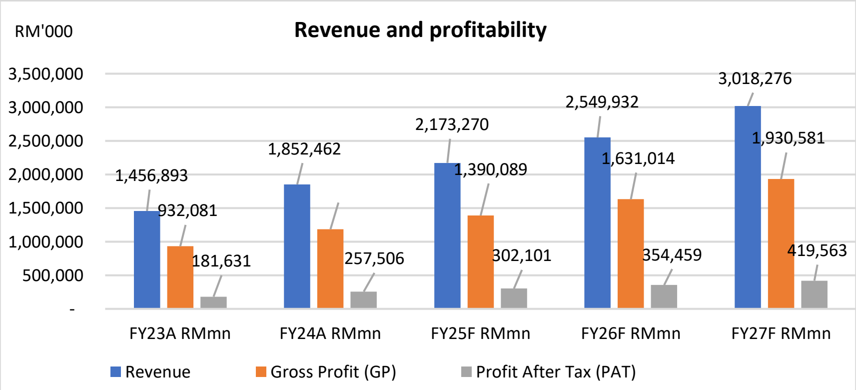
12. Sunway Home Healthcare
13. Sunway TCM Centre Sunway City
14. Sunway TCM Centre Kuching
15. Sunway Sanctuary

Source: Company Prospectus

Revenue and Profitability

The Group's revenue from FYE2023 to FYE2024 was mainly derived from the hospital operations segment – that accounted around 98.00% of its total revenue (as of FYE2024). The following shows revenue contributions by business activities as well as the revenue and profitability from FYE2023A to FYE2024A, FYE2025F, FYE2026F and FYE2027F:





Future Plans and Strategies

1) **Strengthening Market Leadership:** SHH targets a 120%+ increase in bed capacity from 1,520 in 2024 to 3,400+ beds by 2032, with 70-80% occupancy. Existing hospitals in Selangor, KL, Penang, and Ipoh will be ramped up, while three greenfield hospitals in Seremban, Iskandar Puteri, and Putrajaya will commence by 2030-2032, each targeting earnings before interest, taxes, depreciation, and amortization ("EBITDA")-positive within 12-18 months. Ancillary services including fertility, TCM, home healthcare, and senior living will also be expanded.
2) **Maintaining Leadership in Clinical Excellence:** The Group will strengthen high-value Cardiovascular, oncology, neuroscience, gastroenterology & hepatology ("CONGO") disciplines and women and children's care by recruiting specialists, expanding sub-specialties, deploying AI-assisted equipment and robotic surgery, and forging collaborations like the Medtronic partnership. It will diversify into growing areas including fertility treatments with a new Kota Bharu centre, and broaden full lifecycle care through senior living at Sunway Sanctuary to drive patient volume and insurer engagement.
3) **Strengthening Presence in International Medical Tourism:** SHH will leverage Malaysia's position as a leading medical tourism destination, targeting higher-revenue international patients who seek complex procedures. Growth strategies include expanding overseas referral offices (nine in Indonesia plus Cambodia), partnering with international insurers and companies like JCB and TransNusa airline, enhancing health screening as a patient conversion gateway, and offering integrated tourism packages combining healthcare with Sunway's hotels and leisure facilities.

4) **Driving Platform Synergies Across the Network:** The Group will maximise cross-referrals across its growing network of hospitals, ambulatory centres, and supportive facilities to boost utilisation and serve patients across all life stages. Profitability will be enhanced through centralised procurement, coordinated marketing, and economies of scale. External partnerships with non-network hospitals, insurers, and corporate payors will further extend the platform's reach and patient volume.
5) **Attracting and Retaining Skilled Healthcare Professionals:** SHH will attract doctors through its reputation, advanced technology, research opportunities including a new clinical trial unit, and cross-network practice privileges. Nursing talent will be secured through scholarship programmes like the SunMed Scholarship with University of Cyberjaya, continuing education, competitive compensation, and career development pathways across the expanding hospital network.
6) **Implementing Digital Transformation Strategies:** The Group will deploy robotic-assisted surgery, AI-powered diagnostics, and pharmacy automation to enhance precision and efficiency. Digital accessibility will expand through telehealth, internet of thing ("IoT") remote patient monitoring, and enhanced mobile apps. Health information exchange across hospitals will improve clinical visibility, while ongoing health information system ("HIS") and electronic medical records ("EMR") integration will digitalise operations network-wide.

Key Risks

Regulatory Risk – DRG Payment System: The Malaysian Government's planned implementation of a Diagnosis-Related Group ("DRG") billing framework, targeted for 2027, could fundamentally reshape private hospital revenue models. Under DRG, hospitals would receive predetermined reimbursements based on diagnosis categories rather than actual treatment costs. This could cap revenues from high-cost complex procedures that currently underpin SHH's profitability, increase compliance obligations, and raise operational costs associated with system integration.

Flagship Hospital Concentration Risk: SMC Sunway City KL contributed approximately 69.5% of group revenue in FY2024, representing a significant single-site concentration risk. Any operational disruption, reputational damage, or regulatory issue affecting the flagship hospital would have a disproportionate impact on the Group's overall financial performance.

Healthcare Talent Shortage and Retention: Over 90% of SHH's 457 consultant specialists are engaged as independent contractors rather than employees. The Group is exposed to a nationwide healthcare talent shortage that could limit its ability to staff new facilities and maintain service quality. Rising competition from other private hospitals and overseas institutions for qualified medical professionals could increase recruitment costs and affect the Group's expansion timeline.

Industry Outlook

Malaysia's private healthcare sector is set for sustained growth, with revenue expected at 6-8% CAGR through 2030. Real growth in private health services averaged 9.3% over 2022-2024, well above the pre-pandemic 5.8%. The 2025 budget allocated RM45.3bn to healthcare (+10%), including RM1.3bn for hospital upgrades and public-private collaborations.

Medical tourism is boosted by Visit Malaysia 2026 and Malaysia Year of Medical Tourism 2026 campaigns, with Malaysia ranked 5th globally for medical tourism quality. The New Industrial Master Plan 2030 further supports automation and advanced medical equipment investment.

DEFINITION OF RATINGS

Eco Asia Investment Advice uses the following rating system:

STOCK RECOMMENDATION

BUY Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL Share price may fall by more than 15% in the next 3 months.
SELL Share price may fall by more than 10% over the next 12 months.
NOT RATED Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

Published and printed by:

ECO ASIA CAPITAL ADVISORY SDN BHD
Lot 1904, 19th Floor
Tower 1, Faber Towers
Jalan Desa Bahagia, Taman Desa
58100 Kuala Lumpur

Research Office:

ECO ASIA CAPITAL ADVISORY SDN BHD
Lot 1904, 19th Floor
Tower 1, Faber Towers
Jalan Desa Bahagia, Taman Desa
58100 Kuala Lumpur

Rijel Sid
Head, Investment Advice

Phone: +60 3 7971 1822
Fax: +60 3 7972 1821
Email: research@ecoasia-my.com